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# Beyond Financial Access: Village Savings and Loan Associations and Women's Empowerment in South Sulawesi

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**Abstract:** Women cocoa farmers in Indonesia face economic vulnerability and limited access to formal financial services, constraining their decision making power and economic agency. This study analyzes the multidimensional role of VSLAs in empowering women economically and socially in South Sulawesi, Indonesia, moving beyond conventional understanding of VSLAs as mere financial tools. A mixed methods case study using Mid Term Evaluation data from the Women Economic Empowerment Program, comprising surveys with 216 households and 34 focus group discussions and key informant interviews. Data were analyzed thematically and through descriptive statistics. VSLAs demonstrated impact across multiple dimensions: (1) Economically, among female respondents, 64.2% reported VSLAs as their preferred savings mechanism, with groups showing cycle to cycle savings growth from IDR 600,000 to over IDR 1,000,000; (2) socially, VSLAs evolved into support networks creating social funds for health emergencies and funeral expenses; (3) Among the 216 surveyed respondents, 42.6% reported increased women's involvement in household financial decision making due to the GrowHer Kakao Project; and (4) Among respondents reporting positive changes associated with VSLA participation, 55% identified improvements in women's economic conditions and participation in financial decision making. VSLAs also served as springboards for women's engagement in village planning forums. VSLAs function as multifunctional platforms that transform gender dynamics and power relations in rural communities. Their sustainability depends on structured leadership transition processes and deeper integration with local governance systems.

**Keywords:** village savings and loan associations, women's empowerment, financial inclusion, gender equality, rural development

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## INTRODUCTION

The cocoa sector in Indonesia represents a crucial agricultural industry where smallholder farmers, cultivating plots of 2 hectares or less, account for over 95% of national production (Grow Asia, 2023). Within this sector, approximately 32% (450,000) of farmers are women who play vital roles yet face persistent gender inequalities (Grow Asia, 2023). Women in Sulawesi's cocoa producing communities contribute substantially to both pre and post harvest activities, yet their labor is frequently undervalued. Their involvement in farmer groups and public organizations also remains limited, and leadership positions in these bodies are commonly held by men (Wijaya et al., 2018). More recently, a study of 435 cocoa farming households in South, West, and Central Sulawesi reported gender related differences in the ways social norms and environmental knowledge shape farmers' understanding of the services and resources available to them (Parawansa et al., 2025).

Sulawesi is one of Indonesia's principal cocoa producing regions. Ministry of Agriculture estimates attributed approximately 75% of national production to the island in 2020, whereas BPS provincial statistics indicate that the six Sulawesi provinces together accounted for about 60.5% of national output in 2023 (Badan Pusat Statistik, 2024a)These figures differ in source and reference year and are therefore not directly comparable. Despite the region's prominence in the sector, human development outcomes remain uneven. In BPS's revised series for 2021, South Sulawesi recorded a Human Development Index (HDI) of 73.38, compared with 82.25 for Jakarta (Badan Pusat Statistik, 2024b).

Economic vulnerability also persists, particularly in rural areas. In September 2021, 11.55% of South Sulawesi's rural population lived below the official poverty line, compared with 8.53% of the province's population as a whole (Badan Pusat Statistik Kabupaten Pangkajene dan Kepulauan, 2022). Taken together with the gender disparities in participation and representation described above, these conditions strengthen the case for gender responsive interventions that expand women's economic opportunities, enhance their representation in farmer organizations, and support their participation in household and community decision making (Wijaya et al., 2018; Parawansa et al., 2025).

The ELEVATE programme, led by Save the Children Indonesia in partnership with Forum Pengada Layanan and local civil society organizations, addresses these challenges through an integrated approach that combines women's economic empowerment, financial literacy, livelihood development, and gender based violence prevention and response (Save the Children, 2026). Central to this initiative is the establishment of Village Savings and Loan Associations (VSLAs), which provide financial services and social support structures

for women in cocoa producing communities of North Luwu and East Luwu districts (Grow Asia, 2023).

Although previous research has examined microfinance and women's empowerment (Kabeer, 1999), and studies of Village Savings and Loan Associations (VSLAs) have documented their role in improving access to savings, credit, and community based financial services (Ksoll et al., 2016), important questions remain concerning how financial inclusion translates into broader forms of empowerment. Access to financial resources should not be equated automatically with increased agency, because women's ability to control and use these resources may remain constrained by household power relations, sociocultural expectations, and institutional conditions. Furthermore, the economic, relational, and participatory dimensions of empowerment are often discussed as separate outcomes, leaving the connections between financial access, women's decision making capacity, and their participation in collective and community affairs insufficiently integrated into a single analytical perspective. Thus, the central issue is not simply whether VSLAs expand women's access to finance, but how participation in these associations may create opportunities for women to exercise greater agency and achieve meaningful changes in their household and community lives.

Kabeer's (1999) framework provides a useful analytical lens for addressing this issue by conceptualizing empowerment through three interconnected dimensions: resources, agency, and achievements. Applied to VSLAs, resources refer to women's access to savings, credit, financial knowledge, and supportive social networks; agency concerns their capacity to make financial decisions, manage resources, pursue livelihood activities, and express their preferences; and achievements encompass the changes associated with exercising this capacity, including household decision making and participation in community governance (Hamidah et al., 2024). However, these dimensions should not be assumed to form an automatic or linear progression. Access to financial resources may create opportunities for agency, while collective support and prevailing gender relations may shape whether these opportunities translate into meaningful achievements. Examining these connections is important for understanding the potential and limitations of community based financial inclusion as an approach to women's empowerment.

VSLAs are particularly relevant to this inquiry because they combine financial transactions with regular group interaction, mutual support, and collective responsibility (Clark et al., 2025). These features suggest that social capital may complement financial resources by providing spaces for information exchange, trust building, peer learning, and

collective action. Nevertheless, the existence of such networks does not necessarily guarantee that women's voices will be influential in household or public decision making. Distinguishing between access to financial resources, the exercise of agency, and the achievement of meaningful influence is therefore essential to avoid treating participation in a financial group as sufficient evidence of empowerment.

Against this background, this study examines VSLAs in cocoa producing communities in North Luwu and East Luwu, South Sulawesi, Indonesia, using secondary data from the Women Economic Empowerment Program evaluation and supplementary project monitoring. Rather than treating Eastern Indonesia merely as an underexamined geographical setting, the study applies Kabeer's (1999) resources agency achievements framework to investigate how the financial and collective dimensions of VSLAs relate to women's financial management, household decision making, social support, and participation in village development planning. Its contribution is to bring these dimensions together in an integrated analysis, while also examining the limits of empowerment where women's participation does not necessarily translate into having their views considered. By combining descriptive survey evidence with qualitative accounts, the study offers a contextually grounded interpretation of how community based financial inclusion may support women's economic and social empowerment, without assuming that the observed relationships establish causal effects.

The study indicates that women who participate in VSLAs are more inclined to achieve economic empowerment. Also, providing women more control over their money is supposed to help them make better decisions at home, which will give them more influence over family concerns that are important to them, which is in keeping with the agency part of empowerment. Recent studies have demonstrated that VSLAs assist women in rural regions in developing social capital, leadership abilities, self esteem, and collaborative skills (Falaiye et al., 2024). This is in addition to the economic benefits. This study posits that women participating in VSLAs will possess greater influence within their communities and exhibit increased engagement. Recent studies on microfinance indicate that financial inclusion will likely play a role in the relationship between women's involvement in VSLAs and their economic empowerment (Asitik et al., 2025). Also, providing women more power and respect in their homes and communities is projected to have a bigger impact on empowerment overall. This study indicates that VSLAs exert the most significant impact on empowerment in rural cocoa producing regions of Eastern Indonesia, characterized by limited economic prospects and entrenched gender disparities. VSLAs are more than simply

banks; they also help bring about social and economic change.

Specifically, the study examines three dimensions of women's empowerment. First, economic empowerment is explored through women's access to savings and loans, financial management practices, and the use of financial resources for household needs and livelihood activities. Second, agency within the household is examined through women's involvement in household financial decisions and their capacity to manage resources. Third, social empowerment is investigated through collective support and mutual assistance within VSLA groups, as well as women's participation in village development planning and their perceptions of whether their views are considered. These dimensions provide an analytical basis for examining both the opportunities associated with VSLA participation and the distinction between participating in decision making processes and exercising meaningful influence within them (Clark et al., 2025).

To operationalize this inquiry, the study addresses three research questions. The first examines how participation in VSLAs is associated with women's access to financial resources, their financial management practices, and their use of funds for household and livelihood needs. The second considers how the available evidence describes the relationship between VSLA participation and women's agency, particularly their involvement in household financial decision making. The third explores how VSLAs are associated with women's social empowerment, particularly collective support, participation in village development planning, and perceived influence in community decision making.

The study addresses these questions through a mixed methods analysis of secondary data from a program mid term evaluation and supplementary outcome monitoring conducted in the study areas. Quantitative findings are examined alongside qualitative evidence to provide a contextualized understanding of women's experiences and perceptions. By organizing the analysis around resources, agency, and achievements, this study seeks to clarify how financial inclusion, household decision making, and community participation relate to one another in the context of VSLAs. It also considers the limitations of interpreting participation as evidence of empowerment when women's opportunities to express their views may not necessarily translate into their views being considered. The study therefore contributes an integrated, context sensitive examination of economic and social empowerment in rural Indonesian communities without presuming that observed relationships establish causal effects.

## LITERATURE REVIEW

### Financial Inclusion and Women's Empowerment

Development literature has extensively debated the relationship between financial access and women's empowerment. Early proponents of microfinance argued that providing financial services to women would automatically lead to empowerment through increased economic agency. However, critical scholarship has highlighted the limitations of this approach, noting that without addressing underlying structural inequalities, financial interventions may simply add to women's burdens without fundamentally transforming power dynamics. VSLAs represent a distinct approach within the spectrum of financial inclusion initiatives. Unlike conventional microfinance institutions, VSLAs are member owned and managed, operating through regular meetings where members save together, access small loans, and obtain emergency insurance (Ksoll et al, 2016). This model emphasizes group cohesion and collective action rather than individual financial transactions.

Recent research increasingly indicates that the relationship between financial inclusion and women's empowerment is multifaceted, encompassing not only economic benefits but also social, psychological, and decision making abilities (Mishra et al., 2024; Ardyan et al., 2025). Access to community based financial mechanisms, such as VSLAs, has been linked to increased self confidence, higher bargaining power within families, and heightened involvement in community leadership and collective decision making (Agarwal, 1997). However, the empowerment outcomes of financial inclusion are influenced by context, sociocultural norms, educational levels, and institutional support frameworks (Bhatia & Dawar, 2024; Ardyan et al., 2025). In Patriarchal contexts, women may obtain financial resources but still have limitations on the control and utilization of those resources (Mishra & Sahoo, 2025; Firman & Maichal, 2025). Furthermore, gender sensitive, community based approaches can strengthen women's agency by creating opportunities for participation, amplifying women's voices, and fostering collective action within local communities (Hamidah et al., 2024).

### Theoretical Framework: Kabeer's Empowerment Theory

This study employs Naila Kabeer's conceptualization of empowerment as a framework for analysis. Kabeer defines empowerment as "the expansion in people's ability to make strategic life choices, particularly in contexts where this ability was previously denied to

them" (Kabeer, 1999). This process involves three interconnected dimensions such as resources (preconditions), agency (process), and achievements (outcomes).

Kabeer's framework allows for a comprehensive analysis of how access to financial resources through VSLAs translates into expanded agency and tangible achievements in women's lives. This aligns with recent research by Agarwal (2024) emphasizing that collective approaches like VSLAs can fundamentally transform gender relations in rural economies by addressing multiple dimensions of empowerment simultaneously.

### Social Capital as a Complementary Mechanism

The collective structure of VSLAs creates opportunities for members to develop relationships of trust, reciprocity, and mutual support through regular meetings, shared financial responsibilities, and collective decision making. These relationships may generate benefits beyond savings and credit by facilitating information exchange, peer learning, informal social protection, and collaborative livelihood activities.

Within Kabeer's empowerment framework, these social processes help explain how financial resources can be inverted into agency. For example, collective financial management may provide opportunities for women to develop financial management skills and confidence, while mutual support and shared decision making may strengthen their capacity to address household and community challenges. These experiences may contribute to empowerment achievements, including greater participation in household financial decisions and engagement in village development planning forums.

However, social capital should not be understood as automatically producing empowerment. The benefits of collective participation may depend on the quality of group relationships, women's opportunities to exercise meaningful voice, and the wider gender and institutional constraints in which VSLAs operate. Accordingly, this study uses social capital to interpret the mechanism associated with empowerment, while Kabeer's resources agency achievements framework remains the principal basis for organizing and interpreting the findings (Kabeer, 1999).

## METHOD

### Research Design and Data Sources

This study employed a mixed methods case study design based on secondary data from the Mid Term Evaluation of the Women Economic Empowerment Program conducted in

March 2025 and supplemented by Save The Children Outcome Monitoring 2025. The study examined how Village Savings and Loan Associations (VSLAs) contributed to women's economic and social empowerment in cocoa producing communities in North Luwu and East Luwu districts, South Sulawesi, Indonesia. The original evaluation adopted a convergent parallel mixed methods design, combining quantitative household survey data with qualitative evidence from focus group discussions (FGDs) and key informant interviews (KIIs) (QED Research Consulting, 2025). The present study undertook a secondary analysis of these data, integrating descriptive statistical findings with thematic interpretation of participants' experiences. This approach enabled the examination of financial access, household decision making, social support, collective action, and community participation within their local socioeconomic context (Desai & Joshi, 2014). Because the study relied on existing evaluation and monitoring data, the methodological procedures reported below distinguish between procedures documented in the original evaluation and analytical decisions undertaken in the present study.

**Study Setting and Quantitative Sampling**

The study was conducted in six villages across North Luwu and East Luwu districts, South Sulawesi, Indonesia. These districts were selected because they represent cocoa producing communities in which women face constraints relating to financial inclusion, livelihood opportunities, and participation in household and community decision making. The quantitative component comprised 216 individual respondents representing cocoa farming households, including 151 women and 65 men. This gender composition provided descriptive context for examining differences in financial preferences and reported empowerment experiences. Respondents were selected from the GrowHer Kakao participant database comprising approximately 3,723 project participants across North Luwu and East Luwu districts. The evaluation employed a stratified random sampling approach. Stratification was conducted at the village level using Probability Proportionate to Size (PPS) sampling based on the number of active project participants. Three villages were selected in each district, resulting in six study villages. Within selected villages, respondents were chosen using simple random sampling (SRS). The minimum sample size was calculated at 190 respondents using a 95% confidence level and a 10% margin of error. To account for potential non response and field implementation risks, the sample size was increased by 15%, resulting in a final sample of 216 respondents.

### Quantitative Measures and Data Analysis

The quantitative data originated from structured household surveys covering respondent characteristics, economic indicators, participation in program activities, financial management, household decision making, and social participation (QED Research Consulting, 2025). For the present study, the analysis was organized around Kabeer's (1999) empowerment framework, distinguishing among resources, agency, and achievements. The resources dimension included indicators relating to access to savings, loans, and financial services, including preferences for VSLAs as a savings mechanism. The agency dimension concerned reported changes in women's participation in household financial decisions, financial management capabilities, and involvement in collective and community activities (Kyeyune & Ntayi, 2025). The achievements dimension covered reported improvements in economic circumstances and participation in decision making. These dimensions provide an analytical structure for interpreting the evaluation indicators; they should not be interpreted as a validated composite empowerment scale unless the original questionnaire and measurement procedures establish that such a scale was used. Where the study used individual outcome indicators rather than a composite scale, each indicator was analyzed separately.

Descriptive statistics were used to summarize survey responses, including frequencies, percentages, and reported changes in savings and participation. The manuscript's reported figures 64.2% for women's preference for VSLAs as their primary savings mechanism, 42.6% for increased involvement in household financial decision making, and 55% for improvements in economic conditions and decision making participation were obtained from the original evaluation and monitoring materials. The 64.2% figure should be reported as a proportion of female respondents only if the underlying data confirm that the denominator comprises women who answered the savings preference question. Similarly, the 42.6% and 55% figures should be accompanied by their respective denominators and precise indicator definitions. These percentages are not assumed to represent the entire sample unless confirmed by the original data. The analysis does not construct a new empowerment index unless supported by additional documented procedures. The primary purpose of the quantitative analysis was to describe patterns reported in the evaluation data and interpret them alongside qualitative findings.

### Data Screening and Missing Values

Before analysis, the available dataset was reviewed to establish the number of observations, variable definitions, response categories, and the extent of missing values. The number of missing observations for each indicator and whether percentages were calculated using the full sample. No imputation procedures should be reported unless it was performed. Where the original dataset does not provide sufficient information to reconstruct missing data treatment, this limitation should be acknowledged explicitly. If weighting was applied, the manuscript should identify the weight variable, its construction, and the population totals used. If no weights were applied, the descriptive statistics should be interpreted as describing the observed sample rather than as design weighted estimates of the wider population.

### Qualitative Data Collection and Participant Selection

The qualitative component consisted of 34 data collection sessions involving 69 participants (52 women and 17 men). These included 13 Focus Group Discussions (FGDs) and 21 Key Informant Interviews (KIIs). The qualitative component included 13 focus group discussions (FGDs) involving a total of 49 participants. These comprised 9 participants from implementing partner organizations, 16 participants from VSLA groups, 12 participants from income generating activity (IGA) groups, and 12 participants from PATBM groups. Participants for the qualitative component were selected using purposive sampling to ensure representation of diverse stakeholder perspectives and implementation experiences. Focus group discussions included members from high performing, average performing, and underperforming VSLA, income generating activity (IGA), and PATBM groups. Key informant interviews involved project champions, government representatives, donor representatives, implementing partners, and project staff selected based on their roles and involvement in program implementation. The qualitative analysis was based on focus group discussion records, key informant interview records, facilitator notes, and qualitative summaries generated during the original evaluation process. These materials were reviewed to identify themes related to women's economic empowerment, financial decision making, social capital formation, collective action, community participation, and challenges to VSLA sustainability.

### Qualitative Analysis

Qualitative data were analyzed thematically to identify recurring patterns relating to financial inclusion, agency, social support, collective action, and empowerment achievements. The analysis was informed by Kabeer's (1999) resources agency achievements framework, while social capital was used as a complementary interpretive concept to examine how trust, reciprocity, mutual support, and collective participation could help explain the observed patterns. If saturation was not formally assessed or cannot be established from the secondary data, the manuscript should state this rather than retrospectively claiming that saturation was achieved. In that case, the adequacy of the qualitative material should be discussed in relation to the available number and diversity of sessions, the range of participant groups, and the scope of the research questions.

Triangulation was undertaken by comparing quantitative patterns with qualitative accounts and relevant evaluation findings. For example, survey evidence on women's participation in household financial decision making was interpreted alongside participants' descriptions of financial management, mutual assistance, and collective decision making. Similarly, reported participation in village development planning forums was considered alongside qualitative accounts of women's engagement in community activities and the continuing constraints on their influence. This process was used to identify convergence, complementarity, and potential differences across data sources rather than to assume that all sources necessarily supported identical conclusions.

### Ethical Consideration

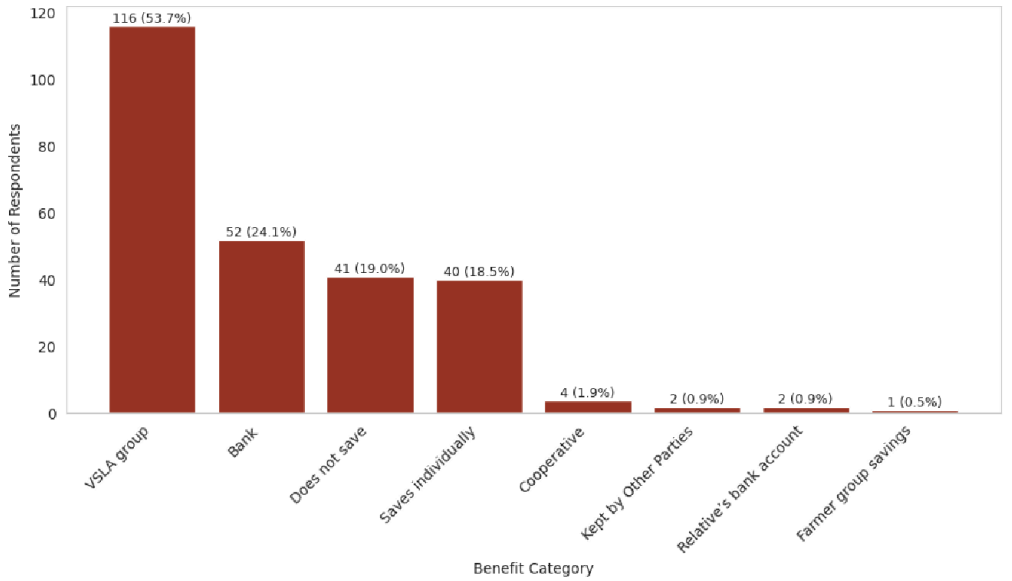
This study draws upon secondary data obtained from the Mid Term Evaluation of the GrowHer Kakao Program conducted by QED Research Consulting for Save the Children Indonesia, complemented by Project Outcome Monitoring (POM) data from Save The Children, 2025. Ownership of both datasets remains with Save the Children Indonesia, which granted permission for the use and analysis of anonymized data for academic publication purposes. During the original evaluation and monitoring processes, participants were informed of the purpose of the study and provided informed consent prior to participation. All datasets were anonymized before being made available to the authors and contained no personally identifiable information. The GrowHer Mid Term Evaluation received ethical approval from Save the Children under reference number SC-EEG-FY2025-160, while ethical approval for the Save The Children monitoring

activities was granted under reference number SC-EEG-FY2026-43. As this study relied exclusively on secondary analysis of anonymized data and involved no direct interaction with human participants, no additional participant recruitment or primary data collection was undertaken by the authors.

## RESULTS

### VSLA Adoption and Popularity

VSLAs emerged as the most widely embraced component of the Women Economic Empowerment Program, with 132 of the 216 surveyed respondents (61.1%) reporting participation in VSLA activities (QED Research Consulting, 2025). This significantly exceeded participation in other project components such as Gender Sensitive Innovative Agricultural Practices (55%) and Gender Action Learning System activities (11%) (QED Research Consulting, 2025). Gender analysis revealed striking differences in savings preferences: 64.2% of women preferred VSLAs as their primary savings mechanism, while only 29.2% of men shared this preference (QED Research Consulting, 2025). Men predominantly favoured banks (32.3%) for saving purposes (QED Research Consulting, 2025). This gendered pattern underscores the relevance of VSLAs for women who face barriers to accessing formal financial services.



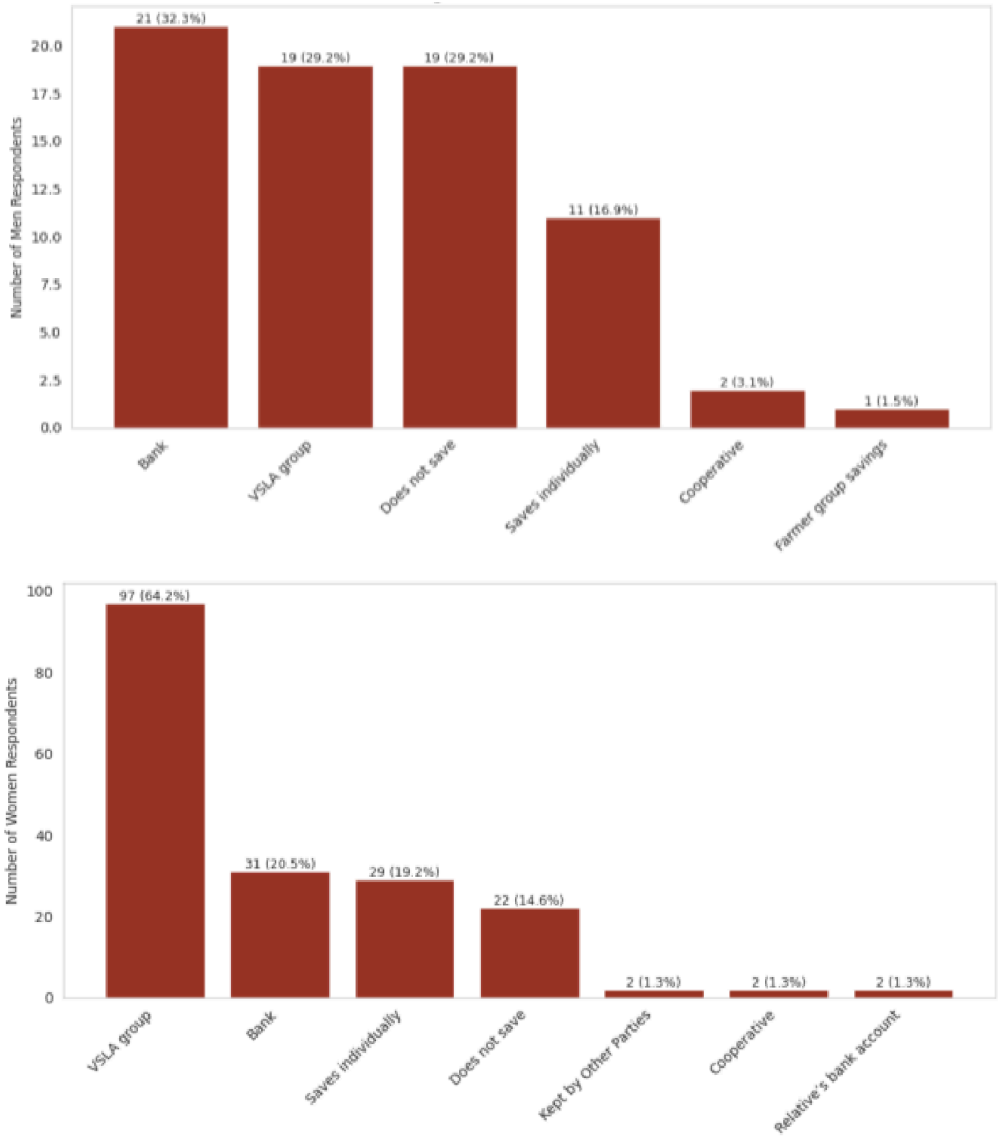



**Figure 1 Saving preferences all VSLA participants by gender in North and East Luwu, South Sulawesi**

High satisfaction scores suggest that participants perceived VSLA activities as relevant and beneficial; however, participant satisfaction was not used as a primary indicator of empowerment in this study.

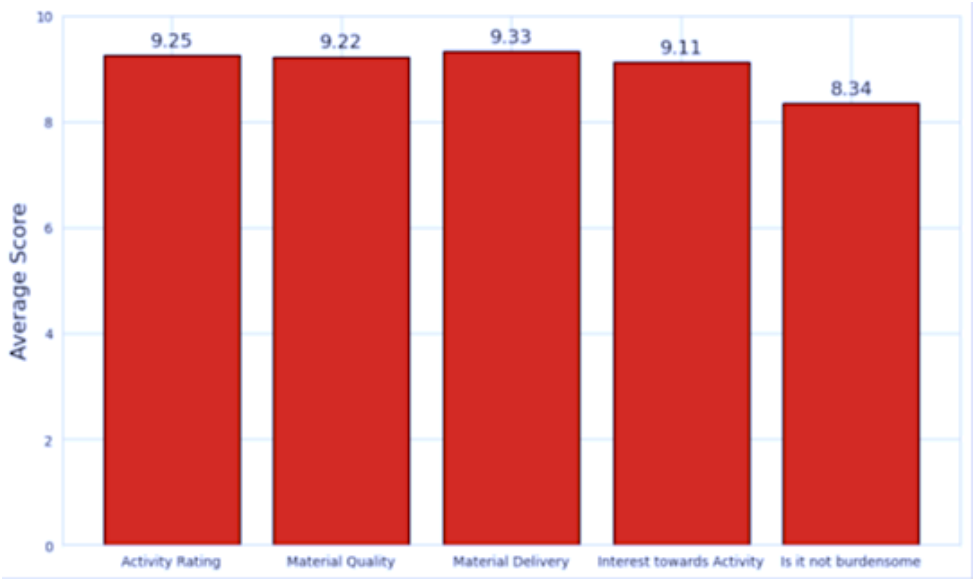



**Figure 2 Average participant evaluation scores for VSLA activities across North and East Luwu**

### Economic Empowerment: Beyond Basic Savings

VSLAs demonstrated substantial economic impacts that extended beyond basic savings functions. Quantitative data showed remarkable growth in savings accumulation, with one group progressing from IDR 600,000 worth of savings per cycle to over IDR 1,000,000 per cycle, and another from IDR 700,000 to IDR 2,800,000 (QED Research Consulting, 2025).

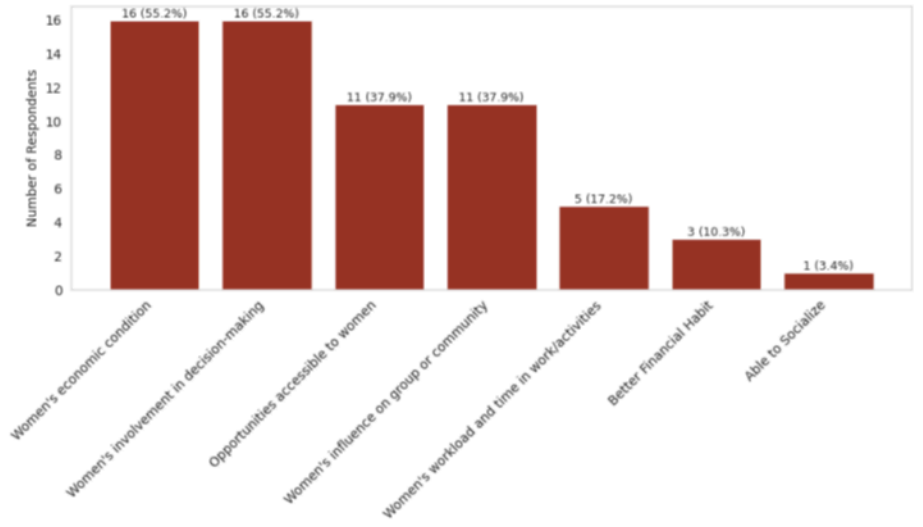



**Figure 3 Reported types of positive changes experienced by VSLA participants**

As shown in Figure 3, the majority of participants highlighted improved household decision making and financial stability as the main outcomes of their VSLA participation. Qualitative findings revealed sophisticated financial management practices emerging within VSLA groups. As quoted from QED Research Consulting (2025) one participant explained, *"Iya lebih pintar, lebih bijak mengelola keuangan. Untuk modal usaha. Ibu kan kayak menjual jual beli pisang. Untuk keperluan anak sekolah."* ("Yes, I've become smarter and wiser in managing finances. I am investing in business capital. I am selling items in a manner similar to how one buys and sells bananas. For the children's school needs.").

Loan services emerged as a crucial function of mature VSLA groups. When asked about factors that would increase their interest in borrowing from VSLAs, 35.2% of respondents identified the ability to access loans without collateral as the most influential factor (QED Research Consulting, 2025). This highlights VSLAs' advantage over formal financial institutions in serving populations with limited assets. The economic benefits of VSLAs extended to agricultural investments, with members reporting using savings for purchasing fertilizers, seedlings, and other farming inputs (QED Research Consulting, 2025). This demonstrates how VSLAs supported not only consumption smoothing but also productive investments in cocoa farming livelihoods.

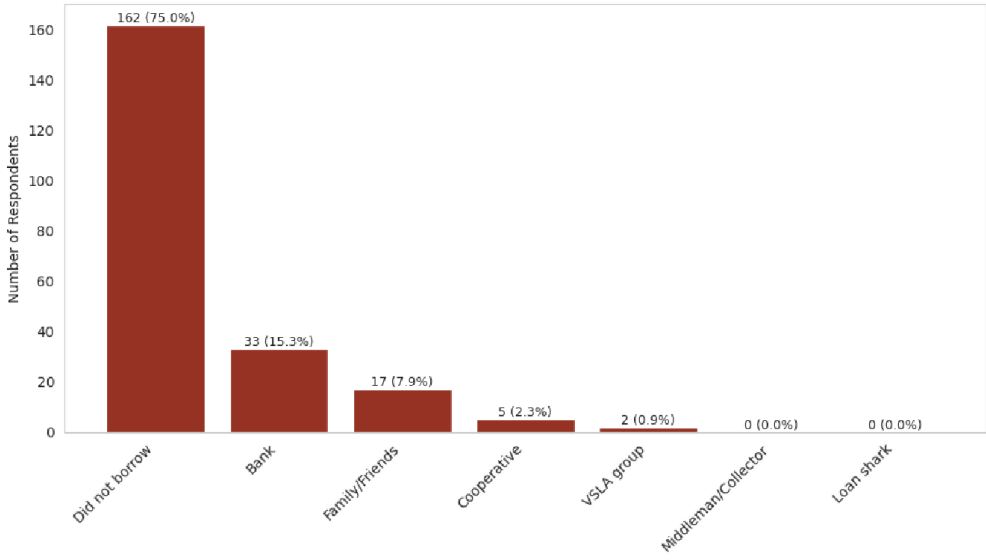
Within Kabeer's (1999) framework, these findings represent the resources dimension of empowerment. VSLAs provided opportunities to accumulate savings, access credit, and mobilize funds for household and productive needs. However, access to financial resources

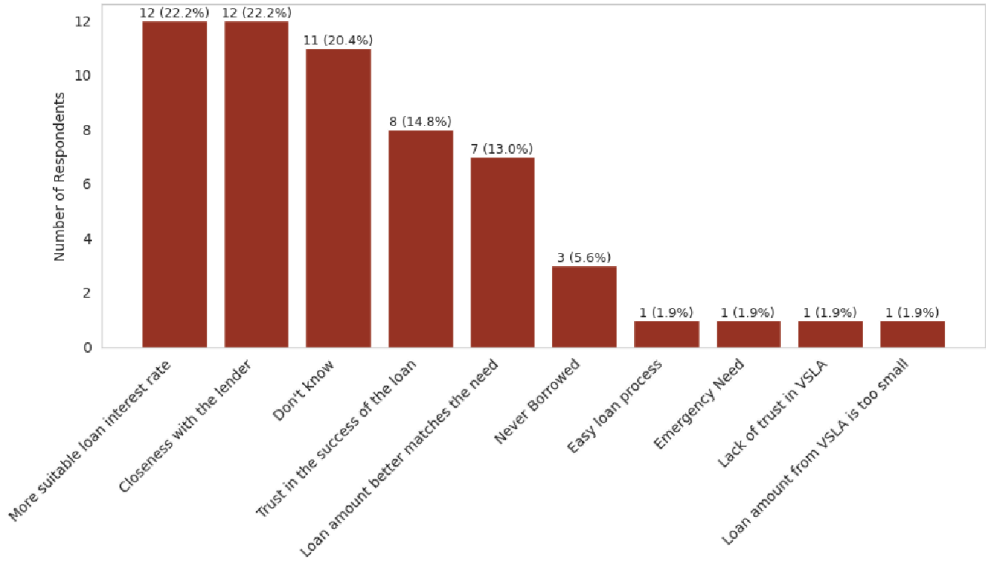
should not be equated automatically with empowerment. Its significance depends partly on whether women can exercise control over these resources and use them to pursue their own priorities.

**Social Transformation: Solidarity Networks and Collective Action**

Beyond financial services, VSLAs evolved into significant social institutions, creating spaces for mutual support and collective action. A notable innovation was the development of social funds within VSLA groups, providing protection against emergencies and shocks. The 2025 monitoring data further illustrate how VSLAs foster social cohesion, with participants emphasizing that 'monthly meetings help strengthen community bonds through regular gatherings, shared experiences, and mutual support' (Save The Children, 2025). This social dimension extends beyond financial transactions to create meaningful community networks.

Quoted from QED Research Consulting (2025), one participant described this social solidarity: *"Kalau saya, saya senang adanya VSLA Kasih, karena disitu kita bisa saling bantu. Contohnya kalau ada keluarga, teman VSLA yang sakit, itu ada dana sosialnya."* ("Personally, I'm happy that VSLA Kasih exists, because it allows us to support one another. For example, if a family member or a fellow VSLA member falls ill, there's a social fund available to help"). These social funds represented an informal insurance mechanism, covering expenses related to health emergencies, funeral costs, and community contributions (QED Research Consulting, 2025). This function proved particularly valuable in contexts where formal social protection systems remain limited.


Number of Respondents
0
20
40
60
80
100
120
140
160
162 (75.0%)
33 (15.3%)
17 (7.9%)
5 (2.3%)
2 (0.9%)
0 (0.0%)
0 (0.0%)
Did not borrow
Bank
Family/Friends
Cooperative
VSLA group
Middleman/Collector
Loan shark


Number of Respondents
0
2
4
6
8
10
12
12 (22.2%)
12 (22.2%)
11 (20.4%)
8 (14.8%)
7 (13.0%)
3 (5.6%)
1 (1.9%)
1 (1.9%)
1 (1.9%)
1 (1.9%)
More suitable loan interest rate
Closeness with the lender
Don't know
Trust in the success of the loan
Loan amount better matches the need
Never Borrowed
Easy loan process
Emergency Need
Lack of trust in VSLA
Loan amount from VSLA is too small

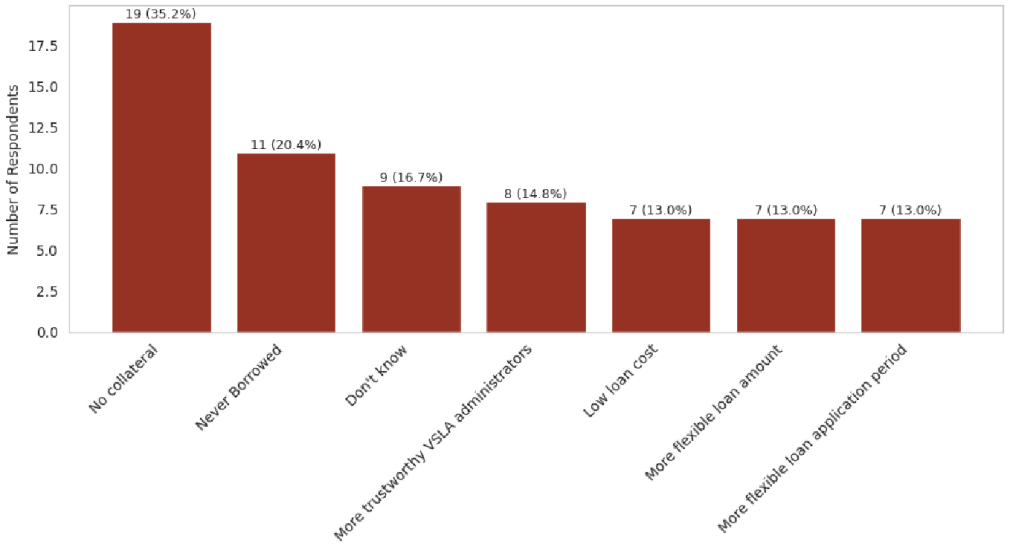



**Figure 4. Borrowing preferences and factors influencing women's interest in VSLA loan services**

The group based nature of VSLAs also fostered information sharing, peer learning, and collective problem solving. Regular meetings provided opportunities for women to discuss common challenges, share experiences, and develop joint strategies for addressing them (QED Research Consulting, 2025). This collective dimension distinguished VSLAs from individual focused financial services. In several communities, VSLAs served as springboards for broader economic initiatives, transforming into informal business collectives (QED Research Consulting, 2025). Several VSLA groups expanded their activities into collective enterprise initiatives. These examples illustrate how group based financial arrangements may facilitate economic cooperation and collective entrepreneurship beyond savings and credit functions.

### Empowerment Outcomes: Enhanced Agency and Decision Making

VSLA participation correlated with significant improvements in women's agency and decision making power across multiple domains. Beyond economic measures, the 2025 data revealed important non economic benefits, including increased financial literacy (reported by 20% of participants), enhanced business planning skills (30%), and improved networking capabilities (23.33%) (Save The Children, 2025). Quantitative data showed that 42.6% of participants reported increased women's involvement in household financial decision

making due to the Women Economic Empowerment Program (QED Research Consulting, 2025). These capabilities represent crucial dimensions of women's agency development.

When asked about positive changes attributable to VSLAs, 55% of respondents identified improvements in both women's economic conditions and their involvement in decision making processes (QED Research Consulting, 2025). This dual impact underscores how economic empowerment through VSLAs translated into broader influence over household resource allocation.

Qualitative findings revealed transformations in self confidence and leadership capabilities among VSLA members. As women gained experience in managing group finances and participating in collective decision making, they developed greater confidence in public speaking and community engagement (QED Research Consulting, 2025). This increased self assurance facilitated their participation in broader community governance structures.

Women's participation in village development planning forums provides insight into the relationship between social participation and decision making. The evaluation data indicate that 33.8% of female respondents reported participating regularly in these forums, compared with 23.1% of male respondents (QED Research Consulting, 2025). These figures describe differences between female and male respondents at the time of the evaluation; they do not establish an increase in women's participation over time. Among women who participated in forums, 54.9% reported that the Women Economic Empowerment Program had positively influenced their opportunity to participate (QED Research Consulting, 2025). However, participation did not necessarily translate into perceived decision making influence: 45.1% of female participants reported that their opinions were not considered in decision making (QED Research Consulting, 2025).

Taken together, these findings reveal two distinct aspects of women's engagement in community governance. The reported participation figures indicate that women were involved in village planning forums, while the responses concerning whether their opinions were considered point to continuing constraints on the substantive influence they perceived themselves to have. Thus, attendance and opportunities to participate should be distinguished from the ability to shape deliberations or influence decisions. The findings provide descriptive evidence of both women's engagement in public decision making spaces and the limitations they continued to experience; they do not, by themselves, establish that VSLA participation caused changes in women's participation.

Qualitative evidence provides additional insight into how these changes may have

occurred. One participant described becoming more capable of managing money and allocating funds to business capital and children's educational needs. This account illustrates how financial participation may create opportunities to develop practical financial management capabilities and exercise greater influence over household resource allocation (Yunus & Tanesia, 2026). Collective arrangements also appeared to provide forms of support that extended beyond individual financial transactions. Participants described social funds used to assist members facing illness and other emergencies. Regular meetings provided opportunities to exchange information, discuss shared problems, and support livelihood activities.

In some communities, groups also engaged in collective production and marketing, including activities involving palm sugar, handicrafts, and banana chips. These findings are consistent with social capital functioning as a complementary mechanism within Kabeer's framework. Trust, mutual assistance, information sharing, and collective responsibility may create conditions in which women develop confidence, practical capabilities, and opportunities to participate in decisions. Nevertheless, the qualitative evidence illustrates plausible processes rather than demonstrating that social capital independently caused changes in agency.

The reported empowerment achievements extended into both household and community settings. At the household level, the evaluation identified perceived improvements in women's economic circumstances and participation in financial decision making. These findings suggest that the resources available through VSLAs may be associated with changes in women's ability to influence decisions affecting household priorities. Importantly, increased participation did not necessarily translate into meaningful influence. The evaluation reported that 45.1% of female participants felt that their opinions were not considered in community decision making.

This finding highlights an important distinction within empowerment theory between participation and influence. While VSLAs appear to expand women's opportunities to engage in household and community decision making spaces, participation alone does not necessarily translate into substantive influence over outcomes. Consistent with Kabeer's (1999) conceptualization of empowerment, access to resources and opportunities for engagement are necessary but insufficient conditions for transformative agency. The persistence of perceived exclusion from decision making processes suggests that gender norms, local power relations, and institutional practices may continue to constrain women's ability to shape decisions, even when their presence and participation in public forums have

increased.

These findings indicate that financial inclusion should not be viewed as the endpoint of empowerment. Rather, empowerment is a multidimensional and iterative process in which access to savings, credit, and collective organization may enhance participation, while meaningful influence requires broader changes in social norms, institutional responsiveness, and gendered power structures. Consequently, the GrowHer experience demonstrates both the potential and the limits of VSLA based empowerment interventions: VSLAs can strengthen women's access to resources, build confidence, and expand civic participation, yet translating these gains into sustained decision making power remains an ongoing challenge. Within Kabeer's framework, these outcomes represent the achievements dimension, while also revealing the limits of the empowerment process. Although the findings indicate potential gains in financial participation and community engagement, structural constraints may continue to restrict women's ability to convert resources and agency into substantive decision making power.

**Sustainability Challenges**

Despite these positive outcomes, the sustainability of VSLA generated empowerment cannot be assumed. Qualitative findings identified several institutional challenges, including leadership transitions, uneven levels of member participation, and continued reliance on external facilitation. These challenges suggest that the long term effectiveness of VSLAs depends not only on access to savings and credit services but also on the strength of internal group governance and collective commitment.

The findings indicate that social capital functions as both a strength and a vulnerability within VSLA systems. Trust, reciprocity, and mutual accountability facilitate collective financial management; however, weaknesses in leadership succession and group management may undermine these foundations over time. This highlights the importance of institutional capacity building to ensure that empowerment gains remain sustainable beyond the duration of externally supported development programs. From an empowerment perspective, the sustainability challenge extends beyond maintaining financial services. It concerns whether women can continue exercising agency, collective action, and participation in decision making after project support has ended. Therefore, the durability of empowerment outcomes depends on the extent to which VSLA groups become embedded within local community institutions and governance structures.

The findings suggest that the transformative potential of VSLAs lies not only in

expanding financial access but also in nurturing social institutions that sustain women's collective agency. Consequently, the long term success of VSLA interventions should be assessed not merely by financial performance but by their capacity to maintain participation, trust, and influence within community decision making processes

## DISCUSSION

### VSLAs as Multifunctional Platforms

The findings demonstrate that VSLAs in South Sulawesi function as multifunctional platforms that transcend conventional financial services. Our findings align with Mtenga et al. (2024), who found that participation in VSLAs in Tanzania was associated with improved rice productivity and profitability, while bundled services also facilitated collective input purchasing and marketing. The consistency of these findings across different contexts suggests that the multifunctional nature of VSLAs may be a universal characteristic rather than context specific. While providing crucial access to savings and credit, VSLAs simultaneously operate as social safety nets through emergency funds, such as social safety nets through emergency funds; peer learning communities; and incubators for women's entrepreneurship; and training grounds for leadership and collective action (Clark et al., 2025). This multifunctionality aligns with Kabeer's conceptualization of empowerment (Kabeer, 1999), where access to financial resources (Resources) enables women to develop confidence and skills (Agency), leading to expanded participation in household and community decision making (Achievements). The evolution of VSLAs into business collectives and their role in facilitating women's entry into public forums to illustrate how economic interventions can catalyze broader social and political empowerment when designed to address multiple dimensions of exclusion.

### Transforming Gender Dynamics

The gendered patterns of VSLA participation and savings preferences reflect and potentially transform existing gender dynamics. The significant income increases observed in our study (88% growth) exceed those reported in most African VSLA studies, which typically range from 20 to 40% (Ksoll et al., 2016). This suggests that the Indonesian context, with its specific gender dynamics and economic conditions, may yield particularly pronounced economic impacts when women gain financial access. The concept of "Financial Inclusion 2.0" further emphasizes the need to move beyond basic access toward

meaningful financial outcomes and improved well being. From this perspective, community embedded financial approaches should be assessed not only by the availability of financial services but also by their contribution to women's agency, economic resilience, and empowerment (Sirtaine et al., 2024; Sukoco et al., 2026).

The findings on women's participation in forums illustrate an important distinction between participation as an opportunity and empowerment as the capacity to exercise meaningful influence. Although a higher proportion of female respondents than male respondents reported regular participation in these forums (33.8% compared with 23.1%), the cross sectional evaluation data do not show whether women's participation increased over time. Moreover, the fact that 54.9% of participating women perceived the Women Economic Empowerment Program as having positively influenced their opportunity to attend must be interpreted alongside the finding that 45.1% of female participants felt their opinions were not considered in decision making (QED Research Consulting, 2025).

This apparent tension is analytically important. Access to a public forum represents an opportunity to engage, but it does not necessarily confer the authority, recognition, or influence needed to affect collective decisions. From the perspective of Kabeer's (1999) resources agency achievements framework, participation can be considered an observable dimension of engagement, while the extent to which women's views are acknowledged and reflected in decisions provides a further indication of the limits of their agency and achievements. The reported lack of consideration of women's opinions suggests that access to community decision making spaces should not be treated as sufficient evidence of substantive empowerment (Nurmiati et al., 2025).

These findings also qualify the assumption that improvements in financial inclusion and collective organization necessarily translate into broader gender equality. VSLAs may provide resources, social networks, and opportunities to develop confidence and leadership skills, but the extent to which these resources translate into influence in village governance may depend on wider social and institutional conditions. The present data do not identify which specific barriers explain women's perceptions that their opinions were disregarded; therefore, explanations involving gender norms, power relations, or institutional practices should be treated as plausible interpretations requiring further investigation rather than as established causes. For program design, the findings suggest that efforts to strengthen women's engagement should extend beyond encouraging attendance to examining whether women can express their views, receive meaningful consideration, and contribute to decisions. Future research using baseline and follow up data, together with more detailed

evidence on deliberation and decision making processes, could assess whether participation and perceived influence change over time.

**Sustainability Considerations**

The sustainability challenges identified particularly around leadership transitions, member commitment, and external dependencies point to the importance of designing VSLA programs with long term viability in mind. Our findings on leadership transitions resonate with Geib & Boenigk (2022) research on institutional memory in community based organizations. They emphasize that structured knowledge transfer processes are critical for maintaining operational integrity during leadership changes, particularly in volunteer driven organizations like VSLAs. The varying levels of group maturity and independence suggest that a differentiated approach to external support may be necessary, with more established groups receiving less intensive facilitation while newer groups benefit from closer mentorship. This aligns with recent scholarship on the appropriate phasing of external interventions in community based financial institutions.

**Theoretical and Practical Implications**

The study contributes to the literature on women's empowerment by applying Kabeer's resources agency achievements framework to community based financial arrangements in Indonesian cocoa producing communities. The findings illustrate the analytical value of distinguishing access to financial resources from the agency women may exercise and the achievements they may realize. This distinction helps explain why improvements in financial access can coexist with persistent constraints on women's influence in household and community decision making. The study also highlights the explanatory value of social capital as a complementary mechanism. Trust, reciprocity, mutual support, and collective learning may help explain how group based financial arrangements create opportunities that extend beyond individual transactions. The contribution is not to propose a second empowerment framework, but to clarify the collective processes through which resources may support agency.

For practitioners, these findings suggest that the effectiveness of VSLAs should not be assessed solely through savings accumulation, loan access, or group participation. Evaluation should also examine whether women can influence household financial decisions, exercise meaningful leadership, and contribute to community decisions.

Structured leadership transitions, financial management support, conflict resolution mechanisms, and connections with local governance institutions may help sustain these opportunities. These implications should be considered considering the study's design. The analysis uses existing evaluation and monitoring data from selected communities and does not establish causal effects attributable exclusively to VSLAs. Further research using longitudinal data, clearly defined empowerment measures, and appropriate comparison strategies could examine whether the observed changes persist and how their magnitude varies across groups and contexts.

## Conclusion, Limitations, and Suggestions

This study demonstrates that VSLAs in Eastern Indonesia serve as powerful catalysts for women's economic and social empowerment, functioning as multifunctional platforms that address multiple dimensions of exclusion simultaneously. This represents an evolution from traditional financial inclusion toward more transformative, empowerment based approaches that seek to address structural barriers to gender equality. Evidence suggests that financial access alone may be insufficient to achieve women's empowerment, highlighting the importance of financial literacy, agency, equitable opportunities, and participation in economic decision making.

The findings support Kabeer's conceptualization of empowerment as a multidimensional process showing how access to financial resources through VSLAs facilitates the development of agency, which in turn leads to achievements in both private and public spheres. However, significant challenges remain in ensuring the long term sustainability of VSLA initiatives and in translating women's increased participation into meaningful influence in community governance. Addressing these challenges requires complementary interventions that tackle structural barriers to gender equality beyond the economic sphere.

Even with these contributions, this study has several problems. The first thing to note is that the analysis is based on data from certain cocoa producing districts in South Sulawesi. This means the results might only apply to similar cocoa producing regions in South Sulawesi. Second, the study mostly uses self reported measures of empowerment, which could be affected by social desirability bias or how the respondents felt when the data was collected. Third, the study's cross sectional design makes it difficult to draw strong causal conclusions. This study indicates that VSLAs have many different effects, but fully consider the larger institutional, cultural, and policy level factors that could affect empowerment

outcomes.

This study emphasizes to practitioners and policymakers the importance of perceiving VSLAs not solely as financial tools, but as holistic platforms for women's empowerment. Program designs must explicitly integrate leadership development, strategic connections to local governance frameworks, and incremental strategies for external support that enhance long term institutional resilience. Also, VSLA programs should include capacity building activities like teaching women how to manage their money, how to start a business, and how to facilitate in a way that is sensitive to gender. This will help women turn their access to money into long term ways to make a living. Policymakers should also think about adding VSLAs to larger frameworks for rural development and social protection, such as agricultural extension services and cooperative networks, to make them easier to scale and make sure that policies are consistent. Future research should investigate the enduring effects of VSLAs on intergenerational poverty alleviation and analyze how digital technologies might improve VSLA functionality while preserving their community oriented essence, especially in settings with inadequate digital infrastructure and diverse degrees of technological proficiency.

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