

UNIVERSITY FOR DEVELOPMENT STUDIES

**THE SOCIO ECONOMIC IMPACT OF MICRO CREDIT ON RURAL WOMEN
IN GHANA**

YARNEY SAMUEL ORISON

**DISSERTATION SUBMITTED TO THE DEPARTMENT OF BUSINESS
STUDIES, FACULTY OF EDUCATION, LAW AND BUSINESS STUDIES,
UNIVERSITY FOR DEVELOPMENT STUDIES IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF ARTS
DEGREE IN BUSINESS PLANNING AND MICROFINANCE MANAGEMENT**

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BY

YARNEY SAMUEL ORISON

(BA INTEGRATED DEVELOPMENT STUDIES)

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AUGUST, 2013



DECLARATION

I hereby declare that this dissertation thesis is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

Yarney Samuel Orison

.....

.....

Candidate's Name

Signature

Date

Supervisor

I hereby declare that the preparation and presentation of the dissertation/thesis was supervised in accordance with the guidelines on supervision of dissertation/thesis laid down by the University for Development Studies.

Mr. Joseph Kofi Nkuah

.....

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ABSTRACT

In recent time's shea butter and rice processing has emerged as a promising economic activity. Shea butter especially has gained international recognition because of its therapeutic properties and the local is deemed to be high nutritional value than the imported foreign rice. The study basically sought to find out how micro credit has impacted on rural women involved in the production and processing of rice and shea butter. In view of the objectives stated, various research methodologies were adopted. The qualitative and quantitative research approach was deemed suitable because it allowed the researcher to collect information from multiple stakeholders to facilitate understanding of the dynamics and peculiarities of providing microcredit to rural women and marketing of these commodities in the Tamale Metropolis. The research revealed several pressing issues among which include dominance of contract financing, lack of marketing finance. NGOs and a few financial organizations have taken steps to respond to these critical issues and realized some successes like the establishment of contract financing transactions and technical support services for producers, but much still needs to be done. In view of the constraints and potentials, major recommendations proposed in the short term include the need for; the establishment of equipment and marketing financing scheme for shea butter and rice producers, the expansion of micro finance services, the provision of support services to sustain financing schemes, literacy training for producers, effective collaboration among stakeholders, monitoring and evaluation of financial and technical support services, among others. Additionally, Production finance which is handled basically by private entrepreneurs is fairly appreciable. Marketing finance and support services were however deficient.

In view of this, effective implementation of the suggestions could lead to the improvement of production and marketing of rice and shea butter in the Tamale Metropolis and eventually result in poverty reduction and development especially among rural women.



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DEDICATION

To the honour of my inspirational mum, supportive sisters and brothers.



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LIST OF ACCRONYMS

FAO	-	Food and Agriculture Organization
GPRS	-	Growth and Poverty Reduction Strategy
GHAMFIN	-	Ghana Micro-Finance Institutions Network
LAB	-	Local Buying Agents
MFI's	-	Micro financial Institutions
MDGs	-	Millennium Development Goals
NBSS I	-	National Board for Small Scale Industries
NGOs	-	Non Governmental Organization
SARI	-	Savannah Agricultural Research Institute
SFC	-	Savannah Fruits Company
SMEs	-	Small and Medium Scale Enterprises
UN	-	United Nations



CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Microcredit is the extension of small loans to very poor people, especially women to help boost their income generation potential through self-employment (Microcredit Summit, 2007). In the last two decades, microcredit has advanced and developed into a Nobel Peace Prize winning concept for poverty alleviation (Rogaly, 1996; Carlin, 2006). Microcredit is regarded as a panacea for ending the endemic poverty canker in poor communities. It provides working capital for poor people to engage in small businesses (Rankin, 2001). One of the common features of microcredit is that the loan is to create self-employment in nonformal sectors for income-generation. However, the fact that microcredit helps the poor out of poverty particularly in the developing world is not universally accepted. This is because there is still skepticism about the ability of microcredit to make a major dent in the poverty situation in third world countries (Elahi and Danopoulos, 2004). They argued that the diverse kinds of lenders who include traditional money lenders, informal groups, conventional banks providing specialized credit pawnshops, friends and relatives among others have different goals in providing these small loans. Some are motivated by profits, especially money lenders and thus alleviating poverty and improving the socio-economic conditions of the poor is not a major goal for them.





Despite the skepticism, microcredit has been embraced by national governmental organizations, nongovernmental organizations (NGOs) and world development bodies as a means of alleviating and eventually eradicating poverty (Nissanke, 2002). As a result, there has been a surge in the number of microcredit institutions and organisations operating in the developing world including Ghana. These programmes are mainly geared towards providing credit to micro-borrowers majority of who are women groups to engage in income generating activities in an attempt to lift them out of poverty. The use of microcredit to fight poverty is supported by the empirical literature that access to it facilitates the adoption of modern production technologies and overall household welfare (Diagne *et al.*, 2000; Akudugu *et al.*, 2012).

The current high expectation of the potentials of microcredit as a poverty alleviation strategy raises more questions on its access, utilization and impact on women's income generating capacity. Although there are growing studies on microcredit, not much has been done to assess its utilization and impact on the capacity of women to generate income in order to pursue sustainable livelihoods in Ghana. This is particularly so in northern Ghana where there is dearth of information on how microcredit programmes are impacting on income generating activities of beneficiaries most of who are women. This study therefore aims at establishing the impact of microcredit on the capacity of beneficiary rural women who form associated groups to generate income for sustainable livelihoods development. It is envisaged that this paper will provide the platform for policy makers to understand whether or not the continuous emphasis on microcredit as an important poverty reduction and rural development strategy is justified. It will also help

microcredit providers learn from best practices and make informed decisions on using microcredit as a poverty reduction strategy.

Donor communities, some NGOs and governmental agencies have adopted the concept of micro-credit schemes as a means of reducing poverty in most communities in rural Ghana. This is seen as a tool for development, for providing access to credit to the marginalized poor in our societies.

1.2 Problem Statement

Most rural folks live mainly on subsistence agriculture. The people of the Northern Region rely mainly on rain fed agriculture for their subsistence. The pressure on land has driven many rural folks to other parts of the country for productive lands. Women have become the very vulnerable in most rural area since they do not own any form of land. They are involved in petty trading and cultivating small lands for their survival.

These women have several needs to provide for the family. The women have no financial independence but have a duty to find the resources for the upkeep of the family once they get married. Meanwhile, an increase in women's income often leads to improved living conditions of their children and the entire household, this most often is seen as an integral part of good mothering. As cited by 'Ibid', women's earnings are said to impact positively with better living standards for their families.



Also rural women in the northern part of the country are being marginalized when it comes to allocating resources. In many families and households women do not take part in decision making process with respect to agricultural production which serves as the main source of their livelihood. Women are also excluded from land ownership which constitutes a major source of rural work and collateral for loan.

For their contributions to be recognized in family and the society as a whole , a good number of the women have engage in income generating activities as a source of earning some form of income to be able her help run the family pay children school fees and everyday household provisions for the family. Many of them are not able to mobilize the seed capital in order to begin with. Some also operate in unfriendly socio-economic environment where there is no ready market in the type of income generating venture that they have gone into. Some MFIs, NGO's and government agencies have embraced these challenges to help the vulnerable groups to improve their income generating activities. They mobilize training, and support in the form of loans to help address the needs of these women to enable them earns some form of income through income generating activities. Before they are given the support, they would have to form associated group. They go into groups and individual income generating ventures after receiving the credit. Group formation is necessary to enable the credit officers have access to them collectively and also to ensure group liability in terms of default to repay the loan. It is seen effective in mitigating the problem of strategic default in particular" (Nissanke, 2002: 5). Women who cannot afford to repay their loans would have to sell out some belonging in order to offset the loans because of the joint liability of the groups and to



keep to the group solidarity. A group member's failure to repay the loan means depriving other members from accessing other facilities to come.

1.3 Research Objectives

1.3.1 Main Objective

To examine the socioeconomic impact of micro credit on rural women.

1.3.2 Specific Objective

1. To examine the general characteristics of rural women involved in income generating activities.
2. To assess the form of support rural women receive from microfinance institutions, non- governmental organizations, and government agencies.
3. To determine how accessible micro credit is to rural women.
4. To assess the impact of microcredit on the lives of rural women.

1.4 Research Questions

1.4.1 Main Question

What are the socio economic impacts of micro credit on rural women in the Tamale metropolis?

1.4.2 Specific Question

1. What are the general characteristics of rural women involved in income generating activities?
2. What are the supports rural women receive from microfinance institutions, non- governmental organizations and government agencies?
3. How accessible is micro credit to rural women?
4. What are the impacts of microcredit on the lives of rural women?



1.5 Relevance of the Study

The purpose of this study is to find out how microcredit helps in alleviating poverty among rural women folk through income generating activities. The overall purpose for the selected literature is to evaluate the effectiveness of micro credit in various dimensions. The main goal of micro credit is to reduce poverty, however my focus will be on the mechanism by which poverty is reduced. Amin et al (2003) focus their article on the ability of micro credit to reach the poor and vulnerable. They focus their article in such a manner because of concerns that microfinance is only serving people slightly above or below the poverty line, however the really poor and destitute are being systematically excluded.

By contrast, Copestake et al (2001) analyze the impacts of microfinance on firms and individual wellbeing. Copestake focuses on business performance and household income to establish a link between the availability of microfinance and overall wellbeing of the poor. Kabeer (2001) provides a meta-analysis of microfinance and focuses on women empowerment, intending to show why various studies conflict in their conclusions as to the impact of micro credit on women empowerment. The Ghana Vision 2020 policy document creates an enabling environment for the support of women involved in income generating activities through micro enterprise activities.



1.6 The Scope of the Study

This study is limited to rural areas in the Tamale sub metropolis. Four rural areas were selected for this study (Sagnerigu, Jisonayili, Gurugu and Kumboyili). The focus of this study was on the socio economic impact of micro credit on rural women especially rural women involved in shea butter production and rice processing as a form of income generating activity.

1.7 Organization of the Thesis

This research work is divided into five chapters. Each chapter focused on a series of themes. Chapter one is the introductory part of the thesis. This chapter provides information on the main theme of the study, statement of the problem, objectives and the relevance of the study as well as the research limitations.

Chapter two deals with the review of literature related to the study. Various research articles and other sources of authority were consulted in order to enrich the research.

Chapter three is in two parts, part one focuses on the study area, demography of the area, the people and their culture and their socio economic activities. Part two discusses the methodological frame work of this thesis, enumerating the research method, the sample and sampling frame used types of sampling procedures.



Chapter four looks at the results and findings of the research, providing over view of statistical procedures, presentation of results from research questions, whilst stating other finding from the field.

Finally, chapter five concludes the write up discussing some recommendations.

LIMITATION

- Almost all the respondents were illiterates. The researcher had to do the reading of Questionnaire and the translations by himself.
- A major limitation factor that must not be forgotten is time constraint. Since the academic calendar was short and one had to gather data there was not enough time but I tried to work within the time limit
- Some of the institutions I visited were unable to make available to me all information materials and documentations which had links with disbursement of funds to the women.
- In view of the above limitations however, it did not in any way create doubts about the
- Credibility of the field materials presented to me.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This research will mainly focus on how microfinance has impacted on the lives of rural women through socioeconomic activities and also how possible poverty can be alleviated to bring about development. Various research work and articles have been published about rural women and micro credit schemes. Since the case study approach will be used various procedures will be used to gather information.

Micro-credit schemes are non-bank financial institutions that have provided a new paradigm for thinking about social and economic development (Murdock, 1997). They offer small loans to the poor to either initiate or expand income-generating activities in order to improve their livelihood. Micro-credit schemes have developed unique characteristics in terms of unconventional approaches, organizational and lending procedures that have resulted in high rates of repayments, savings mobilization and the ability to nurture a culture of commitment and self-reliance of poor people especially among women.

In some of the empirical literature, impact assessments of microcredit programmes have always been based on the number of borrowers and repayment rates. This is supported by Pitt and Khandker (1996) who noted that most comparative studies of microcredit avoid estimating the poverty impact with the argument that small loans are being offered to the poor and the fact that such loans are being repaid is proof enough that the poor are being empowered through improvement in their incomes since they are able to repay.





It is however, not always true that, financial performance can measure change in people's lives as indebted clients according to Cohen and Sebstad (1999) as cited in Makina and Malobola (2004) may repay their loans even when their businesses have failed because of complex social factors. Therefore using such market proxies will not give a true reflection of the impact of microcredit on client (Makina and Malobola, 2004). The impact of microcredit has thus been controversial and inconclusive with different arguments advanced by different researchers.

There seem not to be consensus on the impact of microcredit on borrowers. Whereas proponents of microcredit as a strategic poverty reduction tool argue that microcredit has beneficial and positive economic impacts, opponents on the other hand argue that caution must be taken not to be too optimistic about the impact of microcredit as there are some negative impacts of microcredit (Rogaly, 1996). Thorn between the opposing extremes are those who acknowledge the beneficial impacts of microcredit but are cautious to note that, microcredit does not benefit the poorest of the poor. The conflicting empirical views on the impact of microcredit according to Makina and Malobola (2004) are as a result of definitional problems; conflicting objectives of microcredit schemes; and the different methodological approaches to impact assessment.

Microcredit programmes that have targeted women have been found to be effective as it ensures that the net benefits that accrue from increased income does not only help the women but that, the welfare of the family and particularly children are improved reducing the overall poverty of beneficiary families (Newaz, 2003). Proponents of microcredit

have also found that, the position and bargaining power of women with access to credit have been found to be improved since their cash is channeled to the family (Newaz, 2003).

According to Elahi and Danopoulos (2004), microcredit can perhaps help avoid poverty among some poor people but not all the poor. This is confirmed by the findings of Kay (2002) that microcredit does not work in isolation and that it may not be effective in low population density and self-contained areas where there is insufficient cash-based market activity. Other critics have also pointed out that, though microcredit can reduce vulnerability, it has not been able to lift women out of poverty or demonstrated any significant impact as a result of some limitations which make it impossible to transform social relations and the structural causes of poverty (Kay, 2002). Many other studies draw attention to the negative impact of microcredit suggesting that, it only helps in smoothing consumption and welfare of the family without necessarily making women better-off (Hossain and Asfar, 1988). Other studies suggest that, men are those who benefit from the loans of women. This is because in some communities, it is customary for men with their social position as heads of households to control resources that enter the household (Goetz and Gupta, 1996). As observed by Wright (2000) as cited in Newaz (2003), women's reliance or dependence on men as partners influences microcredit impacts. As such, any impact evaluation of microcredit that ignores the socio-cultural context within which men and women operate is likely to lead to spurious findings.





The provision of small loans to impoverished individuals and communities first arose in the mid 1970's with its introduction by the Grameen bank of Bangladesh. Targeting the poor through micro credit became heavily influenced by many failed attempts in previous years, in especially Latin America, where subsidized credit on broader societal levels, became continually manipulated and diverted to richer and larger scale rural producers. In more recent years microcredit allocation has expanded dramatically, to especially women who are excluded from the formal banking sector. This peaked perhaps up to and after the first micro credit summit held in Washington in 1997, where more than \$20 billion was pledged by donors and policy makers to support programmes. At this summit a general consensus was forwarded that the allocation of micro credit was a serious and effective way to reduce poverty levels, and that; 'lending to the poor will reduce global poverty'.

However, I believe the growth of micro-credit optimism has been shadowed by increasing criticisms directed at the loan-allocation industry, and a heated debate has ensued, concerning if, how and under what circumstances micro credit actually leads to increased incomes, reduces poverty and or leads to women's empowerment. Critics often focus attention on so-called success indicators, and that the data used to provide good results, can just as easily be reversed and give negative conclusions, due to employed statistics being notoriously unreliable.

Another central criticism focuses on assumptions contained in policies themselves, such as linking increased market participation directly to increased income, and improved household nutrition.

In a developmental perspective micro credit reflects the so-called neo-liberal paradigm and the 'Washington Consensus' that developed from the late 1980's. Based on neo-classical economic understandings, this moved away from state led agendas and argued that increased market participation would facilitate much needed economic growth.

Based on these observations, I have raised a number of discussion points, between micro-credit policy objectives and borrowing communities existing socio-economic organization.

Identified overlapping arenas.

1. A conceptualization of relations between micro credit objectives; financial self-sustainability, poverty reduction and women's empowerment.
2. An understanding of receiving communities' socio-economic organization, and how rural women groups attempt to lesson hardship resulting from poverty.
3. A recognition of the main determining factors causing rural vulnerability.

The above present four interrelated themes which conceptualize micro-credit objectives, institutional procedures related to these, and the socio-economic organization of rural women and their communities. Mayoux (2000) argues that pursuing self-sustainability is



often predominant in micro credit projects, which leads to a neglect of empowerment and poverty reduction ambitions.

Botchway (2000) gives a similar opinion that group construction, in order to obtain sustainability, can detract from empowerment aspirations, and result in loss of effectiveness, due to individuals' different possibilities and dispositions within constructed groups.

Rahman writes that group construction or association, while possibly negating decision making abilities, also aids hidden discourses. All three would agree that group targeting and construction is based more on the requirement of keeping transaction costs to a minimum, rather than the active pursuit of empowerment or poverty reduction. In a broader perspective Mayoux, Botchway and Rahman would also agree with Adamset al, in that micro credit projects do not consider the causes of initial hardship sufficiently.

2.2 Impact of Microcredit

The method applied in assessing the impact of microcredit on the income generation capacity of women focused on four key indicators which are adopted from Newaz (2003). The first key indicator is perceptual. This has to do with the changes in self-perception on the part of women as well as the changes in the women and their income generating activities as perceived by others. In this dimension, how women perceived the impact of microcredit on their welfare and income generating activities were examined.



The second key indicator was material. This is concerned with changes in material or asset position of women borrowers. Variables such as the asset position of women beneficiaries and their purchase behaviour and decisions on loan and income use amongst others were examined.

The third key indicator was relational. This had to do with changes in contractual agreements and bargaining power of women beneficiaries in their various relationships, particularly intra-household and community relationships.

The fourth key indicator was cognitive. This indicator had to do with changes in beneficiaries' level of knowledge, skills and their awareness of the wider environment around them.

2.3 Micro-Credit Assumptions

On the basis of research from a large number of micro credit projects in developing countries, Linda Mayoux (2000) pinpoints central policy objectives found in all. These are programme self sustainability, women's empowerment and poverty reduction, whereby self-sustainability is often the most overriding policy condition, and that the pursuit of this objective is often fulfilled only to the detriment of the other two. It was not possible to obtain any independent academic literature whatsoever concerning any socio-economic effects of micro credit allocation in either northern Region (Tamale) or for that matter Ghana as a whole, despite the quite considerable number and scope of micro credit allocation projects in the country. Most internet sources focus predominantly





on programme descriptions. See for example *Ghana Micro-Finance Institutions Network* (GHAMFIN, gdrc.org). With the exception of one consultancy report (Kuunyem 2004) all the secondary literature obtained on the micro-credit project analyzed in this paper was written by the allocating parties themselves in the form of baseline studies, annual and semi-annual reports.

Considering now, how lending to women through groups can affect the desired outcome, Karl Botchway, in an analysis of a fresh water provision project in northern Ghana, here argues that the notion of promoting a 'community' in order to forward project objectives is far from unproblematic. This is because the construction of a group, as a self empowering community, builds on a notion of group homogeneity which overlooks the conditions under which the 'community' has to participate, in order to ensure programme sustainability. Botchway realizes that group construction was assumed to have a positive relation to empowerment, but in practice it was very often the case, that individuals had considerably different interests and capabilities. This not only affected individual's ability to participate in the 'community,' but influenced as well how their position in the group, after project participation, continued to condition the extent to which the programme objectives could be fulfilled or not.

Here an individual's specific characteristics affected the plight of the community or group as a whole, although the programme constructed an entity of homogenous individuals, with equal means, interests and goals. Botchway acknowledges here that the forwarding of this supposed homogenous community required the neglect of socio-

economic disparities and different levels of access to resources, as in actual fact the group consisted in simplified terms of the poor, the very poor and the not so poor. The emphasis on group participation, dictated on terms outside the (participatory) control of the community itself, leads Botchway to point out that participation often becomes 'disembedded' from its socio-cultural roots. Here he writes that participation; *'is thus reduced to the act of partaking in the objectives of the economy, and the societal arrangements related to it*, while communities are not allowed to question the conditions under which they develop.

2.4 Women and Micro-Credit

Since the establishment of the Grameen Bank as a micro-credit delivery model, many programmes have rushed to replicate the relative success and in doing so, a lot of attention has been given to female micro-credit borrowers. Women were specifically targeted because they make up the majority of the poorest of the poor in the rural areas and are responsible for the social and economic welfare of the family. During the 1990s micro-credit was seen as successful amongst female clients because of high repayment rates and savings capacities. Furthermore, at the same time many Non-Governmental Organisations (NGOs) and donor's were dictated by gender policies which specifically called for increased micro-credit outreach to women, and these micro-credit programmes did not limit their desired impact to poverty reduction only, but extended it to achieve women's empowerment (Khandker, 1998; Kabeer, 1998).



Generally most micro-credit programmes, and specifically those aimed at women, aim to reduce poverty for women and also empower them by enabling them to have their own income and capital. However, there is very little empirical evidence that micro-credit will directly empower women (Zaman, 1999). Empowerment, as a concept, is highly contextual and changes from one environment to another, whereas micro-credit delivery process is applied in almost the same way in most countries. This paper will attempt to illustrate that poverty reduction and women's empowerment is not the one and the same and that poverty reduction does not automatically lead to women's empowerment.

2.5 Rural Socio-Economic Organization

Understanding conceptually how rural social and economic organization functions in practice is significant as it raises the question of whether borrowing communities are organized on a basis different, or even opposed to the explicit policy objectives of increasing economic activities through loan groups. The most significant characteristic of an 'economy of affection' used to; 'denotes a network of support, communications and interactions among structurally defined groups connected by blood, kin, community or other affinities, for example religion.' is that social organization mitigates forcefully against; 'the accumulation of wealth or capital necessary for the formation of either industrial modes of production or class-based societies. Hyden's economy of affection is invested through important social ceremonies connected to the cycles of life; births, marriages and funerals, which provide important opportunities for individuals to make public, the most significant events and their families private occasions. These social



occasions provide the basis for communities to invest in each other socially for future mutual support.

2.6 Vulnerability Factors

A recognition of how credit allocation interacts with existing social and economic organization also necessitates a differentiation between micro and macro institutional and structural forces, which condition an individual's ability or willingness, to partake in envisaged participatory and empowering actions. This is done by drawing on Adams, Cekan and Suerborn (1998), who distinguish between endogenous and exogenous factors. They argue that a vast number of developmental projects in West Africa, offer only a palliative to community developmental issues because they overlook, neglect or deny the extent to which broader forces determine the nature of coping strategies, and indeed poverty.

The endogenous factors are those affecting immediate household actions, such as individual's disparate levels of access to resources, while the exogenous factors reflect structural forces, such as the region's macro political-economy, the climate and its influence over production. In sum it is the extent to which borrowers are able and/or willing to (re)negotiate within household, community and macro level institutions that will dictate both how monies are utilized, and importantly condition whether project objectives are fulfilled. The focus reflects what in developmental literature is broadly described as a *livelihoods approach*.¹ Basically, individuals are understood by Adams *et al* to have more control, the closer one moves to the domestic domain, while the



exogenous factors remain largely outside the control of individuals and groups. Similar to Mayoux (2000), Adams criticizes policies that focus on target groups, due to the assumption that responsibilities are shared, which is often not the case. Households' coping strategies become a tradeoff between different and often conflicting priorities, which is a function of the exogenous and endogenous factors they are exposed to.

Although Adams is more focused on the risk strategies of vulnerable households in times of crisis, my opinion is to understand credit allocation, as a means envisaged to improve on household livelihood standards, becomes absorbed into existing institutional norms.

2.7 Income Generating Activities

Most women in the study area are involved in income generation activities within the informal sector. These activities are largely market based and agro-based. The agro-based income generation activities include small scale farming, food processing such as rice processing, Shea butter extraction and shea butter production. The market based income generation activities were found to be petty trading in such products as food ingredients, running of small shops, operating food and drinking bars among others.

These income generation activities for many of them, is the only way to earn an income. Though a greater number of these activities are labour intensive, many women engage in them because they have traditional skills required and low-capital investment requirements. Though the income women generate from such activities may be small, it plays important roles in meeting the food and other basic needs of their families,





especially at times where harvest is poor (IFAD, 2009a; 2009b). Income generation activities for many women in Ghana and the north in particular are therefore considered to be a convenient outlet to escape poverty by earning an income. The capacity of women to generate income is important because as mothers they are thought to be more solicitous of children than fathers are. Narasaiah (2008) argues that women are more likely to spend their meager earnings on the wellbeing of their children and hence an increase in the income of poor women will yield higher social benefits than income earned by men.

Investment in women income generation activities therefore can help to raise the returns on economic development across generations (Islam, 2007). They therefore end up relying on informal sources usually with high interest rates making the poor women even worse-off. In effect, women engage in different income generation activities in order to survive.

2.8 Poverty and Microcredit

There is an ongoing debate whether credit alone or credit plus is needed for poverty reduction. There are views that credit alone on its own is inadequate to fight poverty. The need for other services is also important in this respect. Such views, although, do not negate the role of credit, fail to appreciate the role of credit on its own merit.

Nobody says that credit alone is cure for all. Most of the practitioners believe that credit plays a vital role as an instrument of intervention for a poor person to discover her potential and to stride for better living. Muhammad Yunus advocates that Credit is a



human right. Once this right is established, the entitlement to other rights for leading a dignified life becomes easier. It empowers to break the vicious cycle of poverty by instantaneously creating self-employment and generating income. When in the ultimate analysis nothing can be said to be panacea, by overemphasizing that micro-credit is not a panacea is in a sense overreacting and underestimating the role of credit as an instrument to combat poverty. Micro-credit is itself a very powerful tool. But if it is combined with others, it is definitely more empowering.

How micro-credit can reduce poverty may better be understood by understanding conceptually the mechanisms by which financial services can affect the lives of the poor. It is important to consider the fulfillment of basic needs (food, clothing, shelter, health, education and psychological well-being), the means to achieve welfare at present and in the future, social networks and empowerment and vulnerability to risk.

It is known that poor people live in a high risk and vulnerable conditions. Their ability to take advantage of opportunities that will lead to increasing their income or economic status, to protect themselves against risks of crises, and to cope with these when they occur is very important. Reduction of poverty is partly a process of increasing income and economic stability which enables fulfillment of basic needs and access to different kinds of services. This may also be understood in the form of developing a range of assets that will reduce the vulnerability of the poor to physical, economic and social shocks. These assets may be defined as financial (income size, regularity and security, savings, loans or gifts), human (skills and knowledge, ability to work, good health, self-

esteem, bargaining power, autonomy and control over decisions), physical (housing, land, productive and nonproductive possessions etc.) and social (networks, group and centre membership, trust based relationship, freedom from violence and wider access to society and social institutions).

Poverty reduction may also be considered from both short term and long term perspectives. In the short term it can be understood with reference to individual borrowers, their households and also the society at large. Different studies conducted in Bangladesh and elsewhere show that there is positive correlation between micro-credit programs and their accrued benefits in terms of employment, income generation and promotion of social indicators.

2.9 The Concept of Micro Credit

Micro credit is the expansion of credit options to those who are so poor that they would otherwise be considered unbankable. These loans are given to impoverished people (most often women as a way to generate self employment opportunities that build wealth and help them exit the clutches of poverty (Poverty fighter, 2007). Micro credit significantly differs from institutional credit. Micro credit focuses on individuals and getting them the small amounts capital goods that they need to build their life. Micro credit focuses on the achievable goals of poor entrepreneurs who need a hand and a person to help them out of poverty (poverty fighter, 2007). Micro credit is self – sustaining and loans are paid back and can therefore be relent back to new people who need help. As one entrepreneur pulls herself out of poverty, another can have the opportunity to do same. The source of loans



and types of institutions as well as the use of group solidarity or an asset as a collateral security determines the nature of the loan whether it is an institutional credit or micro credit. However most of these financial institutions be it micro finance, bank or NGO sector provides some form of credit to their clients base on their policy an regulations.

The Grameen Model (Yunus, 1989), which made micro-credit even more popular, specifically for women, and included for the first time a community approach to poverty reduction and challenged serious obstacles to borrowing, such as collateral, male guarantor or co-signer for female clients, and repayment modalities. A further development took place in this model through some experiences in Latin America, such as that of Americans for Community Co-operation in Other Nations (ACCION), which introduced a business approach to micro-credit, through cost-recovery and management as well as individual lending within the group (Berenbach and Guzman, 1999). Therefore, micro-credit evolved further into a development and poverty reduction mechanism based broadly on the Grameen model and other local experiences. The most commonly found micro-credit delivery channels in the low-income African countries are: profit making micro-finance institutions, credit unions, and village banks (Holt, 1994). However, it is the MFIs that most of the times have a better rural and urban outreach network and more money to inject, due to their access to multiple fund sources.

2.10 Classification of Micro Credit

- I. Traditional informal microcredit (such as moneylender's credit, loans from friends and relatives, consumer credit in informal market, etc.)
- II. Microcredit based on traditional informal groups



- III. Activity-based microcredit through conventional or specialized banks (such as agricultural credit, livestock credit, fisheries credit, etc.)
- IV. Cooperative microcredit (cooperative credit, credit union, savings and loans associations, savings banks, etc.)
- V. Consumer microcredit.
- VI. Bank-NGO partnership based microcredit
- VII. Other types of NGO microcredit.
- VIII. Other types of non-NGO non-collateralized microcredit.

2.11 Savings

Savings is the forgotten half of micro finance. Most lending programmes include a forced savings component but access to savings has been in most programmes (MacIsaac, 1997). Savings play an important role in the life of women entrepreneurs as an important component of microfinance. Savings which is practice at the local level is termed as Susu. The idea of Susu was practiced since time in memorial and served as the first product of microfinance from Nigeria and spread to Ghana in the early 1990s (Kobina, 2008).

Apart from local micro entrepreneur who come together to save among themselves there are other local agents mainly individuals and Susu companies who have merged to provide this type of financial services to individuals and groups. Many of these Susu companies blend Susu with micro credit and loans for their clients. The opportunity to access these micro credits and loans by clients is much depended on their ability to save and also pay back monies leant to them.





2.12 Support and Training

Microfinance institutions provide training and education to their clients in several areas. However the most common one is literacy, better business management practices, saving and numeracy since most of the clients are illiterates. There is the urgent need for them to be able to read and write that will enable them to do some book keeping and take records of their business transactions and be able to communicate to their customers; (This study, 2013).

2.13 Institutional and Operational Arrangements of Mfi's

A large number of MFIs have set-up networks in many African countries taking advantage of increased pressure on governments to deregulate the economy and the financial sector, encourage competition in all sectors, and create the conducive environment for increased production. Thus, micro-finance delivery has become an attractive business over the last decade in Africa. Some of these MFIs are local based, while others are either regional or even international. Most of the MFIs are specialized in the delivery of small loans to a wide range of clients, and especially the “poorest of the poor”. MFIs encompass different kinds of organizations, such as limited companies, parastatals, in addition to those legally registered as MFIs (Magill, 1994). Experience shows that some MFIs may also channel delivery and recovery of funds through other existing banks with whom they may have an operations agreement. Thus such MFIs may not directly be involved in loan disbursements, repayment collection, or business monitoring, etc. MFIs operate in a niche market because they address the needs of those clients who are considered ‘high-risk’ by bigger banks. High-risk groups or individuals are



characterized as those with very few assets, requiring very small loans, high degree of close follow-up, business appraisal and evaluation, as well as those engaged in activities whose income is fluctuating such as small-holder farmers or petty traders. Thus, the MFIs cater for a market with an operationally acceptable demand level and where clients can be protected from the unreasonable conditions of the informal moneylenders.

Such MFIs, however, charge high administrative costs and higher charges for risk coverage, which is in addition to the market interest rates, and taking advantage of the niche market for micro loans. In Ghana, field observation suggests that, other than agriculture credit, repayments are required to start immediately, starting the week after the loan has been disbursed, and repayments are in weekly instalments. Lending is done on group basis and also on individual basis. In most cases clients are expected to form their own groups before approaching the MFI for a loan and those who perform well can later be eligible for individual loans. Some MFIs have their own training modules which a potential group or individual client should undergo. The training may be implemented by the MFI credit officers, or the local community development officers for an incentive payment.

Field observations show that most MFIs in Ghana can be categorized as profit oriented, with a clear business approach, with a good network into the rural areas, and with minimum expenditures on training or group mobilization allowing for high repayment rates with minimum risk exposure. Discussions with different stakeholders revealed an underlying assumption that simply the existence or operations of an MFI in an area will automatically address poverty.



MFIs, on the other hand argue that they are not required to and do not always have the responsibility for justifying whether their activities reduce poverty. Some MFIs have, however, undertaken impact analysis studies on a need-basis which reveals that income has been increased amongst their clients. Nevertheless, this is very much anecdotal and limited to some cases and cannot be proven or established as long term trend.

2.14 Microcredit Economic Principles

Microcredit is ideally based on a unique set of principles that are readily distinguished from trends in the wider credit market. Microcredit organizations were initially created as alternatives to the "loan-sharks" known to take advantage of clients. Indeed, many micro lenders began as non-profit organizations and operated with government funds or private subsidies. By the 1980s, however the 'financial systems approach,' influenced by neoliberalism and propagated by the Harvard Institute for International Development.

Ironically, many microcredit organizations now function as independent banks. This has led to their charging higher interest rates on loans and placing more emphasis on savings programs. The application of neoliberal economics to microcredit has generated much debate among scholars and development practitioners, with some claiming that microcredit bank directors, such as Muhammad Yunus, apply the practices of loan sharks for their personal enrichment. Indeed, the academic debate foreshadowed a Wall-street style scandal involving the Mexican microcredit organization Compartamos.



2.15 Group Lending

Though lending to groups has long been a key part of microcredit micro-credit initially began with the principle of lending to individuals. Despite the use of solidarity circles in 1970s Jobra, Grameen Bank and other early microcredit institutions initially focused on individual lending. Indeed, Muhammad Yunus propagated the notion that every person has the potential to become an entrepreneur. The use of group-lending was motivated by economies of scale, as the costs associated with monitoring loans and enforcing repayment are significantly lower when credit is distributed to groups rather than individuals. Many times the loan to one participant in group-lending depends upon the successful repayment from another member, thus transferring repayment responsibility off of microcredit institutions to loan recipients

2.16 Lending to Women

Lending to women has become an important principle in microcredit, with banks and NGOs catering to women exclusively. Though Grameen Bank initially tried to lend to both men and women at equal rates, women presently make up ninety-five percent of the bank's clients. Women

2.17 Evolution of the Microfinance Sub-Sector in Ghana

Certainly, microfinance is not a new concept in Ghana. It has always been common practice for people to save and/or take small loans from individuals and groups within the context of self-help in order to engage in small retail businesses or farming ventures. Evidence suggests that the first credit union in Africa was probably established in

Northern Ghana in 1955 by the Canadian Catholic missionaries that were there at the time. However, Susu, which is one of the current microfinance schemes in Ghana, is thought to have originated in Nigeria and spread to Ghana from the early 1900s. Over the years, the microfinance sector has thrived and evolved into its current state thanks to various financial sector policies and programmes such as the provision of subsidized credits, establishment of rural and community banks (RCBs), the liberalization of the financial sector and the promulgation of PNDC Law 328 of 1991, that allowed the establishment of different types of non-bank financial institutions, including savings and loans companies, finance houses, and credit unions etc. Currently, there are three broad types of microfinance institutions operating in Ghana. These include:

1. Formal suppliers of microfinance (rural and community banks, savings and loans companies, commercial banks)
2. Semi-formal suppliers of microfinance (credit unions, financial nongovernmental organizations (FNGOs), and cooperatives;
3. Informal suppliers of microfinance (Susu collectors and clubs, rotating and accumulating savings and credit associations (ROSCAs and ASCAs), trader s, moneylenders and other individuals). Continue to make up seventy-five percent of all.





2.18 Micro Credit and Poverty Reduction in Ghana

The main objective 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 task 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% 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. Clearly, access to financial services is imperative for the development of the informal sector and also helps to mop up excess liquidity through savings that can be made available as investment capital for national development. Unfortunately, in spite of the obvious roles that microfinance institutions have been playing in the economy particularly over the last twenty years, there is pervasive lack of data on their operations.

It is known that loans advanced by microfinance institutions are normally for purposes such as housing, petty trade, and as "start up" loans for farmers to buy inputs for farming and this includes rice seeds, fertilizers and other agricultural tools; Some of the loans are used for a variety of non-crop activities such as: dairy cow raising, cattle fattening, poultry farming, weaving, basket making, leasing farm and other capital machinery and woodworking. Of course, funds may be used for a number of other activities, such as crop and animal trading, cloth trading and pottery manufacture.

There are other instances where credit is given to groups consisting of a number of borrowers for collective enterprises, such as: irrigation pumps, building sanitary latrines, power looms, leasing markets or leasing land for cooperative farming. For example, trends in loans and advances extended to small businesses, individuals and groups by the Non-Bank Financial Institutions (NBFIs) in Ghana amounted to GH¢50.97 million in 2002 as against GH¢39.64 million in 2001, indicating about 28.6 per cent growth. The amount of loans extended by NBFIs further increased from GH¢70.63 million in 2003 to GH¢72.85 million in 2004, suggesting 3.1 per cent growth. In 2006 alone, total of GH¢160.47 million was extended to clients, which represents 48.8 per cent higher than the previous year's total loans and advances granted by these microfinance institutions (see Chart). The upward-trending NBFI's credit to individuals, small businesses, groups and others indicates marked improvements in level of microfinance in the country.

2.19 Credit Management and Delivery

Current strategies for credit delivery are not adequately diversified or efficient, and therefore are unable to fully meet the varying demands of the market and different categories of end-users. There is no framework for categorizing and upgrading some of the emerging microfinance institutions in the semi-formal and informal sub-sectors in accordance with their operational capacities and capabilities. The objective of microfinance is to provide resources for the poor.



2.20 Features of Microcredit

The main features of the microcredit institution which differentiate it from other commercial institutions are;

- Mostly group lending
- Easy and flexible repayment schemes
- Generally requires no collateral
- Have simple procedures and less documentation
- A substitute for informal credit

2.20.1 Objectives of Microcredit

- To finance economically and socially viable projects those cannot be financed otherwise
- To stop exploitation of the poor caused by expensive informal credit
- To create maximum employment opportunities
- To provide small loans to poor people at relatively lower cost as compared to accessible informal loans
- To empower women within households as decision makers and in society through active economic participation
- To reduce poverty, accelerate growth and improve the living standards on sustainable basis.
- To create self sufficient and self-employed people and the most



2.21 Lessons from Literature Review

- An improved and adequate credit delivery diversified and made more efficient to fully meet the varying demands of the market and different categories of end-users.
- Most rural women have become the major beneficiaries of credit schemes
- Large amounts given to women due to improved repayment rate among beneficiaries
- Delivery of micro credit creating employment opportunities for rural women
- Improvement in livelihoods and standards of living among rural women
- Adequate financing is very critical for the realization of the full potential of the shea butter industry so as to facilitate poverty reduction in Northern Ghana.
- Micro credit among others could serve as efficient credit schemes for shea butter producers in Ghana.
- Individual beneficiaries made possible, since confidence level in repayment of loans has improved



CHAPTER THREE

METHODOLOGY

3.0 Introduction

Chapter three is in two parts. The first part focuses on the study area describing the geographical setting, the demographic characteristics of the study area and the socio-economic characteristics. The second part deals with the methodology used for the study.

3.1 Study Area

Occupying approximately 750km sq, which makes up 13% of the total land area of the Northern Region, is the Tamale Metropolitan Assembly (TMA). The Tamale Metropolitan Assembly is located at the centre of the Northern Region and shares boundaries with four districts; Savelugu/ Nanton District to the north; Tolon/Kumbungu District to the west; Central Gonja District to the south-west; East Gonja District to the south; and Yendi District to the east.(TMA Profile 2006-2009).

The strategic location of the Metropolis in the center of the Northern Region attracts many NGOs, financial and non financial institutions as well as all kinds of service and industrial activities. The surrounding villages and shea butter processing centers could experience a trickle down benefit from the activities of these institutions based mainly in the suburbs of the Metropolis.



Moreover, the Metropolis has a potential of accessing shea and rice products, exchange of shea butter processing technology and other accompanying services with the shea producing districts it shares boundaries with. This in the long run could be a catalyst for drastic development of the rice and shea industry.

3.2 Socio-Economic Characteristics

With the exception of the Tamale Metropolitan which has a high ethnic diversity, almost all the people in the surrounding villages are Dagombas. Within the Metropolis however, the Dagombas constitute about 80% of the total population currently estimated at 386,985 which is dominated by females (50.1). Most of the inhabitants (80%) in the Metropolis practice Islam. The major festivals of the people are Fire, Damba and Yam festivals celebrated to showcase the rich tradition of the people annually (TMA Profile 2006-2009).

The economy of the Metropolis is dominated by agribusiness including services and small-scale industries. Currently, it is estimated that 60% of the people are engaged in agriculture. Major crops cultivated include maize, rice, sorghum, millet, cowpea, groundnuts, soya bean, yam and cassava. The total land area under cultivation is 38,352 hectares (TMA Profile 2006-2009).

Electricity, kerosene lamp and solar energy are main sources of energy for the people. According to the Metropolitan Profile of 2006-2009, 59% of households in the Metropolis use electricity as their main source of lighting, 40% rely on kerosene lamp for



lighting while 1% uses gas lamp and solar energy. There is therefore the potential to expand the use of solar energy because of the high duration of sunshine in the area annually (TMA Profile 2006-2009). Pipe borne, boreholes, well and dugouts are the main sources of water for the populace. Other livelihood activities are rearing of cattle, sheep, goat and pigs. The main industrial activities in the Metropolis include agro-processing such as rice milling, shea butter processing, vegetable oil extraction, cotton ginning and textile or smock making. Others include: vehicle repairs, pre-fabrication of spare parts, manufacturing of farm implements. The rest are cloth and leather works, pottery and carpentry.

3.3 Profile of the Four Processing Center Study

A brief presentation on the profile of the four shea butter and rice processing groups in the metropolis chosen for the study gives further understanding of the nature and characteristics of microcredit and benefits to these rural women.

3.3.1 Sagnerigu Processing Center

The center's building and structures were provided through a grant from the Japanese Government supported project through UNDP/Japan Women Development Fund. The project aims at empowering rural women in Northern Ghana and alleviating their acute poverty. Project partners are United Nations Development Programme (UNDP) Ghana, Japan International Cooperation Agency (JICA), Africa and Asia (AFRASIA) Business Council and Africa 2000 Network who is the implementing agency responsible for Sagnerigu processing centre. The composition of women in the center is 45. The women



have been trained to take orders from buyers and manage production and sale of their products.

3.3.2 Tunteiya Processing Center

The Tunteiya processing center is owed by a private individual who provided the building structures and equipments. The center has 32 women who produce butter that is bought by the owner of the center and exported to body shop in the United States. Production is pre-financed by the private entrepreneur. The center is located at Jisonayili.

3.3.3 Tiehisuma Processing Center

The equipments and the building infrastructure of the processing center was a grant to the women by Africa Women's Development Fund. However, the center is being currently managed by private personnel who monitor the production processes to ensure quality and as well buy the finished products from the women and in turn sells to buyers within and outside Ghana. The total membership of the center is 80 women who are divided into sub groups, this same number is involved in the processing of rice when the prices of shea product fall. This processing center is located at Gurugu

3.3.4 Kumboyili Shea Butter Processing Center

This processing centre is owned by Christian mothers association of the Catholic Church-Tamale chapter. Shea butter processing equipments of this center were financed through the auspices of the Catholic Church. The centre however depends on orders and pre-financing of buyers or marketing companies within and outside the Metropolis for the



production and marketing of their product. The membership of the centre is 35 involved in shea butter production and 30 women also into rice processing. These women are further divided into smaller subgroups.

3.4 Research Method

The researcher needs to provide a clear and vivid explanation of the manner data were collected and to ensure replication of the study (Agyendu et al., 2007). The methodology comprises the research design and method, used in data collection, the population type, sampling procedure and sample size, analysis of data and presentation of data, data management, survey of the research study and research approach. This entailed primary and secondary sources of data collection, qualitative and quantitative research approach. The researcher employed these to collate data needed for the study.

3.5 Research Approach

The quantitative and qualitative method of enquiry otherwise known as mixed method research has been used complementarily as agreed by methodological commentators (Bryman, 2001; Hakim, 2000; Twumasi 2001; Brown, 1996). In view of this the research these research approaches are adopted for the study due to the combination of the characteristics of quantitative and qualitative features in the study. The researcher employed both quantitative and qualitative methods to find out the relationship between the dependent and independent variables of the study. This involves the relationship between ages, religion, economic activities of the respondents of the study.



3.6 Research Design

Various sources of data collection methods were adopted in order to obtain reliable data and achieve the stated objectives of this study.

The focus of this study is to examine the socio economic impact of micro credit on rural women in the Tamale sub metros engaged in Shea butter production and rice processing. The research also seeks to examine the role of micro credit delivery to enhancing the livelihoods of the rural poor and by so doing identify financial constraints relating to production and marketing of their commodity. The study is therefore a detailed investigation into how micro credit has helped transformed the activities, financing and marketing activities of individuals and institutions who offer services to the rural poor engaged in the production of shea butter and rice processing. As a result, multiple sources of information were relied on to better understand the dynamics and peculiarities of providing micro credit to these rural women. This thus necessitated the use of both qualitative and quantitative method.

The researcher engage diverse groups of stakeholders like shea nut/butter producers, rice processors, marketing companies, financial institutions, NGOs and the National Board for Small Scale Industries (NBSSI) officers who made contributions according to their respective spheres to facilitate understanding of the industry as well as the status of funding the commodity and the possible interventions required to respond to the financial needs of shea butter producers and rice production.



3.7 Type of Data

Data from both primary and secondary sources were used, so as to facilitate an in-depth understanding of the nature and dynamics of the impact of micro credit to rural women in the Tamale sub metros engaged in the production of shea butter and rice processing.

3.8 Secondary Sources of Data

Secondary data can be defined as processed information that is readily available to be utilized. This information was collected from credit institutions and the National Board for Small Scale Industries (NBSSI) of the Tamale Metropolitan Assembly; reports on types and methods of credit delivery from financial institutions. Information about the general perspectives on financing and marketing of shea butter and rice was also collected from series of publication, the internet; among others.

3.9 Primary Data

Primary data provided first hand information on the subject under study. For the purpose of this research, primary data requirements include; size of loans, repayment schedules, disbursement schedules, recovery rates and general funding level for shea butter, rice processors and marketers. Financial methods used to deliver financial services for the shea butter, rice producers and marketers as well as financial services required for the development of the shea butter and rice industry. The sources of this information were sampled women groups and financial institutions.



3.10 Structured Questionnaires

This was used to solicit information on the level credit provision and details of financing methods used to deliver credit services for rural women engaged in Shea butter and rice processing in the study area.

3.11 Semi Structured Questionnaires

Semi-structured questionnaires were used for gathering data from institutions offering financial and non-financial services to the women engaged in rice and Shea butter producers in the Tamale sub Metropolis. This was to further enhance a better understanding of the characteristics of providing credit to the women groups, as well as the necessary policies and regulations required for credit delivery

3.12 Interviews

The researcher also conducted face to face interviews with some beneficiary women in all the selected communities about their involvement in group participation and the credit provided them and how it has impacted their live and that of their families.

3.13 Focus Group Discussion

Focus group discussion was used to validate frequently emerging issues relating to types of financing, quantum of credit accessed, financial coverage level, financial products used to deliver financial services to shea butter and rice producers. This method gave the respondents chance to collectively air their views on the subject matter. Women groups were engaged from the three processing centers namely:



- I. Sagnerigu processing center women group (Sagnerigu)
- II. Tunteiya processing center women group (Jisonayili)
- III. Tiehisuma processing center women group (Gurugu)
- IV. Kumboyili processing center women group (Kumboyili)

3.14 Direct Observation

Field trips were made to the Shea Butter and rice Village at Kalariga, Pagazaa and Sagnerigu Processing Centre which enabled the researcher to directly observe production and marketing processes. This gave the researcher a better insight into marketing procedures. Questions regarding marketing that were not clearly understood were asked for explanation. Besides, repayment processes were observed in a few communities.

3.15 Target Population

The respondents were basically rural women belonging to groups engaged in shea butter and rice processing and microfinance institutions. These women were selected from across the various selected communities. Microcredit institutions were also selected within the Tamale metropolis.

3.16 Sample Size

The study involved an estimated population size of about one hundred and fifty (150) women, two (2) microcredit institutions, two (2) NGOs and one (1) government agency. The types of the population size included women groups and microfinance institutions, as well as NGOs and government agencies.



The population size used was randomly selected. Sixty (60) women were selected from the communities and administered with the questionnaire and all the sixty (60) responded to the questionnaire. (15 women from each community) Two (2) microfinance institutions that provide microcredit were chosen to administer the questionnaire, but only two returned the questionnaire, two (2) NGO's and one government agency were also given questionnaires.

3.17 Tools of Analysis

Both qualitative and quantitative techniques of data processing were used in the data analyses and presentation. Data obtained from the field was organized through data cleaning and processing.



CHAPTER FOUR

RESULTS AND ANALYSIS

4.0 Introduction

The findings of the study were intended to address the objectives set in chapter one of this research work. Primary data was collected through questionnaire administered to women involved in income generating activities such as shea butter production and rice processing in the study area, NGO's, MFI's and government agencies.

4.1 Socio Demographic Characteristics

This shows a frequency representation of women ages, marital status, education and household size.

4.1.1 Age Distribution

The age of the women (respondent) influences their choice of activity. Most of the income generating activities is labour intensive and demand sitting at one place a long time for. The age of a woman can also offer her the opportunity in taking part in family decisions especially the elderly women. This offer a good idea of the different age groups of respondents involved in income generation activities in the study areas and beneficiaries of microcredit from MFI's within the metropolis

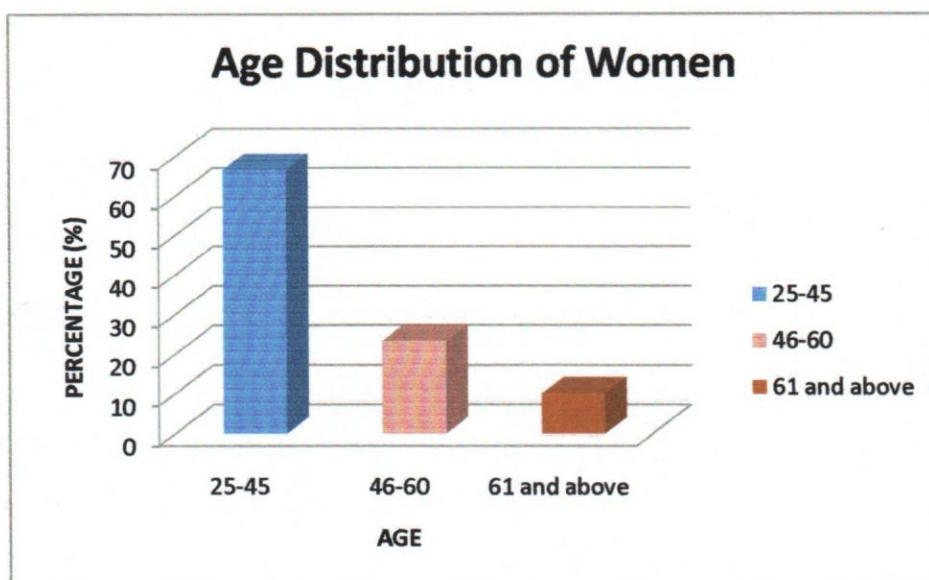


Table 1: Age Distribution of Women

AGE	NUMBER OF WOMEN	PERCENTAGE (%)
25-45	40	66.7
46-60	14	23.3
61 and above	6	10
TOTAL	60	100

SOURCE: Field Survey, 2013

Figure 1:



SOURCE: Field Survey, 2013

From the table above, the data generated from the survey shows that 66.7% of the women respondents are within the ages of 25-45 years, which represents the economically active population. These economic activities are labour intensive and this explains the reason why the active age group forms the majority. About 23.3% of the women are within ages of 46-60 which forms the cohort, and 10% of them are within the age group of 61 and

above which is the age of retirement of people in the formal sector employment. Most of these rural women are above the retirement age but are still actively engaged in income generating activities. Many of them do not have anybody to take care of them and since they are still strong it is better for them to find something to do in order to earn a living instead of begging.

4.1.2 Marital Status of Women

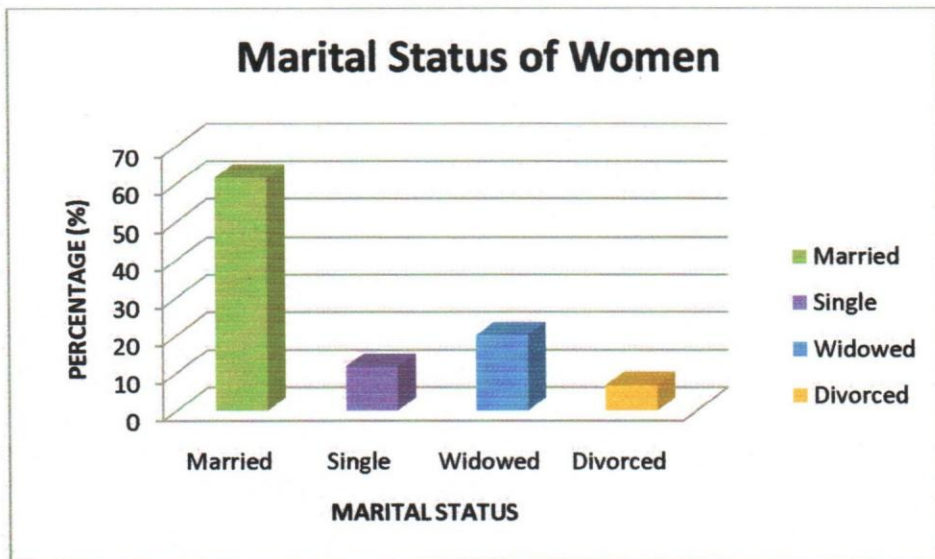
Almost all the women under this study are married. In the northern part of this country, high economic value has also been attached to children, thus necessitating women to marry and get children. Married women with children are more respected than those who are not. And to gain prestige and acceptance in society, most of these women have to get married. A traditional family needs to be large in order to guarantee the material well-being of all its members, children, the old, and the sick. And since this required continuity over time, everybody has the moral obligation to marry and to contribute to the social or biological reproduction of his/her kinship group.

Table 2: Marital Status of Women

MARITAL STATUS	NUMBER	PERCENTAGE (%)
Married	37	61.7
Single	7	11.6
Widowed	12	20
Divorced	4	6.7
Total	60	100

SOURCE: Field Survey, 2013

Figure 2



SOURCE: Field Survey, 2013

From the table above the data gathered suggest that about 61.7 % of the women from the various communities are married, 11.6% of them are never married. 20% of them are widows and the rest of them constituting 6.7% are divorced by their husbands. The table suggests that widows come next after married women considering the numbers and percentages. In the northern region it is not very common to find men divorce their women and get married again unless for exception cases where the woman is unable to conceive or causes infidelity. This thus explains why there are very few women divorced as the table illustrates.

4.1.3 Educational Status of Women

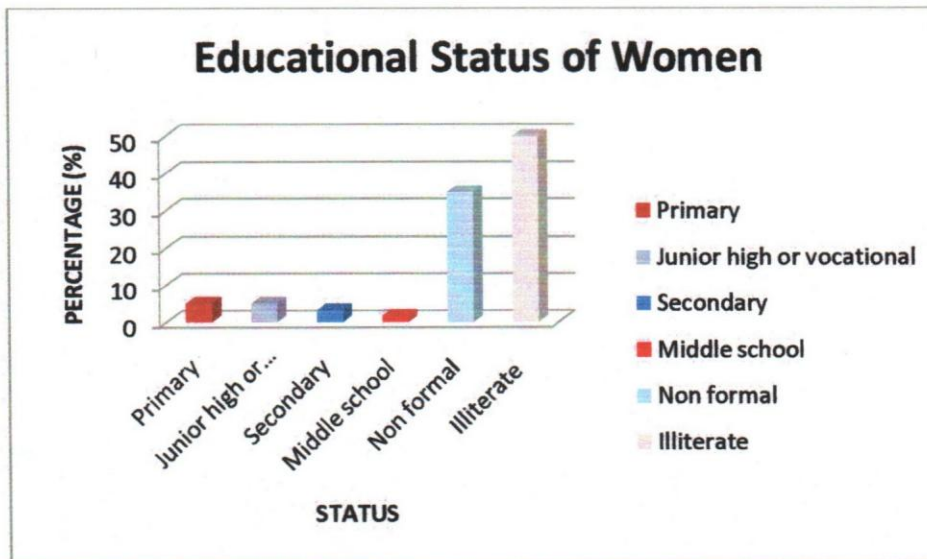
Formal education is an important way and an opportunity to afford a government or a formal job. It is the duty of every parent to ensure the education of their children, however in most rural communities not every child the opportunity to experience formal education. If made possible both boys and girls are may be sent to school. Long ago, only boys went to school. If a woman was educated it was only to teach her how to write. Only men were working long back, so the boys were sent to school so they could get work. Girls didn't know they could also benefit from going to school. It was always thought that only boys could take care of their parents and that the girls place was the kitchen and taking care of the home. In comparison with the formal sector, the informal sector enterprises are very small, labour intensive and make up apparently a large proportion of women. Women in the informal sector have no access and if even at all, very little access to official sources of credit or information. Formal education is there an important way of parent investing in the future of their children.

Table 3: Educational Status of women

STATUS	NUMBER	PERCENTAGE (%)
Primary	3	5
Junior high or vocational	3	5
Secondary	2	3.3
Middle school	1	1.7
Non formal	21	35
Illiterate	30	50
Total	60	100

SOURCE: Field Survey, 2013

Figure 3



SOURCE: Field Survey, 2013

From the data trend in table three, it can be seen majority of the respond are illiterates and have no formal education. These constitute about 50% Of the women under study. The informal sector mostly employs people without recourse to their educational background. 21% of them have some form of non formal education, one person was able to complete middle. The rest of the women have also acquired basic education, with about 10% making to primary and junior secondary school. The rest of the 3% have some form secondary education.

All of the women interviewed seem to have children except those who are single and have never been married. Those without any children constitute about 11.6% of the total respondents under study. The rest of the respondents have between two and six children. Most of these women were not willing enough to disclose information about the children

and dependants in their house hold, but were quick to add that almost all their children have been enrolled into basic school and a few have made it to the secondary school.

4.1.4 Livelihood Activities

Since generations many of these women in these communities have been involved in the production of shea butter and rice processing using indigenous methods which is labour intensive. Until now it was on individual basis, but due to supports and training received by various organization and credit institutions they find it much convenient to work in groups in order to reach quality standards and meet timely demand made by clients both within and outside the country. The same numbers of women are involved in the processing of rice which comes to peak when the price and demand for the shea products fall. It was revealed that some time in the year it becomes very difficult to sell out their products especially when orders from their international client drop and the shea season passes. Shea butter production is reduced to small quantities and much concentration is put in rice processing.

4.2 Access to Credit

Interview with processing center managers, buyers and producers revealed two major models of financing production in the Tamale Metropolis; namely contract financing and micro financing (micro credit). For my purposes credit is small loans made available to poor people for income generating activities in order to generate income for their livelihood. Most banks demand collateral in the form of land or a house before making loans to them. These immovable properties are not available to these women, rendering



them unqualified for mainstream credit facilities, explaining why micro-credit institutions such as NGOs have to come to their aid, in making available to them credit facilities.

4.2.1 Model-Contract Financing

Contract financing model was developed by SEKAF basically to obtain good and consistent quality butter through bulk buying from producers. The company established a processing center equipped with improved processing methods, facilities such as drying and sorting platforms and equipments required for production that the women may not have been able to afford. The company then entered a contract financing agreement with groups of women who process butter using the facilities including raw nuts and sells the butter to the company. The SFC also prefinances the women groups to purchase and process the raw nuts. The cost of equipment and other inputs after each processing cycle is subtracted from final butter output of each smaller solidarity processing group and the remaining money is given to group members to share. The women do not pay interest either in kind or cash on the inputs enjoyed from the company. Contract financial services are delivered in kind but in a form of shea nuts to smaller solidarity group members all year round. Each smaller group of six members on the average gets an average of six bags of nuts for butter production per week.

The company besides, provides training for the women in partnership with technical support institutions like SNV Ghana and UNDP Africa 2000 Network to enable producers produce the quantity and quality the clients of the company specify. Interest is not charged on the credit. Butter makers under neither SEKAF Ghana Limited-Kasalgu



processing centre however mentioned that they cannot tell whether they are being cheated by the company or not because they cannot read nor write. This therefore underscores the urgency to provide literacy training for producers to enable them understand simple accounting processes probably using symbols and pictures to represent some records, and by so doing sustainability could be assured.

The Tunteiya processing center that produces rice for the local market and shea butter for Body Shop in the UK also uses contract financing method that is the same as that of SEKAF Ghana Limited. Ten out of the 150 women are under this arrangement and receives about GH¢51.00 equivalent of nut 60kg/woman/week.

Savannah Fruits Company (SFC) also operates a similar model as SEKAF Ghana Limited. The difference between SFC model and SEKAF model is the fact that SFC does not have a processing center but arranges with a few women groups who have their own processing facilities in place. SFC then trains and pre-finances production; The processing centre that benefit from Savannah Fruits Company Model is Sagnerigu processing center.

MARKETING OF RICE AND SHEA BUTTER

Out of the 60 women interviewed, 20 of them mentioned that there is no ready market for the shea butter because according to them the market fluctuates throughout the year, that of rice buys almost throughout the year. But the raw rice become expensive to purchase when buyers store to sell when price increase, making it quite expensive to buy





and process. 30 of the women from Tiehisuma and Sagnerigu admitted there is ready market for their products especially shea butter because they produce for SEKAF and SFC Ghana limited. A few of the women complained of inconsistent buyers both within and outside Ghana. It must however be noted that a few of the processing centers like Sagnerigu and SEKAF have started value addition to crude butter in the form of cosmetics both for local and the international market.

Considering rice many of these women receive their credit from the rural banks, but however complained about the interest rate that comes with it and the mode of repayment. Majority of support they receive is for production of shea butter. This applies to all the processing centers under study. Kumboyili and Tiehisuma processing centers. Price fixing was the major problem indicated by butter makers in relation to contract arrangements of Savannah Fruits Company. This prevents butter makers from enjoying normal and abnormal profits which are typical with businesses. In the view of some producers, the unavailability of effective alternative credit facility compels them to keep enjoying contract financing facilities from buyers.

In short about all the 150 women are into some sort of contract arrangement with buyers. The woman gets about 38kg of butter costing GH¢68.4 and when equipment cost of about GH¢4 and nut cost of GH¢50 is subtracted the woman gets a profit GH¢14.4 per week. However 20 out of the 60 interviewed enjoy micro finance services in addition to the contract arrangements.

4.3 Micro Financing Services and Delivery

Apart from the contract arrangements between buyers and producers, innovative solidarity group micro financing is another type of financial product enjoyed by shea butter producers in the Tamale Metropolis. Micro financial services are provided Bonzali Rural Bank, Christian Organization and Tiehisuma to butter and rice producing groups mainly in cash. In all, 20 out of the 60 respondents had loan facilities from these institutions. The loans according to the women are used for their independent production but with the support of group members aside the contract arrangements.

The remaining majority 40 enjoy contract financing from buyers and marketing companies and in some cases use their own capital for independent production. The women stated that they come from different communities, so those benefiting from the loan facilities had it at the community level when financial institutions gave credit support to their communities.

Focus group discussion sections with rice and butter producers and financial institutions uncovered the fact that respondents who enjoy loan services get an average loan amount ranging from GH¢300.00-8000.00 for each member of a group from Bonzali rural bank at an average interest rate of 30% for an average of four month loan cycle that is recovered weekly. Loans are basically disbursed three times per annum from March-June, July-October and November-February. There are no collateral requirements like properties or bank accounts among others. Securities for the loan are colleague group members for that matter loan sizes are determined at two levels. First, by smaller group members who propose how much each member within the smaller group could manage.





Second, the bigger group guarantees or rejects each person's loan amount approved at the smaller group level on the basis of the level of trust. In this way when a member defaults each and every group member is responsible for repayment of the loan. Financial institutions also mentioned that their target clients are rice, nut and butter producers who are already in the business because of business expansion purpose of the loans and the weekly repayment schedules. All the two financial institutions stated that, for an average of two years now recovery rate is about 80%. It was also mentioned that the few cases of defaults are because of sicknesses and misapplication of funds. Managers of the processing centers mentioned that financial institutions are not restricted from giving loans to the butter and rice producers. The 40 respondents who do not enjoy loan facilities clearly admitted in a focus group discussion that they need a loan to buy rice and nuts in the bumper season for processing in order to produce and sell to buyers.

Some of the credit institutions were not willing to give information about their companies, but a few mentioned that for about three years now, an average of GH¢200,000 worth of credit have been given to rice, nut and butter producers.

4.5 Impact on the Household

Because women are traditionally responsible for providing food, clothing, cooking, cleaning and provision of house hold supplies, a woman earning a little money to cover household expenses will not necessarily earn her more respect in the eyes of her husband. If, however, she earns enough to help cover typically male expenditures like school fees, rent, furniture, and transport, her decision-making power often increases greatly.



The women interviewed were particularly proud of their financial contribution to their children's education not only because it helped them earn the respect of their husbands but also because it gave them the opportunity to ensure the best possible education for both their daughters and their sons, some to a large extent have been able to put some few rooms to complement what is provided by their husbands since their household have increased. This is all done from profits made from the sale of their product. Their husbands, in turn, appreciated this support and said they valued their wives' opinions on school and other major decisions

4.4 Training and Records Keeping

Records keeping and training on quality production of shea butter and rice are very essential. These women are very fortunate to benefit from training by the NBSSI, SNV and Africa 2000 Network. Records keeping would enable the women to determine the cash inflows and outflows. About 80 percent or more of these women do not keep written records on their business activities apart from the few educated ones. Many of these interviewed women said that even though they do not keep written records on their income generating activities, it does not mean that they do not keep records. Some asked questions whether records' keeping is only about writing it down on paper. It can also be done mentally, which is exactly what we are doing.

Most of the women interviewed commented that their ability to plan, calculate and project profit, and manage money had improved considerably as a result of the training they received from NBSSI, Bonzali rural A2N and SNV. They believe that it has helped them sell their goods faster, retain customers, and work less.

4.5 Women Success Stories

The following are just two of many success stories that have risen out of rural women's in the study area working with the processing centers. The most general benefits of these women are increasingly able to pay for the education of their children, provide shelter and provide more frequent and more nutritious meals for their families, thus improving overall health and reducing illnesses.

Mama Azara's Success:

Before coming to the Sagnerigu processing centre, the largest shea butter processing centre, Mama Azara used to cook and sell local dishes to school children. This was a difficult way to make a living and Mama Azara made hardly any profit with the business. She felt helpless when her children would ask her to pay their school fees and she could not. Mama Azara knew the importance of education and with the hope of being able to send her children to school, she joined the Sagnerigu processing centre.

At the Sagnerigu centre, Azara was given the opportunity to work regularly and instead of simply breaking even, Azara now has a working capital equivalent to one jute sack of shea nuts and also one sack of local rice. She makes a monthly income of 45.00GHC, about 24USD. With this increase in income, she has noticed that the situation in her home has started to change. Not only is she able to provide money for her last born son to attend Secondary School, she is able to provide food for her two married children when needed and has purchased bicycles for two of her sons who travel long distances to work. In fact, Azara financed part of the training that was necessary to enable one of her



sons to become a carpenter and the other to become a bicycle mechanic. Her only daughter, a graduate from a technical school, is now employed as a nurse. While Azara's husband is a tailor, he uses his money to purchase large items needed for the house and leaves the smaller purchases for the household up to Mama Azara. Mama Azara prays for a bright future, but feels confident she will have one because of the significant investments she has made in her children and their education. She feels sure that her children will be able to take care of her, her husband and their house in the future.

Mama Meimunatu's Success:

Meimunatu's life abruptly changed three years ago when she lost her husband. Suddenly left to be the sole provider for her children, she was forced to move from the place she had always called home and devise a strategy for her survival. During this time, it was difficult for her to earn even 0.20GHC (0.14 USD) per day helping women sell various items at the market. Money was so tight that she was forced to give her children out to those who could take care of them; one of her daughters was compelled to migrate to Ghana's capital city, Accra, to work as a Kayaye, carrying items for market women, in order to earn money for the house.

A man named Alaji Abraham heard about the struggles Meimunatu was encountering on a daily basis and lent her one jute sack of local rice and 30 bowls of shea nuts so that she might join the Sagnerigu Women's group. Meimunatu worked hard at the Sagnerigu centre to repay her debts and then started processing for herself with the little profit she had made. "Before I knew it, the 30 bowls I had became 50" and could also process two



jute sacks of rice instead of one. Meimunatu began to earn what she needed to run her household. Unexpectedly, Meimunatu says this increased income has allowed “peace to descend upon my home”. Meimunatu’s daughter, who left for Accra to work as a Kayaye in order to help her mother, returned back home. In addition, Meimunatu has saved her money and has carefully used it to build three rooms on a piece of property she herself owns, which is quite a feat for a woman living in Northern Ghana.



CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.0 Introduction

This chapter principally provides a conclusion to sum up the entire research highlighting critical issues discovered in the course of findings, analysis and its implications for the development of the rice and shea industry. The key issues have been discussed in line with the objectives of the research. This section finally discusses recommendations that are to be implemented towards sustainable development of the rice and shea industry in the Tamale metropolis.

5.1 Conclusion

Northern Ghana has lagged behind for years in terms of development. As a result, government, NGOs as well as the civil society have made several attempts to find ways of developing the area. This is manifested through the emergence of numerous NGOs and the establishment of SADA recently to oversee the growth and development of the North. Despite these attempts however, the area still lags far behind as compared to southern part of Ghana because of its limited resource endowments like cocoa, oil palm, gold among others which the other regions in Ghana possess.

Recently however, shea butter and rice have emerged as a promising economic commodity that has gained international recognition because of the products therapeutic properties and hence its high demands by the food and cosmetic industries locally and internationally. It is in the light of these potentials of the commodity that formed the basis and the interest to undertake this research. The study basically sought to find out the



socio economic impact of microcredit on rural women involved in some form of income generating activity (rice and shea butter processing)

In sum, financing for production is fairly satisfactory but the major gap is the absence of marketing financing which makes producers unable to access the marketing opportunities of their products. In view of this, effective implementation of the suggestions could lead to improvement in financing, production and marketing of rice and shea butter and finally lead to poverty reduction and sustainable development.

5.2 Emerging Issues and Implications

Some major key issues discovered and their implications following the analysis include: dominance of contract financing, inadequate micro finance services, lack of financing for marketing, inadequate equipment financing, high private sector involvement and lack of effective government policy and responses to production and marketing challenges. These findings are discussed as follows.

5.2.1 Contract Finance Domination

This study revealed the dominance of contract finance arrangements among butter, rice producers and buyers. All the sixty (60) women respondents interviewed had access to some sort of contract financing agreement with buyers. The contract agreements according to the producers deny them of making high profits since there is no better alternative financial product available to them. This brings to the fore the need to make other financial arrangements accessible to butter makers rice processors to enhance their livelihoods.





5.2.2 Inadequate Micro Finance Services

It was also discovered that micro financing services for rice and butter makers were highly poor. Effective micro credit service provisions for the rice and butter makers could make alternative financial services available for butter and rice producers instead of being compelled to be part of contract financial services arranged by buyers. This would ensure that rice and butter producers possess the economic power to produce independently and in turn sell products to buyers at prices that are much more favourable to them because of the absence of the contract financial agreement element.

5.2.3 Lack of Marketing Finance

The research revealed the fact that rice and shea butter producers are short of financial support relating to marketing of their products. Focus group discussion sessions with the processing groups revealed that marketing is mainly in the hands of buyers and marketing companies who buy and in turn sell the crude butter to clients both within and outside Ghana. Producers lack the skills and the capacity to market their products in the larger markets both within and outside Ghana.

5.2.4 Inadequate Equipment Financing

Apart from buyers and marketing companies who have equipments in place as part of contract packages for producers and equipment and infrastructure grants from NGOs like Techno-serve Ghana, and Africa 2000 Network, there are no government or private financing arrangements purposely targeted towards appropriate equipment support for producers. Butter and rice production however is still largely manual hence affecting

production efficiency. The processing according to the women is tedious and threatens their health status. There is the need to provide leasing credit services for producers to enable them access appropriate equipments that could improve production efficiency and boost income of producers.

5.3 Recommendations

Major findings of this study as discussed above include lack of marketing and equipment financing as well as lack of effective government policy to direct production and marketing activities. To overcome these key critical challenges of production and marketing would require these major short term recommendations include:

- Effective financing for marketing and equipments
- Adequate provision of support services
- Monitoring and evaluation of financial and technical supports for sustainability
- Effective collaboration among stakeholders in the rice and shea industry
- Literacy training for butter makers
- Efficient government support for the rice and shea industry

In the medium and long terms however, there is the need for a policy framework established by government to guide interventions in the industry, as well as the political will to develop the rice and shea industry to champion economic growth and development in the Tamale metropolis.





5.3.1 Establishment of Equipment and Marketing Financing Scheme

There is the need for the Metropolitan Assembly to facilitate the setting up of a special funding scheme both by government and private financial organizations currently operating in the Tamale Metropolis. The scheme should have three major elements: First, long term equipment financing credit scheme to fund the acquisition of appropriate technological equipment like improved stoves, roasters, dryers and milling machines to reduce difficulties associated with processing and to enable the women groups increase production efficiency.

Second, short term cash financing scheme, thus micro finance scheme should be established to respond to short term cash input requirements producers to purchase enough rice and nuts for all year round processing.

Finally inventory financing scheme must be set up to enable the women groups which do not have storage facilities to be able to store rice and shea nuts for later processing and marketing. These financing schemes would cater for the financing needs of producers as well as promote effective production to satisfy the quantity and quality demands of the local and international markets, and also economically empower producers.

5.3.2 Provision of Support Services to Sustain Financing Scheme

Absence of continuous support services such as training on credit management, group dynamics, health education and business development among others to strengthen loan services delivered leads to the failure of financing schemes. As a result there is the need

to blend loan facility provision with consistent capacity building to improve loan repayment rates and increases in loan amounts to augment business growth.

5.3.3 Literacy Training for Producers

The current illiteracy rate of rice and shea butter producers is very high. There is the need for NGOs, marketing companies and government to team up for the provision of literacy training for rice and butter producers to enable them keep simple accounting and marketing records and make simple calculations to aid the growth of their businesses.

5.3.4 Effective Government Support for the Shea Industry

Current government support for the shea and rice industry is very inadequate. The dominance of the shea industry by NGOs attests to this fact. There is however the need for political will on the part of government in support for the industry. Support services can be rendered through the Metropolitan Assembly/Ministry of Food and Agriculture. For instance government could subsidize the provision of water and solar energy facilities to boost rice and shea butter processing for economic empowerment of producers in the Tamale metropolis. There is also the need for the Metropolitan Assembly to facilitate the exploration of new markets and value addition to rice and butter. This in the long run could increase foreign exchange, income and reduce poverty.



5.3.5 Monitoring and Evaluation of Supports for Sustainability

For effective financial and technical service provision by the Metropolitan Assembly, government, NGOs and marketing companies, there is the need to monitor and evaluate services provided to clients such as rice and butter producers to access efficiency and impact of the services on clients. This could enable stakeholders to monitor the progress and impact of services provided to rice and butter producers to facilitate adjustments which could lead to sustainable financial and technical support provision by NGOs/marketing companies and financial institutions like Bonzali Rural Bank and Sinapi Aka Trust.



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APPENDIX I

I am a student from the University for Development Studies (UDS), and as a partial fulfillment of my Masters in Micro finance and Business Planning; I am undertaking a Research on **“THE SOCIO ECONOMIC IMPACT OF MICRO CREDIT ON RURAL WOMEN IN GHANA”**. Please be assured that any information provided shall be kept confidential. Thanks for your permission.

COMMUNITY.....

THE SOCIO ECONOMIC IMPACT OF MICRO CREDIT ON RURAL WOMEN IN GHANA.

QUESTIONNAIRE FOR WOMEN.

SOCIO-DEMOGRAPHIC CHARACTERISTICS

1. SexMale () Female ()
2. Age
3. Marital status (a) married (b) single (c) widow (d) divorce
4. Educational level (a) non-formal (b) primary (c) middle school (d) junior secondary (e) (f) illiterate. others, (specify)
5. Religion (a) Christian (specify) (b) Traditional (c) Moslem (d) others, (specify).
6. Do you have children? (a) yes (b) no.
7. How many of your household members are your own children?
8. Do your children and other dependants go to school?.....





C. LIVELIHOOD ACTIVITIES

9. What household livelihood activity do you engage in?
10. How long have you been engaged in this activity?
11. How many units can produce in a day?
12. Do you have access to credit?
13. What is your source of credit?
14. How much do you receive as credit?
15. How do you qualify for the credit?
16. Do you usually pay back the credit obtained?
17. How often do you pay back the loan?. Weekly/monthly/daily.....
18. Do you pay interest?
19. If yes, at what rate?
20. Do you need permission from any one to obtain credit? If yes, who? Husband, father-in-law, mother-in-law, others (specify).
21. How do you spend the credit given?

D. SUPPORT SERVICES

22. Are you given any form of training by the institution/NGO after receiving the funds?
.....
23. If yes, what form of training id given?
24. Do you find the training beneficial?
.....
.....

E. MARKETING OF PRODUCTS

25. Where do you sell the products of your activity?
26. Do you sell it by yourself or through some other means/people? (specify)
.....
.....
27. Do you make profit on your livelihood activity? If yes, how much either daily/
weekly/ monthly?

G. BENEFITS

28. What do you use the income from your livelihood activity for?
.....
29. Is the credit given to you for your income generating activities beneficial?
.....
31. How has credit improved your standard of living?
.....
32. In your own view, what can be done in order to improve the credit to women?
.....



APPENDIX II

QUESTIONNAIRE FOR NGOs/ MFI/ GOVERNMENT AGENCY

NAME OF NGO/MFI/.....

1. What criteria are used to select women for assistance?
2. Do you usually give preference to a type of income generating activities?.....
3. How much do you give to these women?.....
4. Do they need to have guarantors or collateral security before they are granted credit?
.....
5. Do they pay back the credit received?
6. If yes, how long does it take them to start paying back the loans?
7. Do they pay back with interest?
8. If yes, what is the rate of interest?
9. Do you organize training for the women about how to manage the credit?
.....
10. What is the purpose of the training scheme?
11. Why do you give credit to only women?
12. What are the problems facing these women involved in IGA?
.....
13. Do you think the credit given helps improve their livelihood activities?
.....
14. Has giving credit to these women resulted in an improvement in their lives?
.....

THANK YOU FOR RESPONDING TO THE QUESTIONNAIRE

