

A CALF, A HOUSE, A BUSINESS OF ONE'S OWN

Microcredit, asset accumulation, and
economic empowerment in GL CRSP
projects in Ethiopia and Ghana



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SUMMARY

The USAID-supported Global Livestock Collaborative Research Support Program (GL CRSP) supported savings and credit (S&C) programs as part of its overarching goal to address risk in rural livelihoods. Two different models of microfinance programs were initiated in the GL CRSP activities in East and West Africa. The Pastoral Risk Management (PARIMA) project in Ethiopia worked primarily in pastoral communities while the Enhancing Child Nutrition through Animal Source Food Management (ENAM) project in Ghana conducted its activities with women in settled agricultural communities. Despite differing by location, livelihood options, members' characteristics, and program structure, both projects were remarkably successful in promoting entrepreneurship and asset accumulation among mostly uneducated villagers who were initially in difficult economic situations with few financial resources and limited social networks on which they could rely. By the end of the project, these same people were managing and expanding their own businesses and using the profits to build up their asset base, improve their houses, manage businesses, and educate their children. In both situations, the success is associated with project efforts to link capacity-building and supplementary training courses to the saving and microcredit activities. Drawing on the projects' own research findings, this report describes the two projects and documents the impacts that emerged at the local

level in southern Ethiopia and in three regions of Ghana. In both cases, supplementary funding supported portions of the outreach programs and contributed greatly to their eventual success. The positive results call out for similar efforts to be included in other USAID-funded applied research programs.

Sitting in the one-room mud and wattle structure she built near the main road, Hadija¹ beams as she displays the flag pin given to her by the US Ambassador who had visited her village in 2005 to learn about their savings and credit group. Once hungry and poor, earning only small sums from sales of firewood and work as a laborer, Hadija now supports herself primarily through livestock trading. Although forty-eight years old with no formal education and recently widowed, she is able to feed her family and to ensure that the school fees are paid for all her younger children. She goes to the market herself or manages her transactions on her cell phone, buying and then selling sheep, goats, cattle, and even camels – a business once the province only of men. Hadija is an officer of one saving and credit (S&G) group and a member of another livestock marketing cooperative. She is a community leader, representing her village to the cooperative office at the woreda (district) level. In addition to her roadside “office,” she has another house for her family in the neighboring village (Hadija, interview notes, Ethiopia).²

Before participating in the ENAM project, Akua worked as a casual laborer on local farms to earn money before starting a microenterprise trading in smoked fish with funds lent her by her aunt. She supported herself and her children on the proceeds

¹All names have been changed.

²The reference to “interview data” or “field notes” refers to information collected by the authors on their visits to southern Ethiopia in January 2010 and, in some places, from interviews conducted in Ghana in 2007. Participant data collected and reported on by the PARIMA or ENAM project staff and researchers is cited accordingly from published materials.

from the fish business and trading in sweet potatoes, which she would buy on credit from local farmers and sell to others. After joining the ENAM group in her village, Akua was elected to be an assistant organizer for the group. She soon ran into serious trouble, however, when her husband took her first loan money for himself. She struggled to repay the funds by working as a casual laborer for other farmers. Her efforts paid off and she received a second loan to continue her business trading fish and potatoes. Now she is doing well and has saved enough to send money to another aunt who cares for her son and to pay his high school fees (Anyidoho et al. 2009).

Gamta joined the savings and credit group after moving to the village following several years working as an artisanal miner. On his return, he had no savings, no cattle, and few other assets beyond his small house. He heard about the savings and credit groups that were forming and tried three times to join before being accepted into one. With his first loan of 900 Birr and 100 Birr of savings, he purchased ten bags of local maize in the village at 100 Birr each. He sold those two months post-harvest to a trader for 200 Birr per bag, doubling his money and easily paying off his loan. Since that first transaction, Gamta has bought a shop, expanded his home, and now owns donkeys, goats, and cattle. He has also married a second wife (Gamta, interview notes, Ethiopia).

Virginia Woolf once remarked that “a woman must have money and a room of her own if she is to write fiction.”³ Her main point was that women throughout history had faced gender disparities in earnings and access to personal real estate that constrained their ability to achieve the same heights in writing as men had. Her argument can also be seen as a call for overcoming the social barriers and custom-based obligations that keep people the world over who are in difficult circumstances from

³Electronic version available at <http://ebooks.adelaide.edu.au/woolf/virginia/w91r/chapter1.html>

achieving their full potential. Through the microcredit programs of the Global Livestock Collaborative Research Support Program (GL CRSP), the men and women described in this report, from Ethiopia and Ghana, are building their own rooms and they are writing their stories.

As part of its overarching goal to improve risk management and child nutrition in rural livelihoods, two microcredit models were employed in the GL CRSP activities in parts of East and West Africa. The Pastoral Risk Management (PARIMA) project in Ethiopia worked primarily in pastoral communities, while the Enhancing Child Nutrition through Animal Source Food Management (ENAM) project in Ghana conducted its activities with women in settled agricultural communities. Like other microcredit beneficiaries, the individual trajectories of the GL CRSP program participants presented above reflect positive gains and transformed social circumstances. The microcredit activities of the GL CRSP have reached an estimated 2,300 group members in Southern Ethiopia (of which three-quarters are women) since 2000 (Desta et al., 2004, 2006; Tezera et al., 2008; Coppock et al. 2009) and, including the new groups formed with the involvement of the non-governmental organization (NGO) Freedom From Hunger, a total of 325 women⁴ in three regions of Ghana since 2004 (Marquis et al. 2009). Although CRSP activities closed down in each country in 2009, the microcredit activities are continuing to thrive and to expand through members' and local partners' efforts, including government offices, rural banks, and NGOs.

This report places the applied research and microcredit programs of the GL CRSP within a larger context of work on microcredit and economic empowerment. Rotating savings associations have long been part of African rural society. The burial societies, "money go rounds" and other formats have helped manage ups and downs in income and cash flow and provided insurance against the unexpected needs for funds to cope with illness, funerals, or school expenses. These groups, however, often

⁴<http://glcrsp.ucdavis.edu/publications/newsletters/ruminations-summer-08.pdf>

floundered when a member was unable to pay at the end of the loan period. Microcredit programs help to institutionalize the benefits of these informal associations and to develop the kind of peer pressure and local capacity that can maintain financial discipline within the groups.

The PARIMA and ENAM microcredit project achievements are reviewed along key measures of empowerment, including increased income and asset levels, widened social networks, and increased control over one's affairs. Although not intended as a rigorous quantitative evaluation, the conclusions presented in this report are based on extensive review of the two projects' published work, discussions with the researchers, and field visits to a selection of the project sites.⁵

⁵In addition to documents provided by the GL CRSP, this report draws on field visits to project sites and interviews with project staff, researchers, and participants in Ghana (2007) and Ethiopia (2010), and presentations and posters offered at the GL CRSP End of Program Conference in Naivasha, Kenya in June 2009.



MICROCREDIT AND ECONOMIC EMPOWERMENT

Since the 1970s, microcredit and microfinance activities have become an important part of many donor portfolios. Once largely a mechanism for overcoming the gender-based constraints faced by women to obtain financing, such as lower levels of education and lack of collateral, these programs have expanded in range and content. Increasingly, programs are offering a wider range of financial services not only for agriculture but for other rural enterprises (Mayoux 2009:88) and their target populations include not only poor urban women who early on evidenced high repayment rates but also now men and women in harder to reach, poorer rural communities. Program reviews and assessments have investigated issues related to the various group structures and questions about repayment rates and sustainable results. Other inquiries have focused on identifying the clients of microfinance services and determining whether microcredit provision helps to move people out of poverty or smooth out the vulnerability associated with seasonal or irregular cash flow in poor households (Cohen 2002; Cohen, McCord, and Sebstad 2005).

Research on the role of microcredit and other financial services to the empowerment of women has been an important subtheme in the wider

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in their communities.***

microfinance literature. Economic empowerment has been understood to be a subtype, defined by three of the five accepted elements: economic opportunity, legal status and rights, and self-expression (voice, inclusion, and participation). The other two dimensions that complete the broader characterization of empowerment, specifically a sense of self-worth and an ability to have and determine choices, may themselves be both inputs to and outputs of being economically empowered (UNDP 2008).

Looking at the gender dimensions of microcredit programs, three sometimes competing approaches have been identified. These approaches vary according to their explicit design goals for the microcredit activity: poverty reduction, gender equality and women's empowerment, or financial self-sustainability (Mayoux 2009:88). The poverty reduction approach is characterized by the PARIMA project. It uses microcredit as one part of a broad community development process typically targeting poorer households. Women are usually the majority of participants because they start from a more disadvantaged position in terms of accessing other financial services. The gender equality and women's empowerment approach is exemplified by the ENAM effort. It explicitly targets women, using microcredit as an entry point to build women's economic opportunities. The third design approach is more market-oriented and uses microcredit as a tool for institutional sustainability, ensuring that loan practices cover operational costs (Mayoux 2006:4).

In practice, activities have outcomes that achieve one or more of these design goals, regardless of which feature was emphasized. Both PARIMA and ENAM activities succeeded in economically empowering women and in so doing also contributed to economic growth in their communities. With the closure of the GL CRSP, as their programs are transferred to more market-oriented programs, whether run by government cooperative offices in PARIMA's case or rural banks in ENAM's situation, indications are that cost recovery and financial sustainability will become a more important design element of the programs in the years ahead.



PROJECT CONTEXT AND BEGINNINGS

The PARIMA Project began its research activities in 1997 in southern Ethiopia and northern Kenya, investigating ways to improve the diversity of livelihood options for agro-pastoralists to protect themselves more effectively from the risks of disease, drought, environmental degradation, growing population pressure, ethnic conflict, and market failures. The outreach component that is the focus of this report ran from 2000-2009. Building on results from a sequence of participatory appraisals and action research methods that highlighted the felt needs of the local communities, the PARIMA field staff and researchers initiated saving and credit groups across southern Ethiopia. In total, 59 groups were established. The large majority (75%) of members have been women, as part of either women-only or mixed groups of men and women (Desta et al. 2004, 2006; Tezera et al. 2008; Coppock et al. 2009).

Ethiopia remains one of the world's poorest countries, with over 60% of its population living below the poverty line. Both men and women face many obstacles to economic growth. The large proportion of women in the S&C groups, however, reflects women's lack of options relative to men to improve their livelihoods and their eagerness to take advantage of new opportunities. Women in many parts of Ethiopia are disadvantaged

compared to men on many social and economic indicators. During 2003-2007, young women between the ages of 15 and 24 had a literacy rate of only 39% compared to young men's rate of 62%.⁶ Attendance rates for primary school are very low at less than 50% for both boys and girls, but girls' attendance in higher grades drops off even further relative to boys.⁷ Nearly one-fifth of girls marry by the age of fifteen, and nearly half are married by eighteen,⁸ both causing and resulting in low school attendance. Women have a harder time building assets because of discrimination in customary laws surrounding control over land, livestock, and other property. Torkelsson and Tassew, in a study of a highland agricultural community in the Oromiya region of Ethiopia, found that men act as gatekeepers of women's access to the formal economy, making it harder for women to move out of poverty. Land is customarily still held in men's names, notwithstanding the equal right guaranteed in the 1994 constitution, and women have measurably fewer animals, especially large stock (Torkelsson and Tassew 2008). For these reasons, although their labor is critically important to the local and national economy, women tend to be concentrated in unpaid or low-paid positions in the informal economy and they own only a tiny fraction of small to medium enterprises, with their proportion of ownership declining with the size of the business (Stevenson and St. Onge 2005).

In the outreach program, with supplemental funding from USAID/Ethiopia, PARIMA first conducted community participatory assessments together with local officials and community participants, which, although initially intended as a training exercise, soon morphed into a chance to raise awareness and to identify community needs and to create action plans to achieve them. The sessions revealed that one of the top community goals was to find a way to diversify their incomes. From this beginning, participatory assessments were held in twelve communities, all of which led to the formation of savings and credit (S&C) groups. Other

⁶UNICEF, http://www.unicef.org/infobycountry/ethiopia_statistics.html

⁷UNICEF, http://www.unicef.org/infobycountry/ethiopia_statistics.html

⁸www.popcouncil.org/countries/ethiopia.asp

communities later volunteered for abbreviated participatory assessments with similar results.⁹ In most cases, the S&C groups were seen as a mechanism for achieving both the community and the individual goals identified through the assessment process (Desta et al. 2004, 2006; Tezera et al. 2008; Coppock et al. 2009).

With PARIMA's guidance, S&C groups were formed in several different ways. In some locations, they were organized from existing community groups, some of which had initially been formed with the help of the local branches of the Ministry of Agriculture and/or Cooperative office. In other cases, men or women had created voluntary groups. PARIMA also helped to form new groups in some communities (Desta et al. 2004). Five to seven small groups of five to seven individuals each (the "primary" units) were joined together for a manageable total of thirty-five to forty-nine people per association (the "secondary" group or "cluster").

Initially, individuals were expected to save a small amount each week and contribute to the group account held in a local bank for the cluster. The expectation was that the group account would form the bulk of the available loan funds. Each group had to save their funds for at least one year and to have on deposit at least 100 Birr per person (currently about US\$8 per person or between US\$280 to 400 per group). When these conditions were met, PARIMA provided an additional amount of "seed money" to the group account, varying according to the resources of the group and the funds available in the project. No S&C group received more than 20,000 Birr (about US\$1500).

Only half of the group members were eligible to receive a loan in any one loan cycle. The first loans of about 500 to 900 Birr (about US\$40 to 75) according to the interviewees were loaned out for a maximum of six months before the loan had to be repaid. Groups, however, had some flexibility in how they chose to distribute their group funds. In some cases,

⁹Two additional papers detailing the PRA process are forthcoming from Coppock and from Tezera et. al.

the groups used only the amount made available by the seed money in order to reduce the risk to their own savings. While lowering the risk both to individuals and to the groups, it also lowered the funds available to be put into new enterprises. Each group was allowed to adjust their rules for the saving and lending criteria in their group bylaws.¹⁰

As part of the outreach program, participants also received a wide array of supplementary services and trainings to improve their knowledge and abilities, including peer-mentoring, in microfinance and small business management, and other trainings (Tezera et al 2008, 2009). Annual field trips to Addis Ababa related to specific livestock marketing skills were conducted between 2003 and 2006. The project also supported cross-border exchanges between north Kenyan and Southern Ethiopian communities in 2001 and again between 2003 and 2006 (Desta and Coppock 2002; Coppock et al. 2009). Towards the end of the project, an additional trip was taken to the fistula hospital in Addis Ababa as the result of a different series of health-oriented participatory assessments, both of which were supported by supplementary funds from the USAID Women in Development office (Tezera and Desta 2008).

The ENAM Project started operating in Ghana in 2004, following a planning grant and assessment process that identified research sites in consultation with the Ministry of Agriculture. The team also conducted preliminary data collection on the characteristics of the communities, women caregivers, and their children. The assessment data, including a qualitative review of different microcredit approaches (see Marquis et al. 2008), were used to prepare the final research proposal for the project activities that started in 2005. The critical obstacle to improving the feeding of animal source foods to young children was found to be poverty, and project staff determined that starting a microcredit program to support income-generating activities would best achieve their objectives of getting more animal source foods into young children's diets. The project activities targeted groups of mothers with small children (ages 2

¹⁰This section is based on interviews conducted with PARIMA staff.

to 5) in six communities across three different ecological regions of Ghana: near Tamale in the north, near Techiman in the center, and near Winneba in the south. A total of 180 women participated in the microcredit groups.

In sharp contrast to Ethiopia, women in Ghana have achieved greater equity relative to men in many socio-economic indicators. They have a longer life expectancy, and girls and boys are nearly equal in attendance rates in primary and secondary school. The median age at first marriage is about 19 years of age for girls. Women have a visible and well-recognized role in the rural economy as active participants in the market and as the owners and managers of many types of businesses. Women outnumber men in the informal economy and are dominant in the rural marketplaces, selling fruits, vegetables, nuts, grains, and handicrafts. They are particularly numerous in various types of agricultural processing activities and in fish trading (Agboli 2007a). Poverty remains a critical issue, however, especially in the north, where half of the population survives below the poverty line.¹¹ Child malnutrition is a recurrent problem throughout the country.

The project has assisted each intervention village in forming credit and saving associations (CSA). The CSAs determine the rules and regulations governing the repayment of all loans issued. They are comprised only of mothers of children between the ages of two and five. Each group consists of 16 to 28 members who live in the village. Many of the women were already involved in microenterprises at the time they joined the project. Officers for the group, a chairperson and a treasurer, are elected by the members on the basis of their reputation as leaders and ability to work with the ENAM field staff. They need to be literate and have adequate numeracy skills for helping with the required record keeping.

Within each CSA are smaller, self-formed solidarity groups (SG) of three to seven members. Each woman presents her business plan to the SG. She has to provide adequate justification for receiving a loan to carry

¹¹http://www.unicef.org/infobycountry/ghana_1878.html

out the chosen income generating activity. If her plan is rejected, she has to reconsider it and present it at a later time. The issuance of the next loan cycle from the CSA is contingent on the repayment of all loans by all members of the solidarity group, making the success of each member's income generating activities critical to the SG's success.

The CSA groups meet weekly, and members repay small amounts towards their debt at each meeting, starting two weeks after the loan is disbursed. If a member consistently repays her loan and pays on time, the size of the loan may gradually increase in size, until around US\$90. Arrears or defaults must be paid by the solidarity groups. Members are expected to save about twenty percent of the amount of their loans. During the project, ENAM staff visited each site at least once a week (and, almost daily in Techiman), holding meetings, monitoring progress, and interacting with members, their families, and local officials.

Supplementary, participatory trainings on nutrition and business development are an integral part of the microcredit group activity and loan process. Each loan cycle offers a sixteen-week course on nutrition, business development, or microcredit. During the first years of the project, the interest-free loan funds were fully financed by ENAM. Four full sixteen week loan cycles were completed over the duration of the project. ENAM also established a system of using "peer educators" to provide the nutrition and business education. The project developed curricular materials that were used in the microcredit group training sessions (Marquis et al. 2009).

More recently, with the assistance of supplementary funding from USAID/Washington Women in Development office, the project has begun collaborating with Freedom From Hunger (FFH). Under the FFH's "Credit with Education Program" the number of women involved in the microcredit groups has grown. In mid-2008, loans also increased with the transfer of loan management to rural banks. Loan size increased to an average of US\$ 90 per women and nearly US\$ 30,000 was dispersed to 325 women in 13 groups.¹²

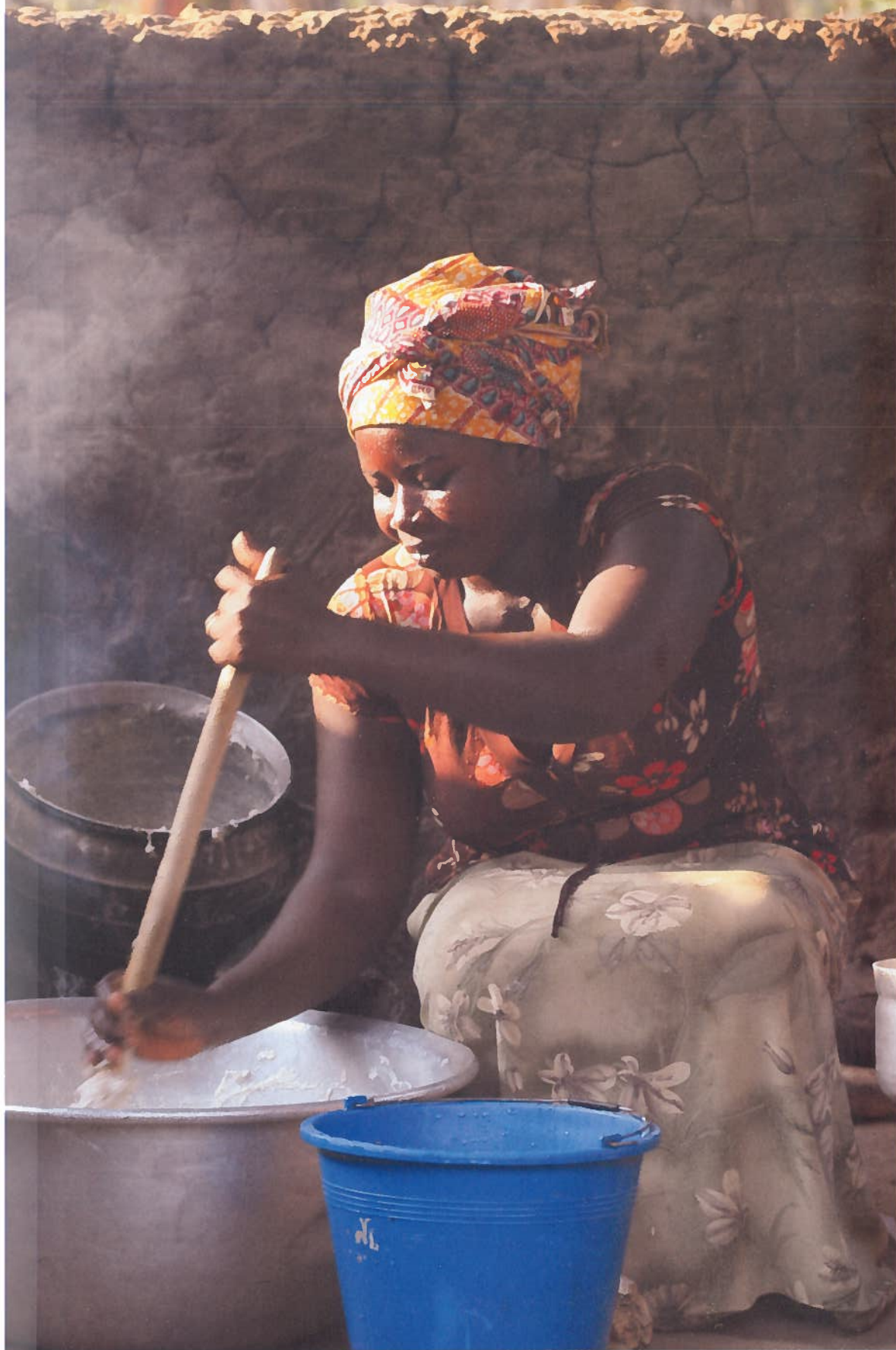
Similarities and differences in S&C group structure and operations:

- The PARIMA and ENAM projects differed in the targeting and composition of their microcredit groups. In Ethiopia, both men and women were eligible to apply for membership in the group; in Ghana, only women, and specifically mothers of young children (between 2 and 5), were targeted as potential loan recipients.
- The PARIMA project required that members build their personal savings in a group bank account for a time before supplementing the group funds with seed money from the project. The ENAM project, in contrast, fully funded the initial loan accounts.
- Both projects required that members justify their business ideas to the group. In the PARIMA project, this was done during the application process, and the potential member's creditworthiness was assessed by the group's executive committee. In the ENAM project, a member's solidarity group offered the initial evaluation of the business plan.
- Group members paid their ENAM project loans back a little bit each week. If a woman had difficulty meeting her payment, her solidarity group was required to make up the amount. In the PARIMA groups, members were given up to six months to repay their loans. Group members came together when their colleagues had difficulties in repaying their loans.

Both the PARIMA and ENAM projects followed two recognized "best practices" in the structuring of their groups:

- Linking microfinance opportunities to the provision of complementary services (UNDP 2008: 48), and
- Creating local partnership to sustain long-term commitments to the communities (MacIssac 1997).

¹²<http://glcrsp.ucdavis.edu/publications/newsletters/ruminations-summer-08.pdf>



PROJECT IMPACTS

How were the loan funds used?

When I first started with the project, I was very poor. With my first loan of 700 Birr, I started to sell tobacco, sugar, and tea leaves. I also traded a small amount of grain. I made a total of 400 Birr of profit with that money (Amina, interview notes, Ethiopia).

Before joining the S&C group, I worked in Moyale town as a casual laborer. I used my first loan of 1,000 Birr to buy goats and traded them for a profit of 450 Birr. I combined my second loan with money I had made selling a bull I had received as a gift from a relative and started to trade in cattle. That has been very profitable (Salim, interview notes, Ethiopia).

I was living in my relative's house and had nothing: no husband, no assets, and two children to take care of. I received 20 Birr from a trader and started to sell tej (a local beverage). It was very hard work as I had to walk long distances to town carrying 20 liters to sell. With my first loan of 700 Birr, in partnership with my relative, I purchased a young bull and fattened it, selling it at the market for a profit of 400 Birr. Now I buy bulls on my own and do not need help. And I continued to sell tej for a long time. Two years ago I started trading in maize (Aliya, interview notes, Ethiopia).

The objective of the PARIMA outreach activities was to help pastoral communities increase incomes and begin to diversify among a range of livelihood options, including entering into livestock trading and marketing. Diversification is understood as including any type of trading occupation, working for wages, owning or managing retail shops or rental property as well as collecting and selling natural products. For pastoralists, farming is another type of diversification (Coppock 1994; Little et al. 2001: 403; Desta and Coppock 2004).

Judging by the responses of project beneficiaries, this objective is being realized. Respondents reported using their loans for economically productive purposes such as grain trading, to establish shops for sale of consumer items including tea, coffee, sugar, beer, soda, canned goods, and housewares, to start tea shops, and to buy plots of land in nearby towns on which to construct rooms for renting out. Many respondents also reported purchasing young livestock which they kept for fattening and then sold at livestock markets; others were engaged in livestock trading of young and more mature animals, including goats, sheep, cattle, and camel.¹³

Among the interviewed PARIMA participants, admittedly a tiny and not representative sample of the larger group, there seemed to be some differences in how men and women chose to invest their money. Some interviewees suggested the women were the more skillful entrepreneurs, but many spoke about choosing enterprises that involved relatively low risk, such as livestock fattening and retail sales of consumer items. The men who were interviewed described having opted for larger investments in grain and livestock trading, taking on larger risk, but also making larger profits.

Although analyzing gender differences in loan use has not yet been documented as part of the PARIMA research, there are intriguing indications about differences in men's and women's patterns that

¹³Additional detail about how loan funds were used will be provided in Tereza et. al. (in preparation).



Similar to PARIMA, the women who participated in the ENAM microcredit activities have been successful in managing and expanding their own businesses. Many of the women have used the profits to build up their asset base, improve their houses and educate their children.

mirror results found elsewhere (see e.g., Mayoux 2006). Women do not participate as much as men in enterprises with high paying dividends, and existing gender inequalities limit many of the activities they are able to join. Women also appeared to manage multiple small businesses so that a loss in one could be compensated for by profits from another, while the examples provided by the men interviewed suggest a narrower range of enterprises in which they engaged, if at a larger scale (see table next page). Investigating whether or not men and women show different risk profiles is an important topic for further study that would help in the design of future credit and business development programs.

Table 1. Summary of assets accumulated by PARIMA beneficiaries (January 2010), illustrative.

| Women's Assets before Project | Women's Assets after Project |
|---|--|
| Small house | Attached roof house, cattle, plot and a new metal-roofed house |
| Husband owned 1 cow and 2 goats, 100 Birr in cash | Tin roof house, shop, 11 cattle, 30 sheep and goats |
| Tej seller, small unimproved house | Shop, cell phone, grain store, tej seller, beer wholesaler, 20 cattle, 25 goats, 1 camel, tin roof house, plot of land in nearby town (and plans to built rental property) |
| Income from transporting goods on foot and firewood sales, small unimproved house | Livestock, cell phone, shop, livestock, house |
| No ownership of property or livestock | House in Moyale town, cell phone, livestock, grain |
| No ownership of property or livestock | Water purifying tablets, cell phone |
| Income from transporting goods on foot and firewood sales, small unimproved house | Livestock, cell phone, shop, house |
| Men's Assets before Project | Men's Assets after Project |
| Small unimproved house, wages from casual labor (about 15-20 Birr/day) | 12 cattle, 5 camels, 10 goats, plot in Moyale, cell phone, tin roof house |
| One heifer, small house | Shop, cell phone, 70 head of cattle, grain mill, 80 goats, donkeys |
| Livestock, house in village | House in Moyale town, cell phone, TV, DVD player, electricity, livestock, bank account, 700 B/month from rent of Moyale property |
| Small unimproved house | Livestock cooperative dividends, cattle, goats, cell phone |

Source: Authors' interview notes.

The objective in the ENAM project was also to raise incomes through new or expanding enterprises, particularly for women with small children. Project participants reported using their loans to engage in a range of economic enterprises including fish smoking and processing, and retail trade of various agricultural crops, including groundnuts, sweet potatoes, coco yams, peppers, and dried tomatoes. Others started businesses to dye cloth and shops in which they sold local vegetables, household items, and canned foods; some sell used clothes and/or prepared food, including the local fermented maize dish (kenkey). Some women's enterprises were associated with animal source foods, such as trading in fresh and smoked fish and raising poultry, while others were not. Research concluded that several factors including the geographic/ecological region in which the women lived and the extent to which microcredit programs included nutrition education played a large part in influencing the level of dietary diversity from animal source foods in their young children's diets (Christian et al. 2008; Homiah et al. 2009).

Hagen's research in Ghana (2009) suggests that men who are household heads also influence the way in which women use their loan funds. Although only preliminary, the research conducted on ninety-one men who are household head concluded that among those men who perceived the women's involvement in the microcredit programs are increasing their contributions to family expenses was associated with higher levels of children's intake of animal source foods. The implication seems to be that wives whose husbands support their entrepreneurial work feel free to use some of their income to feed their children more nutritious foods.

Recently, research studies have provided a better picture of the gender asset gap that exists in both urban and rural communities (Doss, Grown and Deere 2007). Barrett et al. (2008) found that when looking at both tangible assets such as animals and intangible assets such as knowledge and social networks, women's resource portfolios are smaller than those of men. Among pastoralists, men, as heads of households, have historically owned and controlled the family herd, and women have been excluded from or, at the least, given less control over livestock. The microcredit

groups organized with the support of the PARIMA project, based on the participant accounts, helping both men and women to accumulate tangible and intangible assets in new ways. The extent to which this is starting to close the gender asset gap within local communities is another area for further research.

How are the loan profits used?

I have built a permanent wall and additional room onto my house. From nothing, I now have over seventy head of cattle of my own and another eighty goats (Karim, interview notes, Ethiopia)

My greatest achievement was being able to provide my son with the cattle he needed to complete his marriage. I provided him with five head of cattle and an additional 1000 Birr worth of clothing for the wedding (Asha, interview notes, Ethiopia).

Since joining the group, I have been using my money to pay school fees and for spending money. I have been buying more food for my children who are three, six, and eight years of age. Today I will feed them rice and fish when they come home from school (Mary, interview notes, Ghana).

In Ethiopia, the impact of the S&C group membership is very visible. Project participants proudly point out the new metal roofs they have placed on their houses and the cement bricks that form the walls of their expanded houses. Time after time, interviewees take the visitors from their solidly built house or shop around to the back of the compound and gesture to the dilapidated wattle and daub structures that were once their main living areas, now serving as storage for goods and goats or family cooking spaces. The recent placement of cell phone towers has also supported increased cell phone usage. Interviews are interrupted by ringing cell phones, bringing news of market opportunities or children living in town or away at school. Everyone has cell phones! (Holley 2008). Women's arms are adorned with bangles; men wear shoes. These are some of the

obvious outward signs of consumption made possible by the higher and steadier income levels experienced by the PARIMA participants.

Three areas of investment are particularly important for long-term economic and social security: livestock, land and improved houses, and children's education.

1. Investing in Livestock

Livestock remains the investment of choice in southern Ethiopia (Desta et al. 2006). Both women and men made clear that purchasing of livestock was a priority. As a business, there seemed some preference among the women to buy younger animals and fatten them for later sale; men, in contrast, were more likely to buy and sell animals in a more rapid trading process. For themselves, however, both men and women purchased livestock from their savings to keep as their own herds.

According to PARIMA staff, the environmental impact of this increase in livestock trading, and the entry of women into the business is not clear. On the one hand, the rapid turnover in animals for sale means that each one spends a shorter time grazing, and this might offset the added pressure of more animals in pasture. The impact of more women entering the trading arena, and also adding more animals on the land, is unclear. More research is needed on this point.

2. Investing in fixed property

After livestock, purchase of property and home improvement was another important target for loan profits. Improving their existing houses, making them permanent, expanding them, and putting on new metal roofs, or building new homes in the village or in nearby towns were all mentioned, by both men and women, as a desirable goal. Of the people interviewed, only one did not mention having purchased inputs to improve a house.

3. Investing in the next generation

Just as a cocoa plant is valuable [and] you have to take care of it from the beginning to get the best fruit, so you have to take care of

your children [when they are young] (Field officer, interview notes, Ghana and also in a 2006 ENAM trip report).

Education of women and girls has been repeatedly linked to economic growth. Educating girls results in higher wages, more women working outside the home, lower fertility, reduced maternal and child mortality, and improved health (Lawson 2008). In Ghana, research found that significantly increasing literacy among women and girls “could produce an increase in real output growth by up to one-half” (Abgoli et al. 2007b). As education supports economic growth, growth in turn supports further improvements in education and health, creating a virtuous circle that extends the gains to human capital and productivity (Lawson 2008).

Participants in both Ethiopia and Ghana reflected their awareness of the payoffs of investing in education for their children, both boys and girls. One son of a successful livestock trader and leader in a cooperative in Moyale was studying in secondary school said that before his father’s financial success, he spent his time out with the herds. Now his father pays others to do that work so that he (the son) can study. Another man with two wives and five children said that he believed education was very important for his children, as he himself had not had a chance to go to school and he knows that his lack of literacy limits him in his business efforts. Similar sentiments were echoed by a single mother of four, whose middle daughter lives in town to attend boarding school in first grade, whose son attends eighth grade, and whose oldest daughter is in her second year in college. Many of the women from the PARIMA project proudly listed the grade levels of their children during interviews, and lamented the times prior to joining the S&C groups that meant the oldest children have missed out on school. Several informants also assist their relatives’ families with school fees, sometimes in return for access to pasture and labor to herd their livestock.

Reports from Ghana tell a similar story: all the women in groups that had been led by a very dynamic field officer are now sending their children to private school.

Were there changes in intrahousehold dynamics?

Microfinance services and groups involving men also have potential to question and significantly change men's attitudes and behaviours as an essential component of achieving gender equality (Mayoux 2006:1)

At first, I disagreed with my wife about whether she should join the savings group. I was suspicious about what she was doing when she would be out all day and was not fulfilling her responsibilities to the family [e.g., preparing meals and washing clothes]. She would go to meetings and I would beat her. But now I see the result, that what she is doing is helpful for the household. Now, when I earn money I immediately run home and give it to my wife. She is the best person to manage the money (Omari, interview notes, Ethiopia).

When I had no money, my husband did not see me as a human being. The poor do not get respect, even from one's own husband. After I had joined the S&C group and I started to get things, his attitude changed. Now I own thirty sheep and goats and eleven head of cattle. If I want to sell them, I will discuss it with my husband [but] he cannot sell them on his own (Amina, interview notes, Ethiopia).

As reflected in the quotations above, the effect of the project activities on the relationships between men and women in the household appears to be significant, though it has not been comprehensively evaluated by either of the programs. According to married couples interviewed in Ethiopia, where the wife is the primary loan beneficiary and increased income, there have been dramatic shifts in the allocation of responsibility for managing money within the household from men to women. Where the men are the prime beneficiaries, changes in their relationships with their wives were harder to assess from the interviews. In several cases, both husbands and wives had joined different S&C and/or cooperative groups. One man acknowledged that his wife was the more successful entrepreneur and had many more social contacts.

Several women members of the Kayo Sabante S&C group spoke eloquently of the changes they had experienced after joining. They said women had not been allowed to own livestock; that all property belonged to men. One woman exclaimed that even the wives were themselves considered men's property. When they had disputes with their husbands, they could be chased from their homes without being able to claim their clothes, let alone other possessions. The only option was to return to their natal families and to live there as dependents, their only income earned from sales of firewood collected in the forest or from casual labor. Once they had joined the group and had started to earn profits from their loans and to benefit from the training PARIMA provided in marketing and entrepreneurship, their situations have changed. The men who had once raised objections to their involvement with the group have had their minds changed: "where they were once difficult, [those problems] have passed like the wind."¹⁴

Were there changes in social networks and wider acceptance of gender equity?

Men and women alike in the PARIMA project were effusive in their appreciation of how their standing in the community had changed with the improvement in their fortunes and their new skill in business: "Everyone knows me now." "I could go to traders in Awassa [several hundred kilometers north] and people know me." "I have travelled to Addis." "I have traveled to Kenya." "I can talk to government officials."

In addition to these statements reflecting their widening social networks, there is some evidence from people's responses that restrictive social norms that previously limited women's economic activity are opening,¹⁵ e.g.:

¹⁴Authors' interview notes, Ethiopia.

¹⁵PARIMA researcher Claudia Radel has been conducting studies on women traders and the dynamics of gender relations among men and women on the Borana Plateau in Southern Ethiopia (see PARIMA Work Plan and Budget 2008-2009).

- **There is acceptance of women's involvement in livestock raising, fattening, and trading. Women travel to the livestock markets and trade actively. They have learned to recognize the signs of healthy and diseased animals. They are willing to speak with people who they don't know to transact business. And they are in constant connection via cell phones with producers and buyers.**
- **S&C groups have helped to build solidarity among women within the community, and in some locations, even across different ethnic groups and national borders.**

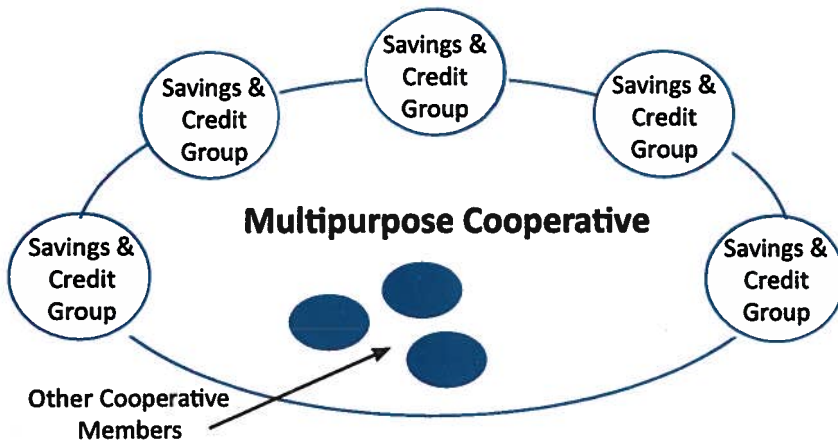


POST-PROJECT PROSPECTS FOR ORGANIZATIONAL SUSTAINABILITY

By September 2009, at the end of the GL CRSP funding for the PARIMA project, the fifty-seven S&C groups that had benefited from the project's guidance had become 37 registered savings and credit cooperatives managed under the local government cooperative office (Tezera et. al. 2009). In addition, several multi-purpose cooperatives had formed. The multi-purpose cooperatives are legally permitted to have a broader range of economic activities, offering more opportunities to their members.

As shown in the figure below, the multi-purpose cooperative structure can include both members of active S&C groups (or cooperatives) as well as new members. This situation is illustrated by the Roba Nagaya Multipurpose Cooperative that was formed in 2006 by the merger of two S&C groups. It now has 71 members: fifty from the original two S&C groups and 21 who joined the cooperative directly.

Some S&C groups will continue as unregistered groups, choosing to forego the additional benefits that come with registration as a legal cooperative, including the opportunity to receive loans from rural banks or to take cases to court. It is encouraging to hear of several cases where individual members have, on their own, started to form additional S&C groups, following the PARIMA model.



Individual members of the S&C groups have made many different choices about their continued participation in microcredit and entrepreneurial schemes. While some have foundered in the transition to legally registered cooperatives, other people have chosen to expand their membership into several types of associations, from the informal groups, the registered S&C cooperatives, and the multi-purpose cooperatives. Gebru et. al. (2009) reports on the sometimes bumpy transition to cooperatives and notes that third party mentoring is vital for cooperatives and marketing networks to thrive. They will also benefit from better access to information, especially with respect to drought early warning and livestock market information for the cooperatives.

The ENAM project was able to use supplementary funding from USAID's Women in Development Office to forge a partnership with Freedom From Hunger (FFH)-Ghana and link up with three rural banks to continue to implement the microcredit program in the project communities. The teams believe that there is potential for profitable microfinance for these banks, which may shift the focus of the program from its current orientation as a mechanism for empowering women and improving children's nutrition to one that is more oriented toward institutional financial self sustainability (see above). At least four field officers associated with the ENAM project have found positions working with rural banks in Ghana.¹⁶

In discussing the issues surrounding the transformation of the GL CRSP-support S&C groups into more formal institutions, whether into government-supervised cooperatives for PARIMA or bank-affiliated groups for ENAM, a number of questions arose:

- It is unlikely that either the cooperative offices or the banks will be able to provide the same regular contact and sustained guidance, including supplementary trainings that characterized the GL CRSP's stewardship. How will the groups fare? Will there be any differences in their success in working with the government according to whether the group is made up of all women or a mix of men and women?
- As groups become cooperatives, will there be a change in leadership, and will that have a gender dimension? In at least one case, a woman group leader was not reelected as a cooperative leader because she lacked the literacy and numeracy skills thought to be needed in such a position.
- There was some tantalizing evidence, but not yet systematically analyzed, that the S&C groups were drawing their members from the "middle" poor: not the destitute and not the community members who already had larger herd sizes. As the formalization process continues, will the composition of the members in the cooperative change?

Among the best practices exemplified by the PARIMA and ENAM projects are (Marquis et al. 2009; Anyidoho et al. 2009; Tezera et al. 2008):

- Choose businesses based on previous experience or which are culturally appropriate as an entry point, but use the project's success to broaden the range of entrepreneurial choices;

¹⁶Two of these field officers are seconded to the rural bank by the Ministry of Food and Agriculture.

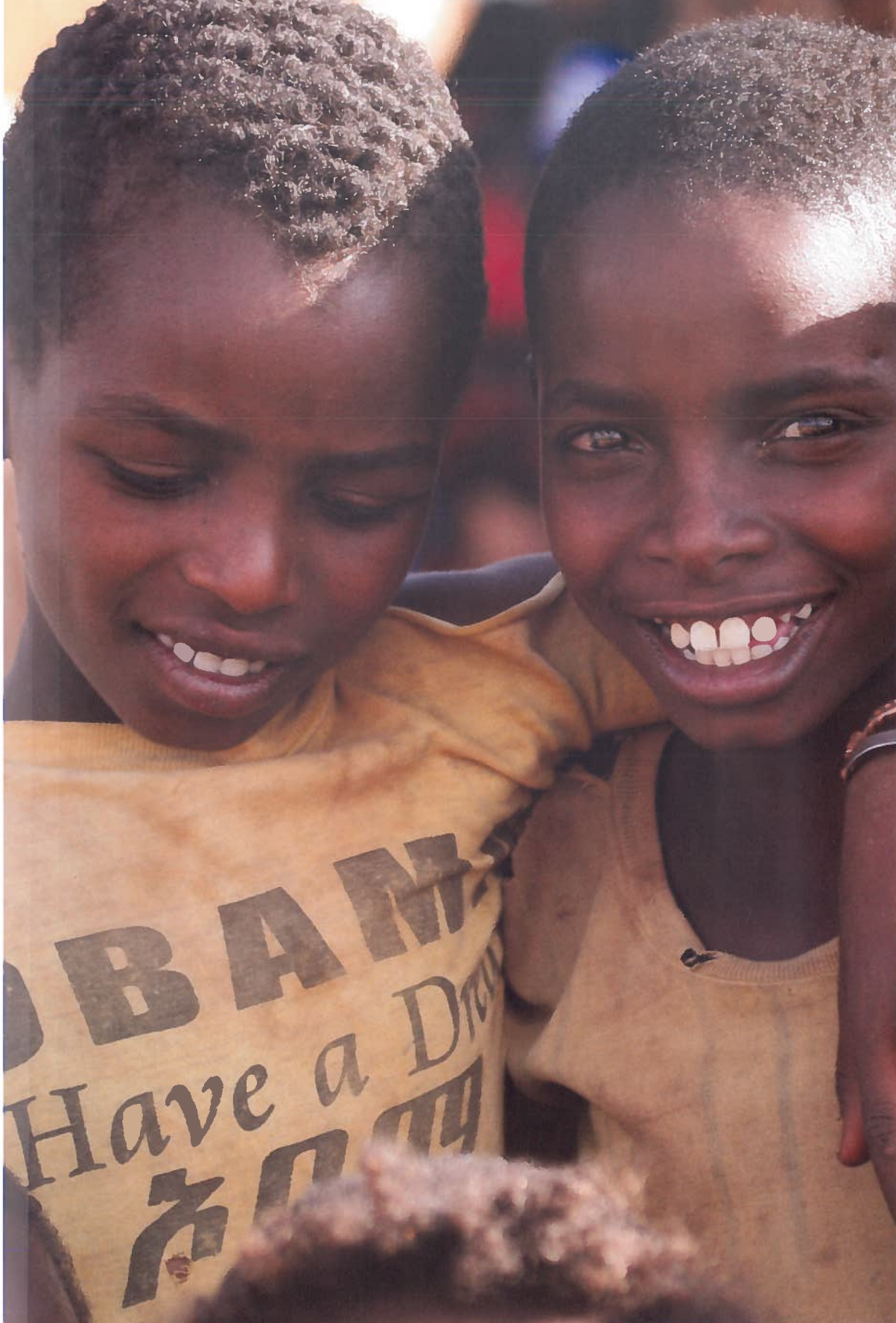
Under the ENAM project, six Women's Credit Savings Associations (WCSA) were established in six communities reaching a total of 184 women through the distribution of \$12,000 in loans. By 2009, as a result of the ENAM/FFHG/Rural Bank partnership, 96 WCSA were established in 32 communities reaching 2,257 women through the distribution of \$900,000, and resulting in women's savings of approximately \$57,000.

- Build community awareness of the program from the start;
- Build both a “savings culture” and an “entrepreneurial culture”;
- Take a long-term approach to building local capacity;
- Link microfinance opportunities and the provision of complementary services;
- Promote partnerships with local governments and NGOs;
- Invest in one business to finance another.

There are many new areas for research that emerge out of these programs, including investigating:

- the impact of the loans and resulting new enterprises on income levels and economic growth at the community level;
- men’s and women’s different risk profiles and entrepreneurial choices;
- how to build microenterprises into small and medium businesses;
- which interventions are most successful in building women’s access to assets and closing gender gaps in asset ownership;
- intergenerational impacts of increased income resulting from the loans;
- the characteristics of group members compared with non-group members in Ethiopia; and,
- the consequences of formalization.

The success of both the PARIMA and ENAM projects on economic empowerment and asset accumulation is significant. It is due in no small part to the dedication of the field staff and the university researchers in both the host countries and the U.S. But the success of the GL CRSP research projects to achieve such remarkable on-the-ground results is also a function of its “problem model” approach, its willingness to promote and support outreach activities as a linked component of its research, and its success in finding and utilizing USAID/Mission and other leveraged funding to make all the moving parts work well together.



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