

Fighting Poverty with Micro-credit: Experiences from Micro-Finance and Small-Loan Center (MASLOC) in Savelugu/Nanton District of Northern Ghana

Elijah Kombian Fant

NORWEGIAN UNIVERSITY OF LIFE SCIENCES
DEPARTMENT OF INTERNATIONAL ENVIRONMENT AND DEVELOPMENT STUDIES
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Fighting Poverty with Micro-Credit: Experiences from Micro-Finance and Small-Loan Center (MASLOC) in Savelugu/Nanton District of Northern Ghana

A Master Thesis

By

Elijah Kombian Fant

Department of International Environment

and Development Studies (Noragric)

Norwegian University of Life Sciences (UMB)

Supervisor: Prof. Fred Håkon Johnsen

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ftelijah@yahoo.com

Noragric

Department of International Environment and Development Studies

P.O. Box 5003

N- 1432 Ås

Norway

Tel.: +47 64 96 52 00

Fax: +47 64 69 52 01

Internet: <http://www.umb.no/noragric>

Declaration

I do declare that this study is my original work. It has not previously been submitted for any academic degree to any academic institution. Any other source of information is duly acknowledged.

Signature-----

Elijah Kombian, Fant

Date-----

Ås, Norway.

Dedication

To Louis Yennukon Fant and Nathan Luaman Fant and my wife Mrs. Margaret Bawah Fant. I am appreciative for your prayers and support.

Acknowledgement

To God be the glory, honour and praise for his abundant love, inspiration and good health through out my study period in Norway.

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Abstract

The concept of government getting herself directly involved in direct disbursement of microfinance is a novelty in Ghana. In 2006, the Government of Ghana established the MASLOC with seed money of fifty million United State dollars, directly under the Office of the President with following objective: To undertake sound and judicious administration, on fiduciary basis, of government and/or development partner funds for micro and small scale credit programmes. The rationale behind this bold government initiate is to make microfinance accessible to people in the micro and small enterprises who are found in the informal sector dominated by women, the poor and marginalized.

This study examined micro-credit as a poverty reduction tool using the experiences of MASLOC scheme in the Savelugu/Nanton district in the northern region of Ghana. The study through the use of open ended questions based on key informant interviews discovered that most clients of MASLOC scheme were satisfied with the scheme. The study found out that there are marked improvement in household economic variables such as increased level of incomes, saving, expenditures on consumption and acquisition of assets. MASLOC have also organized financial training for their clients on financial management. The study reveals that female clients pay back their loan more their male counterparts. Despite the enhanced and visible improvements in the lives of clients, there were some operational problems with the MASLOC scheme: political interference, inadequate credit to clients, and lack of education among others.

In the light of this, the study made the following recommendations towards improvement of the MASLOC scheme: MASLOC scheme, which is directly under the Office of the President, should be separated in order not to give the scheme political tag, the establishment of a complete audit department at MASLOC, extension of the scheme more rural communities to reach the poor people.

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List of Abbreviations

ASSIP	Agricultural Services Investment Project
BRB	Borimanga Rural Bank
CBRDP	Community Based Rural Development Programme
CCFC	Christian Children's Fund of Canada
CFLI	Canada Fund for local initiative
DA	District Assembly
DACF	District Assistance Common Fund
DP	Development Partners
FEAs	Financial Extension Assistants
FINSSP	Financial Sector Strategic Plan
FNGOs	Financial Non-Governmental Organizations
FSIP	Financial Sector Improvement Project
GDCP	Ghana Danish Community Project
GPRS	Growth and Poverty Reduction Strategy
G o G	Government of Ghana
ITTU	Institute of Technology Transfer Unit
MASLOC	Micro-finance and Small-loans Centre
MDAs	Ministries, Department and Agencies
MDGs	Millennium Development Goals
MF	Microfinance
MFIs	Micro-finance institutions
NBFI	Non-Bank Financial Institutions
NGOs	Non-Governmental Organizations
PNDC	Provisional National Defence Council
REP	Rural Enterprise Project
RFSP	Rural Financial Services Project
RMFIs	Rural Micro-Financial Institutions
SIF	Social Investment Fund
SND	Savelugu/Nanton District
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
VIP	Village Infrastructure Project
WVG	World Vision Ghana

Chapter One

Introduction

1.1 Poverty in Ghana

Ghana is experiencing a growing and deepening poverty in its rural areas, especially in the three northern and central regions. Traditionally, economic activity in the northern sector of the country is centered on agriculture with about 80 percent of the population engaged in crop farming. The people who live in rural areas depend on subsistence farming except in the cases of rice and vegetable production as a source of livelihood (World Bank, 1995).

In 1986, 43 percent of the population were said to be poor. This increased to 54 percent in 1986 and 55 percent in 1987. It is of interest to note that these figures vary. The difference is noticed when comparison is done at regional, district as well as rural-urban levels. For instance, poverty in the national capital, Accra, tripled from 7 percent in 1988 to 21 percent in 1992 (World Bank, 1996 see Ansoglenang 2006: 1). Research done on poverty in Ghana noticed that in 1990 the three northern regions of Ghana, which make up of 22 percent of the total population of the country accounted for 28 percent of the poor and 31 percent of the very poor (using the lower poverty line) (Boateng et al., 1990).

1.2 Micro-Credit and Small Loans Center (MASLOC)

The Micro-finance and Small-loans Centre (MASLOC) was established early 2004 to undertake the necessary reform and development process that would strengthen micro-finance operations as an effective and viable strategy for poverty reduction. The \$50 million Micro-Credit and Small Loans Center (MASLOC) Fund launched by former President John Agyekum Kufuor in 2006 is a practical demonstration of the government's commitment to empower the masses economically, and to reduce the existing poverty. The launch and subsequent operation of the micro-credit and small loans fund, which is expected to finance numerous small and medium scale enterprises in rural and peri-urban areas, emanate from the main goals of the Growth and Poverty Reduction Strategy II (GPRS) (Ayuure, 2006). So micro-credit is to reinforce the poverty reduction programme and stimulate growth.

Furthermore, setting up the center is to undertake sound and judicious administration, on fiduciary basis, of government and/or development partner funds for micro-and small-scale credit programme. In carrying out such a mandate, it may promote, educate, enhance and facilitate the operations of non-bank micro-financial institutions and targeted community and users. The fund is expected to make sustainable financial services available to individuals, co-operatives and other groups in grassroots communities in order to help them generate wealth, save and expand their mini-enterprises, leading to urban and rural poverty reduction (Ayuure, 2006).

1.3 Background of the study

According to Gardner and Lewis (1996), most development theories have not stood up well to the onslaught of 1990s post-modernism. Even today, there is no single theoretical model that is commonly used to explain development, nor is there any one 'solution' to the problems of underdevelopment. More to this, is the fact that by the late 1960s, it was becoming obvious that despite attempts to remove obstacles to development, often involving considerable foreign capital investment, economic growth rates in developing countries were disappointing; in some cases there were even signs that poverty was increasing.

The notion that developing countries should follow the same path as the West was simply incorrect. The notion of 'trickle down' which assumes that once economic growth is attained the whole society will reap the benefits makes society simple, but this is not the case. This is because the 'trickle down' theory does not often cushion the poor and vulnerable. Micro-credit schemes are therefore seen as filling the gap, for example, the Grameen Bank micro-credit scheme. Micro-credit schemes developed as part of a paradigm shift in development thinking.

Hulme and Mosley (1996) said that when loans are associated with an increase in assets, when borrowers are encouraged to invest in low-risk income generating activities and when the poor are encouraged to save; the vulnerability of the poor is reduced and their poverty situation improves. This is supported by Johnson and Rogaly (1997: 12) that saving and credit schemes are able to meet the needs of the poor. They observe that micro-credit experts are beginning to view improvements in economic security, rather than income promotion, as the first step in poverty reduction (ibid.) as this reduces beneficiaries' overall vulnerability.

It is also argued that micro-credit schemes can facilitate the achievement of the Millennium Development Goals (MDGs). During the launch of the International Year of micro-credit in 2005, the former United Nations (UN) Secretary-General Kofi Annan made the following remarks on Micro-credits:

'... Sustainable access to micro-finance helps alleviate poverty by generating income, creating jobs, allowing children to go to school, enabling families to obtain health care, and empowering people to make choices that best serve their needs' (United Nation, 2005).

Access to microfinance is credited with reaching the poorest, increasing their income, galvanizing them into collective action to resist oppression, with empowering repressed poor people so that they are able to take control of their lives, with enabling families access to better health care, education and nutrition; and with providing a cost-effective, sustainable development model that is applicable not just in developing countries but also among poor communities in the developed world (Wright, 2000).

However, not all commentators are as enthusiastic about the role of microfinance in development thinking and it is important to realize that micro-credit is not a 'silver bullet' when it comes to fighting poverty. Hulme and Mosley (1996), while acknowledging the role that micro-credit can have in helping to reduce poverty, concluded from their research on micro-credit that 'most contemporary schemes are less effective than they might be'. They state that micro-credit is not a panacea for poverty-alleviation and that in some cases the poorest people have been made worse-off by microfinance.

Others also are more skeptical arguing that micro-credit programmes fail to reach the poorest, generally have a limited effect on the income, address the symptom rather than the social cause of poverty, drive poor people to greater dependence, and fails to provide the additional services desperately needed by the poor: health, education, etc. This school of thought believes that the 'monotheistic Micro-credit formula... promoted as a panacea' is not only inadequate to meet the needs of the poorest, but is also monopolizing resources that could, and perhaps should be used for other more pressing interventions such as health, education or 'social mobilization' (Wright, 2000:6)

1.4 Statement of the problem

Micro-credit programmes aim to help the poor generate income and are very popular with Non-Governmental Organizations (NGOs), banks, and other credit-schemes. Micro-credit has become the favorite intervention for development institutions. Yet, despite the popularity or hoopla surrounding micro-credit, little is known about the real efficiency and effectiveness of micro-credit on poverty reduction. At the same time, micro-credit is not a panacea for poverty reduction as noted above by Hulme and Mosley (1996). A poorly designed micro-credit activity can make things worse by disrupting informal markets that have reliably provided financial services to poor households over the past years albeit at a high cost (Ledgerwood, 1999). The aim of this study shall be to investigate the extent to which MASLOC scheme have impacted positively or otherwise on their clients in the Savelugu/Nanton district of Northern Ghana.

1.5 Objectives and research questions

On the stated background, the study will have following objectives. The sentences in bold represent objectives of the research while, those of italics are research questions under each objective.

1. To examine the performance of MASLOC in targeting poor.

- *Has the project reached its target group?*
- *Who are the clients of MASLOC and their socio-economic situation as compared to the national poverty line?*

2. To assess clients perception of MASLOC

- *What are the perceptions clients of MASLOC have about their activities?*
- *How did they get to know about MASLOC*

3. To examine the accessibility of credit to clients

- *How do clients assess loans from MASLOC*
- *How much do your clients get in the form of credit?*
- *Do clients need collateral before loan is given them?*
- *How long does it take clients to assess credit?*

4. To examine the impact of micro-credit on poverty alleviation

- *What are the prospects, challenges and the implications of micro-credit?*
- *Has credit given to the clients impacted on their lives?*

1.6 Justification and relevance of the study

The findings of the study would help fight poverty and the attainment of the Millennium Development Goal, especially with regards to Goal 1 which addresses eradication of extreme poverty and hunger. The choice of the topic is due to the prevalence of rural poverty in Ghana especially the three northern regions, where due to poverty most people go hungry. This has drawn on my attention to the topic. The Ghana Vision 2020 policy document has called for the creation of good environment for the support of both urban and rural poor to be employed, create income and their poverty condition reduce to acceptable levels through micro enterprise activities. The study will also help decision makers to allocate resources to where necessary. The study will at the end at the end add to the existing literature on micro-credit schemes.

1.7 Clarification of key concepts in the study

1.7.1 Poverty

Poverty has many dimensions. Therefore, both the urban and rural poor face many constraints in accessing markets, education, and social services. According to White (2002) in everyday usage the term ‘poverty’ is synonymous with shortage of income. But he notes that the development literature stresses the multi-dimensionality of poverty. In addition to material consumption, health, education, social life, environmental quality, spiritual and political freedom all matter. Deprivation with respect to any one of these can be called poverty.

Poverty is a relative concept, a condition that is best defined by comparing the conditions of people, households and nations. According to Chambers (2002) what is taken to mean poverty depends on us. He has therefore offered different cluster of meaning to poverty. The first is ‘income-poverty’ or its proxy (because less unreliable to measure) consumption-poverty. That is subsistence, income or economic indicators.

The second meaning is ‘material lack or want.’ This includes lack of or little wealth and lack or low quality of other assets such as shelter, clothing etc. This also intends to include no or poor

access to services. Another meaning is derived from Amartya Sen, where poverty is expressed as ‘capability deprivation’ meaning that we can or cannot do. This therefore goes beyond lack of material needs, but includes human capabilities, for example skills, and physical abilities and also self-respect in society.

There are many poverties and deprivations (Chambers, 2002). Bad life does not necessary include only income-poverty and material lack, but many others. For example, poverty of time, living and working in bad places, bad social, especially gender relations. In this thesis, poverty will refer to the income-poverty and lack of materials.

1.7.2 Micro-finance

Micro-finance is defined as the provision of financial services and the management of small amounts of money through a range of products that are targeted at the poor people. This product includes loans, savings, insurance etc (United Nation, 2005). Secondly, micro finance is defined as ‘the provision of credit, savings, and other financial services to lower-income groups’ (Almeyda and Branch, 1999: 1). Microfinance, according to Otero (1999: 8) is ‘the provision of financial services to low-income poor and very poor self-employed people’. According to Ledgerwood (1999) these financial services generally include savings and credit but can also include other financial services such as insurance and payment services.

Microfinance consists primarily of providing financial services including, savings, micro-credit, micro insurance, micro leasing and transfers in relatively small transactions designed to be accessible to micro-enterprises and to low-income households. Microfinance may be complemented by non-financial services, especially training, to improve the ability of clients to utilize the facilities effectively.

1.7.3 Micro-credit

Lemire (2001) states that, micro-credit has a longer historical tradition and refers to the informal sources of finance, such as money lending, goods turned into cash by pawnbrokers, and shopkeepers who provide credit for food and other consumption items to poor families. Micro credit is the practice of extending small loans to poor people so that they can start small businesses and develop savings so as to care for themselves and their families. It is the extension of small loans to entrepreneurs too poor to qualify for traditional bank loans (Micro-credit

Summit, 2002). Micro-credit is the provision of cash and in kind loans in smaller amounts to micro, small entrepreneurs meant to improve their business operations.

In this thesis, I will use the terms micro-credit and microfinance interchangeably. However, in literature, microfinance is also used in a broader sense to cover financial services such as micro saving and micro insurance. Sinha and Matin (1998: 2) states ‘microcredit refers to small loans, whereas microfinance is appropriate where NGOs and Microfinance Institutions (MFIs) supplement the loans with other financial services such as savings, insurance, etc’. Thus micro-credit is a component of microfinance in that it involves providing credit to the poor.

1.8 Organization of the study

This study is limited to the Savelugu/Nanton district in the northern region of Ghana. The study focused on micro-credits as a poverty reduction tool, using the experiences of MASLOC scheme. The work is divided into six chapters.

Chapter one is an introductory chapter. The chapter gives information on the main theme of the study. Statement of the problem, objectives of the study and clarification of concepts are dealt with in this chapter.

Chapter two gives an overview of microfinance industry in Ghana. Highlights are also made on MASLOC, its establishment, vision, objectives, governance, financial landscape and its operations.

Chapter three is the theoretical framework of the study. The actor-oriented approach developed and used by Long and other members of the Wageningen School is key to having a better understanding of and analyzing processes of micro-credit and poverty reduction strategies.

Chapter four deals with the methodological framework of the study. Background information on the nature of the study area is provided in this chapter as well as data collection techniques.

Chapter five is about the presentation of findings and analysis.

Chapter six concludes the study with a summary of principal findings and policy implications and planning.

Chapter Two

Microfinance in Ghana

2.1. Introduction

In this chapter, I will give an overview of microfinance industry in Ghana. Highlights will also be made on MASLOC, its establishment, vision, objectives, ownership and governance, financial services landscape and its operations.

2.2. Industry overview

The rural areas are characterized by social, economic, cultural, political and environmental deprivation. Among other things the rural areas are plagued with vicious cycle of poverty. For example, low income, low productivity, low saving, low capital formation, low investment back to low productivity. Among the crucial problems of poor people is lack of credit facilities from the formal financial institution because of their inability to provide required collateral securities. On the other hand, credit facilities from the informal sectors are often accompanied with high interest rate which makes it unattractive for the poor people (Fasoranti, 2010:1).

Founders of microfinance shared a vision. Their vision was to supply formal financial services to poor people shunned by banks because their saving was small, their loan demand was small, and the poor people lacked collateral for loan. Again, poor people in developing countries lack access to formal financial services and the problem is more serious in the rural setting. This constraints poor people's ability to acquire assets, starts business, finance emergency needs, and insure themselves against illnesses and disasters. The founders believed that improved access to financial services would resolve these problems, at least to some extent (Zeller and Meyer, 2002:1).

According to Ledgerwood (1999: 2) microfinance arose in the 1980s as a response to doubts and research findings about state delivery of subsidized credit to poor farmers. In the 1970s government agencies were the predominant method of providing productive credit to those without access to credit facilities. Governments and international donors assumed that poor people require cheap credit. In addition to providing cheap credit, donors set up credit unions inspired by the Raiffeisen model developed in Germany in 1864.

Microfinance is universally acknowledged to be one of the most effective and sustainable strategies for poverty reduction by way of bringing financial services to the grassroots communities at close proximity. Although Ghana's economy has seen some promise in recent times, it still has deep trails of both urban and rural poverty. The government of Ghana's Growth and Poverty Reduction Strategies (GPRS) has microfinance as one of its poverty reduction tools. The government's efforts are being supported by development partners and private institutions (Ministry of Finance and Economic planning, 2003).

The government accordingly adopted it in its Ghana Poverty Reduction Strategy, now Growth and Poverty Reduction Strategy (GPRS). Unfortunately, a very large segment of the rural community still has no access to micro financial services. The combined effort of the banks and micro financial institutions, though appreciable is, however, insignificant compared with the astronomical dimension of the demand. Since access to sustainable financial services is almost indispensable to any poverty reduction programme, government was persuaded, under the circumstances, to establish the scheme so as to partly cover the huge credit gap and simultaneously enhance the development of a sound and sustainable micro financial system in the country (Asiama and Osei, 2007).

The main goal of Ghana's Growth and Poverty Reduction Strategy (GPRS II) is to ensure 'sustainable equitable growth, accelerated poverty reduction and the protection of the vulnerable and excluded within a decentralized, democratic environment'. The intention is to eliminate widespread poverty and growing income inequality, especially among the productive poor who constitute the majority of the working population. According to the 2000 Population and Housing Census, 80 percent of the working population is found in the private informal sector. This group is characterized by lack of access to credit, which constrains the development and growth of that sector of the economy. The observation was stressed in the International Monetary Fund country report on Ghana of May 2003 that 'weaknesses in the financial sector that restrict financing opportunities for productive private investments are a particular impediment to business expansion in Ghana' (Asiama and Osei, 2007).

In Ghana as a whole, informal saving mobilization and credit facilities continue to dominate the financial market, in spite of the over thirty years of formal banking in the country. It is estimated

that about fifty-five percent of the total money supply in Ghana is held outside the banks (Aryeetey and Gockel, 1991). According to Asiama and Osei (2007) the concept of microfinance is not new in Ghana. Traditionally, people have saved with and taken small loans from individuals and groups within the context of self-help to start businesses or farming ventures. Available evidence also suggests that the first Credit Union in Africa was established in Northern Ghana in 1955 by Canadian Catholic Missionaries. *Susu*, which is one of the current microfinance methodologies, is thought to have originated in Nigeria and spread to Ghana in the early 1990s.

According to Alabi et al (2007) the word *susu* in Ghana is believed by some indigenous Ghanaians to be a Ga word, a Ghanaian language, though some are of the view that it may be Akan another local Ghanaian Language. The system is reported to have originated from Yoruba, Nigeria. *Susu* is an informal financial identification for daily or weekly deposit collection on the West African markets. *Susu* can be described as a form of banking because it is a system of trading in money, which involves regular and periodic collection of fixed amounts of deposits that are made available to the owners after a specified period of time or when required or to borrowers within the scheme at a fee. Though *susu* does not require collateral it relies on a guarantee system to reduce risks associated with 'clean lending'. In Ghana today, *susu* can be classified into three key categories. These are *susu* Clubs and Associations, Mobile Collectors, and Cooperatives. The mobile collectors offer a savings vehicle by collecting daily amounts voluntarily saved by their clients, which they return at the end of the month minus one day's amount as commission (ibid).

Microfinance has gone through four (4) distinct phases worldwide of which Ghana is no exception:

Phase one: the provision of subsidized credit by governments starting in the 1950s when it was assumed that the lack of money was the ultimate hindrance to the elimination of poverty.

Phase Two: involved the provision of micro credit mainly through NGOs to the poor in the 1960s and 1970s. During this period sustainability and financial self-sufficiency were still not considered important.

Phase Three: in the 1990s the formalization of microfinance institutions began.

Phase Four: since the mid 1990s the commercialization of microfinance institutions has gained importance with the mainstreaming of microfinance and its institutions into the financial sector (Ministry of Finance and Economic Planning, 2009).

An example is the programme for *Susu* by the Barclays Bank of Ghana. The launching of the micro banking schemes in 2005 establishes a formal link between modern finance and *Susu* collection in an unconventional mobile initiative across the country. The scheme is to extend microfinance to some of the least affluent in Ghana, like the small traders at the market or the micro-entrepreneurs selling from the road-side stall (Asiama and Osei, 2007). *Susu* schemes offer basic banking services to the needy.

2.3. The Microfinance (MF) sector

In most of the literatures, MF has been classified as formal and informal sector. According to Doku and Aryeety (1995) formal financial sector is seen to include all financial transactions taking place within the framework of established financial institutions, covered by the banking law or other financial regulations of government. The expression ‘informal financial sector’ is by definition the antithesis of the formal financial system. Therefore the informal financial sector absorbs all other financial transactions not covered by the above. This catch-all definition for the formal sector would then include such schemes as the rotating savings and credit clubs, *Susu* collector schemes, money-lending and to some extent credit unions. The informal sector provides a crucial service for both men and women, enabling them to meet both consumption-and investment-related expenses.

2.3.1. Regulation of MF sector

A favourable regulatory framework and incentives for MFIs builds up confidence, facilitates and guides their most important activities and operations. The first formal micro finance institution in Ghana arose out of the micro savings product of the Post Office System. The service was upgraded to Post Office Savings Bank under the Savings Bank Act 1962 (Act 129), to operate independently within the Post Office System. It attained full bank status as National Savings and Credit Bank in 1972 under NRC Decree 38. The new management abandoned the use of the

network of the Post Office System and developed its own, leading to the destruction of the micro savings product (Anin 2000). Different tiers of Ghana's legally recognized, specialized Rural Micro-Financial Institutions (RMFIs) come under different legislation, adopted at different points in time in response to different circumstances and objectives:

- Moneylenders: Moneylenders Ordinance, 1940 and 1957.
- Credit Unions: Co-operative Decree, 1968 (NLCD 252); also the NBFI Law;
- Rural Banks: Banking Law, 1989 (PNDCL 225)
- Savings & Loans Companies: Financial Institutions (Non-Banking) Law, 1993 (PNDCL 328) (NBFI Law).

In terms of the regulatory framework, rural and community banks are currently regulated under the Banking Act 2004 (Act 673), while the Savings and Loans Companies are currently regulated under the Non-Bank Financial Institutions (NBFI) Law 1993 (PNDCL 328). On the other hand, the regulatory framework for credit unions is still being developed to reflect their dual nature as cooperatives and financial institutions. The rest of the players such as Financial NGOs (FNGOs), Rotating and Accumulating Saving and Credit Associations (ROSCAs, and ASCAs) do not have explicit legal and regulatory frameworks, and are largely unregulated (Asiama and Osei, 2007).

In terms of current policy programmes that affect the Microfinance sub-sector, a number of on-going projects can be cited. These include - the Financial Sector Improvement Project (FSIP), Financial Sector Strategic Plan (FINSSP), the Rural Financial Services Project (RFSP), the United Nations Development Programme (UNDP) Microfinance Project, the Social Investment Fund (SIF), the Community Based Rural Development Programme (CBRDP), Rural Enterprise Project (REP), and Agricultural Services Investment Project (ASSIP) (Asiama and Osei, 2007).

2.4 Institutional profile of Micro-Credit and Small-Loan Centre (MASLOC)

In pursuance of the above, the Micro-finance and Small-loans Centre (MASLOC) was established early 2004 to undertake the necessary reform and development process that would strengthen micro-finance operations as an effective and viable strategy for poverty reduction. With the launch of MASLOC, it is the belief of government that farmers, fishermen,

fishmongers, petty traders, hairdressers, caterers, dress-makers and others in both the formal and informal sectors will have access small-scale credit (MASLOC Annual Reports, 2008).

Microfinance and Small Loans Centre (MASLOC) was established for, first and foremost, prudent and judicious management of Government of Ghana (GG)/Development Partners (DP) microfinance funds intended for the scheme and also to facilitate the emergence, development and growth of sustainable and decentralised micro financial services. Its mandate is to undertake the necessary reforms and development measures that would strengthen microfinance operation as an effective and viable strategy for poverty reduction.

MASLOC has Board of Directors, management committee at its head office in Accra, regional officers and district officers since it was established in 2004 to provide micro and small loans to the productive poor of the population (MASLOC Annual Report, 2008).

2.4.1 Objective of MASLOC

The aim for setting up the center is to undertake sound and judicious administration, on fiduciary basis, of government and/or development partner funds for micro-and small-scale credit programme. In carrying out such a mandate, it may promote, educate, enhance and facilitate the operations of non-bank micro-financial institutions and targeted community and users. The fund is expected to make sustainable financial services available to individuals, co-operatives and other groups in grassroots communities in order to help them generate wealth, save and expand their mini-enterprises, leading to urban and rural poverty reduction. The following are the objectives of MASLOC (MASLOC Annual Report, 2008):

- Coordination, collaboration, complementarily/linkage banking, institutional and capacity building.
- Coordinate operations of associate community based programmes and submit consolidated performance reports to government periodically.
- Enhance the development of a decentralized micro financial system.
- Promote savings and deposit mobilization

- Data and information collection, analysis and dissemination.
- Undertake any other business deemed necessary and appropriate for its cause.

2.4.2 Credit/loan target

Principally, the productive poor constitute the main target. However programmes for women, youth and people with disabilities are prioritized.

2.4.3 Types of credit

There are two types of loans run by MASLOC – Microcredit (group) and Small Loans (individual).

MASLOC also gives wholesale lending to institutions such as Ghana Cooperative Susu Collectors Association, Ghana Cooperative Credit Union Associations and other Micro financial Non-Governmental Organizations (MFIs) for on lending to its members. These apart, the project document stipulate that MASLOC shall support special projects targeted at reducing unemployment (MASLOC Annual Report, 2010). These include:

- a. Jathropha cultivation for the production of bio-diesel
- b. Youth in Afforestation and Forestation for fighting desertification
- c. Aquaculture
- d. Youth in Agriculture for Block farming
- e. Provision of small scale mining/quarrying equipment for Youth in Quarrying and mining programmes

These special programmes have not as yet been implemented.

2.4.4 Eligibility criteria

Principally, the productive poor constitute the main target. However, programmes for women, youth and people with disabilities are prioritized. These are grouped into: A) microcredit and B) small loans (MASLOC Annual Report, 2008).

A) *Microcredit*

- A group/ and cooperative concept shall apply in all cases. Therefore, only applicants that have organized themselves into groups or are under cooperative system are eligible.

- The group/cooperative society shall have a minimum of five members to the maximum of twenty-five.
- Preferably group/society shall have common production or operational interest. They should have ongoing business or collectively have the required skill or experience or be prepared to undergo training in credit activity.
- A group/society shall have its leaders and its own internal rules and regulations. The group/society may or may not be registered with MDA or MFI or a bank. Such registration shall be an advantage.
- The credit amount may be collectively applied or disbursed on individual basis in accordance with the amount respectively approved for the individual. Only persons with sound minds and aged between eighteen and sixty-five are eligible (MASLOC Annual Report, 2008).

A) *Small-loans*

- These may be accessed on individual or group or cooperative basis. There should be ongoing activity/venture/project.
- There shall be no encumbrance on the existing assets for which the loan is required.
- Sound knowledge of and good experience in the management of the activity/venture/project shall be required.
- The borrower shall be in sound mind and aged between eighteen and sixty-five years. Business /venture may be preferably registered. This does not constitute a requirement but may serve as an advantage.
- A proper title deed to lands for the credit purpose shall be a requirement. Evidence of payment of statutory taxes and levies will be a requirement.
- Possession of a bank account is not a requirement but shall be an advantage.

2.4.5 Procedure for accessing the loan

MASLOC has established offices in all the ten regional capitals of the country with a Head Office in Accra as the coordinating and disbursement centre. A unique application form with security features, with bold inscription “not for sale” written on it, has been printed and given to Field Officers known as Financial Extension Assistants (FEAs) spread across the length and breadth of the country, for distribution to prospective beneficiaries. The information on the form is enough for an individual/group to express request for the funds. The application attracts no application fee and is simple to complete (MASLOC Annual Reports, 2009).

2.4.6 Factors to be considered for approving a loan

1. Particulars of applicant

- Age of individual/proprietor /managing director – whether it falls between 18 and 65 mandatory for MASLOC applicants
- Residential address – to help determine whether applicant resides in the catchment area of MASLOC regional office
- Duration of residence at present location of project (town) – to determine the availability of applicant
- Home town /district – to facilitate tracing when applicant moves from present location

2. Particulars of business

- Type of business – whether it falls within MASLOC’s limit
- Activity/project status – whether new or on-going
- Location/accessibility – whether follow up/monitoring can be done easily
- Source of production/raw materials and availability
- Date project was inspected

3. Particulars of loan

- Amount required
- Whether loan is new or supplementary
- Purpose of loan – whether it falls within MASLOC’s priority area

4. Previous loan

- Details of any previous loan taken from MASLOC or other institutions – amount granted and name of institution, reasons for arrears, if any

5. Management, training experience

- Who will manage the business? – Applicant or hired person
- How long manager has been doing the business
- Relevant entrepreneurial training, skills, experience obtained

The above are to ensure sound /successful management of the business

2.4.7 Marketing

- Is there ready market for products/services
- How product will be marketed
- Competitiveness

2.4.8 Security/collateral

- Type of security proposed/offered for the loan
- Type of title to business land and whether it is encumbered

MASLOC does not require tangible security like buildings, cars, land etc. Personal guarantors of good financial standing, who can redeem the loan in case of default, are all that is required.

2.4.9 Economic activities that qualify for funding

- Food crops : production of root crops (e.g. cassava, yams), cereals (e.g. maize, rice, millet, Sorghum, beans), vegetables (e.g. pepper, okra, tomatoes, garden eggs)
- Agro-processing : Extraction of palm oil, palm kernel oil, groundnut oil, gari processing etc
- Poultry : Production of boilers, layers, turkeys, guinea fowl, ducks etc
- Livestock : Production of pigs, goats, sheep, fattening of young bulls etc
- Microenterprise : Petty trading – retail of provisions, foodstuffs, fruits, household utensils etc
- Agro-marketing : Marketing of foodstuffs, local rice, cold storage and frozen meat and fish etc

- Alternative livelihood: Bee keeping, mushroom cultivation, snail and grasscutter¹ rearing
- Fish mongering : Smoking and selling of fish, cold storage
- Fishing : Offshore and inland fishing
- Aquaculture :Construction of fish ponds and fish farming
- Vocations :Dressmaking, hairdressing, batik, tye and dye, carpentry, beads production etc
- Handicrafts : Carving, basketry, drum production
- Farm Inputs : Fertilizers, herbicides, fungicides etc

2.4.10 Ceiling on loans request

Because of the large numbers of potential beneficiaries to be served and the type of businesses targeted (micro and small business enterprises) MASLOC has set upper limits for its loan beneficiaries. For individual or small loans the highest an individual/firm can access is ten thousand Ghana cedis (GHc10, 000). Within a group, an individual within the group cannot access loans beyond one thousand Ghana cedis (GHc1000) Twenty five people maximum constitute a group (MASLOC Annual Report, 2009).

2.4.11 Loans recovery procedure

The following are the repayment procedures put in place:

Borrowers shall pay cash over the counter of the bank through which the loans were previously disbursed to them. Alternatively borrowers may deposit their repayment installments in their current/savings accounts and sign a standing order or right of set-off, authorizing their bankers to transfer the loan installment from their respective accounts and credit MASLOC recovery account at the same bank.

2.4.12 Loan repayment period

MASLOC loans are for a period not exceeding twelve months. Thus crops of long gestation periods exceeding one year are not supported. MASLOC does not support individuals whose businesses fall within the medium and large scale categories. MASLOC funds cannot be used for the importation of goods from outside Ghana (MASLOC Annual Report, 2010).

¹ Is one of the two species of cane rats, a small family of African hystricognath rodents. In Ghana and other regions of West Africa, the Greater Cane Rat is usually called a grasscutter. It is considered a delicacy. As a result 'grasscutters' are beginning to be raised in cages for sale.

2.5 Conclusion

This chapter looked at the industry of the microfinance sector in Ghana. Micro-credit is not a new idea in Ghana. The people are used to the *Susu* schemes in order to raise capital before the modern concept of micro-credit. The chapter therefore outlined the historical development of micro finance institutions. How the sector of microfinance is regulated has been discussed in the chapter. The institutional profile of MASLOC is also discussed in the chapter.

Chapter Three

Theoretical Framework

3.1. Introduction

According to Anacleiti (2002:168) people in Africa are most of the time not asked what kind of development they want. In that direction, he claims that in development paradigm the poor people in Africa have rarely been considered to be humans in their own right, but have always been treated as objects for different models. Furthermore, Verhelst and Tyndale (2002:17, 19) says that people are not the problem, but a capacity that need to be treated as subjects that are asked what they would like help with and how they are already doing things. This knowledge then needs to be built on in development schemes. One way of dealing with this is to develop schemes that will empower poor to make a change in their own lives. Thinking in this way, there are not one helper and one that is helped, rather poor people are subjects of their own development. Hopefully this will lead poor people to develop a feeling of ownership of the schemes.

Empowering poor people has become a frequently cited goal of development interventions (Mosedale, 2003). The influence of these discourses has led to the widespread adoption of the empowerment concept in many other development and social justice arenas, such as education, health care, rural development, and workers' rights. By the beginning of the 1990s, empowerment held pride of place in development jargon (Batliwala, 2007). On the one hand it is argued that 'it is only by a focus on change to existing patterns of power and its use that any meaningful change can be brought about' (Oakley 2001; 14). Or it can be said to involve 'recognizing the capacities of such groups [the marginalized and oppressed] to take action and to play an active role in development initiatives' (ibid: 14). This chapter situates the study of micro-credit within actor-oriented approach and empowerment analytical framework.

3.2. Actor-oriented approach

The roots of an actor-oriented approach of sociology of development goes back to Weber's characterization of social action as implying simultaneously both in meaning and practice. An actor-oriented approach builds upon symbolic interactionist and phenomenological perspectives

of the 1960s, modes of social interaction and exchange developed by social anthropologists in the 1970s and the mounting criticism of structural theories of social change and development promoted so-called post-structural, post-modernist or social constructionist writers of the mid-1980s and afterwards (Long, 2004). The actor-oriented approach as a body of theory emerged as a result of the failure of development theories of the 1980s, such as modernization and dependency theories. The actor-oriented approach developed and used by Long and other members of the 'Wageningen School', is key to having a better understanding of and analyzing processes of micro-credit and poverty reduction strategies.

The selection of an actor-oriented approach in this study places poor people as actors at the center that permits the visualization of interventions as an on-going transformational process in which poor people's interests and struggles are located, instead of viewing it as the simple implementation of a plan for action (Long 1992b). The actor-oriented perspective is also about how development interventions and livelihoods are materialized and socially constructed through the interplay, contestation and negotiation of values and interests within specific domains and arenas of social action (Long 1997: 2). An advantage of this approach is that poor people are not simply seen as passive recipients of intervention, but active participants who process information and strategize in their dealings with various local actors as well as outside institutions and personnel (Long 1992a).

3.3. Human agency

'At the heart of the concept of social actor, then, is the notion of 'agency' (Long 1989a: 223). This attest to the fact that poor people are, within the limits of their information and resources and the uncertainties poor people face, 'knowledgeable' and 'capable'; that is, poor people devise ways of solving 'problematic situations', and thus actively engage in constructing their own social worlds (Long 1992b: 33). It is this rare knowledge that gives poor people as actors the space to maneuver and to have some sort of advantage.

Narayan (2005: 4) explained this knowledge based empowerment to mean the expansion of freedom of choice and action to shape one's life, where poor people control resources and decisions. For poor people, that freedom is severely curtailed by their powerlessness in relation to a range of institutions, both formal and informal. The actor-oriented approach assumes that

poor people are capable even under restricted situations, in formulating decisions and act upon them (Long, 1989). Fryer (1986) noted that an agent is one who is striving to make sense of his situation, trying to construct his or her future based on the personal and community resources he has. He further suggests that agency is about what people bring with them to a situation which is unfamiliar and problematic.

Since this powerlessness of the poor people is embedded in a culture of unequal institutional relation, an institutional definition of empowerment is the ‘expansion of the assets and capabilities of the poor people to participate in, negotiate with, influence, control, and hold accountable institutions that affect their lives’ (Narayan, 2005: 5). Narayan (2005) therefore concludes that, the definition puts more emphasis on institutions and interaction between poor people and more powerful actors. I therefore adopt a conceptual framework that is helpful in understanding the key factors that facilitate or constrain poor people’s efforts to improve their well-being and also affect broader development outcomes.

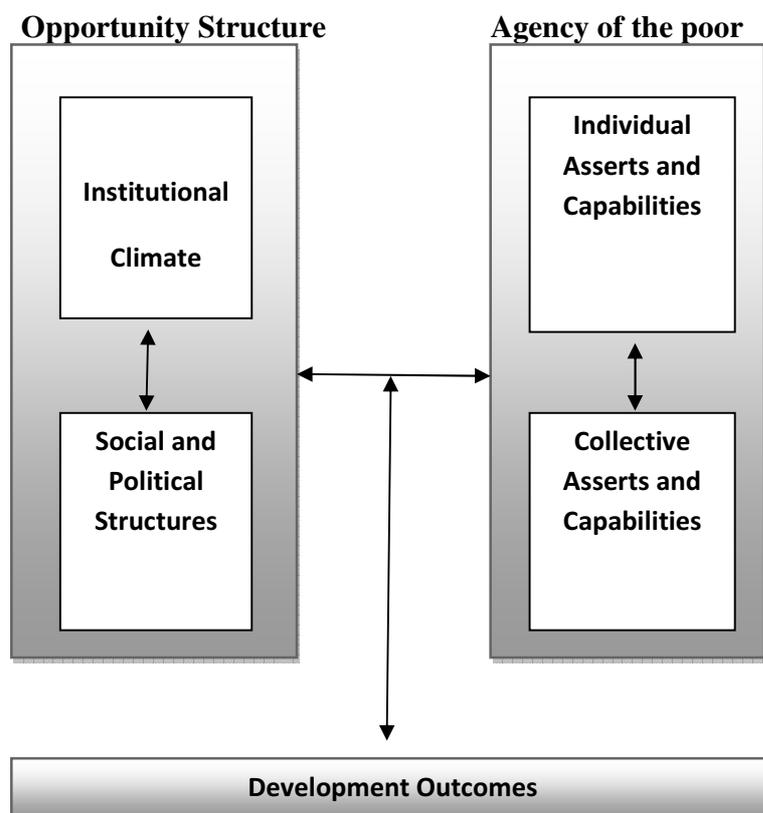


Figure 1: Overview of the conceptual framework Source: Narayan (2005: 5)

The first block represents the opportunity structure that the poor people face, while the second block makes up the capacity for agency of the poor people themselves. Thirdly is the development block which comes as a result of the combination of the first and second blocks. The opportunity structure is explained to mean the institutional or social rules and norms within which poor people pursue their interest (Narayan 2005: 6). These institutional rules and norms could be local culture, and in this instance even identity which position poor people at different levels. Therefore the removal of both formal and informal institutional barriers which hinder poor people from taking actions in order to improve their well beings is necessary (ibid: 6).

Social and political structures, which perpetuate unequal power relations also need to be, changed (Narayan, 2005: 6). Narayan (2005) alludes that institutions are the formal rules, conventions and informal codes of behavior, which constrain on human interactions. Agency on the other hand, according to Narayan (2005) is the capacity of actors to take purposeful action, which is a function of both individual and collective assets and capabilities. Agency is defined by the capacity of actors to take purposeful action, a function of both individual and collective assets and capabilities.

Therefore the empowerment of poor people is a product of the interaction between the agency of these poor people and the opportunity structure in which this agency is exercised (Narayan, 2005). Empowerment is fundamentally a relational concept, coming into view out of the interaction between poor people and the environment. This takes place through the rules, resources, norms and processes governing the interaction between poor people and powerful actors (ibid). Therefore, for poor people to be empowered there would be a need for changes in institutional and organizational processes which would seek to position poor people differently from the rich.

Poor people's assets and capabilities are usually conceptualized as individual attributes. Effective agency requires organizing capacities. However, poor people's collective capabilities and organizations are often critical in helping poor people break through constraints of powerlessness and voicelessness (Narayan, 2005: 6). Embedded in a culture of inequality, poor people need a

range of assets and capabilities to negotiate and influence in order to increase their own well-being.

Assets here refer to material assets, both physical and financial. Such assets include land, housing, livestock, savings, and jewelry which enable poor people to withstand shocks and expand their horizon of choices. On the other hand, capabilities are inherent in individuals and enable individuals to use their assets to increase their well-being. These capabilities could be human capabilities which include good health, education, and productive or other life-enhancing skills. Social capabilities include social belonging, leadership, relation of trust, a sense of identity, values that give meaning to life, and the capacity to organize. Psychological capabilities include self-esteem, self-confidence, and an ability to imagine and aspire to a better future. Political capabilities include the capacity to represent oneself or others, access to information, form associations and participate in the political life of a community (Narayan, 2005: 10).

3.4. Empowering poor people through micro-credits

Empowerment is said to be an important aspect of micro-credit schemes. Kabeer (1999: 437) states that empowerment refers to the ‘process by which those who have been denied the ability to make strategic life choices acquire such ability’; where strategic choices are ‘critical for people to live the lives they want such as choice of livelihood’. Therefore micro-credit schemes cannot empower people directly but can help them through training and awareness creation to critique the existing norms, cultures and values which place them at a disadvantage position, and to help them have greater control over resources and their lives.

Oakley identifies five key uses of the term empowerment in development studies, from which empowerment through economic improvement and empowerment of the individual are examples (Oakley 2001; 43). Empowerment through economic improvement is an approach which has been extensively used with poor people. Based on the assumption that, poor people’s relative powerlessness is primarily a function of their poverty, therefore interventions such as microfinance and small business activities, targeted at poor people, they will become agents of change in their community.

‘Microfinance, at its core combats poverty’. Micro-credit creates access to productive capital for the poor, which together with human capital, addressed through education and training, and

social capital, achieved through local organization building, enables people to move out of poverty. By providing material capital to a poor person, his or her sense of dignity is strengthened and this can help to empower the person to participate in the economy and society (Otero, 1999).

The aim of microfinance is not just about providing capital to the poor to combat poverty on individual level; it also has a role at an institutional level. It seeks to create institutions that deliver financial services to the poor, who are continuously ignored by the formal banking sector (Otero, 1999). Therefore, if one looks at Micro-credit institutions like Grameen Bank, the bank provides capital to the very poor, which would have been impossible without the Bank; poor people cannot access capital from the mainstream banks, thereby filling in the gap, reducing inequalities and strengthening local people and their institutions.

Among scholars who are into micro-finance, understanding of empowerment varies. According to Mayoux (1998), the financial self-sustainability paradigm has to do with increasing poor peoples' access to sustainable financial resources. Access is then assumed to contribute to poverty reduction and empowerment. The poverty reduction paradigm views micro-finance as a part of integrated poverty targeted community development programme, focused on sustainable livelihood and increasing wellbeing through integrated livelihood and social service provision for example literacy, health care, and infrastructure development (ibid:14). Micro-finance is seen as contributing to the process of empowerment through enhancing poor peoples' productive role.

According to the World Bank, empowerment is the process of increasing the capacity of poor people to make choices and to transform those choices into desired actions and outcomes. Central to this process are actions which both build the individual and collective assets of the poor people and improve the efficiency and fairness of the organizational and institutional context that govern the use of these assets (World Bank 2003a). Furthermore, the World Bank (2003b) and other World Bank reports since the early 1990s, recognize that empowerment is very vital to overall progress in development as it 'ensures that all people including poor people, have the ability to shape their own lives by providing opportunity and security and fostering effective participation and social inclusion' (ibid: 13). This report argued that there has been a growth in the recognition of the importance of empowering poor people by increasing their access to all the factors of production, most especially through micro-credit. Micro-credit

certainly plays an important role in providing safety-net and consumption smoothening. Clients also benefit from learning-by-doing and from self-esteem.

3.5. Conclusion

This chapter, contains a theoretical discussion on actor-oriented and empowering approach in terms of how the actor-oriented approach developed and used by Long and other members of the 'Wageningen School', is key to having a better understanding of and analyzing processes of micro-credit and poverty reduction strategies. In this chapter, one major importance of this approach is that poor people are not simply seen as passive recipients of intervention, but active participants who process information and strategize in their dealings with various local actors as well as with outside institutions and personnel. The issue of agency is also discussed in the chapter. How micro-credit empower poor people was discussed. Empowerment in this chapter is the process of increasing the capacity of poor people to make choices and to transform those choices into desired actions and outcomes. Central to this process are actions which both build the individual and collective assets of the poor people and improve the efficiency and fairness of the organizational and institutional context that govern the use of these assets.

Chapter Four

Methodological Framework

4.1 Introduction

Methodology is about how data is collected, how it is organized and analysed. This chapter outlines the methods and procedures of the study. The chapter is divided into two parts. The first part is about the geographical setting as well as the demographics of the study area. Secondly, the chapter gives an outline of the data collection techniques used in the study.

4.2 Description of the study area

Savelugu/Nanton District (SND) is one of the eighteen administrative districts of the northern region. It was established by Provisional National Defence Council (PNDC) Law 207 under the Legislative Instrument of 1988. It was carved out of the then Western Dagomba District Council, which included Tolon/Kumbungu and Tamale Metropolitan Assembly. It shares boundaries with West Mamprusi in the North, Karaga to the East, Tolon/Kumbungu in the West and Tamale Metropolitan Assembly to the South. The district's total land area is 1790.70 sq. km (Ministry of Local Government and Rural Development, 2006).

Savelugu/Nanton district is a predominantly agricultural area. The socio-cultural and economic situation of the district is similar to other parts of Northern Ghana. Though there are different tribes, the biggest tribe is the Dagomba. Different languages are spoken in the district, the predominant language is Dagbani. Most people speak English as the official language. The religion of most of the people is Islam. Savelugu/Nanton district was selected for this research because of the high incidence of poverty. According to Ministry of Finance and Economic Planning (2003), 7 out of 10 regions in Ghana are poor. Secondly the district is noted of various donor/NGO interventions that are into micro-credit schemes. Notable amongst them are: World Vision Ghana (WVG), and Ghana Danish Community Project (GDCCP), Christian Children's Fund of Canada (CCFC) TUMA KAVI². The choice is motivated by the generally low income levels in the district. This is due to the fact that a majority of the people depends on rain fed agriculture.

² A saying in Dagbani, which means there is no shyness in hard work.

4.3 Socio-economic and demographic characteristics

4.3.1 Population size and density

The population of the district was 91,415 according to 2000 population census. With a growth rate of 3 percent, the projected population as at March 2006 is about 109,442. This is broken down into 49 percent male and 51 percent female. With a land area of 1790.7 sq. km., the population density is about 61 Persons per sq. km (Ministry of Local Government and Rural Development, 2006).

4.3.2 Household characteristics

Households are predominantly male-headed. The proportion of female-headed households was 3.1 percent. In 2004, it rose to about 3.6 percent and subsequently to about 5.5 percent in 2005. The average household size is 8.7 with the smallest household comprising one member and the largest household having 47 members (Ministry of Local Government and Rural Development, 2006).

4.3.3 Human settlement patterns

There are 149 communities in the district. The communities are administratively demarcated into one urban/town council i.e. Savelugu, the district capital and five Area councils, namely, Nanton, Diare, Pong-Tamale, Moglaa and Tampion. The 143 other communities could be described as rural. Nearly 80 percent of the populace resides in these rural communities and 20 percent in the five urban towns (Ministry of Local Government and Rural Development, 2006).

4.3.4 Micro economy

The district remains an agriculture-based economy. The sector engages about 97 percent of the labor force, majority of who produce staple crops on subsistence level. Cash crop production is very minimal and these include sheanut, soya beans, cotton and cashew. Below is a summary of major economic activities in the district:

- Agriculture basically at the peasant level,
- Trading in foodstuff such as maize, beans, rice and other grains,
- Sand winning, the bulk of which is used for construction work in Tamale Metropolis
- Fishing along the Black Volta

- Sheanut processing

4.3.5 Income levels and distribution

Income levels are generally low. This is due to the fact that a majority of the people depends on subsistence agriculture as mentioned above. Income levels are lower for women than for men. The culture of the people posits the male sex at an advantage position in resource ownership such as land for farming and leadership positions. Positions held by women are those that may not command authority. Given that agriculture is the mainstay of the district, less access to land for agricultural purposes is a possible reason for the low level of income among women (Ministry of Local Government and Rural Development, 2006).

4.3.6 Markets

There are four markets in the district where mainly agricultural products are sold on market days at Savelugu, Nanton, Tampion and Diare markets. The District Assembly (DA) is developing the markets in phases. With the exception of the Tampion market, the other three have been provided with stores and stalls. Neighboring markets such as Kumbungu and Tolon, Karaga and Tamale markets are patronized by people in the district (Ministry of Local Government and Rural Development, 2006).

4.3.7 Access to financial resources

There is only one financial institution, the Borimanga Rural Bank (BRB) in Savelugu. The proximity of the district to Tamale Metropolis with financial institutions is an opportunity. However, farmers still have limited access to credit facilities from the banks because of lack of collateral security. The Ghana Danish Community Project (GDCCP) provides some form of credit to women groups. Other sources of financial resources are District Assistance Common Fund (DACF) poverty alleviation loans and interventions especially in the agricultural sector. About 30 percent of credit goes to women. For example in 2005, under a livestock development project, 59 out of 224 credits to farmers went to women (i.e. 26 percent) (Ministry of Local Government and Rural Development, 2006).

4.3.8 Trade and services

Trading and service activities employ about 3 percent of the economically active population. Trading activities in the district are dominated by trading in agricultural commodities with a few employed in retail trading of provisions stores. Service sector comprises those in formal sector

employment and constitutes less than 1 percent of the economically active population (Ministry of Local Government and Rural Development, 2006).

4.3.9 Industrial activities

There are limited industrial activities. Agro- processing constitutes the main industrial activity in the district and includes sheanut processing into shea butter, groundnuts processing, cotton ginnery, and rice processing. With the exception of Shebu Industry that uses modern technology to process sheanut on a large scale for export, traditional small scale methods dominate agro-processing in the district. These small scale activities are a major employer of women. Through Assistance from organizations such as United Nations Children's Fund (UNICEF), Canada Fund for Local Initiative (CFLI), World Vision Ghana (WVG), Institute of Technology Transfer Unit (ITTU) and Village Infrastructure Project (VIP) have improved some traditional methods such as in sheanut and groundnut processing (Ministry of Local Government and Rural Development, 2006).

4.3.10 Roads and transport

Except a few communities especially the settler farmer communities, majority of the communities are interconnected with feeder roads. However, over 50 percent of the roads are seasonally un-motorable. Efficient road transport is along the Tamale-Bolgatanga trunk road. Thus vehicle services to about 80 percent of rural communities in the district where the bulk of the food crops are produced are poor especially in the rainy season. Bicycle as the means of transport is therefore significant in the district. Almost every household has a bicycle. The situation does not only limit access to economic activities but also access to social facilities such as education and health (Ministry of Local Government and Rural Development, 2006).

The district has 18 pre-schools, 73 primary schools, 15 Junior Secondary Schools and two Senior Secondary Schools. Figures stood at 1,765 for pre-schools and primary schools, and 1,901 for Junior Secondary Schools. There are 275 trained teachers and 269 untrained teachers in the district. Several NGOs provide support for the education sector. (Savelugu/Nanton District Assembly Medium Development Plan 2006-2009).

The major health facility in the district is the Savelugu Health Centre, which is manned by a doctor and a strong professional staff complement. Other health facilities in the district include a health centre at Nanton, two health posts at Diare and Pong-Tamale and three community clinics

at Janjori-Kukuo, Zoggu and Moglaa (Ministry of Local Government and Rural Development, 2006).

4.4 Field work

Social science research uses the term 'Fieldwork' in two different ways. It is used first, in a general sense to cover several kinds of qualitative methods. Burgess (1982) described fieldwork in that sense as 'a style of investigation that is referred to as... qualitative method; interpretive research; case study method and ethnography' (Payne and Payne, 2004:94; also in Burgess, 1990: ix & Burgess, 2005). Secondly, according to Payne and Payne (2004:94) fieldwork refers to an aspect in the qualitative research process where data are collected, over a period of time, in a naturally occurring setting. However, the term could also be used to refer to any data collection trip, be it in a specific social setting or not. Therefore, fieldwork 'can mean data collection stage of a project (particularly in the qualitative tradition); or researchers go about collecting data; or more narrowly, data collection in a social setting that tries to reflect the naturally occurring order of events and subjective meanings of those being studied' (Payne and Payne, 2004:94).

From the above, some scholars focused on the central role of the fieldworker and of primary data while others emphasized the kind of data or what methods or tools that should be used. For Pole (2005: xx):

Fieldwork is a way of doing research where the emphasis is placed on the collection of data at first hand by a researcher. It relies on personal interaction between the researcher(s) and those been researched in the research setting, during which the researcher(s) will use one or a combination of particular methods to collect data over a prolonged period of time

In this present study, fieldwork is seen and employed as a key method of a qualitative research process. This involves the data collection stage of the qualitative research process. Fieldwork in this study focuses on both the collection of first hand data and secondary data, but not in naturally occurring situations. I could not be present on field to gather data due my inability to get my resident permit renewed by the Norwegian Immigration Authorities, for me to travel. Thus, I had to send my questionnaire for someone to gather the necessary data for me. I therefore had to rely on enumerators.

4.5 Sources of data

Two types of data were used in this study. Primary and secondary data, for the primary data I employed the use of semi-structured interviews or open ended questions based on key informant interview. Semi-structured interview refers to a context whereby the interviewer has a series of questions that are in the general form of an interview guide but is able to vary the sequence of questions (Bryman, 2008). In this method the researchers usually have the option to ask further questions in response to what are seen as important replies (ibid). This helped me obtain information from respondents, since most of the respondents are illiterates. It also allowed me to do the qualitative part of the study. Secondary data involved an intensive review of literature from books, journals, magazines, newspapers and individual writings.

4.6 Qualitative and quantitative research methods

One can talk of two main methodological techniques in social science research. They are; qualitative and quantitative. They contribute to the understanding of society, where individuals, groups and institutions interact. I opted for a mixed integrated approach, namely, qualitative and quantitative methods for this thesis. Qualitative research concerns itself with concepts and categories and not their incidence and frequency (Brannen, 1992: 4). This approach deals with people's perceptions, and understandings; the way people look at issues and address them. Quantitative research seeks to discover how many and what kinds of people in a general or parent population have particular features which have been found to exist in the sample population (Brannen, 1992: 5). The difference between the two depends how each method treats the data.

According to Bell (1993: 5) quantitative research approach begins with defining very general concepts which, as the research progresses, change their definition. In quantitative research, variables and variable categories are isolated and defined and brought together to generate hypotheses before the data are collected (Brannen, 1992:4). According to Hoepfl (1997), quantitative research has to do with the application of experimental method and also quantitative measures to test hypothetical generalizations.

Quantitative research also emphasizes the measurement and analysis of causal relationship between variables (Denzin and Lincoln, 1984). In Quantitative approach it is argued that human behavior in the field of social sciences, like physical phenomenon in the natural sciences can be quantified in attributes and can therefore be subjected to generalizations that have universal acceptability (Osuala, 2001). Therefore, quantitative research gives researcher information in numbers. In this regard, I use a questionnaire.

Straus and Corbin (1990, cited in Haque, 2000) defined qualitative research as the type of research that generates findings not arrived at by statistical procedures or other means of quantification.... They clarified that some of the data could be quantified but the analysis is qualitative. Qualitative research seeks to 'describe actions within a specific setting and invites rather than tries to control the possibility of a rich array of variables' (Holliday, 2002:2). Denzin and Lincoln (2000), note that qualitative research entails interpretive and naturalistic approach to the world. According to them, 'qualitative researchers study things in their natural setting, attempting to make sense of, or interpret, phenomena in terms of the meanings people bring to them' (cited in Creswell, 2007:36).

Qualitative methods contribute to findings and insights that cannot be derived from quantitative research methods. According to Kvale (1996) qualitative research 'attempts to understand the world from the subject's point of view, to unfold the meaning of peoples' experiences, to uncover their lived world prior to scientific explanations'. Hoepfl (1997) says qualitative research method use in any kind of research produce knowledge that can not be derived from statistical procedure. Proponents of qualitative research method argue that qualitative researchers often enter into the natural fields of people whom they study, and have face- to-face interviews with them. In this regard, I used semi-structured interview, focus group discussion and document studies.

Another difference according to McCracken (1988: 25) is on the data collection. In the qualitative research, researchers must use themselves as the instrument, attending to their own cultural assumptions as well as to the data. One of the qualities that have to be exhibited by the researcher using the qualitative method is flexibility. The consequence of this approach is that

‘the method of qualitative research par excellence is participant observation’ (Brannen, 1992: 5). In the quantitative approach ‘the instrument is a pre-determined and finely-tuned technological tool which allows for much flexibility, imaginative input and reflexivity’ (ibid: 5)

Quantitative and qualitative methods, according to Holliday (2002:5), are two separate fields and ‘do represent very different ways of thinking about the world’. Each of them is a field of enquiry on their own right (Denzin and Lincoln, 2000:2). Each or both may be appropriate depending on the research problem one is interested in. This is supported by Silverman (2005:6) who argued that ‘in choosing a method, everything depends upon what we are trying to find out. No method of research, quantitative or qualitative, is intrinsically better than any other’.

4.6.1 Rational for qualitative and quantitative research methods

Researchers have lived in a divided world over the use of the two methods. Each school of thought argued that its approach was better and did not encourage the use of integrated approach (Bird, 1992: 127). By using integrated approach in this thesis is overcome. I used quantitative approach, because I needed figures on MASLOC clients in the study area. Quantitative approach is appropriate for investigating the effects of MASLOC services on poor people’s socio-economic wellbeing. This study seeks to deal with micro-credit and poverty alleviation. I therefore had to use the mixed approach to have diverse access to data.

Osuala (2001) says that both qualitative and quantitative methods of research conform to accepted standard tools of research and can supplement each other and provide alternative insights into human behavior. I will therefore use both approaches in the study to get holistic insights. This will make me get a holistic view of the situation in the study area and thereby analysis of it. Haque (2000), in citing Wadel, (1991) notes that, it is important to use the qualitative research method to be able to describe social relations. On other hand, quantitative research is most important if only the researcher intends to collect having-data, such as resources, income or doing data. With regards to this study, I choose to rely mainly on qualitative methods due to the limited time at my disposal. This therefore explains the rational behind employing this kind of research approach and design.

4.7 Documents

When doing research on existing data the scientist can, according to Hellevik (1999, cited in Lyngra, 2008), choose between two main sources of data. One can either base the research on data collected especially for the purpose. This type of research is often done using observation, interviews and such. The other source of collection involves the type of data which would have existed whether or not this research had taken place. In other cases the researcher can use data which already exists in a more refined form. A special type of existing data is the kind already collected, refined and maybe analyzed by other researchers. This is, according to Hellevik, called secondary analysis of the original data. Secondary data is for example used when one wishes to put the results from different researches into coherence (ibid).

Existing records often provide useful insights into a setting that cannot be observed in another way (Lincoln and Guba, 1985). This information can be found in document form. Document is defined as ‘any written or recorded material’ not prepared for the purposes of the evaluation or at the request of the inquirer (ibid). Document sources of data would involve an intensive reviewing of relevant literature from books, journals, magazines, newspapers and individual writing exercises. The aim of reviewing literature on poverty and micro-credit is to further supplement the data that is gathered during the field work. Scott (1990: 12-13) offers a broad definition of documents for research purpose, which I will quote for the purposes of this thesis:

‘... a document in its most general sense is a written text... writing is the making of symbols representing words, and involves the use of a pen, pencil, printing machine and other tools for inscribing the message on paper, parchment or some other materials medium.... Documents may be regarded as physically embodied text where the containment of the text is the primary purpose of the physical medium’.

Documents can be divided into two major categories. According Bailey (1982: 301-302), documents are either primary or secondary. Primary documents are normally eyewitness accounts written by people who experienced the particular event. Secondary documents on the other hand are those written by people who were not present on the scene but who received the information necessary to compile the document by reading primary documents.

According to Lincoln and Guba, (1985) the usefulness of existing sources depends on whether they are accessible and accurate. Advantages of the use of documents according to Bailey (1982: 302-303), include that it allows the research on issues to which the researcher does not have physical access, and therefore cannot study by any other method; a relatively low cost, and high quality of content written by skilled social commentators. Documents provided me with useful information about micro-credit and poverty reduction schemes. Another advantage of documents is that their availability facilitated my access to data needed for micro-credit and poverty reduction. As a result of my inability to go to the field, I therefore had to use documents as one of the main sources of data in order to write this thesis.

4.8 Sampling procedure

The study focuses on MASLOC clients, who are direct beneficiaries of MASLOC credits. Officials of MASLOC were interviewed. MASLOC clients are both male and female. Both sexes were selected for the purposes of the study. The sampling consists of 40 respondents, made up of 24 female respondents and 16 male respondents selected by random sampling from MASLOC list of clients. Random sampling with the advantage of getting an unbiased representative group was used in this study.

4.9 Conclusion

The chapter gave an overview of the geographical setting of Savelugu/Nanton district indicating the location and demographic characteristics. This would help explain the various socio-economic activities that are going on in the study area. The second part of the chapter also explains how the data for the study is collected.

Chapter Five

Results and Discussion

5.1 Introduction

In this chapter, results from fieldwork related to the objectives and research questions are presented and discussed. The theoretical framework which was presented in chapter three, the information given in chapter two about MASLOC scheme and in chapter four about the study area are to be used to discuss the findings. The presentation and discussion of results is preceded with demography characteristic of respondents for example: gender distribution of respondents, age distribution of respondents, marital status of respondents, educational background of respondents and household composition. I present issue of training programmes offered by MASLOC, credit sources, and loan disbursement and repayment. I further look at the economic activities of clients, household income and expenditure, benefits and aspirations, the success of MASLOC in reaching the poor, problems and proposed solution.

5.2 Socio-demographic characteristics

5.2.1 Gender distribution of respondents

According to Robeyns (2006) the concept of gender can be understood in many different ways, making the importance of the concept dependent on the purpose and the intellectual tradition in which it is being introduced. Society assigns roles based on gender. Some of these roles are arbitrarily assigned, and some are shaped by history, ideology, culture, religion and economic development. Gender roles are learned behaviors in a given society or other social groups that is, activities, tasks and responsibilities that are perceived as males and/or females.

The intensity of work done by women and the choice in the gender is influenced not only by the fact that they have nimble fingers, but also because of the tendency of ‘women to be naturally docile and willing to accept tough work discipline, and naturally less inclined to join trade unions, than men and to be naturally more suited to tedious, repetitious monotonous work’ (Elson and Pearson 1981: 93). In this study, information was collected from both women and men.

Table 1: Gender distribution of respondents

Gender Group	Absolute Value	Percentage (%)
Male	16	40
Female	24	60
Total	40	100

Source: Fieldwork, 2010

Table 1 show that there were 24 (60 %) female respondents and 16 (40 %) male respondents. There are more women working in the operations of MASLOC than men. The data in Table 1 further gives a picture that, the main priority target groups of MASLOC intervention were women, who were operators of small and medium scale economic or income generating activities. Women are more because of the commodities they deal with, which happens to be the enterprises that benefited under the MASLOC scheme including micro-credit enterprises, agro processing, fish mongering and other alternative livelihood vocations.

5.2.2 Age distribution of respondents

The age of respondents somehow gives an idea as to whether clients are still in their economically active years and can engage in economic activities. The age of respondents are made to enable categorization that would offer various feedbacks based on their personal experiences and observations since the starting of MASLOC scheme.

Table 2: Age distribution of respondents

Age Group	Male		Female		Total
	Number (n)	Percentage (%)	Number (n)	Percentage (%)	Number (N)
20-29	5	12.5	8	20	13
30-39	6	15	10	25	16
40-49	3	7.5	3	7.5	6
50-59	2	5	3	7.5	5
60 and above	0	0	0	0	0

Source: Fieldwork, 2010

Table 2 shows that most of the respondents are in their active years which means high productivity all other things being the same. It is also an indication that most of the respondents are now having something to do as a result of the introduction of micro-credit schemes in the study area.

5.2.3 Marital status of respondents

Nukunya (1992), comments that, marriage is a social institution. Therefore, marriage re-organizes society, leading to the formation of kinship ties and membership in decent groups. Marriage leads to the creation of new and entrenchment of old social ties. Hence, when two are joined together especially between man and woman, their respective families become affinal relatives automatically. Marriage is an institution in which kinship ties are both established and extended. The study area is basically a polygamous society. Marriage is a means of establishing and maintaining a family.

Consequently, in most African societies, every man or woman who reaches adulthood is expected to marry and bear children. In most African societies, an unmarried man is almost an anomaly (Gyekye, 1998). People are also encouraged to marry because of the responsibility associated with marriage particularly providing for members of the household including the wife and children. Marital status of respondents is also important because according to Moser, (1993) among other things, a household relation is an asset in the form of human capital. Therefore, the marital status has either a positive or negative influence on poverty reduction outcomes as

marital partners contribute to each other's welfare help provide access to productive resources which enhances livelihoods.

Table 3: Marital status of respondents

Status	Male		Female		Total
	Number (n)	Percentage (%)	Number (n)	Percentage (%)	Number (N)
Single	4	10	4	10	8
Married	10	25	16	40	26
Widow	0	0	2	5	2
Divorced	2	5	2	5	4

Source: Fieldwork, 2010

Findings showed in Table 3 that as expected, majority of the respondents were married.

5.2.4 Educational background of respondents

When asked how much superior educated men were to those uneducated, the legendary Greek philosopher Aristotle (384-322 BC), answered, 'as much as the living are to the dead' (Daily Graphic, 2007:11). According to Bills (2004) formal education may assign different social and cultural roles at different times and places, severing the linkage between education and socioeconomic achievement are never a viable option. Many aspects of life can be changed merely by the use of available knowledge, which can be provided through education.

Education gives the individual the opportunity to access formal, government or white collar jobs. Education also equips the individual with the skills to read, write record, receive training and seek information. The above mentioned skills are very necessary when looking for a formal job. The formal sector is regulated and it has public assured pension. Admission to the public sector had to do with one's skill and qualification. Those without formal education have to be content with jobs offered by the informal sector. The informal sector covers a wide range of enterprises including individual home-based processing and manufacturing, petty trading and street merchants (Ansoglenang 2006: 45).

Table 4: Educational background of respondents

Status	Male		Female		Total
	Number (n)	Percentage (%)	Number (n)	Percentage (%)	Number (N)
illiterates	2	5	18	45	20
Non-formal Education	2	5	4	10	6
Primary School	4	10	1	2.5	5
JSS	6	15	1	2.5	7
Secondary/Vocational	2	5	0	0	2

Source: Fieldwork, 2010

Table 4 above indicates the percentage of respondents who have various levels of education. Non-formal education is a type of education where teaching is done in the night. It is organized for individuals who have not had the opportunity of having formal education. It is mostly organized for adults. Table 4 showed that 5 percent of male were illiterates as against 45 percent for female. Findings showed that, respondents in the area have a generally low education level. According to Fant (2008), this is attributable to the late arrival of formal education in northern Ghana by the colonial government; because of its policy of ‘protecting’ one section against another it denied most people from the area educational opportunities. Besides the factuality of the general low level of education in Northern Ghana, equal opportunities were not given to both male and females. That is, the needs of the females were not prioritized in the limited educational opportunities at the present study area. These explain the high number of illiterates among females.

5.2.5 Household composition

According to Ansoglenang (2006) household size or composition is a determinant factor of the capabilities, choices and strategies available to it. Therefore, the viability of poor people’s poverty situation may be affected in terms of distribution of resources. The household is usually organized around needs which have social, psychological, cultural and historical dimensions. These socially constructed needs include food, shelter, clothes, companionship, recreation among others (Gardner, 1997). According to Rakodi and Lloyd-Jones (2002) household size or

composition is a determinant factor of the capacities and strategies available to it. Gonzalez et al. (2001), has also stated that the size of a household and the availability of earners are very important element of vulnerability. Poverty is thus more likely in large household size with proportionally low income earners.

Table 5: Household composition

Size	Number	Percentage (%)
1-5	3	7.5
6-10	3	7.5
11-15	12	30
16-20	16	40
21-25	6	15
Total	40	100

Source: Fieldwork, 2010

Findings represented in Table 5 show that 30 percent and 40 percent of total respondents have a large household size of 11-15 and 16-20 respectively. The motives for the need of large households have been institutionalized through various and complex rites, taboos, social behavior and beliefs (Cutrufelli, 1983:133). For example, the socio-cultural values of the area glorify polygamy.

5.3 Credit sources

Credit is central to the welfare of many citizens and the effective management of the economy in developed and developing countries. In stark contrast to the situation in developed countries is the plight of the poor in developing countries. It is estimated that more than two billion people lack access to formal credit markets. To fill this vacuum, micro-credit movement began in the early 1970's to provide access to financial services to those who had been previously excluded with hopes of improving the welfare of these people and their local economy (Hudon, 2009). As noted in chapter one the Micro-finance and Small-loans Centre (MASLOC) was established early 2004 to undertake sound and judicious administration, on fiduciary basis of government and/or development partners funds for the necessary reform and development process that would strengthen micro-finance operations as an effective and viable strategy for poverty reduction.

According to Diagne (2002) because of the failures and the recognition that traditional commercial banks typically have no interest in lending to the poor because the poor lack viable collateral and because the transaction cost associated with small loans are high, innovative credit delivery systems are being promoted as a more efficient way of improving poor people’s access to credit with no or minimal government involvement. Most of these credit lending programs are group based. They use joint liability and peer pressure as collateral substitutes and community-based credit delivery system to reduce transaction cost.

Table 6: Credit sources

Source	Absolute Value	Percentage (%)
MASLOC	34	85
Other micro-credit institutions	4	10
Private lenders	2	5
Banks	0	0
Total	40	100

Source: Fieldwork, 2010

Results showed in Table 6 that 85 percent of the respondents representing 34 people have taken loans from MASLOC. No respondent took loan from the bank. This is due to the collateral securities clients should have before contacting a loan from the bank as noted by Fazoranti (2010) in chapter two of this study.

5.4 Loan disbursement and repayment

The eligibility criterion to access credit under the MASLOC scheme is divided into two, micro-credit component and small loans component. See chapter two, page number 14 of this study. According to Barboza and Trejos (2009: 284) to use Akerlof’s terminology, micro-credit schemes lend money to what the conventional market would consider to be *lemons*, the poorest of the poor, because, from the lending institutions, it is considered as too costly and risky. Group joint lending setting foster an active learning-by-association process through peer mentoring and peer monitoring, both from the lender to the borrower, and across borrowers (ibid). Monitoring clients of micro-credit institutions is difficult. Alternatively, monitoring is conducted by group members under joint liability, one of the innovative characteristic of micro-credit institutions.

The group of borrowers may be members of the same neighborhood. This feature of group lending contracts is part of the implicit price that borrowers need to pay to part of the group. Most micro-credit schemes use joint liability lending (ibid: 287).

A distinctive practice of micro-credit from other approaches aimed at helping the poor is charging an interest rate on money borrowed. Charging an interest rate on loans also provides the micro-credit institutions with a source of income to repay lenders, capitalization, and over some administrative expenses (Barboza and Trejos 2009). Clients of the MASLOC scheme are eligible for loans re-payable within 12 months at a comparatively low interest rate. This is at 20 percent. Currently, loans disbursed at the centre include micro-credit or group loans, small loans, and wholesale lending to microfinance institutions for on-lending to the productive poor. Under the scheme, the maximum repayment period is up to 24 months. However, interest rates charged by micro-credit scheme draw most vigorous criticisms. There are claims of interest rates ranging from 30 percent to 100 percent on an annual basis (Chowdhury, 2009).

Table 7: Loan repayment

Status/Response	Male		Female		Total
	Number (n)	Percentage (%)	Number (n)	Percentage (%)	Number (N)
Yes	6	15	20	50	26
No	10	25	4	10	14

Source: Fieldwork, 2010

As seen in table 7, 65 percent of the respondents have paid back their loans while 35 percent did not. It is also clear in table 7 that female have paid back their loan more than their male counterparts. A follow up question to why female clients settle their indebtedness to the scheme more than the male. An official explain that women are sensitive to their reputation in case MASLOC want to take legal action against them, like sending them to court and they may be jail. Women also care about their relations with micro-credit institutions employee because they feel they are accountable for that employee to repay the loan. Those who have not been able to pay back their loans stated that lack of market for their products as the reason for their inability to pay back their loans.

5.5 Training

Training forms part of MASLOC scheme. Clients are educated on how to manage their loans effectively. MASLOC have also organized financial training for the marginalized productive poor within the informal sector. The aim is to provide them with accelerated access to credit facilities. The training is to create the platform for prospective beneficiaries to learn business-like approach to handling money for productivity and arrest the erroneous impression about the operations of MASLOC that the loans granted to beneficiaries were ‘free money’ or ‘government's gift’ to party functionaries. Scheme also organizes training programme on good packaging and final production processes of products of clients. According to an official at MASLOC head office, training teams move to various communities to provide the needed financial assistance to operators of small and medium-scale enterprises under their scheme.

5.6 Economic Activities

The economic activities that get funding from MASLOC are follows: transport business (taxi business), groceries, shea butter extraction, cooked food selling, handcraft and weaving. Also, MASLOC has targeted increase in funding to the agricultural sector towards the expansion of food production. Economic activities that would qualify for the funding include production of food crops, agro-processing, poultry, marketing of foodstuffs such as maize, yams, tomatoes, local rice, cold-storage and livestock. Others are bee-keeping, mushroom cultivation, snails, grass cutting and rabbit rearing, offshore and inland fishing, fish farming, basketry, agricultural machinery and farm inputs. In the study area, the economic activities are shea butter extraction, weaving and traditional craft (fugu), transport services and petty trading.

5.6.1 Shea butter extraction

The role of the shea tree in the socio-economic development of Ghana cannot be over emphasized. It serves as foreign exchange earner to the country and raw materials to our local industries. For most people of the northern parts of Ghana, the shea tree provides a good source of food. The shea fruit is especially so because the ripening of the fruit coincides with the lean season of food production. The butter is used for cooking and other purposes. Extraction of the butter is tedious work. The extraction of the butter is exclusively the work of women. Shea butter provides income to women. The butter is the base material for cosmetics and pharmaceuticals.

Respondents who were into Shea butter extraction appealed for good prices for their produce, and ways of improving the quality of their produce. Respondents said the current price of GH¢20 per 20 alonka³ were too low and did not give them the motivation to engage in the shea butter extraction. Respondents equally complain that, they were poor and vulnerable as a result of the low prices they get from the local market; hence, the need for the authorities to give the industry serious attention to better their lot.



Figure 2: Shea butter Source: Field work 2010

5.6.2. Weaving and traditional craft

The main traditional textile in Northern Ghana is Fugu⁴, leather tanning and leather ware, pottery. Other handicrafts that are popular in the northern region are mat weaving, woodcarving and cotton spinning. Just as the shea butter extraction is mainly done by women, so also the traditional handicraft is the business of males. Traditional crafts are well developed in Northern Ghana and are an attraction for tourists and also a source of income and employment for the local artisans. A respondent said this can help create employment and wealth that will help

³ Measuring bowls in the local market

⁴ A traditional wear of men in Northern Ghana

propel the development of poor people in the area. Though local raw materials were available, it was too expensive to buy the materials from commercial houses and middle men. The industry has a good potential to reduce poverty in the area since small farm lands, poor soils and poor rainfall had made agriculture inadequate and unreliable.



Figure 3: Respondent sewing a northern traditional fugu Source: fieldwork 2010

5.6.3 Transport service

Under the micro-finance and small loans scheme, about 300 new VW Parrati taxi cabs, worth more than GH¢15,000 each in 2007, were distributed to beneficiaries across the country to operate transport services including those on the taxi and pay in monthly installments.

5.6.4 Petty trading

According to Hatab (2009) petty trading is a venture common among people of low income earning power, people with little money to take up bigger businesses. However, people lose sight of the fact that petty trading has been the starting point for many successful prominent business people today. Petty trading has gone a long way in alleviating poverty, thereby changing the lives of many people who depend on them. Under the Ghana Investment Promotion Centre Act, 1994 (Act 478) non-Ghanaians may invest and participate in the operation of any enterprises in

Ghana, except petty trading, operation of taxi or car hire services (except he has a minimum of ten new vehicles), lotteries, beauty salons and barber shops (Ghana Investment Promotion Centre document, 2005). In the study area both men and women are engaged in petty trading.

5.7 Household income and expenditure

Profits generated from micro-credit business have had significant impacts on household welfare. The fieldwork returns shows that respondents were making profits from their business. Especially those who are involved in microenterprise for example: petty trading, retail of provisions, foodstuffs, fruits, household utensils etc. Vocations: dressmaking, hairdressing, batik, tie and dye, carpentry, beads production etc. Therefore, micro-credit has the ability to increase both resources and agency of respondents. Respondents use their incomes in paying for the children school fees, household provisions, medical bills etc. Economic contribution of respondents to their household can change their lives as well of their dependents and raise the overall standing of living of their household. When I ask a respondent a question 'can you compare the expenses of children schooling before you became a member of MASLOC and now?' This is what the respondent had to say 'I am spending more money on my children and their education as compared to before joining MASLOC. One of them is in better educational institution and she is very brilliant, so I decided to send her there despite the cost, since I can now pay for the cost of her education'.

According to Zeller and Sharma (1998) in many countries, the poor spend as much as 91 percent of their income on food. Therefore, most loans, especially in the informal sector, are for the purpose of financing consumption-related expenditure. Again, McNelly and Dunford (1998) found that in Ghana the nutritional status of participants of micro-credit and their dependants has significantly improved between 1993 and 1996 as compared to non-participants. I asked a female respondent whether she has ever used any part of her interest from her business to buy food for her family. She said 'increase in her income from her business has had a lot of impact on her family. Again, 'the quality of food served in my house has seen a remarkable improvement for the past year'. She seemed very much self-esteemed. Another respondent said she uses her income for health bills and food for her household. The above field work returns support the argument that poor people are not simply seen as passive recipients of intervention, but active

participants who process information and strategize in their dealing with local actors as well as with the outside institutions and personnel to better their lot.

Table 8: Income level of respondents before and after joining MASLOC

Income now compared to before joining MASLOC	Increased	Decrease	Constant	Total
Number (n)	30	4	6	40
% Respondents	75	10	15	100

Source: Fieldwork, 2010

In fact, 75 percent of respondents reported increase in their as income seen in table 8. This shows that there has been increase in capital generally now as compared to before. A respondent had this to say ‘income per year was X and income per year after increased by 5% of X’. Here the respondent did not want to disclose the amount he makes per year. Another respondent saw an increase income my ‘income per year before joining MASLOC scheme was GH cedis 2,400 and income per year after joining MASLOC scheme is GH cedis 3000’. This particular respondent saw an increase of GH cedis 600.

Though some respondents have seen increment in their income after joining MASLOC scheme, others have different stories. For example, one respondent had to say: my income before joining MASLOC scheme was GH cedis 100 per month and after is GH cedis 40. The respondent saw a reduction of GH cedis 60. When asked why the reduction in her income. She said that ‘this is because I spent part of the money on my children education and my building project’.

5.8 Benefits

A credit facility helps the individuals or households build up or acquire funds for all kinds of investments (Sharma and Buchenrieder, 2002). Another benefit of credit in poverty alleviation is the issue of insurance substitute. When the poor face catastrophic risks, that is risks arising from erratic rains, human illness, crop pests, diseases and other problems and when formal insurance markets are nonexistent, credit transactions allow the poor to borrow during bad times and repay when times are better (ibid: 223). The returns from the fieldwork showed marked improvement

in household economic variables such as increased level of incomes, saving, expenditures on consumption and acquisition of assets.

This is what a respondent had to say: 'MASLOC has helped me a lot in recent days. It is this profit margin that I got that helped me to support my children to go to school.' The uses of income on saving show that respondents are concerned about smooth consumption over time and sustainable income generating activities. This would help them because meeting practical needs of respondents over time can help meet their strategic needs. A large number of respondents were saving a good amount daily through *Susu* scheme.

Buying of assets for the household was one of my research questions for the study. Households after participating MASLOC scheme have accumulated both consumer and producer assets. Beneficiaries were asked for example to mention and give the value of assets they had acquired as a result of participating in the MASLOC scheme. They mentioned land, building of houses, bicycle, household furniture, sowing machines, livestock, iron sheets, televisions, mattresses, business equipments. Therefore participating in the scheme has led to big change in the household assets. A respondent said after joining MASLOC micro-credit scheme 'I have been able to expand my business and build a three bed room house and bought television set for the household.

This is in agreement with what Sebstad and Chen (1996) those beneficiaries of micro-credit schemes accumulate assets as a result of obtaining credit. Assets accumulation may be perceived as a strategy against risk. Where there the clients faced difficulties to repay their loan, assets are sold to raise the money. This is in line with Johnson and Rogaly (1997) definition of poverty, as lack of income, vulnerability income fluctuations and powerlessness. Credit intervention has improved the security position of clients through assets accumulation. It stands to reason that when it comes to assets beneficiaries have done well.

5.9 The success of MASLOC in reaching the poor

- So far an amount of GH c 67,708,316 has been disbursed to Ghanaians to boost their micro and small business.

- The number of Ghanaians who have benefited from the scheme is two million five hundred and forty thousand (2,540,000). About sixty –five percent (65%) of these beneficiaries are women.
- All the beneficiaries were made to take their loans from the banks. This has disabused their minds about the fears they entertained going to access money from the banks. Their introduction to the banks is to encourage them to cultivate savings culture. Indeed some have been offloaded to the banks after paying their loans from MASLOC.
- The spread of the scheme across the length and breadth of the country has made accessibility to microfinance very easy. There are districts in Ghana that cannot boast of any commercial or community bank. With the introduction of the scheme every district in Ghana has been covered (MASLOC Annual Report, 2008).

5.10 Problems

There were some misgivings about MASLOC scheme. These were deduced from both clients and officials of MASLOC. There were issues of the loans not sufficient by the clients. Some of the beneficiaries reportedly used names of others to secure loans without their knowledge and consent. Again most of the respondents lacked formal education, accordingly, they do not have the experience to understand and manage even low level business activities.

Another problem facing MASLOC scheme is the issue of clients not paying back the loans they have taken. In response to a question about what are the problems concerning MASLOC scheme in the study area? An official had this to say:

‘Certain pronouncements by a political party leader regarding MASLOC operations and political interference are some of the major challenges it has to grapple with. Most people who come for loans as a result, tend to think that the loans are handouts to party foot soldiers⁵ because of what the politicians tell them and therefore do not payback. This has led to a high default rate of more than 90 percent, I reckon’. (29th June, 2010)

One official said that: ‘If the credits were money meant for party members they would have collected them from party offices’. Another official of MASLOC further affirmed this and said groups and individuals who accessed loans from the MASLOC in the study area two years ago

⁵Political Party supporters

have refused to pay back. It is sad to note that groups and individuals who have together taken money from MASLOC are behaving as if the facility was a gift offered by a charity organization. Political interference and patronage is associated with MASLOC scheme. Being a government establishment, there is too much political interference in the appointment of staff. Change in government comes along with change not only in top management but also middle and lower levels of staff. This does not allow for following up on programmes and retention of quality staff. Many of the beneficiaries consider the loans as gratis for job done for bringing a particular party to power.

MASLOC faces the threat of imminent collapse because of its low recovery rate from previous beneficiaries, some of whom are currently on the run. According to field returns former and current employees of the MASLOC are also guilty of this by granting themselves between GH¢2,500 and GH¢70,000 to be repaid over a four-year period, which is not the normal convention for repayment of loans granted by the scheme. A client of the MASLOC scheme also mentioned the period of paying back the loan as too short. The most common period payment of the facility is 12 months, which is applicable mainly to commerce. Under the scheme, the maximum repayment period is up to 24 months. That is where the client has taken a loan up to Ghana cedis (GHc 25, 000).

The maximum loan size of Ghana cedis (GHc) thousand (1000) per person in a group and ten thousand maximum (10,000) for individuals as a small loan is not big enough to turn round the economy to make any meaningful impact. Good industrial practice in microcredit scheme is that a beneficiary should have at least three cycles of loans before he or she could wean himself or herself to meaningfully feel the effect of microcredit. However because of the huge numbers of potential beneficiaries to be covered one cycle is normally what pertains.

The purpose of the MASLOC scheme is principally not to make profit but to provide access to microfinance to Ghanaians who otherwise may not have this opportunity. Low interest rate vis-à-vis operation cost is a problem that management has to grapple with. It is however important that at least the institution breaks even. The number of people to be served vis-à-vis the amount available were the concerns raised by MASLOC officials. Apart from the seed money and two thousand dollars (\$ 2,000) from the Japanese grant, no other funds from any source have been

secured. Meanwhile the number of potential beneficiaries keeps increasing putting much pressure on the management of the funds.

As part of MASLOC scheme loans were advanced to some of their clients to purchase cars for taxi business. But this did not work well as most of the clients who took advantage of the taxi business facility refused to pay back the loans and their cars had to be seized by the MASLOC officials with the help of state security apparatus. This is what an official of MASLOC had to say:

'We had to retrieve 60 vehicles we gave out to people on hire purchase, for which their owners have failed to honor their payment obligations. The Bureau of National Investigations (BNI) and other security agencies were chasing defaulters of the payment of the cars. The official said the seized cars had been lodged with the police, and that the vehicles will be soon auctioned to defray the debts'. (28th June, 2010)

Clients of MASLOC in the study area also complain about the inclusion of the taxi business in the scheme. One of the respondents asked a rhetorical question as whether too many people patronize taxi services in the study area. As noted in chapter four of this thesis that, bicycle is the commonest means of transport and is therefore important in the study area. Almost every household has a bicycle. A respondent said an official of New Patriotic Party (NPP) was able to take the taxi business loan facility and bought three cars to be used as taxis. He went further to say that, this party official is a teacher in one of the universities in Ghana. He asks 'is this person a poor person'. This also gives the credence that MASLOC scheme is meant for political party supporters. This therefore buttresses the summary of Chowdhury (2009) that microcredit may not even be the most useful financial services for majority of the poor people. More to the point, those who benefit from the taxi loan facility are people whose incomes are above the poverty line. Poor households do not benefit from micro-credit; it is only non-poor borrowers who do well with loans from micro-credit institutions (ibid).

Non-payment of MASLOC staff salaries affects loan recovery. Financial Extension Agents (FEAs) of MASLOC who are responsible for the recovery of loans from defaulters have not been paid their salaries for the past eleven months. This is affecting their motivation and ability to go round the communities to retrieve money from defaulters according to an official of MASLOC.

He said the beneficiaries of the loans were scattered in the region and because the agents had not been paid their emoluments for almost one year they were reluctant to use their own resources to track defaulters. So far about 25 percent of recoverable loans have been recovered.

Another problem faced by respondents is the difficulty in marketing their products. 'They complain of lack of market for their products in the area, and that they had to sell at cheaper prices in the open market'. One respondent added that, 'if I do not sell for a particular day, I still have to pay market toll'. In support of the above assertion, Pollin (2007: 2) notes that micro-enterprises 'need a vibrant, well-functioning domestic market itself that compasses enough people with enough money to buy what these enterprises have to sell. Micro businesses benefit greatly from an expanding supply of decent wage-paying job in their local economies. This is the single best way of maintaining domestic market'. Supporting this view, Chowdhury (2009) notes that, too many micro businesses due to the constant inflow of new entrants cause 'market saturation' and a hyper-competitive situation. This accordingly results in low and declining rewards for such simple micro-business. This was the situation in the study area.

5.11 Proposed Solution

The following proposed solutions were put forward by both clients and officials of MASLOC, which to them could possibly solve the problem associated with the scheme.

- The resources allocated to the taxi purchase scheme under MASLOC should be shifted to other sectors that have the potential of reducing poverty.
- MASLOC should place a software system, which would make the scheme know their clients by their names and code and location. This would make it easier for the loan officer to locate them in case the clients default in paying the loans they took.
- Clients of MASLOC should be made aware that the loans they get are not handouts to party foot soldiers or gifts offered by a charity organization and should be devoid of political interference.
- MASLOC streamlines loan application process.
- Introduction of incentive wages for their credit agents with bonuses rewarding high repayment rates.

5.12 Conclusion

Clients in the study area are involved in activities like petty trading, shea butter extraction, taxi business, *fugu* weaving, etc. Clients have access to credit from MASLOC. Profit made from their business were use to cater for their household needs. For example, the income is used to buy inputs for *fugu* weaving, food for the family, clothing, school expenses and health.

There are some misgivings about MASLOC scheme. These were deduced from both clients and officials of MASLOC. For example, political interference and patronage is associated with MASLOC scheme, the loan they are given are too small, most clients are not educated, difficulty in marketing their products. Clients and officials proposed that some measures be taken in order to improve the efficiency of the scheme into a viable one. For example, the need to streamline the application process, beneficiaries should be made aware that the loans they are given are not handouts to party foot soldiers or gift offered by a charity organization and should be devoid of political interference.

Chapter Six

Conclusions and Recommendations

6.1 Introduction

The objective of this study was to assess the contribution of Microcredit and Small Loans Centre (MASLOC) as a poverty reduction tool and as means of improving the lives of people. In effect, the study wanted to find out whether the establishment of MASLOC by the government of Ghana has actually bettered the lot of people in the study area. The presentation in this final chapter is the conclusions and makes some recommendation for policy planning.

6.2. Conclusion

6.2.1 The performance of MASLOC in targeting the poor

The spread of the scheme across the length and breadth of the country has made accessibility to microfinance very easy. The number of Ghanaians who have benefited from the scheme is two million five hundred and forty and about sixty-five percent of these beneficiaries are women. The scheme is to promote the emergence, development and growth of a sustainable and decentralized micro-financial sector with grassroots participation in ownership, management and control. The clients of MASLOC are mostly women, the physically challenged (the vulnerable sections of the population), the youth and operators of small and medium scale economic generating activities in the country. Who are provided with micro credit and small repayable loans. The success stories of MASLOC are that an amount of GH c 67,708,316 has been disbursed to beneficiaries to boost their micro and small business. The scheme across the length and breadth of the country has made accessibility to microfinance very easy.

6.2.2 Clients perception of MASLOC

Following the establishment of MASLOC, the aim was to undertake the necessary reform and development process that would strengthen micro-finance operations as an effective and viable strategy for poverty reduction. With the launch of MASLOC, it was the belief of government that the informal sector for example, farmers, fishermen, fishmongers, petty traders, hairdressers, caterers, dress-makers and others in both the formal and informal sectors will have access small-scale credit.

Training forms part of MASLOC scheme. Clients are educated on how to manage their loans effectively. According to the respondents, MASLOC have organized financial training for they marginalized productive poor within the informal sector. The aim is to provide them with accelerated access to credit facilities. The training is also to create the platform for prospective beneficiaries to learn business-like approach to handling money for productivity and the erroneous impression about the operations of MASLOC that the loans granted to beneficiaries were ‘free money’ or ‘government's gift’ to party functionaries

6.2.3 Accessibility of credit by clients

The productive poor constitute the main target of MASLOC scheme. However programmes for women, youth and people with disabilities are prioritized. MASLOC scheme have established offices in all the ten regional capitals and all the district capital of the country with a Head Office in Accra as the coordinating and disbursement centre. Because of the large numbers of potential beneficiaries to be served and the type of businesses targeted (micro and small business enterprises) MASLOC has set upper limits for its loan beneficiaries. Accordingly 85 percent of the respondents representing 34 people have taken loans from MASLOC scheme.

6.2.4 Impact of MASLOC on poverty alleviation

The major aim for the establishment of the MASLOC scheme is to contribute to the poverty reduction program. The returns from the fieldwork showed marked improvement in household economic variables such as increased level of incomes, saving, expenditures on consumption and acquisition of assets. Households after participating MASLOC scheme have accumulated both consumer and producer assets. A large number of respondents were saving a good amount of money daily through *Susu* scheme. Respondents were able to use the credit given to them to expand their business.

There were however, some misgivings about MASLOC scheme by both respondents and officials. Clients do not pay loans they have taken from the MASLOC scheme. Low recovery rate from previous beneficiaries, some of whom are currently on the run. This is problem is not only applicable to the clients but officials of the scheme. Most clients of the scheme think money given to them were meant for political party supporters. Political interference and patronage is associated with MASLOC scheme. Being a government establishment, there is too much political interference in the appointment of staff. Change in government comes along with

change not only in top management but also middle and lower levels of staff. This does not allow for following up on programmes and retention of quality staff.

Respondents say the size of the loan is enough to turn round the economy make any impact on their lives. The maximum loan size of thousand Ghana cedis (GHc1000) per person in a group and ten thousand maximum (10,000) for an individual is not enough. The number of people to be served vis-à-vis the amount available were the concerns raised by MASLOC officials. Meanwhile the number of potential beneficiaries keeps increasing putting much pressure on the management of the funds.

Respondents also complain about the inclusion of taxi business in the scheme, since taxis are not very much patronized in the area. As a result of this, most of the clients who took advantage of the taxi business facility refuse to pay back the loans and their cars had to be seized by the MASLOC officials with the help of state security apparatus. Non-payment of MASLOC staff salaries affects loan recovery. Financial Extension Agents (FEAs) of MASLOC who are responsible for the recovery of loans from defaulters have not been paid their salaries for some time.

6.3 Recommendations

6.3.1 Reaching the poor

This is as a result of the fact that poor need to be provided with credit, if government and micro-credit agents want to improve the lives of the poor. The programme should be extended to rural communities, so as to speed up the reduction of poverty among the rural people. Targeted beneficiaries should include the productive poor and the vulnerable in society engaged in micro and small scale businesses. The goal of MASLOC scheme should be, to reach out to many clients in the informal sector who are normally excluded from mainstream banking and are unable to access loans and credit from the formal banking sector. Again the main priority target groups of the MASLOC scheme should be women; the physically challenged i.e. people living with disabilities, the youth as well as the productive poor, who are operators of small and medium scale economic or income generating activities.

6.3.2 Creating market links

Market availability and good price for products of clients After client products have good packaging and final production processes of products, they have some constraints for the demand of the products. MASLOC scheme can create market links for their clients.

6.3.3 Avoid political interference and patronage

In order to avoid political interference and patronage the MASLOC scheme, which is directly under the Office of the President, should be separated in order not to give the scheme political tag.

6.3.4 Creation of audit unit

The establishment of a complete audit department at MASLOC head office. Management of the scheme should sign a Memorandum of Understanding with the various commercial banks so that those banks will have more responsibility to assess the viability of a business loan. Again, the scheme should put in place a software system that would enable them to know clients by name and code and location. It makes it easier for the loan officer to locate clients than just having limited information about clients. For example, computerized database of borrowers has to be developed as one of the strategies to make for easier tracking of clients.

6.3.5 Review of interest rate

The interest rate of 10 percent per annum for group loans and 19.5 percent for individual loans, the lowest in the financial market, should be reviewed to make business sense. Groups and individuals who have accessed loans from the MASLOC should be encouraged to pay back their loan. Clients should be reminded that, the loan facility is to serve as a revolving fund to benefit both current and future clients of the scheme.

6.3.6 Loan application procedure should be streamlined

MASLOC Should streamline loan application procedure in order to avoid contradictory information on clients' application forms when acquiring loans. This is due to the fact that information about the identity of clients on their passports, health insurance identity cards, driving licenses and other legal documents did not tally with those on their loan application forms. This would make banks administering loans under the MASLOC scheme to release loans for the intend clients.

6.4 Overall remarks

MASLOC was established to support government's programme of a sustainable reduction in poverty as spelt out under the Growth and Poverty Reduction Strategy (GPRS) by providing micro credit and small loans. This is because micro-credit has had positive and significant effect on poverty alleviation. Other studies such as Fazoranti (2010) among other things, micro-credit schemes has positive influence on major economic variables such as income, saving, consumption expenditures and asset acquisition of clients of the various micro-credit schemes. Credits given to clients have contributed to improvement of their family livelihoods. But the MASLOC schemes bedevil with many problems ranging from the loans not sufficient by the clients, Political interference and patronage, low recovery rate from previous beneficiaries, some of whom are currently on the run, to Non-payment of MASLOC staff salaries affects loan recovery.

The inauguration of the scheme was accompanied by a steady drumbeat of optimism about the scheme's potential to lift the many poor from the doldrums of poverty. But unfortunately this has not been the case; instead, the centre has been used as a gorgeous bride, with a glittering dowry of cash, courted by swooning politicians. To be relevant in the contemporary age of microfinance proliferation, the scheme has to be depoliticized. The above issues are threatening to cripple the otherwise viable programme, which is meant to remove the financial bottlenecks of small and medium-scale enterprises (SMEs).

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Appendix I
Questionnaire for MASLOC clients

A. Personal information

1. SexMale () Female ()
2. Age
3. Marital status (a) married (b) single (c) widow (d) divorced/separated
4. What is your educational level (a) non-formal (b) primary (c) middle school (d) junior secondary (e) others, (specify)
5. Religious affiliation (a) Christian (b) Traditionalist (c) Moslem (d) others, (specify).

B. Household composition

6. Do you have children? (a) Yes (b) no. If yes, how many? Male..... female.....
7. Do you have other dependants? If yes, how many? Male..... female.....
8. How many of your children and other dependents are aged 6 – 13 years?
9. How many of them go to school.....

C. Information about MASLOC

10. How did you get to know about MASLOC?
11. Have you received any training from MASLOC?

12. If yes, how beneficial has the training you received from MASLOC to you?

13. If yes, when? How long? Where?

D. Credit received, use and repayment

14. Did you ever receive any credit from MASLOC?

15. In which year was the credit received?

16. What was the amount of credit received?

17. Do you pay interest on the amount received?

18. If yes, what is the interest rate or percentage?

19. Have you ever received any credit from other institutions besides MASLOC?

20. If yes, what is the name of the institution, at what amount, when and the interest rate or percentage?

E. Education

21. How many of your children were in school before you became a client of MASLOC?

22. How many of your children are still school?

23. Can you compare the expenses of your children schooling before you became a member of MASLOC and now

F. Food security and health

24. Is there a major problem with regards to food security?
25. Any shortages of food during the year?
26. Is there enough food for the family during the year?
27. Have use any part of your credit or interest to buy food?
28. If yes how much.....
29. In the case of emergency e.g. medical, from where do you obtain money?
 - Money at home
 - Take money from bank account
 - Use saving from MASLOC credit
 - Sell livestock
 - Borrow from money lender
 - Borrow from friends or relatives
 - others

G. Family and enterprise

30. Did you have any source of income before you join MASLOC?

31. Can you compare your income to before you join MASLOC? A) Income per year before.....B) income per year after

32. How do you use your income?

33. Have you used your income to buy any asset for your household?

34. Have you ever faced any problem of paying back the credit as well as the interest?

35. If yes, what were the problems?

36. How were they solved?

H. Benefits, problems and aspirations

37. In your opinion, what are main benefits by being client of MASLOC?

38. Explain your answer in question 29

39. Can you say that the credit given to you has brought about any change in your life and your family as whole?

- Large improvement
- Moderate improvement
- Small improvement
- No change
- Small worsening
- Moderate worsening
- Large worsening

40. If yes, in what areas

41. What are the problems you encounter in doing your daily work?

42. In your opinion, what can be done to solve these problems?

43. What can be done to improve the MASLOC credit scheme in your opinion?

Appendix II
Interview Guide for MASLOC officials

1. When was MASLOC established in the Savelugu/Nanton District?
2. What are the goals of MASLOC in Savelugu/Nanton District?
3. Why is MASLOC located in the Savelugu/Nanton District?
4. What criteria do MASLOC use in the selection of clients for credit?
5. What type of Income Generating Activities (IGA) is MASLOC engaged in?
6. Explain the types of IGA in question 5
7. How do you reach out to your clients?
8. How much do you give to your clients in terms of credit?
9. Do your clients need to have collateral before credit is given to them?
10. What is the share of clients not being able to pay back the credit they receive from your organization?
11. How long does it take them pay back the credit?
12. Is there interest attached to the credit your clients get from you?
13. If yes, at what percentage?

14. Do MASLOC organize training sessions for your clients about how to manage the credit they get from your organization?
15. If yes, When? Before or after training is give. And what are the objectives?
16. Is the training beneficial to your clients? Explain.
17. Are your clients involved in decision-making of your organization, and how?
18. When are they normally involved?
19. Are there other organizations in the district working on micro-credit issues?
20. If yes, do you have good working relations with them? Explain your answer.
21. Can you identify any problems confronting your clients?
22. Explain your answer in question 21
23. Do you think the credit given to your clients is able to boost their IGA? If yes, how?
24. Can you tell if your involvement in giving credit to your clients have resulted in improvements in their life and Savelugu/Nanton as a whole? Explain
25. Do you encounter problems in your activities?
26. .What efforts are you making in order to overcome the problems identified in 25.