

**THE ROLE OF VILLAGE SAVING & LOAN ASSOCIATION  
(VSLA) IN IMPROVING MEMBERS' LIVELIHOOD: THE CASE  
OF VSLA GROUPS IN BASONA WORANA WOREDA OF  
NORTH SHOA ZONE, ETHIOPIA**

**A THESIS SUBMITTED TO INDIRA GANDHI NATIONAL OPEN  
UNIVERSITY (IGNOU) NEW DELHI FOR A PARTIAL FULFILLMENT  
OF MASTER OF ARTS DEGREE IN SOCIAL WORK (MSW)**

**BY  
ROZA ASHENAFI MAMEDE  
ID1326636**

**NOVEMBER, 2017  
ADDIS ABABA**

## **Declaration**

I hereby declare that the dissertation entitled THE ROLE OF VILLAGE SAVING & LOAN ASSOCIATION (VSLA) IN IMPROVING MEMBERS' LIVELIHOOD: THE CASE OF VSLA GROUPS IN BASONA WORANA WORADA, ETHIOPIA submitted by me for the partial fulfillment of the MSW to Indira Gandhi National Open University, (IGNOU) New Delhi is my own original work and has not been submitted earlier, either to IGNOU or to any other institution for the fulfillment of the requirement for another program of study. I also declare that no chapter of this manuscript in whole or in part is lifted and incorporated in this report from any earlier work done by me or other.

Place: Addis Ababa, Ethiopia

Signature: \_\_\_\_\_

Date: November 2017

Enrolment No: ID1326636

Name: Roza Ashenafi

Address: Email Address

rosa\_ashenafi @yahoo.com.

Phone #: +251 911197305

## CERTIFICATE

This is to certify that Mrs. Roza Ashenafi student of MSW from Indira Gandhi National Open University, New Delhi was working under my supervision and guidance for her project work for the course **MSWP-001**. Her project work entitled **THE ROLE OF VILLAGE SAVING & LOAN ASSOCIATION (VSLA) IN IMPROVING MEMBERS' LIVELIHOOD: THE CASE OF VSLA GROUPS IN BASONA WORANA WOREDA, ETHIOPIA** which she is submitting is her genuine and original work.

Place: Addis Ababa, Ethiopia

Date: November 2017

Signature: - \_\_\_\_\_

Name: Mosisa Kejella Megerssa

Address of the supervisor:

Addis Ababa, Ethiopia

Phone No: +251 0933707782

## Acknowledgment

Words are never enough to thank and honor my God who is the owner of my life for giving me all what it needs to start and complete my study.

I would like to render my sincere gratitude to my advisor Mr. Mosisa Kejela for his professional guidance, valuable and constructive comments, useful suggestions, critical feedback and prompt responses during my research work without which it would have been very difficult to accomplish this study.

I wish to extend my deepest and sincere appreciation and gratitude to my dearest husband Mr. Alemu Gebeyehu, to my great sons Aser Alemu, Eleazar Alemu, and Yathar Alemu for their all rounded support, encouragement, and understanding in life and to complete my study.

I am also greatly indebted to Mr. Terefe Sisay, manager at Tesfa Berhan Child and Family Charitable Association and all the staff for facilitating conditions to collect the primary data from the VSLAs groups in Bason Woreda of north showa zone. I also want to thank very much all the study participants for their willingness and full cooperation for providing me with the necessary information without which this study would not come true.

My appreciation and sincere gratitude further goes to my brother, Bikila Ashenafi, who is a PhD candidate in Documentary Linguistics and culture at Addis Ababa University for his unreserved supports enabled me to finalize my study work. I also want to thank very much my sister Gelane Ashenafi for sharing my responsibilities at home so that I can focus and finalize this study. I would also like to show my gratitude to my sister Dunge Ashenafi (PhD) and my brother Abraham Ashenafi for their unending concern for my family and my studies.

# Table of Contents

Declaration.....	i
Certificate.....	ii
Acknowledgment.....	iii
Table of contents.....	iv
Lists of figures.....	vii
List of Tables.....	viii
Acronyms.....	xi
Abstract.....	xii
Chapter One.....	1
Introduction.....	1
<a href="#">1.1 Background of the Study</a> .....	13
<a href="#">1.2 Statement of the Problem</a> .....	16
<a href="#">1.3 Objectives of the Study</a> .....	19
<a href="#">1.3.1 General Objective</a> .....	19
<a href="#">1.3.2 Specific Objectives</a> .....	19
<a href="#">1.4 Research Questions</a> .....	19
<a href="#">1.5 Significance of the Study</a> .....	20
<a href="#">1.6 Scope of the Study</a> .....	21
<a href="#">1.7 Limitation of the Study</a> .....	22
<a href="#">1.8 Organization of the Study Report</a> .....	22
<a href="#">1.9 Definition of Operational Terms</a> .....	23
Chapter Two.....	25
<a href="#">2. Review of Related Literatures</a> .....	25
<a href="#">2.1 Understanding the Practices of Village Saving and Loan Association Approach</a> .....	25
<a href="#">2.2 Conceptualizing Livelihood Aspects of Households</a> .....	28
<a href="#">2.3 The Women Empowerment Process through VSLA and Empirical Evidences</a> .....	33
<a href="#">2.4 Social Capital concepts and Empirical Evidences</a> .....	36
<a href="#">2.5 The Nexus between Theories/Perspectives and Village Saving and Loan Association Approach</a> .....	37
<a href="#">2.5.1 Social Exchange Theory in VSLA Approach</a> .....	38
<a href="#">2.5.2 Strength Based Perspective in VSLA Approach</a> .....	39

<b><u>CHAPTER THREE</u></b> .....	41
<b><u>3. Research Design and Methodology</u></b> .....	41
<b><u>3.1 Research Design</u></b> .....	41
<b><u>3.2 Research Methods</u></b> .....	41
<b><u>3.3 Universe of the Study</u></b> .....	43
<b><u>3.4 Sampling Method</u></b> .....	44
<b><u>3.6 Data Collection Tools and procedures:</u></b> .....	46
<b><u>3.7 Data Analysis Techniques</u></b> .....	47
<b><u>3.8 Ethical Considerations</u></b> .....	48
<b><u>Chapter Four</u></b> .....	50
<b><u>4. Presentation, Analysis and Interpretation of data</u></b> .....	50
<b><u>4.1 Demographic Characteristics of the Study Participants</u></b> .....	50
<b><u>4.1.1 Focus Group Discussion Participants’ Profile: Study Group</u></b> .....	50
<b><u>4.1.2 Focus Group Discussion Participants’ Profile: Control Group - 1</u></b> .....	54
<b><u>4.1.3 Key Informants’ Profile</u></b> .....	57
<b><u>4.1.4 Survey Respondents’ Demographic Information: Study vs Control Group</u></b> .....	58
<b><u>4.2 VSLA Approaches and Procedures in the Study Area</u></b> .....	64
<b><u>4.3 The Role of VSLA in improving the Livelihood of the Members</u></b> .....	60
<b><u>4.3.1 Success in Supporting the Education of the Children</u></b> .....	742
<b><u>4.3.2 Improved Agriculture Outputs through Use of Modern Inputs</u></b> .....	77
<b><u>4.3.3 Improved House Quality, Food Supply and Modern Life Style</u></b> .....	78
<b><u>4.3.4 Increase of Income and New Business Plan</u></b> .....	69
<b><u>4.3.5 Increased Livestock Asset/Ownership as Means of Income</u></b> .....	832
<b><u>4.4 The Social Capital Built Through VSLA in the Study Area</u></b> .....	876
<b><u>4.4.1 Saving for Social Support: The Social Fund</u></b> .....	88
<b><u>4.4.2 Social Coherence and Interaction Created Through VSLA</u></b> .....	79
<b><u>4.4.3 Social Responsibility Established Among the Group Members</u></b> .....	943
<b><u>4.4.4 The Level of Trust, Responsibility, Accountability and Transparency in Money Transaction Built Among the VSLA Group Members</u></b> .....	998
<b><u>4.5 Women Empowerment Through VSLA in the Study Area</u></b> .....	1043
<b><u>4.5.1 Access to Financial Resources</u></b> .....	1055
<b><u>4.5.2 Economic Empowerment among the Female Members through VSLA in the Study Area</u></b> ..	1087
<b><u>4.5.3 Social Empowerment Among the Women Through VSLA</u></b> .....	1143
<b><u>4.5.4 Self Confidence Developed Among Women from being member of VSLA</u></b> .....	1176

<u>4.6 Challenges Faced VSLA in the Study Area</u> .....	1200
<u>4.6.1 Members Attendance Problems (Absenteeism)</u> .....	1221
<u>4.6.2 Financial Capacity Problems</u> .....	1232
<u>4.6.3 Loan Re-Payment Problems</u> .....	1243
<u>4.6.4 Limited Training on Financial Management</u> .....	1255
<u>4.6.5 Interest Rate on Loans</u> .....	1266
<u>4.6.6 Members Dropout Problems</u> .....	1277
<u>4.6.7 Disputes Among the Members on Financial Issues</u> .....	1288
<u>4.6.8 Absence of Sense of Ownership among the Group Members to the Group</u> .....	12919
<u>4.7 Future Direction of VSLA</u> .....	1300
<u>4.7.1 New Member to Join VSLA, Available Trainings &amp; Developing Saving Culture</u> .....	1311
<u>4.7.2 Assistance and Close follow-up from Government office and Other Stakeholders</u> .....	1333
<u>Chapter Five</u> .....	1355
<u>5. Conclusion, Implications and Recommendations</u> .....	1355
<u>5.1 Conclusion</u> .....	1355
<u>5.2 Theoretical and Practical Implications of VSLA Approach in Social Work Profession</u> .....	1465
<u>5.3 Recommendations</u> .....	14837
<b>References</b> .....	<b>140</b>
<b>Appendices</b> .....	<b>143</b>

## List of Figures

	Pages
Figure 2.1. Conceptual livelihood as the total sum of the capabilities, assets and activities required for a means of living.....	19
Figure 4.1 Conceptual power and structure of VSLA under study.....	59



## List of Tables

	Pages
Table 4.1. Focus Group Discussants’ Profile at Andit Tsed _ Study Group - 1.....	39
Table 4.2. Focus Group Discussion Participants at Gudo Beret: Study Group – 2.....	41
Table 4.3. Focus Group Discussants’ Profile at Keyit _ Control Group – 1.....	42
Table 4.4. Focus Group Discussants’ Profile Gudo Beret _ Control Group – 2.....	44
Table 4.5. Key Informants Profile .....	46
Table 4.6. Age distribution of Study Group Vs Control Group .....	47
Table 4.7. Gender of Respondents: Study Group Vs Control Group.....	48
Table 4.8. Marital status of Survey Respondents: Control Group vs Study Group.....	48
Table 4.9. The Number of Children owned by Control and Study Group.....	49
Table 4.10. Dependent Family Members: Study vs Control Group.....	50
Table 4.11. The livelihood Basis for Study and Control Group.....	50
Table 4.12. Educational Level of Survey Respondents: Control vs Study Group.....	51
Table 4.13. The Numbers years spent in VSLA by the Survey Respondents Study vs Control Group.....	51
Table 4.14. Estimated Monthly income of the respondents: Study vs Control group.....	52
Table 4.15. Estimated saving amount per month by Respondents: Study vs Control Group.....	53
Table 4.16. Is VSAL important in respondent’s life: Yes, vs NO: Percentage Distribution.....	56
Table 4.17. Respondents loan Take out from the group: Percentage Distribution .....	56
Table 4.18. Purpose of Loans Taken by VSLAs: Survey Results from the study and control group: Percentage Distribution .....	57
Table 4.19. Alternative saving schemes other than VSLA among the members: Percentage Distribution.....	60
Table 4.20. Accessible saving Ways: VSLA and other Alternative Saving Schemes: Percentage Distribution.....	61
Table 4.21. Success in children Education Support: Percentage Distribution.....	65
Table 4.22. Changes in Agricultural Products: Percentage Distribution.....	66
Table 4.23. Basic need improvement among the group: Percentage Distribution.....	68
Table 4.24. Observed changes: Income Level Indicators for Study and Control Group:	

Percentage Distribution.....	70
Table 4.25. Improvement in saving habit among the Respondents: Percentage Distribution .....	72
Table 4.26. Livestock assets ownership: Percentage Distribution.....	74
Table 4.27. The level of helping each other in time of emergencies: Percentage Distribution.....	78
Table 4.28. The Level of Social Collaboration: Percentage Distribution.....	82
Table 4.29. Assisting others/ Providing social supports for others: Percentage Distribution.....	84
Table 4.30. Level of educating each other/awareness on saving culture: Percentage Distribution.....	86
Table 4.31. Trust Level among the members: Percentage Distribution.....	88
Table 4.32. Shared Responsibility among the members: Percentage Distribution.....	89
Table 4.33. Accountability to the members to each other: Percentage Distribution.....	91
Table 4.34. How Money Transaction is Transparent in VSLA groups? (Percentage Distribution).....	92
Table 4.35. Are women benefited from VSLA? Percentage Distribution .....	94
Table 4.36. Are Women in VSLA have better financial access than the non-members? Percentage Distribution.....	96
Table 4.37. What is the actual benefit that Women got from VSLA? Percentage Distribution.....	99
Table 4.38. Are Women in VSLA are economically powerful than the non-members? .....	100
Table 4.39. Women in VSLA are have better assets accumulation than the non-members: (home, livestock, land.....)	102
Table 4.40. Women in VSLA support their families/children than the non-members. Percentage Distribution.....	104
Table 4.41. Women in VSLA are strong social issue leaders than the non-members. Percentage Distribution.....	107
Table 4.42. Women in VSLA are participated in other social affairs than the non-members.....	108
Table 4.43. Members attendance Problem (Absenteeism): Percentage .....	111
Table 4.44. Financial capacity problems: Percentage Distribution.....	112
Table 4.45. Loan return (loans are not returned on the proposed date): Percentage Distribution.....	113
Table 4.46. Lack of skill/ training on financial management: Percentage Distribution.....	115
Table 4.47. Interest rate scale (In case higher interest rate).....	116
Table 4.48. Member drop-out Problems.....	117

Table 4.49. Disputes among the members on financial issues.....	118
Table 4.50. Absence of sense of ownership among the group members to the group.....	119
Table 4.51. New Member to Join VSLA, Available Trainings & Rising Saving Culture.....	121
Table 4.52. Assistance and Close follow-up from Government office and Other Stakeholders.....	123

## Acronyms

FDRE:	Federal Democratic Republic of Ethiopia
MDG:	Millennium Development Goal
NGO:	Non-Government Organization
INGO:	International Non-Government Organization
LNGO:	Local Non-Government Organization
MDG:	Millennium Development Goal
VSLA:	Village Saving and Loan Association
CARE:	Cooperative for Assistance and Relief Everywhere
FGD:	Focus Group Discussion
HLS:	Household Livelihood Security
UN:	United Nations
ASCAS:	Accumulating Savings and Credit associations
CRS:	Catholic Relief Services
ROSCA:	Rotating Savings and Credit Association

## Abstract

*This study was conducted on Village Saving and Loan Associations (VSLAs) located in Basona Worana Woreda, Amhara region, (Ethiopia) with the general objective of exploring the role of VSLA in improving the livelihood of its members and the specific objectives of assessing the role of VSLA in improving the social capital among the group members, assessing the role played by VSLA in contributing for empowerment of women, identify the challenges that VSLA group encountered and also study the future prospective of VSLA in the study area. Methodologically, the study employed both qualitative and quantitative research method. In the study area, there are 17 VSLAs with 394 members out of which 373 are females and 21 are male members. 4 rural based VSLAs from Keyit, Gudo Beret, Mush and Andit Tsed villages were purposefully selected, and the members of all the four VSLAs were participated in different data collection tools on random basis. The major data collection tools employed in the study were focus group discussion with 32 participants, key informant interview with 7 key informants and respondent survey with 60 respondents (30 control and 30 study group members). The study groups are those members who have been in the VSLAs group for two and more years while, the control groups are those members who have stayed in the VSLA groups one or less year. The major finding of the study indicated that, the VSLAs groups are formed by the support of Tesfa Birhan Child and family charitable association since 2014. Currently, there are 394 active members of VSLAs. Over 95% (374) of the members are women while the rest 5% (21) are male members. The result indicated that VSLA is quite important in improving the livelihood of the members in such a way that loan taken and financial shared out at the end of each year provided them with financial resources for starting new business and or expand the existing one, educating their children, buying agricultural inputs, household expenses, emergency needs, transformation towards new and modern living style, and above all contributed for improved saving culture among the VSLAs group members. The study found out also that, VSLAs contributed for the social capital of the members evidenced by the created very good level of trust among the group members, shared responsibility among, transparency in financial transactions, reasonable social supports, best interpersonal communication and relationships, good attachments among the members, and taking social responsibilities. VSLA is also found to be crucial tool in increasing the motivation of women group members to start up new business, save more, have good communication skills, good image and strong self-confidence of themselves, financial independency, decision making power, and able to sees better future. The result of the study indicated that, some problems related to VSLA include, absenteeism, shortage of fund for saving, not abided to the rules and regulations, absence of income diversities, their village settlement, the financial capacity of the VSLAs, and inadequate training. The futurity of VSLAs in the study area is also found to be promising that the stake holders in the area are working to provide comprehensive training on VSLA approach and identified knowledge gaps, helping to establish strong terms and conditions they have to abide by, and transform the VSLAs groups in to small scale enterprises. The overall recommendations are that, VSLAs group members should work on the gaps identified as well as maintain and build on their current strengths, work must be also done by the VSLAs group organizing Association (Tesfa Berhan) on creating formal linkages between VSLA and formal bank saving for better capital accumulation or better financial services. In general, the coordination among VSLAs, Tesfa Birhan, and Woreda and Kebele administration offices is highly recommended to maximize the benefit that possibly members gaining from their VSLA groups.*

# Chapter One

## 1. Introduction

### 1.1 Background of the Study

A quite comprehensive understanding of poverty in general conceptualized as a situation in which individual members or the main streams do not have adequate food and shelter, lack access to education, health services, are exposed to different violence, and live in the stance of unemployment, vulnerability, and powerlessness. And with multi-dimensional features, poverty is viewed from the variety of indicators such as income level and consumption pattern, social indicators, vulnerability and risk level indicator, socio-political access and participation. The most common approach to understand poverty is based on the income level and consumption patterns. Individuals are considered to be poor if they fail to meet the minimum requirement to fulfill their basic needs (Asmamaw E, (2004)).

In this respect, despite remarkable achievement has been made after the end of World War II across the globe, especially in Asia, poverty remains common in many parts of the world. In the year 2008, World Bank revised the so-called poverty line which was 1.25 \$ daily income on which 1 billion people are living on now days. Three years before (2005) 1.4 Billion people lived in extreme poverty living on 1\$ per day, globally. And by the year 1981, 1.9 Billion people have been living with extreme poverty (United Nations, 2009). Different poverty reduction approaches were also introduced in the past two decades including Millennium Development Goal which aimed at ending extreme poverty by 2015.

On the other hand, four decades before, microfinance revolution was also broken out in the poorest part of the world from the beginning of 1970s, particularly, in Asia and Latin Americans. The significance of such movement in microfinance was to support the countless millions of poor people thereby enabling them to fulfill their economic needs, assist themselves to start new business, to work out on behalf of themselves and looking their ways out of the poverty they entitled. In the latter decades, the importance of microfinance practice in Africa, particularly in sub-Saharan countries, has been recognized as a suitable tool to assist the poor people to tackle poverty in the region. The reason behind such motive was tied up with the existence of 300 million economically active individuals in the region. Despite the high number of these economically active individuals in the region, only 10% (20 Millions) have access to financial service in the region (Kristin Helmore and Sybil Chidiac, 2009).

The accessibility and availability of saving and loan schemes; and other financial service, are core component to fostering prosperous and resilient communities. As it is indicated by CARE International (2016), in most of African rural areas, the farmers are frequently faced financial capital constraints before harvesting; and they need to get loan and saving service to support themselves until the next harvest. However, lack of information, high interest rate on loan, lack of collateral to take loan and disputes over loan was found to be barriers for farmers' ability to access to financial resources. Recognizing such barriers, in the year 1991 CARE introduced Village Saving and Loan Association (VSLA) providing the local communities safe way to save their earnings and to have access to loans.

This model was first launched in Niger by Care; and currently the practice is helping over 6 million people in 21 countries worldwide since then. The practice of VSLA is that, members are expected to save money on the regular basis for income smoothing. The members of the

group are organized to support and create a strong saving culture in the community. Members can take out small loans and build small income generating activities. The core value for such group is trust, accountability and transparency in all transactions. VSLA activities highly demand members who trust each other and who have been living and meet each other for many years (CARE International, 2016). Like other microfinance institutions, VSLA is characterized by different formal financial marketing and procedures including: Saving accounts, access to loans and even insurance. However, enough capital accumulation gained through group saving is a pre-condition for members to get loan and insurance. A single group (VSLA) usually composes of 15-30 individual members who save money regularly and can borrow money from the group fund. Loans are expected to be repaid within three months. Financial assets will be divided among the group members in proportion to their saving share usually after a year. And then, the group reforms itself and start up new saving and lending cycle (CARE International, 2016).

In the case of Ethiopia, some data from (Tegegne Gebre Egziabher & Peter Mackie, 2015) indicates that in the year 2015 alone, there were over 6,828 collective saving and loan groups with over 136,547 members and on average each group composed of 20 individuals. These groups' totally saving capital is estimated to be 1,280,414 US\$. This capital is used for borrowing as the loan fund utilization rate is 68.6% and the average value of loans outstanding per member is US\$ 17.67. The writer also indicated that, majority of these groups are established among the rural communities of the country where access to formal microfinance is limited and loan options are not available. And, very sparingly, 54% of members in such collective saving and loan associations are women.

To sum up, the economic dimension of poverty and lack of access to financial service are found to be the main reason behind the inception of Village saving and loan association. And the



VSLA remain significant to many poor people in different region. In Ethiopian contexts, VSLA remained the only saving and loans options for many households, particularly for women and poor rural households. Therefore, with specific reference to Basona Worana Woreda of North Shoa Zone of Amhara National Regional State, this study will explore the role of VLSA in improving the livelihood of its members.

According to the population projection value of 2017 at Zonal and wereda levels by urban and rural residence and sex, the total population of the Bosona Wereda is 140,386 of which 71,439 are male and the remaining 68,947 are females. Out of the total only 2,122 are urban dwellers and the rest majority (138,264) resides in rural kebeles. (FDRE CSA, August 2013)

VSLA Groups in Basona Worana Woreda of North Shoa Zone of Amhara National Regional State are organized by the support of the LNGO called Tesfa Berhan Child and Family Development Organization since 2014. So far, Tesfa Berhan has supported the organizing of 17 groups with the member size of 15-25 each and total of 347 (333 female & 14 male) in the operational eight kebeles.

## **1.2 Statement of the Problem**

In the last 40 years, Micro finance became a crucial tool for poverty reduction. As it is indicated by Hugh Allen & Pauline Hobane (2004), in Africa for instance, Micro Finance Institution (MFIs) is playing a great role in transforming of the continent's development in general and the lives of many poor people in particular. However, MFIs fail to be successful in the 80% rural based communities of Africa. To till this gap, new approach was coiled in 1991 by CARE International to reach the poor rural community. CARE International, (2015) indicated VSLA was the most successful approach in reaching out the poor rural communities of many

developing countries. Women and vulnerable communities are organized into saving and loans groups to put their resources together, thereby establishing high sense of ownership, confidence and empowerment.

Study conducted in the Northern Uganda district of Amuru on the Informal Savings Schemes and Household Welfare (Odokonyero Tonny ,2009) concludes that, based on the data gathered on VSLA using statistical tools, in the district VSLA are playing outstanding role in enhancing household (Members) welfare with the indicators like improved in income level, supporting household asset accumulation, supporting education expenses, reducing school dropouts among the rural family children and supporting the development and diversification of Income Generating Activities. Methodologically, this study failed to figure out the qualitative aspect of what really changed and challenges faced by the members and possible future prospective of the members.

In this respect, Martha's study (2015) shows the descriptive statistics results on saving and loan use pattern of the sampled respondents of the association members showed significant changes on saving and credit uptakes. In village saving and loan association, microfinance products have created wider opportunity for members to engage in productive activities and linkage with formal MFI institution enhanced access to credit services. Although the study is focused on the empowerment of women through VSLA, it failed to figure out their livelihood aspects and its relationship with empowerment.

Similarly, according to (Fikadu, 2017) a study conducted on the impact of Integrated Village Saving and Loan Program in the northern part of Ethiopia in Sekota District indicated that, in the monthly consumption expenditure of VSLA, participants are significantly higher and are better off than that of non-participants.

In general, the VSLAs have a great role in changing the life of many poor rural area residents where access to financial resource is limited. The VSLAs are also known for their empowerment approaches, particularly for economic empowerment of women. The various studies conducted in different setting have indicated that now days VSLA approach is best option for financial resources. It is also indicated that, the livelihood of VSLA members across different region has been showing promising progress. However, so far no study has been conducted on VSLA groups found in Basona Worana Woreda of North Shoa Zone, Amhara Regional States to support the study made in other area. Due to this fact, this study is intended to analyze and evaluate the role of VSLA in improving the livelihood of group members who have been participating in the VSLA at least for three years and those who have been member of VSLA for less than year as a control group in order to avoid the bias and explore the role of VSLA.

On the other side, as most of the studies made so far focused on analyzing the impact of the VSLA approach than investigating the real challenges and future prospective of VSLAs, this study will also focus on exploring the main challenges faced by VSLAs in improving the livelihood of the members and at the same time the future perspectives of VSLA in alleviating poverty in the rural part of the country. As VSLA is one among the different endeavors contributing for socio-economic empowerment of women, this study will help the researcher to articulate the contribution of VSLA in this regards and if the outcome of the study is positive, it can be a base for government and other development actors who are interested to work on contributing for women empowerment. VSLA groups are formed by the free willingness of the member based on core values such as trust, accountability and transparency among each other. With this end, this study also aimed at exploring the contribution of VSLA towards the social capital of the group members.

## **1.3 Objectives of the Study**

### **1.3.1 General Objective**

This study generally aimed at examining the role of Village Saving and Loan association on improving the livelihood of the members with particular focus on the case of Basona Worana Woreda of North Shoa Zone, Amhara Regional States Amhara region, Ethiopia.

### **1.3.2 Specific Objectives**

Specifically, this study will have the following objectives.

- To study the role of the Village Saving and Loan Association in improving the livelihood in terms of house hold income, expenditure, and savings of the target households.
- To assess the role of VSLA in improving the social capital (cohesion and support) among the group members.
- To assess the role played by VSLA in contributing for economic and social empowerment of women.
- To identify the challenges that VSLA have been faced in supporting the group members in the study area.
- To study the future prospective of VSLA in contributing to poverty alleviation in the rural area of the country.

## **1.4 Research Questions**

This study has specifically addressed the following basic research questions.

- ❖ What are the roles of the Village Saving and Loan Association in improving the livelihood of the target families in the study area?

- ❖ How VSLA program is valuable in improving the social capital of the group member?
- ❖ What is the role of VSLA in empowering women group member economically and socially?
- ❖ What are the challenges that VSLA have been faced in supporting its members in the study area?
- ❖ What will be the future prospective of VSLA in alleviating poverty in the rural part of the country?

### **1.5 Significance of the Study**

Conducting detail study on the role of Village Saving and Loan Association in improving the livelihood of group members is an add on to the studies made so far and also benefit different stakeholders in the field including policy makers, VSLA related practitioners, future researchers on the issue, the study area administration, members and Non-Government Organization and other private institutions who work and seek to work to improve the livelihood of needy people through VSLA approach.

Accordingly, for policy makers, the study provides some recommendation and data that can be used as an input for future policy instrument on VSLA practices. For the practitioners in the field including social workers, sociologists and economists, the study can be providing a stand point where they can look at the role of VSLAs in improving the livelihood of its members in the rural area. For the development practitioners and the organization that supports the VSLA under studies, it provides the chance to re-consider the approach and plan to reach out the larger needy community members. It provides them background, some primary data, facts and figures

which can be used to enhance the provision of support for VSLA groups in their target area and fill gaps if there is any.

Furthermore, the study has significance for future researchers by providing them background for further study on the topic in other setting. For members of VSLA, it gives a chance to know the overall impacts of VSLA in supporting them. In this respect, this might be helpful for increasing the awareness of members about saving and loans, create good saving culture, and establish positive attitudes for VSLA among the members.

Additionally, the study has significant for the Woreda and Kebele administration. The study gives a clue on how VSLA is important to improve the livelihood of members, empower women (socio-economically), and challenges that VSLA faced. Therefore, this can invite the Woreda and Kebele administration to provide technical support and be coordinated with VSLA.

Finally, for NGOs and other private institution who are interested in VSLA, it provides with information on whether VSLA approach implemented to improve the livelihood of the needy people living in the rural part of the country can be replicated in the other rural part of the country to. In general, the outcome of this result is a supplement for the studies so far done on VSLA approach and at the same time can be the base for the future direction of studies to be conducted.

## **1.6 Scope of the Study**

This study only focused on examining the role of VSLA in improving the livelihood of its members in the broader sense. And it only targets members of VSAL in Bosana Woreda of northern showa zone of Amhara regional state. The findings of the study only represented ideas, thoughts and experiences of participants of the study.

## **1.7 Limitation of the Study**

The investigator has faced the following limitation related to the process of data collection.

1. The different VSLA groups are located far apart from each other and it was challenging to travel and meet them.
2. The participants were not much time conscious and appeared at different time and as a result, it required waiting for hours to conduct FGD.
3. Transportation to the remote rural areas where the VSLA members located was very challenging.
4. The network of the remote rural area was very bad and lost often. This caused challenge to communication with the VSLA participations as well the supporting office, Tesfa Berhan Child and Family Development Organization.
5. At the time of data collection, the weather in the remote site where the VSLA members are located was very called and it was difficult for the data collector went from Addis Ababa.
6. Some of the respondents were reluctant and lost interest after they learned that there was no incentive for being participating in the study. (You have to organize the analysis in articulated manner rather than indicate in numbers from 1 to 6.

## **1.8 Organization of the Study Report**

The thesis' overall report is organized into five chapters. Chapter one which contains introduction part which deals with the statement of the study, research questions, objectives of the study, significance, scope of the study, limitation of the study and definition of terms. Chapter two of the study contains reports on the review of relevant related literature on which the study's theoretical frame work is based. Chapter three contains the research methodology, study

area description, study population and sampling techniques, instruments of data collection employed data analysis techniques and ethical considerations. Chapter four presents data presentation and interpretation along with deep discussion and analysis of the data presented. Chapter five is the final part of the report which presents summary of the findings, conclusions and recommendations. In this chapter, along with the conclusion and recommendations, practical implication of the study's finding for social work practices, research/academic implications and policy implication is presented.

### **1.9 Definition of Operational Terms**

In this study, the most frequently used operational terms are selected and presented for the readers understanding as follows:

**Village saving and Loan Association:** CARE International (2010) defined VSLA as follows. *“A VSLA is a self-managed group that does not receive any external funding; it provides its members a safe place to save their money, to access loans and to obtain emergency insurance. Members can take out loans to cover expenses such as school fees and medical bills without selling productive assets, or they can use the loans to invest in income generating activities to raise household income. As a result, VSLA members experience significant improvements in household health and wellbeing, and an overall improved quality of life”.*

**Livelihood:** There have been different concepts in defining livelihood aspects. With the food crisis of 1980's and Sen's theory (1981), livelihood security Approach was developed. Accordingly, the approach eventually developed to the broader concept of Household Livelihood Security which consists of three fundamental attributes of livelihoods. These are possession of human capabilities (e.g., education, skills, health, and psychological orientation); access to tangible and intangible assets; and the existence of economic activities (Drinkwater and Rusinow, 1999 as cited in Sanzidur R. & Shaheen A, 2010)). Simply speaking, livelihood security here refers to the ability of the household to meet its basic needs (or realize its basic



rights). These needs include adequate food, health, shelter, minimal levels of income, basic education, and community participation (Frankenberger et al. 2000 as cited in Sanzidur R. & Shaheen A, 2010).

**Empowerment:** Many literatures have examined and understood Empowerment from the concept of power and powerlessness (Moscovitch and Drover, 1981 as cited in John L & Peggy H, 1993). According to the writer, real powerlessness results from economic inequities and oppressive control exercised by systems and other people. Surplus powerlessness, on the other hand, is an internalized belief that change cannot occur, a belief which results apathy and an unwillingness of the person to struggle for more control and influence. Indeed, Empowerment is defined as: an interactive process through which people experience personal and social change, enabling them to take action to achieve influence over the organizations and institutions which affect their lives and the communities in which they live (Whitmore, 1988 as cited in John L & Peggy H, 1993).

Likewise, women empowerment is defined as ‘the process by which women take control and ownership of their lives through expansion of their choices’ (United Nations, 2001). In other words, it is an enhancement that can take place at different level such as at individual, at household, at community level, and social through the provision of factors that can encourage and at the same times eliminating hindering factors.

## Chapter Two

### 2. Review of Related Literatures

This chapter provides the review of different literatures on the issue of VSLA. The chapter starts with conceptualizing the practice of VSLA considering and then provides the explanation of livelihood issues. Women empowerment through VSLA is the other topic on which literature review made. Furthermore, the chapter also provides clues what literatures says about the social capital. Finally, the chapter summarized by presenting social exchange theory which focus on explaining the interaction and social bonds. Strength based approach is also presented in the chapter. In general, VSLA approach is described and empirical evidences are presented in the chapter.

#### 2.1 Understanding the Practices of Village Saving and Loan Association Approach

As it is mentioned in the first chapter, CARE international is the founder of concept of Village Saving and Loan Associations in Niger in 1991. VSLA methodology has now been replicated world widely in 21 countries and 17 of them are African countries which includes Ethiopia. Following the same path, other international NGOs, including Save the Children, Plan International, World Vision, OXFAM, Freedom from Hunger and Catholic Relief Services (CRS), are also promoting VSLAs, particularly in Africa. (Hugh A, 2006).

VSLA started with a very basic approach which was designed only for poor and uneducated rural women but now refined to be used for literate and non-literate people who dowels in urban and rural areas. Having the potential to reach very large numbers of needy people, VSLA model does not require highly trained experts, huge budget and long time frame to reach sustainability. Unlike Rotating Savings and Credit Association (ROSCA) which is very

common in Africa, VSLA is not common as they need more organizational Structure, disciplined procedure and a basic form of record keeping that can be in the form of writing or memory based and that the adoption needs the role of NGO.

In general, as it is indicated by Ezra A, Ezekiel E, Lydia O, Susan J, Markku M & Chris M, (2005) that VSLA model has evolved over time. A VSLA is a self-selected group of people between 15 to 30 persons but if groups are larger than 25 members, it is encouraged that they divide in to sub-groups. Membership is open for both women and men and usual amongst the adult population. The group is self-managing and autonomous with the purpose to provide savings and simple insurance in a community where there is no access to formal financial services sectors with the end goal the group's to be institutional and financial independence. VSLA group have meeting in a selected regular interval. VSLA are comprised of general assembly who is the supreme body and the managing committee who are elected from the supreme and subjected to change at the start of new cycle. Before starting to save and borrow, VSLA members agree on set of rules to guide their activities, operating cycle and the amount of contribution to the groups fund in the form purchasing share. This amount is decided in such a way that it allows the poorest member to pay regularly and reliably. Loans are requested publicly and approved by the general assembly based on the agreed purpose by the group. The size of the loan received is related to the amount of the individual's share and the borrowers must repay the loan with interest, usually between one and three months. A VS&LA may decide to create a social fund for different purpose such as emergency assistance, school fees for orphans, expenses of funeral, etc on agreed regular, fixed contribution, with everyone contributing the same amount. (Hugh A, 2006).

The group is formed for a specific cycle (usually 6 - 12 months) and set with a specific objective, such as a religious holiday or the beginning of school. At the end of the cycle the total fund is divided among members based on their savings (shares) contributions. After the fund has been paid out, the groups normally immediately re-form with members having the right to leave and new members enrolled and inducted. The group then starts a new cycle of savings and lending.

Kristin H, Sybil C & Lauren H, (2009) explained that, Village Savings and Loan Associations (VSLAs) are built entirely on member's savings and interest from loans and they receive no direct capital investment from other external funders. However, members of the group get intensive one-year training on leadership, governance, group dynamics and financial management by the adopting organization. It is believed that, the training enables the group to become self-sufficient in leading and supporting the group, to get developed, and even train the other group and other members.

The training is made for the group based on modules delivered in a single, short phase and then supervised for the remainder of the year in three additional phases: intensive, development and maturity (Ezra A, Ezekiel E, Lydia O, Susan J, Markku M & Chris M, (2005). According to the authors, during the initial phase (which lasts for three months) a trainer visits the groups every week, trains them on group dynamics, savings and credit management. He/she also helps the management committee to handle meetings. During the second phase which also lasts for three-months, the groups become more independent: the trainer visits the groups every two weeks and plays more a role of observer and after three months visits only once a month to monitor progress. In the third phase, the trainer visits the group after two months from the end of the second phase to conduct an evaluation that can lead to graduation.

After 12–18 months, if the trainer is satisfied with the performance of the group, he/she graduates the group and does not visit it again. If progress is not satisfactory, the trainer is expected to conduct further training in areas of weaknesses, drawing upon others in the pool of trainers as required (Ezra A, Ezekiel E, Lydia O, Susan J, Markku M & Chris M, 2005). As it is indicated by Kristin H, Sybil C & Lauren H, (2009), VSLA approach has unique characters. These include: (1) it is simple and easily adapted to illiterate group members, (2) it promotes group solidarity and learning and establishes a vehicle for addressing community development issues (3) it relies on no infusions of outside funds; and (4) it requires no physical infrastructure.

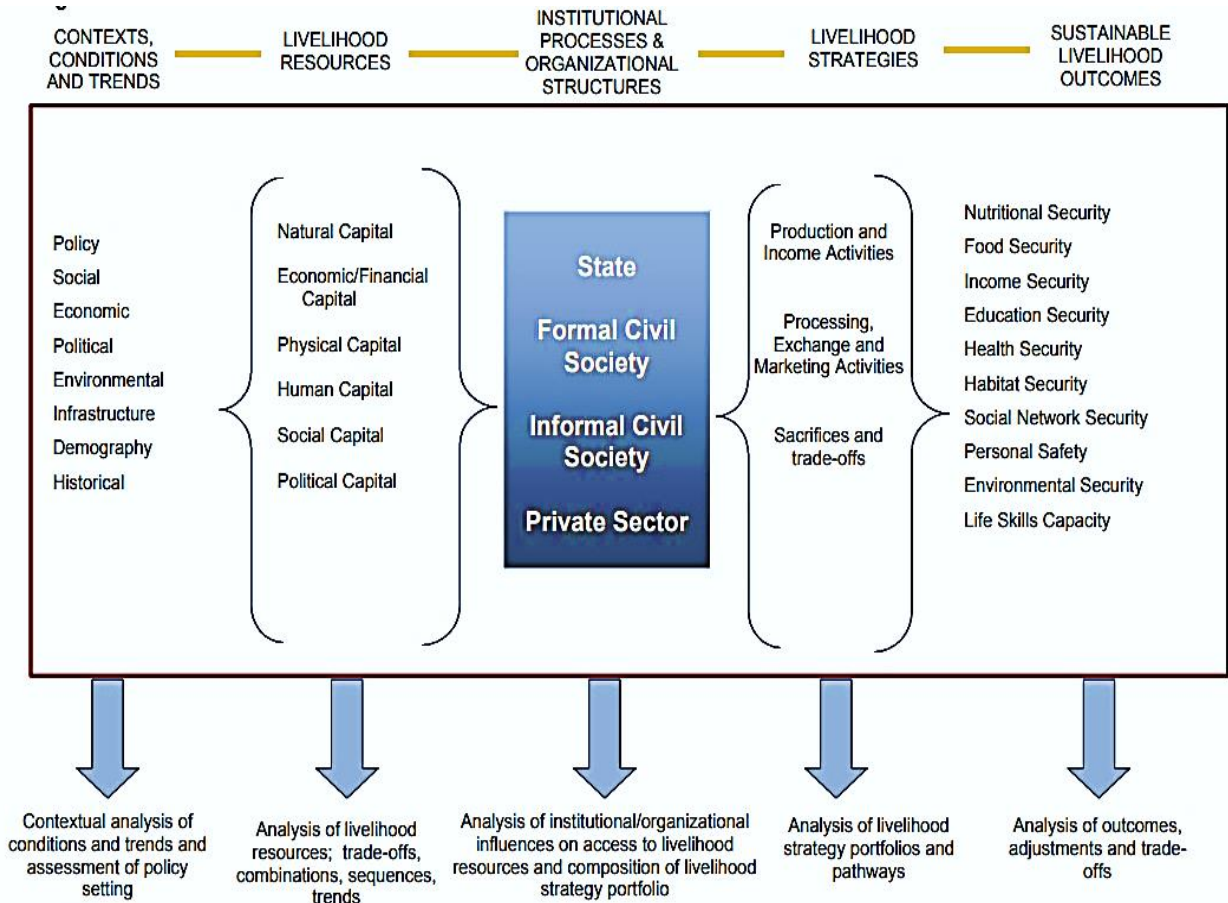
In general, the approach of VSLA is found to be an important tool, in assisting the rural resilient communities by providing them access to financial resources and service. On the other hand, the approach is also designed to train the groups with basic skills. This would add value in the community level of understanding, at least how to manage financial resources. The approach also characterized by its simplicity and easy adoption among uneducated members of community. This helped the approach to reach over 6 million poor people globally so far.

## **2.2 Conceptualizing Livelihood Aspects of Households**

The concept of livelihood has been discussed in many literatures. Different definitions have been provided by many scholars in different time. For example, Chambers and Conway (1992) as cited in Timothy R, Kristina L, James B, & M. Katherine McCaston, (2002), has conceptualize that livelihood is a total sum of the capabilities, assets (stores, resources, claims and access) and activities required for a means of living. The scholars have further explained that, a livelihood is sustainable which can cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, and provide sustainable livelihood opportunities

for the next generation: and which contributes net benefits to other livelihoods at the local and global levels in the long and short term.

The Household Livelihood Security (HLS) was introduced in 1994. Timothy R, Kristina L, James B, & M. Katherine McCaston (2002), in conceptualizing livelihood aspects indicated that understanding of livelihood profile is quite demanding. According to the authors, the composite analysis of elements/cluster including contexts, conditions and trends; livelihood resources (economic, natural, physical, human, social and political capital); institutional processes and organizational structures (government, civil society and private sector); livelihood strategies (productive, exchange and coping activities); and livelihood outcomes (nutritional security, food security, health security, habitat security, education security, income security, social network security, personal safety, and environmental security). The following diagram presents details of these clusters based on the HLS.



*Figure 2.1. Conceptualizing livelihood as the total sum of the capabilities, assets and activities required for a means of living.*

*(Source: Timothy R, Kristina L, James B, & M. Katherine McCaston, (2002))*

### **i) Livelihood Conditions, Contexts and Trends**

The authors (Timothy R, Kristina L, James B, & M. Katherine McCaston, (2002) have indicated that, a holistic analysis of livelihood aspects begins with understanding the context for any given population. As is described by the scholars, to understand the macro-level factors that influence the range of possibilities for livelihood systems, consider the social, economic, political, environmental, demographic, historical, and infrastructural information must be taken into account. They further explained that, the status of livelihood security and the underlying causes of poverty are often conditioned by long-term cultural, social, economic and political

trends. A history of colonialism, economic dependence, civil conflict or recurrent natural disasters will have an important influence on current social and political relationships, for example, and set the foundations for exclusion and discriminatory attitudes and practices.

## **ii) Livelihood Resources**

As it is discussed by the authors, livelihood resources encompasses: Natural Capital (land, water, wildlife, biodiversity, and environmental resources), Financial Capital (savings, credit, remittances, pensions,...), Physical Capital (basic infrastructure: transport, shelter, energy, communications, and water systems), Human Capital (consists of the skills, knowledge, ability to labor and good health, which are important to the pursuit of livelihood strategies); and Social Capital is the quantity and quality of social resources ( networks, membership in groups, social relations, and access to wider institutions in society) upon which people draw in pursuit of livelihoods (Timothy R, Kristina L, James B, & M. Katherine McCaston, (2002). The quality of the networks is determined by the level of trust and shared norms that exist between network members. People use these networks to reduce risks, access services, protect themselves from deprivation, and to acquire information to lower transaction costs. And political Capital consists of relationships of power and access to and influence on the political system and governmental processes at the local and higher levels (Timothy R, Kristina L, James B, & M. Katherine McCaston (2002).

## **iii) Institutional Process and Organizational Structure**

There can be institutions including the State, civil society, or private sector that can really influence the livelihood of households. For instance, state not only provides services, but also provides safety nets, changes policies, and can limit freedoms that can have positive or adverse effects on livelihood systems. Similarly, formal civil society organizations (NGOs, CBOs,



parastatals, cooperatives, churches) can provide either enabling conditions or constrain opportunities for certain households (Timothy R, Kristina L, James B, & M. Katherine McCaston, 2002).

#### **iv) Livelihood Security Strategies**

Households combine their livelihood resources within the limits of their context and utilize their institutional connections to pursue a number of different livelihood strategies. Strategies can include various types of production and income-generating activities (e.g. agricultural production, off-farm employment, informal sector employment, etc.) or, often, a complex combination of multiple activities. Moreover, some livelihood strategies of the poor are often associated with certain ethnic or social groups. These can be traced to historic patterns of discrimination, exploitation and limited access to social, financial, judicial and information services – for example, education, credit, land tenure, and market data respectively. In times of need, poor families, for example, often have to resort to child labor to make ends meet, or sacrifice productive resources to pay for food or medical treatment. Political affiliations also may determine who has access to jobs and services (Timothy R, Kristina L, James B, & M. Katherine McCaston, 2002).

#### **v) Livelihood Security Outcomes**

As it is indicated by Timothy R, Kristina L, James B, & M. Katherine McCaston, (2002) to determine whether households are successful in pursuing their livelihood strategies, it is important to look at a number of outcome measures that capture need or well-being satisfaction. Nutritional status is often considered one of the best outcome indicators for overall livelihood security since it captures multiple dimensions such as access to food, healthcare and education. Other livelihood outcomes that should be measured include sustained access to food, education,

health, habitat, social network participation, physical safety, environmental protection, as well as life skills capacities.

In general, the concept of livelihood is very important for this study due to the fact that the study try to investigate the contribution of VSLAs in improving the different aspects of livelihood of members. On the other hand, among the different mentioned livelihood resources, this study also give emphasis on the social capital which is very relevant to the VSLA membership, group dynamics, trust and support.

### **2.3 The Women Empowerment Process through VSLA and Empirical Evidences**

Now a day, the empowerment of women is a key component of the global development agenda and the empowerment process entails all measures aimed at removing obstacles to women's active participation in all spheres of public and private life through an equal share in economic, social, cultural and political decision-making (United Nations,2008 as cited Charles M. Rambo, 2012)). He further explained that, women's empowerment is based on the premise that both gender have same abilities and talents; hence, should be treated and rewarded equally.

Furthermore, Keshab Chandra (2013) defined Women's empowerment as *“a state of being that reflects a certain level of critical consciousness about external realities and an awareness about their internal thought construction and belief systems that affect their wellbeing in terms of gender justice and social justice; as well as the determination to use their physical, intellectual, that guarantee gender equality and personal, social, economic, political and institutional level.”*

In line with Women empowerment process, Village Savings and Loan Associations (VSL) schemes are increasingly becoming important in filling up the gap for financial services created by the high cost of services provided by formal financial institutions. VSL schemes provide flexible financing services, tailored to meet the needs of low income earners, especially

women in rural settings (Chandrasekhar, 2004 Charles M. Rambo, 2012)). Consequently, VSLA schemes play a crucial role in the economic empowerment of women by promoting suitable conditions for them to move from positions of marginalization within households, to one of greater roles in decision-making at the community, national and regional levels (Charles M. Rambo, 2012).

There are many empirical evidences that show, VSLA has great contribution in women empowerment. A global study conducted by the World Bank found out that by the end of 2006, about 133 million people were involved in VSLA and had benefitted from small loans from such schemes. About 60% of VSLA beneficiaries were women earning less than a dollar a day (World Bank, 2007).

Furthermore, at the first evaluation of the Niger VSLA project in 1992 whether the project had empowerment effect or not, the participating women said that the project's greatest benefit to them was, as they put it, "*the opening of the mind, the realization that this is something we can actually master.*" (as quoted in Kristin H, Sybil C & Lauren H, 2009). The whole experience not only gave rise to once unimaginable self-esteem and aspirations on the part of the women; men to reported that they were impressed with the changes they saw in their wives, sisters and daughters. Women group member said that how grateful they were that they no longer had to humiliate themselves by asking for money from their husbands, from a moneylender or from their neighbors (Kristin H, Sybil C & Lauren H, 2009).

Similarly, a study conducted in Ghana on Village Savings and Loans Associations with a case study on PROCOCO-Ghana Project (2016) indicated that women farmers who are organized in VSLA group are successfully changing their lives. The finding of the study indicated that, after joining the group, women farmers have moved from situations of multiple

problems, particularly financial and economic difficulties to seeing themselves as viable members of their household and their community. It is also indicated that, they feel more secure because they can meet their financial obligations to their family. The study also figured out, women (study group) have an improved view of themselves as economically strong women. A major contribution to this shift is the financial change in the women's situation which is related to being able to access loans and save money which is the pillars of VSLA.

The other study conducted by Edengenet Zelalem, (2016) on Women Economic Empowerment Through Village Saving and Loan Association in the case of Loka Abaya District, Sidama Zone of South Nations, Nationalities and Peoples of Ethiopia indicates that, after women joined VSLA 83% respondents have improved skills in managing Income Generating Activities where as 90% and 95% of them get opportunity to own and capable to control over their own cash and non-cash assets, respectively. Furthermore, the study revealed that 70% of women participants were able to increase their contribution to House Holds expenditures and hence 43% of their partners reduced their contribution. The study also indicated that all respondent's participation on Households decision making process improved; as a result, women involved 42%, 38%, 37%, 65%, 52%, 56%, 62%, 67% and 78% on land utilization, types of crops to be grown, use of fertilizer decisions, on poultry, donkey, shoat decision, on contraceptive use, number of children to be born and children's school enrollment respectively. In addition, the study revealed that women can decide by herself 48% on types of IGA she likes to engage in and 36% on the amount loan she should take from VSLA. The overall result indicated that as VSLA contributed a lot to empower women economically and women empowerment status is promising.

Tobias Lindé & Madelene Spencer, (2015) have conducted other study that was gained through individual interviews with female members of a VSLA project operated by a local NGO (called ASAP) in the rural area of the Blantyre district, Malawi. The descriptive evidence indicates that the share of women with a job or a business increased from 54% prior to entering the VSLA to 89% when interviewed. Furthermore, 69% of the married women reported their being more involved in intra-household decision-making now than was the case before entering the VSLA.

In general, many studies and program evaluation report in different setting have indicated that, VSLA has great role in the process of empowering women. Particularly, in the rural and remote areas where formal financial service provider and resources are not easily accessed, VSLA approach reached out to the poor rural area based female households. Thus, in this study, the investigator has figured out some indicators of women empowerment through VSLA in the study area.

## **2.4 Social Capital concepts and Empirical Evidences**

The comprehensive conceptualization of social capital is described by Mark Granovetter, who argues that economic transactions are embedded in social relations (Tine R & Susan A, (1999). This concept focuses on how personal relationships and networks of connections generate trust and discourage malfeasance in economic life (Tine R & Susan A, 1999).

There is a substantial body of empirical work that relates to the definitions of social capital which emphasize micro-institutional issues. Some of the significant findings show that local associations and networks have a positive impact on economic welfare and local development. As it is indicated by Tine R & Susan A, (1999), a specific type of network that has

proven to be beneficial for local development and welfare is microenterprise programs, such as Rotating Savings and Credit Associations (RoSCAs).

In the *Economics of Rotating Savings and Credit Associations*, Timothy Besley, Stephen Coate, and Glenn Loury examined the economic role and performance of different types of RoSCAs. In these small, often indigenous, savings and credit groups, social relationships—or social capital—is used as an alternative source of collateral. The social capital of the poor members is thereby acting as a substitute for their lack of physical or financial capital (Tine R & Susan A, 1999).

In *Cents and Sociability: Household Income and Social Capital in Rural Tanzania*, Deepa Narayan and Lant Pritchett (as cited in Tine R & Susan A, 1999) focus on the welfare of households. Via a survey of 750 Tanzanian households, they measure the degree and characteristics of associational activity (proxy for social capital) and levels of trust among them. Through a multivariate regression analysis, they establish that village-level social capital is an important contributor to household welfare. This data also suggests that social capital is indeed both social and capital, in that household outcomes primarily depend on village-level social capital, and that it raises income.

## **2.5 The Nexus between Theories/Perspectives and Village Saving and Loan Association Approach**

There can be some theories that can explain the role and approach of VSLAs. Theories from different disciplines including social work, Sociology, economics and psychology can describe the role and approach of VSLA. For the purpose of this study, one theory and one perspective that best explain the VSLA approach and role are presented. The theory selected is social exchange theory and the perspective is Strength based Approach. The choice of this theory

and approach is highly influenced by the extent to which they explain VSLA both theoretical and in practice.

### **2.5.1 Social Exchange Theory in VSLA Approach**

To begin with, as it is explained by Jos e A. Scheinkman, (nd) social interactions refer to particular forms of externalities, in which the actions of a reference group affect an individual's preferences. The reference group depends on the context and is typically an individual's family, neighbors, friends or peers. Social interactions are sometimes called non-market interactions to emphasize the fact that these interactions are not regulated by the price mechanism. In this regard, the nature of VSLA and approach heavily based on the social interaction theory premises where a group of closed neighbors or friends come together and save money. Beyond that the social capital possibly built among the group member is the aspect of non-market interaction. Additionally, the theory also hypothesizes that interaction is not abide by price mechanism. In this respect VSLAs usually established based on their needs and interest which are not regulated in price. Such groups are regulated by the level of social bond.

Moreover, social exchange theory is a model for interpreting society as a series of interactions between people that are based on estimates of rewards and punishments. According to this view, our interactions are determined by the rewards or punishments that we expect to receive from others (Ashley Crossman & Nicki Lisa Cole, 2017). The writers also pointed out the basic assumptions of social Exchange Theory. Accordingly, social exchange assumes that, 1) people who are involved in the interaction are rationally seeking to maximize their profits; 2) most gratification among humans comes from others; 3) people have access to information about social, economic, and psychological aspects of their interactions that allows them to consider alternative, more profitable situations relative to their present situation; 4) people are goal

oriented in a freely competitive system; 5) exchange operates within cultural norms; 6) social credit is preferred over social indebtedness; 7) the more deprived the individual feels in terms of an act, the more the person will assign value to it and 8) people are rational and calculate the best possible means to compete in rewarding situations(Ashley Crossman & Nicki Lisa Cole, 2017).

From these basic primes of social exchange theory, it is quite clear that, VSLA approach is highly interconnected with the theory. For example, one of the primes strongly supports the ideas that people establish interaction to maximize their profit. The main objective of VSLA is that to help the poor families to come together and save and thereby have access to financial resources. On the other hand, the theory also assumes that, social interaction proved individual members with information on social, economic, psychological aspects. In this regard, as per to the VSAL approach, in order to get together, members need to get training on different issues, they discuss more of the personal concerns.

### **2.5.2 Strength Based Perspective in VSLA Approach**

In social work practices, there are theories, models, and perspectives that can explain/ conceptualize the approach of VSLA in the practice. System theory, strength based perspective and Solution focused model are among the most relevant theory, perspective and model that can explain the VSLA approach and its role in practice, respectively. For this study, strength based perspectives is taken into account due to the fact that the perspective explains some aspects of empowerment issues.

To begin with, Wayne Hammond & Rob Zimmerman, (nd) discusses that, the strengths based perspective is a philosophy of practice draws one away from an emphasis on procedures, techniques and knowledge as the keys to change. This perspective/approach assumes that every person, family, group and community hold the key to their own transformation and meaningful



change process. The real challenge is and always has been whether the practitioners are willing to fully embrace this way of approaching or working with people. The writer further explained that, embracing a strength based approach involves a different way of thinking about people and of interpreting their patterns of coping with life challenges. With a strength based mindset, one asks different questions and communicates in ways that invites a curious exploration based upon a clear set of values and attitudes.

In this respect, VSLA approach which focuses on changing the life of members based on their strength which is saving fund. VSLA approach does not allow fund injection from outside funders. It would rather emphasis on internal saving capacity and internal loan interest. Internal strength to cope up different challenges is much appreciated and be successful. Wayne Hammond & Rob Zimmerman, (nd) also added that, people often need supports and resources that may include people, organizations, information, knowledge, material resources and decision-making resources. If we take a look at VSLA since its inception (1991), it facilitates trainings, organize people, provide information, and equip poor people in general and women in particular with knowledge and skill. On the other side, strength based perspective also has an implication in women empowerment. In principle, empowerment focused on strength of the individuals.

In general, there can be theories and approaches that explain both the theoretical and practical aspects of VSLA as it is explained above. More combination of theories and practical guides will be provided with the finding discussion part of the study.

## **CHAPTER THREE**

### **3. Research Design and Methodology**

#### **3.1 Research Design**

This chapter presents the methodological aspects of the research, which includes research design, research method, study population, sample size and sampling techniques, data collecting instruments, document analysis and ethical considerations. The purpose of this study is to assess the role of Village Savings and Loan Association in Basona Woreda of North Showa Zone of Amhara National Region State improving the livelihood of the members.

#### **3.2 Research Methods**

In this study both qualitative and quantitative methods was employed which is mixed type approach. Theoretically, mixed approach enables to get valid information about subjective perception and objective facts. Most researchers would now accept that it is sensible to use a mixture of methods. First, methodological pluralism refers to the employment by the social researcher of more than one method of research in order to build up a fuller and more comprehensive picture of social life. Second, through triangulation which refers to the use of multiple methods, it cross-checks and verifies the reliability of a research tool and the validity of the data collected (McNeill, 2005).

Furthermore, the choice of a methodological approach, qualitative or quantitative, is closely linked to the nature of the research problem (Matt H. et.al, 2006). In selecting methodological approach, the issue of body of knowledge comes first. Regarding their epistemological position, there are two claims: Positivist and constructionist: The positivists claim that we can conduct objective and unbiased observation free from our interpretations and

interests. On the other sides there is the constructionists' stand that it is impossible to conduct objective investigation as the image of the external social world is the result of our constructions (Miller and Brewer 2003).

The methods that qualitative researchers tend to use are varied in character, ranging from in-depth personal or group interviews, through to participant observation. These qualitative methods and approaches include (among many others) participant observation, in-depth interviewing, focus group interviewing and personal documentary analysis (Matt H. et.al, 2006). The emphasis given by qualitative researchers to their studies therefore involves an examination of the perspectives of the people or groups that are of interest to them – their ideas, attitudes, motives, and intentions. When compared to quantitative-based studies, qualitative research designs are often relatively small in scale, adopting somewhat loosely structured approaches designed to encourage research participants to talk in detail about the meanings that they have of the world and the extent to which these influence their behavior (Matt H. et.al, 2006). Consequently, in this study, the qualitative method was used to explore the role of VSLA in improving the livelihood of its members in the study area. Participants' interest, experience, feeling, thought regarding the VSLA is deeply explored in order to achieve the objective of the study while some factors are also quantified.

On the other hand, as mentioned above, the study also employed quantitative method. Surveys and the experiments are two most common methods employed in quantitative research (Bryman, 1988). Positivism is usually associated with techniques such as experiments and surveys which emphasize controlled conditions, in which the research program is standardized and heavily structured, and where there is respondent/subject detachment. These are usually called quantitative methods. However, the best result mostly comes from the careful and

selective use of both the methods and triangulating them. Increasingly researchers are beginning to see the benefits of mixing qualitative and quantitative approaches, and that using a variety of data sources can be an effective way of increasing the validity of research (Matt H. et.al, 2006, p. 185). Combining different methods-quantitative and qualitative-to study the same phenomenon has been called triangulation (Bryman, 1989). Triangulation refers to the use of more than one approach to the investigation of a research question in order to enhance confidence in the ensuing findings. In view of that, in this study the investigator has employed both qualitative and quantitative approaches. This is because the issue under study needs in depth and detailed collection of information about subjective perceptions and also objective facts from the study participants.

### **3.3 Universe of the Study**

The study universe is the set of all units that the research question covers or to which we can generalize (W. Lawrence Neuman 2004). Consequently, the universe of this study were all the members of selected Village Saving and Loan Association located in Basona Worana Woreda of North Shoa Zone organized by the support of Tesfa Berhan Child and Family Development Organization. Currently, there are 17 VSLAs groups with 394 (373 female & 21 Male) members. The VSLA groups are organized since 2014 and it is found to be appropriate to conduct study on the role of VSLA in improving the livelihood of the members.

The data sources of this study are primary source of data which were obtained from 4 out of 17 VSLA group members in Basona Worana Woreda of North Showa Zone. The four VSLA groups are selected based on set criteria such as their location in the rural area, period of formation; VSLA groups who are formed before two years are selected as the study groups while those who have one year and less than one year for the control group. The project officer of

Tesfa Berhan Child and Family Development Organization, Kebele administrations, VSLA group leaders, Child and Women Affairs office, and Woreda's Vocation, Technical and Enterprises Organization office were also the primary sources of data for this study.

### **3.4 Sampling Method**

In most studies both qualitative and quantitative researchers employ sampling techniques to select the actual subject or participants under study. In this study both the non-probability sampling and probability sampling were employed to draw sampling from the whole members of VSLAs group in the study area, because the investigator found that that mixed type (both Quantitative and qualitative method) enable to study more about the role of VSLAs in improving the livelihood of its members.

For qualitative researchers, there are four non-probability sampling techniques theoretically available: Accidental sampling, Quota Sampling, Purposive sampling and Snowball sampling. From these sampling techniques, the more appropriate for this study was purposive sampling. According to Margaret A. & Wendy B, (2003), purposive sampling technique allows us to select the sample for our study for a purpose. The writer further indicated that, when we use this sampling technique, we are sure that we may have prior knowledge that indicates that a particular group is important to our study or we select those subjects who we feel are typical examples of the issue we wish to study (Margaret A. & Wendy B, 2003). Consequently, in this study the investigator purposely selected VSLA groups located in the rural villages to make the focus of this study on the role of VSLA in improving the livelihood of the group members located in the rural area where most of the populations live on subsistence farming, are not gone under formal education and have less diversity of income generating activities.

For the quantitative researchers, there are four types of probability sampling, simple random sampling, systematic random sampling, stratified random sampling and cluster random sampling. They all differ from one another in the techniques they employ (Margaret A. & Wendy B, 2003). For this study, simple random sampling was employed to draw sample from the 4 groups of VSLA and then individual members from VSLA in the study area.

### **3.5 Sampling Procedure**

Out of the total 17 VSLA groups with 373 female & 21 males in Basona Worana Woreda, the researcher used simple random methods to select 94 members (85 females & 9 males) for this study in order to get detail information that has enabled the researcher to explore the role of VSLA in the livelihood of the members. For a control group again, the researcher used simple random method to select 47 members (46 females and 1 male). Similarly, for the control group, the researcher purposively selected control group with 47 members (39 females and 8 males). Key informant interview is also conducted with 2 VSLA group leaders (1 study Group and 1 from control group members), Woreda Vocation, Technical and Enterprise office (1), Woreda Women and Children Office (1), Tesfa Berhan Child and Family Development Organization project officer (1) Kebele administration (1) and Agriculture and natural resources office as key informant. The ultimate study participants from VSLA group were 94 (9 males & 85 females) members of the four VSLA groups while 7 key informants were also participated in the study. Generally,  $(94) + (7) = 101$  participants were involved in the study with different data collection tools.

The four selected VSLA were based on their location. All of the four were among the VSLA in the rural area in the woreda. Specifically, the first VSLA selected for the study was found at place called Keyit which is 17 KM far away from the nearby town, Debra Birhan.

The second VSLA is selected from Andit Tsed which is 35 Km Far from Debra Birhan. And the other VSLA is Selected from a place called Mush which is 20 Km far from the nearby town. The fourth VSLA study participants are from Gudo Beret (25 km) from Debra Birhan.

### **3. 6 Data Collection Tools and procedures**

Data collection is one of the important stages of research process. Devising appropriate data collection tools are very vital in order to collect the required data for any type of research. Likewise, the researcher used the below described data collection tools to collect the required data for this study. The major data collection instruments designed and used for this study include questionnaires, in-depth interview with key informants/ direct respondents, and Focus Group Discussion. Very specifically, four different FGDs has conducted with purposefully selected participants from different VSLA groups in the study area for further exploration of the role of VSLA in improving the livelihood of the members; the FGD has conducted with the chosen participants because of their interest, involvement and knowledge in relation to this study topic. Each of the four FGDs composed of 8 individuals which totals 32 individuals across the whole group (2 FGDs for study groups and 2 FGDs for control groups).

In-depth Interview with the key informants and direct respondents was the other data collection tool that applied to gain the necessary data. In-depth interviews are rich sources of data on people's experience, opinions, aspirations and feelings. It is fundamentally a conversation that involves a face to face verbal interchange in which, the interviewer, attempts to draw information or expressions of opinions or beliefs from the interviewee (Denzin & Lincoln, 1994) as cited in Margaret & Wendy, 2003). Similarly, in this study, In-depth interview was conducted with the selected heads of VSLA groups as direct respondent and project manager of Tesfa Birhan child and Family Charitable Association, representatives from Woreda women and

children office, Polly techniques and enterprise development office, Kebele administrations, and agriculture and natural resources office as key informants. Lastly, survey questionnaire is used for the sample selected members of VSLA group in the study area. 60 questionnaires (30 were applied on control group; and the rest 30 are administered for the group the control group) for the randomly selected individual members of four VSLA in the study area, Basona Worana Woreda.

The questionnaires are designed in a manner that it collects both general and specific data. Thus, to collect information from respondents, the questionnaires made to include both closed (multiple choice) and open-ended questions to obtain relevant information for the study. The questionnaires are divided in to two main parts. The first part consists of general information about the respondents' socio-demographic characteristics. The second part discuss on the way that they address the research questions. The Questionnaires are first prepared in English and then translated to Amharic (the local language used in the study area). In general, the study has 101 (32 for FGD, 6 key informant/direct respondents, 30 control group respondents, 30 study group respondents) participants.

### **3.7 Data Analysis Techniques**

The qualitative data was analyzed qualitatively. According to (Margaret A. & Wendy B, 2003), qualitative data analysis aims to capture the richness and complexity of lived experience. And it consists of three general stages which follow one another in a continuous cycle: data reduction, data organization and interpretation. Data reduction is the stage at which data are coded, summarized and categorized in order to identify important aspects of the issue being researched. Data reduction also helps the researcher decide what further data to collect, how and who to sample next, what methods of analysis to use and, finally, to arrive at conclusions. All



these, is to identify the main themes emerging from the research by categorizing the information as it is collected (Sarantakos 1998 as cited in Margaret A. & Wendy B, 2003). With similar fashion, in this study, data gained through FGD and in-depth interview are analyzed through coding method passing in these three stages. To do, the researcher has identified the relevant data, then organizes into meaningful information and then interprets it.

The quantitative information was also gained via survey questionnaires and analyzed quantitatively by considering the quantifiable data of socio-demographic characteristics of the participants, livelihood improvement indicators, and other factors. The quantitative data were analyzed using SPSS (statistical package for social science, version 23). Using this software system was easy way to draw facts and figure from the gathered information including the simple frequency distributions in tables, and some cross tabulations.

### **3.8. Ethical Considerations**

As in any research, this study is guided by research ethics and principles. In specific reference to the participants or subjects of the study, all the rights of the participants are respected. Before proceeding to collecting the necessary data, all of the participants were asked for their consents. The participants were told that they have the right to withdraw from participating in the study whenever they feel that they should stop participating in the study. The participants were also informed clearly that the purpose of the study is purely for academic purpose. Their names and other private information and information that were not related with the objectives of this study were excluded from the study report. All collected data were only used to full fill the objectives of the study.

From the academic perspectives, this study was conducted based on the following research ethical consideration modalities: Not plagiarize the works of other, obtain informed consent from all involved in the study, not use deception on people participating and pursuing objectivity and avoiding under intrusion and securing their confidentiality.

## Chapter Four

### 4. Presentation, Analysis and Interpretation of data

This chapter provides the detail findings of the study and discussions. Demographic characteristics of the study participants, the role of VSLA in changing the livelihood of the members, major social capital developed through the VSLAs, challenges that VSLAs have faced and the future prospective of VSLAs are the major topic that presented in the chapter. There are also sub topics presented under each topic. The whole presentation, Analysis interpretation of the data is presented as follows.

#### 4.1 Demographic Characteristics of the Study Participants

##### 4.1.1 Focus Group Discussion Participants' Profile: Study Group

**Table 4.1.** Focus Group Discussants' Profile at Andit Tsed \_ Study Group - 1

Category	Participants							
	AP1	AP2	AP3	AP4	AP5	AP6	AP7	AP8
Age	30	29	53	38	35	30	45	33
Gender		F	F	F	F	F	F	F
Marital status	Married	Married	Married	Married	Married	Married	Widowed	Married
#of children	3	2	3	3	3	No child	1	3
Years in VSLA	2	2	2	2	2	2	2	2
Education Level	Grade 4	Grade 3	No Education	No Education	Grade 3	No Education	No Education	Grade 6
Income/month	500	300	Don't Know	400	400	Don't know	Don't know	500
Saving /Month	200	100	100	200	120	120	100	200
Livelihood Base	Agriculture	Agriculture	Agriculture	Agriculture	Agriculture	Agriculture	Agriculture	Agriculture
Residency Area	Andit Tsed	Andit Tsed	Andit Tsed	Andit Tsed	Andit Tsed	Andit Tsed	Andit Tsed	Andit Tsed

*\*\*\*Kindly note that, AP refers to Andit Tsed Participants. For example, AP1 means Andit Tsed Participant 1. And this works for all 8 FGD participants at the study area (AP1-AP8). (Source: Own Survey, 2017)*

As it is represented in table 4.1, 8 females from Andit Tsed have participated in the FGD of study group. The minimum age is 29 (AP2) years and the maximum is 53 years AP3. AP1 is 30 years old, AP4 is 38 years old, AP5 is 35 years old, AP6, AP7 and AP8 are 35, 45 and 33 years old respectively. In terms of marital status, 7 out of the 8 FGD participants at Andit Tsed are married while one study participant (AP7) is widowed. Regarding the number of children, 5 study participants (AP1, AP3, AP4, AP5, & AP8) have 3 children while AP2 and Ap7 have 2 and 1 children respectively. And AP6 has no child. All of the participants of FGD at Andit Tsed have been member of the VSLA for the last two years.

Looking at the educational level of the participant of the FGD under discussion, AP3, AP4, AP6, AP7 have no education (illiterate) at all, AP2 and AP5 have attended their education up to grade 3 while AP1 and AP8 have a grade 4 and grade 6 educational levels respectively. Table 1 also presents the income level of the participants. Accordingly, 3 of the 8 participants (AP3, AP6, & AP7) have indicated that they don't know their monthly income. AP1 has 500 ETB/Month, AP2 has 300 ETB/Month, AP4 and AP5 have 400 ETB/Month respectively. And AP8's monthly income is 500 ETB. In terms of their saving per month, AP1, AP4, and AP8 saves 200 ETB, AP2, AP3, and AP7 save 100 ETB per month and, AP5 & AP6 save 120 ETB, each per month. In terms of means of living, all of the FGD participants' means of living is based on agriculture. Their residency area is in the area called Andit Tsed.

**Table 4.2.** Focus Group Discussion Participants at Gudo Beret: Study Group – 2

Code	Sex	Age	# of years in VSLA	Education	Means of livelihood	No of children	Monthly saving	Monthly Income	Residence
GP1	F	25	3	Grade 5	Daily Labour	1	40	300	Gudo Beret
GP2	F	30	4	Grade 7	Petty Trade	2	200	600	Gudo Beret
GP3	F	50	3	0	Petty Trade	4	200	1500	Gudo Beret
GP4	F	28	4	Grade 10	Petty Trade	-	200	1000	Gudo Beret
GP5	F	26	4	Grade 10	Petty Trade	-	200	1200	Gudo Beret
GP6	F	25	4	Grade 3	Daily Labour	1	50	500	Gudo Beret
GP7	F	25	3	Grade 4	Daily Labour	1	60	600	Gudo Beret
GP8	F	40	3	Grade 7	Petty Trade	3	200	500	Gudo Beret

*\*\*\*Kindly note that, GP refers to Gudo Beret Participants. For example, GP1 means Gudo Beret Participant 1. And this works for all 8 FGD participants at the study area (GP1-GP8). (Source: Own Survey, 2017)*

As it is summarized in the Table 4.2, 8 female FGD discussants have participated as a study group from VSLAs in Gudo Beret. In terms of age, the maximum age for the group is 50 (GP3) years old while the minimum age is 25 Years old (GP1, GP6, & GP7). The rest of the participants GP2, GP4, GP5 and GP8 are 30, 28, 26 & 40 years old respectively. In terms of the numbers of years they have participated in VSLA, all of the participants have been a member for three and above years. More specifically, GP1, GP3, GP7 & GP8 have joined the saving group three years ago while rest participants (GP2, GP4, GP5, GP6) have joined the group four years ago.

In terms of education, 7 out of the 8 FGD discussants from Gudo Berete (Study Group - 2) have attended formal education while one participant (GP3) has no education. As it is indicated in the table, GP2 and GP8 have attended formal education up to grade 7, GP4 and GP5

have attended formal education up to grade 10. The remaining 2 participants (GP6 and GP7) have attended education up to grade 3 and 4 respectively. Regarding their means of living, 5 participants (GP2, GP3, GP4, GP5, & GP8) out of the 8 discussants are engaged in petty trading while the rest three discussants (GP1, GP6 & GP7) works as daily labor to support their life.

Table 4.2 also presents that GP1, GP7 & GP7 have one child (each), GP4 & GP5 have no child, and GP2, GP3 and GP8 have 2, 4 and 3 children respectively. In terms of monthly saving, most of the FGD participants of this site save up to 200 ETB per month (GP2, GP3, GP4, GP5 and GP8 saves 200 ETB/months which is 50 ETB/week). The remaining three participants (GP1, GP6 & GP7) save 40 ETB, 50 ETB and 60 ETB/month respectively.

The table also presents the monthly income of the FGD participants. GP1 have a monthly estimated income of 300 from which she saves 40 Birr per months while GP2 has estimated income of 600 and she saves 200 ETB. GP3, GP4 and G5 have relatively good income level among the FGD discussants. They earn 1500 ETB, 1000 ETB and 1200 ETB, respectively. The last three participants (GP6, GP7 & GP8) have indicated that they earn 500 ETB, 600 ETB and 500 ETB respectively. All the participants of this group are from Gudo Beret.

#### 4.1.2 Focus Group Discussion Participants' Profile: Control Group – 1

**Table 4.3:** Focus Group Discussants' Profile at Keyit \_ Control Group - 1

Category	Participants							
	KP1	KP2	KP3	KP4	KP5	KP6	KP7	KP8
Age	40	48	38	25	40	20	50	28
Gender		F	F	F	F	F	F	F
Marital status	Widowed	Married	Divorced	single	Widowed	Single	Divorced	Divorce
#of children	2	1	2	No Child	3	No child	No child	2
Years in VSLA	1	1	1	1	1	½	1	1
Education Level	No Education	Grade 2	Grade 4	Grade 9	Grade 9	Grade 10	No Education	No education
Income/month	500	Don't know	Don't Know	Don't know	Don't know	Don't know	Don't know	Don't know
Saving /Month	100	200	40	80	120	40	200	80
Means of living	Agriculture	Agriculture	Agriculture	Petty Trading	Agriculture	Petty Trade	Petty Trade	Petty Trade
Residency Area	Keyit	Keyit	Keyit	Keyit	Keyit	Keyit	Keyit	Keyit

\*\*\*Kindly note that KP refers to Keyit Participants. For example, KP1 means Keyit Participant 1. And this works for all 8 FGD participants at the study area (KP1-KP8). (Source: Own Survey, 2017)

Table 4. 3 present the Focus Group Discussants' Profile at Keyit (Control Group - 1). Age wise, the minimum age for the control group is 20 years old (KP6) and 50 years old (KP7). For the remaining KP1 & KP5 are 40, KP2 is 48, KP3 is 38, KP4 is 25, and KP8 is 28 years old. In terms of gender all of the participants of this group were females. Regarding their marital status, 3 participants (KP3, KP7 and KP8) out of 8 are divorced, KP4 & KP6 are single, KP1 & KP5 are widowed while KP2 is married.

Furthermore, the table indicated that 4 participants' (KP1, KP2, KP3, & KP5) means of living is agriculture while the rest 4 participants (KP4, KP6, KP7 and KP8) have indicated that, their means of income is based on petty trading. Except KP6 who is a member of VSLA since

the past six months, for all the remaining participants, it has been one year since they joined the VSLA group. In terms of their educational level, three participants (KP1, KP7 and KP8) have no education at all, KP4 and KP5 are educated up to grade 9, KP2 and KP3 have educated up to grade 2 and grade 4 respectively.

Table 4. 3 also indicated that the number of children that VSLA FGD participants have. Accordingly, 3 participants (KP4, KP6, & KP7) have no child; three participants (KP1, KP3, & KP8) have 2 children while the rest two participants (KP2 & KP5) have 1 and 3 children respectively. In terms of their monthly income, 7 out of 8 participants indicated that they don't know their monthly income. Only one participant (KP1) mentioned that she has an estimated monthly income of 500 ETB. Furthermore, in terms of saving per month, KP1 saves 100 ETB, KP2 and KP7 save 200 ETB, KP6 and KP3 save 40 ETB (each), KP4 & KP8 save 80 ETB each per month, while KP5 saves 120 ETB per months. It is also indicated that all of the participants in this FGD are from a place called Keyit.

**Table 4.4: Focus Group Discussants' Profile at Gudo Beret \_ Control Group – 2**

Category	Participants Profile							
	GBP1	GBP2	GBP3	GBP4	GBP5	GBP6	GBP7	GBP8
Age	43	38	42	35	37	39	32	27
Gender	M	M	M	M	M	M	M	M
Marital status	Married	Married	Married	Married	Married	Married	Single	Single
#of children	3	2	2	2	2	3	No Child	No child
Years in VSLA	1	1	1	1	1	1	1	1
Education Level	Grade 6	Grade 8	Grade 8	Grade 4	Grade 3	Grade 8	Grade 9	Grade 10
Income/month	500	1000	400	Don't know	Don't know	Don't know	500	500
Saving /Month	200	200	200	200	200	200	200	200
Livelihood Base	Agriculture	Agriculture	Agriculture	Agriculture	Agriculture	Agriculture	Agriculture	Agriculture
Residency Area	Gudo Beret	Gudo Beret	Gudo Beret	Gudo Beret	Gudo Beret	Gudo Beret	Gudo Beret	Gudo Beret

\*\*\*Kindly note that GBP refers to Gudo Beret Participants. For example, GBP1 means Gudo Beret Participant 1. And this works for all 8 FGD participants at the study area (GBP1-GBP8). (Source: Own Survey, 2017)



Table 4.4 presents the profile of Focus Group Discussants' at Gudo Beret (Control Group - 2). Accordingly, in terms of the age of the participants, the minimum age is 27 years old (GBP8) and the maximum is 43 years old for GBP1. On the other hand, GBP2, GBP3 and GBP3 are 38, 42 and 35 years old respectively while GBP4, GBP5, GBP6 and GBP7 are 35, 37,39 and 32 years old, respectively. In terms of gender all of the participants were males. Regarding their marital status, 6 participants out of 8 are married (GBP1- GBP6) while GBP7 and GBP8 are single. In addition, the table also indicated that 4 participants (GBP2, GBP3, GBP4, & GBP5) have 2 children each, GBP1 and GBP6 have 3 children, and the remaining two participants (GBP7 and GBP8) have no child.

In terms of mans of income, all of the participants are engaged in agriculture. And all of participants have been member of the VSLA groups for one year. With regards to their educational level, three participants (GBP2, GBP3 and GBP6) have attended up to grade 8. GBP1 is 6, GBP4 is 4, GBP3 is 3, GBP7 is 9 and GBP8 is in grade 10. In terms of their monthly income, 3 out of the 8 participants (GBP4, GBP5 and GBP6), indicated that they don't know their monthly income. The other 3 out of the 8 participants (GBP1, GBP7 and GP8) mentioned that their estimated monthly income is 500 ETB. The remaining two participants (GBP2 and GBP3) have a monthly income of 1000 ETB and 400 ETB respectively. Furthermore, in terms of their saving, all of the participants informed that they save 200 ETB per month.

### 4.1.3 Key Informants' Profile

**Table 4.5.** Key Informants Profile

Profile	KI1	KI2	KI3	KI4	KI5	KI6	KI7
Age	39	30	28	51	32	25	32
Gender	Male	Male	Male	Male	Female	Male	Female
Marital status	Married	Married	Single	Married	Married	single	Married
Education	MA	Grade 4	BA	BA	10+3	BA	Grade 8
Experience	7 years	1year	7 years	6 Years	2 years	4 years	2 Years
Edu.Back ground	Sociology	-	Management	Accounting	Nursing	Agro Forestry	-
Role	Project Officer	Group Leader	Woreda officer	Woreda officer	Kebele officer	Kebele officer	Group Leader
Residency	Keyit	Andit Tsed	Debra Birhan	Debra Birhan	Gudo Beret	Gudo Beret	Mush

*(Source: Own Survey, 2017)*

As it is indicated in table 4.5, seven key informants (KI1-KI7) were participated in the in-depth interview. Accordingly, in terms of their age KI1 is 39, KI2 is 30, KI3, is 28, KI4 is 51, KI5 & KI7 are 32 and KI6 is 25 years old. With regards to their gender, 2 of the 7 (KI5 and KI6) were female the remaining 5 were male key informants. Table 4.4 also presented the educational level of the key informants as KI1 has Master's Degree in Sociology. KI3, KI4 and KI6 have BA degree in Management, Accounting and Agroforestry respectively. KI5 has 10+3 educational level in nursing, KI2 is in grade 4 while KI7 is in grade 8.

In terms of their roles and working experiences, KI1 is a project officer at Tesfa Berhan Child and Family Development Organization with 7 years' experience. KI2 and KI7 are VSLAs group leaders with one year and two year experience respectively. KI3 is a key informant with 7 years experiences working as Basona Worana Woreda's Women and children Affairs officer. KI4 has 6 years experiences currently working as Basona Worana Woreda's Vocational, technical and Micro Enterprises Organizing office. KI5 and KI6 are kebele administrators at

Gudo Beret with two and four years of experiences respectively. The final row of table 4.4 presents the place where the key informants were from. Accordingly, KI1 is from Keyit, KI2 is from Andit Tsed, KI3 and KI4 both from Debra Birhan, KI5 and KI6 were from Gudo Berete and KI7 was from Mush.

#### 4.1.4 Survey Respondents' Demographic Information: Study vs Control Group

**Table 4.6:** Age distribution of Study Group Vs Control Group

Age Group	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
18-25Years	3	10%	9	30%
26-32 Years	10	33.3%	9	30%
33-40 Years	7	23.3%	7	23.30%
41-50 Years	6	20%	3	10%
51+ Years	4	13.30%	2	6.70%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

Table 4.6 presents the Age distribution of Study Group Vs Control Group in study conducted. The survey was conducted with 60 respondents from which half (30) were “Study Group” while the remaining half (30) were “control group”. As it is presented in the table, 10% of the study group and 30% of the control group respondents were between 18-25 years of age, 33.3% of the study group and 30% of the control group participants were between the age of 26 – 32, 23.3% of both the study and control groups are between 33 – 40 age, 20% of the study group 10% of the control groups respondents are between the age of 41 – 50 while 13.30% of the study group and 6.70% of the control group respondents are above the age of 51 and above age.

**Table 4.7. Gender composition of Respondents: Study Group Vs Control Group.**

Study Group			
Gender	Frequency	Percent	
Female	30	100%	
Male	0	0%	
Control Group			
Gender	Frequency	Percent	
Male	2	6.7%	
Female	28	93.3%	
Total	30	100%	

*(Source: Own Survey, 2017)*

Table 4.7 above presents the gender Composition of Respondents in the Study Group vs Control Group. Accordingly, in the study group, the composition of female respondents was 30 which are 100% while female respondents in control group were 28 which are 93.3%. There were no male respondent in the study Group while 2 (6.7%) male respondents involved in the survey employed with the control group.

**Table 4.8. Marital status of Survey Respondents: Control Group vs Study Group**

Marital Status	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
Married	17	56.7%	17	56.7%
Single	5	16.7%	2	6.7%
Widowed	5	16.7%	0	0%
Divorced	3	10%	11	36.7%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

Table 4.8 above presents the marital status of Survey Respondents: Control Group vs Study Group. Based on the table, the majority of the Survey Respondents 56.7% for both the study and control group were married. 16.7% and 6.7% of the respondents of the study and control group were single. The composition of widowed respondents in the study group are

16.7% while there is no in the control group. The compositions of participants who are divorced are 10% for study group while it is 36% for the control group.

**Table 4.9.** The Number of Children owned by Control and Study Group

# of Child	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
No Child	4	13.3%	3	10%
1 Child	7	23.3%	10	33.3%
2 Children	9	30%	7	23.3%
3 Children	10	33.3%	10	33.3%
4+ Children	0	0%	0	0%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

In terms of the number of children owned by the respondents as indicated in the table 4.9 above, most of the respondents (33.3%) both in the study group and control group have 3 children. 13.3% (4/30) and 10% (3/30) of the respondents in the study group and control group have indicated that they have no child. 30% of the respondents in the study group and 23.3% of the control group have stated that to have 2 children while 23.3% of the respondents in the study group and 33.5% of the control group indicated to have 1 child. No reply was observed in the survey that indicate the respondents of both study and control group have four and above children.

**Table 4.10. Dependent Family Members: Study vs Control Group**

Is there any dependent family member other than your children?	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
YES	4	13.3%	2	6.7%
NO	26	86.7%	28	93.3%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

As it is presented in table 4.10 above, in terms of the dependent family members other than their children, 86.7% (26/30) of the study group and 93.3% (28/30) respondents of the control have replied that there is no dependent family member other than their children. Only 13.3% (4/30) of the study group and 6.7 % (2/30) from the croup group indicated that they have dependent family member other than their children.

**Table 4.11: The livelihood Basis for the Study and Control Group**

Livelihood Basis	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
Agriculture	20	66.7%	12	40%
Petty trade	9	30%	3	10%
Government job	1	3.3%	1	3.3%
Private business	0	0%	4	13.3%
Daily labor	0	0%	10	33.3%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

In the table 4.11 above, the livelihood base of the respondents is presented. As per the data collected, the majority of the respondents of both the Study group (66.7%) (20/30) and (40%) (12/30) of the control group have replied that their means of living is based on agriculture. Additionally, 30% (9/30) of the study group and 10% (3/30) of the control group respondents indicated that they support their life with engaging in petty trading. Two respondents, one from

the study group and one from the control group mentioned that they live by the income they earn from being employee of the government. None of the respondents from the study group indicated that their livelihood is based on own private business and working as a daily labor. In contrast to this, 13.3% (4/30) and 33.3% (10/30) of the control group respondents replied that their livelihood is supported by private business and working as daily labor, respectively.

**Table 4.12. Educational Level of Survey Respondents: Control vs Study Group**

Educational Level	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
Not educated	14	46.7%	12	40%
Primary education	13	43.3%	9	30%
Secondary education	2	6.7	9	30%
Tertiary education	1	3.3%	0	0%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

Table 4.12 above summarized the educational level of the survey respondents in the Control and Study Group. Accordingly, in the study group the majority of the respondents (46.7%) (14/30) have replied that they are not educated while 43.3% (13/30) of the respondents have replied that they have attended primary education. Additionally, in the study group, 2 /30 (6.7%) of the respondents indicated that they have secondary educational level. And only 1 response from the study group indicated that there is 1 respondent with tertiary education.

Similarly, the majority 40% (12/30) of the respondents from the control group replied that they have no education while 30% (9/30) have replied that they have attended primary level educational. And the remaining 30% (9/30) of the control group respondents have replied that they have secondary level educational. None of response showed that there is a respondent from the control group with tertiary level educational.

**Table 4.13: The Numbers of years spent in VSLA by the Survey Respondents Study of vs Control Group.**

Number of years they spent in VSLA	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
1 Year	0	0%	30	100%
2 Years	13	43.3%	0	0%
3 Years	13	43.3%	0	0%
4 Years	4	13.4%	0	0%
Total	30	100%	30	100

*(Source: Own Survey, 2017)*

Table 4.13 is about the number of years that respondents have stayed in the VSLA groups. The responses of the study group showed that they have stayed in the VSLA from 2 - 4years; 43.3 % (13/35) indicated that they have stayed in the VSLA group for 2 years and similar figure 43.3 % (13/35) have mentioned as stayed for 3 years in the VSLA group. 13.3% (4/30) indicated that they have been saving the money in VLSA since the last four years. The control groups' responses indicated that all the respondent (30/30) indicated that they have estimated stayed for 1 year in the VSLA group.

**Table 4.14: Estimated Monthly income of the respondents: Study vs Control group.**

Monthly Income	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
200-1000 ETB	29	96.7%	25	83.3%
1001-2000 ET	0	0%	4	13.3%
>2000 ETB	1	3.3%	1	3.3%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

Table 4.14 presents estimated Monthly income of the respondents in the study vs control group. Accordingly, the majority of the responses 96.7% (29/30) of the study group and 83.3% (25/30) have indicated that they earn estimated monthly income between 200-1000 ETB per



month. Only two responses, one from study and one from control group responses was observed for earning monthly income of >2000 ETB in/month. On the other hand, in the control group, 13.3 %(4/30) of the respondents replied that their estimated monthly income is somewhere between 1001-2000 ETB/month.

**Table 4.15:** Estimated saving amount per month by Respondents: Study vs Control Group

Saving Per Months	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
100-500 ETB	30	100%	9	30%
>1000 ETB	0	0%	4	13.3%
<100 ETB	0	0%	17	56.7%
Total	0	0%	30	100

In table 4.15 above, the estimated monthly saving amount is presented. Thus, all of the respondents in the study group save 100-500 EBT/month and none of the respondents in the study group indicated to saves above 500 ETB/month. In the control group, the majority of the respondents; 56.7% (17/35) have replied that they save less than 100 ETB per month, 30%(9/20) indicated to save 100-500 ETB/month, and the remaining 13.3 % of the respondents indicated that they save above 1000 ETB/month.

## 4.2 VSLA Approaches and Procedures in the Study Area

As it is indicated by project officer of Tesfa Birhan Child and Family Charitable Association, VSLA approach has been introduced in the 1990s in the West Africa, specifically in Niger. The aim of the VSLA was to help the poor families and women households. On wards from 1990's, the approach was adopted by many International Development Agencies and None Government Organizations (NGOs). The officer also indicated that the VSLA was introduced in 2004. In 2014, Tesfa Birhan has introduced VSLA in Basona Worana Woreda of North Showa

Zone has organized over 17 VSLAs groups in the Woreda. Currently, there are 394 active members of VSLAs. Over 95% (374) of the members are women while the remaining 5% (21) are male members.

The big question here is why 95% constitute are female members? A study conducted by Busingye Kampemuka (2015) who studied Village Saving and Loan Association and its relation to poverty reduction among rural households in Kyabakara, Uganda, found out that women participation in VSLA stood at 63.3% which is higher than male participation that accounted for 36.7% in survey of (n=30). The differences in percentages are significant with the men proportion almost twice of the women proportion. The scholar argued that although this may be an indication of rural women uptake of informal credit services than men in this association, more likely it is simply a reflection of the yearning for financial inclusion as well as a step forward towards women economic independence.<sup>1</sup>

Similarly, in this study, the data gained from the in depth interview with the project officers of Tesfa Birhan and the woreda officers showed that there are some reasons why female households are high in number. First, most of the members reside in the rural area have limited access to financial resources. Secondly, males have better access and opportunity to go to the nearby town and access formal financial service than females. Thirdly, females have more familial responsibility where they invest more on family expenses (female expenses go to the family in home expense). Fourthly, women have less income and limited source. And fifthly, VSLA is a stage where woman come together and discuss different topics.

---

<sup>1</sup> Busingye Kampemuka Schola, (2015). A Case Study Of A Village Saving And Loan Association And Its Relation To Poverty Reduction Among Rural Households In Kyabakara, Uganda. University Of Agder.

For criteria taken into account in organizing the VSLAs groups by Tesfa Birhan, there were certain pre-conditions or pre-requisite that were taken into account: i) income level; ii) female headed households; iii) poor families; iv) less access to financial resources and services; v) Disability and HIV/AIDS cases and vi) the interest of the members. These criteria were also shared by the study and control group of the four FGDs.

According to the key informants from the Kebele administrations, members of the VSLA save from minimum of 10 ETB to maximum of 50 ETB per week, which is 40 ETB and 200 ETB per month. One group of VSLA consists of 20-25 members. Each week all the members come together. Each group has a box where they save their money. The box has three lockers and 3 elected individuals from the group members are responsible for holding the key while one person is responsible to keep the box. The box is opened, the collected money is counted and the ending balance is announced in the presence of the members during their weekly meetings. If there is a need for loan, the proposal is presented and the members decided for whom the loan will be given on need based. Usually, 65% (1/3) of the group's actual saving serve as loans. The repayment period for the loan is usually up to 3 months with 5-7% interest rate. Additionally, each group of VSLAs have their own rules and regulations. Before starting the functioning every member in the group are expected to agree on the terms and conditions and abided by the terms and conditions throughout the membership. The FGD participants (both study and control group) also shared similar idea how VSLAs are operating.

In the survey, respondents were asked whether VSLA is important or not in supporting their livelihood. Based on Yes or NO answer, the following findings were observed.

**Table 4.16:** is VSAL important in respondent’s life: Yes, vs NO: Percentage Distribution

	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
YES	26	86.7%	30	100%
NO	4	13.3%	0	0%
Total	30	100	30	100%

*(Source: Own Survey, 2017)*

In table 4.16 above, data gained through survey of 60 respondents (30 study vs 30 control group) is presented with the aim of knowing the respondents view on the importance of VSLA in their life using close ended question. Accordingly, 86.7% of the study group indicated that they really found that VSLA is important for them and 13.3 % of the response from the study group indicated that VSLA is not that much important to them. However, none of the response from the control group indicated that VSLA is not important in their life and 100% of the responses from the control group showed that VSLA is quite important in their life. The conclusion from the table is that the majority of the responses from both the study (86.7%) and control (100%) groups indicated that VSLA is quite important in their life.

The other very relevant question here is that, whether the members have taken loans and for what purpose the loans have been used by the members. The data obtained through survey from the study group and control group indicated that, 93.3% (28/30) of the study group respondents have indicated that, “Yes” which mean that they have taken loan from their respective VSLA group while limited responses of 6.7%(2/30) indicated that they have not taken loan yet. Similarly, the majority of the respondents (73.3%) (22/30) from the control group have replied that they have already taken loan take out from the group saving and 26.7 %( 8/30) of the respondents from the control group replied that they have not yet taken loan. Here, considering the differences in the above responses figure, the study group found to have more

tendency to take loans than the control group (93.3% > 73.3%) or (6.7% < 26.7%). The summary of this finding is presented in table 4.17 below.

**Table 4.17: Respondents loan Take out from the group: Percentage Distribution**

	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
YES	28	93.3%	22	73.3%
NO	2	6.7%	8	26.7%
Total	30	100%	30	100%

(Source: Own Survey, 2017)

The purpose of loans taken by the members is indicated by the project officer of Tesfa Birhan that 70% of the members used the loans for the purpose of supporting family members' expense (Food, housing, cloth) and 20% of the members took loans for starting new business while the remaining 10% took loan for immediate need like child schooling (buying uniform and educational material), medical expenses and transportation. Similarly, the FGD discussants at Andit Tsed indicated that, most of the members requested loan to start new business and /or expand the existing business, while some requested loans for educating their children, for buying agricultural inputs (Seeds, Fertilizer, pesticides), for personal expenses and in case of emergency. Same wise, the data obtained from the survey respondents with 30 study group and 30 control group is indicated in table 4.18 below.

**Table 4.18: Purpose of Loans Taken by VSLAs members: Survey Results from the study and control group: Percentage Distribution**

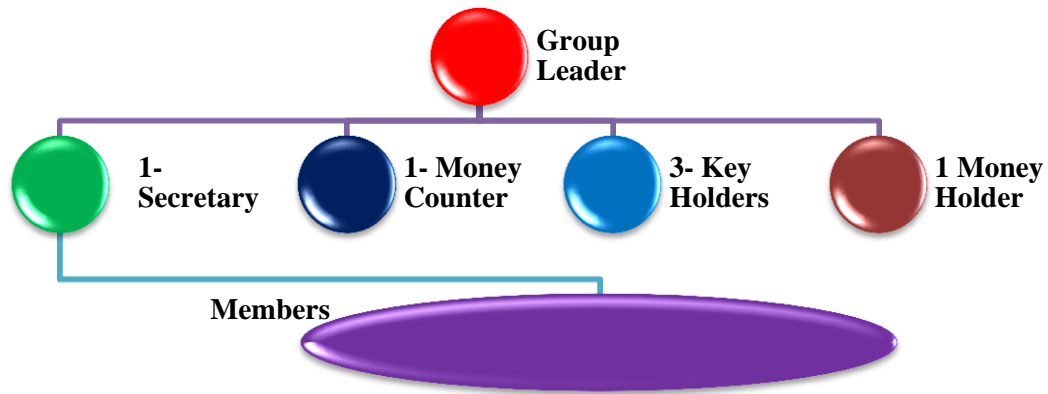
Study Group	For what purpose, you usually use the loan you get from VSLA?			
	Study Group		Control Group	
Purpose of Loan	Frequency	Percent	Frequency	Percent
To support Agriculture	16	53.3%	13	43.3%
To educate children	5	16.7%	5	16.7%
To support business	9	30%	12	40%
Total	30	100%	30	100%

(Source: Own Survey, 2017)

As it is presented in table 4.18 above, which summarized the purpose of loan taken by the study and control group, the majority of respondents 53.3% (16/30) from the study group and 43.3% (13/30) from the control group replied that the loan they have taken from their respective VSLA group was expensed to support their agriculture. 16.7 % ( 5/30) of the responses from the study group and control group indicated that the loan that is taken from VSLA is usually used for supporting the education of their children. 30% (9/30) responses from the study group and 40 % (12/30) responses from the control group showed that the loan taken from the VSLA is used for supporting business. The conclusion that possibly draws from the above figure is that, for both control group (43.3%) and study group (53.3%), the loan taken from their respective VSLA is usually invested to support agriculture which is the livelihood base for most of the respondents.

The data gained through in depth interview of group leader at Gudo Berat and Mush explained how the loan procedures undertake. Accordingly, they indicated that each group member has equal right to access loans from the VSLA. It is also indicated that 65% of the savings of the VSLA group is allocated for a members who need loans. Moreover, group members who save regularly with no absenteeism, and deposited regularly have better chance to get loan from the VSLA group. On the other hand, the urgency of the problem faced by the group member is also used as criteria to get loan. The entire process is made formally in such a way that member who is interested to receive loan is expected to submit application letter stating his name, why he/she needs the money, and indicate the amount of the loan. After, all the group members participate in the approval of the loan application.

Based on the data obtained from the participants, in depth interview with key informants, through FGDs, the power structure of VSLAs under study is presented in the following diagram.



**Figure 4.1** Conceptual power and structure of VSLA under study (Source: own survey 2017)

The above figure conceptualizes the power and structure of VSLA under study. Accordingly, the group leader is the highest manager of the group who is responsible to organize, facilitate and lead the VSLA group. Under the group leader, there are 6 individuals who have different roles. The secretary is responsible for book keeping, recording financial transactions and calculates the ending balances at the end of every saving interval. And the other individual is responsible to count money and serves as an accountant of the group. Three individuals are responsible to hold master key to open the saving box. 3 different keys are given for the 3 individuals. The last one individual is responsible to keep the box. Henceforth, the 6 individuals and the group leader are responsible for the whole VSLA group. In general, VSLA Approach operates in such a way it benefits the members. VSLA group has terms and conditions in which the members are expected to abide by and VSLAs are highly structured.

### **4.3 The Role of VSLA in improving the Livelihood of the Members**

Most importantly, it is quite demanding to know the role of VSLAs in improving the livelihood of the members from different stand point. According to the project officers of Tesfa Berhan Child and Family Development Organization, VSLAs in the villages of the Woreda are

very crucial in transforming the livelihood of the members. First of all, VSLAs reduced the time, energy and extra resource required to get access to formal financial services. On the other hand, VSLAs are very simple and easily managed by the members.

In terms of providing access to financial resource to the members, VSAL is found to be the most accessible saving mechanism in ensuring members' financial security. Here two variables were applied to be measured. One, survey respondents were asked for other alternative saving schemes they use for saving/taking loans other than VSLA but including Ekub, Idir, formal Bank saving, and other means if any. The findings from the survey indicate that, the majority of the respondents from both the study group and control group replied that Idir is the other alternative means to save money and take loans. The overall result is presented as follows.

**Table 4.19. Alternative saving schemes other than VSLA among the members: Percentage Distribution**

	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
Ekub	5	16.6%	4	13.3%
Idir	21	70%	21	70%
Formal Bank saving	4	13.3%	5	16.6%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

In table 4.19 above, the data gained from the survey respondents from the study and control group indicated that the VSLA members also use other saving schemes. Accordingly, the majority of the study group and control group respondents 70% (21/30) have indicated that they use Idir as alternative that might provide them with financial resources, social supports and care in times of difficulties. On the other hand, 16.6 % (5/30) of the study group and 13.3% (4/30) responses goes for Ekub as alternative saving scheme for the members. The rest 13.3% (4/30) of



the study group and 16.6 % ( 5/30) of the control group use formal bank saving. In conclusion, Edir is found to be the alternative saving and social support mechanism for the group other than VSLA.

In parallel with this, respondents were asked to indicate the most accessible means of saving /getting loans which includes VSLA, Ekub, Ider, formal banking saving or any other means they know. Consequently, the majority of the responses for both the study group and control group indicated that VSLA is the most accessible saving and loan system to them. The entire finding is presented as follows.

**Table 4.20. Accessible saving Ways: VSLA and other Alternative Saving Schemes: Percentage Distribution**

	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
EKUB	2	6.7%	2	6.7%
VLSA	24	80%	15	50%
EDER	4	13.3%	12	40%
Formal banking	0	0%	1	3.3%
Total	30	100	30	100%

*(Source: Own Survey, 2017)*

In table 4.20 above, the data gained from the survey response from the study group and control group is presented. The question was which of the saving scheme is accessible to the respondents. Accordingly, the general finding indicated that the majority of the respondents 80% (24/30) from the study group and 50% (15/30) from the control group indicated that VSLA is easily accessible for them. On the other hand, 13.3% responses from the study group and 40% from the control group indicated Edir as the most accessible to them. Additionally, from both group limited response (6.7%) indicates Ekub is most accessible than others. And only one response from the control group replied formal banking service is accessible to this respondent;

and none of the responses indicated that formal banking saving is the most accessible saving scheme for the study group. Here the conclusion is that VSLA is the most accessible saving alternatives for both the study (80%) and control group (50%).

In addition to this, the data gained from study and control group via Focus Group Discussion indicated that, they usually have access to group saving and loan from VSLA than other modern and traditional means of financial resource. They in general indicated that VSLA has positive outcome in improving different livelihood aspect of the members. The findings from FGDs, interviews and survey conducted with both the study and control group indicated that VSLAs have a very positive outcomes in terms of improved saving culture/habit among the group members, good housing quality, improved agricultural yields, livestock ownership, success in educating their children, getting business ideas and skill to run it, TV set ownership, access to financial sources, transformation towards new and modern life style, sustainable food supply for their families and generally improved families' basic needs.

Similarly, using both quantitative and qualitative data from focus group discussions, key informants and household surveys, Busingye Kampemuka (2015) conducted study on Village Saving and Loan Association and its relation to poverty reduction among rural households in Kyabakara, Uganda. Focusing on poverty reduction through asset building, welfare improvement, risks and emergency management; the finding of the study indicated that participation in the VSLA has an overall positive effect on various indicators of individual and household welfare. That is, on investment level in assets, income generating activities (IGAs), education expenses, access to health services, nutritional diet and quality of housing and life. In line with this, the overall all livelihood improvement observed from the findings are presented in the following contexts.

#### 4.3.1 Success in Supporting the Education of the Children

There are costs such as scholastic materials like uniforms, stationery materials, text and reference books, examination fees and lunch box that parents have to meet. And this is indeed constraining for most of the poor families of the rural sub-Saharan countries (although public school is free) who have big families and struggling to meet the basic needs of life. Besides, several studies have indicated that if women get access to income/credit, they spend the biggest percentages of their income on children's education, health and clothing including other family needs (Cheston and Kuhn, 2002; Noreen, 2011; OECD, 2012 as cited Busingye Kampemuka Schola, (2015).

Similarly, in terms of supporting schooling of the children, women FGD discussants at Gudo Beret (Study Group) and key informants from Kebele and woreda offices have indicated that child schooling was very challenging for them before they joined VSLA group. They further explained that, in the time before joining VSLA, their capacity to cover their children's education expense was very challenging. It is stated that their children were learning with inadequate educational materials and meal. However, now to the opposite, the discussants indicated that they are able to successfully support the education of their children. Their children now have school uniforms, shoes, bags, pen and exercise books. The loans and the financial share at the end of the year enabled them to cover expenses for children education.

What made supporting the education of the children difficult for them was that a single mother has and educates 1 to 3 children at a time. When the mother lacks the capacity to provide educational material for all the children, 1 or 2 children used to drop out of school and let them to continue the next years. As it is discussed by the key informant from Kebele administration, this has been there in the entire community. But now days, the members of VSLA don't let their

children to drop out from their education. In general, participants confirmed that, in time when educational support is needed particularly in September and Mid-February, they take loans from VSLA group to cover the expense.

Likewise, data gained through in-depth interview with the project officer of Tesfa Birhan indicated that women in VSLA are successfully educating their children. There are also some families who educate their children at distant towns called Debra Birhan, Debra Sina, and even Universities in the country by the support of the loans they get from the VLSA. On the other hand, data gained via in-depth interview with VSLA leaders as Key informant supported similar facts. They indicated that, there are some members whose children are following their secondary school education at near town \_ Debra Sina. These students need shelter (renting room), food, transportation, educational materials, clothing and personal hygiene expenses particularly girls. Their families might not be able to cover all these expenses due to the financial resources they used to have unless they get finances from other sources. In deed they received loan from VSLA group and abled to cover the expenses. As witnessed by one of the group leader (study group), in the year 2009, 2 members have taken loans of 1000ETB and 600ETB each from VSLA group to support the education of their children. And in 2010, the other member of the group also has got 400 ETB for the same purpose. Similarly, as it is presented in the table 4.20, success in supporting the education of their children is found to show moderate improvement than it used to be among the control and study group survey respondents.

**Table 4.21: Success in children Education Support: Percentage Distribution**

Child schooling pattern				
	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
No improvement	1	3.3%	3	10%
Little improvement	3	10%	5	16.7%
Moderate improvement	15	50%	19	63.3%
Highly Improved	11	36.7%	3	10%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

Accordingly, the majority of the survey respondents (Study Group=50%) and (control group = 63.3%) replied that, success in supporting the education of the children is moderately improved after they joined VSLA. And from the study group 36.7% (11/30) of the responses show that, success in schooling their children is highly improved than before while 10% (3/30) of the respondents from the control group indicated that child schooling is highly improved as a result of being member of VSLA. 3.3% (1/30) from the study group and 10% (3/30) respondents from the control group replied that there is no improvement made in supporting the education of the children by being member of VSLA group. Additionally, 10% (3/30) of responses from the study group and 16.7% (5/30) from the control group showed that a little improvement was observed among the group members after they joined the VSLAs. The possible conclusion that can be drawn from the findings is that, the majority of the respondents from both the study group (50%) and control group (63.7%) revealed that success in supporting the education of the children has shown a moderate improvement among the VSLA group members after they joined VSLAs.

### 4.3.2 Improved Agriculture Outputs through Use of Modern Inputs

The FGD conducted with study group at Andit Tsed revealed that, VSLA has a direct contribution in improved agriculture outputs. They indicated that, all of the group members' living is based on Agriculture. And it is indicated by the key informant from Kebele administration, the current agricultural practices in the area is more supported by professional in the field. The use of fertilizers and best seed/crop item is highly recommended. Otherwise the yield gain from agriculture would be poor both in quality and quantity. Therefore, VSLA members are able to buy these inputs in order to get better agricultural output with the loans they got from the group. However, before getting access to become member of VSLA, they have been using limited fertilizers, common crops and had been getting limited outputs consequently. This had been threatening the lives of many community members in general and the current VSLA members in particular in terms of ensuring their families' food security. In contrast, after joining the VSLA group, most of the members become able to support their agriculture and gained better yields. Data gained through the survey respondents is presented as follows.

**Table 4.22: Changes in Agricultural Products: Percentage Distribution**

Improvement in agricultural yields				
Study Group			Control Group	
	Frequency	Percent	Frequency	Percent
No improvement	1	3.3%	9	30%
Little improvement	7	23.3%	11	36.7%
Moderate improvement	19	63.3%	9	30%
Highly Improved	3	10%	1	3.3%
Total	30	100%	30	100%

(Source: Own Survey, 2017)

As it is presented in table 4.22 above, respondents were asked to indicate the changes observed in their agricultural outputs. Indeed, the majority of the respondents of the study group

(63.3%) (19/30) replied that moderate improvement was observed on their agricultural yield since they joined VSLA group. In contrast, responses of the majority 36.7% (11/30) from the control group indicated that little improvement was observed in their agriculture output. And 30% (9/30) of responses from the control group indicated that moderate improvement in their agricultural yield is observed. Additionally, 30 % (9/30) respondents from the control group and 3.3% (1/30) from the study group replied that they have experienced no improvement. On the other hand, 3/30 (10%) from Study and 3.3% (1/30) from the control group have reported that, they have seen better agricultural yields after they have joined the VSLA group. The conclusion that can be drawn here is that, the study group has experienced better agricultural yields than the control group.

#### **4.3.3 Improved House Quality, Food Supply and Modern Life Style**

The data gained from one of the study group through FGD at Gudo Beret (Age=30) indicated that there are many positive changes that she encountered. She explained it by comparing the times after and before joining VSLAs. Accordingly, she indicated that before joining the group, she has no TV set, the quality of her house was poor, and only buy 50 kilos of Teff/month for feeding her family members. In the last three years after she became member of VSLA group, she is able to experience positive changes every year. As she pointed out, she had got access to information and entertainment because she had bought TV and satellite dishes. Additionally, now she is able to increase the 50 kg Teff/month to 100 kg/month. This indicated that her capacity to feed her family or the chance of her family to get adequate food is increased by 50%.

Similarly, the other FGD participants of women in the study group shared similar scenario that they had been experiencing many difficulties to support their families sustainably,

particularly in supplying food. In contrast, after joining the group, they are able to support their families with covering the food expenses. They also added that, the quality of their house got better looks, furnished with better equipment such as better bed, better tables and relatively good kitchen utensils.

Furthermore, one of the FGD discussants at Gudo Beret (Age=29) told that, the lives of most of the members now is now transforming into more modern living style, closer to urban life style. She said,

*“Now we have TV sets, closer to information, good understanding of ourselves, better social life, good saving habit and means of getting loans. In the group the sense of self-supporting among the group member is developed. On the other hand, now many women are able to feed their children, support family expenses in sustainable way”* (Gudo Beret: Study Group, Age=29).

Similarly, findings from survey of VSAL members in women groups (Study and Control Group) indicated that moderate change was observed in fulfilling their family’s basic needs (Shelter, food and clothing) after joining VSLA. The full finding is reported as follows.

**Table 4.23: Basic needs improvement among the VSLA group: Percentage Distribution**

Success in Basic Needs fulfillment (shelter, food, and clothing)				
	Study group		Control Group	
	Frequency	Percent	Frequency	Percent
No improvement	0	0%	1	3.3%
Little improvement	4	13.3%	13	43.3%
Moderate improvement	15	50%	14	46.7%
Highly Improved	11	36.7%	2	6.7%
Total	30	100%	30	100%

(Source: Own Survey, 2017)

Very importantly, it is valuable to know the extent to which VSLA members’ have improved their basic needs. Accordingly, as it is presented in the above table 4.23, moderate



changes/improvement in fulfilling basic needs (food, shelter, and clothing) was reported by 50% (15/30) of the respondents from the study group. Similarly, the majority of the control group (46.7%) (15/30) responses showed that moderate change in basic needs fulfillment is observed after they joined the VSLA group. On the other hand, none of the study group response showed that there is no improvement in fulfilling basic needs while 1 (3.3%) of the responses from the control group indicated that there is no change in the variable.

In the control group 43.3% (13) of the total responses showed that the control group members have observed little improvements in basic needs fulfillment in their families after joining VSLA. And for the study group, little improvement in fulfilling the basic needs of their families' was reported by only 13.3% (4/30) respondents. In the contrary, 36.7% (11/30) of the respondents from the study group replied that they have observed high improvement in fulfilling the basic needs of their family after they joined the VSLA group. In the control group, 6.7 % (2/30) indicated that the basic needs fulfillment in their families is highly improved after they have joined the VSLA group. In conclusion, moderate improvement was observed by both groups (study, 50%: control, 46.7%) in fulfilling the basic needs of their families after joining the VSLA group.

#### **4.3.4 Increase of Income and New Business Plan**

The impacts of VSLA in terms of increasing income level and new business setting up among the member is explained by one of the FGD participants (age=35) at Gudo Beret as follows. *“Before joining the VSLA, I have been working under bad work condition, poor health, less payment and poor house quality, poor social relationships and personal communication with others. I feed my children 2 times per day. However, in the last 2years, I have seen many positive out comes in my life. First, now I have my own business with great satisfaction to run it, am at good health situations, I have good house quality, better understanding of social relationships and smooth communication with nonmembers. I learned the value of social support*

*and importance of communication in social life. Thanks to VSLA, now I have dozens of friends and friendships as well”* (Study Group: age=35\_Gudo Beret)

On the other hand, the other FGD participants at Gudo Beret (Study Group: Age=28) mentioned that, she bought equipment for distillation and started selling local Alcohol Drinking from which she gained income to supports her life as well as to deposit to the VSLA saving. Beyond that she stated that she is able to install water pipeline in her home and now she is getting good water supply in standard quality. She added that, having water supply at home reduced the time and energy to fetch water from long distance. Before she had water at her home, she used to travel some distance to get access to drinking water. From the financial share of the first year, she is able to owe access to clean drinking water.

In addition, Study group FGD with women at Gudo Beret indicated that, VSLA is not only where they save their money but also seen as one means of income. As it is indicated by one of the participants, VSLA provided her and her colleagues with financial security. Similarly, the data obtained from the survey respondents indicated that moderate improvement in their income is observed. The finding is summarized as follows.

**Table 4.24: Observed changes: Income Level Indicators for Study and Control Group: Percentage Distribution**

	Changes in Level of Income			
	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
No improvement	1	3.3%	0	0%
Little improvement	4	13.3%	12	40%
Moderate improvement	20	66.7%	15	50%
Highly Improved	5	16.7%	3	10%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

Table 4.24 above presents the change observed in the income level of VSAL members after they joined the VSLA group. The data observed from the study and control group indicated that, the majority of the respondents from the study group 66.7% (20/30) replied that their income has shown “moderate “improvement since they joined the VSLA group. Likewise, 16.7% (5/30) said that they have experienced highly improved income after they joined VSLA while 13.3% (4/30) of the response indicated that they have seen little improvement in their income. And only one response showed that there is no change in their income level. From the control group, majority of the respondents (50%) replied that they have seen moderate improvement in their income level while 40% (12/30) replied that they have seen little improvement in their income pattern. 10% (3/30) of the respondents have replied that they have seen high improvement in their income patter after they have joined VSLA group. Additionally, none of the respondents from the control group replied for no improvement. In conclusion, responses from both the study and control group indicated that, VSLA members have seen moderate improvement in their income level after they have joined VSLA group.

Not only the income of the study participants showed progress but, results from FGD participants, Key informants and the survey respondents reveal that the saving habit of the group had also improved with their income level. The data from the study and control group indicated that the majority of the response showed moderate improvement in saving habit among the members of VSLA. The summary of the finding is presented as follows.

**Table 4.25: Improvement in Saving habit among the Respondents: Percentage Distribution**

Saving Habit Changes				
	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
Little improvement	7	23.3%	11	36.7%
Moderate improvement	17	56.7%	15	50%
Highly Improved	6	20%	4	13.3%
Total	30	100%	30	100

*(Source: Own Survey, 2017)*

Table 4.25 above presents improvement in saving habit among the respondents both the study and control group. Accordingly, moderate level of improvement in saving habit is observed among the majority of the respondents from both the study group (56.7%) and control group (50%). 23.3% and 20% of the control group response indicated that they have observed little improvement and high improvement in their saving habit respectively. On the other hand, little improvement was observed in saving habit among 36.7% of the respondents from the control group. And 13.3% of the control group replied that, they have seen high improvement in their saving habit after the joined the VSLA group.

#### **4.3.5 Increased Livestock Asset/Ownership as Means of Income**

The data gained through FGD at Andit Tsed indicated that, through loans and financial share out, there are members who owned more livestock asses there by generating income. The FGD result pointed out that, some members have bought livestock like sheep/mutton and cows. Before joining the VSLA group, there were financial difficulties to buy these livestock. Owing these livestock is very crucial in supporting the livelihood of the rural community as well as in the lives of the VSLAs members. Livestock helps to generate income, provides foods and

support in agriculture labor. Very specifically, one of the FGD discussants at Andit Tsed (Study Group, age 30) shared her experience as follows.

*“Last year, I have taken a loan of 2000 ETB in October from the VSLA group. My plan was to buy 3 sheep and resell them in a couple of months. Finally, I decided to buy 2 sheep costing 1000 ETB and 600 ETB, I feed the sheep. After three months, I sold both of sheeps to 3500 ETB totally. I repaid the loan on time with profit of 1500 ETB”* (FGD, Study Group: Age=30).

Supporting the same case, other participants also elaborated that animals have great contribution in their lives. For example, they have few hens producing income on daily basis. Some of the group members have bought younger sheep with low price and resell after three months with higher price. They have concluded that, they took loan from the VSLA to buy the livestock and to feed them.

In general, FGD result gained from Andit Tsed (Study Group) indicated that, now the group members are able to supply more food for their families than the times they have joined VSLAs. They are able to feed their children and to educate their children a distant area. They indicated also that on holidays, they are able to buy clothes for children and cover holiday celebration expense of their families. They also noted that, this does not mean that the money they gained either as loan or financial share out from VSLAs covers all the expense for supporting the family, for agriculture inputs, for starting new business or to educate their children. It rather means that, the money gained from the VSLA in either way usually supported the gap in their family.

To sum up, the FGD findings from Gudo Beret (Study group) also shared similar thoughts about the changes that VSLA brought positive impact in their life in the last 3 years. They told that, now they have better understanding of the social world, better access to

information, better skills and knowledge of aspects of living. They in general confirmed that, VSLA have very positive outcomes in their overall life and daily routine activities.

In the FGD conducted at Keyit with control Group, participants have indicated that there are certain changes in their life although the tangible impacts mentioned in improving their livelihood is not fully acquired. One of the FGD discussants (Age=48, control group) said,

*“it is very short time since we have started saving in groups. Even there are members who join the group in the last month (September). Therefore, to figure what changes we will acquire might be revealed in the near future”.*

From the survey conducted with the study and control group, similar findings with FGDs are observed. Accordingly, differences between the study and control group were observed. the finding is presented in the following table.

**Table 4.26. Livestock assets ownership: Percentage Distribution**

	Livestock assets			
	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
No improvement	3	10%	15	50 %
Little improvement	11	36.7%	8	26.7%
Moderate improvement	10	33.3%	6	20%
Highly Improved	6	20%	1	3.3%
Total	30	100%	30	100

*(Source: Own Survey, 2017)*

In table 4.26, the livestock ownership asset among the study and control group members is presents. Accordingly, the majority of the study group respondents, 36.7% (11/30) replied that little improvement was observed in livestock ownership and assets. 30.3% (10/30) of the study group responses indicated that moderate level of improvement is observed in the variable (livestock ownership and Asset) while 20% (6/30) of the respondents from the study group

replied that livestock ownership among the group members is highly improved after they have joined the VSLA group. Only 3/30 responses (10%) from the study group showed that there was no observed changes in livestock ownership and assets after they have joined the group. The conclusion of the findings from the study group is that, in terms of the livestock ownership and assets, little improvements was experienced by the group members after they have joined VSLA (36.7%) while closer percentage (33.3%) responses indicated there is moderate improvement in the variable.

On the other hand, the findings from the control group showed that, majority of the responses (50%) (15/30) showed that no changes/improvement was observed in livestock ownership and asset after they have joined the saving group. And, 26.7% and 20% of the respondents from the control group replied that little and moderate improvement of livestock's ownerships is showed after they have joined VSLA respectively. Only 3.3% (1/30) of the control group responses indicated, there is high improvement in livestock ownership and assets after joining the VSLA group. The conclusion for the control group is that, considering the majority of the responses, 50% reveals that no change/improvement was observed in the livestock ownership and assets.

Despite the short time since they joined VSLA group, some of the FGD participants (Age=50, 48, 28 and 40) have indicated that, VSLA provided them a relief of financial security. Others told, they have now good saving habit than it was before. Moreover, they indicated that, they have better understanding on the importance of saving and committed to save their earnings. Additionally, the FGD discussants at Keyit (Control Group) confirmed that VSLA has proved them a chance to get loan that fit their capacity to repay back and cover their familial expenses in

times of need. One of the FGD discussants at Keyit (Control Group, KP4=28), explained it as follows.

*“Although I have no child, I have observed cases where poor families who could not able to feed, dress and educate a child because of their limited financial capacity and access to loans. The big problem in financial capacity was related to limited knowledge on how to save and where to save. Most people just spend their earning immediately. No one had awareness to save the money in group and take loans from the accumulated fund. Here, members save money starting from 10 -50 ETB/ week. Such saving becoming now a relief to many members in our VSLA group”*

Other discussant (Control Group: Age= 20) also shared same idea that VSLA is becoming major source of financial services. They confirmed that, now they have better financial security than any time before. Regarding the general changes in their life through VSLA, women FGD participants at Keyit (Control Group) indicated that, the change that they observed in their life is moderate. There is no radical and tangible change seen. They indicated that they need more time to see the real impact of VSLA in improving their life.

#### **4.4 The Social Capital Built Through VSLA in the Study Area**

Findings from the study in general indicated that, the social capital created through VSLA in the study area can be expressed in terms of social supports, financial support, social and personal interrelation among the group members. Quite surpassingly, VSLA groups like in Andit Tsed found to take social responsibilities. Positive outcomes were found from the data gained through FGD and in-depth interview with the study participants that, social capital is a central element to the existence of VSLAs in the study area. The following sub-topics provide the details.



#### 4.4.1 Saving for Social Support: The Social Fund

The finding of the study indicated that the VSLA have a so called “social fund” which is an independent saving fund that will be used for social support in times of difficulties. According to the project officer (Key informant from Tesfa Birhan), there is social coherence among the group members. He pointed out that the groups have saving fund called “Meredaja” literally mean “social support or Social fund”. They save money to support each other in time of problems like the death of the primary family members (Father, mother or children), death of livestock (Cow, Ox). In such cases, support is given to a member who experienced the problems. In support of this idea, the FGD participants at Andit Tsed have indicated that they have saving for supporting each other in certain circumstances like family members death, unexpected accidents, and births. They provide financial support, emotional support and labor supports for the group member during such circumstances.

In line with these findings, Busingye Kampemuka (2015) found that, VSLA’s social fund is a self-insurance mechanism, which can provide members with a small amount in cases of emergencies. Furthermore, the VSLA has helped members in times of loss/death of their loved ones. The social fund too, is used to help members meet emergency expenses that come with death, for example buying a coffin.

The data gained through survey of VSLA members indicated that the level of support that their respective group provided them in the times of emergency is very good for both the study and control group. The whole finding in this respect is presented as follows.

**Table 4.27.** The level of helping each other in time of emergencies: Percentage Distribution

Helping each other in time of emergency				
	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
Poor	-	-	-	0%
Good	-	-	10	33.3
Very Good	24	80%	16	50%
Excellent	6	20%	4	13.3%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

The above table 4.27 summarized the data gained via survey of VSLA member respondents in regarding the level of supports VSLA provides for its members in time of emergencies. Accordingly, majority of the study group respondents (80%) (24/30) have replied that, the level of supports their respective group provided during emergencies for group members is very good. And 20% (6/30) of the responses from the study group showed that there is an excellent level of supports that their respective group provided during emergencies for group members. Quite surprisingly none of the response found for “good, poor or don’t know” option.

Similarly, for the control group, majority of the respondents (50%) (15/30) replied that the level of supports their respective VSLA group provided during emergencies for group members is very good. And (40%) 10/30 responses from the control group showed that the level of supports that their respective VSLA group provided in the time of emergencies for group members is good where as 13.3% (4/30) of the control group replied that the level of supports provided during emergencies is excellent. None of the responses showed that they don’t know it or rate it as poor.

Considering the level of rating larger percentage for both groups, (Study & control), it is possible to conclude that the level of supports that their respective VSLA group provided during

emergency time for both the study group and control is stronger despite differences in figure. 80% (24/30) of the study and 53.3% (16/30) of the control group respondents have replied that, the level of supports that their respective group provides during emergencies for group members **is very good**. From the two figures, the level of supports that their respective group provided during emergencies for the study group members is found to be stronger than it is in the control group (80%>53.3%) for very Good.

#### 4.4.2 Social Coherence and Interaction Created Through VSLA

Quite importantly, the findings gained through FGD from the study group at Gudo Beret indicated that the social interaction among the group members is like a family relationship. As it is discussed by the FGD participants (study group at Gudo Beret), there is strong social life among the VSLA group members. One of the FGD (**Age=40**) (study group at Gudo Beret), described it as follows.

*“we see each other as a family. We have great respect for each other, we feel like we are daughters and mothers. We share our personal life and secretes. If someone is in problem among the members, we are there to support her, we make ourselves in place of that person. In the journey of the last three years, we have been speaking the same language, and we will continue to have it”* (Study Group: Age=40, Gudo Beret)

The rest of the participants at Gudo Beret also agreed that, they have been together supporting each other, solving problems of one another, acting together, and discussing their common concerns. They indicated that, level of trust and sense of being responsible for their action and decision on financial matter of the group is central to the VSLA group operation. Beyond the money, sharing the emotions of the person in problem is highly valued among the group members. Though this has been in the community, VSLA members highly valued it than any other social groups as they meet each other on regular basis.

Adding to this, the project officer of Tesfa Berhan Child and Family Development Organization also indicated that, they trust each other and have common objectives. He told that, misuse or cheating of the funds have never been reported from any of the VSLA group in the Woreda. Honesty and trust has created strong social bond among the members. VSLA members have good respect for each other; and if someone is found to be irresponsible, they impose punishment based on their rules and regulation. As a group, the self-regulation itself gave many members a chance to know more about each other and thereby improve their social interaction and intra-personal relationships. Furthermore, during the meeting of the group, they share many common issues. As per the project officer, quite commonly, women and older VSLA members share their personal stories, experiences and feelings and other secrets. This has kept the group members inter connected and even brought emotional attachment among the group members.

The project officer at Tesfa Birhan also mentioned that, there are many other social groups like Ikub and Idir in the study area. However, VSLAs have strong level of social coordination than these groups. In addition, the VSLAs in the Woreda are competing among each other. They feel that their respective VSLA group is better than the others. This created group dynamics and commitment to stay in the group for longer. Such competitions also added value on the social capital development.

Additionally, as per to the key informant from Andit Tsed, social support and social relationships is very important in their community in general. He said that, it is a part of the local culture and norm. As he explained, VSLA role in strengthening the existing social bond is vital. He told that the groups of VSLA have “social funds” which is 1-2-birr deposit for the purpose of supporting each other (Members) when in time of crises like death of family member, death of

livestock, physical accidents and so on. As he explained, such social supports have created strong bonds and linkages among the members.

Similarly, FGD participants pointed out that, not only in time of crises that brought members together. There are also good times like the birth of new baby, where the members come together to congratulate. Therefore, the sharing of the happiness and sorrows among the group members have created strong social support and linkages among the members. The FGD participants indicated that they believe such strong interrelationship among the members of the group also resulted in psychological support. When visited by the group members, a member who is experiencing good /crises could get psychosocial satisfaction and remain stronger. During the visit, items such as Coffee and sugar are given by the visiting members. The communication, the discussion made and sense of sharing of filling sorrow/happiness of each other had greater role in building up such social linkages and provided real support for the affected members.

One of the key informants from Andit Tsed concluded that, VSLA has crucial role in building social bonds and linkages among the group members there by providing psychological supports and benefits the group members. To the contrast, the data gained through FGD from control group at Keyit indicated that VSLA members have less interpersonal relationships and less tendency to share their personal life and secrets. But as a group they have good communication. Unlike the Study group, control group discussed more of the financial issues. However, they valued the role of VSLA in gathering women together, and it is a relief for them to come together and save money.

In line with this, the findings from survey respondents in respect to the Level of Social Collaboration among VSLA members showed that, majority of the study group respondents 56.7% (17/30) replied that, level of Social Collaboration among VSLA members is very good.

And, 26.7% (8/30) of the responses from the study group showed that, there is a good level of Social Collaboration among VSLA members. Furthermore, 13.3% (4/30) of the study group response showed that it's excellent; while 3.3% (1/30) of the response showed that the Level of Social Collaboration among VSLA members is poor. Here, the conclusion for the study group is that, majority of the responses which counted for 56.7% (17/30) showed a very good level of Social Collaboration among VSLA members. (see Table: 4.28)

**Table 4.28: The Level of Social Collaboration: Percentage Distribution**

Social collaboration				
Study Group	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
Poor	1	3.3%	0	0%
Good	8	26.7%	15	50%
Very Good	17	56.7%	13	43.3%
Excellent	4	13.3%	2	6.7%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

Similarly, for the control group, majority of the respondents (50%) (15/30) replied that Level of Social Collaboration among VSLA members is good. And from the control group again, 13 responses (43.3%) showed that the Level of Social Collaboration among VSLA members is very good where as 6.7% (2/30) replied that Level of Social Collaboration among VSLA members is excellent. None of the responses showed they don't know the level of Social Collaboration among VSLA members and as well said it is poor. Considering the level of rating larger percentage for both groups, (Study vs control), it is possible to conclude that, Level of Social Collaboration among VSLA members is stronger in the study group than it is for the control group. Majority of the study group respondents (56.7%) (17/30) have replied that, the level of Social Collaboration among VSLA members is very good. While for the control group

majority of the respondents (50%) (15/30) replied that the social collaboration in their group is very good. From the two figures the level of Social Collaboration among VSLA members found to be stronger in the study group than it is in the control group.

#### 4.4.3 Social Responsibility Established Among the Group Members

The data gained through FGD from the study group at Andit Tsed indicated that, VSLA members take social responsibilities like taking care the orphan, vulnerable children, taking part in school building and lobbying the community/neighbors to send children to school. The FGD discussants at Andit Tsed (Study group) have indicated that, one of their best practices is supporting the orphan, vulnerable children. They said that, if there is orphan child in their neighbors or in the community, they take the responsibility of taking care of the child, educating the child, give social protection for the child and lobby the community to engage in such crucial role. In practice currently, they are supporting one orphan child in her education, daily basic needs and follow up with the child on regular based.

The data obtained through survey of VSLA members in regard to the social supports that they provide for the other majority of the responses from both the study group and control group shows that there is a very good level of social support for the study group and a little bit weaker for the control group. The final deeper finding is provided as follows.

*Table 4.29: Assisting others/ providing social supports for others: Percentage Distribution*

Assisting others/Providing social Supports for others	
Study Group	Control Group

	Frequency	Percent	Frequency	Percent
Don't Know	1	3.3%	0%	0%
Good	11	36.7%	16	53.3%
Very Good	14	46.7%	12	40%
Excellent	4	13.3%	2	6.7%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

In table 4.29, the findings from the survey respondents in respect to knowing the role of VSLA members in assisting others/providing social supports for others is presented. Accordingly, the data from the survey result showed that majority of the study group respondents (43.7%) (14/30) have replied that, the role of VSLA members in assisting others/proving social supports for others is very good. 13.3% (4/30) of the responses from the study group showed that, the role of VSLA members in assisting others/providing social Supports for others is excellent. Furthermore, 36.7% (11/30) of the study group response showed that the role of VSLA members in assisting others/providing social supports for others is good; while one response (3.3%) of the indicated that he/she don't know the role of VSLA members in assisting others/proving social supports for others. Here, the conclusion for the study group is that, majority of the responses which counted for 46.7% (14/30) showed that the role of VSLA members in assisting others/proving social supports for others is very good.

Similarly, for the control group, majority of the respondents (53.3%) (16/30) replied that the role of VSLA members in assisting others/proving social supports for others is good. And from the control group again, 40% (12/30 responses) showed that the role of VSLA members in assisting others/proving social supports for others is very good. And 2 responses from the control group (6.7%) replied that the role of VSLA members in assisting others/providing social supports for others is excellent. None of the response from the control group indicated that they



don't know it. In conclusion, for the control group, the extent of VSLA members to assist others/provide social supports for others is found to be good.

Considering the level of rating with larger percentage for both groups, (Study vs control), it is possible to conclude that, the role of VSLA members in assisting others/providing social supports for others is stronger in the study group than it is in the control group. Majority of the study group respondents (43.7%) (14/30) have replied that, the role of VSLA members in assisting others/providing social supports for others is Very good while for the control group, majority of the respondents (53.3%) (16/30) replied that the role of VSLA members in assisting others/providing social supports for others is good. From the two figures, the role of VSLA members in assisting others/providing social supports for others is found to be stronger in study group than it is in the control group.

On the other hand, VSLA has also mediating role thereby giving solutions to disputes created in families. The FGD participants at Andit Tsed and Gudo Beret (Study Groups) have indicated that when there is disagreement between husband and wife, VSAL members are playing mediating role. Particularly, if a woman in problem with her husband is VSLA member, the VSLA contact the man personally. It is indicated that the mechanism they used is to bring the husband and wife together to discuss and solve their problem. They said that, they have saved some families from breaking by deploying the same mechanism.

As it is indicated by the key informant from Andit Tsed, the members also discuss many social issues during their weekly meetings. For example, the group members lobby the local community to send children aged above 4 years to school. The procedure they are using to do so was, to figure out whose child is not going to school, approach his/her family, and finally approach the family for lobby. The key informant from Andit Tsed also added that the VSLA

members have contribution in building school at nearby Kebele to create access to pre-school for younger children who have difficulties to walk long distance. It is also observed during the field work (data collection process) that children are attending pre-school class in their village. The group members have acquired the lobbying skill from the training and awareness creations programs they have got from different institutions including Tesfa Birhan and Sunarma.

A closer finding is also observed from the survey respondents of VSLA members. The finding in respect to the role of VSLA members in educating and creating awareness on saving culture was measured. The aggregated result indicated that study group is stronger than the control group in educating each other and creating awareness on saving culture in their setting and this is summarized in Table 4.30 below.

*Table 4.30. Level of educating each other/awareness on saving culture: Percentage Distribution*

	Educating each other/awareness on saving culture			
	Study Group		Control group	
	Frequency	Percent	Frequency	Percent
Don't Know	4	13.3%	5	16.7%
Poor	6	20%	17	56.7%
Good	16	53.3%	8	26.7%
Very Good	4	13.3%	-	-
Excellent	-	-	-	-
Total	30	100%	30	100%

*((Source: Own Survey, 2017))*

In table 4.30, the findings from survey respondents in respect to the role of VSLA members in educating each other or creating awareness on saving culture among non-members is presented. Accordingly, the data from the survey result showed that majority of the study group respondents (53.3%) (16/30) have replied that the role of VSLA members in educating each other or creating awareness on saving culture among non-members is found to be good. 13.3%

(4/30) of the responses from the study group showed that there is a very good awareness creation on saving culture by the VSAL members. 13.3% (4/30) of the study group response showed that they don't know how it is; while 20% (6/30) of the response showed that awareness creation on saving culture among the community members by VSLA group is poor. Here, the conclusion for the study group is that, majority of the responses which counted for 53.3% (16/30) showed that there is good level of awareness creation on saving culture made by the VSLA members.

Looking at the responses of the control group, majority of the respondents (56.7%) (16/30) replied that role of VSLA members in educating each other and creating awareness on saving culture is found to be poor. 8/30 responses (26.7%) showed that role of VSLA members in educating each other and creating awareness on saving culture is found to be good. And 7/30 responses from the control group (23.7%) replied that they don't know the role plaid by VSLA members in educating each other or creating awareness on saving culture. None of the response from control group indicated that its very good or excellent. In conclusion, for the control group, the extent to which VSLA members educate each other and create awareness on saving culture is found to be poor.

Considering the level of rating with larger percentage for both groups (Study vs control), it is possible to conclude that, the role of VSLA members in educating each other and creating awareness on saving culture is stronger in the study group than it is for the control group. Majority of the study group respondents (53.3%) (16/30) have replied that, VSLA members in educating each other and creating awareness on saving culture is good. And, for the control, group majority of the respondents (56.7%) (17/30) replied that the role of VSLA members in educating each other and creating awareness on saving culture is found to be poor. From the two

figures, the role played by VSLA members in educating each other and creating awareness on saving culture is found to be stronger in study group than it is in the control group.

#### **4.4.4 The Level of Trust, Responsibility, Accountability and Transparency in Money Transaction Built Among the VSLA Group Members**

Quite importantly, it is indicated in many literatures, trust, shared responsibility among the group members, accountability for each other among the group members, and transparency in money transaction is central to the existence of VSLAs. In this study, both the key informants and FGD discussants from both the study and control group indicated that, they have good patterns of such important social capitals to them. Likewise, almost similar findings were observed in responses of survey respondents. The details of the findings from the survey are presented as follows.

*Table 4.31: Trust Level among the members: Percentage Distribution*

<b>Trust among the members</b>				
	Study Group		control Group	
	Frequency	Percent	Frequency	Percent
Don't Know	1	3.3%	-	-
Poor	2	6.7%	-	-
Good	11	36.7%	23	76.7%
Very Good	13	43.3%	5	16.7%
Excellent	3	10%	2	6.7%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

The above table 4.31 indicated the how members have evaluated the level of trust among the members of VSLA. The scale used to indicate the rating is started from “I don't Know to excellent”. Accordingly, majority of the study group respondents (43.3%) (13/30) have rated the level of trust among the group members as very good. 11/30 (36.7%) of the responses from the

same group showed that there is good trust among the group members. 10%(3/30) of the same group rate as excellent while 6.7% (2/30) and 3.3%(1/30) responded as poor and don't know respectively. Here, the conclusion for the study group is that, majority of the responses which counted for 43.7% rated as very good level of trust is developed among the VSLA members.

Likewise, for the control, group majority of the respondents (76.7%) replied that the level of trust among their group members is good. And from the same group 16.7% replied that it is very good and 6.7% said the level of trust among the group members is excellent. None of the responses from the control rated the trust level as or don't know it. From both groups (Study vs control), it is possible to conclude that, the level of the trust built among the members of the study group is stronger than that of the control group. Majority of the study group respondents (43.3%) (13/30) have rated the level of trust among the group members as very good. While for the control group, majority of the respondents (76.7%) rated the level of trust among their group members as good.

*Table 4.32: Shared Responsibility among the members: Percentage Distribution*

Responsibility by the members for the members				
Study Group			Control Group	
	Frequency	Percent	Frequency	Percent
Don't Know	-	-	-	-
Poor	2	6.7%	1	3.3%
Good	9	30%	18	60%
Very Good	16	53.3%	10	33.3%
Excellent	3	10%	1	3.3%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

The above table 4.32 indicated the how members have evaluated the level of responsibilities shared among the members of VSLA. The scale used to indicate their rating

started from “I don’t Know to excellent”. Accordingly, majority of the study group respondents (53.3%) (16/30) have rated the level of responsibilities shared among the group members as very good. 9/30 (30%) of the responses from the study group rated as good the level of responsibilities shared among the group members. Whereas, 10% (3/30) of the Study group rated as excellent while 6.7 % ( 1/30) and none of the responses rated the level of responsibilities shared as poor and don’t know, respectively. Here, the conclusion drawn for the study group is that, majority of the responses which counted for 53.7% rated as very good level of shared responsibilities is developed among the VSLA members.

In the same manner, (60%) 18/30, the majority of the respondents rated the level of shared responsibilities among the VSLA members as good. 10/30 (33.3%) rated that it is very good where as 3.3% (1/30) rated the level of shared responsibilities among the group members as excellent. 3.3% from the same group rated the level as poor while none of the responses showed that they didn’t know the level of shared responsibilities while. Taking a look at the rating for both groups, (Study vs control), it is possible to conclude that the level of shared responsibilities among the members of the study group is stronger than that of the control group. Majority of the study group respondents (53.3%) (13/30) have rated the level of shared responsibilities among the group members as very good while for the control group 76.7% which is he majority rated the level of shared responsibilities among their group members as good.

*Table 4,33. Accountability of the members to each other: Percentage Distribution*

Accountability to the members

---

	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
Poor	1	3.3%	1	3.3%
Good	10	33.3%	18	60%
Very Good	15	50%	10	33.3%
Excellent	4	13.3%	1	3.3%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

The above table 4.33 indicated the how members have evaluated the level of accountability among the members of VSLA group. The level of accountability among VSLA members is measured in the same way the level of trust and shared responsibility is rated. Accordingly, 50% (15/30), the majority of the study group respondents have rated the level of accountability shared among the group members as very good. 10/30 (33.3%) of the same group rated the level as good accountability among the group members. 13.3%(4/30) of the Study group have rated as excellent; while 3.3% of the response rated the level of accountability among the members as poor. Here, the conclusion for the study group is that, majority of the responses which counted for 50% rated as a very good level of shared accountability is developed among the VSLA members.

Similarly, for the control group, majority of the respondents (60%) (18/30) rated that the level of accountability among the VSLA members is good. 10/30 (33.3%) rated that the level is very good where as 3.3% (1/30) rated the level of accountability among the group members as excellent. None of the responses showed they don't know the level of shared accountability while 3.3% rated as is poor. Considering the largest percentage level of rating for both groups, (Study vs control), it is possible to conclude that, level of accountability among the members of the study group is stronger than that of the control group. Majority of the study group respondents (50%) (15/30) have rated that the level of accountability among group members is

very good. While for the control group, the majority of the respondents (60%) (18/30) rated that the level of accountability among their group members is good.

*Table 4.34: How Money Transaction is Transparent in VSLA groups? (Percentage Distribution)*

Transparency during the Money Transaction				
	Study Group		control Group	
	Frequency	Percent	Frequency	Percent
Don't Know	1	3.3%	-	-
Poor	5	16.7%	-	-
Good	8	26.7%	12	40%
Very Good	13	43.3%	16	53.35
Excellent	3	10%	2	6.7%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

The above table 4.34 presented the data gained through survey of VSLA members respondents in respect to how Money Transaction is Transparent in VSLA groups. Accordingly, majority of the study group respondents (43.3%) (13/30) have replied that, the level of transparency in Money Transaction among the group members is very good. 26.7% (8/30) of the responses from the study group showed that there is a good level of transparency in Money Transaction among the group members. Moreover, 10% (3/30) of the study group response showed it's an excellent; while 16.3%% of the response showed that the level is poor. Only 1/30 (3.3%) respondents said, they don't know. Here, the conclusion for the study group is that, majority of the responses which counted for 43.3% rated the level of transparency in Money Transaction developed among the VSLA members as very good.

For the control group, majority of the respondents (53.3%) (16/30) rated the level of transparency in Money Transaction among the members is good. 12/30(40%) rated the level of transparency in Money Transaction among the group members is very good where as 6.7%



(2/30) rated as excellent. None of the responses showed ‘don’t know’. Considering the larger percentage level of rating for both groups, (Study vs control), it is possible to conclude that the level of transparency in Money Transaction among the members of both the study and control group is stronger though there is some variation in figure. The majority of the study group respondents (43.3%) (13/30) have replied that, the level of transparency in Money Transaction among group members is very good while for the control group, majority of the respondents (53.3%) (16/30) replied that the level of transparency in Money Transaction in their group is very good. From the two figures, transparency in money transaction is found to be stronger in the control group than it is in the study group.

#### **4.5 Women Empowerment through VSLA in the Study Area**

As it is explained by VSLA group leader at Andit Tsed, before taking the training given by Tesfa Birhan on how to save and revolve the fund among VSLA members, there was no culture of saving money in group. The women used to expend all the money they got. On the hand, there were no services where the local community members have access to financial resources and services. In general, there was lack of information and awareness among the community members on saving money. The overall findings from the key informants and FGD participants showed that, women in particular and their families in general are benefited much from being a member of VSLA group. A closer findings gained from the survey results presented below substantiated this fact.

*Table 4.35: Are women benefited from VSLA? Percentage Distribution*

Are women benefited from VSLA?			
Study Group		Control Group	
Frequency	Percent	Frequency	Percent

YES	27	90%	25	83.3%
NO	3	10%	5	16.7%
Total	30	100	30	30

*(Source: Own Survey, 2017)*

In the survey, respondents were asked whether women have benefited from group saving or not with a “yes - No” question. Indeed, 27/30 (90%) respondents of the study group and 25/30(83.3%) of the control group indicated that ‘yes’ women are benefitted from the VSLA group. 10% (3/30) respondents of the study group and 5/30 (16.7%) of the control group have said ‘No’ women are not benefited from being member of VSLA group. The conclusion that can easily infer from this finding is that despite the variation in percentage distribution, women are benefited from being member of VSLA group.

In line with this, the project officer of Tesfa Birhan farther added that as many women didn’t have good saving culture in the past, well developed financial access and good awareness; they used to have many socio-economic problems that existed in the community for decades. The key informant also confirmed that, female households in particular and women in general have been experiencing many difficulties that affected their livelihoods such as poor financial capacity, dependency on male partners, poor self-image, less self-confidence, poor quality of livestock, inadequate supply of basic needs particularly food/adequate nutrition, absence of other means of income, children school dropout, exposure to loans from the so called “*Arata Abadari*”, literally mean illegal money vendors and many other unmentioned challenges. The major findings are presented as follows.

#### **4.5.1 Access to Financial Resources**

As it is indicated by the key informant at Andit Tsed, by the year 2014, Tesfa Birhan made a call to train group of 25 females from the site and 3 days intensive training was given for

all members on basic saving skills, financial management, and basic business skill. After joining the VSLA group, many socio-economic problems of the women is reduced through the financial resource they got from VSLA group. The other Key Informant from Gudo Beret (Age=33) told that before women joined VSLA, they did not have access to financial services as there was no one to provide loan services for poor family members. They used to expend what they had without saving any portion. This was resulted in economic dependence on their male partners, received loan from neighbors with high interest rate, less hope in financial security and many other devastating situations like exposure to illegal money lenders. But now, their group saving become more secured and sustainable sources of financial services.

The FGD participants at Keyit (Control Group) indicated that, they feel confident in getting loan. They confirmed that, VSLA become alternative and most preferred to save money and get loans. It is better to get loan from the VSLA group than taking borrowing money from neighbors or closer friends. They stated that the good thing with VSLA is that, there is 3 months period to repay back the loan. The duration given allowed the woman to do business and repay. As it is indicated, selling local alcohol is the most common business practiced by most of the community members in general and VSLA in particular. They stated that VSLA become source of financial services to start up such business. According to some of the participants, they are still waiting to get loan from the VSLA to work on the business.

In addition to this, similar findings are gained from survey respondents that indicated women members of VSLA have better access to financial services than the non-members. The overall finding is presented as follows.

*Table 4.36. Are Women in VSLAs have better access to financial services than the non-members? Percentage Distribution*

Women in VSLA have better financial access than the non-members				
Study Group	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
Strongly Agreed	14	46.7%	5	16.7%
Agreed	14	46.7%	20	66.7%
Disagreed	-	-	1	3.3%
Strongly Disagreed	-	-	-	-
Neutral	2	6.7%	4	13.3%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

In table 4.36 above, Likert Scale measurement is used to measure the different variables. These scale levels are how the respondents agreed or disagreed or remain undecided with a given statements. Accordingly, the above table presented the findings of the survey respondents whether women in VSLA have better financial access than the non-members. Based on the findings, 46.7% (14/30) of the study and 16.7 % ( 5/30) of the control group strongly agreed with the statement that women in VSLA have better access to financial services than the non-members. Again, 46.7% (14/30) of the study and 66.7 % ( 20/30) of the control groups agreed that women in VSLA have better access to financial services than the non-members. None of the respondents of the study group and 3.3 % ( 1/30) of the control group disagreed that women in VSLA have better access to financial services than the non-members. And 6.7%(2/30) respondents of the study group and 6.7%(4/30) from the control group remained undecided that, women in VSLA have better financial access than the non-members.

Here the conclusion for the study group is that the majority of respondents strongly agreed and agreed that women in VSLA have better access to financial services than the non-members. Whereas the conclusion for the control group is that, majority agreed of the response indicated that women in VSLA have better access to financial services than the non-members.

Henceforth, for groups, the finding indicated that majority of the respondents (46.7% study group (agreed and strongly agreed)), (66.7% control group (agreed)) that women in VSLA member have better access to financial services than the non-members.

Some of the FGD participants from Keyit (Control Group) have indicated that, once they get financial share out, they will start complementary business such as selling local alcohol and mutton fattening. They have indicated also that, the waste product from distilling process of local alcohol can be used to feed sheep. Therefore, though they didn't have practiced it yet, some of the participants have planned to engage in such business.

#### **4.5.2 Economic Empowerment among the Female Members through VSLA in the Study Area**

The key informants on VSLA pointed out that, after joining the group (VSLA), women are successfully combating their problems. As per to the key informant, many women come out of the "kitchen" where they supposed to be most of their time. Currently, VSLA is becoming a major meeting place where female share their experiences, personal life, and common issues. When female group members meet, they usually discuss their personal concerns than about savings and loans. VSLA is viewed by the members as a stage where they reassure their communication skills, develop personal and interpersonal communication and relationships. Additionally, the key informants have also mentioned that currently the attitude and awareness of most of the women VSLA members about savings and loans is changed, and this gave them economic power. One of the key informants from Andit Tsed explained this as follows.

*"When we started saving money, there was suspect among the members that group saving does not work well. Nobody from the group members was really interested to take the loan for the first three consecutive months. As time keep on moving, one of the members applied for a loan of 600 ETB from the group saving to start new business which was petty trading of fruit and vegetable.*

*Within the next three months, she repaid back the loan. She was able to see increase of profits in her business, and other tangible changes in her life. Then, other members of the group learned from her experience and developed sense of confidence to take loans and start new business as well as expand the existing business. Among the business, many women in VSLA are working on preparing and selling local alcohol known as ‘Araqe’. The loan received from the is used to buy row material and required equipment including: Kodda, Rotto, Jarikan, ...” (KI=30).*

In this regard, VSLA have plaid great role in motivating and economically empowering women. It increased the motivation of members to start new business, to save more, and to take loan with confidence. In general, women in VSLA have good communication skill, good image of themselves, became independent of their spouses, able to joint decision on family issues, developed self-confidence, gained financial security and future hope.

Similar result is also obtained from the survey respondents where the majority from both the study and control group indicated that, women got economic benefit from being member of VSLA group; the data is presented as follow:

*Table 4.37. What is the actual benefit that Women got from VSLA? Percentage Distribution*

	What is the actual benefit?			
	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
Economic benefit	21	70%	17	56.7%
Participation in social organization	2	6.7	6	20%
Educating their children	6	20%	5	16.7%
Leading the group	1	3.3%	2	6.7%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

Table 4.37 above, presented the actual benefits that women got from being member of VSLA group. Accordingly, 70% (21/30) of the respondents from the study group and 56.7 % (17/30) indicated that the actual benefit women have gained is economic benefit. On the other hand, 20% (6/30) responses from the study group and 16.7 % ( 5/30) from the control group showed educating their children is the benefit that women got from participating in VSLA group. 6.7 % ( 2/30) of the study group and 20 % ( 6/30) of the control group indicated that women benefited from participation in social organization by being member of the VSLA group. And 3.3%(1/30) of the respondents of the study group and 6.7%(2/30) of the respondents from the control group indicated that leading the group is what women benefited from being member of VSLA group. In conclusion, this finding revealed that women gained economic benefits from participating in VSLA groups (70% (for study Group) and 56.7% for control group).

A key informant from Tesfa Birhan indicated also that many women came out of the “kitchen” where they supposed to stay most of their time due to VSLA becoming a major meeting purpose where women share their experiences, personal life, and other common issues.

As it is farther discussed by the project officer, VSLA has a great contribution in women’s life. VSLA is aimed at empowering women who have limited financial resources, access and services. In this regard, VSLA brought economic capacity among many women members. Based on their savings and loans women got from the VSLA group, they become owner of livestock assets, achieved better agricultural output, able to rent farm land, and so on. In this end, the project officer at Tesfa Brihan confirmed that women in VSLA have gained better economic capacity than they used to be.

Similar finding was also gained from the survey of VSLA members and the aggregated result is observed that women in VSLA have better economic capacity than the nonmembers. The data with regard to this finding is presented as follows.

*Table 4.38. Are Women in VSLA are economically powerful than the non-members?*

Women in VSLA are economically powerful than the non-members				
	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
Strongly Agreed	10	33.3%	4	13.3%
Agreed	18	60%	24	80%
Disagreed	1	3.3%	1	3.3%
Strongly Disagreed	0	0%	0	0%
Neutral	1	3.3%	1	3.3%
Total	30	100	30	100%

*(Source: Own Survey, 2017)*

In table 4.38 above, Likert Scale measurement is used to measure a predesigned statement. These scale levels are used to know how the respondents agreed or disagreed or remain undecided on the given statement, women in VSLA are economically powerful than the non-members. Accordingly, 33.3% (10/30) of the study group and 13.3 % ( 4/30) of the control group respondents strongly agreed with the statement, women in VSLA are economically powerful than the non-members. The majority of the respondents (60%) (18/30) from the study group and 80 % (24/30) from the control group agreed with the same statement. 3.3 % ( 1/30) of both the study and control group disagreed with the statement while the same number from both group remained undecided on the statement, women in VSLA are economically powerful than the non-members. On the other hand, none of the respondents from both the study group and control group strongly disagreed that women in VSLA are economically powerful than the non-members. Here the conclusion for both the study and control group is that majority of respondents agreed that women in VSLA are economically powerful than the non-members.



Hence forth, for the groups, the finding indicated that the majority of the respondents (60% of the study group and 80% of the control group) agreed that women in VSLA are economically powerful than the non-members.

The other important issues discussed were the asset that accumulated or owned by the women as a result of being member of VSLA group. Accordingly, respondents from the survey were asked to agree or disagree with the idea that, Women in VSLA have better assets accumulation than the non-members: (home, livestock, land...). The finding was that, majority of the responses from the study group (40%) agreed with the statement that Women in VSLA have better assets accumulation than the non-members: (home, livestock, land...) while majority of the respondents from the control group (46.7%) remain neutral. The whole finding in this regard is presented below.

*Table 4.39. Women in VSLA have better assets accumulation than the non-members: (home, livestock, land...)*

Women in VSLA have better assets accumulation than the non-members: (home, livestock, land...)				
Study Group			Control Group	
Scales	Frequency	Percent	Frequency	Percent
Strongly Agreed	9	30%	2	6.7%
Agreed	12	40%	6	20%
Disagreed	3	10%	6	20%
Strongly Disagreed	-	-	2	6.7%
Neutral	6	20%	14	46.7%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

Table 4.39 above presented the findings from the survey of VSAL members using Likert Scale measurement that is used to measure different variables. These scale levels are how the respondents agreed or disagreed or remain undecided with a given statements. Accordingly, respondents were asked whether Women in VSLA group have better assets accumulation than the non-members: (home, livestock, land...). In this respect, the finding of the survey showed that majority of the responses from the study group (40%) (12/30) agreed that women in VSLA have better assets accumulation than the non-members: (home, livestock, land...) whereas, 9/30(30%) responses strongly agreed with the same statement. On the other hand, 20% (6/30) of the respondents from the study group remained undecided that, women in VSLA have better assets accumulation than the non-members: (home, livestock, land...). Additionally, 3/30(10%) of the responses from the study group disagreed with the above mentioned statement even though, none of them strongly disagreed with the statement. The conclusion for the study group is that majority of the respondents (40%) agreed that women in VSLA have better assets accumulation (home, livestock, land...) than the non-members.

For the control group, majority of the responses 46.7% (14/30) remained neutral on the idea that women in VSLA have better assets accumulation (home, livestock, land...) than the non-members while 20% (6/30) have agreed and disagreed with the statement. The result from the control group also indicated that 6.7%(2/30) of the respondents strongly disagreed that women in VSLA have better assets accumulation (home, livestock, land...) than the non-members. And the rest 6.7 %(2/30) of the responses from the control group strongly agree with the idea that women in VSLA have better assets accumulation (home, livestock, land...) than the non-members. The conclusion for both groups is that the findings indicated that majority of the respondents (40% of the study group, agreed while 46.7% of the control group, remained

neutral) that women in VSLA have better assets accumulation (home, livestock, land...) than the non-members.

### **4.5.3 Social Empowerment among the Women Through VSLA**

According to the project officer at Tesfa Berhan Child and Family Development Organization, VSLA has also helped women to come out from home to meet each other and discuss on issues of life. This supported them to be able to participate in different social organizations. According to him, discussing on different topic enabled them to develop a sense of “social empowerment” among themselves. Their discussion topics include gender related, women abuse, decision making in the family, family planning, reproductive health, and other. A discussion made in this way obviously lead women to have more information, awareness and outlooks. Through time, this has developed the level of the so called social empowerment among the women members.

Adding to this, the project officer has also indicated that, there is clear observable variation in women’s level of self-confidence in the last 3 years. During the beginning of VSLA group formation in the Woreda, most of the trained women members had no strong self-confidence to go forward. They were afraid, less committed and confused. Through time, a sense of self confidence, commitments to save money and awareness have developed within the group members. This in general given VSLA women members strong spirit to stand on their behalf. He also added that, such developed self-confidence enabled women in VSLA group to be independent of their male partners (Husbands).

Equally, the data gained from the survey of respondents showed that, women in VSLA are better in supporting their families than the non-members. The finding is presented as follows.

*Table 4.40: Women in VSLA support their families/children than the non-members. Percentage Distribution*

Women in VSLA support their families/children than the non-members.				
study Group	Control Group			
Scale	Frequency	Percent	Frequency	Percent
Strongly Agreed	8	26.7%	5	16.7%
Agreed	19	63.3%	18	60%
Disagreed	2	6.7%	7	23.3%
Strongly Agreed	-	-	-	-
Neutral	1	3.3%	-	-
Total	30	100%	30	100%

Table 4.40 above presented the finding from the survey of VSAL group members' using Likert Scale measurement which is used to measure different variables. These scale levels are how the respondents agreed or disagreed or remain undecided on the given statements. Accordingly, as it is presented in the above table, respondents were asked whether women in VSLA best support their families/children than the non-members. In this respect, the finding of the survey showed that the majority of the responses from the study group (63.3%) (19/30) agreed that women in VSLA best support their families/children than the non-members. And 8/30 (26.7%) responses strongly agreed that women in VSLA best support their families/children than the non-members. On the other hand, 6.7%(2/30) of the respondents from the study group disagreed that, women in VSLA best support their families/children than the non-members. None of the response from the same group strongly disagreed with the statement while 1/30 (3.3%) response remained neutral. The conclusion for the study group is that majority of the respondents (63.3%) agreed that women in VSLA best support their families/children than the non-members.

For the control, majority of the responses 60% (18/30) agreed that women in VSLA best support their families/children than the non-members. 16.7% (5/30) of the control group strongly

agreed with the statement. Result from the control group also indicated that 23.3% (7/30) of the respondents disagreed that women in VSLA best support their families/children than the non-members. And no response observed as strongly disagreed or remain undecided (neutral) with the statement. In conclusion, for both the study and control group, the finding from the survey indicated the majority of the responses from both groups (Study group 63.3% and Control group 60%) agreed that women in VSLA best support their families/children than the non-members.

Moreover, as it is mentioned by the project officer, the VSLA approach brought skill based impact on women. According to him, the training given by Tesfa Birhan and the woreda offices, brought skill development to the women in VSLA. He pointed out that, Tesfa Birhan for instance, provides training for the VSLA members on basic business skill linking it with saving skill. He stated that,

*“Now days most of the VSLA women members have full knowledge on how to run their business, how to regulate the loss and profit in their business and how to make plan to expand or start up new business. Indeed, they have better knowledge to make their business more secured”*

In terms of decision making, joint decision making is highly preached by Tesfa Birhan with the VSLA group member. Accordingly, women members of VSLAs have now entitled to better independent decision making in their respective families, this is beyond joint decision making. Such change in decision making process among women are resulted from their financial capacity, satisfaction in financial resource gained from the group saving and some positive changes that observed from male partners. Now, most of the male have accepted that saving in the VSLA have reduced problems at their home to the extent that some husbands started to support the regular saving of their wives.

#### **4.5.4 Self Confidence Developed Among Women from being member of VSLA**

The FGD participants at Gudo Beret (Study Group) discussed that, VSLA is very important in the life women. They were asked to prioritize the importance of VSLA in enabling them to act on their behalf. In this regard, they mentioned that VSLA provided them with financial security and independence from their male partners. As it is already mentioned, women have now better self-confidence and are self-dependence. The FGD indicated that their male partners are very happy as more positive advantages are observed in the family and husbands are being benefited from the saving undertaken by their wives.

According to them, the training they have got from different institution including Tesfa Birhan had helped them to get knowledge and awareness on different social reality. The FGD participants at Gudo Beret (Study Group) have indicated that they have learned many new things in their life such as saving money, creating new business ideas, putting business ideas into practice, and running business. In addition to this, the participants have mentioned that they had also opportunities of getting awareness creation on important areas such as family planning, reproductive health and agricultural practice by professionals.

On the other hand, the FGD pp at Gudo Beret (Study Group) have mentioned that, when they meet each other they consult or give advice for each other. This helps them to get confidence to give reasonable decision on their family issue. From their interaction and discussions, they have been receiving useful information, practical knowledge, and real experiences from which they have learned more about to lead their life. On top of this, women in VSLA are strong leader of social issues which generated from the self-confidence they have built from being member of VSAL as it is indicated by the participants from the FGD. Similar data is also observed from the from the survey respondents presented below.

*Table 4.41. Women in VSLA are strong social issue leaders than the non-members. Percentage Distribution*

Women in VSLA are strong social issue leaders than the non-members.				
Scales	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
Strongly Agreed	9	30%	7	23.3%
Agreed	19	63.3%	20	66.7%
Disagreed	2	6.7%	3	10%
Strongly Disagreed	-	-	-	-
Neutral	--	-	-	-
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

Table 4.41 above presented the Likert scale measurement for statement that asked the respondents to agreed or disagreed, or strongly or remain neutral with the statement, women in VSLA are strong social issue leaders than the non-members. In line with this, the finding of the survey showed that majority of the responses from the study group (63.3%) (19/30) agreed and 30%(9/30) responses strongly agreed that women in VSLA are strong social issue leaders than the non-members. On the other hand, 6.7 %(2/30) of the respondents from the study group disagreed while none of the response showed they strongly disagreed or staid neutral that, women in VSLA are strong social issue leaders than the non-members. The conclusion for the study group is that majority of the respondents (63.3%) agreed that women in VSLA are strong social issue leaders than the non-members.

For the control group, majority of the responses 66.7% (20/30) agreed and 23.3% (7/30) strongly agreed that women in VSLA have strong social issue leaders than the non-members. 10% (3/30) of the respondents from the same group disagreed that women in VSLA are strong social issue leaders than the non-members. However, there was no response observed that they strongly disagreed or remain undecided to the statement. In conclusion, for both the study and

control group, the finding from the survey indicated that the majority of the responses from both groups (Study group 63.3% and Control group 66.7%) agreed that women in VSLA are strong social issue leaders than the non-members.

Moreover, the data gained through interview made with the woreda officers indicated that one of the good things about women in VSLA is that, they better participate in social issues than the nonmembers. Similarly, data gained through respondent survey shows closer findings. The following table summarized the finding.

*Table 4.42. Women in VSLA participated in other social affairs more than the non-members.*

Women in VSLA participated in other social affairs more than the non-members.				
Study group	Control Group			
Scales	Frequency	Percent	Frequency	Percent
Strongly Agreed	9	30%	4	13.3%
Agreed	16	53.3%	16	53.3%
Disagreed	4	13.3%	3	10%
Strongly Disagreed	-	-	2	6.7%
Neutral	1	3.3%	5	16.7%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

Table 4.42 above presented Likert scale measurement for statement that asked the respondents to agreed or strongly agreed or disagreed or strongly disagreed or remains undecided with the statement that Women in VSLA participated in other social affairs more than the non-members. Accordingly, survey respondents were asked either Women in VSLA participated in other social affairs more than the non-members. In line with this, the finding of the survey study group showed that majority of the responses from the study group (53.3%) (16/30) agreed, 9/30(30%) responses strongly agreed, and 13.3 % ( 4/30) disagreed that women in VSLA participated in other social affairs more than the non-members. None of the response showed as



strongly disagreed while the remaining 3.3 % ( 1/30) response indicated that he/she don't know. The conclusion for the study group is that the majority of the respondents (53.3%) agreed that Women in VSLA participated in other social affairs than the non-members.

Similarly, for the survey control group, majority of the responses 53.3% (16/30) agreed while 13.3% (4/30) strongly agreed that Women in VSLA participated in other social affairs more than the non-members. 5/30 (16.7%) remain neutral, 10% (3/30) of the respondents disagreed and 6.7% strongly disagreed that Women in VSLA participated in other social affairs more than the non-members. In conclusion, for both the study and control group, the finding from the survey indicated that the majority of the responses (Study group 53.3% and Control group 53.3%) agreed that Women in VSLA participated in other social affairs more than the non-members.

#### **4.6 Challenges Faced VSLA in the Study Area**

As it is indicated by one of the FGD participants at Gudo Beret and Andit Tsed (study group), in the first year experience of the group, there was lack of awareness. Some members have been challenging to abide with the rules and regulation established to govern the group member. Additionally, they have also indicated that there was miss understanding among the group leaders and other members that members used to have wrong perception that loan was given based on the personal relationships with the group leaders. Through time, such misunderstanding got cleared and is no more problem. Absenteeism of group member from weekly meeting was also a problem. As stated, some members used to send non-group member who did not know the agenda discussed, rules and regulation of the VSLA as a representative. This resulted in misunderstanding and grievances on different decision made in absence of the

group member. Income level of the group member is also mentioned as one challenge at the early stage of the VSLA group since some of the group member did not have regular income and faced to save constantly.

According to the project officer of Tsfa Berhan, the major problems observed during the implementation of VSLA were related to resistance to behavioral changes among the group members to the extent that some member regretted back after taking training, few showed resistance to change. However, improvements have been observed after they get in to practice and understand the extent to which group saving supports their life. On the other hand, the project officer also figured out that, some VSLA members lack capacity and irregularities of income to save money on regular basis despite their interest to save. Additionally, very few members have absent records.

*“As most of the members are from rural areas, regular income and constant means of income is not available. There is limited income that might enable them to save on the weekly basis. Such challenges also negatively impacted the saving habit of the members”*

The project officer also indicated that, although not very common, limited members had fewer tendencies to repay the loan with its interest rate on time. Furthermore, he pointed out that, there were also members who didn't know what to do with the money after taking loan or the yearly financial share out. Such people simply spend their money without plan and usually, such members left out the group at the end of the years. Finally, the project officer at Tesfa Birhan indicated that although VSLA approach does not support Money injection from outside or external financial funders, the absence of money injection to VSLAs is also challenging in practice. VSLAS are showing the need for external financial injection. On the side of Tesfa Birhan who initiated organizing VSAL groups, no works have been done so far by the office to link the older VSLAs with other formal micro finance institutions.

The key informant from Andit Tsed (age 30), also figured out that, the major problems related to VSLA as absenteeism of the group members, less saving funds, few members are not willing to be abided by the rules and regulations of the groups, lack of income diversities, and the distance among the village settlement. From the survey of the respondents, the above-mentioned challenges were also reported and presented as follows.

#### 4.6.1 Members Attendance Problems (Absenteeism)

*Table 4.43. Members attendance Problem (Absenteeism): Percentage*

*Distribution*

Study Group	Control group			
	Frequency	Percent	Frequency	Percent
Not sure	3	10%	2	6.7%
Not a Challenge	2	6.7%	11	36.7%
Sometimes challenging	25	83.3%	17	56.7%
Common Challenge	-	-	-	-
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

Table 4.43 above presented challenges that related to members attendance (absenteeism) among the members of VSLA. Accordingly, from the study group, majority of responses (83.3%) (25/30) from the study group and (17/30) (56.7%) from the control group indicated that, members attendance problem is sometimes challenging to their respective group. Considering the two figures, it is possible to conclude that for both the study group (83.7%) and control group (56.7%) attendance problem (absenteeism) among the group members is sometimes challenging.

On the other hand, as it is indicated in the same table, 6.7% (2/30) responses from the study group and 11/30 (36.7%) from the control group showed that, attendance problem is not challenge in their VSLA group. 10% of the respondents from the study group and 6.7% from the

control group replied that they are not sure whether attendance is problematic to their group or not. From both groups, none of the response showed that, attendance is common challenge to their respective groups.

## 4.6.2 Financial Capacity Problems

*Table 4.44. Financial capacity problems: Percentage Distribution*

	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
Not sure	1	3.3%	1	3.3%
Not a Challenge	6	20%	3	10%
Sometimes challenging	10	33.3%	4	13.3%
Common Challenge	13	43.3%	22	73.3%
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

Table 4.44 above presented the data from the survey findings that related to the financial capacity (less amount of regular savings) as a challenge that faced VSLA group member. Accordingly, from the study group, majority of the responses (43.3%) (13/30) and (22/30) (73.3%) from the control group indicated that the financial capacity (less amount of regular savings) is Common challenge in their respective group. Considering the two figures, it is possible to conclude that for both the study group (43.3%) and control group (73.3%) that limited financial capacity (less amount of regular savings) is common challenge. On the other hand, as it is indicated in the above table, 33.3% (10/30) responses from the study group and 4/30 (13.3%) from the control group showed that, limited financial capacity (less amount of regular savings) is sometimes challenging in their VSLA groups. 20% of the respondents from the study group and 10% from the control group replied that limited financial capacity (less amount of regular savings) group is not challenge in their group. From both groups, 3.3% of the

response showed that, they are not sure whether limited financial capacity (less amount of regular savings) is challenge to their group or not.

### 4.6.3 Loan Re-Payment Problems

*Table 4.45. Loan return (loans are not returned on the given period of time): Percentage Distribution.*

	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
Not sure	3	10%	5	16.7%
Not a Challenge	15	50%	8	26.7%
Sometimes challenging	10	33.3%	17	56.7%
Common Challenge	2	6.7%	-	-
Total	30	100%	30	100%

*(Source: Own Survey, 2017)*

Table 4.45 above presented the data from the survey findings that related to loan return problems (loans are not returned in the given period of time) as a challenge that faced VSLA groups. Accordingly, from the study group, majority of responses (50%) (13/30) indicated that, loan return problems (loans are not returned on the proposed date) is not a problem/challenge in their respective groups while, from the control group majority of the respondents (17/30) (56.7%) replied that the loan returning problem (loans are not returned in the given period of time) is sometimes a challenge in their group. Considering the two figures, the loan returning problem (loans are not returned in the given period of time) is found to be a challenge for the control group than it is in the study group.

On the other hand, as it is indicated in the above table, 33.3% (10/30) responses from the study group showed that, the loan returning problem is sometimes challenging in their saving groups. For the control group, 8/30 (26.7%) replied that the loan returning problem is not a challenge in their group. 6.7% of the respondents from the study group replied that, the loan

returning problem is a common problem to them. And 10% of the responses from the study group and 16.7% from the control group replied that they are not sure that the loan returning problem (loans are not returned on the proposed date) is a problematic to them. None of the response from the control group showed that the loan returning problem is common challenge.

#### 4.6.4 Limited Training on Financial Management

Table 4.46. Lack of skill/ training on Financial management: *Percentage Distribution*.

	Study group		Control group	
	Frequency	Percent	Frequency	Percent
Not sure	5	16.7%	1	3.3%
Not a Challenge	9	30%	3	10%
Sometimes challenging	15	50%	5	16.7%
Common Challenge	1	3.3%	21	70%
Total	30	100%	30	100%

(Source: Own Survey, 2017)

Table 4.46 above presented the data obtained from the survey findings that related to lack of training on financial management as a challenge that faced the VSLA groups. Accordingly, from the study group, majority of responses (50%) (15/30) indicated that, lack of training on financial management is sometimes a problem/challenge in their respective groups. For the control group, majority of the respondents (21/30) (70%) replied that lack of training on financial management is common challenge in their group. If we compare the two figures, lack of training on financial management for the study group (50%) is found to be sometimes problematic while for the control group 21/30(70 %) showed that lack of training on financial management is

commonly challenging. This means lack of training on financial management is found to be problematic in the control group than it is in the study group.

On the other hand, 30% (9/30) responses from the study group and 3/30 (10%) responses from the control group showed that, lack of training on financial management is not challenge in their saving groups while, 16.7% of the respondents from the study group and 3.3 % from the control group replied that they are not sure that lack of training on financial management is problem to them. And 1/30(3.3%) response from the study group showed that lack of training on financial management is common challenge to the group.

#### 4.6.5 Interest Rate on Loans

*Table 4.47. Interest rate scale (In case higher interest rate)*

	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
Not sure	3	10%	5	16.7%
Not a Challenge	24	70%	23	76.7%
Sometimes challenging	3	10%	2	6.7%
Common Challenge	-	-	-	-
Total	30	100%	30	100

*(Source: Own Survey, 2017)*

Table 4.47 above presented the data from the survey findings that related to Interest rate scale (maybe higher interest rate) as a challenge that faced the VSLA groups under study. Accordingly, from the study and control group, majority of the responses (70%) (21/30) and 23/30) (76.7%) respectively indicated that, interest rate scale is not a problem/challenge in their respective groups. This figure showed that, the interest rate scale is not problematic to the VSLA groups.

On the other hand, it is indicated in the above table that, 10% (3/30) responses from the study group and 16.7% (4/30) responses from the control group showed that, they are not sure whether interest rate scale is problematic to their group or not. On the other side, 3/30 (10%) of the responses from the study group and 6.7% (2/30) responses from the control group indicated that interest rate scale is sometime a challenge in their group. None of the response from the study and control group showed that interest rate scale is common challenge to them.

#### 4.6.6 Members Dropout Problems

Table 4.48: Member drop-out Problems

	Study Group		control group	
	Frequency	Percent	Frequency	Percent
Not sure	1	3.3%	4	13.3%
Not a Challenge	12	40%	11	36.7% %
Sometimes challenging	14	46.7%	15	50%
Common Challenge	3	10%	-	-
Total	30	100%	30	100%

(Source: Own Survey, 2017)

Table 4.48 above presented the data from the survey findings that related to members drop-out as a challenge that might face VSLA groups. Accordingly, both for the study and control group, majority of the responses (46.7%) (14/30) and 15/30) (50%) respectively indicated that, members drop-out some sometimes challenged their respective groups. If we compare the two figures with upper percentage share of the responses, interest rate scale for the study group (46.7%) member drop-out is found to be sometimes problematic to them and 50 %(15/30) for the control group.

On the other hand, it is indicated in the above table, 40% (12/30) responses from the study group and 36.7% (11/30) responses from the control group showed that, member drop-out is not problem in their group. In addition, 1/30 (3.3%) of the responses from the study group and



13.3% (4/30) responses from the control group indicated that they are not sure whether members drop-out was a challenge in their group or not. None of the response from the control group showed that member drop-out is common challenge to their group while 3/30 (10%) of the respondents from study group replied that members drop-out is common challenge.

#### 4.6.7 Disputes among the Members on Financial Issues

*Table 4.49. Disputes among the members on financial issues*

	Study Group		Control Group	
	Frequency	Percent	Frequency	Percent
Not Sure	-	-	2	6.7%
Not a Challenge	16	53.3%	13	43.3%
Sometimes challenging	12	40%	15	50%
Common Challenge	2	6.7%	-	-
Total	30	100%	30	100

*(Source: Own Survey, 2017)*

Table 4.49 above presented the data from the survey findings that related to disputes among the members on financial issues as a challenge that might face the VSLA groups. Accordingly, for the majority of responses (53.3%) (16/30) from the study group, disputes among the members on financial issues are not a challenge to their respective groups. While, for the control group majority of the respondents 15/30 (50%) replied that disputes among the members on financial issues is sometimes challenge in their group. If we compare the two figures with upper percentage share of the responses, disputes among the members on financial issues (46.7%) is found to be not a problem for the study group while for the control group majority of the responses (50%) indicated that disputes among the members on financial issues is sometimes a challenge in their group. Indeed, the conclusion is that disputes among the members

on financial issues are found to be sometimes challenging among the control group than it is in the study Group.

On the other hand, 40% (12/30) responses from the study group and 43.7% (13/30) responses from the control group showed that, disputes among the members on financial issues is not a problem in their group. Additionally, 6.7% (2/30) of the responses from the study group and none from the control group reported that, disputes among the members on financial issues are common challenge in their groups. Furthermore, none of the respondents from the study group and 6.7% (2/30) from the control group reported that they don't know whether disputes among the VSLA group members on financial issues is a challenge to their groups.

#### **4.6.8 Absence of Sense of Ownership among the Group Members to the Group**

*Table 4.50. Absence of sense of ownership among the group members to the group*

	Study Group		control Group	
	Frequency	Percent	Frequency	Percent
Not Sure	3	10%	1	3.3%
Not a Challenge	17	56.7%	22	73.3%
Sometimes challenging	10	33.3%	7	23.3%
Common Challenge	-	-	-	-
Total	30	100%	30	100

*(Source: Own Survey, 2017)*

Table 4.50 above presented the data obtained from the survey findings related to Absence of sense of ownership among the group members to the group is a challenge that might face VSLA groups. Accordingly, the majority of responses from the study and control group (56.7%) (17/30) and (22/30) (73.3%) respectively showed that the absence of sense of ownership among the group members is not a challenge to their respective VSLAs groups. If we compare the two

figures with the upper percentage share of the responses, absence of sense of ownership among the group members to the group for both groups (study group: 56.7% and control group: 73.3%) is found to be not challenge for their respective VSLA groups.

On the other hand, 33.3% (10/30) responses from the study group and 23.3% (7/30) responses from the control group showed that, absence of sense of ownership among the group members to the group is sometimes challenging. Additionally, 10% (3/30) of the responses from the study group and 3.3% (1/30) responses from the control group showed that, they are not sure that Absence of sense of ownership among the group members to the group is a challenge that their respective group faced. And none of the response from the two groups showed that, absence of sense of ownership among the group members to the group is a common challenge.

#### **4.7 Future Direction of VSLA**

According to the project officer of Tesfa Berhan Child and Family Development Organization, in order to expand and establish more VSLAs in the Woreda, comprehensive training is planned to be given on VSLA approach in general, establishing terms and conditions, basic business skill management, book keeping, conflict management skill, financial share out, deposit and interest calculation, leadership and problem solving skill and more training topic will be included based on the needs and knowledge gap found in the members.

It is also stated that, there are some activities that the woreda office for small enterprises has planned to upgrade VSALs into small enterprises. In line with this, there is also a plan to provide more skill based training for VSLA members. This training are usually expected to be given by expertise and professional in the field and will be more of technical support including business plan development. This is expected to transform VSLAs group from informal group to

more formal enterprises. There will be more coordination expected in the future among VSLAs groups, Kebele and Woreda administrations offices, Tesfa Birhan Child and Family Charitable Association and Micro Finance institutions than it is currently.

On the side of FGD participants at Andit Tsed (Study Group), the tendency of their group member to save in group is very good. Accordingly, they have a plan to continue and retain their interest, to save more money to be used for financial services and income diversification. In addition to this, they have stated that they did not face problems like disruption of saving funds or unreturned loans by the group members. This is considered as strength and wanted to build on these strength. The FGD participants mentioned that their last financial share out of the group was 1,880.00 ETB maximum and 1,030.00 minimum in June, 2017. This brought satisfaction with their share and created interest to increase the saving funds so that they can access better loans and better financial share out at the end of each VSLA cycle.

#### **4.7.1 New Member to Join VSLA, Available Trainings & Developing Saving Culture**

*Table 4.51. New Member to Join VSLA, Available Trainings & Developing Saving Culture:*

New members interested to join your CVS Group	Study Group			Control Group			
	YES	NO	Total	YES	NO	Total	
Frequency	25	5	30	28	2	30	
Percent	83.3%	16.7%	100%	93.3%	6.7%	100%	
	Study Group			Control Group			
Availability of different trainings	YES	NO	Total	YES	NO	Total	
	Frequency	22	8	30	26	4	30
	Percent	73.3%	26.7%	100%	86.7%	13.3%	100%
	Study Group			Control Group			
Developing saving habit among the	YES	NO	Total	YES	NO	Total	
	Frequency	27	3	30	29	1	30

community members	Percent	90%	10%	100%	96.7%	3.3%	100%
-------------------	---------	-----	-----	------	-------	------	------

---

*(Source: Own Survey, 2017)*

With both for the study and control group survey respondents was conducted on what would happen to the VSLA in the coming times. Accordingly, as it is presented in the above table, the majority of the respondents from the study and control group (83.3%) and 93.3% respectively replied that, the interest developed among the community members to join the VSLA Group can determine the future continuity of the existing and formation of new VSLAs group in the community. Very limited responses from the study group (16.7%) and 6.7% from the control group indicated that, the interest of new members to join VSLA group has nothing to do with their future journey. In conclusion, considering the majority of the responses from both the study group and control group, new member interest to join the saving group will enhance the future direction of VSLA to get developed.

On the other hand, with the study and control group, survey was conducted on how the availability of different trainings determines the future continuity of VSLA groups in the area. Accordingly, as it is presented in the above table, majority of the respondents from the study group (73.3%) (22/30) as well as the control group (86.7%) (26/30) replied that, the availability of different trainings will ensure the future continuity of the VSLAs group. The remaining responses from the study group and control group 16.7% and 13.3 % responses respectively indicated that the availability of different training has nothing to do with the future continuity. In conclusion, considering the majority of the responses from both the study group and control group, availability of different trainings will determine the future continuity of VSLAs group in the area.

Additionally, with the study and control group survey was conducted on how developing saving habit among the community members impact the future continuity of VSLA groups. Accordingly, as it is presented in the above table, majority of the respondents from the study group (90%) (27/30) and (96.7%)(29/30) from the control group replied that, developing saving habit in the community impact the future continuity of the VSLAs group. The remaining responses from the study group (10%)(3/30) and (3.3 %)(1/30) responses from the control group indicated that developing saving habit in the community has no impact future continuity of VSLA group in the community . In conclusion, considering the majority of the responses from both the study group and the control group, developing saving habit in the community has positive impact on the future continuity of VSLAs group.

#### **4.7.2 Assistance and Close follow-up from Government office and Other Stakeholders**

*Table 4.52. Assistance and Close follow-up from Government office and Other Stakeholders.*

Assistance from the government offices	Study Group			Control Group			
	YES	NO	Total	YES	NO	Total	
Frequency	27	3	30	Frequency	26	4	30
Percent	90%	10	100	Percent	86.7	13.3%	100
Close follow-up by different stakeholders	Study Group			Control Group			
	YES	NO	Total	YES	NO	Total	
Frequency	30	-	30	Frequency	30	-	30
Percent	100%	-	100%	Percent	100%	-	100%

*(Source: Own Survey, 2017)*

Furthermore, with the study and control group survey was conducted also on how assistance from the government offices impacts the future continuity of VSLAs groups. Accordingly, as it is presented in the above table 4.52, majority of the respondents from the study group (90%) (27/30) and (86.7%) (26/30) indicated that, assistance from the government

offices has high impact on the future continuity of the VSLAs group. The remaining responses from the study group (10%) (3/30) and (13.3 %) (4/30) from the control group respectively indicated that assistance from the government offices has nothing to do with the future continuity. In conclusion, considering the majority of the responses from both the study group and control group indicated that Assistance from the government offices has impact on the future continuity of VSLAs group.

Finally, with the study and control group survey was conducted also on how follow-up by different stakeholders has impact on the future continuity of the VSLAs groups. Accordingly, it is presented in the above table that all the respondents (100%) (30/30) from both the study group and control group replied that follow-up from different stakeholders highly impact the future continuity of the VSLAs group. None of the responses from both the study and control group revealed that follow-up by different stakeholders has no impact in the future continuity of VSLAs group. In conclusion, considering the total responses from both the study group and control group, follow-up from different stakeholders has impact on the VSLAs group.

## **Chapter Five**

### **5. Conclusion, Implications and Recommendations**

This chapter presents the conclusion and recommendation of the study with some implication in social work profession, research, academic and practical world. The details of the chapter organized as follows.

#### **5.1 Conclusion**

This study was conducted on Village Saving and Loan Associations with general objective of exploring the role of VSLA in improving the livelihood of its members there by developing the social capital and empowering women members. Besides, the study also aimed at figuring out the potential barriers that limit VSLAs and future prospective of VSLAs in the study area (Basona Worana Woreda, Amhara region, Ethiopia).

Empirical evidences and reviews reveled that VSLA approach is becoming the most successful model in reaching out the rural poor families. VSLA methodology was first introduced in Niger in 1991 by CARE international; and currently applied by many other institutions worldwide serving over 6 million poor people, globally. Similarly, in Ethiopia, VSLA model provides financial services and access to rural communities. In parallel with this,



this study also added some evidence that the role of VSLA in improving the livelihood of members and building social capital and empowering women.

Methodologically, the study employed both qualitative and quantitative research method. Theoretically, mixed approach enables to get valid information about subjective perceptions and also objective facts. Most researchers now accepted that it is sensible to use a mix of methods. And that is why the study employed both research methods. The participants of the study were VSLA members. In the study area, there are 17 VSLAs with 394 members out of which 373 are females and 21 are male members. 4 rural based VSLAs were selected purposefully, and the members of the four VSLAs were participated in different data collection tools on random basis. These VSLA were specifically from rural area village in the Woreda which includes (Keyit, Gudo Beret, Mush and Andit Tsed).

The groups were categorized in to control and study sub groups. The study group members were among the members who have stayed more than 2 years where as the control group includes the members who have stayed in the group for one and less than 1 year. Focus group discussion, interview of key informants, and survey respondents were the major data collection tools that were used in the study. In general, 32 FGD participants, 60 (30 control group and 30 study group members) survey respondents, and 7 key informants were participated. The collected data is analyzed both qualitatively and quantitatively with percentage distribution. The major findings of the study are summarized as follows.

#### **a) The Role of VSLA in changing Members Livelihood**

The data gained through key informant interview indicated that VSLA approach was introduced in the study area in 2014 by Tesfa Birhan. Accordingly, Tesfa Birhan has organized over 17 VSLAs in the Woreda. Currently, there are 394(373 female & 21 male) active members

of VSLAs. Over 95% (374) of the members are women while the rest 5% (21) are male members. There are some reasons why female households are high in number. First, most of the female members reside in the rural area have limited access to financial resources; second, there is assumption that males have better access and opportunity to go to the nearby town and have formal financial services than females; third, females have more familial responsibilities where they have to cover more of the family expenses (female expenses go to the family, on household expenses); fourth, women have less income and limited source; and fifth, VSLA creates stage where woman come together and discuss different topics.

On the other hand, the result gained from the survey respondents concluded that, majority of the responses for both the study (86.7%) and control group (100%) showed that VSLA is quite important in their life. On the other hand, the key informants and FGD participants indicated that loan taken out and financial shared out at the end of each year provided them with access to financial resources. In terms of the loan taken out, the data from the survey respondents indicated that the study group (93.3%) found to have more tendencies to take loans than the control group (73.3%).

Furthermore, the finding gained from FGD and in-depth interview showed that, most of the members requested loan for starting new business and /or expand the existing one, while some received loans for education of their children, for buying agricultural inputs (Seeds, Fertilizer, pesticides), for personal expenses and incase for accidental happenings. Similarly, the data gained on the purpose of loan taken among the study and control group depicted that the majority of respondents 53.3% (16/35) from the study group and 43.3% (13/35) from the control group expended the loan taken from their respective VSLA group on supporting agriculture related expenses.

And 16.7% of the responses from the study and control group indicated that, the loan that is taken from the group saving is usually used for supporting the education of the children. On the second stance, 30% (9/30) responses from study group and 40 % (12/30) responses from the control group showed that, the loan taken from the VSLA group is usually used for supporting business. The conclusion that can be possibly drawn from the above figures is that, for both control group (43.3%) and study group (53.3%), the loan taken from their respective VSLA group is usually consumed to support agriculture which is the main livelihood base for most of respondents.

Additionally, the general finding from FGDs, interviews and survey with both the study and control group indicated that, VSLA has a very positive outcomes such as improved saving culture/habit among the group members, good house quality, improved agriculture yields, livestock ownership, success in supporting the education of their children, acquired business ideas and skills to run, TV set ownership, created access to financial services, transformation towards new and modern living style, sustainable food supply for their family members and generally improved their families' basic needs.

Until VSLA group started in the village, the members have been using limited fertilizers, common crops and used to get limited outputs, consequently. This has been threatening the lives of many community members in terms of ensuring their families' food security in general and current members of VSLA group in particular. In contrast, after joining the VSLA group, most of the members are able to support their agriculture and acquired better yields.

To sum up, the FGD finding from Gudo Beret (Study group) also shared similar results that VSLA brought positive impact on their life in the past 3 years. They reported that, now they have better understanding of the social world, better access to information, better skills, access to

financial services, and knowledge on different aspects of life. They in general confirmed that, VSLA have very positive outcomes in their overall life and daily routine activities. In the FGD conducted at Keyit with control Group, participants have indicated that they have seen certain changes in their life although the tangible impacts mentioned by the study group in improving their livelihood is not seen due to the fact that they need more time to see the real impact of VSLA.

### **b) Creating Social Capital**

In regard to the Social capital that VSLA could possibly built, the findings from the study group in general indicated that, the social capital created through VSLA in the study area can be observed through social supports, financial support, social and personal interrelation, level of trust and transparency among the group members. Quite surpassingly, VSLA groups in Andit Tsed found to take social responsibilities. Positive outcomes were found from the data gained through FGD, surveys and in-depth interview with the study participants that, social capital is a central element among the member of VSLAs group in the study area.

To be more specific, the finding of the study indicated that the VSLA have a so called “social fund” which is an independent saving fund that is used for social support in times of difficulties and emergencies, indicating that there is social coherence among the VSLA members’. VSLAs have saving fund called “Merdaja” literally mean “social support or Social fund”. They save money to support each other in time of problems like the death of the primary family members (Father, mother or children). There are also times like the death of livestock (Cow, Ox). In such cases, the support is given to a member who encountered the problems. Everything that related to need of money during this is paid from the social fund.

Similarly, the findings of the study group indicated that majority of the study group respondents (80%) (24/30) have replied that, the level of supports that their respective group provides during emergencies for group members is very good. For the control group, majority of the respondents (50%) (15/30) replied that the level of supports that their respective group provides for the members during emergencies is very good. Comparing the two figures it is possible to indicate that, the level of social support among the study group members is stronger than it is in the control group.

Quite importantly, the finding gained through FGD study group at Gudo Beret indicated that the social interaction among the group members is like a family relationship. Beyond the money, sharing the emotions of the person in problem is highly valued among the group members. Even though, this has been in the community, VSLA members valued it more than any other social groups as they meet each other on regular basis. The sharing of happiness and sorrows among the group members have created strong social support and linkages. The FGD participants indicated that they believe such strong interrelationship among the members of the group also resulted in psychological support. When visited by the group members, a member who is experiencing good /bad situation could get psychosocial satisfaction and stay stronger. The communication, the discussion made and sense of sharing fillings of sorrow/happiness among each other is very important in building up such social linkages and providing real support for the affected members.

To the contrast, the data gained through FGD from control group at Keyit indicated that VSLA members have less interpersonal relationships and less tendency to share their personal life and secrets. But as a group they have good communication. Unlike the Study group, control

group discussed more of the financial issues. However, they valued the role of VSLA in gathering women together, and it is a relief for them to come together and save money.

The data gained through respondents' survey revealed that, majority of the study group respondents (56.7%) (17/30) have replied that, the level of Social Collaboration among VSLA members is very good. While for the control group, majority of the respondents (50%) (15/30) replied that the social collaboration in their group is good. From the two figures the level of Social Collaboration among VSLA members found to be stronger in the study group than it is in the control group.

By and large, VSLA members take social responsibilities like taking care the orphan vulnerable children in their community, taking part in pre-school building and lobbying the community/neighbors to send children to school. On the other hand, VSLA has also played mediating role thereby giving solutions to disputes created in families. There are time when there was disagreement between husband and wife, and where VSLA members are played mediating role. The very good level of trust, shared responsibilities among members, transparency in financial transactions, reasonable social supports, good interpersonal communication and relationships, good attachments among the group members are found to be good indicators of social capital created the VSLA approach.

### **c) Women Empowerment through VSLA**

Quite importantly, in many literatures, trust, shared responsibility among the group members, accountability of group member for each other and transparency in money transaction is central to the existence of VSLAs groups. In both the key informants and FGD discussants from both the study and control group indicated that, they have good patterns of such important social capitals in the VSLA group. Likewise, almost similar finding was also observed in

responses of survey respondents. In the survey groups, respondents were asked whether women have benefited from group saving or not with a “yes-no” question. Indeed, 27/30 (90%) of the study group and (83.3%) (25/30) of the control group indicated that women are benefitted from the VSLAs group.

The qualitative data showed that, many women don't have good saving culture, well developed financial services and good awareness, and as a result they have many socio-economic problems that existed in the society for decades. The key informants also confirmed that, female housed holds in particular and women in general have been experiencing many difficulties that faced their livelihoods. As it is indicated by the key informants, there have been challenges such as poor financial capacity, dependence on male partners, poor self-image, less self-confidence, poor ownership of livestock, inadequate basic needs supply particularly food/adequate nutrition, absence of alternative means of income, children school dropout, exposure to taking loans from unlawful financial services called “Arata Abadari”, and many other unmentioned challenges. In line with this, Likert Scale measurement was used to measure different variables such as how the respondents agreed or disagreed or remain undecided with the given statements. Consequently, the finding indicated that the majority of the respondents (33.3% study group and 13% of the control group strongly agreed while 60% and 80% of the study and control group respectively agreed that women in VSLA are economically powerful than the non-members. On the other hand, the other finding shows that, majority of the responses from the study group (40%) agreed with the statement that Women in VSLA have better assets accumulation than the non-members: (home, livestock, land...) while majority of the respondents from the control group (46.7%) remain neutral. Moreover, for both the study and control group, the finding from the survey indicated that the majority of the responses from both groups (Study group 53.3% and Control

group 53.3%) agreed that Women in VSLA are participated in other social affairs than the non-members.

To sum up, the study indicated that VSLA have great role in motivating and economically empowering women group member. It increased the motivation of members to start up new business, to save more, and to take loan with confidence. In general, the women members have acquired good communication skills, good image of themselves, became independent of their spouses, able to make joint decision on family issues, self-confidence, financial security and better hope for the future.

#### **d) Challenges Faced by VSLAs**

The finding gained through the key informants and FGD discussants showed that, in the first year of the group formation, their awareness on saving habit was found to be a major problem. On the other hand, some members have been challenged to abide with the rules and regulation enacted to govern every VSLA member. Additionally, the findings showed that there was miss understanding between the group leaders and other group members. However, in the current stance of VSLAs, such misunderstanding among the VSLA members is rarely observed.

Furthermore, the finding also indicated that some of the VSLA members used to lack the capacity to save money on regular basis despite that they had interest to do. Additionally, very few members have absent records, their saving patterns is affected by lack of regular income. Though it is not quite commonly seen, very limited members have less tendency to repay the loan with its interest rate in time as well as members who didn't know what to do with the money after taking loan and the yearly financial shared out. The data gained from the survey of respondents also provided similar findings. The majority of the respondents from the study group (83.7%) and control group (56.7%) indicated that problems that related to the members



attendance is sometimes challenging. Considering the two figures, it is possible to conclude that for both the study group (83.7%) and control group (56.7%) attendance of the group members is sometimes challenging.

On the other hand, the majority of the responses from the study group (43.3%) (13/30) indicated that, the financial capacity (less amount of regular savings) in their respective group is a common challenge. Similarly, from the control group majority of the respondents (22/30) (73.3%) replied that the group financial capacity (less amount of regular savings) is common challenging. Considering the two figures, it is possible to conclude that for both the study group and control group, limited financial capacity (less amount of regular savings/income) is common challenge to them. And, the limited financial capacity found to be common challenge among the control group than it is in the study group. Besides, the loan returning problem for the study group (50%) is found to be not a problem while in the control group (56.7 %) this is sometimes challenging. And lack of training on financial management for the study group (50%) is found to be sometimes problematic to them while in the control group (70 %) lack of training on financial management is much stronger than it is in the control group which is commonly challenging.

Furthermore, disputes among the members on financial issues (46.7%) for the study group is found to be not a problem while for the control group majority of the responses (50%) indicated that disputes among the members on financial issues is sometimes problem. Indeed, the conclusion is that disputes among the members on financial issues are found to be sometimes challenging among the control group than it is in the study Group. In general, the data gained through FGDs and Key informants indicated that, some of the problems related to VSLAs group include absents of the group members from meeting, less funds for saving, few members

unwillingness to be abided by the rules and regulations of the VSLA groups, absence of income diversities, and the distance among the village settlement.

**e) The feature prospective of VSLAs**

The data gained from key informants particularly, from the Woreda officers showed that there will be a comprehensive training to be given on VSAL approach in general, on helping the group members to establish terms and conditions to govern them, on basic business skill training, on book keeping, on conflict management, on financial share out calculation, on deposit and interest calculation, and on leadership and problem solving. And more training topics to be added from time to time based on the identified needs and knowledge gap among the VSLAs group members. On the other hand, the Woreda office for small enterprises development has plan to scale up VSALs into small enterprises while the office have also a plan to provide more skill based training for VSLA members to be given by expertise and professional in the field and provide more technical support in the area of business plan development. This is believed to transform VSALs from informal group to more formal enterprises in the future and will have positive outcome on VSLAs groups.

In the survey responses, majority of the respondents from the study group (90%) (27/30) replied that, assistance from the government offices will have high impact on the sustainability of the VSLAs group. Similarly, in the control group higher percentage of the responses (86.7%) showed that assistance from the government offices will have impact on securing their VSLA group. Besides, the survey conducted on VSLA members, respondents (Study Vs Control group) were asked some determining factors such interest among the non-members to join saving groups, available trainings, saving culture in the community members, support from the government offices and follow-up requirements by different stakeholders using Yes-No answers.

All of the mentioned determinants found to have positive impact on the future journey of VSLAs to be developed well and ensure the benefits of the members.

## **5.2 Theoretical and Practical Implications of VSLA Approach in Social Work Profession**

From social work point of view VSLAs approaches can be directly related to some theories and perspectives which are discussed in chapter two. In literatures of social work, the primary mission of the social work profession is,

*“to enhance human well-being and help meet the basic human needs of all people, with particular attention to the needs and empowerment of people who are vulnerable, oppressed, and living in poverty. A historic and defining feature of social work is the profession’s focus on individual well-being in a social context and the well-being of society. Fundamental to social work is attention to the environmental forces that create, contribute to, and address problems in living”* (David A. Hardcastle, Patricia R. Powers & Stanley Wenocur, (2004).<sup>2</sup>

If we consider the role of VSLA in supporting the livelihood of members in relation to the above definition, the approach of VSLA shares some components like Empowerment, enhancing wellbeing (livelihood issues), basic needs, Vulnerability, and poverty related issues. Therefore, social work is most relevant discipline that much of its definition, theories and models go in parallel with VSLA approach. Theoretically, social exchange can best explain the VSAL models where the interaction and social exchange is crucial for the survival of the saving group. Central to exchange theory, profit maximization and satisfaction with it is also true in VSLA. Perspective from social work profession, specifically strength based perspective which focused

---

<sup>2</sup>David A. Hardcastle, Patricia R. Powers & Stanley Wenocur, (2004). Community Practice: Theories and Skills for Social Workers, Second Edition. Oxford University Press, Inc., New York. USA.

on the service users' resource, strength and ability, directly linked to practicing VSLA approach in a given setting.

Then the most important implication of the VSLA for social workers is that, how they can possibly practice the approach of VSLA with the poor families and women. The question is that what is the role of social workers in VSLA approach? In the finding of the study, there are some important processes that VSLA should go through. Indeed, the social workers may assess the entire community to know either financial resource access and service is problematic or not. Then, being with stake holders (like Tesfa Birhan, the woreda office, women, in the case of this study), social work practitioners can act as facilitator of trainings, awareness creator, community mobilizer, community resource mapper, and case managers. To be specific, if comprehensive training is planned to be given for all community members, social workers can act as planner of the training, assess needs of the community, do pilot tests, lobby the community members to get trainings and identify the strength and weakness, thereby looking for opportunities.

On the other hand, social workers can also act as a researcher and/or evaluator of VSLA impacts by recording and researching the real impact of the approach among the different community members. For example, in the case of this study, social workers can report findings on how actually VSLAs are important in improving the members' livelihood, empowering women and building social capital among the members. The report may encourage project planners like Tesfa Birhan to reach out more resilient rural communities and poor families.

Besides, researching role social worker can create linkages among the different groups of VSLA with different available skill training, market linkages, resources and so on. Particularly, this can work if the social workers closely work with woreda's office for small enterprises, women and child affairs office and another governmental organ. In general, VSLA approach has

a clear linkage with social work profession both in theorizing the approach and practical application. And the role of social work practitioners in this respect is multi- dimensional.

### **5.3 Recommendations**

Based on the findings of the study, the following recommendations were forwarded by the investigator.

From the members' sides, members should abide to the terms and conditions, improve their attendance and keep up the strong areas. The social responsibilities started by some of the VSLAs should also be replicated. The good social relationships, friendship, interpersonal communication, social support provision created among the members should be continuing to grow and fair all group members'.

On the other sides, Lack of linkage with the formal financial institutions and VSLA is clearly observed. Therefore, to make sure that VSLAs members' have access to better capital accumulation or better financial services or regular income, there should be formal linkages between VSLA and formal financial service provider. And Tesfa Birhan Child and Family Development Organization can take the lead to facilitate such linkages.

Although Money injection is not supported by VSLA approach, it might be good to increase the financial capacity of VSLAs group in the process of transforming them into small enterprises by the Woreda office for small scale enterprises. On the other hand, the capacity of the VSLAs members' in line with creating business thinking should be enhanced through training programs and therefore, technical support and training on business plan development is critically needed.

Moreover, in order to keep the saving pattern of members (Saving on regular basis), there need to be diversification of income, probably through engagement in income generating activities. The Woreda administrations should support and facilitate the process through the engaging professionals and expertise in the field.

On the other sides, members of VSLAs groups are equally responsible to maximize the benefit that could possibly gain from VSLAs. Women VSLAs group members should preserve their saving funds through bringing more new members to the group. And, Tesfa Birhan Child and Family Development Organization should reach out for more poor families and women to engage in VSLA groups. The organization should conduct massive training in the other kebeles of the Woreda to. Moreover, the Woreda administration and kebele administration should make continues follow up on the progress of the VSLAs group and take part in transforming VSLAs into small enterprises.

Similarly, some of the study's participants have also recommended that, members should save more and more with equal commitment. From the government sides, currently the VSLAs groups need electricity for their enterprise, and they indicated that if they got electricity, they will continue to work longer hours. Additionally, they mentioned that they need more water supplies for the coming sunny seasons. Therefore, they request the Woreda administration to provide the village with adequate water supply. Therefore, the infrastructure needed should be fulfilled.

In general, the coordination among VSLAs, Tesfa Birhan, Woreda offices, and other likeminded organization working in the area is highly recommended to maximize the benefit that possibly members of VSLAs gaining from group.

Finally, the researcher recommends for further comprehensive research to be done on Village Saving and Loan Association (VSLA) approach focusing on VSLAs groups in different parts of Ethiopia. This is in order to substantiate its contribution to poverty alleviation in Ethiopia so that the government and other development actors confidently duplicate VSLA approach in the country.

## **References**

Allen, H. and P. Hobane (2004). *Impact Evaluation of Kupfuma Ishungu*. Zimbabwe.

Anol Bhattacharjee (2012). *Social Science Research: Principle, Methods, and Practices*

Ashley Crossman & Nicki Lisa Cole, (2017). Understanding Social Exchange Theory. Thought Co. Available at <https://www.thoughtco.com/social-exchange-theory-3026634>

Asmamaw E, (2004). Understanding Poverty: The Ethiopian Context. A Paper Presented to the Gambian AAPAM, Roundtable Conference. Addis Ababa, Ethiopia.

Bryman, A. (1988). *Quantity and Quality in Social Research*. New York : Teylor and Francis.

CARE International (2010). Village Saving and Loans Associations. Kampala, Uganda.

Care International, (2015). For Over 70 Years, A Global Leader Dedicated to Saving Lives and Ending Poverty: Annual Report. Geneva, Switzerland

CARE International, (2016). Village Saving and Loan Associations. A case study PROCOCO. Project goals Implementation, Strategies and Result Highlights. Ghana.

Charles M. Rambo, (2012). Economic Empowerment of Women Through Village Savings and Loan Schemes: A Case of Care Kenya Program in Rachuonyo District, Kenya. DBA Africa Management Review. Vol 2 No 2.

Christopher K, Helene B, Jonas H & Ole D, (2013). Impact of Village Savings and Loans Associations: Evidence from a Cluster Randomized Trial. The Rockwool Foundation Research Unit, Copenhagen. Denmark.

Edengenet Zelalem, (2016). Women Economic Empowerment Trough Village Saving and Loan Association: The Case of Loka Abaya District, Sidama Zone Of SNNP. Indira Gandhi National Open University, Addis Ababa, Ethiopia.

Ezra A, Ezekiel E, Lydia O, Susan J, Markku M & Chris M, (2005). Village Savings and Loan Associations: experience from Zanzibar. Nairobi, Kenya.

Hugh Allen, (2006). Village Savings and Loan Associations (VS&LAs) in Africa: Program Guide one version 1.5.

John L & Peggy H, (1993). The Process of Empowerment: Implications for Theory and Practice. Canadian Journal of Community Mental Health.

Jos'e A. Scheinkman, (nd). Social Interactions. Princeton University and NBER.



- Keshab Chandra Mandal. (2013). Concept and Types of Women Empowerment. International Forum of Teaching and Studies. Vidyasagar University, Department of Political Science with Rural Administration, Midnapore, West Bengal, India.
- Kristin H, Sybil c & Lauren H, (2009). Bringing financial service to the Africa's Poor. Micro-Finance in Africa state of the sector Report.
- Margaret A.& Wendy B, (2003). Research for Social Workers: An introduction to methods. National Library of Australia. 2nd ed. ISBN 1 86508 894 3.
- Martha Alemayehu (2015) on the Effect of Microfinance on Rural Women Empowerment in The Case of Village Saving and Loan Association in Fedis District, East Hararghe Zone, Oromia National Regional State. Addis Ababa, Ethiopia.
- Matt, H. M. (2006). *A Short Introduction to Social Research* . New Delhi: Sage Publications.
- Mc Neill, P. A. (2005). *Research Methods* . New York: Routledge .
- Miller and Brewer. (2003). *The A–Z of Social Research*: London, Sage.
- Odokonyero Tony, (2012). Informal Savings Schemes and Household Welfare in Northern Uganda: A Case Study of Amuru District. Makerere University.
- Prosperous Cocoa-Farming Communities (PROCOCO) Project, (2016). Village, Savings, and Loans Associations with a case study on PROCOCO-Ghana Project Goals, Implementation Strategies, and Results Highlights, Ghana.
- Sanzidur R. & Shaheen A, (2010). Determinants of livelihood security in poor settlements in Bangladesh. University of Plymouth, UK.
- State of the Microcredit Summit Campaign Report. (2008). Microcredit Summit Campaign, Washington, D.C. USA.
- Tegege G/Egziabher & Peter Mackie. (2015), Informal Economy Research Observatory. Cardiff University and Institute of Development Policy & Research, Addis Ababa University.
- Timothy R, Kristina L, James B, & M. Katherine Mc Caston, (2002). Household Livelihood Security Assessments a Toolkit for Practitioners. TANGO International Inc. Tucson, Arizona, USA.
- Tine R & Susan A, (1999). Social Capital: Conceptual Frameworks and Empirical Evidence an Annotated Bibliography. The World Bank Social Development Family Environmentally and Socially Sustainable Development Network.
- Tobias Lindé & Madelene Spencer, (2015). Access to Financial Services and Women's

Empowerment. *An Evaluation of a Village Savings and Loans Association in Rural Malawi*. University of Gothenburg. Sweden.

United Nations, (2001). “Empowerment of women throughout the life cycle as a transformative strategy for poverty eradication” (EGM/POV/2001/REPORT).

United Nations (2009). *Re-thinking Poverty: Report on the World Social Situations*. New York. USA.

World Bank (2007). *World Development Report*. New York: World Bank.

**Indira Gandhi National Open University (IGNOU)**

**Department of Social Work**

**Appendix 1: Questionnaire Guideline for Key Informants\_1**

My name is Roza Ashenafi. I am doing my Master's in Social Work at Indira Gandhi Open University. Currently, I am conducting study on the role of VSLAs group in improving the livelihoods of its members' the case of Basona Woreda as a partial fulfillment of my Masters' Degree.

For the same purpose, I have developed certain questions to collect data for the study. The main purpose of the research is generally aimed at examining the role of Village Saving and Loan Association in improving the livelihood of the members' with particular focus on the case of VSLAs in Bosana Woreda. The specific objectives of the study are: to study the Role of the Village Saving and Loan Association in improving the livelihood of the target families, to evaluate the role of VSLAs group in improving the social capital of the group members, to assess the role played by VSLA in empowering women and to identify the challenges and future prospective in VSLA in supporting the community members.

In order to get the required information on the mentioned topic, you are identified as one of the study participants. It may take us about an hour or less to complete the questions. Your name and all the information you will provide will not be disclosed to others; and it is only used to full fill the purpose of the study. The study report will be submitted to the university. You have all the right to respond or withdraw from responding any time if you feel so. There is no compensations/payment you will get for participating in this study.

Thank you for your time and cooperation!

Date: \_\_\_\_\_

Participant's Signature: \_\_\_\_\_

Researcher's Signature: \_\_\_\_\_

Contact info: [Rosa\\_ashenafi@yahoo.com](mailto:Rosa_ashenafi@yahoo.com) ; Cell phone +251 -911-197305

### **Part One: Demographic information of Key Informant**

*Please fill the following table as per to your personal profile.*

Sex	Age	Marital status	Job	Educational Level	Educational Background	Place of Residency	Working Experience in VSLA

**Part Two: Main Questions**

*This part will address the objective of the study. The questions are designed based on the specific objectives of the study. Accordingly, the key informants will be expected to answer them by theme.*

**Objective 1) To study the role of the Village Saving and Loan Association on the household in improving the livelihood of the target families.**

- a) Please explain how VSLA is operating in this woreda?
- b) How many families are targeted? What makes them to come together?
- c) How the VSLA Groups manage their savings? How the loan reaches each member?
- d) What are tangible changes you have seen on the households? Explain their livelihood before and after joining VSLA.
- e) Please give specific examples by considering some members?

**Objective 2) To evaluate the role of VSLA program in improving the social capital of the target members.**

- a) How do you think VSAL is important to households? Explain the social and economic importance of VSLA?
- b) How do members interact with each other at the group meetings?
- c) What is the role of VSLA in bringing members together?
- d) Explain the members' level of trust, responsibility and accountability for each other and for the group as general.
- e) Is there any change observed on the social capital among the group?
- f) How you explain the group sense of ownership in relation with VSLA?

**Objective 3) To assess the role played by VSLA in empowering women?**

- a)* How many women are members of VSLA? How many males are available in the group?  
Is the number of women higher than male members? If then, why do you think women are higher?
- b)* How do you explain women participation in managing financial transaction?
- c)* How do you explain their participation in decision making in their families?
- d)* How do you explain the changes you have observed on women's level of confidence, after joining the group?
- e)* What are the economic and social challenges that VSLA reduce for women members?
- f)* Generally, how do you explain the role of VSLA in empowering women in the community? Please provide some specific examples.

**Objective 4) To identify the challenges Faced by VSLA in supporting the group members.**

- a)* What are the main challenges that the VSLA faced to advance more in the woreda?  
Explain challenges related to the members, training
- b)* Who are your partners? if there is any one, please explain their roles?

**Objective 5. And future prospective in VSLA in supporting the group members.**

- a)* How do you expect future direction of VSLA in improving the livelihood of members?
- b)* Is there any future plan that aimed at expanding VSLA to reach out the nonmembers?
- c)* What do you recommend in maximizing the role of VSLA in future?

**We highly appreciate and thank you for your Cooperation!**

**Appendix 2: Interview Guideline for Focus Group Discussion\_2**

**Part One: Demographic information of FGD Participants**

Code	Sex	Age	# of years in VSLA	Education	Means of livelihood	No of children	Monthly saving	Income	Residence
P1									
P2									
P3									
P4									
P5									
P6									
P7									
P8									

Part Two: Main Parts

**To study the role of the Village Saving and Loan Association on the household in improving the livelihood of the target families.**

- Explain your livelihood before and after Joining VSLA.
- What changes you have seen on each other?
- How members take the loan? How the interest rate is calculated?
- Is the loan important to take? If then, explain for what purpose such loans usually consumed?
- Explain the role of VSLA in improving the livelihood of its members?

**To evaluate the role of VSLA program in improving the social capital of the target members.**

- a) Explain the level of trust, accountability, responsibility and collective action of members to each group?
- b) How is VSLA important to bring members together and support each other?

- c) Does VSLA creates social capital among the members? If then in what this has happened?
- d) How do you explain your sense of ownership to the group as members?

**To assess the role played by VSLA in empowering women.**

- a) How VSLA does support female members? Please provide some examples.
- b) How does the saving and loans Association help to empower economically?
- c) Explain the participation of women in decision making in their families?
- d) Generally, explain the role of VSLA in empowering woman?

**To identify the challenges faced by VSLA in supporting the members.**

- a) What are the basic challenges that you and your respective group faced as member in the group?
- b) What are supports and guidance available? If then, who are these supporters?

**To know the future prospective of VSLA in supporting the VSLA group members.**

- c) How do you think the future role of VSLA for you and other members?
- d) What do you recommend in maximizing the effort of VSLA in improving the livelihood of its members?

**Thank You Very much for your cooperation!**

**Appendix 3: Survey Questionnaire for Respondents**

**Part one: Demographic Characteristics of Respondents**

**Instruction:** Please tick the one which applies to you

1. **Age**
  - a. 18-25
  - b. 26-32
  - c. 33-40
  - d. 41-50
  - e. 51+
2. **Gender**
  - a. Male
  - b. Female
3. **Marital status**
  - a. Married
  - b. Single
  - c. Widowed
  - d. Divorced
4. How many children have you?
  - a. None
  - b. 1 child
  - c. 2 children
  - d. 3 children
  - e. 4+ children
5. Is there any dependent family other than your children?
  - a. Yes
  - b. No
6. Your livelihood bases on
  - a. Agriculture
  - b. Petty trade
  - c. Employed to Government/other organization
  - d. Private business
  - e. Daily labor
  - f. Other explain\_\_\_\_\_
7. Your educational level?
  - a. Not educated
  - b. Primary education
  - c. Secondary education
  - d. Tertiary education
8. Member of VSLA since,
  - a. 1 year



- b. 2 years
  - c. 3 years and above
9. Your monthly income
- a. 500-1000 ETB
  - b. 1001-2000 ETB
  - c. >2000 ETB
  - d. <500 ETB
10. **How much do you save per month?**
- a. 250-500 ETB
  - b. 501-1000 ETB
  - c. >1000 ETB
  - d. <250 ETB

**Part Two: Main parts**

**Section 1: What is the role of Village Saving and Loan Association on the household in improving the livelihood of the target families?**

Instruction: In order to answer the above question, please tick the one which applies to you.

1. Do you involve in the following other saving schemes other than VSLA?
- a. Ekub
  - b. Ider
  - c. Formal Bank saving
  - d. Please specify if any other, \_\_\_\_\_
2. Which of the following saving scheme is easily accessible to you?
- 1. Ekub
  - 2. VSLA
  - 3. Ider
  - 4. Formal Bank saving

5. Please specify if any other, \_\_\_\_\_
3. Do you find VSLA important to your life?
- a. Yes    b. No
4. Have you taken Loan from VSLA yet?
- a. Yes        b. No
5. If yes, for what purpose you usually use the loan you get from VSLA?
- a. To support Agriculture/farm work
- b. To educate children
- c. To start/support business
- d. If other, please specify\_\_\_\_\_

Considering the times before and after you have joined VSLA, please rate the following indicators.

<b>Indicators of livelihood</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>Description</b>
Level of Income					1= No improvement 2=Little improvement 3=Moderate improvement 4=Highly Improved
Saving culture					
Improved agricultural yields					
Success in supporting family					
Educating Children					
Livestock assets					
Basic Needs (shelter, food, and clothing)					

**Section 2. What is the role of VSLA program in improving the social capital of the target members.**

Please indicate the following assets of VSLA?

<b>Assets of social capital</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>Description</b>
Trust among the members						1= Don't Know 2= Poor 3= Good
Responsibility by the members for the members						
Accountability to the members						

Transparency during the Money Transaction						4=Very Good 5=Excellent
Helping each other in time of emergency						
Social collaboration						
Educating each other/awareness on saving culture						
Bringing member of the community						

**Section 3. What is the role played by VSLA in empowering women?**

**1. Are women benefited from VSLA?**

- a. Yes
- b. No

**2. If yes, what is the actual benefit?**

- a. Economic benefit
- b. Participation in social organization
- c. Educating their children
- d. Leading the group
- e. Please specify if any others\_\_\_\_\_

**3. Please tick the one that you think it applies to the question**

Argument	SAG	AG	DAG	SDGR	NEU
Women in VSLA are economically powerful than the non-members					
Women in VSLA have better financial access than the non-members					
Women in VSLA have better assets accumulation than the non-members: (home, livestock, land...)					
Women in VSLA are participating in other social affairs than the non-members.					
Women in VSLA support their families/children better than the non-members.					

Women in VSLA have strong role in social leadership than the non-members.					
Women in VSLA have better self-esteem than the non-members.					

\*\*\*N.B: SAG= Strongly Agreed; AG=Agreed; DAG=Disagreed; SDGR=Strongly Disagreed; NUE= Neutral (Remain Undecided).

**Section 4. What are the challenges faced by VSLA in supporting the group members.**

**Do the following issues found to be challenge for your group (VSLA)?**

Challenges	3	2	1	0	Description
Members attendance trend (Absenteeism)					<b>0= Not sure</b> <b>1= Not a Challenge</b> <b>2= Sometimes challenging</b> <b>3= Common Challenge</b>
Financial capacity (less amount of regular savings)					
Loan return (loans are not returned on the proposed date)					
Lack of skill training on Financial management					
Interest rate scale (maybe higher interest rate)					
Members' drop-out					
Disputes among the members on financial issues					
Absence of sense of ownership among the group members to the group					

**Section 5. The Future prospective of VSLA in supporting the group members.**

Indicators	YES	NO
1. Are there new members interested to join VSLA		
2. Needs for additional capacity building/Different Training		

programs		
3. Improved saving culture in the entire community		
4. Need of Governmental supports;		
5. Closer follow up from different stakeholders		
6. Please specify others		

**Please write any missed point or any remark you have**

**here:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Thank You Very Much!**

**Appendix 4: Question Guides for key informants from the Woreda.**

**Interview Guide 4: (Woreda officers)**

<b>Sex</b>	<b>Age</b>	<b>Marital status</b>	<b>Job</b>	<b>Educational Level</b>	<b>Educational Background</b>	<b>Place of Residency</b>	<b>Working Experience</b>

--	--	--	--	--	--	--	--

**A) Role of VSLA?**

1. How many VSLA are active in the Woreda?"
2. How the activities of VSLA are operating managed?
3. Which community sections are the active beneficiaries of VSLAs.
4. How are you working with VSLA groups?
5. Describe how important VLSAs are in your community?
6. What changes have been observed among the members of different VSLA members in the woreda?
7. Can you tell me this with specific case?

**B) Women Empowerment through VSLA**

1. Are women benefited from VSLA?
2. What are some of the benefits
3. If not, why is it failed to benefit women?
4. What are the indicators that show women have got empowered as a member?

**C) Social Capital indicators**

1. Do VSLA member involve in the community issue?
2. Then, in what way you explain, their involvement?
3. What kind of Trust and social support, collective actions among the members of different VSLAs in the woreda?

**D) Observed Challenges**

1. What are the challenges that VSLA faced quite; frequently?
2. Explain the corrective measures taken
3. If not, why?
4. What would suggest in tackling such challenges?

**E) Future prospective of VSLA?**

1. How do you explain the futurity of the VSLA?
2. Do their experiences have some practical indicators for policy makers?
3. What is your plan to enhance the role VSLA in changing the livelihood of members\)?
4. What is your plan to enhance the role VSLA in enhancing the process of woman empowerment?
5. What is your plan to enhance the role VSLA in the development of social capital?

Please give any missed point:

---

---

---

---

---