

GHANA'S LOWER MIDDLE-INCOME STATUS: IMPLICATIONS FOR IMPROVED
WASH SERVICES DELIVERY - ROLE OF GOVERNMENT AND PRIVATE SECTOR

Community-based Savings and Loans Schemes for Improved Livelihoods and WASH Service Delivery – the Northern Ghana Experience

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In rural communities in Ghana, poverty and lack of opportunities to access and use an appropriate range of financial products and services to create and grow livelihoods, directly affect people's prospects for improved access to sustainable WASH services in rural communities. CRS's Savings and Internal Lending Communities (SILC) strategy can fill the gap as the saving amounts from this scheme are affordable and easy to manage, and thus within reach of the people. The SILC methodology, which is rooted in traditional accumulating savings and credit associations, has helped the poor worldwide to build useful lump sums without excessive debt or interest payments, and has facilitated social cohesion among members. SILC has further fostered increased financial inclusion through an enhanced market-based strategy led by fee-for-service delivery agents, called Private Service Providers, to create an ideal platform for investment in delivery of other services, including WASH. The total assets of Ghana's current 539 first-cycle SILC groups, with 23 members each, amount to USD207,800.

INTRODUCTION

Despite Ghana's growth, its northern regions¹ still struggle to reach their full potential in terms of health, economic viability, and education – disproportionately affecting the country's most impoverished and vulnerable children (Ghana Statistical Survey et al., 2009). The education system is challenged with issues of school absenteeism, and poor retention rates and academic performance. These challenges are more pronounced in rural schools and among adolescent girls.

While poverty affects parents' and guardians' ability to pay recurrent academic costs, including payment of school related fees and supplies, water, sanitation, and hygiene issues at schools also affect attendance in two ways: 1) the lack of gender-separated sanitation facilities does not allow girls to manage menstruation, which results in girls' monthly absenteeism from school, and 2) in some areas, as high as 70% of children are infected with water-borne diseases (e.g., diarrhoea, typhoid, schistosomiasis, and helminths) due to encountering and/or consuming unsafe water and using unclean sanitation facilities (CRS Ghana, 2011). This directly affects students' ability to attend school and to retain learning.

According to the Ghana Statistical Survey (2012), sanitation coverage in Ghana is only 14%, and just 5.2% and 3.0% in the Northern and Upper East regions, respectively. Open defecation is common in these areas and predisposes inhabitants to illness. The practice of hand washing with soap is low in the Northern (38%) and Upper East (46%) regions, further compounding this exposure. Efforts to improve sanitation and hygiene practices have been hindered by several factors including socio-cultural factors, inappropriate technology, inadequate technical support and poverty. The failure to create demand for the construction of latrines and hand-washing facilities could partly be attributed to a lack of ready access to financial services tailored to the needs of the poor and vulnerable populations.

In most rural communities, access to formal financial institutions or services is very limited. Where these institutions are available, the terms and conditions for accessing the financial services are very demanding and generally beyond the reach of the poor and vulnerable populations. The banks require a minimum amount to open an account, which must support quarterly bank charges – serving as a disincentive to formal savings for poor households. Limited service and high fees deter many vulnerable community members from accessing finance to invest in improving their livelihoods, including paying for WASH services.

The Savings and Internal Lending Communities (SILC) methodology, designed and implemented by Catholic Relief Services (CRS), fills that gap as the weekly saving amounts are affordable, easy to manage, and within reach of poor and vulnerable populations. To this end, the Integrated Sanitation, Hygiene and Nutrition for Education (I-SHINE) project has combined WASH and microfinance interventions, using the SILC groups as platforms for nutrition and hygiene education.

¹ While the northern regions include the Upper West, Upper East, and the Northern regions, only the Upper East and Northern regions were part of this project.

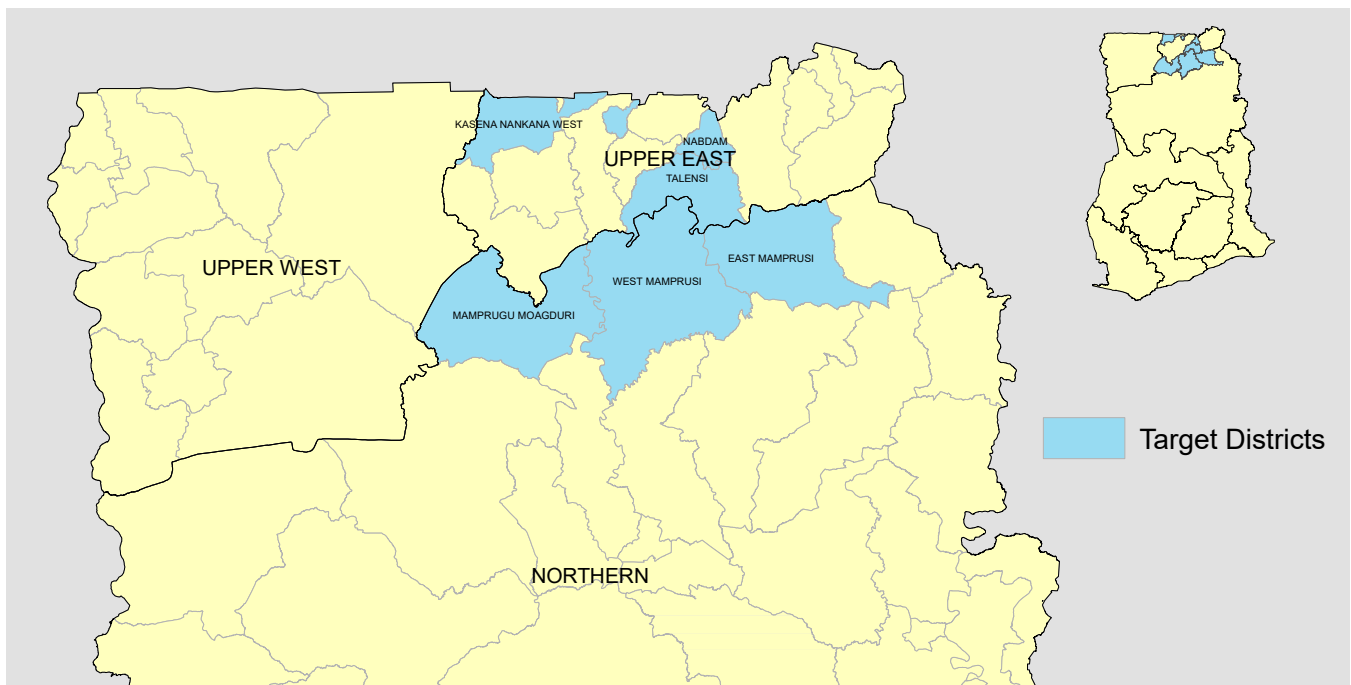


Figure 1. I-SHINE project districts

PROJECT OVERVIEW

To address the issues affecting school retention – such as the quality of the students’ learning environment and nutrition, and community sanitation – CRS implemented the Integrated Sanitation, Hygiene and Nutrition for Education (I-SHINE) project between January 1, 2014 and June 30, 2017. The I-SHINE project covered six districts in the Northern and Upper East Regions, as shown in Figure 1. Funding for I-SHINE was provided by the Leona M. and Harry B. Helmsley Charitable Trust. The two project objectives were to ensure that (1) children regularly attend water, sanitation, and hygiene (WASH)-friendly schools; and (2) individuals live in communities free of open defecation. The primary challenges to achieving these two objectives were poverty, and parents’ corresponding inability to access financial services tailored to their needs.

CRS empowered community members to solve these issues principally through two interventions: First, community members were encouraged to participate in SILC. Second, the project piloted a comprehensive approach to sanitation through community-led provision of latrines and hygiene education, using tippy taps² and training on local soap production in three out of the 138 communities targeted. Together, SILC and sanitation interventions ensured an environment free of open defecation, as well as a quality learning environment to enhance knowledge retention by students in school.



SILC group meeting in Gbangu community-Northern Region
Source: CRS – Ghana

² A tippy tap is container with a small hole near the cap filled with water and tipped with a stick and rope tied through a hole in the cap for hand washing under running water.

SAVINGS AND INTERNAL LENDING COMMUNITIES STRATEGY

CRS's SILC is a holistic grassroots methodology that enables households to protect assets, improve their cash flow and increase income. SILC provides flexible and sustainable financial solutions to needy households.

SILC groups consist of self-selected individuals from within the same community. Members select each other based on characteristics of trustworthiness, honesty, reliability, and punctuality. It is important that members are committed and hardworking, have similar social status, are of good standing within their community, and demonstrate willingness to save.

SILC groups consist of 15-30 members, who agree to make weekly savings deposits (usually with predetermined minimum and maximum amounts), and a separate weekly contribution to a social fund to help members in difficulty. Photograph 1 shows SILC group members paying their weekly contributions.

SILC is managed in a community as follows:

RECRUITMENT

- Field Agents (FA) are identified within the community using a checklist, after which they are interviewed by CRS and its local partner (the Ghana Health Service) to be selected as FAs (Vanmeenen and Bavois, 2011);
- FAs are trained to form and manage SILC groups; and
- A SILC cash box is given to each FA to use for demonstration purposes to sensitize the community when forming the groups (see photograph 2).

FORMATION OF SILC GROUPS

- FAs go into the communities in their area of operations to form groups;
- CRS and its local partner motivate FAs by providing them with a bicycle, a T-shirt, and small monthly stipend, which is based on the number of groups formed; and
- After completion of the training and a rigorous exam, CRS and its local partner certify FAs as Private Service Providers (PSPs), who are now paid by the groups that they train and support, rather than by the project. PSP certification ensures the long-term (post-project) availability of SILC services in each area.

NETWORK FORMATION AND RECRUITMENT OF APPRENTICES

- CRS and the Ghana Health Service assist PSPs in forming peer networks, as well as in the development of an apprenticeship process to increase the number of active agents in a project area, after transitioning into PSPs.



Trained field agents showcasing their SILC boxes, Nabdram district - Upper East Region

Source: CRS - Ghana

TRAINING ON FINANCIAL EDUCATION AND BUSINESS DEVELOPMENT

- Since SILC is a necessary but not sufficient condition to improve livelihood activities in households, CRS and partners offer PSPs training on additional skills, such as financial education and marketing basics;
- SILC PSPs deliver these trainings to SILC members on a fee-for-service basis, thus increasing the sustainability of the model for PSPs, who earn more income; and
- This additional training helps SILC members to better manage and leverage the use of their lump-sum, share-out cash, and encourages them to access loans from the group for investment in their small businesses.

KEY ACHIEVEMENTS OF SILC

The SILC methodology, coupled with the PSP fee-for-service agent model, has proven to be a sustainable, reliable and convenient way of improving communities' financial conditions (Ferguson, 2012). It serves as a good platform to integrate other initiatives, including investments for WASH services delivery. The successes achieved under the I-SHINE project include:

- Dissemination of WASH behavior change messages on good sanitation and hygiene practices, provision to community schools of basic WASH products (soap, tippy tap gallons for hand washing, etc.), and repair of minor damages to the school latrines and/or boreholes; paid for using community members' SILC social funds;
- Use of loans by SILC members to construct and maintain their household latrines and hand-washing stations (see photographs 3 and 4);
- SILC members' service as social networks for vulnerable women and support for the latter to resolve their economic and social issues; and
- Savings of USD207,800 by 12,218 members of 539 first-cycle SILC groups (see Table 1).

Table 1. Savings by I-SHINE First Cycle SILC Groups

YEAR	DESCRIPTION	RESULT
December 2014	Number of active clients	2,974
	Number of active groups	137
	Accumulated Savings	GHS 121,872 (US\$ 36,931)
December 2015	Number of active clients	4,413
	Number of active groups	192
	Accumulated Savings	GHS 266,317 (US\$ 67,259)
December 2016	Number of active clients	14,612
	Number of active groups	652
	Accumulated Savings	GHS 992,026 (US\$ 232,545)
December 2017	Number of active clients	12,218
	Number of active groups	539
	Accumulated Savings	GHS 929,909 (US\$ 207,800)

KEY CHALLENGES

Despite the numerous benefits of SILC participation in rural communities, there are still challenges.

These include:

- Some SILC member are afraid to take loans for business opportunities because they are unsure of their ability to repay. Thus, some SILC groups only share out what they saved, and generate no profit;
- Few men are willing to join SILC because they believe that SILC is just for women, with the upshot that few men benefit from the increased social cohesion, improved ability to save regularly, access to small loans, and useful lump sum at share-out that many women experience; and
- Some communities experience difficulties in identifying and getting qualified individuals motivated to work as FAs (and eventually PSPs).

LESSONS LEARNED

The I-SHINE project has generated learning around SILC, finding in particular that:

- SILC is a good fit for rural communities to gain access to capital for investment in income generating businesses through savings and loans;
- SILC is easily integrated into many community-based projects, with value added including increased social cohesion, and individual and group empowerment for the benefit of the community;
- Women are more likely than men to be attracted to the benefits of SILC and thus form the majority of members. Current membership is 85% women;
- Men, too, need access to financial resources and thus should be encouraged to join. Better and more targeted messages are needed to encourage more men to join SILC;
- SILC groups act as social networks for vulnerable women by supporting them to resolve their economic and social issues; and
- SILC offers great potential to assist communities to mobilize funds for community WASH service delivery. For example, after participating in SILC, households can:
 - Pay for potable water, leading to sufficient generation of funds for operation and maintenance of boreholes;
 - Access loans for latrine construction;
 - Pay for sanitary products for their adolescent girls; and
 - Contribute to maintenance of school latrines and provision of basic amenities, like soap and empty gallons to be used as water receptacles for hand-washing devices.



SILC member accessed loan to construct household latrine in Tichiritaaba -East Mamprusi District, Northern Region

Source: CRS - Ghana

CONCLUSION

SILC, as part of the I-SHINE project, has contributed to empowering rural communities to gain access to capital for investment in income-generating businesses through savings and loans. This has enabled many vulnerable community members to improve their livelihoods and afford basic school amenities, including sanitary products for their female children. Improvements in community members' livelihood and sanitation, in turn, have enhanced their children's school participation and learning retention.

The SILC methodology has facilitated greater social cohesion among members and helped vulnerable women to resolve their economic and social issues. It has further led to increased financial inclusion through an enhanced market-based strategy led by Private Service Providers, whose provision of services in exchange for fees increases the SILC model's sustainability. SILC offers an ideal platform for integration of WASH initiatives by enabling communities to mobilize funds and access loans to construct household latrines, and repair boreholes to ensure continuous access to safe water. In addition to providing opportunities for savings and investments in WASH services, the SILC groups are used to disseminate sanitation and hygiene behavior change messages.



Photograph 4. SILC household empowered to construct hand washing device-Talensi District

Source: CRS – Ghana

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