

MOBILIZATION OF SAVINGS IN THE FACE OF POVERTY AND INEQUALITY - THE CASE OF GHANA

Emmanuel Oduro Darko,
(General Manager, CUA - GHANA LTD.)

WHAT IS POVERTY

- To every human being, "Poverty" is something which people never want to experience in their life. But our attitudes always bring us to the trap of poverty.
- Poverty is the state of one who lacks a certain amount of material possession or money.
- Poverty can be absolute and relative depending on the situation. ([Wikipedia-the free encyclopaedia](#))

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DEFINITIONS OF POVERTY

- **POVERTY DEFINED IN RELATIVE TO THE STANDARDS OF LIVING**
 - People live in poverty when they are denied an income sufficient for their material needs and these circumstances exclude them from taking part in activities which are accepted parts of daily life in that society (Scottish Poverty Information Unit, 2007).

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DEFINITION CONTINUE

• MEASURE POVERTY BASED ON INCOMES

- The World Bank asserts that "The most commonly used way to measure poverty is based on incomes.
- A person is considered poor if his or her income level falls below some minimum level necessary to meet basic needs.
- This minimum level is usually called the "poverty line".

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% OF POPULATION BELOW \$1.25 A DAY

| | |
|----------------------------|-------|
| SUB SAHARA AFRICA | 48.5% |
| SOUTH ASIA | 31.0% |
| EAST ASIA & PACIFIC | 12.5% |
| LATIN AMERICA & CARIBBEAN | 5.5% |
| MIDDLE EAST & NORTH AFRICA | 2.4% |
| EUROPE & CENTRAL ASIA | 0.7% |

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SOURCE: WORLD BANK

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WHAT IS INEQUALITY

- Human beings have the same physical characters when compared all over the World.
- This denotes that equality should have existed everywhere among human beings.
- Inequality therefore means an unfair situation in which some groups in society have more money, opportunities, power, etc. than others.

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RELATIONSHIP BETWEEN POVERTY AND INEQUALITY

- Poverty and inequality are entangled words. Hence where one is present, the other also exist.
- Where there is poverty, there are lack of access to education, health, food, shelter and water.
- These situations result to inequality that brings about societal menace such as gangsters, child prostitutions, outbreak of diseases etc.

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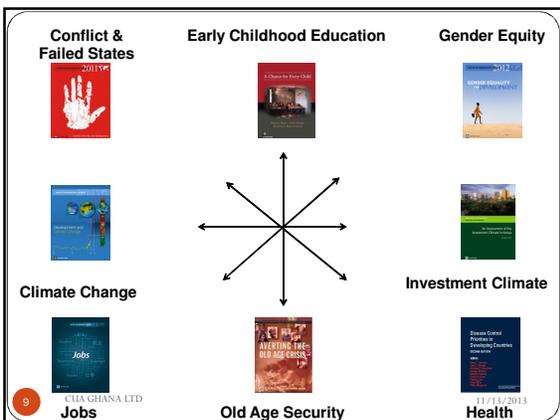
INTERNATIONAL AND NATIONAL INSTITUTIONS COMMITMENT TO POVERTY AND INEQUALITY

- World Bank in its commitment to reduce poverty has its mission as;

“Our Dream is a world free of poverty.”

- European Union’s vision 2020 is to reduce poverty and social exclusion by at least 20 million.
- Governments of Africa Countries like Ghana have adopted many strategies of poverty reduction.

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HAVE THESE INTERVENTIONS YIELDED ANY RESULTS?

- This is multi million dollar question to answer since there are still evidence of poverty and inequality in our society.
- In 2009, 22 of 24 nations identified as having “Low Human Development” on the United Nations’ Human Development Index were in Sub-Saharan Africa ([Wikipedia](#))

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THE OUTCOME OF THE VARIOUS INTERVENTIONS

Governments in their effort to reduce poverty and inequality have yielded little results despite the following pro- poor interventions;

- Grants to groups and individuals
- Soft loans to traders and farmers
- Providing entrepreneurship workshops
- Subsidising agricultural inputs

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➤ **This is so since most people have the following attitude:**

- Negative Mind set.
- The Environment people find themselves in.
- Lack of Planning and Setting ones priorities Right.
- Fear - Afraid of taking risks.
- Lack of Knowledge
- Procrastination
- Lack of Trust – Absence of Partnership Ventures
- Unwillingness to work with little resource

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▪ **Though money or the lack of it is not the only determinant of the level of poverty, its alternative uses could impact either positively or negatively on our future development.**

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POOR USES OF RESOURCES

- Cultural Practices
- Impulse Buying
- Alcoholism
- Misuse of Mobile Phones
- Smoking
- Gambling
- Living by the Dictates of Society
- Having no Defined Purpose in Life
- The Lack of Savings Habit

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THE POOR HAVE NO CHOICE BUT TO SAVE

- According to the writer Stuart Rutherford in his book entitled "The Poor and their Money" he described savings in three (3) ways:
 - **Savings up:** Where you accumulate savings first before you take the resulting lump sum later;
 - **Savings Down:** Where you take the lump sum first in advance (for loan) against future savings;
 - **Savings through:** Where you take a lump sum at the time it is needed in exchange for a continuous stream of savings; or
 - **Some combination of all the three.**

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- **The only reliable and sustainable way of raising lump sums of cash is to find a way of building them from one's capacity to save small amounts from time to time.**
- It is sometimes argued that in the urban slums people can save because they have a variety of sources continually producing income - but rural farmers may only get income at the end of each growing season and that is the only time they can save.
- This ignores the fact that in many countries, the rural poor are often not farmers, some of them may be laborers and may earn on a daily or weekly basis.

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- But even those poor who are farmers go to market frequently - once or twice a month or even weekly to buy perishable or expendable items like salt, fresh food, kerosene, matches including the sale of short-term farm produce like eggs, chicken, or fruits or from income from supplementary work like cutting firewood or selling grain, pigs or goats.

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THE POOR HAVE NO CHOICE BUT TO SAVE

- **Each such market visit presents an opportunity to save money.**
- **Poor people sometimes store their savings in livestock or other non-money ways simply because they do not have access to save.**

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THE GHANA CO-OPERATIVE CREDIT UNIONS ASSOC. (CUA) LTD

•WHAT DO WE BELIEVE IN?

- 1. Inculcating the Savings Habit**
- 2. The Willingness of the member to grow.**
- 3. Good Leaders**

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INCULCATING THE SAVINGS HABIT

- The Credit Union Movement in Ghana Believes that although we cannot change the lives of all people, however, the savings habit must be inculcated in the early stages in people's lives.
- Inculcating the habit of savings in people is a sustainable solution to poverty.

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THE NEED FOR GOOD LEADERS

- The love of mankind
- The desire and commitment to contribute to the development of a human being.
- Doing something that beneficiaries may not even show appreciation.
- Something that we have the inner joy of doing - without expecting any reward.

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WHO AM I? (THE INDIVIDUAL/MEMBER)

- The desire or willingness to grow from less human to more human; from less perfection to more perfection; be humble and prepared to learn; disciplined, sincere and trustworthy.

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CU DATA – DECEMBER 31, 2012

- No of CUs & Study Groups - **515**
- Church based credit unions - **190**
- Industrial CUs (salary earners) - **140**
- Rural & Urban Community CUs - **185**
- Total Deposits - **GH¢382 million**
- Loan Outstanding - **GH¢279 million**
- Total Assets - **GH¢517 million**
- Total Membership - **470,000**

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EVIDENCE FROM CREDIT UNIONS IN GHANA

| Metric | Dec-11 (GH¢'M) | Dec-12 (GH¢'M) |
|------------------|----------------|----------------|
| Shares | ~20 | ~30 |
| Savings | ~280 | ~380 |
| Loan outstanding | ~200 | ~280 |
| Asset | ~350 | ~520 |
| loan granted | ~200 | ~320 |

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MOBILIZATION AND OUTREACH STRATEGIES - GOVERNANCE

- **The Biennial Conference – Supreme Authority**
- **National Board of Directors – Meeting Twice a Year.**
- **National Executive Board – Meeting Quarterly**
- **Chapters (11) – Meeting Quarterly**
- **National Supervisory Committee – Conducts Quarterly Audits**
- **Management – Day to Day Administration**

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MOBILIZATION AND OUTREACH STRATEGIES

- **Membership education based on can do spirit principles**
- **Member counselling**
- **Opening of Common Bonds by all SACCOs**
- **Risk Management Insurance**
- **Youth Savings Program**
- **Gender Empowerment**
- **Health Education**

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MOBILIZATION AND OUTREACH STRATEGIES CONT'D

- **The Central Finance Facility**
- **Management Information Systems**
- **Co-op. Credit Union Pension Plan**
- **Deposit Guarantee Scheme**
- **Supervision**
- **Training Services for Credit Unions' personnel**

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A PICTURE OF YOUTH SAVINGS PROGRAMME



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A FORUM OF THE YOUTH SAVINGS PROGRAMME



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LESSONS LEARNT

- Africans need to appreciate how to manage small monies through savings.
- The inability of the vast majority of the population to effectively manage their limited financial resources has plunged many Africans into poverty.

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LESSONS LEARNT CONT'D

- **People need knowledge to influence their life patterns.**
- **A combination of savings and credit with education is the only way to alter the minds and attitudes of the poor towards their own future development.**

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LESSONS LEARNT CONT'D

- ***Building loanable capital from within and not depending solely on external capital. Developing savings mobilization schemes would support the process of sustainability in the long-term.***

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LESSONS LEARNT CONT'D

- *Pricing of products and services must be market oriented*
- *Developing a vision and long-term plans for the institution*
- *Building the capacity of staff to enhance efficiency and manage growth*
- *Ensuring that Government or donor support is proactive and not reactionary*

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LESSONS LEARNT CONT'D

- ***Don't build the success of the institution on the basis of the volume of loans granted, increase in the number of members and high collection rate alone but also how the financial services you provide impact on the lives of your members.***

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CONCLUSION

- ***“We must always bear in mind that “ Our actions today will impact either positively or negatively on generations to come.***

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GENDER FORUM - 2012



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**IF WE TRULY WANT TO IMPROVE OUR
LIFE WE MUST FIRST CHANGE OUR
MINDS AND USE THE OPPORTUNITY TO
AFFECT OTHERS.**

THANK YOU

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