UNIVERSITY OF CAPE COAST

COMBATING POVERTY AMONG WOMEN THROUGH THE POVERTY ALLEVIATION FUND IN THE SAVELUGU-NANTON DISTRICT IN THE NORTHERN REGION OF GHANA

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BY

AMADU ABDULAI ISSIFU

DISSERTATION SUBMITTED TO THE INSTITUTE FOR DEVELOPMENT STUDIES, FACULTY OF SOCIAL SCIENCES, UNIVERSITY OF CAPE COAST IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR AWARD OF MASTER OF ARTS DEGREE IN HUMAN RESOURCE DEVELOPMENT

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DECLARATION

Candidate's Declaration

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

Candidate's Signature………………………………… Date: ………………

Name: Amadu Abdulai Issifu

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: Professor C.K. Brown

ABSTRACT

The purpose of the study was to assess the extent to which the Poverty Alleviation Fund (PAF) was helping to reduce poverty among women in the Savelugu-Nanton District.

The quota, purposive, snowball and simple random sampling techniques were used to obtain a total of 172 respondents for the study. Two sets of interview schedules were used for the two groups, a questionnaire for the PAF loan staff and focus group discussion guide for the beneficiaries. The data analysis was done with the Statistical Product and Service Solutions (SPSS) Version 16 software.

Findings from the study indicated that loans were generally perceived by the PAF women beneficiaries to be helpful to them in sustaining and expanding their income-generating activities, supplementing household incomes and acquiring some basic assets.

The conclusion reached was that loans can be beneficial to women only if a genuine effort is made by District Assemblies (DAs) to remove barriers that militate against the empowerment of women in rural communities in Ghana.

On the basis of the findings, it was recommended that, in order to reap the full benefits of loans, District Assemblies should supply other inputs, in addition to cash, to groups that apply for loans. Also, while encouraging performing groups, non-performing ones should critically be examined and supported. Further, attempts should be made to encourage loan defaulters to pay up their loans so as to make the scheme sustainable.

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I am highly appreciative of the assistance I got from the Savelugu-Nanton District Assembly staff, especially Mr. Mohammed Anim, the Loans Recovery Officer for the period of study as well as all the field staff he helped me to recruit to administer the interview schedules in the remote parts of the district.

Finally, I wish to thank all the hundreds of women who spent their valuable time in answering all the questions on the interview schedule and during the focus group discussions. My sincere appreciation goes to the various women's group leaders in all the selected communities.

DEDICATION

To my dear wife Agnes Alo and lovely daughters: Abigail Wuni-Nmi, Rhoda Wunnam, and Audrey Wunyurima

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LIST OF ACRONYMS

ACDPT	Action Community Development and Publishing Trust
ASIP	Agricultural Sector Investment Project
ATRB	African Traditional Response Banking
CAC	Credit Approval Committee
CCLI	Canada Fund for Local Initiative
CUSO	Canadian University Services Overseas
DACF	District Assemblies Common Fund
DANIDA	Danish International Development Agency
ERP	Economic Recovery Programme
GLSS	Ghana Living Standards Survey
GNA	Ghana News Agency
GPRS I	Ghana Poverty Reduction Strategy
GPRS II	Growth and Poverty Reduction Strategy
HDI	Human Development Index
HIPC	Highly Indebted Poor Country
IFAD	International Fund for Agricultural Development
IGAs	Income Generating Activities
IMF	International Monetary Fund
ITTU	Intermediate Technology Transfer Unit
JHS	Junior High School
MDGs	Millennium Development Goals
MFIs	Micro Finance Institutions
MiX	Management Information Exchange

MLGERD	Ministry of Local Government, Environment and Rural Development
MOWAC	Ministry of Women and Children's Affairs
MTA	Maata – N-tudu Association
MTDP	Medium-Term Development Plan
NDPC	National Development Planning Commission
NDPF	National Development Policy Framework
NGO	Non-Governmental Organisation
PAF	Poverty Alleviation Fund
PPAs	Participatory Poverty Assessments
PPP	Purchasing Power Parity
PRSP	Poverty Reduction Strategy Papers
RCBs	Rural and Community Banks
S&Ls	Savings and Loans Companies
SAT	Sinapi Aba Trust
SHS	Senior High School
SIDA	Swedish International Development Agency
SMEs	Small and Medium Scale Enterprises
SPSS	Statistical Product and Service Solutions
UBN	Unmet Basic Needs
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UN/OSCAL	United Nations Office of Special Coordinator for Africa and LDCS

UNSD	United Nations Statistics Division
WHO	World Health Organisation

CHAPTER ONE

INTRODUCTION

Background to the study

A critical look at the balance sheet of the global development effort and its effects on human wellbeing shows achievements and deficits. “Power and poverty are polarised at the extremes, with a global overclass and underclass” (Chambers, 1997, p.2). Throughout, the primary objective of international development assistance remained one of bringing about the desired change so as to reduce the proportion of the poor, or otherwise disadvantaged people in the world.

Today, poverty is seen as a complicated and multi-dimensional condition. Despite major reductions over the past 50 years within developing countries, poverty remains an enormous problem worldwide. It is estimated that one third of the world’s population lives on less than U.S. $1 a day (World Bank, 1996).

The World Bank (1997) defines poverty as an income of less than one dollar per day. By this measure, although the percentage of the world’s population living in poverty declined slightly between 1987 and 1993 (from 30.1 to 29.4 per cent), the absolute number of people living in poverty increased from 1.2 to 1.3 billion.

In a similar vein, the United Nations indicates that one third of the people in the world live on less than one U.S. dollar a day. In the developed countries, a rather grimmer picture is revealed – more than a hundred million people live below the poverty line, and more than five million hover on the brink of destitution and homelessness. The worst decline in the living standards of developed countries occurred in Eastern Europe. In these countries (the former Soviet Union inclusive), a total of 120 million people are living below the poverty line of four U.S dollars a day (World Bank, 2004).

The World Bank notes that Africa's poor, along with those in Asia, remain among the most impoverished in the world. A disturbing phenomenon, the Bank admits, is that urban poverty is growing rapidly. This notwithstanding, the poor in Africa are still, to a large extent, found in rural areas. The World Bank (1997, p.xii) paints a gloomy picture of eradicating poverty in Africa as follows:

"The poor performance of African economies and general lack of success of African governments in addressing poverty have become important issues."

The tinge of pessimism in this statement is obvious, and it points to the fact that not only is fighting poverty a daunting one; it is increasingly becoming illusive. The issue raised here in regard to the existence of pervasive and growing poverty is that of the lack of prudent economic management of African economies by governments and that of bad governance.

The achievement of a visible and measurable poverty reduction now, and in the years to come, remains the responsibility of governments of developing countries. At an international Conference in London in 2004, dubbed 'Make Poverty History', Nelson Mandela made a clarion call on governments, the world over, to make conscious efforts to eliminate poverty in their countries. He stated: "Like slavery and apartheid, poverty is not natural; it is man-made, and it can be overcome by the action of human beings"

(Stedman, 2004, p.24). In its conceptualisation and interpretation, poverty is one of the most difficult human conditions to understand and to eradicate.

Poverty can be described as endemic in Ghana as it is in almost the whole of sub-Saharan Africa. The NDPC (2005) revealed that five out of the ten regions in Ghana had more than 40% of their population living in poverty in 1999; the worst affected being the three northern savannah regions – the Upper East, Upper West and Northern regions. Nine out of ten people in the Upper East, eight out of ten in the Upper West, seven out of ten in the Northern Region, five out ten in the Central Region and Eastern Region were classified as poor in 1999. In the light of these figures, it is not surprising that Ghana ranked 121st out of 174 countries in 1996 (NDPC, 2005).

Sachs (2005, p. 11) agrees that poverty reduction is intimately linked to sustained economic growth, but it may not be the ultimate. He posits that:

although the most powerful mechanism for reducing extreme poverty is to encourage overall economic growth, a rising tide does not necessarily lift all boats. Average income can rise, but if the income is distributed unevenly, the poor may benefit little.

In the light of this experience, a paradigm shift in tackling poverty has culminated in the production of the first Human Development Report, thus considering human beings as the "real wealth of a nation", and reveals that the primary objective of any development effort, particularly in the Third World, is to create an enabling environment for people to live long and productive lives (World Bank, 2004).

Statement of the problem

Poverty remains a serious and widespread problem in the country, despite efforts to reduce its prevalence. For 32 percent of the Ghanaian population, or about 5 million people, expenditures per capita in the year 2000 were less than U.S. $25 a month (NDPC, 2005).

Though poverty levels in the country continue to be a disturbing issue, the northern region is among the worst affected. Since the incidence of poverty is high in the rural areas, it is food crop farmers who are the most vulnerable. The Savelugu-Nanton District has a total population of about 101,140, with women constituting 51.2 percent. Studies by NGOs in the area have revealed that there is gender disparity in terms of poverty, with women being the worst affected. The high incidence of poverty among women has often been due to the lack of access to credit, entrepreneurial skills training, and the subservient status of women in these male-dominated societies. The availability of micro-credit loans to women, it is believed, will enable them undertake income generating ventures, and consequently reduce poverty among women.

In a bid to fight poverty in all districts in Ghana, a fund specifically known as the District Assemblies Common Fund (DACF) was established in 1993 by an act of Parliament (Act 255) whereby 10 percent of each district's share of the Common Fund will be retained as a reserve fund to be used to tackle basic developmental problems which are intimately linked to poverty. One of the key strategies at combating poverty, as suggested by the DACF policy, is to set up a revolving fund for the purpose of advancing credit to micro, medium and small scale enterprises (Government of Ghana, 1993).

This scheme, known as the Productivity Improvement and Employment Generation Fund or Poverty Alleviation Fund (PAF), should be managed in line with the poverty profile of the district concerned and the Ghana Poverty Reduction Strategy.

The Fund has been operational since 1994 This study, therefore, seeks to assess how beneficial the scheme has been to women's income generating activities in the study area, and to ascertain the effectiveness of micro credit as a tool for alleviating poverty. An impact evaluation of this kind is necessary to find out if such programmes, found in almost every district of the country, are worth the money, time and effort. Osborne and Gaebler (1992) posit that, if results of success or failure of an initiative are not measured, then it becomes difficult to differentiate between success and failure. Success indicates that objectives have been met and strategies could be replicated elsewhere. Failure to achieve objectives calls for some kind of diagnosis to find out what went wrong and lessons learned.

Objectives of the study

The main objective of the study was to assess the extent to which the Poverty Alleviation Fund (PAF) was helping to reduce poverty among women in the Savelugu-Nanton District.

Specifically, the study sought to:

1. Assess how the loan scheme has improved the income-generating activities of rural women in the district;
2. Ascertain if the scheme has facilitated any improvements in the daily lives of the women;

3. Assess if there has been any change in behaviour of the women towards the saving of earnings in general;
4. Ascertain the purposes for which the loans are used;
5. Determine the rate of recovery of the loans; and
6. Make recommendations to government to review some policies that militate against the attainment of the stated objectives of the fund.

Research questions

The following questions were framed to guide the research:

1. To what extent has the loan scheme improved the income generating activities of women in the study area? ;
2. What has been the perception of the women beneficiaries about benefits they derived from the PAF loan scheme on their lives?
3. Has there been a change in the behaviour of the beneficiaries towards the saving of earnings? ;
4. Are the loans used for the intended purpose? ; and
5. To what extent have loans been recovered?

Scope of study

The study is limited to the effects of the PAF micro-loan on women's income generating activities in the Savelugu-Nanton District and how it impacts on their livelihood. The investigation is limited to income generating activities, family life, capital accumulation, empowerment and loan recovery. Furthermore, even though men have also benefited from the micro-loan facility they have not been covered by the research. The findings and conclusions from the research are limited to women.

Significance of the study

Women constitute an important human resource for our national development effort. However, women experience greater poverty than their male counterparts. This is due to a whole catalogue of factors stifling women's utilization of productive resources to generate income for their households. The NDPC (2005) estimated that the unemployment rate for females aged between 20 and 24 years is 10.9 percent as against 10.4 for males within the same age group. This situation is undoubtedly inimical to national development. The study, therefore, seeks to find out how the PAF operates, and the beneficial effects it has had on rural women in the Savelugu-Nanton District of the Northern Region. Findings from the research would:

- help the Savelugu-Nanton District Assembly find out whether the scheme is achieving its set objectives;
- enable the District Assembly address bottle-necks associated with the scheme so as to fine tune it; and
- help policy makers to strategise or refocus so as to achieve the objectives outlined in GPRS II.

Limitations of the study

A study like this in a rural setting presented some difficulties. First, time was the most critical factor. It took sometimes two or three weeks to get to interview some women groups. On a few occasions also, the field assistants had to walk to farms to get to interview some members of the groups.

Second, the projected budget for study was not enough due to unforeseen circumstances. Field assistants demanded a stipend far more than was budgeted for. The researcher had to make several trips to the field to meet field assistants. This was, to some degree, a financial burden. There was the need to solicit the services of a data entry clerk; such a service had to be paid for.

Third, the needed logistics were not readily available. A study of this nature requires materials, such as paper, photocopier, personal computer and a printer. These were not available thereby making it difficult to get the work done efficiently.

Fourth, the sampling frame of women beneficiaries of the PAF retrieved from the District Assembly did not have verifiable addresses, such as house numbers, for easy location. This made it extremely difficult to locate beneficiaries derived from the sampling frame.

Fifth, most of the beneficiaries initially did not turn up for the interview because they were afraid that the rural bank was trying to fish them up for non-payment of the loans given to them.

Finally, the group names or names of cooperatives used for assessing the loans did not exist anymore. Attempts made to get them to be interviewed proved futile. It appeared that some of the groups were formed solely for the purpose of accessing the loan.

Operational definition of terms

Poverty, within the context of the study, refers to the general situation of households characterised by illiteracy, income levels below the national threshold, the absence of potable water, food and shelter and the absence of subsidised loans for income-generating activities from the banks as well as the absence of the ability to participate in decision-making at the household and community levels.

Poverty Alleviation Fund refers to the revolving fund created from the District Assemblies Common Fund disbursed by a selected bank for credit to be given to the self-employed and small and medium enterprises.

Poverty Alleviation Fund loans are loans that are given by the district assembly to individuals or groups to enable them engage in economically productive activities.

Income-Generating Activities are activities that generate revenue for the up-keep of the household, such as food processing, fruit picking, handicraft, weaving, selling unprocessed agricultural products, street hawking, and the selling of second-hand clothing.

Organisation of the dissertation

The study is organized into five chapters. Chapter One, the introduction, focuses on the background to the study which gives a global view of poverty, the statement of the research problem, the study objectives, the significance of the study, limitations of the study, and the operational definition of terms.

Chapter Two deals with the review of the literature. The focus is on the definitions of poverty, recent poverty alleviation strategies globally and locally in Ghana, microfinance models as effective strategies for combating poverty and the Poverty Alleviation Fund (PAF).

Chapter Three deals with the methodology, which covers the research design, study population, sampling procedures, sources of data, the research instruments, the fieldwork and data processing and analysis.

Chapter Four focuses on the presentation and discussion of the findings, while Chapter Five gives the summary, conclusions and recommendations of the study.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Introduction

The chapter is devoted to the review of literature. It attempts an analysis of the works by development analysts, experts in development work, authors and others who have contributed their experience to our understanding of poverty in its many facets. The review focuses on the conceptions and definitions of poverty, strategies or interventions for the eradication of poverty, micro credit as an anti-poverty intervention, experiences from best practices and success stories, and the Poverty Alleviation Fund.

Conceptions and definitions of poverty

Lessons learnt about what constitutes poverty, and its causes and effects, the dynamics of poverty and who actually are the poor in a given society at any given time suggest that poverty is a complex phenomenon, difficult to measure in its many forms. It is, therefore, generally agreed that a precise and consensual definition of poverty that cuts across time and fields of inquiry, has been elusive. The different types of definitions all talk about one or more of the following: income or consumption poverty, human underdevelopment, social exclusion, ill-being, lack of capability and functioning, vulnerability, livelihood unsustainability, lack of basic need and relative deprivation. Therefore, opting for one or another definition is, thus, heavily influenced by the personal biases of the individual making the selection. However, defining the concepts allows one to operate within conceptual parameters.

In defining poverty, economists usually prefer a concept of hardship that reflects the economic position or well being of people. The measurement of economic poverty seeks to identify those families whose economic position, defined in terms of command over resources, falls below some minimally acceptable level (Citro and Michael, 1995). Development experts who are of the view that the multi-dimensional nature of poverty can not be fully described in quantitative terms, notably sociologists and anthropologists, rely on subjective Participatory Poverty Assessments (PPAs) in an attempt to capture the multi-dimensional nature of poverty. The argument underlying PPAs is that a definition of poverty, based exclusively on the material welfare status of an individual at one point in time, ignores key elements of poverty.

Rubinow (1993) describes poverty fundamentally as the absence of material wealth. Such absence, however, is rarely absolute but refers to insufficiency in either the possession of material wealth or in the generation of income required to survive a minimally acceptable level. To determine the degree of poverty that afflicts an individual or a group, a clear differentiation must be made between legitimate human needs and excessive human desires, as it is a natural human tendency to desire more than is needed. According to this interpretation, poverty should, thus, be defined in terms of the divergence between legitimate needs and available resources. Moreover, it should de defined in relative terms that is to say, based on comparable standards of living.

Sen (1996) posits that the freedom to achieve in general and the capabilities to function are critical issues in fighting poverty. Thus, the major constituents of his approach, popularly known as the "capability approach" are "functionings" and "capabilities" The former are the "beings and doings" of a person, whereas a person's capability is the "various combinations of functionings that a person can achieve. A person's functionings and her capabilities are closely related but distinct. A functioning is an achievement, whereas a capability is the ability to achieve. Functionings are, in a sense, directly related to living conditions. Capabilities, in contrast, are notions of freedoms. In the strictest sense, what real opportunities one has regarding the life one may lead.

The World Bank (1990a) defined poverty as the inability to attain minimal standards of living. This definition has two focal areas. The first element is the expenditure necessary to buy a minimal standard of nutrition which can be calculated on the basis of the food that makes up the diet of the poor. The second is situational and reflects the specific perceptions or normative concepts of welfare. Perceptions of an acceptable minimum level of consumption change as societies become wealthier. The World Bank (1990b) equally indicates that poverty is not only lack of income, but also lack of health and education. It is also powerlessness and vulnerability. These concerns have been amply espoused in the Bank's development policy document – the Millennium Development Goals (MDGs).

Hands-on experience from the NGO sector has been particularly illuminating. The Danish International Development Assistance (DANIDA, 2001) considers poverty as the deprivation of basic human and social needs and rights. This definition captures the critical issue of "rights". This includes not only civic rights, but also the other dimensions of UNDP's Human Freedom Index, namely; personal security, rule of law, freedom of expression and equality of opportunity.

The complexity of the poverty concept is reflected in equally many considerations about who actually constitute the poor. Real life situations speak for themselves. Below is what could be considered a practical definition of what extreme poverty is. An old woman from "Chipinge", Zimbabwe, has this to say when asked about what she considers to be poverty:

> Look at me: I stay alone. I don't have food. I have no clean water to drink nearby. Look at my swollen leg. I can't go to the clinic which is too far for me to walk. So what kind of definition of poverty do you expect me to give you which is better than what you are seeing with your naked eyes (WHO, 2004).

Poverty can be considered in absolute and relative terms. Absolute poverty refers to the subsistence below minimum, socially acceptable living conditions, usually established based on nutritional requirements and other essential goods. On the other hand, relative poverty compares the lowest segments of a population with the upper segments. This is usually measured in deciles (Lipton, 1996).

Absolute and relative poverty trends may move in opposite directions. For example, it is possible to experience a situation where relative poverty may be on a downward trend while absolute poverty may be rising. This happens if there is a decline in the gap between the upper and lower strata due to a general decline in quality of life or well being of the population. When this happens additional households fall beneath the absolute poverty line (UNSD, 2005).

Associated with the term absolute poverty, countries often distinguish between indigence or primary poverty, and secondary poverty. Primary poverty usually refers to those who do not have access to the basic necessities of life for human survival, while other forms of poverty refer to degrees of deprivation above the threshold. Sen (1997) points out that poverty can be an absolute notion in the space of capabilities. He argues that households incapable of obtaining sufficient food for survival are considered absolutely poor. However, the cost of the food basket may vary considerably between households across different groups, regions and countries. The Millennium Development Goals (MDGs) place highest priority on reducing absolute poverty because of the urgency associated with starvation, malnutrition and other afflictions

Relative poverty views poverty as socially defined, and dependent on social context. In this case, the number of people counted as poor could increase, while their income rise. A relative measurement would be to compare the total wealth of the poorest 1/3 of the population with the total wealth of the richest 1% of the population. Relative poverty is a condition that is measured by comparing one group's situation to the situations of those who are more advantaged.

Sachs (2005), leader of the U.N. Millennium Project, introduces another concept of poverty called extreme poverty. He defines extreme poverty as income of less than US $1.00 a day, seen as the minimum amount necessary for survival. To calculate extreme poverty in a country, the dollar-a-day measure is converted to the local currency using the purchasing power parity (PPP).

Types of poverty

Although reducing poverty is a nearly universal policy for nations, there is no consensus as who are "the poor". Poverty as multi-dimensional concept reflects the many aspects of well-being. Within the scope of this dissertation, some typologies of poverty applicable to the Ghanaian situation will be discussed.

The World Bank (1990a) categorised the poor into three groups:

- The group with deep rooted impoverished condition caused by multiple deprivations overtime, such as poor health, malnutrition, and inadequate access to productive assets;
- Those that are hanging in a delicate balance between poverty and vulnerability; and
- Other vulnerable groups, such as ethnic minorities and the disabled.

The Swedish International Development Cooperation Agency (SIDA) (2005) recognized the following categories of poor people:

- Occupational-based poverty mainly found among landless farm labourers, marginal farmers, and traditional fishing populations;
- Poverty associated with disadvantaged populations, such as indigenous populations, tribal populations and groups relegated to a low status;
- Poverty resulting from discrimination based on biological attitudes, such as gender; and

- Geographically determined poverty such as people living in a specific region deficient in resources, isolated, and/or avoided intentionally or unintentionally, by government policies and programmes.

Rosenthal (1989) identifies five categories of poor people, namely the segment of the population that possesses little material wealth and formal education and has limited access to social action groups capable of making its demands heard. These are:

- Individuals who are not economically active and consequently lack the minimum resources needed to provide for themselves but who at the same time do not enjoy the benefits of social action;
- The aged, as well as, women who unfortunately are single mothers, head of household and work;
- The victims of different forms of discrimination: linguistic, social, and racial;
- Those people who possess the skills and competence ordinarily required for securing acceptable employment, but who are unemployed because of macroeconomic conditions. This type of poverty can be alleviated by appropriate macroeconomic policies; and
- Individuals whose skills are rendered obsolete due to technological innovation, thereby making them redundant.

Sen (1995) posits that poverty is not only income deprivation but also capability deprivation. For instance, crossing over the income threshold is no guarantee that one is capable of living a 'minimally acceptable' life. A typical example of this is a person who lives above the poverty line, but suffers from HIV/AIDS or cancer

Causes of poverty

Generally, the causes of poverty are numerous and diverse. Sachs (2005) cites the following as some specific causes of poverty in the world: low economic growth rates, unemployment and underemployment, low educational attainment, chronic malnutrition, high fertility rates and rapid population growth, gender issues, environmental degradation, and lately bad governance.

Fowler (1997) poses a fundamental question why the problem of deprivation still persists in today's world. He posits that there are many explanations of continuing poverty in the world as there are political and moral positions. Poverty, according to him, 'arises from an individual's inability to gain access to life's essentials." This definition is reminiscent of Sen.'s (1999) concept of development that is based on capability; with capability being the ability and potential to do and to be. Any meaningful or pragmatic approach at fighting poverty must, therefore, consider the obstacles to peoples 'abilities and 'capabilities'.

Chambers (1997) has enumerated the following, among others, as some of the reasons why poverty still persists in the world today:

- part of the natural or divine order of things; due to cultural norms which act as constraints on the generation or distribution of wealth in capitalism as an economic system;
- a consequence of international power relations and protection of North interests in a process of inter-dependent global modernization;

- an expression of inadequate institutions and inappropriate public policies, or their management which makes society unable to use existing resources well;
- a product of undemocratic politics and exploitation by unaccountable regimes through self-serving public policies backed up by force, threat and abuse of human rights, using the state's instruments of coercion;
- the incapacity of humankind to comprehend and manage complex international relations; and
- rapid population growth, or a mixture of the above.

Karelis (2007) explains that poverty is sometimes the result of a disability or a natural disaster, but that generally many people seem trapped in a cycle of underemployment, inadequate education, substance abuse and crime. The poor, he explains, often do not make full use of the social services and other opportunities offered in many advanced economies.

Measures of poverty

Development economists, sociologists, anthropologists and researchers often bemoan the lack of uniformity of practice among governments which makes it difficult for a comparison of poverty across countries over time (UNSD, 2005).

Poverty measures are useful because, first and foremost, they are used to monitor social and economic conditions, and also to provide benchmarks of progress or failure. Furthermore, poverty measures play a critical role in summarizing complex socioeconomic conditions. In this regard, there are several approaches to the measurement of poverty, namely: the income approach, the basic needs approach; the minimum basic needs approach or unmet basic needs (UBN) approach, and the subjective poverty measure.

The income poverty measure places emphasis on the income of individuals or families: the purpose of this measure is to identify a threshold (in monetary terms) for food and non-food items value below which an individual or family is said to be poor. The basic needs approach has gained highest acceptance among developing countries (UNSD, 2005). Basic needs are grouped broadly into food and non-food. The categories of basic needs often considered are dwelling characteristics, access to safe water, and access to sanitation facilities. With regard to the unmet basic needs, non-monetary indicators, representing different dimensions of poverty (basic education and economic capacity) are chosen, estimated and monitored. An index of depravity that combines the degree of access to the various components is calculated.

Poverty in Ghana

Poverty is a multi-dimensional concept that encompasses levels of income, nutrition, health, literacy and insecurity. The main government instrument for monitoring poverty in Ghana is the Ghana Living Standards Survey (GLSS), which is conducted every five years. From the various GLSS surveys conducted up to the fifth round, poverty has been declining. Table 1 shows the incidence of poverty during 1998 and 2006. The proportion of Ghanaians described as poor in 1998/1999 was 39.5%, falling to 28.5% in 2005/06. For the same period, the proportion described as extremely poor fell from 26.8 in 1998/99 to 18.2% in 2005/06. This development is encouraging because Ghana is likely to halve the poverty rate by 2009, in line with the MDG 1.

Table 1: The incidence of poverty in Ghana

	Poverty		Extreme Poverty	
Locality	1998/99	2005/6	1998/99	2005/6
Accra	4.4	10.6	1.9	5.4
Urban Coastal	31.0	5.5	19.0	2.0
Urban Forest	18.2	6.9	10.9	2.9
Urban savanna	43.0	27.6	27.1	18.3
Rural Coastal	45.6	24.0	28.5	11.5
Rural Forest	38.0	27.7	21.1	14.6
Rural Savanna	7.0	60.1	59.3	45.5
All	39.5	28.5	26.8	18.2

Source: UNDP, 2007

From the given data it is observed that overall poverty declined, in 1998/99, from 39.5% to 28.5% in 2005/6. Extreme poverty also declined significantly within the same period from 26.8% to 18.2%. The problem of poverty seems to be endemic in the Rural Savannah which incidentally covers the three Northern Regions. The proportion of people in extreme poverty stands at 45.4% in 2005/2006, the highest in all localities.

In terms of sectors, poverty is particularly evident in two sectors in the country: agriculture and the informal sector. The agricultural sector is the one that bears much of the burden of poverty (UNDP, 2007). The general decline in the incidence of poverty is attributed to the high growth rates achieved during the implementation of GPRS I and II. UNDP (2007) found out that the incidence of poverty among female-headed households declined from 43 to 19 percent between 1991/92 and 2005/06 compared with that of male-headed households within the same period from 55 to 31 percent.

Policy directives in combating poverty in Ghana

Efforts at reducing the level of poverty in Ghana dates to the 1980s when the country embarked on a World Bank and I.M.F directed Economic Recovery Programme (E.R.P). It is a widely held view of the World Bank that Ghana initiated an effective adjustment programme which had a positive impact on poverty – the headcount for the country as a whole fell from 37% in 1988 to 31% in 1992, with most of the poverty reduction occurring in the rural areas (World Bank, 2004).

Poverty in Ghana can not be disassociated from the performance of the Ghanaian economy. Cheru (2002) is of the view that Ghana is the only country in sub-Saharan Africa that has undergone fundamental economic and political transformation over the past decade and a half. In the light of this assertion, it would be prudent to analyse the socioeconomic policy reforms from the second half of the 1980s, and how the high incidence of poverty has been addressed. It would, therefore, be worthwhile to make a cursory examination of some notable plans and measures which specifically sought to tackle poverty in Ghana.

Economic Recovery Programme (ERP I) -1983- 1986

The Economic Recovery Programme (ERP I) was implemented between 1983 and 1986 with the support of the IMF and World Bank. In order to stabilize the economy, serious market principles were introduced into the Ghanaian economy, since poverty cannot be combated in a situation of economic decline as the case was in 1979. ERP I (1983-86) focused on stabilizing the economy by reversing the long- term decline in the production of goods and services, reducing the budget deficit and containing inflation. It is to be noted that deliberate strategies were not mapped out to combat poverty in the country. However, it was the starting point for creating some sanity in the economy.

Economic Recovery Programme II (1986-1991)

The programme was implemented to specifically strengthen the gains of ERP I. It sought to focus on deep seated structural issues in the economy, such as increasing domestic savings, mobilizing resources, investing in infrastructure such as roads and electricity, and on improving the efficiency of the public sector. Cheru (2002) believes that ERP I and II successfully stabilized the Ghanaian economy and generated growth, which was a necessary condition for addressing poverty indirectly. Sachs (2005) posits that economic growth has the potential to lift vast majority of people out of poverty, even though this may not be automatic. Government, he explained, would have to take deliberate strategies to let the gains in economic growth trickle down to the poor. The stage was then set economically to combat poverty in a more coherent manner.

The National Development Framework (NDPF) – 1994

The NDPF was a policy to transform Ghana into a middle income country by the year 2020. This policy later became known as Vision 2020.

The first step of this policy document was used as a basis to develop the first Medium-Term Development Plan (MTDP-1996-2000). Unfortunately this policy was not implemented due the fact that the December 2000 Elections were near, and the government of the day was not sure of its fortunes in the pending elections.

The Ghana Poverty Strategy (GPRS) I and II

A turning point in Ghana's strategy to combat poverty was during the Consultative Group (CG) meeting in Paris where a serious institutional framework for combating poverty was articulated. The policy outlined broadly specific sectors of the Ghanaian economy in a bid to combat poverty more strategically. These include:

- Continued macroeconomic stability;
- Modernization of agriculture;
- Human resource development; and
- Good governance and civic responsibility (NDPC, 2005).

UNDP (2007) indicates that the current status of human development in Ghana, using the Human Development Index (HDI), reveals that, since 1995, the HDI for Ghana has improved steadily; it rose from 0.531 in 1995 to 0.568 in 2002 and declined to 0.540 in 2006. As a result of this achievement, Ghana is classified as 'medium human development' country in terms of three indicators of development: life expectancy, adult literacy rate and GDP per capita in purchasing power parity (PPP). A country with an index between 0.5 and 0.7 is classified as having medium human development. The GPRS II has contributed strongly in this enviable direction.

These policy interventions are ample evidence of governments' efforts at fighting to eradicate poverty in the country. The success or otherwise of these policies would depend on which theory of poverty is believed to be responsible for the problem being addressed.

The NDPC (2005) has indicated that poverty levels declined, falling by 7 percent from 42 percent in 1997 to 35 in 2003. It further specified that a decomposition of the 7 percent decline was, in a large measure, due to the impact of economic growth, with the impact of the redistribution effect on the incidence of poverty very negligible. Despite these conscious efforts by governments to alleviate poverty, its incidence is still widespread and severe.

The NPP government officially embraced the Highly Indebted Poor Country (HIPC) Initiative in 2001 shortly after winning the December 2000 Elections. The economic and social benefits of embarking on the Enhanced HIPC Initiative were enormous. The relief from debt repayment freed fiscal resources to enable the country improve human development which obviously alleviated poverty. In Ghana, there is, at least, some evidence that financial rewards from the Enhanced HIPC Initiative were channeled into social sector spending, namely: the provision of schools and health facilities. These social sector expenditures, it is believed, will reduce poverty in the country to some extent.

Gender is an important dimension of poverty in Ghana, especially in the three northern regions. Culturally, these societies could be described as male-dominated, where ownership of resources at the traditional level is the monopoly of men. Women play significant roles in rural economic activities such as agricultural processing ventures, petty trading, fish mongering, and charcoal burning. Other important household chores, such as cooking, fetching of water and firewood are solely the responsibility of women. Women are found to bear a disproportionate burden of the burden of being poor.

With regard to efforts to reduce the incidence of poverty, the GPRS (II) document noted: “Ghana is experiencing growing and deepening incidence of poverty with evidence of intensification of vulnerability and exclusion among certain social groups” (NDPC, 2005, p. 1). For communities in the North, there is a priority need for irrigation, potable water, health and educational facilities, and employment generation as an alternative to farming. In the southern communities, there is considerable emphasis on skill training, general education, and provision of economic and social infrastructure.

Poverty alleviation strategies

The significance of focusing on the many dimensions of the poverty concept is to call attention to the many possible interpretations of poverty. Whitehead and Lockwood (1999) point out that these are often incompatible. Implicitly or explicitly these dimensions reflect the tendencies of aid in various parts of the world since the 1970s.

In 1990, after much stock taking had been done, the World Bank (1990) launched what it called the “New Poverty Agenda” The call brought in its wake a rethinking of the strategies put in place by multilateral and bilateral aid agencies on the international front. Most have adopted the World Bank’s three-pronged approach to poverty reduction, namely: emphasis on labour intensive growth; adequate provision of social services; as well as safety nets and transfers. It is observed that different agencies have placed emphasis on different elements of the agenda.

The World Bank and the IMF have, for example, stressed the importance of macro-economic stability and economic growth for the reduction of poverty. Development economists have proved that macroeconomic stability per se does not necessarily eradicate poverty, especially in cases where policies are not pro-poor. The UNDP (2001) has shown that in industrialized countries more than 100 million people live below the poverty line. The UNDP and UNICEF have placed greater emphasis on human development and the provision of social services that benefit the poor, such as primary health care, basic education and water and sanitation. There has also been increasing recognition of the importance of human rights and good governance in promoting poverty reduction. Within the framework of international development effort, developing country governments are encouraged greatly to adopt strategies that will considerably reduce extreme poverty.

Catalogues of tools have been used in the last two decades to tackle the problem of poverty. Much has been drawn from the experiences and lessons that have been learnt. Recommendation 2 of the Millennium Development Goals exhorts governments to:

- focus on rural productivity, urban productivity, health, education, gender equality, water and sanitation, environmental sustainability, science, technology and innovation;

- focus on women's and girls' health including (reproductive health) and education outcomes, access to economic and political opportunities, right to control assets, and freedom from violence;
- mobilize increased domestic resources by up to four percentage points of GNP by 2015; and
- describe an "exit strategy" to end aid dependency appropriate to the country's situation (UNDP, 2005, p.xiv).

The focus on rural productivity, health and education and particular emphasis on gender equality is critical since the bulk of Africa's population is rural.

The concept of micro-credit

There is a growing interest in micro credit as a tool for poverty alleviation. For decades, governments and donors worldwide sponsored development banks in an attempt to improve access for the rural poor (Hulme and Mosley, 1996). Unfortunately, these banks have not made the desired impact on the poor. The inability of the poor to serve collateral has been identified as a major hurdle in reaching the poor. Also, the high transaction costs incurred by the poor in contracting small loans for their income generating activities are prohibitive. Thus, interest rate ceilings make it harder for poor people to get credit. The provision of micro credit, therefore, is seen by development practitioners as an effective tool to fight poverty in the rural areas in particular.

Nonetheless, Christensen et al. (2006) note that widespread poverty limits both demand for and the supply of savings facilities. He explains that the share of the world's population having a formal savings account is strongly correlated with poverty rates and per capita income.

Micro finance refers to small scale financial services, primarily credit and savings, provided to the people who engage in subsistence agriculture, fishing, animal rearing, and an array of other micro enterprises where goods are produced and sold. Experience has shown that micro finance, if properly harnessed, offers a variety of benefits. It helps hitherto impoverished communities to build wealth, and building wealth means escaping poverty. In June 2004, the G8 Summit made some critical observations with regard to some key principles pertaining to micro finance:

- Poor people need a variety of financial services not just loans;
- Micro finance means building financial systems that serve the poor
- Micro finance is a powerful tool to fight poverty; and
- Micro finance can pay for itself, and must do so if it is to reach very large numbers of people (World Bank, 2000).

Micro credit services best help those who have identified an economic opportunity and who are in a position to capitalize on that opportunity if they are provided with a small amount of ready cash. It is observed that the poor who work in stable or growing economies, and who have demonstrated an ability to undertake the proposed activities in an entrepreneurial manner, and who have demonstrated a commitment to repay the debts, are best candidates for credit.

It is believed by academics and development practitioners that the poor, who have access to small loans, are soon able to address material poverty effectively at a personal level and the benefits so derived could spill over from the household to the community level. For example, Todd (1996) reports that, in Asia, micro financing has made it possible for large members of low income people to access institutional financial services, especially in the rural areas and low income urban neighbourhoods. This has helped the poor improve their financial security, allowed them to take advantage of business opportunities and facilitated the growth of their enterprises.

The UNDP (2003) observed that, in many countries, micro credit programmes have proved to be an effective tool in combating poverty, and beneficiaries of such a facility contributed their quota to the national development effort economically and politically. To this effect, the UN General Assembly has called upon development partners as well as international and regional financial institutions and donor agencies involved in the eradication of poverty, to explore ways of including micro credit in their programmes as a tool for poverty eradication.

Recognizing the difficulty small enterprises encounter in sourcing funds from banks to facilitate the growth of their businesses, the World Summit on Social Development in March, 1995 in Copenhagen underlined the importance of improving access to credit for the rural folk who often cite lack of access to finance as constraints on their businesses. In this vein, governments were encouraged to review national banking practices and financial policies that were inimical to the growth of micro enterprises, thus restricting the poor people's access to credit.

Approaches to micro finance as a tool for poverty alleviation

A lot of assumptions have risen about microfinance and poverty reduction. Gulli (1998) notes that these assumptions have become conventional wisdom even though they have not been proven. Attempts to get a clearer picture of what microfinance is, and seeks to achieve, led to two schools of thought. The two leading views were:

- The Financial Systems Approach; and
- The Poverty Lending Approach (Robinson, 2001; Gulli, 1998)

The financial system approach emphasizes large-scale outreach to the economically active and the poor, not necessarily the poorest, who can repay micro loans from households and enterprise income schemes. The objective of the Financial Systems approach is to ensure sustainability of the provision of financial services to the poor. If loans are demanded and paid back in time, the market has demonstrated that services provided are valuable. Subsidies are not provided since it is believed that these can not be sustained. Furthermore, proponents of Financial Systems approach argue that credit is not the most important tool for poverty reduction. Von Pischke and Adams (1992) explain that debt is not an effective tool for helping most people enhance their economic condition – be they operators of small farms, micro-enterprises or poor women. To sum this approach defines microfinance as the provision of services not for the poorest but for the poor enterprise owners.

The poverty lending approach, on the other hand, focuses on reducing poverty through credit, in addition to complementary services, such as skills training and the teaching of literacy and numeracy, health, nutrition and family planning. This method encourages the practice where credit is provided to the poor at interest rates far below those of commercial banks. The objective is to reach the extremely poor with micro-credit so as to give meaning to their lives (Robinson 2001; Gulli, 1998). Contrary to the Financial Systems approach, some donor funding and subsidies may be needed because the availability of funds is considered to be the most binding constraint in expanding the supply of financial services to the poor. Whereas the Financial Systems approach does not consider credit to be the most important means to reduce poverty, the Poverty Lending approach considers the provision of credit as crucial. Yunnus (1994) posits that the one single action that will enable the poorest in society to overcome their poverty is credit. To conclude, the Poverty Lending approach considers microfinance as the provision of small scale financial services to businesses and households traditionally kept outside the financial system. It addresses poor peoples' financial constraints thus enabling them manage money more efficiently and accelerate investments.

With regard to the best beneficiaries of micro finance, perceptions are as diverse as there are development persuasions. The UNDP (2000) has noted that micro finance is probably not well suited for all segments of the poor. The extremely poor that have few material resources are reluctant to go into risky ventures using micro credit. When they do, it is usually for emergencies. In Bangladesh, for instance, only a fourth of micro finance clients are hard-core poor. In East Africa, the main clients are the vulnerable non-poor, those who have enough income or assets to escape poverty, but can easily be impoverished again. They are more likely to have some skills and collateral and, thus, are in a position to take the risk of going into small-scale entrepreneurial experience on how to run an enterprise.

Khander and Pit, (2003) also note that the effective use of micro finance depends, to a large extent, on certain conditions: the borrower must have complementary resources, such as land, education, and experience on how to run an enterprise. Successful borrowers are often able to rely on skills accumulated in some prior entrepreneurial experience or a certain level of education.

Other versions of micro credit as a poverty alleviation measure over the last ten years are the Income Generation Approach and the New Minimalist Approach. Proponents of the former maintain that credit should be provided mainly to the entrepreneurial poor to enable them to engage in specific income generating activities to increase their revenues. On the other hand, the exponents of the new minimalist approach argue that credit programmes would benefit the poor if they focus on the beneficiaries' ability to pay rather than imposing conditionality as to how to use the loan, when, and the specific business venture to undertake. Some studies have revealed that the problem of the non-productive use of the loan facility, as advocated by the new minimalist approach, is to prevent the copycat scenario where borrowers consume rather than invest their loans in productive ventures. If this is imitated by other poor people, it could have a negative impact on the sustainability and viability of micro finance schemes.

Some research findings on the benefits of micro-credit

This section reviews the relevant literature on the effects of micro-credit on the family life of beneficiaries, children's education and assets accumulation.

Micro-credit and Family Life

The objective of providing micro-credit anywhere in the world is to help people come out of poverty. Generally, a lot of the research findings indicate that micro-credit loans have had some varied degrees of success. Some studies have shown that micro-credit has improved beneficiary incomes, assisted beneficiaries to send their children to school and pay their fees. It has also been established through research that micro-credit has offered beneficiaries non-material benefits. Littlefield et al. (2003) and Tarzul (2007) posit that the poor use financial services not only for business investments or income generating activities, but also to invest in health and education, to manage household emergencies, and to meet a wide range of cash needs they encounter. Barnes et al. (2001) found out that micro-credit programmes lead to improvements in the economic welfare of households, enterprise growth and greater empowerment. Similarly, Quinones (2000) explains that micro-credit beneficiaries are better off financially than non-beneficiaries. Also, Remeyi and Quinones (2000) revealed in a study of micro-credit beneficiaries in Indonesia that clients increased their incomes by 12.9% compared to increases of 3% of non-beneficiaries that served as a control group. Hashmi et al (1998) also found out in a study of Grameen Bank micro-credit beneficiaries in Bangladesh that their incomes were 43% higher than incomes of non-beneficiaries in non- programme villages. According to Hulme and Mosley (1996), well designed micro-credit schemes can improve the incomes of the poor and move them out of poverty.

Micro-credit and Children's Education

In terms of education, Armendariz and Morduck (2005) posit that one of the first things poor people all over the world would do with new income from micro-credit is investing in their children's education.

Littlefield et al (2003) explain that children of beneficiaries of micro-credit schemes are more likely to go to school and stay in school longer because beneficiary parents are willing to spend part of their earnings on their children's education. Shahidur (1998) states that while men spend their income on physical capital, women, on the other hand, spend on human capital; such as children's schooling and providing the basic needs of the family. Nader (2007) notes in a study in Cairo that the majority of the children of women beneficiary of micro-credit were in school as against the non-beneficiary group. He explained that this was a significant achievement by very poor families since most of them were of the opinion that with education, their children will be better off in future.

Micro-credit and Assets Accumulation

It is often argued by micro-enterprise experts that profits generated by loan beneficiaries may be used to acquire some fixed assets, such as radios, television sets, household utensils and bicycles, and this indicates the positive effects of micro-credit on the lives of beneficiaries.

Barnes et al (2001) noted in a study in Uganda that 75% of beneficiary households of a micro-credit scheme had acquired some basic household durable assets. Also, Dunn et al (2004) posit that micro-credit has impact on three dimensions, namely: the enterprise, the household and individual levels. At the micro-enterprise level, he noted that micro-credit had positive effect on the IGAs of beneficiaries because most beneficiaries increased their fixed assets and others expanded their businesses. At the household level, improvements in the welfare of children and other family dependents were observed. Finally, at the individual level, the impact of micro-credit resulted in increased hope of beneficiaries for the future. Hulme and Mosley (1996) also note that loans are associated with assets when micro-credit beneficiaries invest in low-risk IGAs and when they save extra earnings.

Sustainable micro credit – The African model

It is understood that micro finance in Africa is as diverse as the continent itself. In many places, micro enterprises rather than formal employment create an informal economy that comprises as much as 70% of the national economy (World Bank, 2000). This constitutes a sizeable chunk of the national economies of Sub-Saharan countries, and has to be given serious attention if African countries want to attain their development objectives. As already noted, the lack of financial services is not the only limiting factor in income generation. Other pervasive social, economic and political barriers also play a key role. The limiting factors are either endogenous or exogenous, or a combination of both.

Within this complex system, there is a clear need for a micro finance model that takes cognizance of the myriad of limiting factors. The African Micro Finance Model developed by UN/OSCAL has done exactly that. Lessons have been drawn from numerous micro finance initiatives on the continent through participatory learning experiences. In all, over 85 micro finance fact sheets were compiled, examining successful and unsuccessful micro finance initiatives in Africa, as well as non-African and international initiatives. The focus was to identify strategies for a micro finance model responding to Africa's realities.

Even though there is a fundamental link between micro finance and poverty eradication, it is understood that micro finance is not a panacea for poverty eradication. Karelis (2007) argues that self-help efforts such as the establishment of microfinance institutions or cooperative enterprises are unlikely to be successful without substantial subsidies. He adds that as long as people are poor, they will be bad savers, borrowers and investors because usually they prefer immediate consumption.

However, examples of African micro finance offer an array of lessons of what works and what does not. The quest for a model suitable for Africa's specific context is a commendable development effort in that it illuminates our understanding of the nitty-gritty of the use of micro credit as a tool for poverty eradication. It is true that there is no blueprint for micro finance initiatives; each initiative must adjust to the specific cultural, political and economic setting in which it operates. Allowing for such diversity, the model highlighted the following general principles that characterize the African Micro Finance Model:

Principle I: underscores the fact that cooperative support is an effective micro finance strategy at the local level, in the form of solidarity groups, and at the national and regional levels in the form of networking groups. The bottomline is that collective organization pools human and material resources together;

Principle II: has to do with prioritizing local knowledge and participatory learning. Micro finance initiatives that recognize and build upon local knowledge and tradition are more culturally compatible and, hence, sustainable. It is observed that people feel more at ease with concepts that borrow from their own tradition. The understanding is that micro finance approaches that identify with local culture and are participatory enable beneficiaries to identify with and participate in financial decisions and actions shaping their own lives. In Nigeria, African Traditional Response Banking (ATRB) is a unique loan scheme that draws from the best traditional micro credit practices as well as modern experiences;

Principle III: draws attention to the need for synergy between micro finance and micro enterprise development. It has been noted that if micro finance is to have a sustainable impact on poverty eradication, it must develop into a private sector of entrepreneurs who function in the formal sector. In other words, micro finance is seen as having the potential of formalizing the informal sector; and

Principle IV: This has to do with operational efficiency. Experts on micro finance agree that if MFIs are to have sustainable impact on poverty eradication, they must be efficient, financially viable institutions that can develop the financial leverage to expand outreach at a sustainable level (www.siteresources.worldbank.org).

Some key principles of operational efficiency underscored in the model are:

- Micro finance as a means of poverty eradication must target the poorest of the poor;
- Women should be targeted deliberately. It has been observed that in Africa women are a better credit – risk than men and more responsible managers of meagre resources. They are also more committed to using their loans for the benefit of their household rather than self – gratifying consumption common among men; and
- For operational efficiency it is imperative that saving must be mobilized to provide financial assistance to low income clients. This, it is believed, will strengthen institutional self – sufficiency, membership commitment to micro finance initiatives, and build a sense of discipline, self esteem and well being (World Bank, 2004).

Micro credit as a tool for women's empowerment

At a micro credit summit held in Washington D.C. in 1997, a charter was developed that underscored the importance of micro credit. It was argued that credit was more than business, and that, just like food, credit is a human right. A commitment was made to ensure that a hundred million of the world's poorest families, especially the women of these families, receive credit for self-employment and other financial and business services by the year 2005.

Many MFIs still direct their credit to pre-existing formal sector micro enterprises. Many others target women who are engaged in income generating activities. Todd (1996) notes that households are very important in many micro credit delivery schemes. This makes economic sense since households are the backbone of many economies. By targeting households, it is expected that micro credit will not only reduce the economic insecurity of the poor by raising their incomes, but also reduce their vulnerability.

The empirical evidence suggests that credit programmes empower women by strengthening their economic roles, increasing their ability to contribute to the family's income, helping them establish their identity and giving them experience and self confidence in the public sphere. Experience from Asia, and more specifically Bangladesh, shows that women's involvement in micro credit schemes does empower rural women (Hashemi et al, 1996). The success of the renowned Grameen Bank is inextricably linked to women's proactive behaviour and empowerment.

In Ghana, 39% of the population are said to be poor (GPRS I, 2002 – 2004). The incidence of poverty is said to be high among food crop farmers, where unfortunately, women dominate, and also among informal sector employees. Efforts at alleviating poverty at the macro level in the 2006 budget estimates(in the Medium Term Expenditure Framework- 2005- 2009) focused on increasing government's share of spending in the social sector, and through direct actions to increase productive assets and basic services to the poor. The total amount spent in this area stood at C 1,822.1 billion as against C 1,614.8 in 2005 (GPRS II). The share allocated the modernization of agriculture was C72 billion. At the micro level, efforts are geared towards supporting the agro-processing sector which happens to be the preserve of women. Within this economic venture, the activities are varied, namely: sheabutter extraction and groundnut oil extraction, "gari" processing, fish processing and a lot more. The provision of micro credit to rural women will offer them significant opportunity to increase production as well as create employment in the informal sector. In this vein, the Ministry of Women and Children's Affairs (MOWAC) has established the women's special micro-credit scheme, the beneficiaries of which are rural women. The sector Minister, Mrs. Gladys Asmah, intimated in an interview that child neglect, child trafficking, the phenomenon of street children, and a host of other ills in society are intimately linked to poverty (GNA, 2003). She observed that if money were kept in the hands of others they would provide for the home and support the education of their children. She added that since the inception of the micro credit fund, the Ministry was able to create about 500,000 jobs with the total credit support of C26 billion.

Ghana Living Standard Survey (GLSS, 1993) has revealed that the lack of working capital is a major constraint on small scale enterprises (SMEs), especially in agro-processing by women. During the major harvest season, where there are abundant raw materials for production, working capital becomes a major obstacle. The study also revealed that if there were enough working capital, women would be able to stockpile and process more raw materials and store the end products in order to enjoy higher prices during the lean season and thereby make more profits.

Some success stories of microfinance

The Grameen Bank Project in Bangladesh

The Grameen Bank Project was born in Jobra village in Bangladesh in 1976 through the selfless initiative of the renowned 'Banker of the Poor', Dr. Mohamed Yunus, who won the prestigious Petersburg Prize in 2004. Through participant observation, Dr. Yunus had empirical evidence on what poverty was. Having been touched by suffering village women, exploited by merciless money lenders, he loaned his own 27 U.S. dollars to some women engaged in basket weaving. This was the mustard seed that was sown about three decades ago. In 1983, it was transformed into a formal bank. The total amount of loan disbursed by the Grameen Bank since inception is TK252.31 billions (US $5.16 billion) and out of this TK 225.27 billion (4.59 billion) has been repaid. The loan recovery rate is quoted at 99 percent. The total number of borrowers stand at 5.44 million and 96 per cent of them are women. The Grameen Bank scheme is a pro-poor initiative. It does not require any collateral against its micro-loans. Since the bank does not wish to arraign defaulting borrower before the law court, it does not require borrowers to sign any legal instruments. The scheme is designed to be friendly to the poor women. The bank sends its services to the doorstep of the borrower. The bank's basic principle is that people should not come to the bank but the bank should get to them. This makes it easier for clients to do business with the bank at home rather than going to the office. To the rural folk, offices can sometimes be intimidating. A notable advantage of the bank's loan scheme is that repayment terms are very flexible. Loans could be paid over a long period. Interest rates are charged based on the use to which the loan is put: 20 per cent for income generating ventures; 8 per cent for housing; 5 per cent for education; and 0 per cent for beggars. The high repayment rate is due to 'peer group monitoring', which reduces risks to the barest minimum. The practice of compulsory weekly meetings organized by the bank reinforces a culture of commitment, discipline and routine payments; and staff accountability.

The Grameen Bank micro-loan scheme has proven to all that microfinance, if carefully implemented, could be an effective poverty eradication tool. The best practices could be adopted and adapted to specific situations in other parts of the world, so as to empower the extremely poor in society.

The SINAPI ABA Trust Micro-Credit Scheme in Ghana

One of the micro-loan schemes operating in the country, notably in the southern part of Ghana, is Sinapi Aba Trust (SAT). This micro credit development agency was established in Kumasi in 1994 as a limited liability company through the initiative of prominent business men and church leaders. The mission of the agency is embodied in its name; Sinapi Aba, which is an Akan word for mustard seed. The micro loans, small as they are, (likened to the mustard seed that grow into big trees) grow into big business capital that promotes people's economic empowerment through micro financing.

The target group of SAT's main credit scheme is the entrepreneurial poor who do not have the necessary collateral to acquire loans from commercial banks. Banks consider lending to such customers a highly risky and unprofitable venture. It is often noted by micro finance experts that the paper work involved in procuring a loan is very intimidating to the economically disadvantaged and so they do not even consider that option when they need money to start their business.

The main objectives of the scheme are to:

- Give out micro loans and other financial services to micro enterprises;
- Contribute positively to poverty alleviation through group financing, job creation so as to empower the poor economically;

- Serve as an alternative source of funding to those in the informal sector of the Ghanaian economy, thus filling in the gap created by the formal sector; and
- Provide capacity building for those in the informal sector to enable them acquire skills to become medium and large-scale enterprises (Sinapi Aba, 2009).

SAT has put in place certain guidelines and procedures in its loan disbursement programme so as to get committed clients who wish to succeed in doing their small scale business. These conditions are as follows:

- Evidence of savings from the business for which the loan is sought;
- A guarantor within the locality or administrative region from which the loan is being sought;
- Two referees or witnesses who must be one of the following: a recognized church member, an Assembly member, a chief, a medical officer or a headmaster of a public school; and
- Participation in business orientation and training sessions (Sinapi Aba, 2009)

Recognised groups who need financial assistance from SAT do not need referees, guarantors or witnesses. In this case, group members guarantee for each member, thus becoming liable in case a member defaults in payment. This strategy has been very effective in loan recovery. In group formation, the principle of group solidarity is put into play; each member of the group becomes the brother's keeper. Aberrant individuals are soon identified and rejected. If all conditions for the loan are satisfied, SAT officers visit clients or groups to ascertain the existence or otherwise of such businesses after which the credit facility is given to the group or client. Loans are given at a monthly interest rate of 2.9 per cent or 35 per cent per annum. Repayment period ranges from 4-5months for the first loan, 6-8 for the second, and 10-12 for the third.

The success of the SAT micro loan scheme is due partly to some strategies that have been put in place to ensure sustainability. These have been identified as:

- The employment of a well trained and motivated staff who perform their duties professionally;
- The adoption of an efficient loan portfolio management system that facilitates the task of loan officers;
- The adoption of the much-lauded group-based lending practice which facilitates loan repayment and recovery; and
- Building the capacities of clients in the area of micro enterprise management.

The SAT growth path has been very impressive over recent years. Loans given so far total Gh¢ 359,777, and the total number of beneficiaries stands at 51,688 as at December, 2006.These clients comprise new clients and clients taking first, second and third follow on loans. The gender ratio of beneficiaries now stands at 80% women and 20% men. The high number of females is explained by the fact that they are a low credit risk than males, hence the larger amounts of credit granted them. One of the policy considerations of SAT is the emphasis and preferential treatment given to women since they bear or shoulder most of household expenditure. SAT records reveal that, on the average, rural micro enterprise beneficiaries of their lending scheme increased their revenues by 245% over a period of less than three years. The high percentage increase in revenue for the rural credit beneficiaries is an indication of the immense positive transformation being made in addressing rural poverty.

Maata – N- Tudu Association of Northern Ghana

Maata-N- Tudu Association (MTA) is a Hausa word meaning "Women of the North". The association was formed in September, 1993 in Tamale with the sole aim of promoting the economic well being in its operational areas through group enterprise. Thus, it seeks to bring all women's groups in the three northern regions together to empower, train, and enable them engage in income generating activities (ICAs). The association was formed by women's groups who participated in the erstwhile Canadian University Services Overseas (CUSO) Women in Development Project to sustain the flow of services they received under that project.

Maata-N-Tudu micro finance institution is one of the few micro finance institutions (MFIs) operating in the three northern regions. It is a member of the management information exchange (MiX). It has a linkage with BESSFA Rural Bank which provides it with loanable funds to expand lending facilities to members. Presently Maata-N-Tudu MFI has been able to cover 4,933 clients out of 8,932 members in its project areas in the three northern regions. From the figures above, it is obvious that a lot more women need to be captured to enable them benefit from training in basic business skills as well as microfinance facilities.

The programmes of Maata-N-Tudu Association have been designed to empower women who constitute a bigger proportion of the national population. These are: savings and loans programmes, training/literacy and numeracy programme, gender and reproductive health programme.

The vision of Maata-N-Tudu Association is to ensure "an improved situation of members and their families through providing small and medium size loans that will finance the businesses of poor women in the rural, periurban and urban communities, assistance to unite and work together through meetings, mutual self-help, training and capacity building, advocacy and programmes" The mission of MTA savings and credit scheme is to meet the basic needs of its members (food, clothing, shelter, and sexual and reproductive health) on a sustainable basis.

The success of MTA savings and credit scheme lies in the patronage of products: grain banking and agro processing. The latter has been classified into sub-products to reflect the type and nature of the processing activity carried out. The classifications include: sheabutter extraction, handicrafts, and "pito" brewing. All the main and sub products have different characteristics in respect of duration, interest rates, loan amount accessible and the grace period for repayment. The project officers affirm that these products are a huge success in terms of patronage and loan repayment rate which stands at 90 per cent. The low loan default rate is due to the fact that the association practices a group solidarity system. The group size is between 10 – 25, and cell sizes vary from 3 – 9. What is worth noting is that loan officers visit clients regularly to monitor their activities and for loan payments, eliminating the need to travel to repay loans.

The Ghana poverty alleviation fund (PAF)

Poverty in Ghana is still, to a large extent, a rural phenomenon accounting for more than 39.2 per cent of national poverty. An estimated 4.6 million Ghanaians constitute this group (IFAD, 2006). The most consistent causes of poverty in Ghana are lack of resources, lack of access to community assets, and the non-utilization of social kinship networks and other services for savings, credit and other development purposes. This situation surely does not augur well for national development effort.

In a bid to tackle the problem of equitable distribution of the nation's resources and to address the problem of low human capital base of the rural populace, the District Assemblies Common Fund (DACF) was established by an act of parliament in 1993 (Act 455) as a constitutionally semi-autonomous body provided for in Chapter 20, Section 252 of the 1992 Republican Constitution of Ghana. In 1997, guidelines were issued by the Ministry of Local Government and Rural Development, authorizing all District Assemblies to set aside 20 per cent of the Common Fund each year to be put in a special scheme known as the Productivity Improvement and Income Generation Scheme, popularly called the Poverty Alleviation Fund.

This policy initiative is aimed at decentralising strategies to alleviate poverty at the district level. The policy objective is to strengthen the informal sector of the economy, characterized by owners of small businesses, micro enterprises which have the potential of contributing immensely to national development. By this directive, each Assembly is supposed to establish a micro-credit unit from which enterprising individuals can source funding to expand their existing income generating activities (IGAs). This facility, within the framework of an effective gender sensitive programme, will empower women economically since they constitute a bigger proportion of the poorest of the poor.

The Fund is supposed to be managed by a rural bank, strategically located in the district, with a proven record of efficiency. Funds are released quarterly to the bank to be loaned out to beneficiaries within a stipulated time of one month after the receipt of the allocation. The Fund is intended to be a revolving one so that, as beneficiaries pay back their loans, others could also have access to the credit.

To ensure effective management of the scheme, the Assembly is directed to constitute a five member Credit Approval Committee (CAC): the Presiding Member of the District Assembly as chairman; the District Chief Executive as a member; the Chairman of the Economic Planning Sub-committee as a member; one farmer as a member; and one woman entrepreneur. The District Coordinating Director is the secretary to the Committee.

Since the objective of this micro finance facility is to empower the rural entrepreneur, some productive activities have been selected, namely: agriculture, agro processing, and cottage industries, among others, that impact positively on economic growth and development of the districts and the nation as a whole. Priority is also given to viable private sector initiatives which enhance public welfare, especially in the area of health sanitation and education.

Micro, small and medium-scale enterprises, that are already in existence, and those that have been properly conceived, low income women's groups, registered self-employed persons, such as artisans, fishermen as well the youth groups, which engage in creative wealth creation activities, are the target beneficiaries of the scheme. The credit can be given in cash or in kind, depending on the nature of the business enterprise of the beneficiaries.

Mode of disbursement of the PAF in the Savelugu-Nanton district

Micro credit can be accessed by groups and individuals. However, groups are more credit worthy than individuals. This is so because in the case of groups, repayment of the credit facility is the responsibility of all members. In the Savelugu-Nanton District Assembly, women groups were highly encouraged to access the credit facility to beef up their income generating activities. The recommended size of a group is put at ten; each group has its own chairperson, secretary and treasurer to ensure the smooth running of the group.

The chairman of the approval committee intimated that group loans or credit helped members to develop cooperative skills. It is believed that groups are more focused and are often motivated by being part of a safety net, and also try individually not to let the group down. Aberrant group members are usually sanctioned after some attempts have been made to encourage them to comply with group norms.

Credit is given to groups that exist within communities. However, they have to apply formally in writing specifying the amount and the income generating activity they are engaged in. The completed application forms are returned to the District Assembly together with two passport size photographs of the applicant. In the case of groups, the chairman/chairperson of the group submits the application on behalf of the other members of the group, together with their passport size photographs for easy identification. Normally the Assembly will deal with the group through its chairman /chairperson. All applicants are supposed to provide a guarantor before credit can be given. Applicants are also encouraged to open bank accounts at the nearest rural bank.

The Credit Approval Committee arranges for an interview of all applicants so as to ascertain their eligibility. In the Savelugu/Nanton District, the committee is made up of the following: the Presiding Member, 4 nominees by the Assembly, 2 Assembly Persons and the Finance and Administration subcommittee chairman, and 2 field officers who handle monitor loan beneficiaries in the communities. The decision regarding the amount of credit to approve for an individual or group depends on the committee. The interest rate of (28%) at the time of the study was very much lower than that fixed by commercial banks. For easy repayment, beneficiaries are encouraged to pay monthly.

CHAPTER THREE

METHODOLOGY

Introduction

This chapter discusses the research design, the study area, the study population and the sampling procedures. The sources of data, data collection instruments, the fieldwork and data processing and analysis have also been covered.

Research design

The study was a case study using the evaluative design in a field survey. A case study is a research method (or design) focusing on the study of single cases (Sarantakos, S., 2005) The PAF micro-credit facility in the Savelugu-Nanton district is a specific study among the 110 districts nation wide. It is expected that conclusions drawn from this study may apply to others.

An evaluation research is a type of inquiry employed to assess the merit of programmes, policies or interventions. The evaluative design was used to determine, more broadly, whether the PAF scheme had the desired effects on individuals or households, and whether those effects were attributable to the programme. Boniface (1995) explains that an evaluation is necessary and will offer some evidence that informs experience and judgment and establish whether a programme is cost-effective, and whether benefits outweigh costs. The choice of the design was informed by the fact that the PAF micro-credit scheme was established in the Savelugu-Nanton District in

1998 with the sole objective of alleviating poverty in the district through the provision of loans to groups and individuals engaged in income generating activities. The study, therefore, sought to understand the effects of PAF loans on women's IGAs, family life, capital accumulation and empowerment, and loan recovery.

The study area

The Savelugu-Nanton District covers an area of 2,011 square kms and lies wholly within the Savannah ecological zone of the Northern Region. It shares boundaries with five districts, namely: West Mamprusi to the north, Gushegu-Karaga to the east, Tolon-Kumbungu to the west, the Tamale municipality to the south and Yendi to the south-east.

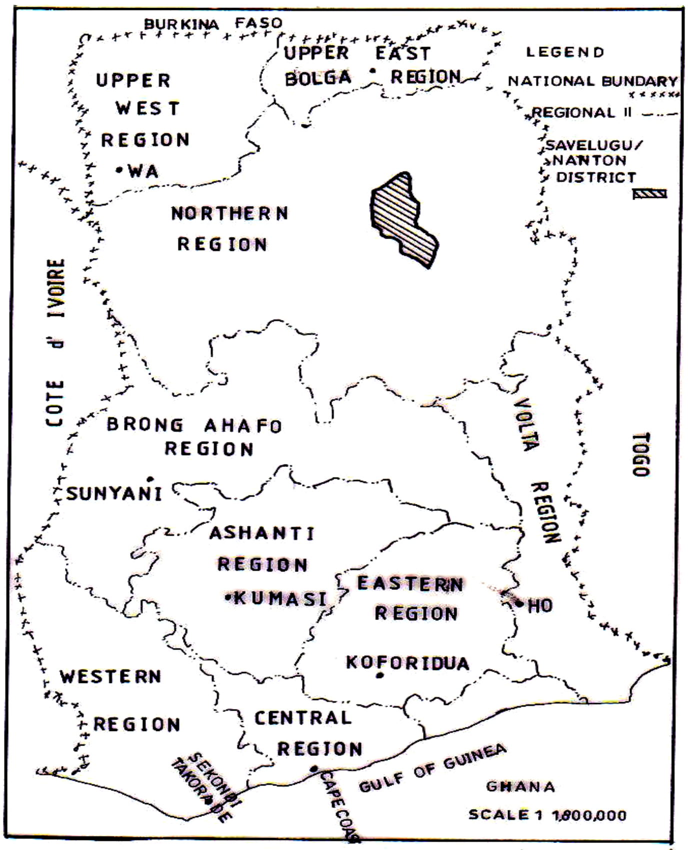

Figure 1: Map of Savelugu-Nanton District in the National Context

Source: Savelugu-Nanton District Assembly 2005

All the five districts are connected to the Savelugu-Nanton District with good motorable roads. Figure 1 is a map of the Savelugu-Nanton District in the national context showing the boundaries it shares with other districts.

The main drainage system in the District is made up of White Volta and its tributaries. The effect of the drainage system is felt most strongly in the northern part of the District, covering the areas between Nabogu and Kukuobilla.

The District finds itself in the interior (Guinea) Savannah woodland which could sustain large-scale livestock farming, as well as the cultivation of staples like rice, groundnuts, yams, cassava, maize, cowpea and sorghum. Most of these trees are of economic value and serve as an important means of livelihood, especially for women. Notable amongst these are shea tree, (the nuts of which are used in making butter) and dawadawa, that provides seeds used for condimental purpose.

In 1999, the total population of the district was estimated at 104,174, spread across 135 settlements, and broken down into 48.8% male and 51.2% female. The population was 82,915 in the 1984 census, and using an average of 3% population growth rate, the projected population for 2009 should be 140,001. The District is made up of small communities (76%) with population less than 600. Nevertheless, these settlements comprise only 26% of the total population. A sizeable proportion of the District's population is concentrated in very few, but large settlements that include the towns of Pong-Tamale, Nanton, Diare and Savelugu, the capital. Figure 2 is the map of the study area showing the towns and communities where the survey was carried out, namely: Savelugu, Nanton, Pong-Tamale, Nabogu, Diare, Libga, Zoosali, Gb igbun, Nanton-Kurigu, Dipali, Nzuglo, Tampion, Yong, Duko, Kanshegu and Gushie.

The social infrastructure of the district comprises population, education and health delivery institutions and water supply systems. By all standards of assessment, the district's social infrastructure is scanty.

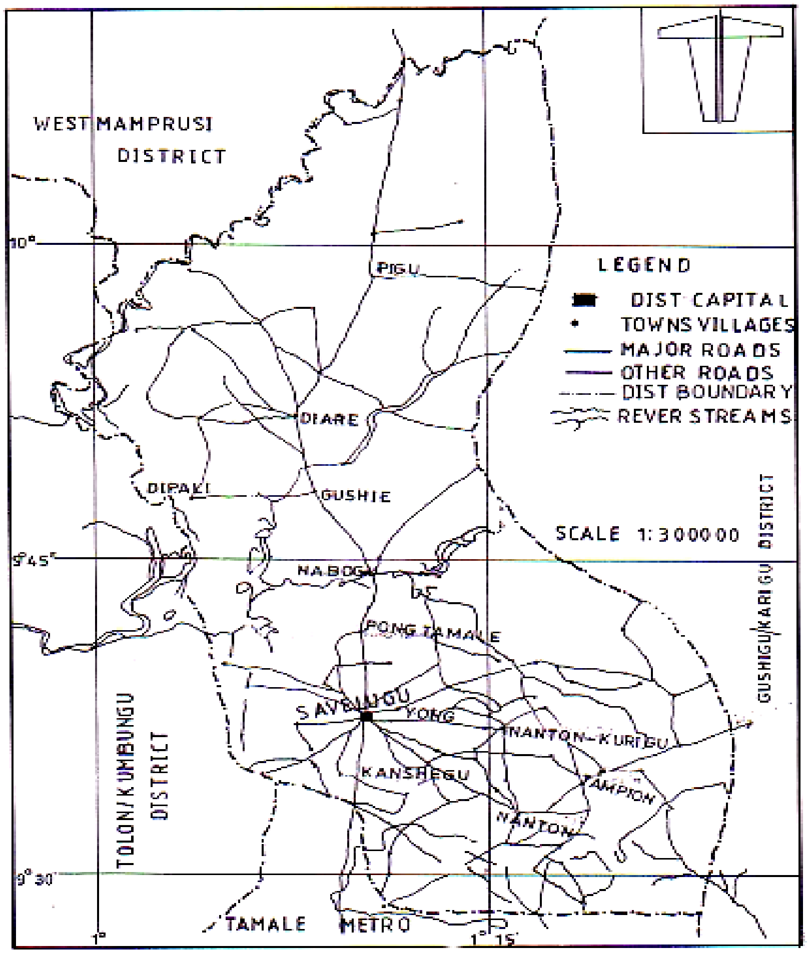

Figure 2: Map of Savelugu-Nanton District showing the study area

Source: Savelugu Nanton District Assembly (2005)

The highest level of education in the district is offered by the Pong-Tamale Veterinary College. There are two senior high schools in the district, 14 junior high schools and 71 primary schools. The location and distribution of these educational institutions are skewed in favour of settlements along the Tamale-Bolgatanga road corridor, and along the Tamale-Nanton area. The relatively inaccessible north-eastern corner of the district commonly referred to as "overseas" are deprived of most basic services, including education.

A study by UNICEF (1999) revealed that there is a large gender disparity where the girl-child has much less access to formal education. Only 37% of girls between the ages of 5 and 15 years ever went to school, while 58% of boys have ever gone to school. Poor educational infrastructure, lack of staff accommodation, especially in the rural schools, inadequate teaching aids and poor supervision of schools leading to teacher truancy, are some of the problems that are added to the unsatisfactory state of education in the district.

The health status of a population is an important measure of poverty. The district health centre is located at Savelugu, the district capital. This is supported by health posts at Diare and Pong-Tamale, with the Tamale Teaching Hospital, serving as a referral centre for cases beyond the scope of the less endowed health posts. Like the educational facilities, all the health facilities are located along the principal roads. The inaccessible rural hinterland is, therefore, denied access to these facilities. Only 54% of the population is served by the health delivery system in the district.

Water-related diseases account for an average of 70% of the yearly morbidity. The district is one of the guinea-worm endemic areas in the country. The guinea-worm disease has been of serious concern to government and other NGOs, such as UNICEF, UNDP and the Carter Foundation, who have, at specific periods, funded projects intended to eradicate the guinea worm which continues to be a serious development challenge.

The structure of the district economy is dominated by agriculture. Agro-processing activities and other informal economic activities, such as commerce and trading, are becoming relatively important economic activities in the district. The staples cultivated in the district are rice, groundnut, yam, cassava, maize and sorghum. Groundnut is cultivated all over the district. Maize and sorghum are the major staples of the indigenous people. Kpanlung is noted for producing the 1995 National Best Small Scale Maize Farmer. There is a vast opportunity for producing these crops on a large scale in the district. Cassava and soybeans are also cultivated in the district. These produce could also serve as a base for any agro-processing industry set up in the district.

Cash crops include shea-nut, cotton and cashew. Sheanuts are collected throughout the district. It is only scarce in the district where large human settlements are found. Shea-nut picking has been the monopoly of women for ages and, in recent times, constitutes an important source of revenue for women in the district. A total acreage of 465 of cashew plantations is under cultivation in the district. This crop is a new introduction, and is gradually gaining ground in the district. The environment is also good for private investment.

The White Volta and its tributaries serve as fishing grounds for communities living along its banks. Fishing also takes place in two dams at Libga and Bulung. A new type of fish farming (rice cum fish farming) is being introduced and is being monitored closely for further development. Dug-out fishing and cage culture are also being introduced for locals to practice to improve their nutrition requirements. The district's livestock resources include cattle, sheep, goats, pigs (local and crossbred) and poultry which include fowls and guinea fowls (local and exotic/crossbred), local turkey and local ducks.

Smallholder agricultural development programmes, such as small ruminant production, guinea fowl production and other activities lead to tremendous increase in income, are going on in the district. However, it is sad

to note that, despite widespread publicity, participation by women and the unemployed youth is unsatisfactorily low. This could probably be attributed to difficulties in getting access to capital to take up the venture.

About 17.6% of employed people in the district are in retail trading. The district has four markets where mainly agricultural products are sold on market days. These market days occur weekly. This means that if Savelugu market day is on Monday, the next market day would be on a Sunday. The markets in these districts are Savelugu, Nanton, Tampion and Diare. Serious economic activities are associated with these markets. A well-developed traditional marketing system, such as this, would provide the stimulus for the development of an effective market for agricultural produce and, thereby, promote increased productivity.

Processing of agricultural produce is generally done by the traditional methods and on a very small scale. Assistance from organisations, such as UNICEF and Canada Fund for Local Initiative (CCLI), has helped in assimilating modern technology in the district. Processing agriculture in the district includes: shea nut processing, groundnut processing, cotton processing, 'pito' brewing, and soap making. This sector is a major employer of women and several women's groups are equipped with help from the Ghana Government/World Bank sponsored Agricultural Sector Investment Project (ASIP) and the Intermediate Technology Transfer Unit (ITTU) which together offer financial assistance to committed groups to acquire the machines and build structures, and provide technical training in handling the equipment

The study population

The study population comprised 31 groups of women beneficiaries of the Savelugu-Nanton District Assembly PAF micro-credit intervention, women non-beneficiaries who were actively engaged in IGAs and members of the Credit Approval Committee for the disbursement of the PAF micro-credit.

Sampling procedures

Probability and non-probability sampling techniques were used in selecting the respondents for the study. The district was selected purposively because of the high incidence of poverty among women (UNICEF, 1999). For the PAF women beneficiaries, they were, first of all, classified into subgroups according to the type of income-generating activity they were engaged in, notably: sheabutter extraction, rice processing, trading and farming. Through the quota sampling technique, 16 out of 31groups were selected. A proportion (50%) of the groups in each category was selected to ensure that there were enough cases from each income-generating activity. A list of the names of the members of the selected groups was then compiled. A figure of 210 was obtained. Out of this figure, 102 were randomly selected proportionately. Table 2 presents the distribution of the selected beneficiaries:

Table 2: Distribution of PAF women beneficiaries

Strata	Number of groups	Groups selected	Members in the selected groups	Members selected
Sheabutter extraction	8	4	57	26
Rice processing	11	6	65	32
Trading	6	3	41	21
Farming	6	3	47	23
Total	31	16	210	102

Source: Field Survey, 2008

With regard to the non-beneficiaries, 15 respondents, for each income-generating activity were selected using the snowball technique to generate a sample of 60 respondents. The selection was based on the assertion by Gravetter and Forzano (2008) that, in communities where respondents are unwilling to be interviewed or inaccessible, the researcher can conveniently decide on his sample size provided it is reasonable. All the 10 members of the Credit Approval Committee of the Savelugu-Nanton District Assembly were included in the study because it was felt that every member of the committee had some important views which could be useful to the research. On the whole, there were 172 respondents for the study. Table 3 presents the sampling distribution of the respondents.

Table 3: Sampling distribution of the respondents

Group	Number	Percentage
Women beneficiaries	102	59.3
Women non-beneficiaries	60	34.9
District Credit Approval Committee	10	5.8
Total	172	100

Source: Field Survey, 2008

Sources of data

The study used both primary and secondary data. Primary data was obtained from the fieldwork. Secondary data was obtained from records of loan disbursement to women groups in the study area during the period under study. Other sources of information included personal records of loan beneficiaries as well as their groups. Sarantakos (2005, p.296) posits that, in regard to secondary data, “researchers can address questions relating to trends and developments in certain areas by focusing on such data”

Data collection instruments

The research instruments used in the study were the interview schedule, the questionnaire and the focus group discussion guide. Two sets of interview schedules were designed; one set, consisting of 45 questions, was for the women beneficiaries of the PAF loan; the other set, consisting of 26 questions, was for women non-beneficiaries. Questions on both schedules were open-ended and closed. The interview schedules for the women beneficiaries sought to collect data on the following variables: social and demographic characteristics of respondents; principles of best practice;

perception of benefits of loan on beneficiaries' income-generating activities; intended purpose of loan, capital accumulation, and loan recovery. The variables on the interview schedule for women non-beneficiaries included the following thematic areas: social and demographic data; principles of best practice; and capital accumulation.

The questionnaire, which was solely designed for members of the District Credit Approval Committee, comprised 15 questions and covered: loan disbursement modalities; beneficiary selection criteria; loan recovery; loan default; and PAF loan sustainability. Most of the items were open-ended.

The focus group discussion guide consisted of 10 open-ended questions on: the benefits the women beneficiaries derived from the PAF loan; loan repayment; loan default; and suggestions for the improvement of the PAF loan scheme.

The fieldwork

The fieldwork was carried out between December 5, 2007 and January 12, 2008. This period was chosen to coincide with the dry season when there is minimal farm work in the study area.

To begin with, a discussion about the study was held with the District Chief Executive (DCE) and the Desk Officer in charge of the disbursement of the Poverty Alleviation Fund (PAF). Discussions focused on the purpose of the research, and how beneficial it would be to the District Assembly in particular, and the nation as a whole.

A meeting was held with the group leaders of the PAF loan women beneficiaries to explain the purpose of the study and to solicit their approval.

Before the interview schedules were administered, the selected groups were visited in their respective communities so as to interact personally with them and to agree on specific dates to visit them at their homes.

In order to locate the women non-beneficiary respondents, the field assistants sought the help of the PAF loan women beneficiaries they interviewed in a community. Such respondents were cross examined before the interview schedule was administered.

With the assistance of the PAF Loans Officer, five field assistants were recruited and trained on how to administer the interview schedule. Each field assistant was assigned to a specific community. Since the selected communities are located in the Dagbon traditional area, where the majority of the people speak Dagbani, a consensus was reached on how the items on the interview schedule were to be translated into the local language. The interview schedules were administered, to a large extent, at the homes of the respondents and sometimes on their farms. On the average, it took about 30 minutes to interview a respondent.

Questionnaires were distributed to members of the Savelugu-Nanton District Credit Approval Committee on the 18^{th} of December 2007. The questionnaires were collected for analysis after one week.

By means of a discussion guide, five focus group discussions were held for women beneficiaries separately in five communities, namely: Savelugu, Diare, Nabogu, Pong-Tamale and Nanton. The number of discussants was 14, 12, 14, 13 and 10 respectively. Topics for discussion were derived from the interview schedule for women beneficiaries, but questions were open-ended to allow for a more participatory and relaxed interaction.

Discussions were recorded with a mini-tape device with the prior consent of discussants. Notes were also taken during and directly after discussions to ensure that data was not lost due to unreliable technology, and to account for any other additional information that was not recorded. On the average, discussion sessions lasted an hour and half.

The field assistants encountered a number of difficulties. In the first place, most respondents were, at first, not willing to participate in the study. This was obvious by the many excuses they gave. In some cases, interview schedules were not completed on the same day due to unforeseen circumstances. Field assistants, therefore, had to travel back to those communities to complete their schedules. Also, most defaulting respondents were apprehensive and wondered how the field assistants got their names and why they had to be interviewed. Similarly, in some communities, it was reported that some women refused to be interviewed, complaining that visitors kept coming to ask questions about their welfare and nothing happened.

In all, a total of 142 respondents, representing 82.6% of the sample, responded to the interview schedule and the questionnaire. The response rate for women beneficiaries was 86%, while that for the non-beneficiaries was 80%. The proportion of the total sample (82.6%) was considered representative enough for the analysis. Table 4 provides a summary of the sample and response rates:

Table 4: Sampling distribution of respondents and response rates

Group	Sample	Number of respondents	Response rate (%)
Beneficiaries	102	88	86
Non-beneficiaries	60	48	80
District Assembly staff	10	6	60
Total	172	142	82.6

Source: Field Survey, 2008

Data processing and analysis

The data processing and analysis was done by using the Statistical Product and Service Solutions (SPSS, Version 12.0) software. To begin with, the questionnaires were crosschecked and edited before they were coded into the variable view of the computer software. After the coding of the variables on the interview schedules and the questionnaire, the data was then entered accordingly into the statistical software. In all, responses from a total of 142 respondents, representing 82.6 percent of the sample, were used for the analysis. The analysis was carried out by the use of descriptive tools such as frequency tables and, in some cases, the mean as a measure of central tendency.

CHAPTER FOUR

RESULTS AND DISCUSSION

Introduction

This chapter presents the results and discussion of the data collected from the field. The presentation is based on 142 respondents, being 82.6% of the initial sample. It includes the characteristics of respondents; the actual use of the PAF loan; PAF loan and income-generating activities; PAF loan and family life; acquisition of assets; and PAF loan recovery.

Characteristics of respondents

The total number of women respondents was 136, comprising 88 beneficiaries and 48 non-beneficiaries. From Table 5, it is observed that 52.2% of the women respondents were between the ages of 21 and 40 years, while 29.4% belonged to the 41 – 50 year-group.

The mean age of the respondents was 39.8 years: the figure for women beneficiaries was 41years, while that for the non-beneficiaries was 37.3 years. Barnes et al (2001) posit that the older a borrower is, the higher the income he/she earns from using a loan.

Table 5 : Age distribution of respondents

Age	Beneficiaries		Non-beneficiaries		Total	
Group	Number	Percentage	Number	Percentage	Number	Percentage
21- 40	41	46.6	29	60.4	71	52.2
41- 50	27	30.7	13	27.1	40	29.4
51- 60	15	17.0	4	8.3	19	14.0
60+	5	5.7	2	4.2	6	4.4
Total	88	100.0	48	100.0	136	100.00

Source: Field Survey, 2008

Table 6 presents data on the educational level of respondents. From the table, it is observed that the majority (80.2%) of the respondents had never been to school and 13.2% had had some primary education. With regard to the beneficiary group, 11.4% and 10.2% had attained primary and junior high school education respectively.

Table 6 : Educational level of women respondents

Level	Beneficiaries		Non-beneficiaries		Total	
	Number	Percentage	Number	Percentage	Number	Percentage
Primary	10	11.4	8	16.7	18	13.2
J.H.S	9	10.2	0	0.0	9	6.6
S.H.S	0	0.0	0	0.0	0	0.0
Tertiary	0	0.0	0	0.0	0	0.0
No formal education	69	78.4	40	83.3	109	80.2
Total	88	100.0	48	100.0	136	100.00

Source: Field Survey, 2008

Khander and Pit(2003) posit that for the effective use of micro-finance loan, beneficiaries needed some minimal amount of basic education and training to succeed in their micro enterprises. In the light of this finding, it can be said the illiteracy rate for the study area is rather too high and could be an obstacle to the efficient use of loans for their income-generating activities.

An important characteristic of respondents is their marital status. From Table 7, it can be observed that 73.5 % of the respondents were married, while 18.4% were single. It should be noted that, in communities where women play subservient roles, being married even worsens women's financial situation if their husbands do not support them in the upkeep of their families.

Table 7 : Marital status of respondents

Marital	Beneficiaries		Non-beneficiaries		Total	
status	Number	Percentage	Number	Percentage	Number	Percentage
Married	70	79.5	30	62.5	100	73.5
Single	10	11.4	15	31.2	25	18.4
Divorced	3	3.4	2	4.2	5	3.7
Widowed	5	5.7	1	2.1	6	4.4
Separated	0	0.0	0	0.0	0	0.0
Total	88	100.0	48	100.0	136	100.00

Source: Field Survey, 2008

The data in Table 8 summarises the number of children the respondents had. It is observed, on the whole, that beneficiary and non-beneficiary respondents had a mean number of children of 5.9. For the beneficiary group, the mean number of children stood at 8.0, while that of the non-beneficiary group was 6.6. It can be observed that, generally, respondents had a huge responsibility having to care for their children.

Table 8 : Number of children under the care of respondents

	Beneficiaries		Non-beneficiaries		Total	
No. of children	Number	Percentage	Number	Percentage	Number	Percentage
1 -3	5	5.7	6	12.5	11	8.1
4 - 6	20	22.7	22	45.8	42	30.9
7 – 9	40	45.4	11	22.9	51	37.5
10	13	14.8	5	10.4	18	13.2
Above 10	10	11.4	4	8.3	14	10.3
Total	88	100.0	48	100.0	136	100.00
Mean	8.0		6.6		5.9	

Source: Field Survey, 2008

Table 9 presents data on the amount of school fees paid by respondents yearly. The table reveals that a significant proportion (45.4%) of PAF loan women beneficiaries did not pay school fees. Also significant is the fact that 18.2% paid between GH¢ 101 and GH¢ 150 yearly as school fees. This finding does not corroborate a finding by Littlefield et al (2003) that beneficiaries of micro-credit schemes are more likely to invest in the education of their children and keep them longer in school.

Table 9 : Amount of school fees paid by beneficiary respondents

Amount paid (GH¢)	Number	Percentage
Below 50	11	12.5
51 - 100	14	15.9
101 - 150	16	18.2
151 - 200	5	5.7
Above 200	2	2.3
Don't pay fees	40	45.4
Total	88	100.00

Source: Field Survey, 2008

Table 10 shows the distribution of the income-generating activities of the respondents. It can be observed from the table that 48.5% of respondents were engaged in petty trading, and 32.4% in sheabutter extraction. These appear to be the most attractive activities for most respondents in the Savelugu/Nanton district.

Table 10 : Income-generating activities of beneficiaries and non-beneficiaries

	Beneficiaries		Non-beneficiaries		Total	
IGA	Number	Percentage	Number	Percentage	Number	Percentage
Trading	42	47.7	24	50.0	66	48.5
Sheabutter extraction	26	29.6	18	37.5	44	32.4
Farming	15	17.0	0	0.0	15	11.0
Rice processing	5	5.7	6	12.5	11	8.1
Total	88	100.0	48	100.0	136	100.00

Source: Field Survey, 2008

The Actual use of the PAF Loan

This section looks at how the PAF loan was used by women beneficiaries. Table 11 presents the results. From the table, it is observed that 17.1% applied for the loan to engage in farming. However, it was found out that only 12.5% used it for the intended purpose. Similarly, 29.5% applied to use the loan for trading. However, only 20.5% actually used it for that purpose. For sheabutter extraction, 18.2% indicated their intention to use the loan for that purpose. However; 31.8% ended up using it for that purpose. With regard to the expansion of their IGAs, 22.7% asked for the PAF loan to do just that. However, it was found that 26.1% used their loan loans to expand their businesses.

Table 11: Intended purposes and actual use of the PAF loan

Intended purpose for loan			Actual use of loan	
Activity	Number	Percentage	Number	Percentage
Start business	5	5.7	5	5.7
Farming	15	17.1	11	12.5
Expand business	20	22.7	23	26.1
Trading	26	29.5	18	20.5
Rice processing	6	6.8	3	3.4
Sheabutter extraction	16	18.2	28	31.8
Total	88	100.0	88	100.00

Source: Field Survey, 2008

It can be observed from the data that though some slight variations existed in the intended purpose and actual use of the PAF loan, generally the women beneficiaries did use their loans for the intended purpose except in the case of sheabutter extraction where the difference was significant. Littlefield et al (2003) and Hulme (2000) explain that beneficiaries are capable of making rational business decisions in the use of their micro-credit. This might be the reason for the variations between the intended and the actual purpose for the use of the loan.

PAF and income

It is expected that respondents should generate some money through their IGAs for daily needs and save some for the future. To assess respondents' income, their average monthly earnings before and after getting the loan was observed.

Table 12: Average monthly earnings of PAF beneficiaries and non-beneficiaries

	Beneficiaries				Non-beneficiaries	
Average income	Before Loan		After loan		Total	
(GH¢)	Number	Percentage	Number	Percentage	Number	Percentage
Below 50.00	76	86.4	54	61.4	33	68.7
51.00 – 100.00	5	5.7	18	20.4	2	4.2
101.00 – 150.00	2	2.3	3	3.4	0	0.0
151.00 - 200.00	4	4.5	3	3.4	11	22.9
Above 200.00	1	1.1	10	11.4	2	4.2
Total	88	100.0	88	100.0	48	100.00
Mean= GH¢	39.7		GH¢	66.7	GH¢	70.0

Source: Field Survey, 2008

From Table 12, it can be observed that the beneficiaries had a mean monthly income of GH¢39.7 before the loan and GH¢66.7 after receiving the loan. Incomes of PAF loan beneficiaries seemed to have, therefore, improved. Todd (1996) notes that micro-credit reduces the economic insecurity of the poor by raising their incomes. Todd (1996) equally found that Grameen Bank micro-credit beneficiaries increased their incomes by 43.0% as against 3.0% in the incomes of non-beneficiaries. It was found, in this study, that non-beneficiary group had a mean income of GH¢70.00, a figure slightly higher than that of the beneficiaries.

PAF Loan and income-generating activities

Table 13 is a summary of the benefits derived from the PAF loan by the women beneficiaries. It can be observed that 68.2% of the respondents indicated that the loan they received did improve their IGAs. This result is confirmed by Quinones (2000) who found out in a study of beneficiaries of a micro-credit scheme in Bangladesh that beneficiaries' incomes had increased by 12.9% as compared to 3 % in the incomes of non-beneficiaries. A significant proportion (20.4%) of respondents was of the view that there was no effect of the loan on their income generating activity. This assertion is supported by Hulme and Mosley (1996) who stated that sometimes micro-credit has a limited impact on the incomes of beneficiaries, especially for first time clients.

Table 13: PAF loan benefits on respondents income-generating activities

Benefit derived from PAF loan	Number	Percentage
No benefit derived	18	20.4
Improved business	60	68.2
Decline in business after payment of loan	10	11.4
Total	88	100.00

Source: Field Survey, 2008

PAF Loan and family life

The study tried to find out whether the benefits derived from the PAF loans were used to help the families of beneficiary respondents, Table14 gives a summary of the findings. A significant proportion (43.2%) of the respondents, indicated that the income they generated from the loan was used to meet their domestic needs; 34.1% of respondents affirmed that they were able to solve personal problems; 17% of respondents indicated that they were able to meet their children's educational needs. These findings corroborate similar findings by Tazul (2007) who explained that women are more likely to spend in ways that are beneficial to the household than their male counterparts. During the focus group discussions, the response to the question of whether loans did positively impact their families was consensual, thus confirming the figures. These findings confirm earlier findings by the World Bank (2004) that women are committed to using profits from their loans for the benefit of their households rather than engaging in self-gratifying consumption which is common among men.

Table 14: The benefits derived from PAF loan by family

Effect	Number	Percentage
Meet domestic needs	38	43.2
Meet children's' educational needs	15	17.0
Solve personal problems	30	34.1
Able to employ labour for my business	5	5.7
No response	0	0.0
Total	88	100.00

Source: Field Survey, 2008

Acquisition of assets

It is believed that micro-credit does help people to acquire assets. By assets is meant any tangible object of economic value which can easily be reconverted to liquid cash in times of need. They include: animals, land for building or for agricultural purpose, and foodstuffs. Table 15 presents the details.

A significant proportion (46.6% of the beneficiaries indicated they did not acquire any assets from their loans. This supports earlier findings by Hulme and Mosley (1996) that micro-credit generally sometimes has limited effects on capital accumulation of beneficiaries, especially at the initial stages.

A notable proportion of the beneficiary respondents (19.3%) stated they acquired some utensils such as bowls, plates, cups and basins for household use while 18.2% intimated that they bought some foodstuff as food security. The findings reflected responses from the focus group discussion that extra income was converted into valuable basic assets, such as utensils, wax prints, foodstuffs and animals.

Table 15: Assets acquired by PAF loan beneficiaries

Asset	Number	Percentage
No asset acquired	41	46.6
Immovable property	8	9.1
Animals	6	6.8
Household utensils	17	19.3
Foodstuff	16	18.2
Total	88	100.00

Source: Field Survey, 2008

PAF Loan recovery

The success of any micro-credit scheme depends, to a large extent, on the loan recovery. Schemes with high loan recovery rates are considered sustainable. This study, therefore, looked at the loan recovery rate of the PAF loan women beneficiaries.

From Table 16, it can be observed that 39.8% of the women beneficiaries had paid back their loans in full, while 35.2% had partially paid their loans. The loan defaulters constituted 25%. This is not good enough when compared to the Grameen Bank in Bangladesh that has a loan default rate of 1% (Tazul, 2007) and the Maata-a-Tudu microfinance project in Tamale which had a loan default rate of 10%.

Table 16 : Loans repayment by PAF beneficiaries

Response	Number	Percentage
Fully paid	35	39.8
Partially paid	31	35.2
Not paid at all	22	25.0
Total	88	100.00

Source: Field Survey, 2008

Views of the credit approval committee

All ten committee members agreed that loan repayment default among PAF loan beneficiaries in the district was high. Table 17 provides the summary of responses given pertaining to this challenge. From the table, it is observed that the majority (60.0%) of respondents attributed PAF loan repayment default to beneficiaries' perception that such micro-credit loans were a token to them for their political support of the government of the day. However, 20.0% of respondents were of the view that the lack of experience of benefiaries in handling micro-credit as well as the inadequate sensitisation of beneficiary groups were equally important reasons for loan repayment default cases in the study area.

Table 17: Reasons for high loan default

Response	Number	percentage
Perception of PAF as a political token to party activists	6	60.0
Lack of experience in handling micro-credit for IGAs	2	20.0
No sensitisation of groups to the need to pay back loans	2	20.0
Total	10	100.0

Source: Field Survey, 2008

On measures to reduce loan payment default, committee members indicated that they relied solely on the Loans Recovery officers and the beneficiary group leaders within communities to ensure timely payment of loans given to them, but observed that that strategy did not well work well. Therefore, they decided that beneficiary groups within communities should meet the day after the Savelugu market to assess loan repayment.

The relevance of PAF as poverty alleviation measure was lauded by all committee members as a good policy to reduce poverty in rural communities. However, they added that there was the need for adequate training of groups in the handling of micro-credit loans

Commenting on the effectiveness of PAF in the Savelugu-Nanton district, committee members intimated that it was not good enough. They noted that male household heads should be sensitised to the IGA needs of their spouses and support them whenever the need arose because income from such activities generally improved beneficiaries’ household incomes

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter provides a summary of the study, the conclusions and the recommendations. The summary emanates from the findings of the study from which the conclusions are derived. The recommendations are proposed, based on the conclusions drawn.

Summary

The main objective of the study was to assess the extent to which the Poverty Alleviation Fund (PAF) had helped to reduce poverty among women in the Savelugu-Nanton in the Northern Region of Ghana. The specific objectives of the study were: (i) to assess how the PAF loan scheme has improved the income-generating activities of women. (ii) Find out if the scheme has facilitated any improvements in the daily lives of the women. (iii) Assess if there has been any change in behaviour of the women towards the savings of earnings, (iv) Ascertain whether the loans are used for their intended purpose, and (v) Determine the rate of recovery of the loans.

The quota, purposive, snowball and simple random sampling techniques were used to obtain a total sample of 172 respondents for the study. This was made up of 102 PAF micro-credit women beneficiaries; 60 women non-beneficiaries; and 10 District Assembly staff. A total of 142 respondents, representing 82.6% of the sample, were used for the analysis. The data collection instruments used were the interview schedule, the questionnaire and the focus group discussion guide. The analysis was done using SPSS Version 12 to generate the frequency tables and mean values of the chosen variables.

The main findings of the study were:

1. The majority (68.2%) of the PAF women beneficiaries were able to expand their business activities;
2. PAF women beneficiaries contributed to household income: 43.2% of respondents were able to spend earnings on their domestic needs, 34.1% solved their personal problems and 17% met their children's educational needs;
3. PAF loan women beneficiaries had improved their incomes by 68%;
4. 46.6% of PAF women beneficiaries did not acquire any assets from their loans. However, 19.3% acquired household utensils, while 18.2% invested earnings in foodstuffs;
5. 18.2% and 29.5% applied for the loan for the purposes of sheabutter extraction and trading respectively. However, a higher proportion (31.8%) were engaged in sheabutter extraction while a lower proportion (20.5) were trading;
6. Only 38.9% of the PAF women beneficiaries had fully paid the loan, while 25% had defaulted.

Conclusions

On the basis of the findings of the study, the following conclusions were drawn:

1. It is obvious from the findings that some beneficiaries and groups have benefited from the PAF loans through an increase in incomes,

but the same can not be said for all the groups. Though modest, the benefits have empowered the beneficiary women and given them the hope that they too can be productive agents of their communities;

2. A positive outcome of the PAF loans scheme is undoubtedly the fact that women beneficiaries are sensitised on the importance of savings of earnings. This attitude, if continued, will enable women to mobilize savings for personal or group projects no matter how small;
3. Empowering women financially through the provision of micro-credit goes a long to improve household incomes. Women spend part of their earnings on basic domestic needs, such as food and clothing for their children;
4. The provision of micro-credit as a tool for fighting poverty is not a panacea; while it has helped a few to come out of poverty in the study area, a significant proportion has not benefited much from such a facility;
5. The provision of micro-credit has the potential of improving on the food security of households. Enterprising rural women invest their earnings by buying foodstuff for storage as a way of cushioning themselves against price fluctuations of staple foods; and
6. There was a high loan default rate among the PAF women beneficiaries in the study area. This is a major obstacle to sustaining micro-credit schemes in the study area.

Recommendations

For an effective and sustainable micro-credit scheme at the Savelugu-Nanton District Assembly, the following are recommended:

1. The PAF micro-credit loan has proven to be a mitigating factor in rural poverty. Therefore, MILGERD should exhort government to make it sustainable in all districts in the country, especially in districts where poverty is endemic;
2. Empowering women financially has a ripple beneficiary effect on household income, general family welfare, and a feeling of worth within the family. Effective women groups should be strengthened and ineffective ones should be encouraged to improve;
3. In order to forestall the high loan payment default, MILGERD, in collaboration with District Assemblies, should work out flexible repayment arrangements by taking into consideration the situation of the beneficiaries;
4. There is the need to train the Credit Approval Committee members on principles of best practices in microfinance management. This will equip them with the skills needed to manage the PAF loan scheme effectively so as to forestall costly mistakes in the execution of their duties;
5. The Credit Approval Committee members should consider supplying inputs (raw materials), such as seeds, fertilizers, insecticides, sheanuts, and sewing machines, to groups that need them. This is important because of the price fluctuations that

sometimes cause prices of inputs to escalate. It may also forestall situations where money given is used for other purposes rather the purpose for which it is intended;

6. District Assemblies should keep track of groups that are effective and continue to support them financially. Other sources of funding could be found if funding is not available at the District Assembly;
7. Effective groups should be studied carefully so as to learn from their experiences over the years. Ideas from them could be used to formulate a loan policy at the District Assembly level to help and support other groups to become effective;
8. The Assembly should outsource the management of the micro-credit scheme to the “Borimanga” Rural Bank, a rural bank located in the district capital, or World Vision International, an international NGO operating in the district. These organisations have been managing micro-credit schemes in the district for many years, and as a result, have the expertise, time and resources to do the job more effectively and efficiently. This arrangement will help to improve on women group performance, thereby reducing the high loan default cases.

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APPENDIX I

INTERVIEW SCHEDULE FOR BENEFICIARIES OF PAF LOANS

Section 1: Social and demographic data

1. Name of respondent…………………………………………
2. Name of community……………………………………..
3. Age……………………………………………………….
4. Income Generation Activity…………………………………
5. How long have you been in the business……………………

6. Level of education:

i) Elementary

ii) J.H.S

iii) S.H.S

iv) Tertiary

v) Others (specify)

7. Marital Status:

i) married (ii) single (iii) divorced (iv) widowed (v) separated

8. Do you have any children? ☐ Yes ☐ No

9. If yes, how many?............ number of boys…………. Girls……..

10. Do your children attend school? ☐ Yes ☐ No

11. If yes, how many?................ number of boys…………. Girls……

12. Do you pay school fees for your children?......................................

13. How much do you pay per year?..

14. What does your husband do for a living?.......................................

Section 2: Principles of best practices

15. How did you know about the micro credit scheme in your district?...

16. Do you belong to any kind of IGA group in your community?

i) Yes ii) No

17. How many are you in the IGA group?......................................

18. How many IGA groups are there in your community?.....................

19. Were you given some training before you received the loan?

i) Yes ii) No

20. If No, why?...

21. Does your group have a savings account?

i) Yes ii) No iii) Don’t Know

Section 3: Effects of loan on IGA

22a. Were you engaged in any IGA before you were given the loan?

i) Yes ii) No

22b. What type of income generating activities were you engaged in before you got the loan? ………………………………………

23a. What was your average income per month before you received the loan?...

23b. What was your average income per month after you paid the loan?

…………………………………………………………………

24. What effect, if any, has the loan had on your business?..................

Section 4: Effects on lives of beneficiaries

25. Has the loan improved your family and social life?

 Yes No (If No, go to Q. 27)

26. If yes, in which way? ……………………………………………

27. What difficulties did you encounter in managing the loan facility?

Section 5: Intended purpose of loan

28. What did you apply the loan initially for? ………………………

29. Did you use it for the intended purpose? i) Yes ii) No

30. If no, what were your reasons for inability to do so? ………………

Section 6: Capital accumulation & empowerment

31a. Before accessing the loan what were your monthly savings?

31b. What are your monthly savings now?...

32a. How often did ask for money from your husband to buy house the household needs?...

32b. How often do you ask for money to buy such items now?

……………………………………………………………………

33. What additional assets have you been able to acquire after expanding your business?..

34. Before starting such an income generating activity how often did your husband ask for financial help from you?.......................................

35. How often do you lend him or give him money when it becomes Necessary?..

36a. Were you normally consulted on family matters in the past?

i) Yes ii) No

36b. If Yes, how often ?..

36c. If No, why is it so?..

37. How often are you consulted now in regard to family and community

Decisions ?...

38 How would describe yourself and role now in your family and

community now? …………………………………………………

Section 7: loan recovery

39. Have you finished paying the loan i) Yes ii) No

40. If no, to question 38, why? ……………………………………….

41. If yes, how long did it take you to pay the loan?...................................

42. How did you pay the loan?...

43. How long were you required to take to pay the loan?............................

44. How would you describe the terms of repayment………………………

45. Will you prefer to work in a group or alone?...

i) Group ii) Alone

APPENDIX II

INTERVIEW SCHEDULE FOR NON- BENEFICIARIES

Section 1: Social and demographic data

1. Name of respondent……………………………………………
2. Name of community……………………………………………
3. Age……………………………………………………………….
4. Income Generation Activity……………………………………
5. How long have you been in the business…………………………

6. Level of education:

i) Elementary

ii) J.H.S

iii) S.H.S

iv) Tertiary

v) Others (specify)

7. Marital Status:

i) married

ii) single

iii) divorced

iv) widowed

v) separrated

8. Do you have any children? ☐ Yes ☐ No

9. If yes, how many?............. number of boys…………. Girls…………

10. Do your children attend school? ☐ Yes ☐ No

11. If yes, how many?................. number of boys…………. Girls…………

12. Do you pay school fees for your children?..

13. How much do you pay per year?..

14. What does your husband do for a living?...

Section 2: Principles of best practices

15. How did you know about the micro credit scheme in your district?

16. Do you belong to any kind of IGA group in your community?

i) Yes ii) No

17. How many are you in the IGA group?..

18. Do you have a savings account?

i) Yes ii) No iii) Don't Know

Section 3: Capital accumulation & empowerment

19. What are your monthly savings now?...

20. How often did ask for money from your husband to buy house the household needs?...

21. How often do you ask for money to buy such items now?

22. What additional assets have you been able to acquire through your business? ………………………………………………………….......

23. Before starting such an income generating activity how often did your husband ask for financial help from you?...

24. How often do you lend him or give him money when it becomes necessary?...

25. How often are you consulted now in regard to family and community? decisions ?...

26. How would describe yourself and role now in your family and community now?

APPENDIX III

QUESTIONNAIRE FOR DISTRICT CREDIT APPROVAL COMMITTEE MEMBERS

1. Sex: (i) male (ii) female
2. How many members do you have on the committee? ………………
3. What is the composition of the committee? ....
4. What criteria do you use for the approval of the loans?..........................
5. How are beneficiaries selected?

   a) Location (by area/ suburb/ village etc)

   b) By type of income generating activity

   i. Agriculture

   ii.Industry

   iii.Service
6. What is the maximum amount given to a beneficiary? ………… ……
7. What is the minimum amount given to a beneficiary?
8. How long does it take for a beneficiary to acquire a loan? ……………
9. What is the procedure for accessing the loan? …………………………
10. Have there been any loan default cases? □ Yes □ No
11. If yes, to question (9), what reasons could you assign to this problem?
12. Can you comment on the recovery rate so far? ....
13. What measures have been put in place to ensure a high repayment rate?
14. What do you think about PAF as a poverty alleviation policy?
15. Comment of the effectiveness of PAF in your district
16. How, in your opinion, can the micro-credit scheme be improved?

APPENDIX IV

FOCUS GROUP DISCUSSION GUIDE

1. How much loans did you receive?
2. Did you receive any kind of training or skills training before you were given the loans?
3. How beneficial have the loans been to your income generating activities?
4. Have you felt some changes your lives and that of your children after receiving these loans for your respective business activities?
5. What do you do with extra earnings from your IGAs?
6. How successful have you been in paying your loans?
7. What difficulties did you face in managing your loans?
8. If you were offered bigger loans, will you take them? Why? / Why not?
9. What other remarks do have to add in regard to your IGAs in general?
10. Do you think you are more priviledged than your colleagues who have not been granted the PAF loans?