UNIVERSITY OF CAPE COAST

THE RURAL ENTERPRISES PROJECT 11 AND THE PROMOTION OF

MICRO AND SMALL-SCALE ENTERPRISES IN THE BAWKU WEST

DISTRICT IN THE UPPER EAST REGION OF GHANA

GEORGE AFRIYIE

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BY

GEORGE AFRIYIE

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

NOVEMBER 2011

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: George Afriyie

Supervisor's Declaration

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

Supervisor's Signature:…………………..　　　Date:………….…………….

Name: Professor C.K. Brown

ABSTRACT

The study attempted to find out the extent to which the Rural Enterprises Project 11 has promoted the activities of micro and small-scale enterprises in the Bawku West District in the Upper East Region of Ghana, during the period 2004-2009. The study used the purposive, simple random, cluster and the stratified sampling techniques in the selection of respondents. The interview schedule and questionnaire were used to solicit information from the beneficiaries of the project interventions and the project facilitators, respectively. Microsoft Excel was used in the data analysis while presentation of the research findings was done by the use of frequency tables.

The findings of the study show that the Rural Enterprises Project 11 has provided training, equipment support, marketing support and business counselling services to promote the activities of MSEs in the Bawku West District, with resultant increase in the number of customers, productivity and sales volume of MSEs in the district.

To enhance the performance of the Rural Enterprises Project in the Bawku West District, the study recommends that the project and the District Assembly should form a functional MSE sub-committee, whilst the District Assembly aligns the project activities to its overall development plan. Again, the project should use other accredited non-bank financial institutions to administer credit to entrepreneurs, review the criteria for the release of funds, conduct needs assessment before interventions, and monitor beneficiaries after interventions.

ACKNOWLEDGEMENTS

DEDICATION

To my wife Ruth, my daughter Eunice and my sons Eugene and Victor, my source of joy and inspiration; and my mother, Mama Elizabeth for her dedication.

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LIST OF ACRONYMS

AfDB	-	African Development Bank
ARB	-	Association of Rural Banks
AWP/B	-	Annual Work Programme and Budget
BAC	-	Business Advisory Centre
BoG	-	Bank of Ghana
DA	-	District Assembly
DCD	-	District Co-ordinating Director
DCE	-	District Chief Executive
DIC	-	District Implementation Committee
GCB	-	Ghana Commercial Bank
GOG	-	Government of Ghana
GRATIS	-	Ghana Regional Appropriate Technology Industrial Service
IFAD	-	International Fund for Agricultural Development
ITTU	-	Intermediate Technology Transfer Unit
M & E	-	Monitoring and Evaluation
MOTIPSD & PSI	-	Ministry of Trade, Industry, Private Sector Development & President's Special Initiatives
MSEs	-	Micro and Small Enterprises
NBSSI	-	National Board for Small-Scale Industries
PBs	-	Participating Banks
PCMU	-	Project Coordination and Management Unit

PFIs	-	Participating Financial Institutions
PSC	-	Project Steering Committee
RB	-	Rural Bank
REDF	-	Rural Enterprises Development Fund
REP	-	Rural Enterprises Project
RTF	-	Rural Technology Facility (REP-II)
RTSC	-	Rural Technology Service Centre (REP-I)
RZO	-	Rural Enterprises Project Zonal Office
SD	-	Skills Development
UNOPS	-	United Nations Office for Project Services
WG-ME	-	Working Group on Micro-Enterprises Development

CHAPTER ONE

INTRODUCTION

Background to the study

The agricultural sector has for a very long time remained the backbone of the Ghanaian economy just as it has been for most developing countries. In fact, the sector makes invaluable contributions to the overall development of the country. This is seen in the areas of food production, employment generation, foreign exchange earnings and the provision of raw materials.

Immediately after independence, Ghana, like some other countries, made tremendous effort towards achieving full employment and socio-economic development through public investment in medium and large scale enterprises. However, as a result of the non-availability of indigenous entrepreneurs and the unwillingness on the part of government to depend on foreign expertise and investors, the government played a lead role in the effort towards industrial development in the country.

In spite of the direct involvement and the effort of the government, the sector was saddled with a lot of constraints, including scarce capital, intensive technology, inadequate foreign exchange, poor management, corruption and inadequate attention to economic viability and market prospects which resulted in poor performance of the industries in terms of output and employment (Killick,

1978). In fact, most of the firms could not survive without protection and subsidy from the government. Most of them were squeezed by economic crisis and again by adjustment policies which reduced protection and cut back subsidies, restrained demand and changed relative prices (Steel & Webster, 1992).

Following an economic recession which resulted in the retrenchment of workers from the civil service, the rationalization of production in the private sector was launched in 1983 under the Economic Recovery Programme (ERP). As a result of the high population growth rate of 2.6% per annum, coupled with the inability of the medium and large scale enterprises to grow and expand over time to absorb the idle labour, the micro and small-scale enterprises became an important option and alternative source of employment.

As a result of the development potential of micro and small-scale enterprises, a large number of institutions, organizations and programmes, both governmental and private sector-oriented, have been established in the country at the national, regional, district and community levels to provide various support services to the sub-sector. The Rural Enterprises Project is one of the key support institutions in the sub-sector. Other institutions are: the National Board for Small Scale Industries (NBSSI); Ghana Regional Appropriate Technology Industrial Service (GRATIS); Community-Based Rural Development Programme (CBRDP); and the Department of Community Development.

Statement of the problem

The Rural Enterprises Project is one of the poverty alleviation strategies initiated by the government of Ghana with support from the International Fund for Agricultural Development (IFAD) and African Development Bank (AfDB). The main objective of the project is to contribute to the alleviation of poverty by increasing productivity, employment and income of the rural poor. The immediate objective of the project is to build competitive micro and small-scale enterprises in the rural areas. The project became effective in Ghana in 2003. The project also became effective in Bawku West District in the Upper East Region in 2004.

Various activities and programmes have been undertaken by the project since its inception in the district towards building competitive rural micro and small scale enterprises. Going by the project implementation arrangement of operating in each beneficiary district for four years, the district is due to be weaned off direct project services in 2009. However, the effectiveness or otherwise of these project interventions is yet to be assessed. There is, therefore, the need for a study to be conducted so that the problems of project implementation could be identified and corrected to facilitate effective delivery of the project services.

Objectives of the study

The general objective of the study was to assess the extent to which the Rural Enterprises Project 11 has promoted the activities of micro and small-scale enterprises in the Bawku West District in the Upper East Region of Ghana.

The specific objectives of the study were to:

1. Identify the interventions of the Rural Enterprises Project 11

2. Determine the extent to which the project has upgraded the skills of the operators of micro and small-scale enterprises.

3. Assess how the project has addressed the capital needs of micro and small-scale enterprises.

4. Assess how the project has addressed the marketing needs of micro and small-scale enterprises.

5. Determine the effectiveness or otherwise of the project interventions.

6. Identify the problems in the implementation of the Project; and

7. Make recommendations to address the problems in the project implementation.

Research questions

The following research questions were posed to guide the study:

1. What have been the interventions of the Rural Enterprises Project?

2. To what extent has the Rural Enterprises Project upgraded the skills of MSE operators?

3. How has the Rural Enterprises project addressed the capital needs of MSEs?

4. To what extent has the Rural Enterprises Project addressed the marketing problems of MSE operators?

5. How effective have the project interventions been?

6. What are the problems associated with the implementation of the Rural Enterprises Project?

Scope of the study

The Rural Enterprises Project 11 operates in 53 districts in Ghana to promote the activities of micro and small-scale enterprises. This study focused on micro and small enterprises in the Bawku West District in the Upper East Region of Ghana, that had benefited from the Rural Enterprises the Project interventions since its inception in the district from 2004 to 2009.

Significance of the study

The study will provide additional information to the already existing one on MSE promotion. It will, thus, contribute immensely to all stakeholders in the promotion of micro and small-scale enterprise sub-sector.

The study will also reveal the strengths and weaknesses associated with the implementation of the Rural Enterprises Project, and come out with workable recommendations to help address the weaknesses. It will, thus, contribute to the successful implementation of the project towards achieving its immediate

objective of building competitive rural micro and small- scale enterprises and long-term objective of poverty alleviation in rural Ghana. Finally, the study will help decision makers to fashion out effective polices and programmes to promote micro and small-scale enterprises.

Operational definition of concepts

Appraisal-Assessment, in accordance with established decision criteria of the feasibility and acceptability of a project or programme prior to a funding commitment. An appraisal may also relate the examination of opinions as part of the process of selecting which project to fund.

Assessment- A process of gathering information, analyzing it, then making a judgement on the basis of the information.

Beneficiaries- The individuals, groups or organizations who, in their own views and whether targeted or not, benefit directly or indirectly from the development intervention.

Capacity- The ability of individuals, businesses and organizations to perform functions effectively.

Capacity-building - The process through which capacity is created.

Community- A group of people living in the same locality and sharing some common characteristics.

Completion - The final phase in the project cycle, when a project completion report is produced.

Effect- Intended or unintended change resulting directly or indirectly from a development intervention.

Effectiveness- A measure of the extent to which a development intervention has attained ,or is expected to attain its relevant objectives efficiently and in a sustainable way.

Efficiency -   A measure of how economically inputs are converted into outputs.

Goal-   The higher-order programme or sector objective to which a development intervention such as a project, is intended to contribute. It is thus, a statement of intent.

Impact - The changes in the lives of rural people, as perceived by them and their partners at   the time of evaluation.

Input   - The financial, human and material resources necessary to produce the intended outputs   of a project.

Monitoring- The regular collection and analysis of information to assist timely decision-making, ensure accountability and provide the basis for evaluation and learning.

Objective- A specific statement detailing the desired accomplishments or outcomes of a project at different levels.

Outcome- The results achieved at the level of 'purpose' in the objective hierarchy.

Outputs- The tangible, immediate and intended results to be produced through sound management of the agreed inputs.

Performance- The degree to which a development intervention operates according to specific criteria or standard.

Primary stakeholders- The main intended beneficiaries of a project.

Process evaluation- An evaluation of aimed at describing and understanding the internal dynamics of a project.

Project - An intervention that consists of a set of planned, interrelated activities designed to achieve defined objectives within a given budget and a specified period of time.

Project impacts- The changes in a situation that arise from the combined effects of project activities.

Project Management- The process of leading, planning, organizing, staffing, and controlling activities, people and other resources in order to achieve particular objectives.

Project performance- The overall quality of a project in terms of its impact, value to beneficiaries, implementation effectiveness and efficiency and sustainability.

Project strategy- An overall framework of what a project will achieve and how it will be implemented.

Target group - A specific group for whose benefit a project is undertaken.

Organisation of the study

The study is organised into five chapters. Chapter One contains the background, statement of the problem, objectives of the study, research questions and the significance of the study. Chapter Two deals with review of related literature on the topic. Chapter Three focuses on the methodology of the study

which includes the research design, study area, study population, sampling procedures, sources of data, research instruments, pre-test, the fieldwork and data processing and analysis. Chapter Four presents the empirical results and discussion , whilst Chapter Five deals with the summary, conclusions and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Introduction

This chapter reviews the literature related to the subject of micro and small- scale enterprises promotion. The review focuses on the following: the concept of micro and small-scale enterprises; characterization and development of micro and small-scale enterprises; the contribution of micro and small-scale enterprises to development objectives; problems facing micro and small- scale enterprises; the policies and programmes for the promotion of micro and small-scale enterprises in Ghana; growth constraints of micro and small-scale enterprises in Ghana; traditional forms of micro and small-scale enterprise assistance and promotion; policies and programmes for the promotion of micro and small-scale enterprises in Ghana; and the Rural Enterprises Project 11 in Ghana.

The concept of micro and small-scale enterprises

The terms micro and small-scale enterprises are given different explanations and definitions at both the international and local contexts. In the context of international studies, the term 'MSE' refers to private enterprises, both

in the manufacturing and industry and the service and trade sectors, with fewer than 250 employees (Ayyagari et al. 2005).

The distinction between micro and small-scale enterprises

There is, indeed, lack of a universal differentiation between micro and small-scale enterprises. Definitions in use today define the thresholds in terms of employment, turnover and assets. They also incorporate a reasonable amount of flexibility around year-to-year changes in these measures so that a business qualifying as an MSE in one year can have a reasonable expectation of remaining an MSE in the next (European Commission, 2003).

The member states of the European Union (EU) traditionally have their own definition of what constitutes micro or small enterprise. However, now, the EU has started to standardise the concept. Its current definition categorises businesses with fewer than 10 employees as 'micro', and those with fewer than 50 employees as 'small enterprises'.

The USAID (1996) defines a micro-enterprise as an informally organised business activity which employs poor people; employs 10 or fewer people, including the micro entrepreneur and any family workers; and is not engaged in crop production.

The European Commission (EC, 1996), defines MSEs as enterprises which (i) have fewer than 250 employees; (ii) have either: (a) an annual turnover not exceeding Euro 40 million, or (b) an annual balance sheet in total not exceeding Euro 27 million; and (iii) are independent, i.e. 25 or more of the

capital or voting rights is not owned by one other enterprise, or jointly by several enterprises. Micro and small enterprises are those that (i) have fewer than 50 employees.

The International Labour Organisation (ILO, 1986) defines small-scale enterprises to include modern industrial firms employing up to 50 people, family units of three or four people, villages of cottage industries, associations, companies, co-operatives, owner-operators, mini-firms and the self-employed in the informal sector of the economy.

Most definitions of small-scale industries are based on either the number of employees they employ or the value of their fixed assets (Harper, 1984; Staley & Morse, 1965; UNIDO, 1979). The problem associated with such definitions is that, the cut off point for both the level of employment as the value of fixed assets vary between countries, national agencies and individuals.

Some scholars are also of the view that it is difficult to give just a single definition for micro and small-scale enterprises since it is too difficult to distinguish between small, medium and large scale enterprises. According to Hoselitz (1968), there are two approaches in dealing with the problem. The first approach is to find quantitative measures, such as employment, employment with power, horse power or capital equipment at some convenient valuation. The second approach to handling the problem is to focus on the financial aspects, such as the nature of management, sources of capital, market and management-worker relationships (Staley & Morse, 1965).

Liedholm and Mead (1995) made a four-fold classification of micro enterprises based on past growth performance in terms of number of workers added, namely:

- New enterprises in the start-up phase (new starts);

- Existing enterprises that have survived the perils of start-up but had not grown (non- growth firms);

- Existing enterprises that had shown small growth (small growth firms); and

- Existing enterprises that had graduated and become "Small" enterprises with 10 or more workers (graduates).

Evans (2008) notes that it is very difficult to define MSEs in Africa. He, however, argues that it is statistically accepted that micro firms are made up of one to nine employees; small firms have about 9 to 49 employees; medium-size enterprises consist of 50 to 249 employees; and large firms are enterprises with over 250 employees. In some cases, turnover or the strength of balance sheet is used to judge whether a firm is small, medium or large. In the United Kingdom, a small business is one whose turnover is not more than £5.6 million or one with a balance sheet of not more than £2.8 million and employs more than 50 workers. A medium-size company must satisfy at least two criteria: a turnover of not more than £22.8 million or a balance sheet total of not more than 11.4 million pounds or have not more than 250 employees on its pay roll(Daily Graphic, 2008).

According to Bateman and Snell (1999), a small-scale enterprise is often defined as a business having fewer than 100 employees, independently owned and

operated, not dominant in its field and not characterized by many innovative practices.

In Nepal, the Industrial Enterprise Act of 1992, which was amended in 1997, changed the definition of cottage industries and the traditional industries utilizing specific skills or local raw materials and resources, labour intensive and related national tradition, art and culture and industries with fixed assets up to 200 rupees. Small industries are defined as industries with fixed assets of up to an amount of 30 million rupees. Industries with fixed assets between 30 million rupees and 100 million rupees are defined as medium industries.

Furthermore, in Nepal, micro enterprises are classified under two different categories, namely: formal and informal. Informal enterprises are generally initiated by an individual family to earn money via their traditional craft skills. Formal enterprises, on the other hand, are initiated by non-governmental organisations and government agencies as income generating programmes for poor families and women. The main objective of such programmes is to enable such people to earn a livelihood. Formal enterprises are, to some extent, backed by training and funds. Often, however, business counselling and market linkages are not thoroughly considered. Further, environmental impact considerations are generally neglected in its entirety.

In Ghana, the definitions for small-scale enterprises vary from one organization to another. The Ghana Statistical Service (1993), for instance, defines small-scale enterprises as those enterprises employing not more than 29 persons. To the National Investment Bank (1972), a small-scale enterprise is one

that employs nine or fewer workers or one that has fixed assets not exceeding 10 million cedis. The National Board for Small-Scale Industries (NBSSI, 2004) defines small-scale enterprises as those that employ more than nine workers with investment in plant and machinery, excluding land and buildings, to the tune of 10 million cedis or US$100,000. The NBSSI and Friedrich Ebert Foundation, in two surveys commissioned in the Central Region in 1990, defined small-scale industry as an industrial or a service unit with labour strength of up to nine persons, irrespective of the level of investment, both household and non-household unit (Acquaah-Harrison & Star International Consultants Limited, 1990).

Characterization and development of micro and small enterprises

There are many studies on micro and small-scale enterprises which consider MSEs for economic development in both developed and developing countries. MSEs have been recognized as a major source of employment and income in many countries, especially in the Third World. In Africa and Asia, the majority of the population lives in rural areas where small-scale enterprises provide 20-45 percent of full time employment and 30-50 percent of rural household income. Latin America, which is more urbanized, has an estimated 50 million micro and small scale enterprises, employing 120 million people (Scott, 2000).

Micro and small-scale enterprises are characterized by low returns on investment, and they generally use simple, low cost technologies .They serve

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local, low-income market, and jobs are often part-time or seasonal. Many of them are in the informal sector which means that their operations are not properly regulated. In developing countries, small-scale enterprises tend to be concentrated in a small number of industrial sectors. However, they, along with medium-scale enterprises, account for a large proportion of those employed in the entire manufacturing sector (Scott, 2000). In general, MSEs are believed to have six characteristics: minute in size; transitionary life cycle; widespread presence; diverse nature; importance both in their own right and also in the economic system as a whole; and a close relationship with larger producers either by metamorphosis, or through direct and indirect interactions (Wan, 2002). Other characteristics that have been pointed out are that they are often owned, managed and run by family members and have a less complex production process due to lack of resources and skilled labour. They often have a simple management and administrative organization, they do not undertake high-risk jobs, and are usually involved in subcontracting market (Hillary, 2000; Scott, 2000).

Mead and Liedholm (1998) summarized the characteristics of MSEs under seven main headings:

- Size of labour: the real number of employees is estimated to be more than the registered number which is reported in most official statistics;
- Size distribution: MSEs can be of any size, ranging from one person working alone to a company with 50 employees;

- Labour force characteristics: the labour force consists of family members, hired workers, trainees and apprentices that vary according to the size of the firm;

- Location: the majority of MSEs operate in rural areas or in the suburbs or peri-urban areas of the city;

- Composition of activities: Most MSEs are primary vendors and small traders and manufacturers, of which most important sectors are apparel, food and beverages, and wood and forest products;

- Gender: the majority of the MSEs are owned and operated by women as home-based enterprises; and

- Efficiency: resource, labour and capital efficiencies vary according to company size: Surveys show that enterprises with 2-5 workers have a larger return per working hour than others.

According to the International Labour Organisation (1997) and the United Nations Development Programme (1992), the characteristics of small-scale enterprises include:

- Ease of entry;

- Reliance on indigenous resources (both human and material);

- Family ownership of enterprises;

- Small-scale of operation;

- Labour intensive and adapted technology; and

- Skills acquired mainly outside formal sector of education

These characteristics have implications for both development and the environment.

Various studies have highlighted the potential of small scale enterprises to generate employment and income in the national economy, promote skills acquisition and transfer of technology and make use of locally available raw materials and appropriate technology (Steel, 1977; Thomi & Yankson 1985).

Yankson (1985) asserts that only a few small-scale entrepreneurs have received training or technical advice from public sector training institutions. Skill acquisitions among small-scale enterprises are basically through the apprenticeship system where master craftsmen or operators take on apprentices and give them on-the-job training. Generally, most of the master craftsmen have had low level (up to middle school) formal education or none at all.

Evans (2008) notes that, in most parts of the world, a significant section of MSEs remains in traditional activities generally, with low level of productivity, poor quality of products and serving very small localized markets. There is also very little or no technological dynamism in the group. In many countries, there is a large under-class of micro enterprises that ekes out a bare survival. Ninsin (1990, p.25), on the other hand, regards small-scale enterprises as the "dumping ground for unemployed illiterate labour, especially during periods of severe economic crises".

In his study of small-scale enterprises in Kumasi, Aryee (1977) noted that apprentices were overwhelmingly the largest group of persons engaged in small-scale enterprises accounting for about 86% of the total labour employed in the

study sector.   He noted further that the main reason for the engagement of apprentice labour was that it was cheap.

In terms of training, Thomi and Yankson (1985) note that food production and processing of agricultural products do not have a big potential. This is due to the nature of production which requires little training, or where skills are imparted, training takes place within the family.

The lack of formal training among small-scale industries and their low level of income have implications for the environment. For instance, ISSER (1992) reported that even though Ghana's adjustment policies made small scale enterprises more competitive, they created constraints resulting in dwindling profits and, therefore, the inability of small-scale industrialists to adopt environmentally friendly technologies or measures to protect the environment. This could lead to a situation where the low level of income among industrialists may hinder their access and their ability to optimally utilise the available information on the environment in their decision- making process.

The level of income among small-scale enterpreneurs determines the type and the level of additional investment that they would be able to make with low levels of income. Among small-scale enterpreneurs, the propensity to spend meagre resources on improved technology or on methods that would improve the efficiency of their production process becomes low. This further means that small-scale enterpreneurs would be more willing to continue with the use of environmentally unfriendly technologies or continue to use methods of production that would not sustain the environmental base of their operations.

The reliance of small-scale enterprises on local resources for their production activities has placed them in the category of industrial activities that exert stress on the environment. The harvesting of raw materials (in the case of alcohol distillation, sugar cane and palm wine) results in the denudation of the land, exposing the soil to erosion agents and to the growth of weeds that tend to reduce the value of the land. The disposal of hot water into water bodies or onto the soil results in changes in the ambient temperature of the media, alters the chemical characteristics and changes the diversity of organisms that would otherwise have inhabited the media.

The contribution of micro and small-scale enterprises to development objectives

All over the world, irrespective of the development level of countries, MSEs are an integral part of the economy. In the view of Fry et al (2004), there are four special ways that small scale enterprises affect society and the economy.

The first impact of small-scale enterprises is economic and is due to the sheer number of small businesses that exist. Though each small business produces relatively few goods or services, when all small businesses are added together, the economic impact is substantial.

The second impact of small scale businesses is seen in the number of people they employ. Even in the advanced countries, over half of the private workforce is employed by small-scale business, and small-scale businesses have created more net new jobs in recent years than large businesses have.

The third impact of small-scale enterprises comes from the technological innovations they contribute. Most new products are created in small businesses. Small scale businesses are often run with fewer restrictions and more flexibility than lager firms. Accordingly, it is generally easier to bring new ideas into focus. Also, there are fewer layers of bureaucracy to work to get through.As a result, new ideas are less likely to get buried.

Finally, small scale businesses are often run by creative entrepreneurs, who feel comfortable taking risks and grasping new ideas. To a great extent, their businesses probably survive in the tough competitive environment because they operate in this manner. Creativity and innovation are, thus, part of the success formula for many small scale business operators.

In many developing countries, the MSEs have played a significant role in the economic development, especially after the Second World War. Various studies have indicated that, usually, in developing countries, the MSEs are found contributing 40-60 per cent of the total output or value added to the national economy (Centre for Development and Governance, 1999). This is true in the Ghanaian context. The Growth and Poverty Reduction Strategy (GPRS 11) of the Government emphasizes, among others, the active promotion of thriving micro and small enterprises as a means to creating wealth and improving the living conditions of the majority of the citizenry. Micro and small-scale enterprises are critically important to the economy of Ghana, forming about 92% of enterprises in the country. Small businesses provide the livelihoods of most Ghanaians. According to the Ghana Living Standards Survey (GLSS-3), 13% of the

population sampled was employed by government or private firms, with 69% being self -employed and 18% with no regular jobs. A significant number of MSEs are located in the rural areas, where they make a crucial contribution to the livelihood security of the poor, as sources of essential goods and services, employment and income outside the traditional farming activities. Other quantitative contributions of MSEs can be measured in terms of value added, foreign exchange earnings through export, as well as savings through the production of import substitutes.

Micro and small-scale enterprises train workers in-house and on the job, teaching employees valuable skills and offering a breeding ground for entrepreneurial and managerial talents for both men and women. They also provide a pool of skilled and semi-skilled workers. Indeed, many large enterprises start small, and managers as well as employees improve on their skills as these enterprises grow.

Small enterprises enable risk-taking and motivate individuals to find avenues for their talents to new types of business activities and innovations. Some small businesses contribute to the improvement of forward and backward linkages as ancillaries to large-scale enterprises. In fact, a strong and productive industrial structure can only be achieved where micro, small, medium and large enterprises not only co-exist but also function in a symbiotic relationship.

Again, micro and small enterprises tend to develop in almost all the regions of Ghana and, thus, contribute to reducing the concentration of industries in urban areas, thereby promoting balanced economic growth between the

administrative regions and between the rural and urban areas. MSEs can, therefore, contribute immensely to income distribution by alleviating poverty and reducing income disparities among social groups and ensuring the closer integration of women and people in rural and deprived areas with the national economy.

According to Anderson (1982), the available cross-sectional and time series data strongly suggest the fact that the industrialization process normally begins with the rapid growth of small-scale enterprises, some of which expand to medium and large-scale firms, while the rest survive the market niche where they can remain competitive with large-scale enterprises.

In the view of Bruton (1990), if small-scale enterprises are successfully implemented, they would develop the entrepreneurial and managerial skills that are needed as the basis for local investment in large-scale enterprises. This notwithstanding, there is a contrary view that the reverse could occur and that the large and medium scale enterprises may be more likely to serve as training grounds for technicians and entrepreneurs who later establish and sustain small enterprises (Edusah &Tribe, 1992).

Allal and Chuta (1982) argue that, given the vast number of very small enterprises in both rural and urban areas, it is clear the small-scale industrial sector provides substantial employment opportunities for the benefit of the rural and the urban poor. They further argue that the rural small- scale enterprise sector plays an important role in mitigating the trend of labour migration from the rural to the urban areas and thus helps check social unrest and congestion in urban

centres in developing countries. They further contend that the expansion of the small enterprise sector should have very important effects, such as substantial employment generation, rural industrialization, optimal use of local resources and considerable multiplier effects on the economy through forward and backward linkages.

In the view of Staley and Morse (1965), because small-scale enterprises are relatively labour intensive, they provide the avenue for the generation of employment and income. This notwithstanding, studies conducted by Sowa et al (1992) in Ghana revealed that most small-scale enterprises have apprentices but few paid employees and, therefore, the small-scale sector cannot be relied upon as a major source of employment. Again, they agree that since the initial capital required to establish small-scale enterprises is small, it makes the small-scale enterprises a potential avenue for the generation of self employment. They are also a good source of private employment. Even for some in public employment, they provide a useful opportunity for them to supplement their incomes. However, some authors have contended that the job creating impact of small enterprises is a statistical flaw; it does not take into account offsetting factors that make the net impact more modest (Biggs, Grindle & Snodgrass, 1988).

According to Thomi and Yankson (1985), most of the small-scale enterprises in Ghana do not offer much scope for substantial permanent employment but they play a crucial role in the training of future entrepreneurs and in providing opportunities for self-employment. In the view of Harper (1984), the employment of local indigenous technology by small-scale enterprises is more

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likely to promote the use of locally produced raw materials and equipment and facilitate the conservation of foreign exchange, which might otherwise be spent on imports and internal transportation.

Evans (2008) notes that the development experience of East Asian countries, such as South Korea, Japan, Taiwan, Hong Kong and Malaysia, shows that they developed their economies on the back of their MSEs. He asserts that the big companies that rule the world economy today, such as Microsoft, Volkswagen, General Motors, McDonalds, Hewlett-Packard and Google, all began as SMEs. He indicates further that, in the United Kingdom, small businesses are recognized as the backbone of the British economy, accounting for more than half of UK's turnover. In countries that make up the Organisation for Economic Co-operation and Development (OECD) group, MSEs represent over 95 per cent of enterprises, and in most of those countries, they generate over half of private sector employment .He finally indicates that, in New Zealand, nine out of every 10 businesses employ less than 10 people, whereas in Japan, nearly 80 per cent of all employment is generated by SMEs.

According to the National Board for Small Scale Industries (2004), micro and small-scale enterprises have a significant role to play in developing the rural areas of Ghana. The Board has identified five important roles played by the enterprises in economic development of Ghana. These roles are seen in the areas of employment generation, use of local resources base, role in micro-credit, improvement in infrastructure services and export market potential.

Problems facing micro and small-scale enterprises

Micro and small-scale enterprises face a wide array of problems. Most of the entrepreneurs themselves, especially the forest-based ones, most commonly cite finance as the principal problem they encounter in maintaining their competitive position, with raw material shortages often being mentioned as the second most important. Apart from being a real problem, finance may also be a symptom of other difficulties. The range of problems that can be encountered by micro and small scale enterprises can be summarized as follows:

- Small and insecure markets, due to low rural incomes, seasonality, poor access to large markets, and severe competition;

- Raw material shortages, often compounded by wasteful processing, restrictive regulations, poor distribution, and lack of working capital;

- Shortage of finance, in particular working capital, worsened by problems of access to what is available and by its cost;

- Non-availability of appropriate technology in the form of suitable tools and equipment;

- Managerial weakness, which serve to worsen all the other problems since the micro and the small scale entrepreneurs lack the capacity to analyse situations and chart ways to minimize adverse impacts of problems; and

- Lack of organization of the enterprises in a manner which enables them to make effective use of available support services (Fisseha, 1985).

Micro and small-scale enterprises also often encounter a policy environment which compounds many of their problems. Because policy is usually

oriented towards a large industrial sector, it fails to accommodate the particular characteristics and needs of micro and small-scale enterprises, to the point where the policy may severely constrain or inhibit their activity.

According to ILO (1999),MSEs, particularly those in developing countries where the service infrastructure and business environment have not been developed, typically face operational problems which make it difficult to start-up, expand or develop to reach their full potential. Such problems could be generalised as follows:

- Lack of access to financing;

- Lack of access to the market;

- Lack of skilled workers, or poor access to skill development for workers;

- Lack of access to better technology and equipment;

- Lack of access to information vital to business management; and

- Lack of business management skills.

In the view of Barton (1997),studies of MSEs generally identify a long list of problems faced by owners and operators of small enterprises. On the financial side, he indicates that studies emphasise that the primary need is for a better access to working capital, although fixed or investment capital is a problem for certain types of businesses. In the non-financial area, he indicates that micro enterprises must deal with numerous problems including the following:

- Marketing problems (identifying new sources of demand, finding customers, developing business linkages and adapting products and services to meet buyer requirements);

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- Input supply problems, including access to raw materials, supplies and equipment;

- Technical/production problem;

- Legal and regulatory compliance and harassment;

- Transportation problems;

- Limited access to business facilities and infrastructure; and

- Human resource development and management problems.

According to Park (2008), some of the problems confronting the financial support system of MSEs are: lack of capital for loan service and investment; low accumulation of credit because of low saving rate as against high inflation rate; credit rationing; worsening efficiency in resource redistribution; inefficient loan guarantee system; and lack of government policy funding for MSEs.

Growth constraints of micro and small-scale enterprises in Ghana

Micro and small-scale enterprises make invaluable contribution to the overall development of the Ghanaian economy. The significant role played by the these enterprises is seen in terms of employment generation, wealth creation, conservation of foreign exchange and the utilization of the available local raw materials. Because of the positive role played by the micro and the small-scale enterprises in the economic growth and development of Ghana, it is necessary to support these enterprises to overcome their growth constraints. To perform this task, however, it is absolutely necessary to, as a first step, identify these constraints since the first step in trying to solve a problem is to identify the

problem. However, since information on micro and small-scale enterprises in the Bawku West District is scanty, a review of the literature on the sector in Ghana offers an insight into some of the constraints.

In Ghana, just as it is in most developing countries, the growth constraints of micro and small-scale enterprises can be grouped under two broad headings. These are: those that are of internal nature, such as entrepreneurship and management; and those that are of external nature, such as access to resources like raw materials, finance and foreign markets (Schmitz, 1992).

In their study on the impact of the Structural Adjustment Programme on the operations of small-scale enterprises in Ghana, Steel and Webster (1992) indicate that the programme has forced small-scale enterprises to be more competitive in order to survive. They also note, however, that the growth of small-scale enterprises has been slowed due to inadequate financial support and unfavourable regulatory environment, such as taxation, registration and licensing of enterprises.

According to Abaka and Mayer (1994), small businesses by their sheer size and nature of operations have been found to be unable to get certain resources to exploit market opportunities. Similarly, Tettey (1994) argues that the lack of professional expertise makes small businesses very vulnerable against every little 'economic shock'.

Sowa et al. (1991) also note that the majority of the 41% of 1,222 firms which experienced a decline in output under the Economic Recovery Programme were located in Accra, Kumasi and Cape Coast, possibly because of the increased

competition from imports in these areas. Furthermore, the increasing availability of imported replacement spare parts, associated with the Economic Recovery Programme, has continued to support the repairs sub-sector in areas such as electrical and mechanical. This notwithstanding, the national policy measures have also made new vehicles and equipment available on the market, which has dampened the demand for repairs. Again, the increasing importation of new and unused clothing has reduced the demand for the products of the garment and textile sub-sector.

Acheampong (1991) also identified the major problems facing the small-scale soap manufacturers in the Central Region as lack of capital, limited market, defaulting on the part of customers, lack of labour supply and scarcity of inputs. However, Park (2008) notes that lack of finance is not a major problem of MSEs in Ghana. The major problems are management and ownership.

According to the NBSSI (2004), even in the face of the numerous MSE support programmes available, the micro and small-scale enterprises still face many and varied obstacles and problems. Some of the problems are inherent in the very characteristics of small businesses and start-ups, while others are a direct outcome of economic changes which may affect MSEs in a more crucial manner than they affect large-scale businesses. Some of the main problems and constraints affecting MSEs in Ghana identified by the Board are:

- Lack of managerial skills;

- Difficulties in raising finance;

- Lack of accessibility to information;

- Bureaucracy;

- Lack of export incentives; and

- Lack of specific programmes for women entrepreneurs

Traditional forms of MSE assistance and promotion

Traditionally, government intervention to promote micro and small-scale enterprises has focused on the provision of credit through various means, including direct lending through first-tier development banks, second-tier credit facility channelled through banks and other financial institutions, and portfolio requirements, often supplemented by credit guarantee schemes. Subsidized interest rates and guarantees were common in the past and continue to be used in many countries reflecting the (likely erroneous) view that the high cost of credit is the main constraint facing MSEs.

According to Evans (2008), when one studies the growth and development of the advanced economies, one comes to the realization that MSEs have enjoyed great support from the governments of these countries. Governments of these countries promote entrepreneurship and develop MSEs through a myriad of policies and programmes. In the European countries, these include financing, technology and innovation, e-commerce, management and internationalization. In Korea, for example, the measures include tax breaks and reduced interest loans for starting new businesses in the rural areas.

In the United States, small businesses benefit from various forms of funding. In 2003 alone, SMEs benefited from $ 2billion grant. In addition to that,

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23 per cent of contracts were awarded to SMEs. The Small Business Act requires that each contract with an anticipated value greater than $2,500 but less than $100,000 be reserved exclusively for small business concerns, unless the contracting officer is unable to obtain an offer from two or more small businesses that are competitive with market prices and with the quality of the goods and services that are to be purchased. Governments in Latin American countries have put in place programmes and policies that have gone a long way to reduce red tape to ensure that the needs of SMEs are swiftly dealt with.

Direct and subsidized credit programmes have done little to achieve what should be their fundamental objective, namely: increasing the access of small enterprises to financial services. They, indeed, inhibit the development of sustainable financial institutions and often foster a "non-repayment culture" among enterprises. Low rates of loan recovery push ex-post subsidies even higher than those intended in credit programmes. Credit subsidies also create distortions in financial market since they discourage firms from using non-credit forms of financing.

The traditional approach has failed to deal with the fundamental problems that raise the cost of credit and make banks reluctant to serve MSEs, namely: the high risks and transactions cost (real or perceived) associated with commercial lending to the smaller-scale segment of the market.

In addition to credit, governments and donors provide non-financial business development services through public institutions or non-governmental organizations. These include: training to labour and management, extension,

consulting and counselling, marketing and information, technology development and diffusion and efforts to improve business linkages through sub-contracting, franchising and business clusters. There is broad consensus that publicly-provided business development services suffer from being too general and supply-driven, of poor quality with insufficient awareness of cost control. Moreover, the types of products and delivery mechanisms offered by the donors and public institutions may not be consistent with the needs and willingness-to-pay of micro and small scale enterprises (Tanburn, 1999).

The high degree of subsidization and financial scale of publicly-provided services can have perverse effects on the local business development services market. Differences in the financial scale between internationally-funded Business Development Services institutions and potentially-profitable local BDS providers can be significant. Since both the quality and quantity of publicly provided and publicly-funded services are limited by the amount of subsidies available, programme coverage tends to be low, typically only five to ten percent of the target population of firms.

Again, systematic monitoring and evaluation of programmes are rarely done. But too often, publicly-provided BDS fail the ultimate performance test. Invariably, firms report that the programmes are irrelevant to their needs.

Part of the problem with the traditional approach to MSE assistance strategies is that they often try to achieve a combination of equity objectives (alleviating poverty and addressing social, ethnic and gender inequalities) and efficiency objectives (raising the productivity and profitability of firms). The

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confusion created by multiple objectives can lead to over-subsidization of services that could be provided by the market, while at the same time failing to deliver income support to the poorest. In many countries, literally hundreds of MSE assistance programmes are offered by various government ministries, and external donors, resulting in duplication of coverage for some types of services and clients, and gaps for others. Often, the problem is not a lack of money but rather the failure to use that money well.

The traditional approach to MSE assistance or promotion reflects a "donor dependent" relationship between governments and external donors on the one hand, and MSEs, on the other, with services provided directly by public institutions on a subsidized basis. It is based on the old assumption that the demand for financial and non-financial services by MSEs is low because of their inability to pay, that such services cannot be provided profitably, and that MSEs care more about cost than quality and access.

Policies and programmes for the promotion of micro and small-scale enterprises in Ghana

Until Ghana gained her independence from colonial rule in 1957, much attention was not given to the industrial sector of the economy. The only industries which were valued and recognized were those in the extractive sector and agriculture, with the major ones being gold, manganese, bauxite, diamond, timber and cocoa. For this reason, the major infrastructural development in the country at that period was designed to link mining and other important crop-

producing centres to the Takoradi Harbour, from where they could easily be exported, and the national capital and other relatively larger cities and towns, where ready markets were assured.

Industrial development began to feature prominently in overall development policy after independence. Even then, priority attention was initially given to the promotion and development of large-scale import-substitution industries whose production processes depended heavily and excessively on imported raw materials.

However, scarcity of foreign exchange which resulted from low commodity prices and economic mismanagement seriously reduced the capacity utilization of these industries and negatively affected their growth and development. The net result of this situation was that, between the late 1970s and the early 1980s, most of the products produced by the medium and large-scale enterprises were virtually not available on the local market. The wide gap created was, to some extent, filled by the less refined products of the small-scale enterprise sector (Abaka & Mayer, 1994). This, in fact, led to the realization that micro and small-scale enterprises make invaluable contribution to the overall national economic development through wealth creation and the utilization of local raw materials.

Various governments after independence have tried to show concern for the promotion and development of micro and small-scale enterprises in the country. Several policies and programmes have, therefore, been designed and executed to that effect.

Under the First Republic, 16 cottage industries were established nationwide as public enterprises. Like most other public enterprises, they were not viable and were later completely abandoned. This was followed by the National Liberation Council (NLC) policy document on small enterprise promotion in July, 1968 (NLCD 330) which sought to develop the sector. The decree reserved certain economic activities for Ghanaians and was followed in 1970 with the Ghanaian Business Promotion Act (Act 334) which led to the establishment of the Office of Business Promotion. The aim of the office was to assist Ghanaian entrepreneurs to enter the sectors of the economy which were hitherto dominated by aliens but became available to Ghanaians after the Aliens Compliance Order in 1970.

Again, the realization that the development of micro and small-scale enterprises was an engine for building a society of free enterprise led to the setting up of the Ghana Enterprises Development Commission (GEDC)in 1971 as an institution for the development of micro and small-scale enterprises under the Busia regime. The Commission was mandated to remove all obstacles to the development and growth of micro and small-scale enterprises and pave the way for industrialisation, based on market forces rather than state management. Unfortunately, the regime was aborted by another coup d'etat in 1972. The coup leaders did not show any commitment to the principles that led to the establishment of the Commission.

Other micro and small-scale enterprise support institutions, which were established beside the GEDC, included: the Department of Rural Housing and

Cottage Industries; Department of Community Development; and Department of Social Welfare. The basic strategies of these institutions in organizing for the growth of micro and small-scale enterprises appeared similar.

By Act 434 of the Third Republican Parliament, the National Board for Small Scale Industries (NBSSI) was established as an apex body for the co-ordination of programmes for the development of micro and small-scale enterprises in the country. This policy was, however, belatedly implemented in 1985 by the PNDC regime. The NBSSI, through the Business Advisory Centres (BACs), offers advisory and counselling services, entrepreneurial and management training, technical skills development, facilitates access to credit, directly supports MSEs with working capital and the purchase of fixed assets, and facilitates the preparation of Business plans of MSEs.

In 1987, a training programme known as Entrepreneurship Development Programme (EDP) was introduced by the Board to select and develop the skills of potential entrepreneurs to enhance the employment and income-generating capacity of small-scale businesses. The target beneficiaries of the programme were women, science and technology graduates, unemployed graduates and retired and retrenched public servants. The beneficiaries of the programme were trained in the areas of selection of appropriate business opportunities, achievement, motivation, training, business planning and goal setting. Other topics treated were; market research and analysis, market strategy, advertising and promotion. The rest were; book-keeping and financial projection, government regulation and obtaining start-up capital (NBSSI, 2004).

Later in 1992, the Ghana Enterprises Development Commission and the Cottage Industries section of the Department of Rural Housing and Cottage Industries were merged with the NBSSI.

The Ghana Regional Appropriate Technology Industrial Service (GRATIS) Foundation was established in 1987 under the Ministry of Industries, Science and Technology to upgrade the skills of small industrialists at the grassroots level through the establishment of Intermediate Technology Transfer Units (ITTUs) in the regions. Initially, the ITTUs concentrated on minor engineering activities. However, other areas like beekeeping, weaving and dyeing have recently been included. They also offer services, including repairs and maintenance.

Under the Economic Recovery Programme which was launched in Ghana in 1983, policy packages were designed for various sectors of the economy. Perhaps, the most important policy package which had an impact on the industrial sector was the liberalization of trade and payments in the country (ISSER 1992). Development in the industrial sector under the Economic Recovery Programme has been influenced by both sectoral and macroeconomic policies which have given a boost to especially small and medium-scale enterprises (SMEs), particularly those in the manufacturing sector. These policies saw the manufacturing sector recording its highest share of industrial output of 67.3% in 1986, although it has since been losing gradually but steadily to other sectors, especially electricity, water and construction. In 1987, for instance, the sector's

share of industrial output dropped to 66.5%. It further dropped between 1988 to 1994 from 65.1% to 57.6% as shown in Table 1.

Table1: **Share in Real Industry Output, 1981-1994 (percentages)**

Year	Manufacturing	Mining and Quarrying	Electricity and Water	Construction
1981	71.6	8.1	6.6	13.8
1982	56.1	9.7	7.1	24.1
1983	61.2	9.7	5.0	24.0
1984	61.8	9.8	6.4	22.0
1985	65.3	8.9	6.6	19.2
1986	67.3	8.0	7.3	17.4
1987	66.5	7.8	7.7	18.1
1988	65.1	8.5	8.1	18.3
1989	63.8	9.1	8.5	18.5
1990	63.2	9.1	9.2	18.6
1991	61.9	9.4	9.5	19.3
1992	59.8	9.8	10.1	20.4
1993	58.6	10.2	10.5	20.8
1994	57.6	10.4	10.7	21.0

Source: ISSER, 1995

These macro-economic policies were supplemented by special policy measures aimed at supporting small and medium-scale enterprises in both the

manufacturing and mining sectors. These include an 80 billion cedi facility released in February 1989 to the small and medium-scale enterprise projects to provide the sector with adequate funding facilities. Earlier in January of the same year, the government had released 80 million cedis to the National Board for Small Scale Industries (NBSSI) for the procurement of scarce but essential raw materials for the sector (ISSER, 1992).

In January, 1990, a special programme of assistance was announced by the government to support local industries. This was to include assistance to obtain bank credit and the setting up of a special fund to assist distressed but potentially viable enterprises. This was done in 1994 with the setting up of the Business Assistance Fund (BAF) (Daily Graphic, 1994). All these financial and policy supports to the small and medium scale sub-sector of the economy were meant to boost the productivity of small-scale enterprises, which, over the years, had exhibited the potential of being agents of employment generation, tools for poverty alleviation among the rural and urban poor and had also contributed to the achievement of a sustained measure of economic growth in Ghana (Yankson, 1987; ILO, 1993).

In 1995, the government of Ghana, with the support of the International Fund for Agricultural Development (IFAD), launched and started with the implementation of the first phase of the Rural Enterprises Project (REP 1) in 13 selected districts in the Brong Ahafo and Ashanti Regions. The beneficiary districts included: Tano, Berekum, Jaman, Wenchi, Techiman, Nkoranza, Kintampo and Atebubu, all in Brong Ahafo Region. The rest were, Ejura

Sekyedumase, Sekyere East, Sekyere West, Afigya Sekyere and Offinso Districts, in Ashanti Region. The project which sought to promote the activities of rural micro and small-scale enterprises had the objective of contributing to the alleviation of poverty in Ghana by increasing productivity, employment and income in the rural economy through structured support to agricultural and non-agricultural rural enterprises on a sustainable basis. The project was implemented over an eight-year period from February, 1995 to December, 2002.

The project established three Rural Technology Service Centres (RTSCs) as centres for the upgrading of skills of artisans or master craftsmen, promotion of apprenticeship training, and transfer of appropriate and demand - driven technologies. As regards the introduction of appropriate technology to beneficiaries, the cumulative number of beneficiaries who adopted new technologies, as at June 2002 was 2,600. During the same period, a cumulative number of 8,005 previously distressed enterprises had recorded improved profitability as a result of the project's intervention.

The project established Business Advisory Centres (BACs) in all the 13 project districts to serve as focal points for the promotion and development of rural entrepreneurial skills as a means of enhancing employment generation, adaptation of improved technologies, and efficient utilization of available natural, human and financial resources. As at June 2002, a cumulative number of 3,889 clients had received training in new small-scale enterprises (SSEs) under the project. Within the same period, a cumulative number of clients receiving refresher courses in business management and entrepreneurship was 7,658.

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The Rural Enterprises Development Fund (REDF), a line of credit, was made available by the project through the Bank of Ghana (BOG) to eligible participating banks (PBs) for on-lending to project clients. Actual credit disbursement started during the last quarter of 2006. As at June 2002, the cumulative credit amount disbursed by the project to operators of rural micro and small scale enterprises in the project districts stood at 5.7 billion cedis. In terms of loan portfolio, about 94% of the total loan disbursed was given out as working capital loans.

Again, the coming into effect of the Fourth Republican Constitution and the subsequent declaration of the private sector as the 'engine of growth of the economy' provided additional impetus for private participation and competition in MSE development. Some of the MSE supporting institutions, apart from the NBSSI, are the EMPRETEC Foundation, Micro finance institutions, Adventist Relief Agency, Catholic Relief Service, World Vision International, other non-governmental organizations, and churches. Under the programme of Action to Mitigate the Social Costs of Adjustment (PAMSCAD), the government of Ghana set aside a revolving credit of two million United States Dollars, under the Entrepreneurship Development Programme (EDP), to identify and train people with entrepreneurial talents for self-employment.

The Rural Enterprises Project (Phase 11) in Ghana

Institutional framework

The Rural Enterprises Project (Phase II), also known as REP 11, represents part of the Government's development programme to reduce poverty in the rural areas. The first phase of REP operated in 13 districts in Ashanti and Brong Ahafo regions and ended in December, 2002. Based on the positive performance and outcomes of the project, the Government of Ghana, in collaboration with the International Fund for Agricultural Development (IFAD) and the African Development Bank (AfDB), initiated the necessary formalities to extend the project to cover 53 new districts country-wide from 2003 till 2011. REP-11 directly contributes to Ghana's Poverty Reduction Strategy (GPRS) which places particular emphasis on the development of storage, transport and processing capacity of rural produce.

The project concept is to provide rural poor families with productive assets and enable them contribute towards accelerated national economic growth. Project services include training in employable skills for small business creation, apprenticeship training, technology transfer, rural financial services, including savings mobilization and credit delivery. Others are: support to local trade associations; support to inter-sectoral policy dialogue; and partnership building on micro and small-scale enterprises (MSE) promotion.

Project objectives

The overall goal of the Rural Enterprises Project II is to reduce poverty and improve living conditions in the rural areas and especially increase the incomes of women and vulnerable groups through increased self- and wage-employment. The immediate objective of REP-II is to promote a competitive rural micro and small enterprise sector in participating districts, which is supported by relevant, good quality, easily accessible and sustainable services (PCMU, 2003).

Project strategy

The project's strategy is to:

- Involve mainstream institutional and delivery processes within the decentralized government entities;

- Involve the private sector service providers whenever relevant and feasible; and

- Enhance the role of District Assemblies and Trade Associations to play a major role in shaping the project support as well as in planning, co-ordinating, financing and monitoring specific activities.

Project components

The project is being implemented through the following interrelated components:

- Business Development Services mainly through district-based Business Advisory Centres (BACs);

- Technology promotion and support to apprenticeship training through Rural Technology Facilities (RTFs);

- Rural financial services provided mostly through rural banks; and

- Inter-sectoral policy dialogue and partnership building on rural micro and small enterprise development involving stakeholders, including donor agencies, public institutions, NGOs, the private sector and Trade Associations.

Target enterprises

The Project's target enterprises are: micro and small-scale enterprises in the agro-processing; primary fabrication and repairs; traditional crafts; service enterprises; and non-farm forest-based enterprises. Target clients are the entrepreneurial poor engaged in off-farm rural micro enterprises, including most vulnerable households, socially disadvantaged women, unemployed rural youth and graduate apprentices.

Project management

The Ministry of Trade and Industry, Private Sector Development and Presidential Special Initiatives have the overall responsibility of the Rural Enterprises Project. However, in view of the considerable expansion of the project area, two REP Zonal Offices have been established in Tamale and Koforidua to support implementation of project activities. District Implementation Committees (DICs) have been set up in each participating district to assist in operational

matters, such as co-ordination of planning, implementation of project activities and resolution of conflicts.

REP Business Advisory Centres

At the district or the operational level, the Project, through a tripartite partnership arrangement with the National Board for Small Scale Industries and the participating District Assemblies, has established Business Advisory Centres (BACs) to serve as the main implementation mechanism of the project at the district level through which the Business Development Services component of the project is being implemented.

Rural technology facilities

The project has also established Rural Technology Facilities which are engineering workshops at strategic locations in some districts to spearhead the technology upgrading of the rural MSE sector by providing support to apprenticeship training system.

REP promotional package for Micro and Small-Scale Enterprises

To achieve its goal of contributing to the alleviation of poverty in the rural areas, and also achieve its immediate objective of building competitive micro and small-scale enterprises, the Rural Enterprises Project has various forms of promotional packages. These include: identification of existing and potential business opportunities through the conduct of Business Opportunities

Identification Studies (BOIS); technologies and skills upgrading; support for entrepreneurial and managerial development; provision of basic tools and equipment to graduate apprentices; provision of marketing support; and provision of micro credit.

CHAPTER THREE

METHODOLOGY

Introduction

This chapter deals with the methodology used in the study. It discusses the research design, study area, study population, sampling procedures, data collection instruments, the fieldwork, and data processing and analysis.

Research design

The research design used for this study was process evaluation. Process evaluation is a valuable tool for programme managers who seek to strengthen the quality of their programmes and improve outcomes for the target beneficiaries. It answers basic questions about a programme's effectiveness. It assesses whether an intervention or programme model was implemented as planned, whether the intended target population was reached, and the major challenges and successful strategies associated with programme implementation (Taylor et al, 1996).

The study adopted the process evaluative research design because the Rural Enterprises Project was on-going and, therefore, realised that process evaluation could, at least, help identify the interventions of the Rural Enterprises Project 11, determine the extent to which the project has upgraded the skills of the operators of micro and small-scale enterprises and assess how the project has

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addressed the capital and the marketing needs of micro and small- scale enterprises. The process evaluative research design was also used to determine the effectiveness or otherwise of the project interventions, identify the problems in the implementation of the Project, and suggest appropriate recommendations to address the problems.

Study area

The Bawku West District lies within the Upper East Region of Ghana. It was carved out of the Bawku District under the new local government system in 1988. It lies roughly between latitudes 10° 30'N and 11° 10'N, and between longitudes 0° 20'E and 0° 35'E. The District shares boundaries with Burkina Faso in the north, Bawku Municipality to the east, Talensi/Nabdam District to the west and East Mamprusi District to the south.

Two important tributaries of the Volta River, namely the White and Red Volta, are contiguous to the District's eastern and western boundaries respectively. The District covers an area of approximately 1,070 square kilometres, which constitutes about 12 percent of the total land area of the Upper East Region. It is the fifth biggest district in the Upper East Region in terms of land area.

The demographic characteristics of the Bawku West District are similar to the prevailing characteristics of the predominantly rural districts in the country.

These characteristics include large household sizes, high illiteracy rates (that is, about 80 percent in the southern part of the district) and high birth and fertility rates.

The district has a total usual resident population of 83,034(GSS 2002) and this represents a 24 percent increase over the 1984 Census figure of 66,973. The population of the district is 9.0 percent of the total population of the Upper East Region and this is about 0.3 percent increase over the 1984 census figure. According to the 2000 Population and Housing Census, 52.4 percent of the district population were female, whilst 47.6 per cent were male. The average growth rate of the district population between 1984 and 2000, therefore, was about 0.014 per cent per annum, unlike in 1984, when it was 3.5 per cent. This is shown in Table 2.

Table 2: Population by district and sex in the Upper East Region in 2000

District	Population			Percentage			Proportion	Sex
District	Male	Female	Total	Male	Female	Total	Female	Ratio
Builsa	38,020	39,413	77,433	8.5	8.2	8.4	50.9	96.4
Kasena-Nankana	72,237	77,943	150,180	16.2	16.2	16.2	51.9	92.7
Bongo	36,672	42,023	78,695	8.2	8.7	8.5	53.4	87.3
Bolgatanga	111,153	117,088	228,241	25.0	24.4	24.7	51.3	94.9
Bawku West	39,524	43,510	83,034	8.9	9.1	9.0	52.4	91.0
Bawku East	147,541	160,478	308,019	33.1	33.4	33.3	52.1	91.9
Total	445,215	480,387	925,602	100	100	100	51.9	92.6

Source: GSS (2002)

The vegetation is Sudan savannah, consisting of short drought and fire resistant deciduous trees interspersed with open savannah grassland. Grass is very sparse and, in most areas, the land is bare and severely eroded. Common grasses include Andropogan gayanus (Northern Gamber Grass) in the less eroded areas, and Hyparhenia spp, Aristida spp, and Heteropogon spp. (Spear grass) in the severely eroded areas. Common trees include Anogeissus spp, Acacia spp (Thorn tree) and Triplochiton spp. Economic trees include Parkia filicoidea (Dawadawa), Butyrospermum parkii (Sheanut), Andansonia digitata (Baobab) and Ceiba pentandra (Kapok). In most cases, the vegetation is highly degraded by land clearing for farming, fuel wood harvesting, overgrazing, bushfire and harvesting of poles for construction. This situation, indeed,does not propel any meaningful farming activity, the main source of employment and income for the people in the area.

It is against this background that the promotion of the micro and small-scale enterprises in the Bawku West District, as being done by the Rural Enterprises Project, is deemed a step in the right direction since it would make the majority of the people have access to a reliable source of employment and income to supplement their income from farming.

Study population

The target population consisted of the micro and small-scale enterprises that have benefited from any of the interventions of the Rural Enterprises Project. The study population, however, consisted of the beneficiary micro and small-scale

enterprises which are located in the Bawku West District and the two officials of the Rural Enterprises Project, comprising the Head of the Business Advisory Centre and the Business Development Officer, who are the facilitators of the Rural Enterprises Project at the District level.

The study population consisted of micro and small scale-enterprise operators in the Bawku West District who had benefited from the Rural Enterprises Project interventions or any form of support, such as training, credit, marketing, counselling and epuipment from the Rural Enterprises Project. There were, as at August 2009, 840 beneficiaries of the project in the District, spread across three different geographical locations, namely; Binaba Zone(230),Zebilla Zone (500) and Sapeliga Zone(110) (Bawku West BAC,2009).In addition, the population included the facilitators of the project, namely; the Head of the BAC and the Business Development Officer.

Sampling procedures

The researcher used both probability and non-probabilty sampling techniques in the study. Specifically, the purposive, cluster, stratified and simple random sampling techniques were used.

The purposive sampling technique was used to select the Head of the Business Advisory Centre and the Business Development Officer, the two facilitators of the Rural Enterprises Project in the Bawku West District. The facilitators were chosen because, by virtue of their role as facilitators for the project implementation at the district level, where the study was being conducted,

they were in the position of providing the basic relevant information needed for the study.

The three zones of the Bawku West District, namely: Binaba, Sapeliga and Zebilla were considered as clusters and members selected from each cluster on the basis of the members in each group. Further, the population was stratified into males and females in each zone, and percentages assigned to each stratum on the basis of sex ratios in each zone. This procedure was used because the zones had different male-female ratios. After the stratification of the population into males and females, simple random sampling with the lottery method was used to select beneficiaries from each zone to constitute a sample of 105, as depicted in Table 3.

Table 3: Sampling distribution of the respondents

Zone	Number	Percentage
Binaba	30	28.6
Zebilla	60	57.1
Sapeliga	15	14.3
Total	105	100.0

Source: Field Survey, 2010

Sources of data

Data for the study were obtained from both secondary and primary sources. Secondary data were collected from existing information from reports, magazines

and client database at the Upper East Regional Co-ordinating Council in Bolgatanga, the regional capital, and the Business Advisory Centre in Zebilla.

Primary data were gathered from information obtained from the beneficiaries of the Rural Enterprises Project and the two facilitators of the project in the Bawku West District.

Research instruments

The interview schedule and questionnaire were the research instruments used for data collection. The interview schedule was designed for the beneficiaries of the Rural Enterprises Project, whilst the questionnaires were developed for completion by the two project facilitators at the Business Advisory Centre (the BAC Head and the Business Development Officer).

The choice of the interview schedule emanated from the understanding that the respondents could have the opportunity to clear their minds of any misgivings about the requirements of the schedule and provide meaningful answers. It was also suitable because most of the respondents were semi-literate and illiterate men and women who could not read and write.

The interview schedule consisted of four sections: Section A dealt with personal characteristics of the respondents; Section B dealt with the basic production information about the businesses of the respondents; Section C considered basic information on the project interventions; while Section D dealt with the general suggestions from the respondents. There were a total of 54 questions.

The questionnaire consisted of four parts, with 28 questions: Section A dealt with project output; Section B considered the facilitators training; Section C dealt with the project implementation problems; whilst Section D considered the general recommendations.

The study used both close and open-ended questions.Close-ended questions were used for the purpose of ensuring uniformity and more effective comparison between responses given by the various participants. Such questions, called short check-mark answers, could easily be coded and tabulated.

Conversely, the open-ended questions were unrestricted and allowed free response in the participants own words which gave greater depth of response. Again, open-ended questions were used to facilitate free-vent for the interviewees' views as far as details and classifications of ideas were concerned. Furthermore, the open-ended questions helped to eliminate the frustration that close-ended questions tended to foster among respondents (Festinger & Katz, 1966).

Pre-test

Prior to the finalisation of the interview schedule, 10 interviews were conducted in the West Mamprusi District in the Northern Region. The purpose of the pre-test was to remove errors and ambiguities from the schedule. The pre-test helped to test the validity of the interview schedule, identify the potential problems with the fieldwork, and allowed the necessary modifications and additions to be effected on the schedule.

The fieldwork

The fieldwork covered the period 10-29 January, 2010. The fieldwork was undertaken by the two interviewers, who were the facilitators of the Rural Enterprises Project in the Bawku West District trained to assist the researcher in the data collection exercise. The interviewers were trained to understand the interview schedule and how to conduct the interview to ensure accuracy.

The interview was conducted at the shops and workplaces of respondents in the three zones of the Bawku West District. A total number of 105 respondents were targeted. However, at the end of the fieldwork, 95 of the targeted 105 respondents were covered, representing 90.5 percent coverage. The inability of the research assistants to cover the remaining 9.5 percent was due to the respondents' absence at their work places, ailments and hospitalisation. The distribution of the respondents is presented in Table 4.

Table 4: Distribution of the expected and actual respondents

Zone	Expected Number	Actual	Percentage
Binaba	30	26	27.4
Zebilla	60	55	57.9
Sapeliga	15	14	14.7
Total	105	95	100.0

Source: Field Survey, 2010

Data processing and analysis

Field data obtained were processed and analysed as follows. Answers to close-ended questions were tallied and tabulated. Answers to each open-ended questions were first listed. Similar responses were grouped, tallied and tabulated. Microsoft Excel was used in the data analysis. The presentation of the research findings was done by the use of frequencies, percentages and tables.

RESULTS AND DISCUSSION

Introduction

This chapter deals with the findings of the study and discusses the field data under various headings. It begins with the personal characteristics of the respondents of the study, followed by the characteristics of the enterprises of respondents, interventions received by the respondents, respondents' assessment of the project interventions and the effects of the project interventions on their enterprises. It also considers the challenges facing micro and small enterprise operators (after project interventions), and suggestions for improvement of the project interventions. The chapter ends with a conclusion on the findings and discussion.

Personal characteristics of the respondents

This section deals with the personal characteristics of the respondents in terms of: sex; age; education; and formal training.

Age-sex distribution of respondents

It is evident from Table 5 that 65.3 percent of the beneficiaries of the Rural Enterprises Project interventions interviewed in the study were females, whilst

34.7 percent were males. These results give an indication that females dominate the micro and small-scale sector in the Bawku West District.

The mean ages of the respondents were: 31.8 years for males; 27.6 years for the females and 28.6 years for the total. Out of the total number of respondents, 37.9 percent were within age group of 26-30, 24.2 percent were within the age group of 21-25, 15.8 percent were within the ages of 31-35 and 12.6 percent were within the age group of 36-40.

Table 5: Age-sex distribution of respondents

	Sex				Total	
Age	Male		Female			
Group	No.	%	No	%	No.	%
Less than 21	0	0	1	1.6	1	1.1
21-25	8	24.0	15	24.2	23	24.2
26-30	11	33.0	25	40.3	36	37.9
31-35	5	15.0	10	16.1	15	15.8
36-40	4	12.0	8	13.0	12	12.6
41-45	2	6.0	1	1.6	3	3.2
46-50	1	3.0	1	1.6	2	2.1
51-55	2	6.0	1	1.6	3	3.1
Total	33	100.0	62	100.0	95	100.0

Source: Field Survey, 2010

Educational level of respondents

Table 6 provides the distribution of the educational level of the respondents. About 37.9 percent of the respondents had never been to school, 33.7 percent had primary education, 16.8 percent had Middle/JSS education, while 11.6 percent had attained vocational and secondary levels of education. The results in the table suggest that any innovative technologies intended for the MSE sector should be carefully packaged in the local language to ensure effective knowledge transfer.

Table 6: Distribution of respondents by educational level

Educational level	Frequency	Percentage
No formal Education	36	37.9
Primary	32	33.7
Middle/JSS	16	16.8
Secondary	6	6.3
Vocational	5	5.3
Total	95	100.0

Source: Field Survey, 2010

Formal training of respondents

The aim was to find out whether the respondents had received any training in the work that they were doing. Of the 95 respondents, 73.7 percent indicated that they had received some formal training in the businesses that they

were doing. About, 77.1 percent of this number said they had had their training from the Rural Enterprises Project.

Characteristics of the enterprises of the respondents

This section discusses the characteristics of the enterprises that the respondents were operating under the following sub-headings: distribution of respondents by business registration; membership of respondents to trade associations; trade or business type; specific business activities of respondents; source of energy used in production by respondents; knowledge of the impact of activities on the environment; and interventions received by the respondents.

Registration of business by respondents

Table 7 shows that 68 percent of the respondents in Bawku West were not registered with any organization during the survey period, 29.5 percent and 3.1 percent of the respondents were registered with the Bawku West District Assembly and NBSSI respectively. This finding suggests that most of the MSEs in the district were not registered and they could, therefore, not be easily identified for support in the form of training and financial assistance. This finding confirms Fisseha's (1985) assertion that most MSEs have the problem of lack of organisation of the enterprises in a manner which enables them to make effective use of available support services.

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Table 7: Organisation with which MSE is registered

Organisation	Frequency	Percentage
District Assembly	28	29.5
NBSSI	3	3.1
None	64	67.4
Total	95	100.0

Source: Field Survey, 2010

Membership of respondents to trade associations

The results indicated that 56.8 percent of the respondents did not belong to local trade associations. Extending innovations and other support services to such MSEs would, therefore, be quite difficult. It is, therefore, imperative for such MSEs to be encouraged to join local trade associations for their long-term survival.

Trade or business type

From Table 8, 45.2 percent of the respondents were into service provision, followed by off-farm agricultural and forest production (17.9%), primary fabrication and repairs (11.6%), manufacturing (11.6%),agro processing (7.4%)and traditional craft (6.3%). The findings from the table give an indication that the MSE sub-sector in the Bawku West District is dominated by service enterprises.

Table 8: **Business types**

Classification	Frequency	Percentage
Agro Processing	7	7.4
Primary Fabrication and Repairs	11	11.6
Traditional Craft	6	6.3
Service Enterprises	43	45.2
Agric and Forest Production	17	17.9
Manufacturing	11	11.6
Total	95	100.0

Source: Field Survey, 2010

Specific business activities of respondents

Table 9 shows the distribution of the respondents according to their specific business activities. The main business activities were: hairdressing and barbering (21%); tailoring and dressmaking (12%); guinea fowl rearing (9.5%); beekeeping (8.4%); and soap making (7.4%).

Table 9: Specific business activities of respondents

Activity type	Number of Enterprises	Total Number of Enterprises in Sub-Sector	Number of Enterprises (%)	Sub-Sector (%)
Manufacturing:				
Soap making	7		7.4	
Pomade Production	4	11	4.2	11.6
Primary Fabrication and Repairs:				
Bicycle Repairs	3		3.1	
Motor bike repairs	2		2.1	
Welding	2		2.1	
Carpentry	4	11	4.2	11.6
Service Enterprises:				
Baking and Confectionery	6		6.3	
Hairdressing/barbering	20		21.0	
Tailoring/dressmaking	12		12.7	
Food selling	2		2.1	
Petty trading	1		1.1	
Porridge selling	2	43	2.1	45.2
Agro- Processing:				
Groundnut oil Production	3		3.1	
Pito Brewing	4	7	4.3	7.4
Agric. and Forest Production:				
Beekeeping	8		8.4	
Guinea Fowl Rearing	9	17	9.5	17.9
Traditional Craft:				
Batik Production	3		3.1	
Leather works	2		2.1	
Smock weaving	1	6	1.1	6.3
Total	95	95	100.0	100.0

Source: Field Survey, 2010

The source of energy used in production by respondents

Table 10 shows that electricity (40 %) and firewood(33.7%) were the main sources of energy for production among the respondents and the MSEs in the Bawku West District.

Table 10: Source of energy for production

Source of energy	Frequency	Percentage
Electricity	38	40.0
Firewood	32	33.7
Manpower	13	13.7
None	10	10.5
LPG(Gas)	2	2.1
Total	95	100.0

Source: Field Survey, 2010

Knowledge of the Impact of activities on the environment

The majority (70%) of the respondents did not know the impact of their activities on the environment. About 15 percent responded that their activities impacted positively on the environment, whilst 15.8 percent indicated that their activities had negative impact on the environment. This finding confirms the view that the lack of formal training among small-scale enterprises and their low level of income have implications for the environment. ISSER (1992) reported that, even though Ghana's adjustment policies made small-scale enterprises more

competitive, they created constraints, resulting in dwindling profits and, therefore, the inability of small-scale entrepreneurs to adopt environmentally friendly technologies or measures to protect the environment.

Interventions received by the respondents

Table 11 shows that the respondents had received various interventions from the Rural Enterprises Project to enhance their business performance. The interventions or support from the project included: skills training, business counselling, equipment support and marketing support, all of which are non-financial business development services. About 42 percent of the respondents indicated that they had received support in the form of skills training, 30.1 percent had received business counselling, 18 percent had had marketing support, whilst 10.2 percent had received equipment support. However, none of the respondents had received support in the form of capital from the Project. This was explained by the lack of participating financial institutions in the district. The only rural bank in the district (Toende Rural Bank Limited) had not been given accreditation by the ARB Apex Bank and the Bank of Ghana to administer and disburse credit under the project.

Table 11: Interventions received by the respondents under the Rural Enterprises Project

Interventions Received	Frequency	Percentage
Business Counselling	62	30.1
Skills Training	86	41.7
Equipment Support	21	10.2
Marketing Support	37	18.0
Total	206*	100.0

*More than the number of respondents because of multiple responses

Source: Field Survey, 2010

Respondents' assessment of the project interventions

The respondents expressed diverse views about the project interventions which included skills training; business counselling; equipment support; and marketing support from which they had benefited .These views were expressed with regard to effectiveness, adequacy and timeliness of the interventions.

Effectiveness of project interventions

Table 12 shows that 88.4 percent of the respondents who had received training support from the Rural Enterprises Project rated the training as effective. They indicated that the training they received did not only help them to acquire the technical skills they needed in their business operations, but also helped them to acquire the managerial skills that helped them to manage their businesses well.

Also, 79 percent of the respondents who had had counselling services from the Rural Enterprises Project said the services were effective, whilst 71.9 percent of the respondents who had received marketing support said it was effective.

Table 12: Effectiveness of project interventions

Effectiveness	Interventions					
	Skills Training		Business Counselling		Marketing support	
Yes	No.	%	No.	%	No.	%
	76	88.4	49	79.0	23	71.9
No	10	11.6	13	21.0	9	19.1
Total	86	100.0	62	100.0	32	100.0

Source: Field Survey, 2010

Adequacy of project interventions

The respondents expressed their impressions about the adequacy or otherwise of skills training, business counselling, equipment support, and marketing support that they had received under the Rural Enterprises Project. Table 13 shows that 86 percent of the respondents who had received training said that it was adequate. However, 14 percent indicated that the training they received was not adequate partly because the ten days allocated to skills training, and the five days allocated to business management training were not enough.

Furthermore, 80.6 percent of the respondents who had received counselling support indicated that the services were adequate because the support helped them to make certain decisions and take actions that helped their businesses. However, the 19.4% of the respondents who said that the services were not adequate contended that the number of times the project facilitators visited them was very few, whilst the time spent with them was also just too short (just about 15 minutes during each visit).They added that they would have undoubtedly benefited more than they did had the project facilitators spent more time with them.

With regard to equipment support, 91 percent of the respondents who had received the support indicated that it was adequate. Similarly, 87.5 percent of the respondents who had received marketing support indicated that the support was adequate.

Table 13: Adequacy of project interventions

Adequacy	Interventions							
	Skills Training		Business Counselling		Equipment support		Marketing support	
Yes	No.	%	No.	%	No.	%	No.	%
	74	86.0	50	80.6	10	91.0	28	87.5
No	12	14.0	12	19.4	1	9.0	4	12.5
Total	86	100.0	62	100.0	11	100.0	32	100.0

Source: Field Survey, 2010

Timeliness of equipment support

Out of the 11 respondents who had received equipment support from the Rural Enterprises Project, 72.7 percent responded that the support was timely because they received it at the time when they had finished their apprenticeship training, even though they had not been able to establish any businesses for want of start-up capital. The respondents added with joy that the receipt of the equipment support made it possible for them to establish and own businesses.

Respondents' assessment of the effects of the project interventions on their enterprises

The objective was to assess how the project interventions had affected the enterprises of the respondents in terms of productivity, volume of sales, the number of customers and the number of employees of the respondents after the respondents had received the project interventions.

Table 14 shows that about 85 percent of the respondents indicated that their productivity had increased after receiving the interventions. About 13 percent said their productivity remained the same whilst about 3 percent said that they did not know the effect of the project interventions on their business productivity.

Furthermore, about 76 percent of the respondents said that the sales volume of their businesses had increased after receiving the project interventions, 21 percent said their sales volume had remained the same, whilst just about 3.2

percent said they did not know the effect of the project interventions on their sales volume.

With regard to the number of customers, about 73 percent of the respondents indicated that their number of customers had increased after receiving the project interventions and applying them in their businesses. The respondents attributed the increase in the number of customers mainly to quality improvement training, and training in customer care which they had received from the Project. They said that the training did not only help them to produce high quality product to meet the taste and preferences of their customer but, in addition, it made it possible for them to attract and retain customers.

Finally, about 24 percent of the respondents said that their number of employees increased after receiving the project interventions. However, for about 63%, the number of employees remained the same. Ironically, about 13 percent of the respondents said that their number of employees decreased after receiving the project interventions. The respondents said that before their contact with the project, they could employ workers without considering the net effect of such actions on their businesses. They said the small business management training they had from the project exposed them to prudent use of resources, including labour, hence their decision to cut back labour in order to reduce their transaction cost and increase their profit margins.

This finding shows that the increase in the productivity and the sales volume of the businesses of the respondents did not necessarily translate into a corresponding increase in employment and job creation. The finding, therefore,

lends support to the view that micro and small-scale enterprises are not always associated with increases in employment. Indeed, some authors have contended that the job-creating impact of small enterprises is a statistical flaw; it does not take into account offsetting factors that make the net impact more modest (Biggs, Grindle & Snodgrass, 1988). Even though, small-scale enterprises are recognised as potential sources of employment and income in many developing countries, employing 22 percent of the adult population in developing countries (Daniels, 1994; Daniels & Ngwira, 1992; Daniels & Fisseha, 1992, Fisseha, 1992, Fisseha & McPherson, 1991; Gallagher & Robson, 1995), the finding debunks this assertion.

Table 14: Effects of project interventions on enterprises of respondents

Effect	Indicators							
	productivity		Volume of sales		Number of customers		Number of employees	
	No.	%	No.	%	No.	%	No.	%
Increase	80	85.1	72	75.8	69	72.6	23	24.2
Same	12	12.7	20	21.0	19	20.0	60	63.1
Don't know	3	3.2	3	3.2	7	7.4	12	12.6
Total	95	100.0	95	100.0	95	100.0	95	100.0

Source: Field Survey, 2010

Challenges facing micro and Small-Scale Business operators in the Bawku West District

The respondents indicated various forms of challenges which they faced in their business operations even after receiving the project interventions. Table 15 shows that lack of capital or finance (52.6%) was the main problem. The other challenges identified included: lack of raw materials (15.1%); market saturation (13.8%); managerial problems (9.9%); and inadequate technical skills (8.6%).

Table 15: Challenges facing MSE operators in the Bawku West District

Challenge	Frequency	Percentage
Inadequate capital/finance	80	52.6
Lack of raw materials	23	15.1
Market saturation	21	13.8
Inadequate managerial skills	15	9.9
Inadequate technical skills	13	8.6
Total	152*	100.0

*More than the number of respondents because of multiple responses

Source: Field Survey, 2010

Suggestions for the improvement of the project interventions

Various suggestions were made by the respondents to further enhance project performance in the Bawku West District. These suggestions ranged from

constant monitoring and follow-up visit to the beneficiaries by the project facilitators after all interventions, provision of packaging support, provision of credit or capital to the clients, and the creation of raw material accessibility to MSE operators in the district.

Table 16: **Suggestions for improvement of the project interventions**

Suggestion	Frequency	Percentage
Provision of capital	62	47.3
Provision of accessible raw materials	25	19.1
Constant monitoring	15	11.4
Provision of packaging support	12	9.2
The need for needs assessment	11	8.4
The use of local service providers	6	4.6
Total	131*	100.0

*More than the number of respondents because of multiple responses

Source: Field Survey, 2010

As indicated in Table 16, the most important suggestion made by the respondents was the need for the project to provide entrepreneurs with capital (47.3%).This suggestion might have been informed by the fact that inadequate capital or the lack of it constituted the major challenge for most of the entrepreneurs in the district.

The second most important suggestion made by the respondents was the need for the projects to make raw materials available and accessible to

entrepreneurs (19.1%) This was important and relevant to the production of products, like soap, batik tie and dye and gari, which are made mainly of palm oil, dyes and cassava, and all of which are produced in the southern and forest regions of Ghana.

Another suggestion which was made by about 11 percent of the respondents was constant monitoring of the beneficiaries after the interventions were received. The respondents indicated that such monitoring visits would make it possible for other emerging problems to be ironed out. Some (9.2%) of the respondents suggested that the project should provide support for them to be able to package their products, such as soap and pomade, so that they could well compete with the imported ones.

The conduct of needs assessments both before and after all interventions was suggested by 8.4 percent of the respondents so that effective interventions could be designed and implemented to address their needs and challenges. The use of local service providers for the delivery of the project services, where possible, was suggested by 4.6 percent of the respondents. The respondents indicated that such local service providers used the local dialect and, therefore, could best be understood by the beneficiaries of the interventions most whose educational background was low.

Conclusion

The findings of this study have brought to the fore a number of interventions that the Rural Enterprises Project 11 has implemented in the Bawku

West District in the Upper East Region to promote MSEs. They reveal that the project has promoted the activities of MSEs through the provision of training, equipment support, marketing support and business counselling services. They have also revealed that the project has not been able to support MSEs with capital, which constituted the major challenge to most of the respondents.

The findings of the study have further revealed that the support provided by the project has resulted in some positive improvement in the activities of MSEs in the district. These include increase in the number of customers, increase in productivity and increase in the sales volume of the beneficiaries.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter provides the summary, conclusions, recommendations and suggested areas for further research. The chapter has four sections: the first section deals with the summary of the research organisation and the results of the study; the second section is devoted to the conclusions from the findings of the study; the third section outlines the major recommendations aimed at addressing the issues unearthed by the study; and the fourth section provides suggested areas for further research.

Summary

The general objective of the study was to assess the extent to which the Rural Enterprises Project 11 had promoted the activities of micro and small-scale enterprises in the Bawku West District in the Upper East Region of Ghana.

The study was undertaken in all the three zones of the Bawku West District, namely: Zebilla, Binaba and Sapelliga. The purposive, simple random, cluster and the stratified sampling methods were used in the selection of respondents, whilst the interviewing technique and questionnaire were used to solicit information from 95 respondents and the two facilitators of the project

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respectively. Microsoft Excel was used in the data analysis, whilst presentation of the research findings was done by the use of frequencies, percentages and tables.

The main findings of the study were as follows:

1. The respondents had received various forms of interventions, including training (41.7%), counselling services (30.1%), marketing support (18%), and equipment support (10.2%) from the Rural Enterprises Project 11.

2. As much as 88.4 percent of the respondents were of the view that the training provided by the project was effective.

3. The majority (86%) of the respondents felt that the training was adequate.

4. Though inadequate capital and the lack of it constituted the major challenge (52.6%) to the micro and small-scale entrepreneurs in the Bawku West District, the project had not been able to provide any support in the form of capital or credit to MSEs in the district.

5. About 72. percent of the respondents thought the marketing support provided by the project was effective, whilst 87.5 percent thought it was adequate.

6. A substantial proportion (72.7%) of the respondents felt that the equipment support provided by the project was timely, and 91 percent felt it was adequate.

7. About 79 percent of the respondents saw the counselling services of the project to be effective, and 80.6 percent found it adequate.

Conclusions

The following conclusions are made on the basis of the main findings of the study:

1. Since its inception in the Bawku West in 2004, the Rural Enterprises Project had been providing various forms of business development support services to MSE in the district.

2. The Rural Enterprises Project interventions implemented in the district include: training, business counselling, marketing and equipment support to MSEs in the Bawku West District.

3. The Project had not been able to support MSEs in the Bawku West District with capial or credit.

4. A great proportion of the respondents said that the project interventions were effective, adequate and timely.

5. The support and interventions provided by the project had resulted in increase in productivity, volume of sales and the number of customers. However, it had not resulted in the number of employees of the beneficiaries.

Recommendations

Based on the findings of the study, the following suggestions are made to enhance the performance of the Rural Enterprises Project in the Bawku West District:

1. There is the need for the project and the District Assembly to form a functional MSE sub-committee to co-ordinate all initiatives on MSE development at the district level. This will reduce the incidence of duplication of efforts and waste of resources in MSE promotion in the district.

2. In the absence of accredited banking institutions to administer credit to entrepreneurs in the district, the project should use other accredited non-bank financial institutions, such as credit unions and the Sinapi Aba Trust. This is one of the solutions to helping MSEs with capital or credit.

3. The Bawku West District Assembly should align the project activities to its overall development plan so that financial allocation could be made to support the project implementation in the district, just as it is done for all other programmes and projects captured under the plan.

4. The project should accept other forms of contribution than cash contribution alone from the beneficiaries of the project interventions as a demonstration of their commitment. Such in-kind contributions, such as provision of lunch and venue, would minimise the delays associated with the collection of the cash contribution and the general implementation of the project interventions, and hasten the project implementation process.

5. The current system where the release of funds by the project to the BAC for the implementation of project activities, is strictly tied to the payment of the District Assembly's counterpart funding, should be reviewed to

6. The implementation of any intervention under the project should be preceded by needs assessment. This process would help to identify the actual needs and problems of the MSEs so that effective intervention could be designed to address them.

7. There should be constant monitoring of the beneficiaries, especially after they have received the project interventions, so that any gaps in the interventions as well as other emerging problems could be identified early for redress.

Areas for further research

The findings of the study are based on the perspectives of the beneficiaries of the Rural Enterprises Project 11 interventions in the Bawku West District in the Upper East Region of Ghana. To ensure a comparative analysis and a more comprehensive and credible assessment of how the project has promoted the activities of micro and small-scale enterprises, there is the need for the study to be conducted in other participating project districts in the country.

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APPENDICES

APPENDIX I

INTERVIEW SCHEDULE FOR BENEFICIARIES OF THE RURAL

ENTERPRISES PROJECT

In partial fulfillment of Master of Arts Degree in Human Resource Development at the Institute for Development ,University of Cape Coast, the Researcher is conducting a research on the topic "The Rural Enterprises Project and the Promotion of Micro and Small Scale Enterprises" to assess how the project has promoted micro and small scale enterprises. Please, answer the questions that follow. Your response to the questions shall be treated with utmost confidentiality.

Thank you.

Section A: Basic characteristics

1. Sex (*Please, tick):* Male ☐ Female ☐

2. Age: ………………………………...

3. Location of Business   Town:

   ……………………Zone.……………………………

4. Is your business registered?   Yes ☐   ☐

5. If yes, with which organization is your business registered?

………………………

6. If no, why not?..

7. Does your business belong to any association(s)? Yes ☐ No ☐

8. Type of Business (*please tick*):

    (I   Agro processing ☐

    (ii)   Primary Fabrication and Repairs ☐

    (iii) Traditional Graft ☐

    (iv)   Service Enterprises ☐

    (v)   Agric and Forest Production ☐

9. Specific Business activity (*please tick*):

    (i)   Soap making ☐

    (ii)   Pomade and hair food production ☐

    (iii) Primary Fabrication and Repairs ☐

    (iv)   Beekeeping ☐

    (v)   Guinea fowl rearing ☐

    (vi)   Hair dressing ☐

    (vii) Food selling ☐

    (viii) Dress making ☐

    (ix)   Pito brewing ☐

    (x)   Others (*please, specify*)……………………………………………..

10. When was your business established? ……………………………………

11. How many people are employed in your business? ………..……………

12. What is your level of education? (*Please tick*)

    (i)   Primary ☐

    (ii)   Middle School/ JSS ☐

(iii)   Secondary   ☐

(iv)   Vocational   ☐

(v)   Post Secondary   ☐

(vi)   University   ☐

13.   What is the level of education of the employees in your business?

Level of Education	Number of Employees

14.   Have you had any kind of formal or informal training in your current

trade?

(*Please, tick*) Yes ☐   No ☐

15.   If Yes,

(a) Who organized it? ………………………………………………..

(b) What did you learn? …………………………………………………

16.   Have you attended any fairs or exhibitions for micro and small scale

enterprises?

(*Please, tick*) Yes ☐   No ☐

17.   If Yes,

(a) Who organized it? ………………………………..………..……….

(b) Where was it organized? …………………….…………….……….……

(c) What was the fair/exhibition about? …………………………………..

…………………………………………………………………………..

Section B: Basic production information

18.   What is the major raw material used in your business production?

(a)   …………………………………………………………………..

(b)   …………………………………………………………………..

(c)   …………………………………………………………………..

19.   Where do you get your raw materials?

…………………………………………………………………………

20.   Are you aware of other materials from which your products can be made?

(*Please, tick*)   Yes ⬚   No ⬚

21.   If Yes, what are some of the other materials that can be used?

(a)   ………………………………………………………………

(b)   …………………………..…………………………………………..

22.   Why are you not using some of the other types of raw materials apart from

what you are currently using? …………………………………………………….

…………………………………………………………………………

23.   What is the level of production per year in your business?

…………………………………………………………………………

24.   How much raw materials are needed in your business to create a typical

batch?

…………………………………………………………………………………………

25. How much product do you produce in one batch? ………………………..

…………………………………………………………………………………………

26. What are the major sources of energy used in your business? (P*lease, tick*)

Electricity ☐   LPG (Gas) ☐   Firewood ☐   Solar

Energy ☐   Others (*Please, specify*)

…………………………………………………

27. What is the standard amount of energy used in producing one batch of

your product?

Energy Source	Amount Used per batch
Electricity	
LPG (Gas)	
Firewood	
Solar energy	
Others:	

Section C: Basic information on project interventions

28. Which types of interventions have you received? (*Please, tick*)

Training ☐   Equipment Support ☐

Counseling ☐   Credit ☐

Marketing ☐   capital ☐

29. What are the specific interventions you received?

TRAINING/SKILL TYPE

Intervention	Date M/D/Y	Reason	Effectiveness			Assessment			Comments
			Effective	Ineffective	Don't Know	Adequate	Inadequate	Don't Know	
Small Bus. Management									
a)									
b)									
c)									

d) \								
Community – Based Trg.								
a)								
b)								
c)								
d)								
Rural Financial Services.								

a)									
b)									
c)									
d)									
Technology Promotion									
a)									

b)									
c)									
d)									

30. Did you use the intervention in your business? (*Please, tick*)

        Yes   ☐   No   ☐

31. If yes, how did you apply the intervention in your

Enterprise?..

32. How did the application of the intervention affect your business? (*Please,*

tick)

☐   Increased production   Increased Sales☐   Expanded

Market   ☐

Others (*Please, specify*

……………………………………………………………………………………

……………………………………………………………………………………

33. If no, why not?……………………………………………….......................

……………………………………………………………………………………

……………………………………………………………………………………

EQUIPMENT SUPPORT

Intervention	Date M/D/Y	Reason	Timeliness			Assessment			Comments
			Timely	Not Timely	Don't Know	Adequate	Inadequate	Don't Know	
a)									
b)									
c)									
d)									

34. Did you use the intervention in your business? (*Please, tick*)

Yes ☐   No ☐

35. If yes, how did you apply the intervention in your

enterprise?..

…………………………………………………………………………………………

36.How did the application of the intervention affect your business? (*Please, tick*)

☐   Increased production   Increased Sales☐   Expanded

Market ☐

Others (*Please, specify)*

…………………………………………………………………………

37. If no, why not?..

BUSINESS COUNSELING

Intervention	Date M/D/Y	Reason	Effectiveness			Assessment			Comments
			Effective	Ineffective	Don't Know	Adequate	Inadequate	Don't Know	
a)									
b)									
c)									
d)									

38.Did you use the intervention in your business? (*Please, tick*)

Yes ☐   No ☐

39. If yes, how did you apply the intervention in your

enterprise?..…………………………………

40. How did the application of the intervention affect your business? (*Please,*

tick)

☐   Increased production   Increased Sales☐   Expanded

Market   ☐

Others (*Please, specify)*

………………………………………………………………………….

…………………………………………………………………………………

41.If no, why not?……………………………………………….........................

CAPITAL

Intervention	Date M/D/Y	Reason	Effectiveness			Assessment			Comments
			Effective	Ineffective	Don't Know	Adequate	Inadequate	Don't Know	
a)									
b)									
c)									
d)									

42. Did you use the intervention in your business? (*Please, tick*)

Yes ☐ No ☐

43. If yes, how did you apply the intervention in your

enterprise?...

…………………………………………………………………………………

44.How did the application of the intervention affect your business? (*Please, tick*)

☐ Increased production   Increased Sales☐   Expanded

Market ☐

Others (*Please, specify*)

……………………………………………………………………….

45. If no, why not?……………………………………………….........................

MARKETING SUPPORT

Intervention	Date M/D/Y	Reason	Effectiveness			Assessment			Comments
			Effective	Ineffective	Don't Know	Adequate	Inadequate	Don't Know	
a)									
b)									
c)									
d)									

46. Did you use the intervention in your business? (*Please, tick*)

Yes ☐   No   ☐

47. If yes, how did you apply the intervention in your

enterprise?..

48. How did the application of the intervention affect y our business? (*Please,*

tick)

☐   Increased production Increased Sales ☐   Expanded Market

Others (*Please, specify)*   ☐

………………………………………………………………………….

49 If no, why not?

…………………………………………………..

Business Output Assessment

Volume of production per month	Before Intervention	After Intervention	Reasons

Volume of Sales per month	Before Intervention	After Intervention	Reasons

Number of customers	Before Intervention	After Intervention	Reasons

50.   Number of employees

Type	No. of Employees	Before Intervention	After Intervention	Reasons
Paid				
Unpaid				
Apprentices				

51.   What challenges have you faced in the business?

……………………………………………………………………………………

……………………………………………………………………………………

52.   How did you address those challenges?

a. Before your contact with the Rural Enterprises Project…………………

b. After your contact with the Rural Enterprises Project

……………………………………………………………….…………………

……………………………………………………………………………………

53   How does your business impact on the environment? *(Please, tick)*

☐ Positively   ☐ Negatively   ☐   Don't know

Please, explain………………………………………………………..

Section D: General

54.   What suggestions do you have for the improvement of the interventions?

…………………………………………………………………………………

…………………………………………………………………………………

QUESTIONNAIRE FOR PROJECT FACILITATORS

Introduction

In partial fulfillment of the requirements for the Degree in Master of Arts, Human Resource Development at the Institute for Development Studies, University of Cape Coast, the Researcher is conducting a research on the topic "The Rural Enterprises Project and the promotion of micro and small scale Enterprise" to assess how the project has promoted micro and small- scale enterprises.

Your response to the questions would be treated with utmost confidentiality.

Thank you.

Section A: Project output

1. What is/are the objectives of the Rural Enterprises Project in the Bawku West District?

    …………………………………………………………………………

    …………………………………………………………………………

2. In what year was the Project established in Bawku West District………

3. What are the interventions of the Project? ....

    …………………………………………………………………………

4. What specific Project Interventions have been implemented in the district?

....

....

5. How many people have benefited from the project interventions in the district since project inception in 2004 to 2009?

i) Male [   ]   ii) Female [   ]

6. How many people have benefited from the various types of project services in the district from 2004 to 2009?

   i.   Training   Male [   ]   Female [   ]

   ii.   Credit   Male [   ]   Female [   ]

   iii.   Start-up kits   Male [   ]   Female [   ]

   iv.   Marketing support   Male [   ]   Female [   ]

   v.   Counseling   Male [   ]   Female [   ]

   vi.   Capital   Male [   ]   Female [   ]

7. How many people have benefited from the project services by sector since project inception in 2004 to 2009?

   i.   Agro Processing   Male [   ]   Female [   ]

   ii.   Primary fabrication and repairs   Male [   ]   Female [   ]

   iii.   Services enterprises   Male [   ]   Female [   ]

   iv.   Traditional craft   Male [   ]   Female [   ]

   v.   Agric and forest production   Male [   ]   Female [   ]

8. Do the beneficiaries pay for the project interventions? Yes [   ] No [   ]

9. If yes, how much do they pay? ....

10. If no, who pays for the cost of the interventions? ....

11. Do you conduct needs assessment prior to the implementation of the project interventions? Yes ☐   No ☐   At times ☐

12. How do you select the beneficiaries of the project interventions?...

....

13. Do you monitor the activities of your clients after they have received the project interventions? Yes ☐   No ☐   Sometimes ☐

14. If no, why not?

……………………………………………………………………………

……………………………………………………………………………

15. Are there other micro and small-scale enterprises support institutions in the Bawku West District? ☐   ☐

16. If Yes, indicate these institutions…………………………………………..

....

....

17. What kind of support does each of these institutions provide to the micro and   small-scale enterprises in the district?

……………………………………………………………………………………

18. Does the Rural Enterprises Project collaborate with the other micro and small-scale enterprises support institutions in promoting the MSEs in the district?

Yes ☐   No ☐   somehow ☐

19. Is there any functional sub-committee for MSE promotion in the Bawku

West   District? Yes ☐ No   ☐

Section B: Facilitators' training

20. Have you been given any training on the job that you do.? Yes ☐

   No   ☐

21. If yes, please indicate the kind of training……………………..……

22. Who organized it? ....

23. What other training do you need? ....

Section C: Project implementation problems

24. Do you face any problems in the implementation of the project in the

district?

Yes ☐ . No   ☐

25. If yes, what are the problems? (Please state)

   i.   ………………………………………………………………

   ii.   ………………………………………………………………

   iii. ………………………………………………………………

   iv.   ………………………………………………………………

26. How do you solve the problems?

   …………………………………………………………………………

   …………………………………………………………………………

…………………………………………………………………………………

27. What else could be done to solve these problems? ....

…………………………………………………………………………………

…………………………………………………………………………………

Section D: General recommendations

28. What other recommendations would you make to enhance project performance in the district?

…………………………………………………………………………………

…………………………………………………………………………………