Proposal Summary

Proposal Title: *Savings for Growth Programme*

Presented by: Madona Foundation

Vision

Communities and households without poverty and in which every person enjoys a life of dignity and respect

Mission

To work with the poor, excluded community groups and local organizations to reduce chronic poverty by ensuring an efficient, effective and innovative savings/credit schemes to guarantee a sustainable income and self reliance of beneficiaries in the fight against extreme poverty .

Values

Mutual respect
Transparency
Honesty
Humility
Courage of conviction
Solidarity with the extreme poor

Introduction and Background

Ghana has seen tremendous progress in development and poverty reduction in the last two decades. However, there is still a stark inequality, particularly between people in southern and northern Ghana and between men and women. Women especially, are the poorest of the poor. Over 70 per cent of people in the poorer northern regions live on less than $1 a day (Northern region-52%, Upper East-70% and Upper West-88%), compared to the national average of 28 per cent[1].

One in every twelve households (8.7 per cent) in the Northern region has difficulty in meeting their basic food needs, compared to the national average (12.8 per cent). The regional inequality deserves special attention as Ghana pursues the attainment of the Millennium Development Goals (MDGs), particularly those on reducing poverty and hunger. The attainment of the MDGs is consistent with the country's developmental goal of raising per capita income of Ghanaians to US$1,000 by the end of 2015 (Republic of Ghana, 2005).

Residents of Sangnarigu District in the northern region rely on rain-fed agriculture activities as their primary source of livelihood. Yet, rain-fed agriculture (which rely on the sporadic and annual rainfall) alone is not a sufficient source of livelihood, as people are unable to provide adequate food or income to sustain the average family. To supplement their incomes, household members, especially women, frequently participate in small-scale income generating activities.

[1] Ghana Statistical Survey et al 2008 Ghana Living Standard Survey Report

Target community/Households

The project will reach an estimated 1,000 rural poor, mostly peasant farmers, vulnerable and marginal groups (e.g women) in the project district. The SFG project will enable target beneficiaries to participate in savings-led financial services to meet their financial needs which will position them to take advantage of development initiatives within their community thereby, improving their livelihoods.

The problem

There is limited access to affordable financial services and products, which limits residents from starting or expanding their small-scale businesses and even be able to meet families basic needs especially, food needs. Interest rate of borrowing from the financial institutions is extremely high, and the terms and conditions are beyond the means of the poor who want to engage in micro-businesses

It has also been observed that the rate of maternal and childhood illnesses in the District are on the increase. The causes could be attributed to lack of knowledge and skill in practicing good health behaviours leading to more health complications resulting in maternal and child morbidity and mortality.

Another notable reason for the increase in heath related issues is the fact that many poor families are unable to **pay their annual health insurance premium** that would enable them access health care early enough to avoid health related complications associated with maternal and child health.

Most ultra poor people in the District again, **lack formal education** resulting in a circle of poverty in many households.

It is also a fact as mentioned earlier that in rural communities in the District, there are **no financial institutions** that will enable the ultra-poor access credit to solve financial challenges or start a business. Even if there are, the ultra poor do not qualify due to lack of savings in the financial institutions or collateral to access loan.

It is against this background that the **MADONA FOUNDATION (MF),** a non-profit and a local Non-Governmental Organization (NGO) seeks to mobilize the poor and marginalised in communities in the Sagnerigu district into savings groups referred to as ***Savings for Growth (SFG)***, aimed at alleviating extreme poverty among rural poor in Northern Ghana through implementation of a savings-led microfinance model.

By mobilizing Savings for Growth (SFG) groups and disseminating successes to beneficiaries, stakeholders and policymakers, MF would be achieving its long term goal of moving rural chronic poor households from extreme poverty into self-sufficiency through intense training in financial education and savings.

Programme Goal

The overall goal of SFG Programme is to empower families in the Sangnarigu District financially through their participation in the SFG methodology for improved livelihoods.

Strategic Objectives

The programme will address the following Strategic Objectives (SOs)

SO1: Participating families have increased financial assets

SO2: Participating families have increased productive and social assets

SO3: Pparticipants' apply good health practices that improve the health of household members and able to pay annual health insurance premium.

SO4: Participating families are able to pay school related expenses

The SFG methodology/approach

SFG is an accumulating savings and credit association. It is comprised of groups of 10 to 30 people who meet weekly to save small sums in their respective groups that they pool together in a loan fund that is used to provide loans to individual group members. A Programme Officer trains the groups to manage their own transactions. Group members self-select to participate.

The groups operate for a cycle of 8 to 12 months, after which the savings, plus interest earned from the internal loans, is returned to members in proportion to their savings contributions at a share-out ceremony. The share-out enables members to receive and see their accumulated savings and use the funds for larger investments. The groups usually elect new officers and re-start saving immediately. Evidence from similar projects (CARE INT-VSLA, CRS -SILC and OXFAM -SFC) shows that groups save more and accumulate more assets over time.

Implementing Organization **only** provides members training on the methodology and helps the groups technically, to successfully implement the techniques during the first cycle. The groups purchase all needed equipment (a lockbox with 3 padlocks and ledgers). This self-sufficiency encourages members to take ownership and full responsibility of their group, which contributes to group sustainability after the training support ends.

The capacity building that allows clients to save each week, **little by little and give out credit** to group members help to address household challenges and or emergencies and can also start or expand their businesses. These services and products provided by SFG, the poor in rural communities will not be able to access from any individual and or from any financial institution.

In all these, *Madona Foundation* **only** provides clients with ***trainings*** on the methodology and ***monitor*** groups' activities to provide technical support. This means, MF does not provide clients with cash but rather, basic trainings (capacity building) and technical support during monitoring.

Key activities

To achieve the goal and objectives of SFG, the Foundation proposes to carry out the following key activities to support the growth and sustainability of the groups:

1. Community sensitization/education and mobilization of SFG groups
2. Train clients in the savings methodology
3. Organize review and planning meetings
4. Monitor groups weekly meetings and activities
5. Evaluate progress of activities

Based on the strategic objective, the following outputs are expected.

1. Clients moved from extreme poverty to at least moderate poverty through their participation in the savings for growth methodology/approach
2. School going age children sent to school
3. Children school related needs met
4. Children health related needs met
5. Clients daily household food needs met.
6. Clients accessed credit opportunity to start a business or expand their income generating activities

Areas of Monetary Activities that MF will need financial or kind support

1. Sensitization and awareness creation – *funds to fuel field staff motorbikes*
2. Capacity building/training sessions (for both POs and group members) – *funds for participants lunch and facilitators fuel*
3. Monitoring visits – *funds for fuel*
4. Research and Analysis (baseline, milestone and End of project evaluation) – *Stipends and fuel for data collectors*
5. Project equipment and supplies – *laptops, modems, stationery etc*