

UNIVERSITY OF CAPE COAST

**IMPACT OF PLAN GHANA'S MICROFINANCE SCHEME ON THE
SOCIO-ECONOMIC LIVELIHOODS OF SMALL-SCALE FEMALE
ENTREPRENEURS IN THE LOWER MANYA KROBO MUNICIPALITY
IN THE EASTERN REGION OF GHANA**

RICHARD ANSAH DUODU

2013

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ENTREPRENEURS IN THE LOWER MANYA KROBO MUNICIPALITY IN
THE EASTERN REGION OF GHANA

BY

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of the School of Agriculture, University of Cape Coast in partial fulfillment of the
requirements for the award of Master of Science Degree in NGO Studies and
Management

MAY 2013

DECLARATION

Candidate's Declaration

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

Candidate's Signature:

Date:

Name: Richard Ansah Doudu

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature:

Date:

Name: Mr. Martin Bosompem

ABSTRACT

The main purpose of the study was to assess the impact of Plan Ghana's Microfinance Scheme on the livelihoods of female beneficiaries in the Lower Manya Krobo Municipality of the Eastern Region of Ghana. The study specifically analysed the demographic and socio-economic characteristics of female beneficiaries, and how loan from Plan Ghana's Microfinance Scheme helped them to meet their health, education, personal and social, political and economic requirements.

A descriptive survey design was adopted and sample size of 180 was used out of a population of 8,217 female beneficiaries of Plan Ghana's Microcredit Scheme in the municipality. The study showed that several demographic and socio-economic factors of the beneficiaries were considered by Plan Ghana in selecting women beneficiaries, and the scheme had improved beneficiaries' lives tremendously in areas of health, child education, personal development, and business sustainability. The monthly incomes of the women had significantly improved from GH¢52.78 to GH¢130.43.

It is recommended that Plan Ghana should continue to run the scheme since it is highly beneficial to its beneficiaries in areas of health, personal development, children's education and the sustainability of their businesses. Also, the benefactor should intensify its training programme by tutoring them in basic book-keeping practices.

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DEDICATION

To my dear elder brother, Dr. Eric Ofori Duodu.

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LIST OF ACRONYMS

ADB:	African Development Bank
CIAD:	Conference of Intellectuals of Africa and the Diaspora
CSD:	Centre for Self-Help Development
CWE:	Credit with Education
FASL:	First Allied and Savings Loans Limited
FNGOs:	Financial Non-Governmental Organisations
GHAMFIN:	Ghana MicroFinance Institution Networks
GSS:	Ghana Statistical Service
ILO:	International Labour Organisation
IMF:	International Monetary Fund
MDAs:	Ministries, Departments and Agencies
MFI:	Microfinance Institution
MMDAs:	Metropolitans, Municipals and District Assemblies
SAT:	Sinapi Aba Trust
SMEs:	Small and Medium-scale Enterprises
UN:	United Nations
WWF:	Working Women's Forum

CHAPTER ONE

INTRODUCTION

Background to the Study

The United Nations (2004) declared the year 2005 as the “Year of Microcredit.” Since the mid 1990s microfinance or microcredit operations have been embraced as a sure mean of alleviating poverty in the third world particularly for women, specifically women in rural areas. Microcredit seems to promise three things, namely, reduce poverty, empower women, and to enhance family planning knowledge and practices (Giersing, 1999). The delivery of micro credits to entrepreneurs of small and micro enterprises (SMEs) in developing countries is increasingly being viewed as a strategic means of assisting the so-called “working poor” (ILO, 1998). For this reason, a lot of multilateral and bilateral aids have been channeled into microfinance programmes in the developing countries with varying degrees of success (Afrane, 1997).

Microcredit programmes extend small loans to very poor people for self-employment projects that generate income, allowing them to care for themselves and their families (Daley-Harris, 2002). In the same way, Wright (2000, p. 23) argues “it is the cost effective way of helping the poor themselves out of poverty.”

The principal idea behind micro-lending is the availability of capital to traditionally vulnerable populations usually poor, rural and women not

customarily considered for standardised banking loans and lending assistance. In this regard, microcredit groups are often promoted as a solution or panacea to Third World poverty because it helps to increase income of individual borrowers and thereby reduce poverty for the poor in developing countries (Hanak, 2000). In addition, Hanak indicates that microcredit venture being a viable anti-poverty strategy is viewed as “an instrument to change gender relations to women’s advantage and also promising scheme to create employment and income to a significant scale” (p. 5).

Daley-Harris (2002) indicates that microcredit is a proven way to help families move out of poverty. In buttressing the above point, Shahidur (1998) concluded “microcredit programmes attack poverty at its source by increasing the household consumption expenditure of participants” (p. 56).

In the past, several African countries including Ghana, Guinea, Tanzania and Uganda have relied on state-owned banks to extend rural credit and microfinance service which in most cases have incurred large losses and have had to be restructured (Daley-Harris, 2002). According to Daley-Harris (2002), this experience of failed state-owned banks has led African governments to focus on financially viable approaches to provide microfinance and on developing regulatory and supervisory frameworks that will be adapted to support such efforts. It is in this direction that in Ghana notably, NGOs have worked extensively in the northern part of the country where licensed microfinance institutions are scarce (IMF, 2004). Again, the IMF (2004) reports that various development approaches have been devised by policy makers, international

development agencies, non-governmental organisations and others aimed at poverty reduction in developing countries. One of these strategies, which have become increasingly popular since the early 1990s, involves microfinance scheme, which provides financial services in the form of savings and credit opportunities to the working poor (Johnson & Rogaly, 1997).

National Development Planning Commission [NDPC] (2003) indicates in the GPRS I that farmers are the poorest among a category of workforce and traders. This makes it clear that majority of farmers are not able to support upkeep of their families in terms of better education for their children, good health care, clothing, good housing and better nutrition among other things. According to Daley-Harris (2002), one of the major pillars of the GPRS II is to “reduce poverty and therefore using microfinance schemes particularly focused on the vulnerable especially women as strategy is likely to help the country achieve its economic growth and poverty reduction by 2015 as indicated in the policy document” (p. 45).

The contributions of SMEs to the growth of most countries in Africa are crucial since they are the backbone of their economies. However, the role of the SMEs in these economies has not been given official support, particularly credit as the so-called “work poor” finds it difficult to access credit from financial institutions and organisations. The IMF (2004) reports that small enterprises and most of the poor populations in sub-Saharan Africa have very limited access to financial deposits and other financial services provided by formal financial

institutions. It further reports that in Ghana, only 56% of the population has access to the formal banking sector.

To enable Ghanaians especially rural folks have access to credit facilities, Plan Ghana, a humanitarian and development non-governmental organization (NGO) with no religious, political or governmental affiliation, started operating as a microfinance institution in the Eastern and Central regions of Ghana in the year 1999. Currently, the organisation has extended its operations to several other towns including Wa and Tumu (Plan Ghana, 2012). It has also sponsored 24,730 children in 259 partner communities located in 12 districts in the Central, Eastern and Upper West regions of Ghana (Plan Ghana, 2012).

Plan Ghana's activities include:

1. enhancing the development of children through quality formal education in collaboration with Ghana Education Service by supporting schools in the area with assorted teaching and learning materials and scholarships.
2. ensuring child survival by addressing malnutrition problems in the area through collaboration with Ghana Health Service in training community volunteers as Child Growth Promoters to monitor the growth of children in the community.
3. promoting child participation by making children aware of their rights and responsibilities through the formation and training of children club where they are encouraged to talk openly on issues confronting communities.
4. reducing child poverty through increased income levels of mother through microfinance schemes in collaboration with Manya Krobo Rural Bank

which is dubbed credit and savings with education. As at the end of 2012, the organisation has serviced 8,913 beneficiaries made up of 7,933 women and 980 men in 251 communities from a loan of \$ 1,769,317 (Plan Ghana, 2012).

Statement of the Problem

Poverty reduction has been a major concern for successive governments in Ghana because it is believed to be the universally accepted way of achieving economic growth in the country. The intended purpose is to raise the living standards of the people and improve upon their quality of life. As a result, different economic policy reforms are pursued to achieve that, but the impact has not been felt by all, especially those in the rural areas (Obeng, 2011). This resulted in the granting of licenses by the Government of Ghana to several microcredit organisations in the country.

According to IMF (2004), most Ghanaians do not have access to the formal banking sector and thus, accessing credits is always a problem. In the Lower Manya Krobo Municipality, women are engaged in various small-scale enterprises like petty trading, food vending or “chop bars” and farming which make significant contributions to the country’s Gross Domestic Product (GDP). According to the World Bank (2012), in agriculture (farming) contributed 27.27% to GDP in 2011. In spite of their contributions, the desire to expand their businesses is always challenged by the stringent requirements by formal banking institutions to obtain credits.

The African Development Bank (2002) indicates that helping poor women earn incomes means removing the barrier to political, legal and social constraints that work against them. Although microcredit cannot eliminate poverty entirely, it can reduce this canker to some extent. Plan Ghana (2007) reports that it had achieved great success in reducing poverty in its operational areas. To either confirm or refute Plan Ghana's assertion, this study seeks to assess the impact of its operations on the socio-economic livelihoods of small-scale women entrepreneurs in the Lower Manya Krobo Municipality in the Eastern Region of Ghana.

Objectives of the Study

The general objective of the study is to examine the impact of Plan Ghana's Microfinance Scheme on the livelihoods of small-scale female entrepreneurs in the Lower Manya Krobo Municipality in the Eastern Region of Ghana.

Specifically, the study aimed to:

1. determine the demographic and socio-economic characteristics of the small-scale female entrepreneurs who accessed Plan Ghana's microfinance.
2. determine the impact of Plan Ghana's Microfinance Scheme on its female beneficiaries in the Municipality in the following socio-economic areas:
 - (a) health needs;
 - (b) children's education;
 - (c) personal development;

- (d) business sustainability and growth; and
- (e) income levels.

Research Questions

The following research questions have been set to guide the study:

1. What are the demographic and socio-economic characteristics of the small-scale female entrepreneurs who accessed Plan Ghana's microfinance?
2. What is the impact of Plan Ghana's Microfinance Scheme on the health needs of its female beneficiaries in the Municipality?
3. In what ways has Plan Ghana's Microfinance Scheme helped beneficiaries in educating their children?
4. How does Plan Ghana's Microfinance Scheme help the beneficiaries in their personal development plans?
5. How sustainable are the businesses of Plan Ghana's Microfinance Scheme in the Municipality?
6. What is the impact of Plan Ghana's Microfinance Scheme on the income levels of its female beneficiaries in the Municipality?

Significance of the Study

Small-scale Enterprises, as mentioned earlier, contribute immensely to Ghana's economic development and also constitute the majority of businesses in the country. In the light of the contributions of the SMEs to Ghana's development agenda, this study would serve as a source of information for Plan Ghana to assess their activities and operations. The findings would help donors and NGOs

like Plan Ghana to evaluate the worth of their financial support to small-scale female entrepreneurs in the Municipality.

The findings of the study on the demographic and socio-economic characteristics would also enable other stakeholders in the microcredit industry to do proper targeting of their schemes and beneficiaries for better results. It will also equip small-scale female entrepreneurs with knowledge and skills of managing their finances to be self-reliant and consequently help alleviate poverty. Similarly, the results of the study would be additional literature on microfinance in Ghana to microfinance institutions and researchers.

Delimitation of the Study

The study was delimited to the operations of Plan Ghana in the Lower Manya Krobo Municipality of the Eastern Region of Ghana. This organization was chosen because its operations are tilted towards female entrepreneurs. Also, the study assessed the impact of Plan Ghana's operations on the livelihoods of the female beneficiaries in the Municipality. However, impact in this context was measured as perceived by the respondents. The conclusions and generalisation would, therefore, be applicable to Plan Ghana and its female beneficiaries in the Municipality.

Limitation of the Study

The study encountered certain challenges. Key among them was the unwillingness on the part of respondents to provide data for the study. They considered issues about their incomes as private and, therefore, should not be

given out. Again, the officials from Plan Ghana delayed in providing information needed for the study. This resulted in undue delays in the completion of the study.

Organisation of the Study

The dissertation is organised into five chapters. Chapter one contains the background to the study, the statement of the problem, the purpose and research questions, the delimitation and limitations of the study. Chapter two is a review of the relevant literature on the topic including literature on the concept of microfinance, microfinance in Ghana: the structure and key stakeholders in Ghana's microfinance sub-sector, and measures to improve the performance of microfinance institutions.

Chapter three presents the methodology which includes the research design, population, sample and sampling techniques, research instruments used, pilot-testing of the instruments, data collection and analysis procedures. Chapter four presents the results of the study through an analysis of the data from the field survey and finally, the summary, conclusions and the recommendations are presented in Chapter five.

CHAPTER TWO

LITERATURE REVIEW

This chapter reviews related literature on the impact of Plan Ghana's Microfinance Scheme on the livelihoods of female beneficiaries in the Lower Manya Krobo Municipality. It touched on the following sub-headings: concept of microfinance, microfinance in Ghana: the structure and key stakeholders in Ghana's microfinance sub-sector, microfinance and poverty reduction in Ghana, microfinance and women empowerment, challenges facing microfinance sub-sector of Ghana, and measures to improve the performance of microfinance institutions.

Concept of Microfinance

According to Ledgerwood (2000), the term "microfinance" refers to "the provision of financial services to low-income clients, including the self-employed" (p. 3). It evolved as an economic development approach intended to benefit low-income women and men. Furthermore, Ledgerwood (2000) said that the financial service provided generally include savings and credit. However, some microfinance organisations also provide insurance and payment services. In addition to financial intermediation, many microfinance institutions (MFIs) provide social intermediation services such as group formation development of

self-confidence and training in financial literacy and management capabilities among members of a group.

Steel and Andah (2003) also define microfinance as “small financial transaction with low income households and micro-enterprise (both urban and rural) using, non-standardised methodologies like character based lending, group guarantees and short-term repeat loans” (p. 21). Microfinance is not simply banking but a development tool which involves activities such as:

1. Provision of small loans typically for working capital.
2. Informal approval of borrowers and investments.
3. Collateral substitutes such as group guarantees or compulsory savings.
4. Streamlining loan disbursement and monitoring.
5. Securing saving products.

Although some MFIs provide enterprise development service, such as literacy training and health care, these are not generally included in the definition of microfinance. Microfinance institutions can be Non-Government Organisation (NGOs), savings and loan co-operatives, credit unions, government banks, commercial banks or non-bank financial institutions. Microfinance clients are typically self-employed low-income entrepreneurs in both urban and rural areas. These clients are often traders, street vendors, small farmers, service providers (hairdressers, barbers) artisans and small producers such as blacksmiths and seamstresses. The activities of these clients usually provide a stable source of income (often from more than one activity) (World Bank, 1994).

Ledgerwood (2000) reports that microfinance began in the 1980s as a response to doubts and research finding about the United State of America's delivery of organised credit to poor farmers. Government and international donors assumed that the poor required cheap credit therefore saw it as a way of promoting agriculture production by small landholders. In addition to providing subsidized agricultural credit, Ledgerwood (2000) says that donors set up credit unions. The focus of these co-operations financial institutions were mostly on saving organisations in rural areas in an attempt to teach farmers how to save.

By mid 1980s, according to Ledgerwood (2000), it became evident that market-based solutions were required to keep these financial institutions running. This led to an approach that considered microfinance as an integral part of the overall financial system. Emphasis then shifted from the rapid disbursement of subsidised loans to target populations towards the building up of local, sustainable institutions to serve the poor. At the same time local NGOs were also looking for a more long-term approach than the unsustainable income-generating approach to community development.

Microfinance and Poverty Reduction

The world is being caught in the poverty web. Poverty continues to be a major problem facing both advanced and less-advanced countries. The main objective of microfinance is to reduce poverty. In doing this, microfinance provides the opportunity for clients to create wealth. Targeting women in the society who constitute the majority of the poor, microfinance helps to reduce poverty by creating wealth which leads to an increase in the levels of incomes of

the vulnerable. Savings services leads to capital accumulation for investment in the short and long terms. With high levels of income women are empowered. They are to cater for themselves and children, make decisions that affect their household, educate their children and engage in income generating activities. To what extent does rural financial services contribute to the poverty reduction largely depends on access to these services by the poor. Not only this but also it depends on promising investment opportunities and on capacity of the poor to tap into these investment opportunities. Especially if in the rural areas investment opportunities are not expanding simultaneously with rural financial services, not much can be achieved (Robbinson, 2003).

In Bangladesh, where about one third of the world's estimated 30-40 million micro borrowers reside, the growth has come from specialized microfinance NGOs and Grameen Bank. What began with a few small grants and loans from international donors has now provided over 100 million dollars in loans. The most distinctive feature of the credit delivery system is the absence of middle men between the credit supplier and end user. The bank's cumulative recovery rate is an astounding 98%. Grameen Bank has its own special legal structure, and does not fall under regulatory oversight of the central bank. The bank also aims to raise health and environmental consciousness. Each of its members must plant at least one sapling a year as part of forestation programme. Grameen is perhaps the only bank in the world that encourages birth control, sanitation and a clean environment as part of its lending policy (Yunus, 2003).

In Bolivia the microfinance revolution emerged in the 1990s. Large-scale commercial credit is provided there by BancoSol, a privately owned bank for micro-entrepreneurs and by a number of competitors following hotly on BancoSol's heels (and profits). By 1997, BancoSol, financed by a combination of domestic and international commercial debt and investment and locally, mobilized voluntary savings, provided loans profitably to more than one quarter of Bolivia's clients (Robbinson, 2003). Robbinson (2003, p. 34) further notes, "the real measure of its success is that BancoSol has spawned a slew of competitors."

In India, despite the large size and depth of its financial system, the majority of the rural poor do not have access to formal finance and financial services. For this reason, innovative microfinance initiatives pioneered by non-governmental organisations strove to create links between commercial banks, NGOs, and informal local groups to create the "SHG Bank Linkage" (Development Gateway, 2004). India's approach to microfinance making it profitable and so widely available helped the country reduce the incidence of poverty from about 40 per cent of the population in the mid-1970s to about 11 percent in 1996 (Robinson, 2002). Members of SHG recognise that "several challenges lie ahead," but still believe it has "the right ingredients to be scaled-up into offering mass access to finance for the rural poor while improving sustainability" (World Bank, 2003b).

The World Bank (1997) found that poverty can be reduced most effectively by a strategy with two equally important elements. The first element is

to promote the productive use of the most abundant asset of the poor, labour. Broad-based economic growth through appropriate macroeconomic and microeconomic policies is critical in this respect. There is also an important role for policies targeted at promoting infrastructure development and encouraging income generation activities for the poor. The second element is to provide basic social services to the poor. The World Bank (1997) found that primary health care, family planning, nutrition and primary education are especially important in this regard. Todaro (2000) reports that women's participation in the labour force of developing countries has increased dramatically in the 1990s, rising up to 43% in East Asia, 32% in Latin America and 13% in the Arab world. Again most women are employed in a very narrow range of low-productive jobs where many hours of work are rewarded by low wages. Furthermore, most economically active women work in the informal sector, either as agricultural workers who make up 78% in Africa and 80% in Asia or the urban informal sector which accounts for between 25% and 40% in Latin America.

According to Peprah (2009), in most developing countries, including Ghana, opportunities for wage employment in the formal sector of the economy are extremely limited, and the vast majority of the poor rely on self-employment for their livelihood. Better access to financial services enables the poor to establish and expand micro-enterprises and thereby improve their income levels and create employment. Even in middle income countries such as Botswana and Egypt, where opportunities for wage employment are greater, many poor households rely on self-employment in micro-enterprises for their livelihood.

Women account for about 67% of the total work force in agriculture in Ghana (Nikoi, 1998). According to him, in most developing countries, the inability of people to find paid employment in the formal sector forces them to pursue self-employment in the informal sector. In all regions of Ghana, women form the bulk of the self-employed in both urban and rural areas.

Peprah (2009) reports that prudent policies drawn up to encourage the development of an effective microfinance sector can also reinforce other poverty reduction agenda and vice versa. Many microfinance institutions, including Sinapi Aba Trust, Opportunity International Savings and Loans Company Limited and HFC Bofo Microfinance Services Limited, encourage their clients to develop a socio-economic agenda covering matters such as health, nutrition and education of children. Owusu-Kumi (2011) agreeing with Peprah (2009) further posits that even where this emphasis is not explicit, increased empowerment and higher income for clients as a result of their participation in microfinance programmes will propel them to adopt other socio-economic agenda. At the same time, microfinance institutions are likely to be more effective in raising the incomes of beneficiaries in the case where rapid growth in the economy and in agricultural output and better infrastructure create demand for the products and services provided by micro-entrepreneurs. Peprah (2009) says that microfinance programmes will also be more effective where the provision of non-financial services such as education and training enable clients to use their loans more productively.

Microfinance and Women Empowerment

Mayoux (2002) defines empowerment as “a process of change by which individuals or groups with little or no power, gain the power and ability to make choices that affect their lives” (p. 56). Again the structure of power, thus who has it, its sources and how it is exercised directly affects the choices that women are able to make in their lives. However, for women to be empowered, women need access to material, human and social resources like education or insider knowledge of some businesses.

The Africa Development Bank (ADB, 2002) states that poor people have the means to directly contribute to their well-being. The report goes further to say that people’s assets have a potential to escape financial difficulties. Therefore, the human, physical, natural, financial and social assets can enable the poor to take advantage of opportunities for economic, political and social development. Expanding the assets of the poor through microfinance schemes can strengthen their economic, political and social position and their control over their lives. Assets empower the poor and help them to manage risk. Microfinance schemes for women therefore have the potential effect of reducing their vulnerability to risks such as ill health, economic, social and natural disasters.

Empowerment can also be viewed as enhancing the capacity of the poor (women) to influence the state institution that affects their lives. In this direction, MFIs that provide microfinance schemes to women are basically empowering these women by strengthening their participation in political processes and local decision-making. This is confirmed in the ADB (2002), which reported that

helping poor women earn incomes means removing the barrier to political, legal and social constraints that work against them. However, Jellema and Hernandez (2002) point out that research has shown that the promotion of women in management and entrepreneurship in both the public and private sectors lag far behind that of men. The recognition of this factor has largely influenced MFIs in the choice of women groups for microfinance schemes.

According to Daley-Harris (2002), although the Microcredit Summit Campaign organised microfinance as a means of reducing poverty, there are some limitations. Scully (2004) says that though microcredit is viewed as addressing joblessness as well as providing a “refuge from the shock” of structural adjustment policies, unemployment rates continue to rise even in countries where structural adjustment is said have worked (e.g., Argentina).

On the claim that microcredit programmes empower women, Scully (2004) argues that the empowerment of women is limited by patriarchal systems that undermine women at the community and household levels. That is, women’s access to credit will not resolve structurally fixed ailments of patriarchy deeply rooted in traditions, values, beliefs and culture.

In addition, on the claim that microcredit helps the extremely poor, Scully (2004), again indicated that this claim is inherently restricted by the cost to deliver these service and the need of micro-lending programmes to be financial successful by recuperating costs. In order words, microcredits sometimes exacerbate the very conditions they are designed to address because of the expense of delivering the loans to remote rural village – so in response, they may

charge high rate of interest. Another limitation is that women disproportionately are burdened by group pressures to pay back loans they borrow but may have little control over. Rahman (1999) confirms this by saying that women take loans that their husbands chiefly control, but it is the women who suffer the pressures to pay them back.

However, a report compiled by the Social Enterprise Development Foundation of West Africa (2005), currently operating in Ghana, revealed that microfinance has impacted positively on the project beneficiaries. Again, Plan International (2001), in its mid-term evaluation of microfinance programme with Nirdhan Utthan Bank Limited in Nepal, found that most of their women clients were making decisions about business investments jointly with their husbands, which represents a step forward since previously these women's husband would have made such decisions alone. Similarly, URWEGO (1999) in their work in Rwanda, found that the greatest impact of its programme on empowerment had been on self-esteem, with 69% of clients reporting increased self-esteem, 54% of client reporting an increase in their level of knowledge about issues that affect themselves and their families and 38% of clients reporting an increase in business knowledge.

ADAPTE (2001), in its survey in Cost Rica, reports that none of ADAPTE's women clients who were surveyed reported feeling that their gender limited their occupational choices. Also, Plan International (2001), in their work with Centre for Self-Help Development (CSD) in Nepal, found that the economic role of women remained restricted to managing the loans and supplementing

household income to meet household expenses but did not lead to a substantial change in gender relations in the home in the majority of households.

Evidence suggests that participation in microfinance programmes may give women the means to escape from abusive relationships or limit abuse in their relationships. Working Women's Forum (WWF, 2000), in their studies found that 40.9% of its members who had experienced domestic violence stopped due to their personal empowerment while 28.7% were able to stop it through group action. Hashemi, Schuler and Riley (1996) also found that a reduced incidence of violence against women among women who were members of credit organisations than they found among the general population. MKNelly and McCord (2001), in their work with 'Freedom From Hunger' programme in Ghana, noted that significantly more participants than non-participants were giving advice in their communities-particularly on topics they had studied in their credit groups.

Working Women's Forum (2000) has been successful in organising very large numbers of women for political and legal changes that support women's right and opportunities. According to WWF (2000), over 89% of its members had taken up civic action for pressing problems in their neighbourhoods, showing that microfinance and political empowerment can be complementary processes. Afrane (1997) in their work with Sinapi Aba Trust (SAT) programme in Ghana, showed that through SAT's microfinance programme, women's businesses became more successful in terms of; increased working capital, improved

relationships with suppliers and customers, undertaking strategic planning and pricing and diversification and expansion into more profitable product lines.

Impact of Microcredit on Family Finances

The impacts of microcredit on SMEs are enormous. This is because every business entity, SMEs inclusive needs some amount of capital injection and microcredit institutions fill the gap created by the big financial institutions. Because of the need to fill the financing gap for SMEs, this section reviews some ideas espoused on the issue by scholars.

According to Guerin (2006), microcredit has had positive and significant effect on poverty reduction and women empowerment through the establishment of their own small and medium-scale businesses. Findings presented in other studies such as Khandker (1998) and Derbile (2003) threw light on some successes of microcredit in alleviating households' poverty. They enabled women to go into gainfully self-employment. Income from such non-farm SMEs is used for household provisioning and other essential basic services. This leads to improvement in the family livelihood. Women acting as breadwinners of the family gives them the opportunity in taking part in household decision making, which changed their positions relative to men's in Nandom. However, in the case of women in Nandom, the credits given to them are inadequate to support any viable venture. They are, therefore, compelled to put the loan collected into supporting the family's routine subsistence (Aasoglenang, 2000).

In other expositions, Mayoux (2002) makes the assertion that microcredit programmes are currently being promoted as a key strategy for both poverty

alleviation and women's empowerment on the basis that these programmes have the impact of increasing women's income levels and control over income which ultimately results in greater economic independence. Another factor is that microcredit programmes provide women in Africa with the access to networks and markets which equips them with a wider experience of the world outside the home. In this process, access to information and possibilities of other social and political roles are enhanced.

Akyeampong (2002) recognises that the establishment of microcredit programmes enhances the perception of women's contribution to household income and family welfare and this increases women's participation in household decision-making about expenditure and invariably creates a greater expenditure on women's welfare. Finally, these programmes tend to help greatly in changing the attitudes of men to the role of women in the household and the community in general. Microcredit, microfinancing and microenterprises are terms that have been used to describe and define the situation in which small loans are extended to people for the purposes of setting up small and usually self-employment projects that generate income.

In the opinion of Berger (1989), microcredit programmes and services offered are usually established for the purposes of creating and developing self-employment opportunities. Thus, a microenterprise based on the application of these terms, would refer to a sole proprietorship that has fewer than five employees, does not have access to the commercial banking sector and can initially utilise a loan of under \$15,000. These "small" loans are utilised through

microenterprise development programmes, which are usually run by non-profit organisation that provides a combination of credit, technical assistance, training and other business and personal assistance services to microenterprises such as those offered by CIAD. Clark and Kay (1995) give the characteristics of microcredit loans as “facilities with an average size of \$5,640, with terms ranging from one year to 4.8 years. The programmes charge a market rate of interest that is between 8% to 16%, and these loans are generally secured by non-traditional collateral, flexible collateral requirements or group guarantees.” The characteristics of microcredit programmes in Africa in the business of microcredit financing, there is a premise that borrowers are the best judges of their own circumstances and as a result, they know best how to organise credit facilities when it is available. The thrust of this premise is that each individual has the opportunity to choose the income-generating activity appropriate to her own peculiar situation. Based on this notion of peculiarity of situation, if a borrower is involved in group lending, she enjoys the benefit of constructive criticism from the members of her lending group. In this situation, the programmes have the benefit of both individual creativity and participatory planning initiatives by a group of peers.

The concepts of individual creativity and group planning are just two of the many important characteristics of microcredit programmes. Other essential characteristics include: the targeting of poor people in the society; tailoring programme operations to reach women considered as key recipients of microcredit; establish simple procedures for reviewing and approving loan

applications; delivering of credit and other related services to the village level in a convenient and user-friendly way; and facilitate the quick disbursement of small, short-term loans usually for a three to one year duration. They are also to designing clear loan recovery procedures and strategies, establish an incentive programme which grants access to larger loans based on a successful repayment of first loans, maintain interest rates that are adequate to cover the cost of operations, encourage and accept savings in tandem with lending programmes, and institute a commitment to, and training for democratic participation in decision making by all those involved as clients. Additionally, the microcredit institutions are to develop a culture, structure, capacity and operating system that can support sustained delivery to a significant and growing number of poor clients; provide accurate and transparent management and information systems which can be utilized to take decisions, motivate performance, and provide accountability of management performance and the use of funds, and clearly demonstrate programme performance to commercial financial institutions and provide access to business information, expertise, and advice to micro-entrepreneurs.

In addition to these characteristics, microcredit programmes must offer loan menus that meet the needs of their clients. For example, the granting of consumer loans can contribute to the productivity of the poor entrepreneur as well as providing security and reducing vulnerability. This factor is very important due to the fact that the cost of living in Africa for many poor people is at a precarious level, and this forces people to become vulnerable to a multiplicity of personal

and financial disasters: illness generates medical expenses; death creates funeral expenditure; crop failure requires additional expense on food as well as seeds for the next planting season. The variety of loan menus, therefore assist poor clients in managing these events without forcing families to sell their assets to raise cash or risk the traditional money lenders crippling rates of interest.

Contrary to the notion that poor people are not credit worthy, and therefore considered a financial and investment risks, there exist a record of accomplishments and a significant body of scholarly studies that together present a totally different picture. These studies evaluate the concept of microcredit as a compelling anti-poverty and development strategy on the one hand, and have also established that very poor people constitute a good credit risk in the context of a mutually responsible system. The value of microcredit and its high potential to help the Africa's poor people is reflected in the work of Otero and Rhyne (1994) which reflects seven studies based on practical experience and evaluative research. Otero and Rhyne (1994) study shows that in developing countries, late payment and bad loan ratios are comparable to or below that of conventional banking houses. In this study in which the operations of Banco Sol, a microcredit institution was analysed, it was revealed that only 0.04 percent of the loan portfolio was in arrears beyond thirty days compared with a 4.42 percent figure at the conventional banking institutions. Even though the creditworthiness of poor people has no basis in terms of gender, there is evidence to support the fact that though women have often been denied access to credit by legal and traditional barriers, experience has shown that women as a group are consistently better in

promptness and reliability of repayment. As a result, focusing on women as clients of microcredit programmes has been a very effective method of ensuring that the benefits of increased income accrue to the general welfare of the family, and particularly children. At the same time, women themselves benefit from the higher status they achieve when they are able to provide new income. Another important factor that supports the establishment of microcredit institutions in Africa to address the developmental need of women is that microcredit programmes in the developing world have been found to be sustainable.

Christen, Rhyne and Vogel (1994) in a paper concluded after a study of eleven leading microenterprise financial institutions that while some of the eleven institutions continued to be dependent on grants and subsidized loans, a number of these institutions also achieved a state in which they continued to function without the need for these loans. The overall picture presented by this study was one of a growing trend towards sustainability that held great promise for the rapid growth of microcredit programmes in developing nations. This study proves that microcredit institutions in developing countries have the potential to become profitable institutions, capable of competing for investment funds in the financial marketplace.

The social benefits derived from microcredit programmes relate to the establishment of an adult literacy programme, which has become another source of income for 12 members of the group, who serve as facilitators for the literacy programme, and the changes in gender relationships between the women and the community as a whole. This is in contrast to what existed before the programme

began in 1992. It has been observed that women who participate in the microcredit activities now exercise a newly found freedom in terms of their inclusion in decision-making at the household and community levels (Khandker, 1998). Specifically, women in this group can now answer the telephone and are able to read and have access to information that influences their lives. They are also able to leave written messages for their spouses and go about their work instead of the former situation where they had to wait for their spouses before anything could be done. According to some of the women in the group, there has been a significant decrease in disputes that they have with their husbands since they spend only a minimal time at home. Finally, for the members of this group, they are able to discuss issues with the spouses more thoroughly due to their being literate (Rubinstein, 2001).

In conclusion, it is estimated that for African economies to achieve growth rates comparable to other developing countries in southeast Asia, their economies need to grow at a rate of 4.7 percent per annum to achieve a reduction in the number of poor people in Africa. Despite the efforts of African governments and the donor communities, the continent is far from achieving the necessary level of growth although there have been indications of an upturn in recent years (World Bank, 2005) In view of these developments, the current signals that stress on an intensification and support for poverty alleviation efforts must be sustained. Specifically, the enormous potential can be exploited by providing greater opportunities for the poor in the African societies through microcredit programmes, which adopts a “bottom-up” approach instead of the often used

“top-to-bottom” measures. In addition to these efforts, it is important to assert that the path to poverty reduction in Africa must include the empowerment of communities, households, and individuals, which allows them to seek their own solutions and welfare enhancing opportunities. To state this in a very candid manner, the greatest potential is African women and therefore it must be accepted that, investment in women’s education and promotion of their access to productive resources, will promote economic growth, redress the imbalances produced by the discriminatory and marginalisation policies, and achieve higher standards of living for the continent as a whole.

Demographic Characteristics of Women benefiting from Microfinance in Ghana

Effa and Herring (2005) conducted a study on microfinance support to rural women in Ghana and sought to compare the demographic and personal characteristics of clients and non-clients. Chi-square analysis revealed that there was not a significant difference at the .05 alpha level between the demographic and personal characteristics of clients and non-clients on the following variables: age, educational level, marital status, household income contributor, household heads, and occupation. Almost one-half of the respondents were in their middle age (between 36-55). The majority of the women (81 respondents), both clients and non-clients, had no formal education. This result confirms the low educational level of rural women (Ban & Hawkins, 1996). The mean household size of clients was 5.6 while the size for non-clients was 5.6. The mean annual household expenses for clients and non-clients were 11,115,889 cedis

(approximately \$1242) and 11,088,127 cedis (approximately \$1239) respectively. Results of a t-test showed that clients were not significantly different from non-clients in their household size ($p > 0.93$) and household expenses ($p > 0.9$).

In a study conducted by Owusu-Kumi (2011) at Sinapi Aba Trust, Sunyani, she found that majority of the participants were above the age of 35 and is predominately Christians. The respondents, whose educational level ranged from illiterate to secondary level, mostly learned about the existence and function of the microfinance institution from friends and relatives. The respondents had been members of the microfinance institution from one to more than four years. Furthermore, it was observed that the participants differed in their marital status (i.e., consist of single, married, widow and divorced women). Women are believed to be better in their repayment records and cooperativeness (Cheston & Kuhn, 2002). Women's repayment rates also excelled than that of men and their lower arrears and loan rates have an important effect on their efficiency and sustainability of the institutions. Again, Owusu-Kumi (2011) found that majority of the company's clients were women. However, it is not sufficient only to cater to women clients to solve gender issues. A gender sensitive approach is inclusive rather than exclusive (Jahan, 1995).

Similarly, Obeng's (2011) study conducted in the Jaman North District of Ghana revealed that out of 167 microcredit beneficiary respondents, 36.9% were males while 63.1% representing the larger group were females. With respect to age, 5.4 per cent were between the ages of 12-18, 93.5% were between the ages of 19 to 60 which formed the largest group. This also shows that the beneficiaries of

microcredit are people who are above 18 years and 1.2% represented the aged, those above 60 years. In respect of marital status of beneficiary respondents 62.3% were married as against 37.7% who were single. In terms of their educational background, 5.4% had no formal education, 17.3% had up to primary level, and 66.3 % forming the larger group had up to JSS/Secondary, 6.0 % had up to tertiary level. The others at least tasted education but could not tell the level they got to forming 4.8 per cent. Also for occupation, 18.5% were farmers, trading forming the largest group of 69.5%, service 6% and other occupation forming 6.6%.

Challenges facing Microfinance sub-Sector of Ghana

According to Steel and Andah (2003), since the beginning of Government of Ghana involvement in microfinance in the 1950s, the sub-sector has operated without specific policy guidelines and goals which partially accounts for the slow growth of the sub-sector and the apparent lack of direction, fragmented and lack of coordination. Asiama and Osei (2007) also enumerated the following as their main challenges facing the microfinance sub-sector in Ghana:

Institutional arrangement

Asiama and Osei posited that due to lack of defined areas of operation, the roles and responsibilities of stakeholders overlap in some cases, which is also due partly to the fact that organisational and institutional hierarchy and reporting relationship among all the stakeholders are not clearly defined.

Capacity building and funding for the sub-sector

To Asiamama and Osei (2007), the random and incoherent nature of training programmes has also hampered the achievements of the projected gains for the sub-sector in Ghana, as the flaws in the human capacity of all the stakeholders may have had a rippling effect on the governance and structure of the industry since the staffing and competency level being achieved with these training is still below what is desired. In support, Oti-Boateng and Dawoe (2005) suggest that there is considerable need for a central microfinance fund to which MFIs can apply for on-lending and/or capacity building support, building on experience such as the case of the training fund under the rural financial services project.

Credit delivery and management

According to Asiamama and Osei (2007), there is no framework for categorising and upgrading some of the emerging microfinance institutions in the semi-formal and informal sub-sectors in accordance with their operational capacities and capabilities hence 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.

Targeting the vulnerable and the marginalised

To Asiamama and Osei (2007), people with disabilities and impairment do not have products and services designed to meet their needs and also are not adequately served by existing microfinance funds and services. Similarly, young people aged between 15-24 years who account for about a third of the population

of Ghana and constitute over half of the unemployed population are not targeted for entrepreneurial development.

Data/information gathering and dissemination

Asiama and Osei (2007) report that there is very little information on microfinance institutions, their operations and clients in the country because approaches to and methodology for data and information gathering at the national level are not uniform, making it difficult to centrally monitor progress of the sub-sector. Also, the lack of common benchmarks, methods for measuring and information sharing further inhibits the performance of the sub-sector. Thus, lack of adequate and reliable information on outreach in terms of its depth and breadth remains one of the most daunting challenges in the sub-sector. This lack of information has affected targeting of clients and ultimate poverty reduction.

In agreement to the above, Oti-Boateng and Dawoe (2005) posit that there is a lack of well defined reporting system by both the government and development partners with regards to their interventions, and hence there is inadequate database for decision-making and planning. At the institutional level, data/information gathering and dissemination are weak within and between institutions. Other challenges identified by Asiama and Osei (2007) include regulation and supervision, collaboration and coordination.

Measures to Improve the Performance of Microfinance Institutions

Adongo's (2009) study which focused on the factors that influenced access to credit facilities in Apac District in Tanzania recommended that targeting of loan should be: gender specific; microfinance institutions should permit

creditors greater latitude in selecting the projects for which they seek to apply the finances that they receive; to promote better credit access and utilisation, it is advisable to raise the number of people attaining secondary education level or above and, besides, specific training in loan access, management and utilisation should be availed. Further, the study recommended that the practice of biasing credit access only in favour of the married should be relaxed. To effectively disseminate information, Adongo reports that microfinance institutions should employ as many media as possible. Credit institutions should carefully explore local scenario so as to be in position to set realistic loan terms. Also, loan procedure should be simplified as much as possible so that the less educated could find it easy to follow. Credit institutions should not only monitor a beneficiary's repayment but should, where genuine, be prepared to assess how creditors are paying back loan so as to accordingly adjust monitoring frequency and payback schedule.

One other measure which could help facilitate the growth of micro-financing for SMEs is coordination of activities of FNGOs. Asiama and Osei (2007) affirm that currently, there is no formal body that is responsible for coordinating all activities associated with microfinance, nor is there a forum for dialogue among stakeholders on policy and programme issues. As a result, there is fragmentation, duplication and inadequate collaboration between and among MDAs, MMDAs, development partners, service providers, practitioners and end users. In this regard, the role of GHAMFIN as an umbrella body for microfinance apex institutions, as well as their member institutions, needs to be strengthened to

ensure the transfer of best practices and setting of standards for the industry. The existing institutional structure does not include all practitioners and service providers, and needs to be addressed. In conclusion, the potential economic benefits of sustainable microfinance in Ghana are compelling, and its potential effects on the development process cannot be understated. This calls for a holistic approach, as discussed to facilitate the development of the microfinance sub sector and thereby unleash its potential for accelerated growth and development.

CHAPTER THREE

METHODOLOGY

This chapter deals with the population, sample and sampling technique and instrumentation including the design and development of instrument, pilot-testing and validation used in the study. It also presents the data collection and analysis procedures.

Research Design

The descriptive survey type was employed in conducting this study. This design was used because the study sought to solicit information from relatively large number of respondents. Fraenkel and Wallen (2000), and Best and Kahn (1995) indicate that descriptive research is concerned with the condition or relationship that exists, such as determining the nature of prevailing conditions, practices and attitudes, opinions that are held, processes that are going on, or trends that are developed. Again, Weidersheim-Paul and Eriksson (1997) stated that descriptive research aims to describe phenomena of different kinds: conditions, events, courses of events or actions.

According to Cohen, Manion and Morrison (2004), descriptive survey is meant to scan a wide field of issues, populations and programmes in order to measure or describe any generalised features. It actually provides a relatively

simple and straight forward approach to the study of attitudes, values, beliefs and motives.

Descriptive survey is usually associated with the deductive approach. It is most frequently used to answer questions, which begins with; who, what, when, where, and how (Saunders, Lewis & Thornhill, 2007, p. 138). Descriptive survey is popular because it allows the collection of a large amount of data from a suitable population in a highly economical way. Data is often obtained by using a questionnaire administered to a sample.

Furthermore, the descriptive study has the advantage of producing good responses from a wide range of people and also it involves accurate and objective collection of data to describe an existing phenomenon (Gay, 2002; Nwadinigwe, 2005). The research design was also chosen because the respondents were many and according to Bryman and Bell (2007), data can easily be collected easily by questionnaire. In addition, this survey design provides evidence concerning an existing situation or current conditions; hence surveys provide a more accurate picture of events and seek to explain people's perception and behaviour on the basis of data gathered at a point in time.

Population

The population for the study included all female beneficiaries of Plan Ghana's Microcredit Schemes in the Lower Manya Krobo Municipality of the Eastern Region of Ghana. Statistics available at Plan Ghana Office in the Municipality, about 7,933 women had benefited from these schemes as at the end of 2012.

Sample and Sampling Techniques

A sample size of 180 was used for the study. This was because according to Nwana (1995), “if the population is few hundreds, a 40% sample size will do, and if several hundred a 20% sample size will do, if a few thousands, 5% or less of sample will do” (p. 46). Therefore, a sample size of 180 (2.3% of 7,933) was determined for the study. Also, out of the five women groups in Plan Ghana, three, namely: Boafoyena, Kakepemi Kpe and Nyemisuom were randomly selected and 60 samples each were drawn from each group.

In the selection of the 60 respondents each from the three working groups, the lists/registers for all the groups were compiled and a systematic sampling technique was used to randomly select 60 respondents from each group. This sampling technique was employed to limit biases from the selection process and also to ensure representativeness.

Instrumentation

Design and development

Structured interview schedule was designed to collect data from the selected small-scale female entrepreneurs due to their low level of education. In designing the instrument, the objectives of the study were taken into consideration. The instrument comprised eight (8) items on socio-demographic characteristics and five sub-areas under the Section B which contained items that assessed the socio-economic well-being of the respondents. Also, a four-point Likert-type scale was used in measuring the socio-economic statuses of the female beneficiaries. Here, Strongly Agree (SA) was assigned a score of 4, Agree

(A) assigned 3; Disagree (D) assigned 2; and Strongly Disagree (SD) assigned 1 for all positive statements. The reverse was the case in negative statements.

Validation

In order to ensure validity of the structured interview schedule, the help of the Area Manager of Plan Ghana was solicited to thoroughly understand their operations and activities. A copy of the drafted structured interview schedule was also made available to him for his perusal. In addition, my colleagues were given the opportunity to critique the instrument and their views and suggestions were taken on board. After that, my supervisor critically assessed and finally approved it before its use.

Pilot-testing of instrument

The instrument was pilot-tested among 20 female entrepreneurs with Plan Ghana at Mankessim in the Central Region. This was to establish the validity and reliability of the instrument for the main study. The SPSS was employed to compute the Cronbach's Alpha reliability coefficient. A reliability coefficient of .749 was obtained for the instrument. This was examined against the acceptable range of .600 or above as recommended in Leech, Barrett and Morgan (2005). The result indicated that the instrument had an "adequate" internal consistency, hence its approval.

Data Collection Procedure

Before the data collection, an introductory letter was obtained from the Head of Department of the Department of Agricultural Economics and Extension of the University of Cape Coast. The introductory letter helped get the needed

assistance and cooperation from the Asesewa Area Manager who also superintends over the Lower Manya Krobo Municipality as well as the selected women.

In administering the structured interview schedules, two (2) well-trained National Service personnel assisted. The administration and retrieval of instrument was done within three weeks. The aim was to attain a high retrieval rate. This technique paid off as the researcher recorded a 100% instrument retrieval rate.

Data Analysis

All completed and retrieved copies of the instrument were screened and coded. Furthermore, a comprehensive coding scheme was developed to ensure easy data entry into the Statistical Product and Service Solutions (SPSS version 16.0) for analysis. Descriptive statistical tools such as frequencies, percentages and means were presented in a form of graphs and tables.

For example, the first research question: “What are the demographic and socio-economic characteristics of the small-scale female entrepreneurs with Plan Ghana?” was analysed by running the frequencies and percentages of the various demographic and socio-economic variables of the respondents in the study. Similarly, in answering the Research Question 3: “What is the impact of Plan Ghana’s Microfinance Scheme on the health needs of its female beneficiaries in the Municipality?”, frequencies, percentages and means were calculated and discussed.

CHAPTER FOUR

RESULTS AND DISCUSSION

The chapter presents the results from the study. The findings are subsequently discussed with the aim of addressing the research question set out in the study. The study sought to assess the impact of Plan Ghana's Microcredit Schemes on the livelihoods of the beneficiaries in the Lower Manya Krobo Municipality of the Eastern Region of Ghana. The analysis was done under the following thematic areas:

1. Demographic and socio-economic characteristics of the beneficiaries;
2. Impact of Plan Ghana's Microfinance Scheme on the female beneficiaries in the following socio-economic areas:
 - (a) health needs;
 - (b) children's education;
 - (c) personal development;
 - (d) business sustainability and growth; and
 - (e) income levels.

The study attained a 100% retrieval rate of questionnaire. Tables, graphs, frequencies, percentages and means were used in the analysis.

Demographic and Socio-economic Characteristics of Respondents

The characteristics that were studied included age, marital status, number of children, highest educational level, main and minor occupations. Also, the study examined the marital status, income level, religious affiliation, household size, and type(s) of small-scale enterprise operating, years of experience in the small-scale enterprise, and years of relationship with Plan Ghana.

Ages of Respondents

Figure 1 displays the age groups of respondents.

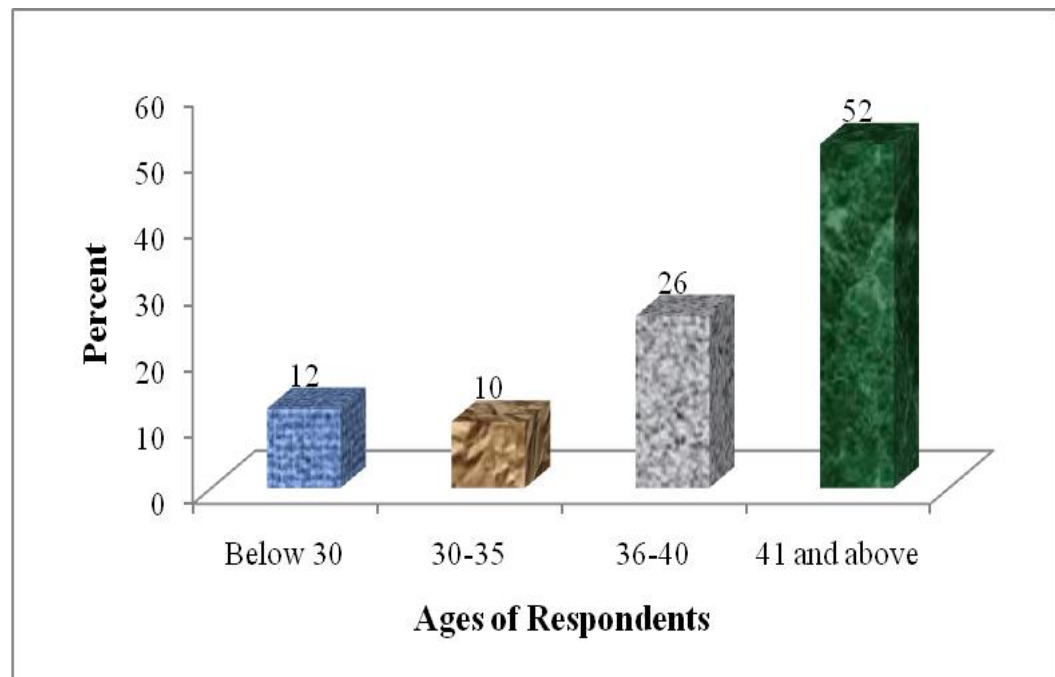


Figure 1: Age distribution of respondents

Source: Field Data, 2012.

From Figure 1, 50% of the women were aged 41 years and above. Other age groups recorded relatively low percentages. This finding is consistent with that of Effa and Herring (2011) who investigated micro-finance support to rural women farmers in the Ga District of the Greater Accra Region of Ghana that

almost one-half of the respondents were in their middle age (between 36-55). The palpable reason for this was that Plan Ghana had a condition that beneficiaries should be old enough (say at least 36 years) and had experience in handling a small-scale business.

Marital Status of Respondents

Figure 2 presents the marital status distribution of the respondents.

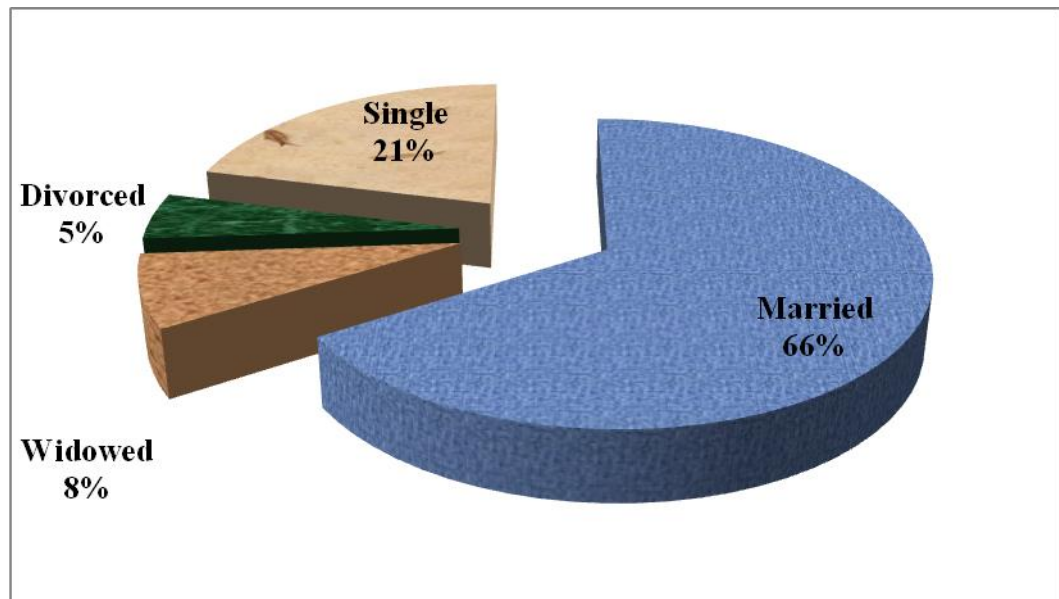


Figure 2: Marital status of respondents
Source: Field Data, 2012.

It is evident from Figure 2 that majority (66%) of the women were married, followed by the singles. This could be due the organisation's policy of advancing credits to 'responsible' female entrepreneurs. This finding is consistent with the finding of Obeng (2011) who studied the impact of microfinance on poverty reduction in the Jaman North District in the country that 62.3% microfinance beneficiaries were married as against 37.7% who were single. Again, the Ghana Statistical Service (2010) indicates that Lower Manya Krobo

Municipality had the highest population of females in consensual marriage (19.3%) in the Eastern Region of Ghana.

Household Size of Beneficiaries

The study also explored the household size of the women beneficiaries of Plan Ghana’s Microcredit Schemes in the Lower Manya Krobo Municipality.

Table 1: Household size of scheme beneficiaries

Size	Frequency	Percentage
3 or less	93	51.7
4 – 7	53	29.4
8 and above	34	18.9
Total	180	100.0

Source: Field Data, 2012.

The results showed that majority (about 52%) of the women had small family size, numbered three or less persons. Interestingly, nearly 19% of them had a large household size of at least eight persons. The average household composition among the women was 4.2. This average is consistent with the national average number of children per woman which is 4.4 (African Development Bank, 2010). However, Effa and Herring (2005) had a mean household size of clients as 5.6. Juxtaposing the findings of Effa and Herring (2005) with this study, it can be inferred that family planning awareness was widely spread in the Lower Manya Krobo Municipality.

Level of Education

Education is an important tool for development which helps to develop the human resource base of a country and also facilitates the occupational and social mobility of people. Figure 3 presents the highest educational attainment of the women.

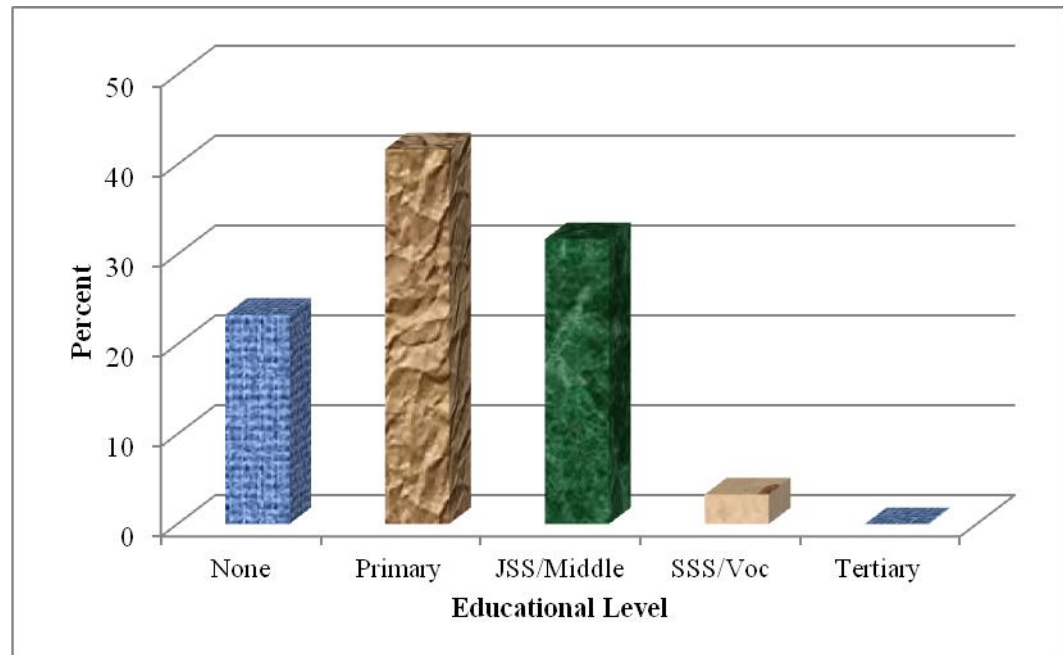


Figure 3: Respondents' highest level of education
Source: Field Data, 2012.

From Figure 3, the highest educational level among the respondents was primary level. It can be deduced from the graph that about 77% of the women were somewhat educated. Based on information from the 2010 Population and Housing Census (GSS, 2011), the literacy level for persons aged 15 years and above was 57.4% of the total population of Ghana. It reported further that there is a higher proportion of illiterate females (50.2%) than males (33.6%) and the Eastern Region has a 36.4% rate. This result confirms the low educational level of rural women (Ban & Hawkins, 1996).

The higher literacy rate might be because the Lower Manya Krobo Municipality has several basic and secondary schools therefore there was unlimited and easy access to education. This could also account for the relatively small family sizes of the women.

Plan Ghana also introduced a non-formal educational component (Credit with Education [CWE]), to develop their human resource well enough to become socially and occupationally independent. This programme stresses infant and child health and nutrition, better business development, family planning, sexually transmitted diseases (STDs), and other skills that equip these female entrepreneurs with knowledge and skills to effect changes in beliefs, attitudes and practices and adopt better behaviours.

Duration of Relationship with Plan Ghana

The study sought to find out the number of years that the beneficiaries had had with Plan Ghana. This was to estimate the length of business relationship between the women and Plan Ghana.

Table 2: Length of women’s business relationship with Plan Ghana

Duration (years)	Frequency	Percentage
5 or less	69	38.3
6 – 10	103	57.2
11 and above	8	4.5
Total	180	100.0

Source: Field Data, 2012.

Table 3 shows that more than half of the women had been with the organisation between 6 – 10 years. However, only 8 (4.5%) of them had worked with them for at least 11 years. The average number of years of the female entrepreneurs with Plan Ghana was 6.1 years. It can be said that many of the respondents had been transacting business with Plan Ghana.

Occupation of Beneficiaries

Respondents were requested to indicate their occupations. This was done to identify the nature of businesses that the beneficiaries were involved in. Table 3 is the summary of their responses.

Table 3: Occupation of beneficiaries

Occupation	Frequency	Percentage
Petty trading	105	58.3
Food selling	51	28.4
Fish selling	18	10.0
Farming	6	3.3
Total	180	100.0

Source: Field Data, 2012.

From Table 3, the results revealed that about 58% of the respondents were engaged in petty trading (hawking) and food selling ('Chop Bars' operation) (28.4%), while only 6 (3.3%) were involved in farming. This could be explained by the fact that most respondents were from Asesewa, the Municipal Capital and its environs where petty trading is a brisk economic activity. This agrees with a study by Obeng (2011) who studied the impact of microfinance on poverty

reduction in the Jaman North District in the country found that 18.5% of microfinance beneficiaries were farmers, trading forming the largest group of 69.5%, service 6% and other occupation forming 6.6%.

Also, this confirms what Todaro (2000) reports that most economically active women work in the informal sector, either as agricultural workers who make up 78% in Africa and 80% in Asia or the urban informal sector which accounts for between 25% and 40% in Latin America. In addition, Obeng (2011) noted that women engaged in more than one activity at any given time. It is possible that the respondents may be engaged in multiple businesses.

Experience in Business

The respondents were also asked to indicate their aggregated number of years in any business venture(s). Their responses are presented in Table 4.

Table 4: Number of years in business

Duration (years)	Frequency	Percentage
5 or less	7	3.9
6 – 10	45	25.0
11 – 15	72	40.0
16 and above	56	31.1
Total	180	100.0

Source: Field Data, 2012.

It can be seen from Table 4 that a greater percentage (71.1%) of the women had been in businesses for some appreciable number of years (at least 11 years). The average number of years in business by the women was 12.9 years.

The implication is that these Plan Ghana female beneficiaries were practicing business for very long time even before benefitting from Plan Ghana's Microfinance Schemes.

Impact of Plan Ghana's Microfinance Scheme on the Socio-economic

Livelihoods of Beneficiaries

The study also sought to assess the impact of the microfinance scheme of Plan Ghana on the livelihoods of the female beneficiaries in the Lower Manya Krobo Municipality. Here, variables such as contribution to family health needs, children's education, personal development, participation in local governance, business sustainability and income levels were considered.

Contribution of Microfinance Scheme to Family Health Needs

The study attempted to analyse the contributions of Plan Ghana's Microfinance Scheme on the health status of the respondents. Four (4) core health issues were considered, and Table 5 is the summary of their responses. Frequencies, percentages, and averages were used in the analysis.

Table 5: Contributions of microfinance scheme to beneficiaries' family health issues

	Frequency	Percentage
Education issues	(N=180)	(%)
Buying soap and other detergents	170	94.4
Purchase of drugs	157	87.2
Buying food and other ingredients	140	77.8
Payment of hospital bills	134	74.4

Source: Field Data, 2012.

It is shown in Table 5 that about 94.4% of the small-scale female entrepreneurs claimed to have used their microcredit funds instead of investing them in their businesses. Also, as much as 157 (87.2%) of them said that they used their monies in purchasing of drugs. Relatively small amounts went into paying hospital bills apparently because of the patronage of the National Health Insurance Scheme (NHIS).

Contribution of Microfinance Scheme to Children’s Education

The respondents were also requested to indicate the impact of Plan Ghana’s microfinance programme on their wards’ education. Table 6 presents the details of their opinions.

Table 6: Contributions of microfinance scheme to beneficiaries’ children’s education

Education issues	Frequency (N=180)	Percentage (%)
Provision of pocket money	178	98.9
Buying stationery (e.g., books, pens)	172	95.6
Buying school uniform	164	91.1
Paying school fees	102	56.7

Source: Field Data, 2012.

From Table 6, it is clear that majority (98.9%) of respondents agreed that the loan scheme helped them to provide their wards with pocket monies to school. A large number (172) of them also claimed that the proceeds from their businesses enabled them to buy stationery for their schooling wards. The Capitation Grant Scheme in the public basic schools in the Municipality also appeared to be working as many women said they were not using their gains to

pay school fees. This corroborates the conclusion of Boomgard and Angell (1994) that “women enterprises if supported with credit help the poorest of the poor to save, and cater for most social services” (p. 36).

Contribution of Microfinance Scheme to Personal Development

On the contribution of Plan Ghana’s Microfinance Scheme to the personal development of the female beneficiaries, Table 7 is the summary of their views. The personal development factors included self-confidence and acquisition of clothes and household applications which form part of the human development index (HDI).

Table 7: Contributions of microfinance scheme to beneficiaries’ personal development

Statement	SA		A		D		SD		\bar{x} (N = 180)
	f	%	f	%	f	%	f	%	
Self-confidence	174	96.7	6	3.3	0	0.0	0	0.0	3.97
Self-respect	174	96.7	6	3.3	0	0.0	0	0.0	3.97
Acquisition of household items	164	91.1	11	6.1	5	2.8	0	0.0	3.88
Ability to pay social levies	137	76.1	23	12.8	12	6.7	8	4.4	3.61
Leadership skills	133	73.9	21	11.7	15	8.3	11	6.1	3.53
Assistance to parents	115	63.9	32	17.8	18	10.0	15	8.3	3.37
Sense of autonomy	111	61.7	31	17.2	20	11.1	18	10.0	3.31
Acquisition of clothes/footwear	111	61.7	31	17.2	20	11.1	18	10.0	3.31
Social networks	108	60.0	30	16.7	22	12.2	20	11.1	3.26

Means were calculated from scale: SA (4); A (3); D (2); and SD (1)
Source: Field Data, 2012.

Self-confidence and self-respect were identified by the beneficiaries as the direct impact of Plan Ghana's programme on their personal lives. All the respondents were in agreement that their self-confidence and self-respect had been boosted by Plan Ghana's interventions. Also, about 97% claimed they acquired household items from their proceeds. Generally, all respondents accepted that the microfinance scheme had positively contributed to their personal development. The African Development Bank (2002) states that "helping poor women earn incomes means removing the barrier to political, legal and social constraints that work against them and that the benefits tend to spread among families, most particularly in the procurement of basic needs for the home" (p. 2).

The findings could be attributed to the fact that the infusion of capital through microfinancing enabled businesses of respondents to grow and make profits so they could now meet some of their basic needs. This finding corroborates the work by URWEGO (1999) in their work in Rwanda. It noted that "the greatest impact of its programme on empowerment had been on self-esteem, with 69% of clients reporting, increased self-esteem, 54% of client reporting an increase in their level of knowledge about issues that affect themselves and their families and 38% of clients reporting an increase in business knowledge" (p. 89).

Contribution of Microfinance Scheme to Beneficiaries' Participation in Local Governance

Table 8 is the summary of the contributions of microfinance scheme to beneficiaries' local governance participation.

Table 8: Contributions of microfinance scheme to beneficiaries' local governance participation

Statement	SA		A		D		SD		\bar{x} (N = 180)
	f	%	f	%	f	%	f	%	
Participation in community level elections	65	36.1	85	47.2	25	13.9	5	2.8	3.17
Participation in communal labour	53	29.4	83	46.1	32	17.8	12	6.7	2.98
Participation in community meetings	56	31.1	69	38.3	38	21.1	17	9.5	2.91
Fighting for human rights	49	27.2	72	40.0	37	20.6	22	12.2	2.82

Means were calculated from scale: SA (4); A (3); D (2); and SD (1)

Source: Field Data, 2012.

From Table 8, it is evident that the training provided by Plan Ghana to the female entrepreneurs through the microfinance scheme empowered them to overcome stage fright and shyness in public. About 83% indicated that they participated in community level elections, 76% participated in communal labour, and 121 (67.2%) had fought for respect of human rights. This finding is consistent with MKNelly and McCord's (2001) conclusion from the study of the 'Freedom From Hunger' credit with Education that "clients in Bolivia that clients were significantly more likely to have been a candidate for public office or been a member of the community's *sindicato* (meaning trade union) than non-clients" (p. 61).

Also, women clients of Opportunity Microfinance Bank in the Philippines have gained leadership experience and confidence as leaders of their Trust Banks and have gone on to be elected as leaders within their *barangays* (community level political unit in the Philippines) (Cheston & Kuhn, 2002, p. 24). Similarly, Mayoux (1997) postulated that microcredit programmes provide women in Africa with access to networks and markets which equips them with a wider experience of the world outside the home. In this process, access to information and possibilities of other social and political roles are enhanced.

Contribution of Plan Ghana's Microfinance Scheme to Beneficiaries' Business Sustainability and Growth

If the micro-finance scheme could have a positive effect on small-scale enterprise, then there must be a way of sustaining it so that the women entrepreneurs would be able to meet some of their socio-economic needs and also help to reduce poverty. Also, to have a direct impact on clients; businesses (running a successful business not only contributes to women's improved welfare, but also contributes both directly and indirectly to their empowerment). The study sought to find out how sustainable the small-scale enterprise of the women entrepreneurs were, by asking them questions on some indications of sustainability, and their responses are summarised in Table 9 below.

Table 9: Contributions of microfinance scheme to beneficiaries' business sustainability

Contributions	Frequency (N=180)	Percentage (%)
Control over business enterprise	163	90.6
Saving money to expand business	155	86.1
Acquisition of training in the business	158	87.8
Keeping records on business transaction	144	80.0
Training of employees	81	45.0

Source: Field Data, 2012.

Table 9 reveals that there was that strong believe among the respondents that Plan Ghana's microfinance scheme had been able them to have a control over their business enterprises. This could be seen as about 91% of them indicated. Similarly, out the 180 respondents, 155 representing 86.1% agreed that they could now save money to expand their businesses. To many of them, record keeping was critical to the sustainability of their businesses. Edusei (2008) reports that with microfinance programme, women's businesses become more successful in terms of expansion and sustainability.

Income Earned Before and After the Plan Ghana' Microfinance Scheme

One of the often articulated rationale for supporting microfinance and the targeting of women by microfinance programmes is that microfinance helps to increase the income (net sales) levels of beneficiaries. For this reason, the study sought to compare the income levels of small-scale female entrepreneurs before

and after the Plan Ghana’s Microfinance Scheme. This is represented in Table 10 below.

Table 10: Monthly income levels of female entrepreneurs before and after the scheme

Income level (GH¢)	Before		After	
	f	%	f	%
50 or less	81	45.0	25	13.9
51 – 100	99	55.0	33	18.3
101 – 150	0	0.0	45	25.0
151 – 200	0	0.0	53	29.5
201 and above	0	0.0	24	13.3
Total	180	100.0	180	100.0

Source: Field Data, 2012.

As shown in Table 10, all 180 Plan Ghana’s Microfinance Scheme beneficiaries were earning not more than 100 Ghana Cedis. The average monthly income was only GH¢ 52.78. However, with the inception of an intervention by Plan Ghana (microfinance scheme), majority (67.8%) of the beneficiaries began to earn relatively higher incomes, with some earning at least GH¢ 201 per month. The mean income of the respondents was GH¢130.43. It appears that there is a substantial difference in their ‘before’ and ‘after’ average income levels per month.

This is an indication that Plan Ghana’s Microfinance Scheme contributed to an increase in the financial base of small-scale female entrepreneurs. They, therefore, could now save money to expand their businesses. This finding is in line with Adams’s (1984) conclusion that once given the opportunity, not only did

clients of microfinance providers expand their businesses and increase their incomes, but their high repayment rates demonstrated that the poor are capable of transforming their own lives given the chance. Also, Mayoux (1997) asserts that microcredit programmes are currently being promoted as a key strategy for both poverty alleviation and women's empowerment on the basis that these programmes have the impact of increasing women's income levels and control over income which ultimately results in greater economic independence.

Buttressing the above point, Akyeampong (2002) agrees that the establishment of microcredit programmes enhances the perception of women's contribution to household income and family welfare and this increases women's participation in household decision-making about expenditure and invariably creates a greater expenditure on women's welfare. Helms (2006) also agrees that microfinance must be useful to poor households; helping them raise income, build up assets and or cushion themselves against external shocks.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

This chapter presents the overview of the entire study and the conclusions drawn from the study. It also includes the recommendations made and suggested topics for further research.

Summary

The main purpose of the study was to assess the impact of Plan Ghana's Microfinance Scheme on the livelihoods of female beneficiaries in the Lower Manya Krobo Municipality of the Eastern Region of Ghana. The study specifically analysed the demographic and socio-economic characteristics of beneficiaries, and how income earned helped them to meet their health, education, personal and social, political and economic requirements and that of their families.

A descriptive survey design was adopted and sample size of 180 was determined out of a population of 8,217 female beneficiaries of Plan Ghana's Microcredit Schemes in the Lower Manya Krobo Municipality. Also, out of the five women groups in the organisation in the Municipality, three (3), namely, Boafoyena, Kakepemi Kpe and Nyemisuom were randomly selected and 60 samples each were drawn from each group. In the selection of the 60 respondents

each from the three working groups, the list of members in each group was compiled and a systematic random method was employed for samples selection.

A structured interview schedule was designed and pilot-tested among 20 female entrepreneurs with Plan Ghana at Mankessim in the Central Region. In analysing the data, frequencies, percentages and means were computed and tables and graphs were also used to summarise the responses.

Key Findings

Based on the objectives of the study, the following findings were arrived at:

1. Majority of the beneficiaries were aged 41 years and above who were mainly petty traders with no higher educational attainment.
2. The credit advanced to the beneficiaries was found to have contributed substantially to the health needs of their families through buying of detergents, and purchase of drugs among others.
3. The scheme had helped beneficiaries to give stipend to their school wards, buy stationeries, buy school uniforms and also to pay school fees/dues using their proceeds.
4. The beneficiaries were involved in local governance such as participation in community level elections, community meetings, communal labour and fighting for human rights. That is, the scheme had helped improve the personal development of the female beneficiaries in terms building self-confidence, self-esteem and acquisition of household items.

5. The sustainability and growth of beneficiaries' businesses was largely assured as majority had full-control over their businesses and saved enough money for expansion purposes.
6. The income levels of the women had increased substantially due to Plan Ghana's Microfinance Scheme as their average monthly income had increased from GH¢52.78 to GH¢130.43.

Conclusions

It is beyond doubt that the effects of Plan Ghana microfinance schemes on the livelihoods of the female beneficiaries in the Lower Manya Krobo Municipality are profound. This can be seen in the areas of health, education, self-development and incomes. The study concludes that the organisation concentrates its assistance on certain category of beneficiaries. To the extent that majority of the beneficiaries are old (at least 41 years) gives the impression that many young prospective beneficiaries will be denied such credits although they equally need it.

The health status/ well-being of the beneficiaries although very important to their business success, such expenditures should only come from their incomes, but not the capital given them by Plan Ghana. The substantial growth in the income levels of the beneficiaries provides them with opportunity to diversify their business operations and also payback their loans timely in order to prevent the folding up of the organisation (Plan Ghana). Again, all efforts to place make these female beneficiaries self-reliant and also develop their full potentials are yielding a great success in the municipality.

Recommendations

Based on the conclusions drawn, the following recommendations were made for consideration and possible implementation by Plan Ghana:

1. Plan Ghana could diversify its operations by giving letting its beneficiaries venture into other business operations other than petty trading and farming. The age factor criterion should be re-considered so that even young women will be given some amount of credit.
2. Plan Ghana should continue with the scheme since it is having positive impact on the lives of is beneficiaries in terms of their health, personal development and children's education.
3. Plan Ghana should regularly organise seminars for the beneficiaries on how to enhance their personal development agenda. This will enable them to venture into even male dominated professions/fields.
4. The scheme should be maintained and if possible expanded because it has helped to sustain the businesses of the beneficiaries and substantially increased their income levels. This will give many prospective beneficiaries the opportunity to benefit from the scheme.
5. The organisation should be seen instilling saving culture in the beneficiaries whose incomes had substantially increased due to the credits given them. This will enable them to save enough so that Plan Ghana could exist them from its scheme.

Suggestion for Further Research

It is suggested that the scope of this study could be expanded to cover other female beneficiaries from other districts and municipalities throughout the country. The following topics can also be investigated:

1. The financial viability of the scheme.
2. The savings habit of beneficiaries.

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APPENDIX A

**STRUCTURED INTERVIEW SCHEDULE FOR PLAN GHANA’S
MICROFINANCE SCHEME BENEFICIARIES**

This instrument is for assessing the impact of Plan Ghana’s Microfinance Scheme on the livelihoods of small-scale female entrepreneurs in the Lower Manya Krobo Municipality of the Eastern Region of Ghana. You are assured that any information provided would be kept confidential.

Please tick [√] or write when appropriate.

SECTION A: SOCIO-DEMOGRAPHIC CHARACTERISTICS

1. Name of group:
2. Age group (in years): Below 30 [] 31-35 [] 36-40 [] Above 40 []
3. Marital status: Married [] Divorce [] Widowed [] Single []
4. Number of children:
5. Highest education level: None [] Primary [] JHS/Middle school []
SHS/Voc/Tech [] Tertiary []
6. Occupation:.....
7. Years of experience in business:.....
8. Years of relationship with Plan Ghana:.....

SECTION B: SOCIO-ECONOMIC ASSESSMENT

Indicate by ticking [√] from the list those you support with money from the income of your enterprise showing whether you supported them before the microfinance programme.

Health		Tick [√]
9.	Payment of hospital bills	
10.	Buying food and other ingredients	
11.	Purchase of drugs	
12.	Buying soap and other detergents	
Education		
13.	Paying of children's school fees	
14.	Buying school uniform	
15.	Buying of stationery (e.g. books, pens, etc.)	
16.	Provision of pocket money	

Personal Development

Indicate the degree of acceptance or other to the following statements on a 4-scale Likert scale. Please tick [√] your response. Since benefiting from Plan Ghana's Microfinance Scheme, it has enhanced my:

Statement		SA	A	D	SD
17.	Self-confidence/esteem				
18.	Self-respect				
19.	Leadership skills				
20.	Sense of autonomy				
21.	Assistance to parents				
22.	Ability to pay social levies				
23.	Acquisition of household items				

24.	Acquisition of new cloths/footwear, etc.				
25.	Social networks				
Local Governance Participation					
27.	Participation in community meetings				
28.	Participation in communal labour				
29.	Participation in community level elections				
30.	Fighting for human rights				

Sustainability and Growth

Please tick [] your appropriate option and write when necessary.

31. Do you have control over the business enterprise?

Yes [] No []

32. If 'No', who controls it?.....

33. Do you keep records on your business?

Yes [] No []

34. If 'No', how do you know whether you are gaining or loosing?.....

.....

.....

35. Have you received any training in the business you are doing?

Yes [] No []

36. If 'No', how are you coping with the business?.....

.....

.....

37. Do you have other employees in your business?

Yes [] No []

38. If 'Yes', how many?

39. Do you give them training?

Yes [] No []

40. If 'Yes', what kind of training?.....

41. Do you save some money to expand your business?

Yes [] No []

42. If 'No', why?.....

.....

.....

43. On the average, how much were you earning per month before Plan Ghana's Microfinance Scheme?.....

44. How much do you earn per month on the average now?.....

45. Do you have other sources of business income apart from what you are doing now?

Yes [] No []

46. If 'Yes', name them.....

.....

.....

.....

.....

Thank You For Your Time and Patience!!!