

# **Empowering Women in Business – Rural Ghana**

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## **Introduction:**

The focus of the women's empowerment/civic engagement group project is gender equality within the developing economy of rural Ghana. Empowerment creates greater participation and decision making power for women via a process of awareness and capacity building. Improving access to health, education services, decent housing, affordable child care, and employment helps with the empowerment of women. All areas of human life and development sectors is not immune to women issues. Organization, articulation, persistence, and representation is a must for the sustainability of women equality. It is a necessity for women to sense the urgency and band together renew this fight for empowerment. The purpose of a women's cooperative is to assist with the empowerment of women. To give them the platform to provide for themselves and their families. The opportunity to make a difference within their community. Giving them the fighting chance to make changes at the government level and to be seen as equal with their male counterpart. Investing in women's economic power can strategically assist with women's empowerment. It has the potential for poverty eradication, gender equality, and inclusive economic growth.

## **Project / Problem Statement:**

Our initial group focus was to identify women with the Offinso North District to create a focus group that would lead other women in developing co-operatives and expand or develop their businesses. Once in country, our focus was altered, and our new focus became identifying means of financing that would benefit women in their quest for business expansions.

## **Pre-Travel work:**

Prior to our travel to Ghana, we had to develop a questionnaire/survey for the women in the Offinso North District, to gauge their current involvement in civic activities and/or co-operatives

within their communities. As this survey was directed toward human subjects, it was under the purview of the Ohio State University Institutional Review Board (IRB). We used Ohio State's online service and submitted our questions to the Board for their review prior to our trip.

Additional pre-travel research was completed by looking into different financial institutions/systems available in Ghana. Looking into existing financial structures was important to determine which, if any, of the tools would be best suited for the women within the Offinso North District. Using this preliminary data, our group was prepared to collect data from the women within the Offinso North District.

### **In-Country Observations:**

Once we arrived in the Offinso North District, we were immediately informed that there was already a women's co-operative group in existence. As this was one of the major tenets of our project, we shifted our focus from the formation of the co-operative to the financing of this, and future co-operatives. Additional attention was drawn to identifying women-led business and the challenges faced by different business that prevented the expansion of their businesses.

The first business we encountered was a gari processing business. Gari is made from the cassava fruit. First the fruit is peeled, then sent through a processor that pulps the fruit. This is gathered into large sacks, and then squeezed with a large compressor to remove a majority of the water. Once the water has been removed, the remaining substance is sifted through mesh screens and reduced to small, flaky chunks. These are placed on a large metal surface over a wood-fueled fire. This dries the gari into a corn-meal like texture. This is packaged and sold on the open market to be used as a cereal/staple food.

The main impediment for this business was their processor, as well as their compressor. The processor is too small to accommodate the quantity of fruit needed to expand their production. A larger machine to replace or augment their current version, would cost in excess of 2,000 GH¢. With a narrow profit margin, it would take months or years to raise enough money to purchase this new equipment. Exacerbating this problem is the usage of the equipment by a neighboring business. This additional usage not only diminishes the quantity of the primary owner, but also raises the risk of mechanical failure and incurred maintenance costs.

The second woman-owned business we encountered was a local brewery that served a bar in Akumadan. This enterprise used water from a local borehole and mixed a variety of ingredients together to make a homemade beer. For this business, the capacity was adequate to meet demand, but the conditions of production were unsafe. The brewing was wood-fired within a large hybrid earthen-wooden structure. The wooden beams were used on top of the earthen walls to secure the roof. There was not much ventilation at the ground level, other than the entrance. The heat created by the fire, in conjunction with the normal climate, created conditions in the structure that were potentially dangerous, as workers exposed to the high temperatures could become dehydrated and face symptoms like heat stroke, fainting, or other types of fatigue.

The last business we examined was a woman-owned soap maker. Having resettled in Akumadan from a more remote village, Aisha, the soap maker, did not have all the necessary tools necessary to begin her soap making enterprise in her new community. Her startup needs were for a tool to cut and shape the finished soap, prior to their wrapping and distribution. Her enterprise was the first that we encountered that needed financing to begin operations, while the others were simply working to enhance their operations.

After meeting with the business owners, our focus turned to the financial institutions located within the Offinso North District. These institutions ranged from rural banks, to credit unions, to micro-financers. Other financing, in the form of grants and aid from non-governmental organizations (NGOs) are technically available, but the ability for most business owners to access these funding sources is greatly diminished in the rural district.

The first lending institution we met with was the Fiagya Rural Bank in Afrancho. The manager stated that the typical lending term was six months, though some loans were extended through twelve months. Each of the loans were made to individuals that met with bank officials and were educated on the loan process, had been evaluated for the ability to pay back the loans, and had a current (checking) account with the bank. The interest rates approached 30% annually, highlighting the high number of defaults of loans. This high interest rate is often a hurdle that keeps many applicants from obtaining funding through traditional banking channels.

The second lending institution that we met was a credit union in Akumadan. The application for funding was stricter, in that an initial small loan is made (often 300 GH¢) and if paid satisfactorily, additional loans for greater amounts could then be made. One stipulation is that the

applicant(s) must have accounts at the credit union, and hold a balance of at least half of the loan, guaranteeing the credit union some insurance against a default. Often this prevents applicants from seeking funding, as the money that would need to be held by the lending institution is needed capital in the daily operations of the enterprise.

We did not meet with a micro-financing institution while in Ghana, due to the limited time to execute our project, and based on their availability.

### **Post-Travel Analysis:**

After returning to Ohio State, we looked at the data we had collected, and began researching different micro-financing institutions that existing in Ghana. Our initial research took us to a website called kiva.org. This website, administers funding from individuals and businesses to micro-lenders, which in turn loan the money to the applicants in a number of countries, especially Ghana.

The micro-lenders offer loans in a variety of denominations and are secured through funding from outside sources, often individuals. Kiva.org allows contributors to donate as little as \$25 USD. The contributor can specify which project they would like to support, and a graphic shows the support for that project to date. Once the project is funded, the bank lends the money to the individual and is insured against defaults. As the individual pays the loan back, the money is credited back to the contributor for lending on additional projects in the future.

A major limitation that is faced by this, is the length of time it takes for the micro-lender to develop a project profile, put it on the Kiva website, and wait for the funding to occur. Some projects are not funded, or partially funded, leaving the bank in a position of having to make a decision to move ahead with the loan or deny the applicant. The barriers are lower for the applicant though, as the interest rate is often far less than the 30% collected by the banks and credit unions.

**Suggestions for Future Groups:**

Our recommendation is to work with Kiva and its partnering institutions within Ghana, as well as with the ONDA Business Advisory staff to create a funding program that benefits women-led businesses and co-operatives throughout Offinso North. Additional research is needed in micro-financing at the local level in Ghana, as well as education for the potential applicants, who may not know about the micro-lending, or how it works.