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Erasmus

**Discipline and Empower? A Study of Credit and Debt
Among Women of the Sagnarigu District of Northern
Ghana**

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Abdul-Latif Mohammed
(Ghana)

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Members of the Examining Committee:

Dr Julien-François Gerber
Prof Murat Arsel

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Inquiries:

International Institute of Social Studies
P.O. Box 29776
2502 LT The Hague
The Netherlands

t: +31 70 426 0460
e: info@iss.nl
w: www.iss.nl
fb: <http://www.facebook.com/iss.nl>
twitter: [@issnl](https://twitter.com/issnl)

Location:

Kortenaerkade 12
2518 AX The Hague
The Netherlands

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List of Acronyms

AIMS	Assessing the Impact of Micro Finance Services
BRAC	Bangladesh Rural Advancement Committee
BRB	Bonzali Rural Bank
ILO	International Labour Organisation
GAD	Gender and Development
GoG	Government of Ghana
GSS	Ghana Statistical Service
MASLOC	Microfinance and Small Loans Centre
MFI	Microfinance Institutions
ROSCAs	Rotating Savings and Credit Associations
SEWA	Self-Employed Women's Association
SDC	Swiss Agency for Development and Cooperation
SNV	Stichting Nederlandse Vrijwilligers
UNICEF	United Nations Children Fund
UNIFEM	United Nations Fund for Women

Abstract

Access to formal credit has been celebrated as one of the major contributing factors for ending poverty among rural populations who are largely in the informal sector, especially farmers and women. This study takes the angle of looking at how this credit-debt nexus piles pressure on debtors, instils some sort of market discipline in them and thereby serves as fuel to capitalism in rural settings. I adopt the four (4) theses on the consequences of rural indebtedness developed by Gerber (2014) to analyse the extent to which indebtedness fosters capitalism among rural women. I also adopted the concepts of power and empowerment to study the role credit plays in (dis)empowering rural women.

My findings indicate that even though the rate of default on loan repayment is almost absent, women microentrepreneurs in the Sagnarigu district intensify production and trade in diverse forms in order to secure timely repayment of interest-bearing and guarantee-based loans. Rural women have had to work and trade more in ventures that yield fast and short-term income to be able to meet their weekly instalment loan repayment obligations. Some women engage their children in labour by sending them out to do sales on the streets and in the markets in order to gather enough revenue to pay back loans. Some even borrow from colleagues and family members to pay these debts. These changes in debtors' behaviours and economic lifestyle in response to timely loan repayment is what is referred to as *debt discipline* in this research. The pressure of indebtedness and the short-termism is a typical feature of capitalism in the rural areas.

However, the study also reveals that the extension of credit facilities of various forms to rural women in the district have had a positive impact on their empowerment despite the pressures of loan repayments. Women are better positioned to undertake productive venture which, according to the data collected, yields enormous benefits to them. The study shows that the economic conditions of rural women who access loans have been enhanced at the household level. They are able to make small purchases that crucially contribute to meet daily household expenses independently. This means that debt discipline serves as a positive mechanism towards economic empowerment. The above notwithstanding, the socio-cultural context within which credit schemes operate negatively affects full women empowerment. Inequalities regarding access to education and training, participation in decision making processes, property ownership among others derails efforts at attaining full women empowerment.

Relevance to Development Studies

The extension of credit facilities to rural women microentrepreneurs by both formal and informal financial money lenders has the potential of encouraging entrepreneurship among rural folks. It serves as a source of start-up for most women (Ganle et al. 2015). Credit also enhances consumption and future investment such as landed properties, education, maintenance, among others (Hashemi et al. 1996). Indebtedness on the other hand is a source of pressure to borrowers. It disciplines them and makes them behave in ways that promotes innovations on one hand, and short-termism, environmental degradation and break down of community solidarity on the other hand (Gerber 2014)

This research offers an overview of the credit-debt relationship, its positives and negative consequences, the pressures and 'discipline' associated with indebtedness and its potentials for the (dis)empowerment of women in rural areas of northern Ghana. This is relevant for policy interventions by government, NGOs, development partners, and private sector

players in the financial sector about the potentials as well as the challenges of extending credit to rural women, problems associated with meeting debt obligations, the consequences thereof, and the chances of empowering rural women through credit.

Keywords

credit, debt, empowerment, pressure, women, discipline, interest, Sagnarigu district, Ghana.

Chapter 1 Introduction

1.1 Background of the study

The extension of credit facilities to rural farmers, women petty commodity producers and other economic actors have been celebrated as one of the most effective ways towards creating employment and entrepreneurial opportunities for people in order to fight poverty (Hashemi et al. 1996). It enhances their capacity to engage in economic activities in order to earn a decent living. Credit also provides a relief for people to consume, acquire properties and mortgages, pay for education, health and other essential services. The reasoning behind credit is for the economic and social empowerment of people who are without capital to invest or consume (ibid). However, the consequences of credit, thus indebtedness, is far fetching. Rural peasant farmers and, more especially, women microentrepreneurs in the Sagnarigu district who engage in popular local microenterprises such as shea butter processing, groundnut paste and oil processing, rice milling, shop keeping, smock weaving, food vending, and other petty trading activities access credit in order to work but in most cases they become hugely indebted to financial institutions and other creditors due to high interest payments and the pressures of loan repayment (Ganle et al. 2015).

Whiles prominent studies of credit in rural settings such as the study of the Grameen Bank and the Bangladesh Rural Advancement Committee (BRAC) by Hashemi et al. (1996) suggests great potentials of credit for women socio-economic empowerment, other studies such as those done by Gonzalez (2008) in Bolivia, Guerin et al. (2013) among rural households in South Indian, Bateman (2010) and Rahman (1999) emphasizes the negative consequences of indebtedness resulting from credit. Guerin et al. (2013) for instance states that indebtedness does not only create social differentiations, but have also been a source of impoverishment, pauperization and dependency among rural people of Tamil Nadu in South India because about half of their monthly income goes into debt repayments. Bateman (2010) on his part challenges Mohammed Yunus' claim that microfinance is the surest way to end global poverty. To him, microfinance is just another neoliberal tool that promotes capital accumulation by a few capitalists. According to Bateman (2010), community solidarity, mutuality and cooperation is lost to competitions created by microfinance.

Studies in Ghana about the implications of microfinance on household welfare, concludes microfinance generally has a modest impact at the household and enterprise level amidst concerns of abuse of loans and revenues accruing from loans on household consumption expenditure. A study conducted by Kotir and Obeng-Odoom (2009) in the Upper West region of Northern Ghana indicates that only 23% of households did not see any form of change in their welfare as a result of microcredit. The rest either saw a slight improvement or lots of improvement. The study also indicates significant improvement in their social capital (self-esteem). However, a large sum of the revenues from loans is consumed through household expenditure (ibid). Findings from Mannah-Blankson (2016) on microfinance in Ghana agrees with the above findings except that questions of over-indebtedness and the pressures it has on household consumption is raised. According to her, indebtedness above some level puts households in financial distress and thereby restricting expenditure on food, whiles at the same time reducing their credit worthiness. On over-indebtedness in Ghana, Schicks (2012) looks at the phenomenon on borrowers with lower income and low assets. Such borrowers, according to her risk being over-indebted if their investments yield lower returns or if they use the loans for non-economic activities which makes repayment difficult. She also concludes that such borrowers adopt to short-term behaviors such as reducing expenditure on food and other essential services, and long-term measures such as "working

harder, creating and using savings, and selling household or business assets” in order to repay their debts (Schicks 2012:23).

The above debates, notwithstanding, acknowledges one key feature of indebtedness; the pressures of debt repayment and the discipline it subjects debtors to and thereby further promoting the neo-liberal economic paradigm. So much emphasis is placed on the potentials as well as the consequences of credit in empowering rural people. The pressures and discipline of debt have received very little attention in rural settings in Ghana. This research critically assesses the pressures and discipline of debt and how this serves as a lubricant to capitalism in rural places in Northern Ghana. It seeks to promote the debate and agenda of adopting financial regulations that protects debtors from the phenomenon of over-indebtedness. It also seeks to generate more evidence on some alternative credit arrangements such as some community operated credit unions and mutual credit, some state banks and some state sponsored and NGO-led credit arrangements, among others which have empowered and continues to do so with less consequences of debt repayment.

1.2 Statement of the problem

Limited savings and lack of access to credit makes it difficult for many poor people, particularly rural women and farmers in low-income countries to become self-employed and to undertake productive and income-generating ventures. The credit and debt relation have existed for the past 5 millennials (Graeber 2011). They denote two sides of a coin; representing “a contractual relationship between two or more parties in which financial resources are made available in exchange for a promise to pay back at an agreed cost” (Kus 2015:213). Lazzarato (2012:39) offers a very simple definition of what debt is: “a promise to pay”. Whilst credit makes it possible to buy or pay for a product or service or even undertake an economic activity, it also serves as a liability that can deny future consumption (Kus 2015).

Credit in rural settings is a major source of consumption expenditure for subsistence-oriented peasant households (Gerber 2015). Investment expansion drive and the will by farmers to engage in the Green revolution type of cash crop production has also given rural credit some level of impetus. Credit has also been essential in paying for religious and life cycle expenses such as weddings, outdooring of new-born babies, festivals, funerals, sicknesses, new homes, education, among others (ibid). Investment credit has also become a major precondition for economic survival in the current neoliberal economic environment. What Veblen (1903) said more than a hundred years ago remains valid today: “Under the regime of competitive business whatever is generally advantageous becomes a necessity for all competitors. Those who take advantage of the opportunities afforded by credit are in a position to undersell any others who are similarly placed in all but this respect”. Until recently, credit was also used by many to pay taxes which had moved from “taxes in kind and labor to cash” (Gerber 2015:414). The payment of taxes has been a major reason that has forced many peasants and rural people to enter the capital market (ibid).

Despite its numerous uses, credit also has a dark side. Extensive literature exists about how indebtedness have restructured ownership and control of land, labour and capital (see references in Banaji 1977, Roseberry 1978, Brass 1999, Gerber 2014). In some parts of the world, defaults on debt repayment have led to incarceration and imprisonment (Kara 2009, Graeber 2011). It has also resulted in temporary and permanent migration of debtors in search for temporal work to repay loans (Mosse et al. 2002, Shneiderman 2011) and to suicides, in some cases, when the properties of debtors are confiscated as a result of default in loan repayment (Mohanty 2005). Debt peonage continuous to be a common phenomenon in Latin America and some parts of Asia (Knight 1986). Pressures of debt also leads to the adoption of short term and unsustainable technologies such as the Green Revolution

technologies which puts pressure on the environment (Gerber 2014). Indebtedness also widens the inequality gap in society (Lazzarato 2012). Another emerging consequence of credit is the rebound effect of women empowerment on their marital stability. According to Luke and Munki (2011), a husband's attempt to reinforce authority over his wife, who is financially empowered, leads to upsurges of domestic violence and marital instability. Koenig et al. (2003) sees this as prevalent in conservative patriarchal societies, whiles Ahmed (2011) argues that this is only in the short-term, and that in the long run women are able to use their new status to reduce domestic violence.

The above discussions of the phenomenon of indebtedness leave questions in the minds of people about whose interest credit serves, and whether credit empowers or disempowers borrowers. This dilemma is owed to the 'discipline' the former exerts on the latter. Borrowers of interest-bearing and guarantee-based loans are subjected to some form of market discipline. Their debts force them to intensify production, calculate, trade more, work, innovate, cut costs, etc in order to ensure timely loan repayment (Gerber 2014). This is what typically entails capitalism, a phenomenon Mahmud (2012) and Gerber (2014) refers to as the *discipline of debt*. Capitalism, according to Heinsohn and Steiger (1990, 2003) entails "alienating, leasing and accumulating assets such as land; encumbering property as collateral for obtaining money as capital; collecting interest; burdening property in issuing money; and enforcing agreements using state power (judicial system and police forces)" (quoted from Gerber 2014:7).

The disciplines of indebtedness in rural and developing countries, and how these disciplines serve as conduit to the expansion of the neoliberal frontier and capitalist rationality in rural settings have received little attention. This research seeks to contribute in addressing this gap and to investigate the role of indebtedness (focusing largely on rural women) in shaping debtors' behavior. This research will also investigate the extent to which credit empowers or disempowers borrowers through these market disciplines.

1.3 Research question

1.3.1 Main question

In what ways does indebtedness 'discipline' women micro-entrepreneurs and to what extend does this discipline leads to empowerment in the Sagnarigu district?

1.3.2 Sub-questions

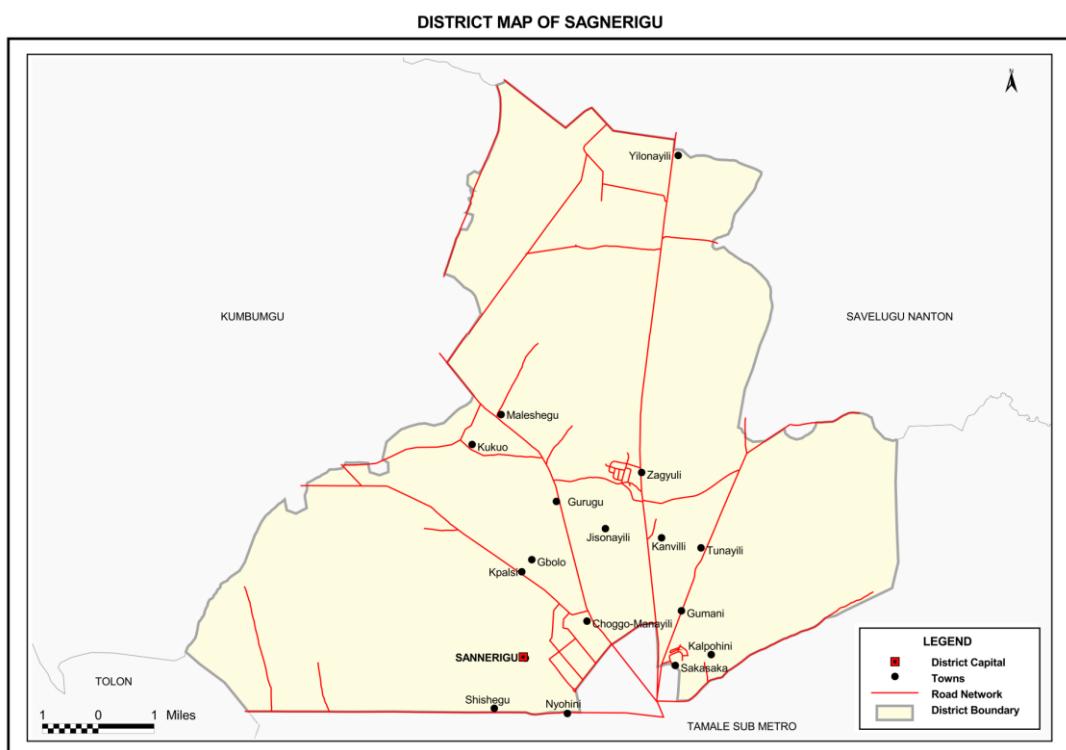
1. What kinds or forms of credit facilities does women micro-entrepreneurs access?
2. What is the credit utilization behavior of borrowers in the Sagnarigu district?
3. What are the measures taken by women micro-entrepreneurs in order to repay their debts or avoid defaulting?
4. In what ways do the pressures of indebtedness force women micro-entrepreneurs to enter or increase their participation in the capitalist economy and to what extent does debt 'lubricate' capitalism?
5. To what extent does the debt-driven market discipline contribute to the (dis)empowerment of debtors?

1.4 Methodology

1.4.1 Study area

The study area is the Sagnarigu Municipality which is located at the center of Northern Region. It is a twin district of the Tamale metropolis, the Northern regional capital, which together are regathered as one of the fastest growing cities in west Africa (Ghana Statistical Service 2014). The Sagnarigu Municipality was originally part of the Tamale metropolis until in 2012 when it was separated by Legislative Instrument (LI) 2066. The municipality have a total of 79 communities; out of which 20 are urban, 6 are peri-urban and 53 are rural (Ghana Statistical Service 2014). It has a total land size of 200.4km² and shares geographical boundaries with the Tamale Metropolis to the south, Savelugu- Nanton Municipality to the north-east, Tolon district to the west and Kumbungu district to the north-west (Ghana Statistical Service 2014).

Map 1.1
A map showing the study area



Source: Ghana Statistical Service, GIS (2014)

According to the 2010 Population and Housing census, the municipality has an estimated population of 148,099, out of which 50.6% are males and 49.4 are females (Ghana Statistical Service 2014). The informal sector is the largest employer in the district with about 77.5% of the population engaged in private informal employment ventures, majority of whom are women (Ghana statistical Service 2014). Some of these informal private sector ventures include; petty trading, shea-butter production, groundnut oil production, shop keeping, food vending, weaving, craftsmanship, tailoring, carpentry, and other vocational and technical skill related jobs. It is this category of the population that this research intends to

focus on. They source loans and other forms of credit from rural banks, microcredit enterprises, MASLOC and other financial institutions to support their business operations.

1.4.2 Study Population

The main participants of this research were rural women in the informal sector in the Sagnarigu municipality and some identified rural banks, microfinance institutions, NGO-led microcredit and savings and loans schemes. The informal sector is the largest employer in the district, making up 77.5% of the population (Ghana Statistical Service 2014).

Women petty traders and other business owners in the informal sector in Sagnarigu District have not been left out in the operations of financial institutions. Most rural women access loans largely from rural banks such as the Bonzali Rural Bank, Borimanga Rural Bank, Sonzali Rural Bank, among others. Others get credit facilities from state sponsored schemes such as the Microfinance and Small Loan Centre (MASLOC) and other private sector and NGO- led Microfinance Institutions (MFIs) such as World Vision Ghana, UNICEF Ghana, SNV, among others. Star Microfinance, Baobab microfinance, Opportunity savings & loans, Advans savings and loans, among others are private financial institutions that also extend credit facilities to rural women. Farmers, in particular, also get funding support from programs such as the Youth in Agriculture project, Planting for Food and Jobs project, and other supports from agriculture- based NGOs.

The study population of this research included women between the ages of 30 to 70 years old, majority of whom are married with a few been widows. Besides 5 of them who had formal education up to the secondary school level, all other women were not literates. They engage in petty productions and businesses ranging from shea-butter production, peanut oil production, rice milling, food vending, weaving, craftsmanship, hairdressing, tailoring, carpentry, shop-keeping and other petty trading, among others. They are largely from poor within their communities who struggles to keep up with daily household needs. Almost all of them are Dagombas, the most populous ethnic group in the district (Ghana Statistical Service 2014).

1.4.3 Research Design

This research employed the qualitative research methodology to answer the research questions necessary for achieving the research objectives. This is because detailed descriptions, experiences, processes, stories and accounts of the research participants were required to answer the questions of this study. Qualitative research techniques possess the ability of presenting detailed and contextual description of people's experiences of a given study matter (Mack et al. 2005). The inherent limitation of structured questionnaires in understanding issues such as empowerment also informed the basis for choosing qualitative methods since one of the objectives of this research is to assess the role of credit in women empowerment, something Mayoux (1998b) and Sinha (1998) do not believe surveys are well placed at investigating. Even though surveys are best suited for studying larger populations, which makes generalization much easier, it is limited in any attempt at conducting an in-depth investigation of local accounts of the market disciplines of debt and the potentials it has in women empowerment. Qualitative research "provide access to the opinions, aspirations and power relationships" of "people, places, and events" and "privilege[s] individual's lived experiences" (Ganle et al. 2015:337).

1.4.4 Research Tools and techniques

Various qualitative research tools were employed to conduct this research. They include in-depth interviews, key informant interviews, focus group discussions and ethnographic studies. As a qualitative research methodology, this study conducted in-depth interviews of research participants to get better responses and understanding of answers that satisfy the research objectives. This allowed for an in-depth discussion and interrogation of how borrowers access various forms of loans, how they utilize it, the mood of repayment and the stress associated with repayment. Empowerment is a very broad and difficult concept to measure especially using a survey questionnaire. Therefore, these one-on-one in-depth discussions brought to light some of the success stories of credit facilities as well as the pressures and challenges it poses in relation to their socioeconomic wellbeing. The interviews made it possible to find out the opinions, beliefs, behaviors, emotions and relationships of debtors in this study.

Key informant interviews were also conducted with loan managers of the various financial institutions such as Bonzali Rural Bank (BRB), MASLOC, Star microfinance and the VSLA *Adaka-bila* scheme to establish some key information such as the procedures for granting loan, interest rates charged, mood and rate of loan recovery, and the challenges associated in dealing with defaulters. Four (4) focus group discussions were conducted with four (4) women groups in the four (4) selected communities in the district.

An ethnographic study that lasted for more than 2 months was also conducted in this study. This ethnographic study, coupled with the fact that I am a native of the municipality, gave me a deeper local knowledge and understanding of the operations of financial institutions, how women petty commodity producers mobilize to access credit, their credit utilization mode and the mode of loan repayment. The ethnographic studies enabled me to understand the pressures and disciplinary mechanism of debt on women petty commodity producers from the point of view of an insider, rather than from a researcher's point of view.

1.5 Sampling Procedure and Techniques

The sampling technique adopted for this study is a non-random sampling technique called the snow-ball sampling technique, also known as chain referral sampling. This technique is used in studies where respondents are not readily known or accessible. It involves identifying one or a few respondents within the study population who after responding to the study further refers the researcher to other members within the study population (O'leary 2004). Thus, this technique is based on referrals. From the beginning, purposive sampling was used to select four (4) communities within the district where there are women groups who engage in petty commodity production and access loans for such purpose. This was then followed by the snow-ball sampling to get women within these clusters/communities to conduct this research.

1.5.1 Sample frame

This research focused largely on women microentrepreneurs in the informal sector of the Sagnarigu district of the Northern region of Ghana who access various forms of credit facilities to undertake or expand the business activities. As mentioned earlier, the private informal sector employs about 77.5% of the working population of the district of which women are majority (Ghana Statistical Service 2014). This study chose to concentrate on women in the private informal sector of the district as my sample frame because the objective of the research, which is to find out the pressures and disciplinary mechanism of debt and how this

reproduces capitalism and leads to (dis)empowerment, can best be studied among populations whose day to day survival depends on their participation in the informal economy. I also chose to study women because they form majority in the informal economy within the district. Per the culture of the people of Northern Ghana, women are also the ‘managers’ of the home. They are the closest to their children, and every financial pressure emanating from the home is first met by the woman. This makes them go for small loans and other credit facilities to undertake productive or economic activities.

Preliminary enquiries in the district suggests that besides formal employees, most men in the district who are in the private informal sector do not access loans for their businesses. This is probably because poverty and stress of household upkeep is more on women than on men or men are more financially strong than women, as is the case in many other rural dwellings in Northern Ghana owing to unfair customary practices that disadvantage women (UNICEF 2014). Also, most microcredit institutions in Ghana, especially those operated by NGOs like World Vision Ghana, does not extend credit to men. According to World Vision, women are more stable and less likely to migrate or run away with their money compared to men (Ganle et al. 2015). Another reason is accessibility. Women in the district who engages in petty commodity production and trading belongs to women groups. Some of these groups access and sometimes serves as guarantee for each member to access loans. Therefore, getting respondents from these groups was less difficult.

Even though this research was not restricted to some specific form or credit or financial institution, the most notable financial institutions which extended credit facilities to the research participants are Bonzali Rural Bank Limited, Borimanga Rural Bank, Sonzali Rural Bank, among others. Other participants of this research accesses credit facilities from state sponsored schemes such as the Microfinance and Small Loan Centre (MASLOC) and NGO-led Microfinance Institutions (MFIs) such as World Vision Ghana, UNICEF Ghana, SNV, among others. Star Microfinance, Baobab microfinance, Opportunity bank, Advans savings and loans, among others are private financial institutions that also extend credit facilities to rural women. These financial institutions together with the rural women microentrepreneurs in the Sagnarigu district constitutes the sample frame of this research.

1.5.2 Sample size

A total of forty (40) respondents were selected for this research. This sample were selected from a pool of borrowers in four (4) different communities within the Sagnarigu district who access credit from Bonzali Rural Bank, Opportunity bank, MASLOC, and Star microfinance company limited. These communities include Sagnarigu (district capital), Gurugu, Jisonayili and Katariga. Four (4) women groups who secures loans together or for individual members within the 4 communities were also engaged in focus group discussions.

1.6 Sources of data

This research combined both primary and secondary data sources. Primary data constitutes the first-hand responses that were gotten from sampled participants in this research who in this case are women microentrepreneurs and representatives of the various financial institutions interviewed. The secondary data included existing literature from previous research papers, textbooks, journals, articles, news and other media publications, websites and other online resources, conference papers, among others. These two sources of data are complementary to each other with the secondary data used to support the direct responses solicited in the field from respondents.

1.7 Data collection and analysis

Open-ended interviews were conducted among the sampled respondents. Audio recordings were done during the interviews and focus group discussions. This recording was necessary because almost all the interviews conducted, with the exception of those granted by the financial institutions, were done in the local language, Dagbani. This made instant and direct writing of the responses in English quite challenging since you cannot stop the person from speaking in order to write what they say before they continue talking. The recordings were therefore done and later translated into English for easy writing. Field notes of the responses were also taken to complement the recordings and for easy transcribing. Pictures were also taken throughout the field work.

The raw data of an interview is meaningless until they are analyzed in accordance with the research questions and its objectives. This will lead to the drawing of meaningful results and conclusions. Whether a survey or interview data, the main aim is to move from raw data to a meaningful understanding. This calls for an appropriate data analysis method that will amplify an understanding of the data gotten from the field.

This research adopted the qualitative research methodology and analysis, and according to O'Leary (2004:195) “[I]n qualitative analysis, understandings are built by a process of uncovering and discovering themes that run through the raw data, and by interpreting the implication of those themes for the research questions”. After the interviews and focus group discussions were done, the data was analyzed using the Attride-Stirling's (2001) thematic network qualitative data analysis framework. The tape recordings were first transcribed and translated from Dagbani to English. These transcripts, together with the field notes were reviewed for overall comprehension and understanding. This was then followed with a manual coding of the responses according to their relative nearness in meaning, so that response that appeared similar were given one code. This coding was done until no response was left without a code. Codes refers to labels that are given to the whole or part of a conversation or statement in an interview in order to derive key concepts or theories from it (Miles & Huberman 1994). These codes are given to repeated responses. Out of these codes, broader themes were developed to represent the major and patterned responses gotten from the interviews concerning credit utilization, struggles and pressures involving debt repayment, the level of empowerment, among others. Verbatim quotations were used where appropriate to illustrate these themes.

1.8 Ethical considerations

For reliability, fairness, propriety, and safety of both the researched and the data they provided, ethical issues were taken seriously in the data collection process. According to O'Leary (2004), the “power relations” between a researcher and the researched should be managed in such a way that the dignity and wellbeing of research participants is guaranteed and well protected so that no physical, psychological or emotional harm is suffered by them as a result of this research. To this end, all respondents were told in advance which time and venue was appropriate and convenient for them to respond to this research, their consent were sought for before the interview began and they were told in clear terms that they had the right to terminate or postpone the interview at any point they feel to do so. In fact, on two separate occasions in the focus group discussions, two women excused the group and left because they could not sit longer than they had planned to. The women involved themselves in the process without any form of coercion or inducement.

Confidentiality and anonymity were other ethical issues that were observed. These two ethical issues ensure the safety and boost the confidence of respondents. Participants of this

research were told that this research was solely for the purpose of education as part of a curriculum requirement for a second degree, and the objectives and relevance of the research was made known to them. Participants were informed that the information that they provide will not be revealed to a third party, and those who wants their identity to be protected will be protected.

1.9 Positionality, Reflexivity and Limitations

The power relations in terms of the economic, social, educational, gender, age and rural-urban status among others, between a researcher and the research participants has the potential of (positively and negatively) influencing data collection and knowledge production (Rose 1997). Making your position regarding the above power relationships known, and accounting for its potential influence whiles trying to minimize same as a researcher is what is referred to as reflexivity (Hammersley and Atkinson 2007).

My position as a native of the municipality and a son of one of the communities where the research was done created an easy access to the respondents in some cases. Some of the respondents even had personal knowledge of who I am, where I have been and the fact that I am a student currently studying abroad. This made access to them quite easy. The problem however was some felt they were going to give information about their financial status (rich or poor household) to someone who knows them. For reasons of pride (for want of a better word) many people within our locality do not like to tell their financial status to people. I had to convince them that it was solely to assess their credit-debt relationships with financial institutions and not their overall financial status. Also, my mother and some of her colleagues who used to access credit facilities from Bonzali Rural Bank (BRB) were interviewed to understand and appreciate the pressures associated with loan repayment and the reasons why they stop accessing those loans. This position of interviewing close relatives has the potential of influencing the data or responses they will give since I already had a fair idea or privy to what they went through with these loans from Bonzali in the past. For this reason, a friend conducted those few interviews that involved my mother and her friends on my behalf. This was after I had an extensive discussion on how she should conduct the research to answer the research questions. Coming from Europe to conduct a research undoubtedly also had a positive influence on the level of response by the institutions I visited. Being one of them and speaking the same language and from the same geographical location also contributed to the level of rapport between us and their acceptance to speak with me.

One of the limitations was that I did not have enough time to interview more people than I got. There were still many women I could have met and interviewed but for reason of time, I could not. Also, many of the women petty commodity producers do not conduct book-keeping and therefore those whom Bonzali Rural Bank started extending credit to about two (2) decade ago could not give accurate details of how it started, how much they paid as interest and the other loan repayment conditions. In some instances, especially during the focus group discussions, there were conflicting responses because of the time. Again, majority of the interviewees were uneducated and therefore do not speak English. Since I am not a professional and independent language interpreter and due to the cost and time limitation to engage a professional, I had to rely on my best ability to transcribe and analyze the data. Even though access to the women petty commodity producers for interviews were not so challenging, getting managers of financial institutions and NGOs was hectic. I had to book appointments several times and went there several times but could not get them to interview. This was due to the busy schedules of employees of financial institutions and NGOs, and lack of respect for time schedules and appointments common with many officials.

Chapter 2 Analytical and Theoretical Framework

To analyze the findings of this research in line with the research objectives of assessing the pressures and disciplinary mechanism of debt as a lubricant to capitalism and how this (dis)empowers rural women, the **four (4) theses of the consequences of indebtedness** developed by Gerber (2014) will be engaged. These four (4) theses will also be used to analyze the how indebtedness fuels capitalist rationality in rural settings. This research will also employ the concepts of **power** and **empowerment** in the context of rural indebtedness to measure and analyze the socioeconomic status of women petty commodity producers and traders who access credit facilities.

2.1 The consequences of debt in rural Sagnarigu

Rural credit and finance have been considered an important tool for rural development and a potential for harnessing entrepreneurial capabilities among rural folks, especially women. Different forms of credit policies reflecting particular ideological stance have produced different kinds of outcomes. Indeed, the shift from state-sponsored credit financing towards the ‘financial market’ approach since the 1980s have resulted in a shift in focus in measuring credit performance from the debtors point (eg number of trees planted) to the creditors point (repayment rate) (Gerber 2013). In other words, the debtor is usually studied from the perspective of the lender.

Extensive studies have been conducted in the past regarding rural indebtedness, especially in relation to particular cases such as land dispossession and bonded labor effects resulting from credit. Conversely, relatively very little have been written about the broader behavioral, economic, social and environmental effects of indebtedness (Gerber 2014). Anthropologists for instance “have had especially little to say about the phenomenon of debt” (Graeber 2009:107) whiles according to Carruthers (2005:355) indebtedness is “a topic that sociology has mostly ignored”. This may be as a result of the complex and sometimes contradictory nature of the credit-debt relation; on one hand as the only means for consumption in some cases and as a great medium for profit and growth, and on the other hand as a source of burden (Gerber 2014). It is this complexity of the credit-debt relationship among rural women in the Sagnarigu municipality that is studied in this research using the four (4) theses of the consequences of debt developed by Gerber (2014).

According to Gerber (2014) the credit-debt relations restructures ownership of means of production (land, labor and capital) in the form of land dispossession and bounded labor effects (Thesis 1); instils market discipline and thereby making borrowers to calculate, cut cost, work and trade more, compete and grow (what is referred to in this research as the disciplinary mechanism of debt) and thereby creating the capitalist culture in borrowers (Thesis 2); weakens traditional community bonds (dismantling of commons, promoting individualism and social differentiation) and the environment (Thesis 3); and consequently serves as one of the mechanism around which capitalism revolves (Thesis 4). The above theses corroborates Steppacher’s (2008) position that interest-bearing and guarantee-based loans generates three (3) key economic pressures; (a) the pressure of increasing production far greater than the loan amount in order to pay principal and interest (economic growth), (b) the time pressure to adopt short-term measures of meeting repayment schedules (short-termism), and (c) the pressure of adopting technological and institutional innovations to improve solvency. These three (3) pressures of economic growth represents the engine behind the evolution of capitalism. This research was conducted to study the consequences of

indebtedness in the Sagnarigu district in the lens of these four (4) theses and how it creates capitalist rationality among rural women.

2.2 Power relations in the *debt economy*

Debt creation, that is, the creation and development of the power relation between creditors and debtors, has been the conceived and programmed as the strategic heart of neoliberal politics. – Maurizio Lazzarato (2012); The making of the Indebted Man.

In order to effectively analyze the functions of rural credit and financing there is first the need to understand the power relations in the debt economy. This, according to heterodox economist André Orléan, constitutes the “creditor power” and the “debtor power”, which to him is “measured by the ability to transform money into debt and debt into property and, in so doing, to directly influence the social relations that structure Western society” (Cited in Lazzarato 2012:29). The creditor-debtor power relations serve as the main pathway to the capitalist “governance” (a term synonymous to “command” in this context) which prioritizes and give much privilege to the “financial and creditors side” (Lazzarato 2012:30). Indeed, the credit-debt relation constitutes some sort of power relations that assumes various “forms of production and control of subjectivity” and thereby creating a form of *homo economicus*, the “indebted man” (Lazzarato 2012:30). This relationship between lenders and borrowers constitutes “capital/labor, Welfare-State services/users, and business/consumers relations” and thereby turning the “workers, users , and consumers” respectively into debtors (Lazzarato 2012:20). In other words, the *debt economy* is neck-deep in neoliberalism, and even deeper when it comes to power relations. As a result, everyone, even those who do not access loans still pay interest through public debts. For instance, every French child born today have a 22,000 euros debt obligation, according to economist (ibid). This is why Lazzarato (2012:29) sums it up that “debt acts as a “capture”, “predation”, and “extraction” machine on the whole of society, as an instrument for macroeconomic prescription and management, and as a mechanism for income redistribution”.

The borrower (whether an individual, a social group or society) is generally considered ‘free’, but his behavior and actions are restricted to the amount of debt he owes. These behaviors and actions assume a *way of life* (work ethics, consumption lifestyle, cost cutting, competing, socialization life, taxes, etc) that is in line with timely loan repayment. The power exercised by creditors over debtors in this regard corresponds to one of Foucault’s definition of power as “a way in which certain actions may structure the field of other possible actions” (Foucault:791).

The most widely used definition of power includes the exercising of control by an actor or actors over another. Rowlands (1997:9) defines power to mean “... the ability of one person to get another person or group to do something against their will”. According to him, power is a ‘zero-sum’ game, where one party gains influence at the expense of another. Rowlands (1997) offers four (4) different forms of power; *Power to, power over, power with and power from within* which has been summarized in Table 2-1 below.

From a *feminist perspective*, power is wielded by the strong social, political, economic and cultural categories of people at the expense of the weak and vulnerable ones. In other words, power creates some form of class structure within society, and it largely reflects an exercise of control “by men over other men, and by men over women” (Rowlands 1997:10). In most societies all over the world, women are relegated to lower status in society and are socially, culturally, politically and economically vulnerable in comparison to men (Allen 1999). According to Oxfam (2012), “three quarters of working age men are in the labour force compared to half of working age women”. Data from the Ghana Statistical Service (2014) shows

that the percentage of women in the Sagnarigu district who are economically active population is 38%, majority of whom are in the informal sector. They spend most of their working hours on domestic non-paid works. Reports from the UN Women (2015) indicates that women spend twice the time men spend on domestic works, and about four times the time their male counterparts spend on childcare. Women's freedom and ability to engage in any form of economic activity, make decisions on their own, have the freedom to travel outside of their home without an escort or prior permission and approval of her husband, being consulted and involved in family decision making process, among others has an enormous effect on their levels of power and empowerment in society.

2.3 Access to credit and women empowerment

Just like the concept of power, finding a precise definition of empowerment have been elusive. Common in most definitions however, empowerment is explained to mean words such as freedom, change, choice, participation and power (Ganle et al. 2015). Empowerment has its foundation from power, and therefore the various debates and explanations of what empowerment means are manifestations of the controversies surrounding the meaning power. Empowerment from the 'power over' point of view means "... bringing people who are outside the decision-making process into it" (Rowlands 1997:13). Thus, an increase in the level of participation of individuals and groups (especially the marginalized and excluded) in political structures and formal decision-making processes, and in the economic sphere to enable them to earn decent income in order to participate in economic decision making. From the 'power to' and 'power with' definitions of power, empowerment can be explained to mean the process in which the interests of individuals and groups are realized relative to that of others with the ultimate aim of everyone collectively and actively participating in decision making processes (Rowlands 1997). This may involve political structures but might also include collective actions. It may also be either locally focused at the village/neighborhood level or institutionalized and networked at the national level.

Table 2.1
An indication of the relationship between power and empowerment

TYPE OF POWER RELATION	IMPLICATION FOR UNDERSTANDING EMPOWERMENT
Power over: Ability to influence and coerce	Changes in underlying resources and power to challenge underlying assumptions.
Power to: organise and change existing hierarchies.	Increased individual capacity and opportunities for access
Power with: Increase power from collective action	Increased solidarity to challenge underlying assumptions
Power from within: Increased individual consciousness	Increased awareness and desire for change

Source: (Rowlands 1997)

The *feminist perspective* of power looks at the dynamics of oppressions and control of weak and marginalized women in decision making. Empowerment in this regard is defined to include "the processes that lead people to perceive themselves as able and entitled to make

decisions" (Rowlands 1997:14). The term 'empowerment' is said to have its background from women movements. The Women in Development (WID) approach which was subsequently developed into the Gender and Development (GAD) in the mid 1980s offered a "feminist critique to development" and had the main aim of increasing women active involvement and participation in development processes as well as reducing female subordination (Luttrell et al. 2009:3). Empowerment is not however limited to only gender issues but a host of other socially excluded and marginalized groups including age, caste, ethnicity and disability. On this basis empowerment can be broadly defined as "a progression that helps people gain control over their own lives and increases the capacity of people to act on issues that they themselves define as important" (Luttrell et al, 2009:16). The Swiss Agency for Development and Cooperation (SDC) defines empowerment as "an emancipation process in which the disadvantaged are empowered to exercise their rights, obtain access to resources and participate actively in the process of shaping society and making decisions" (SDC 2004, cited in Luttrell et al. 2009:16).

Empowerment is not just limited to participation, but also includes changes in and control over decisions and resources. Naila Kabeer's notion of empowerment buttresses this point. She defines empowerment as "processes by which those who have been denied the ability to make choices acquire such an ability" (Kabeer 1999:2). According to Kabeer, empowerment, and for that matter choices, happens at three (3) different levels; the preconditions of choice (resources), the exercise of choice (agency) and the consequences of choice (achievements) (Cited in Mahmud 2003). Therefore, empowerment is manifested in the changes in social, political, economic and cultural positions and statuses of individuals and groups. The box below shows the various dimensions of empowerment.

Table 2.2
The dimensions of empowerment

Economic empowerment

Economic empowerment seeks to ensure that people have the appropriate skills, capabilities and resources and access to secure and sustainable incomes and livelihoods. Related to this, some organisations focus heavily on the importance of access to assets and resources.

Human and social empowerment

Empowerment as a multidimensional social process that helps people gain control over their own lives. This is a process that fosters power (that is, the capacity to implement) in people, for use in their own lives, their communities and their society, by being able to act on issues that they define as important (Page and Czuba, 1999).

Political empowerment

The capacity to analyse, organise and mobilise. This results in the collective action that is needed for collective change. It is often related to a rights-based approach to empowerment and the empowering of citizens to claim their rights and entitlements (Piron and Watkins, 2004).

Cultural empowerment

The redefining of rules and norms and the recreating of cultural and symbolic practises (Stromquist, 1993). This may involve focusing on minority rights by using culture as an entry point.

Source: Luttrell et al. (2009)

2.3.2 Empowerment measurement: matrixes and indicators

That empowerment has been defined differently by different authors makes the identification and delineation of exact measurable indicators of the concept also difficult (Mayoux 1998b). Particularly so, is the differences that may arise regarding what women petty commodity producers and traders perceive as empowerment and what external development practitioners and feminist literature may establish *a priori*. For instance, rural women may see the use of the labor of their children to increase income as empowering, as against international labor laws. Also, the conditions that may prevail for one to measure women empowerment in one society using a set of indicators might not be applicable in another. Among the difficulties again, is that women are heterogeneous and therefore one or a few sets of criteria of empowerment for one group might not be relevant for all women. Central to any form of measurement and analysis of empowerment, therefore, is the women's own aspirations, perceptions and strategies regarding program outcomes, as indicated by Mayoux (1998b) and Kabeer (1999). This notwithstanding, feminist literature should be integral in the analysis of empowerment. Relying solely on the accounts and aspirations of local women can be counter-productive in situations where there is limited knowledge of macro level factors that can challenge the view that, for instance, gender subordination is 'natural' and unamenable (Mayoux 1998b).

The concepts of power and empowerment discussed above are used to analyze the research question regarding first and foremost the power relationship that exist between women microentrepreneurs and credit institutions in the Sagnarigu municipality and whether there exists any form of exploitation. These concepts discussed above are also essential in analyzing and answering the research question regarding the contribution of credit in the empowerment or other wise of rural women and the pressures involved thereof. This led to a gender impact study and the evaluation of some credit programs in the Sagnarigu municipality.

To explore the level of contribution of credit facilities in women empowerment in the Sagnarigu municipality, three (3) main pathway matrixes with seven (7) indicators adopted from Martha Chen's women empowerment framework were adopted. They include material, relational and perceptual pathway matrixes.

2.3.3 Martha Chen's women empowerment framework

Martha Chen offers an elaborate framework for measuring microfinance services contribution in women empowerment. Chen's (1997) framework, according to Mayoux (2002), was commissioned by the United Nations Fund for Women (UNIFEM) with the aim of Assessing the Impact of Micro Finance Services (AIMS). It was developed from three (3) previous frameworks used to measure women empowerment through microcredit in Bangladesh. These frameworks include;

- a. **Assessing change in women's lives: A research framework:** Chen and Mahmud (1995) developed this framework using four (4) pathways to assess changes in women's lives as a result of their access to credit. These pathways are material, relational, cognitive and perceptual changes. Indicators to measure these included resource base, prestige and value, self-esteem and self-confidence, improved position vis-a-vis men, among others (Mahmud 2003).
- b. **Empowerment of women: A research program:** developed by Hashemi and Schuler (1996), this framework measure women empowerment in eight ways: "mobility, economic security, ability to make small purchases, ability to make larger purchases, involvement in major household decisions, relative freedom from domination within the family, political and legal awareness, and involvement in political campaigning and protests" (Hashemi et al. 1996:638).
- c. **SEWA's "Ten Points": A Strategic Framework:** this framework was developed by the Self-Employed Women's Association (SEWA) established bank in India-SEWA Bank. These "Ten Points" according to (Chen 1997) represent the objectives of SEWA, and they include; Increased employment opportunities and income, improved nutrition, increased access to health services, improved child care, access to housing, water and sanitation facilities, increased household assets, strong women associations, strong women leaders and self-reliance (individually and collectively).

By consolidating the three (3) frameworks discussed above, Chen (1997) incorporates all the elements into four (4) broad pathways. The hypothesis is that participation in microfinance services leads to one or more of the changes shown in figure 2-3 below.

Table 2.3
A consolidated framework for measuring women empowerment

I. MATERIAL CHANGE: Expansion in the material resource base of women
A. Income: increased income and income security;
B. Resources: increased access to, control over, and ownership of assets and income;
C. Basic Needs: increased or improved health care, child-care, nutrition, education plus housing, water supply, sanitation, and energy source; and
D. Earning Capacity: increased employment opportunities plus ability to take advantage of these opportunities.
II. COGNITIVE CHANGES: Women's recognition of their own abilities and skills
A. Knowledge: increased knowledge;
B. Skills: improved skills; and

	C. Awareness: increased awareness of wider environment.
III.	PERCEPTUAL CHANGES: changes in how others perceive women (prestige and value)
	A. Self-Esteem: enhanced perception of own individuality, interest, and value;
	B. Self-Confidence: enhanced perception of own ability and capacities:
	C. Vision of Future: increased ability to think ahead and plan for the future; and
	D. Visibility and Respect: increased recognition and respect for individual's value and contribution.
IV.	RELATIONAL CHANGES: changes in gender relations (women's position <i>vis-a-vis</i> men) within the family and the broader society (reduction on gender inequality)
	A. Decision-Making: increased role in decision-making within the household and community;
	B. Bargaining power: increased bargaining power;
	C. Participation: increased participation in non-family groups, in local institutions, in local government, in political process; and
	D. Self-Reliance: reduced dependence on intermediation by others for access to resources, markets, public institutions plus increased mobility and ability to act independently.
	E. Organizational Strength: increased strength of local organizations and local leadership.

Source: Chen 1997 and Mahmud 2003

According to Chen (1997), the above framework constitutes what she refers to as the *impact variables*. She develops two (2) other variables known as *participation variables* and *mediating variables*. Participation variables includes the value and date of loan, time of repayment, purpose of loan, number of loans received, etc whiles mediating variables gender, marital status, age, number of children, dependency ratio, among others of the borrower (Chen 1997). According to her, all these variables affects women empowerment.

Chapter 3 The disciplines of debt and Pressures of repayment: A case study of women microentrepreneurs in the Sagnarigu district

In trying to answer the research questions, the findings were thematized into two (2) broad sections based on the research questions. The first part analyzes the pressures and market discipline indebtedness subject rural women to, so as to avoid defaults in loan repayment and how this serves as lubricant to capitalism. The second part, which is the next chapter, will analyze the impact of these pressures and discipline in the empowerment of women.

The need for credit by most women in the Sagnarigu district stems from their responsibilities to feed and take care of the family, a responsibility which but for rapid modernization which has reduced agricultural practices in the district, was that of men. Most women therefore cannot live without credit, but to default is also unthinkable. They take on various behaviors and undertake new activities that enhances their ability to meet their debt obligations. Common in a “debt economy” is the changes in the debtor’s consumption pattern, work ethics, socialization life, leisure time, among others which are compatible with loan repayment, a situation referred to by Lazzarato (2012:31) as “repayment lifestyle”. The invisible hands of debt therefore have the power to impose some sort of financial self-discipline (Guérin 2006). This section focuses on the findings gotten regarding the various ways that credit have changed the behaviors and lifestyles of rural women microentrepreneurs in the Sagnarigu district. Three (3) broad themes are looked at regarding the discipline of debt: credit access and utilization, pressures of repayment, and the consequences in case of default.

3.1 Access to credit and credit utilization behaviors of debtors

The main credit-debt categories popular amongst rural women within the Sagnarigu municipality are the microfinance loan facilities, village savings and loans associations (VSLA) or *Susu* schemes¹ and the Microfinance and Small Loans Centre (MASLOC). Traditional sources such as family and friends, Rotating Savings and Credit Associations (ROSCAs), and money lenders are also present, even though activities of the latter are becoming very unpopular in recent times. Mr. Fatawu, a loan field officer of BRB, spoke about the risks associated with informal money lending. According to him most of them are leaving the lending business because they borrow huge sums of monies from commercial banks at a relatively higher interest rate to operate. With the emergence of microfinance in the rural areas, these money lenders are unable to compete. He narrates how one money lender got hugely indebted to a commercial bank because debt repayment by her customers (debtors) was low and therefore she defaulted in paying back the commercial bank she also borrowed from. This study concentrated on four (4) communities within the district which have the presence of the Bonzali Microfinance Loan, the Star *susu*/soft loan program, the MASLOC microfinance program, and a new women Village Savings & Loans Association (VSLA) initiative called *Adakabila*.

¹ *Susu* schemes are voluntary savings and loans programs designed by rural women to encourage micro level savings, as well as provide small loans to its members who will otherwise not gain access to credit in formal financial institutions. More on this later.

The **Bonzali Microfinance Loan** is arguably the largest source of micro credit for rural people in Northern Ghana. Established in 1990, Bonzali Rural Bank Ltd (BRB) is the largest rural bank in Northern Ghana. BRB entered into the microfinance business in 1998, with special assistance from Action Aid International and can today boast of several branches across the region, including two special branches solely focused on microfinance operations.² Information on their website indicates that BRB have a customer base of 21,563 clients out of which 68% and 37%, respectively, are female and rural people with a total loan portfolio of about 2 million Ghana cedis³. BRB operates many financial programs, as shown in *figure 4-1* below. Among them include the Bonzali Microfinance Loan (BLM) program. This loan program operates in the form of group loan, and it is extended only to women groups who engage in petty commodity production, petty trading, food vending, shop keeping, and other small businesses. Majority of respondents in this research are clients of BRB.

“Why only women?” That was the question I posed to the women during the Focus Group Discussions (FGD). “*The men? They will beat them. Some men are not trustworthy* [compared to women]. *Men usually take MASLOC and even with that, they quarrel with the MASLOC people because MASLOC is [a] political [vehicle]*”, said Azara, a 30 years old shop keeper with the Tiyumba women group in the Sagnarigu community. When the same question was posed to the BRB loan field officer, he said “*if it was because of men, there will not be microfinance in Tamale*”. His reasons were that women are more patient with loan repayment and less quarrelsome. A project officer of SNV⁴, Mr Rutilus, corroborated this and added that “*men of this place [northern Ghana] have high ego, and do not want to do things that women do*”. He also said women in rural areas are considered ‘managers’ of the home and therefore needs this kind of support. This is in line with Wright’s (2000) position that women ‘manage’ the day to day budget of home and are therefore more likely than men to invest loans in activities that will benefit the whole household. According to Cheston and Kuhn (2002), studies from some parts of the world shows that men contribute about 50 -68% of their income to the upkeep of the household whiles women “keeps nothing back for themselves”. World Vision Ghana adds that, women are also more stable at home and less likely to travel or run away with loans they take (cited in Ganle et al. 2015).

² <file:///C:/Users/ACER/Downloads/Combating-poverty-in-rural-Northern-Ghana.pdf>

³ *ibid*

⁴ SNV (Netherlands Development Organization) which facilitates the women’s Village Savings & Loans (VSLA) *adakabila* initiatives.

Figure 3.1
A souvenir showing the various financial products BRB operates



Source: Adopted from a souvenir showing BRB's Silver Jubilee Anniversary

According to the various women groups visited, and corroborated by the loan field officers, the following procedures are followed before BRB advances loans to women;

- i. They are first made to form groups containing 5 to 6 members each. These groups together will express interest in the loan and invite BRB officials to visit their association⁵ in their village. The first condition for the loan is to be in groups, so that the loans are disbursed to each woman through the group. They are made to pledge to pay for any member amongst them who defaults in loan repayment. In other words, the group serves as a guarantor to each member. To this end, the women only accept members they can trust, and at the same time can get to repay her debt. “*You can't just walk from nowhere to come and access the loan*”, Mma Rabi, a mid-60 years old former customer of BRB in Jisonayili, retorted.
- ii. The second condition is that each woman must open and deposit into a *susu* (also called *adaashi*) accounts for 2 to 3 weeks. The amount you have in your *susu* account determines the amount of loan you are entitled to. “*If you have 100 cedis in your adaashi, they will give you 1000 cedis, 200 cedis will get you 2000 cedis, 1000 cedis will get you 10000 cedis, and so on*”, Haji Samata, a rice miller in her early 60s in Jisonayili, disclosed. This *susu/adaashi* is a micro savings accounts which is opened for the women to encourage saving whiles also serving as a form of collateral to BRB in case of loan default. This arrangement is very similar to the Grameen Bank's model.

⁵ These women groups usually operate as an association, located within one village and each and every member is known to one another.

Whilst the weekly *susu* savings to BRB is on-going for some number of weeks, loan field officers of BRB also educate the women groups on the whole process of the loan, the conditions of repayment, interest involved, insurance cover, among others.

Figure 3.2
A picture of a meeting between women groups and BRB's *Karachi*



Sources: A picture taken during a meeting of BRB field loan to women group in Sagnarigu

Usually after 3 weeks, the loans are disbursed, and a 2-week gestation is given before the weekly installment repayment of loan starts in the 3rd week after receiving the loan. 70 cedis⁶ is paid weekly on every 1,000 cedis loan amount accessed throughout the entire loan period, except for the first repayment (3rd week) where they are made to pay 90 cedis. This calculates into a 14% interest rate for the loan cycle which is 16 weeks or 4 months. An insurance cost of 1% on the loan amount accessed is also paid by each member. Every member of the association is also made to pay a fixed amount of 2 cedis as membership fee at the beginning of every loan cycle- a fee some of the women I interviewed considers “*useless*” and fraught with “*unaccountability*”. The leader of one the women group I interacted with in the Sagnarigu community, 65 years old Magazia-Mariama, stated that “*since we started Bonzali, we have been paying this master's fee⁸ and yet we have not seen any benefit [of it] besides these plastic chairs*”. Speaking on the same matter, the loan field officer I interviewed admitted that the membership fee is kept by Bonzali rural bank on behalf of the women associations, and it is not refundable. He also admits that even though that money belongs to the women, they have no hand in what it is used for and in case it is going to be used to procure something like plastic chairs for the association, the women have no hand in the procurement process. This is not different from the position of Ardent (1976:442) who suggests that credit is “one of the most effective instruments of exploitation” which enable managers of credit to “appropriate the labor and wealth of others” (cited in Lazzarato 2012:20).

It is important to note that the BRB model discussed above is similar to the one operated by the Grameen Bank in Bangladesh. The Bonzali Microfinance Loan (BML) model,

⁶ Cedis is Ghana's local currency

⁷ Do not see the need for paying it during every loan cycle.

⁸ The same as membership fee

just like the Grameen Bank, do not require formal guarantees and collaterals, but the group members themselves and the weekly *susu* savings of each member serves those purposes. Each member is given a passbook and they meet weekly, Mondays for many of the groups I visited, at a particular location within the community to honor their debt obligations with BRB's *karachi*⁹. The *karachi* takes their *susu* deposits and the loan repayment and record it in their passbooks. The highest loan amount a woman is entitled to, according to the BRB field loan officer I interviewed, is 20,000 cedis and a woman can only have one passbook or belong to only one loan group. This is meant to reduce the risk of loan default.

The mood of access for the **Star Susu/Soft Loan** is not different from that of Bonzali, except that with this one, installment repayment of loan is monthly, and the loan cycle is 6 months. Interest charged is also 14% just like with the BML. Another difference is that for a woman to access loan, she needs a *susu* savings deposit of 20% of the amount she needs, unlike the 10% required by BRB. Beside these two (2) differences, all other procedure for accessing the Star susu/soft loans is the same as that of the BML discussed above. Star Microfinance Company Limited is a new company and therefore do not have many customers in the district compared to Bonzali.

The **Microfinance and Small Loans Centre (MASLOC)** is a state sponsored microfinance scheme. It is the apex body with the mandate of implementing Government of Ghana's (GoG) microfinance policies and programs that aims to alleviate poverty. They offer various credit programs among which include two (2) major microfinance schemes; the Group Loans and the Small Loans programs for start-ups, and small enterprises. With the Group Loans, people are made to form groups of 5 to 25 members, and a minimum of 100 cedis to a maximum of 500 cedis can be accessed by each member¹⁰. Just like the ones discussed above, the group guarantees to pay in case of default by a member. The loan cycle is 12 months and members are expected to pay back loan principal with interest monthly.

Figure 3.3
A picture of MASLOC's Small Loans client who has a small business



⁹ This is the popular local name given to the field loan officer who visit the women every week to collect loan repayment. It literally means 'an elite'.

¹⁰ Information accessed from <http://www.masloc.gov.gh/group-loans.html>, the official website of MASLOC

Source: http://www.masloc.gov.gh/images/photos/small_loan_banner.png

In the case of the Small Loans program, an individual can access this facility to the tune of 1000 cedis minimum, and a maximum of 10,000 cedis maximum¹¹. Repayment is monthly with an interest of 12%. Some interviewees of this research are clients of this MASLOC Group Loan scheme. Some of them disclosed that MASLOC is a political vehicle and it is used to reward political party loyalists whose government is in power. Fati, a mid-30 years old wax seller in Jisonayili, disclosed that they were actually contacted by management of MASLOC through their husbands to come for the loans. *“Some women amongst us refused to take loan when they were educated about the repayment schedules. Others took it and gave it to their husbands because they couldn’t cope with the mood of repayment”*, she said. This means they did not go for it. They were contacted.

Regarding the VSLA initiative otherwise called **Adakabila**, it operates similar to a limited liability company by offering ‘shares’ every week for members to buy. When members buy these ‘shares’, the money is saved in the green box shown in *figure 4-4* below called *Adakabila* in local parlance, and the amount is recorded in her passbook. These ‘shares’ accumulates every week and is shared among the women at the end of every financial year. The main aim of this initiative is to promote savings among rural women. It is savings from these ‘shares’ that the group can pick money to lend to a member who needs loan. Just like the other ones discussed earlier, a member’s amount of ‘shares’ determines how much loan she is entitled to. A debtor’s shares also serve as collateral for her loans. Group members serve as guarantors. According the Mr. Rutilus of SNV, an organization that have done a lot works on this *adakabila* initiative, *“a member is not entitled to take a loan amount which is more than three times her shares”*. This is meant to reduce the risk of default as well as encourage shares buying. Loans from *adakabila* is also paid in weekly installment for three (3) months, with an interest of *“10% as protocol holds”*, Mr Rutilus disclosed. This means depending on a group, the interest rate can be set lower or higher than 10%. The interest rate for *Maltiti Women group* in Jisonayili was 10%. The leader of the *Maltiti Women group* in Jisonayili, Ibrahim Yakubu disclosed to me that there is flexibility in the way they give out loans to each other. Because they leave together in the same community, they know the problems each member faces and can sometimes relax some of the terms of loan access and repayment to members. They also know each other’s capacity and needs for a loan and that informs their decisions to give loans to members. He disclosed that no one has ever defaulted in repaying back her loan to the group, but even if that happens, her shares with the group will be used to offset the loan in the 3rd month or 6th month or even at the end of the financial year. Many of the women in this group disclosed to me that they no longer access credit from Bonzali since the access and repayment conditions of their group is more favorable. Indeed, this group was made of many old customers of BRB.

¹¹ Information accessed from <http://www.masloc.gov.gh/small-loans.htm>, the official website of MASLOC

Figure 3.4
A picture of VSLA women group buying shares into *Adakabila*



Source: Picture of the FGD with Maltiti Women Group in Jisonayili

Other lending sources that came up during my interaction with some women includes Opportunity Bank, Baobab microfinance, Sinapi Aba, Grameen Bank Ghana, among others. The number of people who took credit from these institutions were however small. For instance, with Opportunity Bank loan, only 6 women were interviewed. A collateral was required in order to access their loan facility. One of the women recollects that “*we were made to bring the papers of our houses*¹² *before the loan were disbursed to us*”, Mma Shetu Lumbila, a shea butter producer in her mid-50s in the *Tiyumba Women Group* in Sagnarigu, disclosed. Some of the women also access more than one credit facilities from different organizations. The 6 customers of Opportunity bank I interviewed, for instance, are also customers of BRB. Taking credit from different sources enables them to engage in different kinds of businesses or expand operations in existing ones. Majority of members of the *adakabila* scheme are also takes BRB loans.

¹² Land title certificates, as collateral

3.1.1 What is the credit utilization behaviors of debtors?

As mentioned earlier in the background of this research, women microentrepreneurs and petty commodity producers such as share butter producers, groundnut paste and oil producers, cloth weavers, dress makers, hairdressers, food venders and other petty traders were studied. This is because one of the objectives of this research was to find out how debt disciplines debtors and leads to changes in their behaviors and lifestyles in order to secure timely repayment of their debts. Therefore, most of the women I interacted with used the loans they secure for these activities. When asked whether there are women amongst them who takes loans but do not do any business, Haji Samata, a late 50 years old rice miller in Jisonayili quizzed rhetorically, “*If you don't have any business why will you take Bonzali [loan]? Will it be because your colleagues are taking it, that is why you also take? ... And at the end of the week how will you pay?*”. According to her it is through business that they are able to pay back the loans, and that if they had someone who will pay the loans for them, then it will not be necessary to even take the loan in the first place. My interview with the lending institutions also revealed that they only lend to women who are engaged in a business venture. They assess each woman's business potentials and seek recommendations from her colleagues, in the case of group loans, before giving out loans. These credit facilities were neither consumer credit nor for paying of school fees. According to the loan field officer of BRB, women can only use their loans for other purposes at their blind side, but that will still harm them because they need to repay it every week.

Parts of the loan amount women access goes into the procurement of modern equipments for production. For instance, instead of frying their shea nuts or peanuts for sheabutter or peanut oil production respectively using the frying pan, women have now adopted the use of an equipment they call *awana*. With the *awana*, they are able to fry the nuts faster and in larger quantities. Also, the crushing of the nuts which was hitherto than manually is now done using a crusher. My visit to the *Pagsung shea butter processors and shea nut pickers association* in Sagnarigu revealed that a waste digester was been constructed to solve the waste and sanitation problems associated with shea butter processing. The cost of these equipements and other comes from the loan amount, and all this is done in the hope of producing for the market in the shortest possible time.

My interactions with some of the women however revealed that some women take the loans and re-loan it to men at an interest. For instance, Haji Samata, a late 50 year old customer of BRB and a rice miller in Jisonayili, retorted in reaction to a question I posed about why only women takes Bonzali loans, that “*... men don't take Bonzali, but they spend it*”, to wit some of the women give the loans to their husbands. This was corroborated in my interview with the loan field officer of BRB who disclosed that “*yes, some of the women takes the loan and give it to men at an interest of 1%. Others gives it to their husbands or sons or neighbors and take 1%. So, when they are coming to the [weekly] meeting, they collect the repayment amount plus the 1% interest from the person. They then deposit the 1% interest into their susu savings. This is mostly done by the elderly women, but it is not allowed by Bonzali*”. According him, other women take huge amounts and set up different forms of businesses and put their colleague women, who currently have no businesses and do not take BRB loans, in charge. These practices further widen the inequality gap among women.

3.2 Debt discipline and the Pressures of repayment

The debtor is "free," but his actions, his behavior, are confined to the limits defined by the debt he has entered into. The same is true as much for the individual as for a population or social group. -Maurizio Lazzarato (2012), *The Making of the Indebted Man*.

Difficult as it is to pose the question and explain what the pressures of indebtedness is to an uneducated group of people, some women microentrepreneurs disclosed during my interactions with them about the difficulties and challenges of loan repayments and how they have to adopt to changing behaviors and lifestyles in order to secure money to repay their debts. I will be presenting some of these “repayment lifestyle” (Lazzarato 2012:31) of women in the Sagnarigu district in this part of the chapter. Both old and new customers of BRB were interviewed regarding this.

Some women engage their children of school going age to help them at the market or send them out to sell in order to get more returns to be able to meet debt obligations. For instance, during my interview with a hairdresser, I observed that her primary six (6) daughter was sent out to sell armbands and necklaces in my presence. Out of curiosity, I inquired to know why a schoolgirl should sell and her mother, Adisah, a 37-year-old hairdresser in Jisonayili retorted that these are some of the activities they undertake to be able to pay Bonzali every week. Others engage in other ventures like shea nuts picking, charcoal burning, and other temporal wage works like *kayaye*¹³, *ayugba*¹⁴, among others in order to get money and repay back their loans.

In some instances, women migrate to cities to seek menial jobs in order to earn income and pay back their debts. A neighbor disclosed to me during this research how his sister had to travel to Accra, the national capital, to do *kayaye*, in order to pay her debt. According to him, this even caused a divorce between his sister and her husband since she was been harassed and embarrassed everyday by her creditor whiles her husband did not help, and when she travelled it became a problem.

During the Focus Group Discussion with Maltiti Women Group in Jisonayili, I observed one interesting event of one of the women. She was visibly not comfortable. She had to leave the discussion middle way, as disclosed earlier in methodology (Chapter 1), because according to her she was not comfortable continuing to sit there whiles she hasn’t sold anything yet since morning. When she raised her hand to ask permission to leave, she retorted, ‘*I am not in my right mind [peace of mind] to answer questions when I haven’t sold anything since morning*’ (*Zaham lana*, a fish monger in her early 40s with the *Maltiti* Women Group in Jisonayili). In my observation, this showed the pressure on her regarding how to get money for the next week’s meeting.

One woman who use to access Bonzali loans disclosed the enormous pressure it had on her. According to her, she never had a peace of mind when Mondays (the day chosen for BRB officials to come for the weekly loan repayment) were approaching. ‘*If I was still [continued] with Bonzali, I would have been dead by now*’, *Mpag Mata*, a shea butter producer in her early 50s in Jisonayili disclosed. I according to her, her business was such that she only gets returns on sales after a week, so meeting the weekly repayment schedule always came with pressure. She most often had to borrow from friends or relatives to repay the loan. She was not alone in this situation. Many of her colleagues during the FGD, admitted they faced the similar faith, and that borrowing from friends and family to repay loan was very common in the Jisonayili community.

Another woman disclosed her interesting end with Bonzali loans. She used to rely on her brothers back at her family house to help her settle her debts. One day her father warned her; ‘*stop taking Bonzali [loan], or never step your foot into this compound again*’, *Mpag Fuseina*, shea butter producer in her mid-50s , recounted. According to her, her family became overwhelmed by her debts.

¹³ Head porting

¹⁴ During harvesting season in Northern Ghana, women travel to farming communities to help farmers to harvest fast in order to avoid post-harvest losses. They are usually paid with the farm produce.

Haji Salima, a petty trader in her late 60s, recounted what a friend of hers told her concerning the pressures of loans on the latter. According to her, “Mma Andaratu ever told me that even when a family member dies, the news of it is not as disturbing as when you remember of paying Bonzali loan”. This is despite the homogeneity and community solidarity of village dwellers and the wide practice of the extended family system in Northern Ghana.

Commentary: In a very elementary sense, credit means a commitment to repay a debt in a near or distant but sometimes “unpredictable future” (Lazzarato 2012:45). Unpredictable because granting credit requires “estimating that which is inestimable- future behavior and events” of the debtor (ibid). Besides being an economic theory, debt also serves as a security mechanism. Through a ‘promise to pay’, the capitalists exert control over the behavior of the debtor because debt obligations make debtors to “foresee, calculate, measure, and establish equivalences between current and future behavior” (Lazzarato 2012:46). That is why some US companies prefer to hire workers with mortgage, who according to Ford (1988), are unlike to cause troubles or labour unrest. Holding on to this promise means to challenge forgetfulness, to “work on the self, with self-torture, with self-directed action”, all in an attempt to avoid foreclosure or dispossession (Lazzarato 2012:42). Man is a “calculating animal” according to Lazzarato (2012:43), and “the origin of calculation, measure, evaluation, comparison, and accounting (all of which are also functions of money) must not be sought in economic exchange or in labor but in debt”. In order words, these are the characteristics (or behaviors) of *the indebted man*. This is not different from the description of the market discipline of debt given by Gerber (2014) as the characteristics of debtors to “calculate, pay, trade, work, intensify” in order to secure loan repayment, a situation Heinsohn (2008) says makes debtors to resemble *Homo economicus*. Interest-bearing and guarantee-based loans, according to Steppacher (2008), leads to three features of capitalism: economic growth, time pressure to repay and innovations (technological and institutional) in order to remain solvent. The changing behaviors of debtors and associated pressures of repayment are all in response to avoiding defaults and the consequences thereof. This is are typical features of capitalism. The next section of this chapter presents the consequences of default in debt repayments.

3.3 Consequences of debt defaults

Normal first paragraph: paragraph below heading without first line indent). My interactions with debtors revealed several dark sides of credit they access. Through the interviews and the field observations I have made, there have been several accounts of breaks in community bonds and solidarity. Many women have been expelled from groups by their colleagues and disgraced for defaulting on loan repayment. *Mma Balchisu was unable to pay her debt so her group members paid for her and removed her from the group*”, Pag Mina a porridge seller in Jisonayili revealed how shaming it was for a neighbor who defaulted. As mentioned earlier, the conditions for group loans includes the group pledging to pay for a member who defaults. There have been instances where neighbors embarrass each other by ‘storming’ the home of a defaulting member. *The women do not take it lightly … even if they have to inform her husband or community elders about it, they will*”, BRB loan field officer disclosed the extend the women group goes to recover their monies. An interesting event was disclosed to me about how a defaulting woman was embarrassed. She heard the voice of her creditor approaching her compound so she hide herself and told her child to inform the creditor that she has travelled. When the creditor knocked on their door, the debtor’s son pointed at his mother’s feet to the creditor. This was because he was not given money for food that day. This event was narrated to me by the son in question. Through the mechanism of shame, friends and neighbors have become somewhat enemies. The shame of debt default alone is enough punishment for rural women, and this undermines community bond and solidarity.

Indebtedness have also led to the sale of personal belongings, and in some cases landed properties to debt. Many respondents of my interview have disclosed selling their wax cloths or cooking utensils in order to repay loans. According to Mr. Fatawu of BRB, “*some women have used their own startup capital to repay their debts. Some have even sold their lands to pay off debts*”. This is similar to the phenomenon of land enclosures widely studied by agrarian scholars.

In some instances, indebtedness has caused marital problems between women and their husbands. In the FGD at Gurugu, some of women admitted that they take the loans at the blind side of their husbands, and when they default it become a serious problem. Like I stated earlier on, a woman who wants to be anonymous, disclosed how a neighbor divorced from her husband because she defaulted on loan repayment and the husband did nothing to support her, and when she decided to migrate to the national capital Accra to do *kayaye* (head potting), it led to a divorce.

Even though imprisonment is not rampant in instances of debt defaults in Northern Ghana, two instances of such occurrences were disclosed. Sister Anda, a shop keeper in Katariga, disclosed how a cousin of hers was arrested by Sinapi Aba microfinance company for defaulting after taking huge sums of money from them to buy shea nuts which market value fell drastically immediately after she bought them. “*We were just watching [helplessly] as they handcuffed Mbe Andaratu away*”, she said. The field loan officer of BRB also mentioned how an informal money lender, who does her lending by securing monies from commercial banks, was also arrested for defaulting. She went into a huge lost because repayment from her debtors was low.

Commentary: Whiles the credit-debt relationship has created some positive outcomes of capitalism (entrepreneurship, innovations, productivity increase), it has also become a source of some key failures (exploitation, inequalities, breakdown of community solidarity, and environmental degradation, financial crises, lack of democracy) for debtors and society at large (Gerber 2014). The credit-debt relations serves not only as a medium for “social differentiation” through the ownership and control of means of production- a point that even Lenin (1899) and Chayanov (1925) do not to disagree- but also a source of pressure and discipline that forces debtors “to calculate, pay, trade, work, intensify” in order to avoid debt default Gerber (2014:1). Economic growth does not only emanate from individuals’ insatiable drive to accumulate, but also and perhaps more importantly, it emanates from the “obligation to take out loans” and the “continuous threat of defaulting” (Gerber 2013:856). To stop taking loans is unlikely for some the women in the Sagnarigu district, but to default is unthinkable. Even those who shares their frustrations in the hands of Bonzali Rural Bank have found comfort in other credit organizations. The women in their own ways, measures the monetary cost-benefit situation of their engagement in credit market. The pressures of indebtedness make them able to produce and increase income to cater for both loan repayment and household expenses. This informs their decision to stay or move on to another credit facility.

Chapter 4 Debt discipline and empowerment

Pressures associated with indebtedness has mixed results; it either leads to enclosures and dispossessions of properties, and seizure of personal and household belongings in case of default, or to credit-led improvements in production through competition and innovation through the disciplinary mechanism of debt. Evidence from the field is mixed. While rural women complain of the pressures associated with microcredit repayment, as have been narrated in the previous chapter, they as well speak volumes of the benefits associated with their access to credit. The general response I got was that credit is beneficial for those who use it for production and trade that yields immediate returns, in which case repayment is not so challenging. In this chapter I would present some accounts of how credit have impacted on women's empowerment using seven (7) indicators from the three (3) pathway matrixes of Martha Chen discussed in chapter 2.

4.1 Credit and women's involvement in economic activity

This measures the involvement of women in an economic activity before and after accessing credit. During the interview, women were asked about the status of their businesses (if any) before and after the started accessing loans. Evidence showed that almost all clients of the financial institutions used the credit they access to engage in economic activities. Others expanded their trade with the loans. According to *Haji Samata*, a rice miller in her late 50s from Jisonayili, "*through this loan, I am able to expand and sell many other goods*". *Pag Mina*, a porridge seller in her late 50s also from Jisonayili, explains the importance of the loans to her trade; "*When you have money in your hands, you can buy goods in bulk and escape middlemen who will charge extra to make profit*". Throughout the interviews and discussions with the women, there was no incidence that someone's business went bankrupt as a result of her access to credit despite the pressures of loan repayment some complained about. Many women complained about the loan repayment conditions of Bonzali Rural Bank (BRB) which they found problematic because repayment was every Monday. Majority of these women stopped taking BRB loans and moved on to access other loan facilities from others whose loan repayment was monthly.

4.2 Impact of credit on women's disposable income and contribution to household welfare

This measures the availability of cash to make household purchases, buy food and medicine, give children 'chop money'¹⁵, money to go to social gatherings such as funerals, weddings, outdooring, among others. Women were asked to examine the impact of credit on their disposable income and on their contribution household welfare. There were positive results regarding this indicator. According to *Mpag Damata*, a shea butter producer in her mid-60s from Sagnarigu, "*I take care of household expenses because I am doing something with the loan*". She disclosed that she has successfully taken care of the educational expenses of her orphan grand-daughter who is currently pursuing nursing in the university through her access to credit. This were some of the common responses gotten from almost all the women concerning the positive impact of loans on their wellbeing. *Mpag Rahi*, also shea butter producer in her early 60s from Jisonayili, said she does not depend on her husband for money to take

¹⁵ Chop money is the daily money given by parents to their children to buy food at school.

are of some daily household expenses. *“I do not ask for money from my husband to buy ingredients for cooking. He does not even have”*, she disclosed.

4.3 Control over and use of credit and revenues from credit utilization

The provision of credit to women is with full assumption that women will exercise full control over both the loan and the investments that is made with these loans. This is not the case in some cases. Questions were asked of the freedom women have in deciding what to use their loans for, and the incomes accruing from it thereof. They were also asked whether any property of theirs were ever taken away from them forcefully by their families. This among other things measures women’s empowerment regarding their choices and control of resources. One interesting finding regarding was that women had control over the use of their credit and the resources accruing from it. Besides few accounts of women taking MASLOC loans and handing it over to their husbands voluntarily, there were no account of men or husbands forcefully taking away loans or determining what the women should use it for. *Mr. Fatawu*, the BRB’s loan field officer in our interaction disclosed that *“the women have control of the loans, but we have few reports of some giving it to their husbands or sons”*. Despite this, the women believe men are the real owners of their properties. They believe, as part of their cultural norms, that once you are married to a man, he owns you and everything you possess. Conversely, their access to their husbands’ income is limited. They lack traditional rights over their children and household properties in events of divorce or widowhood. The fear of separation from children affect women’s bargaining position in marital relations. These customary practices undermine women’s legal right to own property. Secondly, revenues from loans are what housewives largely use to settle daily food and small household expenditures. The use of loans and income from loan investments was largely within the household economy. Additionally, whiles the main aim of most loans was for investment, as mentioned earlier in this chapter, there were instances where loans especially from the VSLA *Adakabila* scheme was used to pay school fees. With this, Sen (2000) describes the family network as been engulfed in “co-operative conflicts” in the name of a “Utopian harmony” (cited in Mayoux 2003:450). In Kabeer’s (1999) framework of empowerment, a woman may have the pre-conditions of choice (resource), exercise that choice (agency) but still achieve negative consequences (achievements) from that choice. Socio-economic and cultural conditions of the household and society at large plays an important role in how women use credit and in their empowerment.

4.4 Credit and women’s participation in major family decision-making

Women’s position within the family and society is assumed to be enhanced by their engagement in economic activities through credit which enhances their bargaining positions to be able to influence major decisions. In male dominated or patriarchal societies like those in the Sagnarigu district, women’s ability to influence decisions and change their position *vis-à-vis* men is considered empowerment. Responses to the question of women’s involvement in major family decision-making was mix. Women were consulted by their husbands in matters affecting both of them and their children. They however did not see themselves as having the power to influence or change decisions. For instance, a woman did not know the number of cattle her husband possesses, and even if she knows could not influence decisions of when to sell them when they need capital for an activity. In some decisions such as marrying an

additional wife (polygamy), a wife does not have a say in it even though she will be affected economically and culturally by such decision. Regarding decision-making in the extended family (most common in the district), they are not consulted at all. They are merely informed of the decisions. As *Mma Shetu*, a mid-40 age shop keeper in Gurugu responded in our FGD that “*we are consulted, but not in all family matters*”. This is not different regarding decision-making at the broad community level. Women are not giving a sit in deliberations regarding the community issues. Inequalities are not addressed by access to credit despite its contributions to the economy in the household and community. Women have limited participation in local or traditional institutions, in local government processes and in political campaigning and public protests. This is an affront to their welfare and empowerment.

4.5 Relative freedom from domination and abuse

Even though credit has made it possible for women to participate in decisions concerning their linear families, credit has not been able to empower women to influence decisions at the community level due to socio-cultural norms. The Sagnarigu district, just like many rural poor societies in Ghana, is highly patriarchal. Well-paid economic ventures, public and political positions, ownership of properties such as land, livestock, among others is dominated by men. Even when women own properties, these properties are treated as properties of the man. The reverse is not the case for properties owned by men. Women were asked whether they have been abused before and after their access to credit. This was to evaluate how women’s access to credit have impacted on domestic violence. Despite the male dominance in the district, incidences of violent abuse are not common. Strict extended family values prevent such abuses. As *Pag Sala*, a petty trader in Sagnarigu in her mid-60s retreats during our FGD that “*yes, the men own and control us, but they do not abuse us*”. To them credit have not played a role in their relative safety from abuse by men. The extended family serve as a safe net in addressing such problems.

4.6 Credit and women’s mobility

In most traditional societies, women are considered to belong to the home and are therefore confined at home. Women’s mobility in getting access to market, information, social gatherings education and training, is crucial to their self-confidence and assertiveness and therefore empowerment (Ganle et al. 2015). Questions were asked about how credit have enhanced women’s mobility. There was no link of credit to the mobility of women in the district. Most of the women interviewed saw no difference in their mobility before and after credit. They however accept that credit can increase people’s mobility. For instance, *Fati*, a wax trader in her mid-30s says her access to MASLCO credit have enhanced her capacity to trade more at Lomé, a city in Togo where most Ghanaians traders buy wax and other clothing wares for retail. When asked if she travels there alone, she said “*yes I travel alone without an escort, but I need my husband’s approval*”. In this case, women’s access to credit can make them do businesses even outside of their homes. What they need is permission from their husbands or parents, which according to them is always granted. But generally, women’s mobility in the district not restricted.

4.7 Self-reliance and non-dependence on husbands as a result of credit

Women in the Sagnarigu district are traditionally engaged in care and non-wage works such as working in their husbands' farm, shops, taking care of children, and other domestic chores. This makes them highly dependent on their husbands and other male members of the family. According to the ILO (2012), about two-third of women who are employed globally are in the 'contributing to family workers' category. This means they work in family businesses without direct pay. Care/domestic workloads prevents women from taking up economic opportunities, a phenomenon microfinance seeks to reduce. Women's dependency rate before and after their access to credit was assessed. Women dependency on their husbands among ethnic groups in the Northern Ghana is customary. Women are under the authority of men. For the most part of this research however women were relatively independent. They took care of small domestic expenses such as buying food ingredients for cooking, clothing, medicine, among others which were hitherto the responsibilities of their husbands. They also sometimes give money to children for school. They participate in lifecycle events and social gatherings and contribute with their own money. All this they say is because they are working with the loans they take. *"When you have money to trade, you will be independent, and your value will increase"*, Asana, petty trader in her mid-30s in Katariga stated during our FGD. Majority of respondents during our interactions say they do not depend on their husband or other family relatives for assistance. This affirms their level of self-reliance. This may however be because assistance to incur these expenses were not forth coming from their husbands despite the customary responsibility placed on them.

Chapter 5 Conclusion and possible way forward

5.1 Conclusion:

Pertinent issues concerning women empowerment through microfinance have been found in this research. This research shows that the financial self-sustainability approach of microfinance is a necessary but not sufficient condition to women empowerment. The assumption that social capital¹⁶ of group-based microfinance programs lead to 'virtuous spirals' of women empowerment through poverty targeting and financial sustainability is premised on the basis of "horizontal norms, networks and associations" (Mayoux 2001:439). These include skill sharing, information sharing about markets, facilitating credit access and repayment, among others. Three (3) main outcomes are assumed; increased income (economic empowerment), control over the income, and social and political empowerment through renegotiation of gender relations. These assumptions are however limited by existing "rules and norms, vertical linkages and the macro-level environment" (ibid). Custom's non-recognition of women's right to own property and children, limited participation in political and decision-making processes at both the household and community levels, unequal access to education and training, and unequal share of unpaid care/family works, in addition to the over-burdensome household expenses that 'eats up' substantial part of women's income generated from economics activities are some of the vertical norms that affect women's overall empowerment. Also, the hidden consequences of microcredit which put new forms of pressures on rural women to remain solvent by: cutting cost and consumption, engaging in temporal (and in some cases child) labor, resting or socializing less, adopting destructive technologies, among others all in the hope of repaying loans and interest should not be overlooked by any move to empower women. These negative debt-driven pressures (referred to as debt discipline in this study) have shaped the ownership and control of means of production, and thereby further widened inequalities and power relations even among women.

The findings available indicates that women microentrepreneurs in the Sagnarigu district make strenuous efforts to enhance their income and economic well-being. Access to microfinance credit have increased women's engagement in economic activities. Through credit, the women have been active contributors to household and family welfare. Majority of respondents said they will not be working if they had not accessed credit. This is because they are uneducated and without any trained skill. Credit have made some of them economically independent on their husbands. They contribute positively to the upkeep of their households and families and are able to make small purchases for themselves without relying on their husbands or other male family relations. Through their access to credit, some women are able to pay their children school fees. Almost all respondents said they take care of daily household expenses by themselves whiles about a third said they take care of their children's educational expenses through credit. The above cannot be overlooked by any analysis that seeks of evaluate the impact of credit on economic empowerment. This can be traced to credit-led improvements in production and changing behaviors of debtors in response to credit repayment. In other words, the pressures of credit repayment have rather been positive for some women in the Sagnarigu district. They adopt behaviors similar to *Homo economicus*

¹⁶ Social capital refers to "the institutions, relationships and norms that shape the quality and quantity of a society's social interactions" (Mayoux 2001). Woolcock (2001: 13) defines social capital simply as "the norms and networks that facilitate collective actions".

According to Sebstad et al. (1995:16), "Social capital links individuals, enterprises and households to each other through two related channels: information and reputation".

and typical of features of capitalism which are short-termism, innovation, growth and solvency (Steppacher 2008, Gerber 2014). As a result, a couple of them could be said to be economically empowered despite the pressures of credit repayment they complain about, even though a quantitative data was not taken by this research in this regard.

However, full empowerment has been elusive. The positive signs of economic empowerment are erased by the absence of social and political empowerment. Customary rules and norms have made total ownership and control of resources and property limited. Even though not forcefully taken away from them, the household economy consumes a large portion of women's microfinance loans and incomes from loans. Despite their contribution, women are not involved in household decisions that affects them. Customary norms and practices affect their rights to own children (custody) and inherit properties in events of divorce or widowhood. Whiles by custom their husbands 'own' them and their properties including loans and revenues from loans, women in the Sagnarigu district have very limited access to their husbands' properties. The unequal literacy rate, access to economic opportunities, participation in political decision processes, share of unpaid family/care works, among others worsens the gender subordination and inequality situation. Inequalities even among women is increasing. Those who are able to assess huge sums of credit, either re-loans it or open new businesses and put other women, who are unable to access the loans because they have no start-ups or do not belong to social networks, in charge. Also, the practice of group-microcredit where repayments and access to the next tranche of loan is premised on who pays in time widens influence and power relations among women. Group-based microfinance could also be a disincentive to individual agency. The over-reliance on peer networks and group solidarity may serve as a disincentive to individual strengths and creativity. The inability of one member to pay is a limitation to the rest. Also, a woman may be limited to take a small amount of loan based on the general capacity of her group whiles she may personally possess the potential of working with a higher amount.

The conclusion is that credit possess great potential to women's empowerment in the Sagnarigu district. Debt discipline appear to be an incentive rather than a disincentive to women empowerment. Through credit access, women's economic well-being can be enhanced. The findings however show that credit alone cannot lead to full empowerment for women. The socioeconomic and cultural context within which credit operate serves as a limitation to women's economic, social and political empowerment.

5.2 The possible ways forward

Several technical recommendations within the microfinance services have been implemented in the past. If these services are still not successful in empowering women, it is because they do not address some of the motives for using such services. A review of these motives may lead to the adoption of innovative services. On the basis of the findings in the Sagnarigu district, the following recommendations can be made in women access to credit:

- The first step is to diversify microfinance services with particular emphasis on savings. Incentivizing the *susu/adaashi* savings scheme to make savings a habit rather than a condition for taking loans; encouraging savings devoted to specific events such as marriage, funerals, etc so that working capital or credit is not used to fund such events; encouraging the use of traditional savings methods such as boxes; among others should be promoted by microfinance institutions and women groups. Also, small quick loans with negotiated flexible repayment plan can also help reduce the pressures on poor debtors. Women whose nature of business does not yield quick returns can be given repayment schedules different from those who make daily sales.

- The second step should be to improve horizontal networks within microfinance programs whiles working on minimizing the effects of cultural norms on microcredit. For instance, the sharing of knowledge and skills, and information about market within women groups, and the offering of professional and capacity building trainings that meets specific technical and financial needs of women should be part of any credit program.
- Beside formal credit, women in the Sagnarigu district could also take interest in improving upon local or community level credit alternatives such as ROSCAs, mutual credit schemes, and the VSLA *Adakabila* initiative which is gaining popularity within the district. *Adakabila* has been one simple means women mobilize themselves to save, and give loans out of that savings. Instead of sharing the proceeds at the end of financial year, these savings can be invested to yield more returns for the benefit of women groups. Because these alternatives are self-help in nature, access to and repayment of credit is flexible. This may reduce negative pressures that comes with credit repayments and the consequences of default. With these, even the poorest category can be served. Other religion-based credit systems such as Islamic banking, which offers interest-free credit, could also help ease pressure on debtors. Since about 83% of people in the Sagnarigu district are Muslims (Ghana Statistical Service 2012), Islamic banking is one good alternative I will recommend Islamic organizations and NGOs to take interest in.
- Full women empowerment cannot be achieved without strong multi-stakeholder engagements. Collaboration between the state, traditional authorities, financial institutions, women groups & NGOs, and other lobbyist groups can go a long way to enhance women's access to credit whiles addressing vertical cultural norms that undermines credit performance and full empowerment. The state through prudent financial management should work towards reducing the policy rate which according to Bank of Ghana is 16% as at October 2019¹⁷. This will reduce the exorbitant interest rates financial institutions charges on loans. MASLOC, the state agency in-charge of GoG microfinance programs, should be reformed with institutional representation in its board to overcome political expediency and offer tailor-made microfinance services at lower cost to poor women in rural areas. The state should also have the agenda of mainstreaming gender¹⁸ in every policy formulation to achieve gender equality. NGOs should also be involved in operating microfinance, organizing financial and skills-based capacity building trainings for women, lobbying for their rights to own and inherit property, to participate in leadership and decision-making, challenge patriarchy, and so on. This will go a long way to enhance full women empowerment.

¹⁷<https://cibusinessnews.com/bog-will-not-hesitate-to-raise-policy-rate-to-deal-with-inflation/>

¹⁸ The European Institute of Gender Equality defines gender mainstreaming as “the (re)organisation, improvement, development and evaluation of policy processes, so that a gender equality perspective is incorporated into all policies at all levels and all stages, by the actors normally involved in policy-making”

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Notes