

PL-ABE-543
J51172429

PEACE CORPS /GHANA

SMALL ENTERPRISE DEVELOPMENT

PILOT PROJECT DESIGN

**Jim Cotter
Tara Gildea
J. K. Tufuor**

December 1989

TABLE OF CONTENTS

EXECUTIVE SUMMARY

PC/G SED PILOT PROJECT DESIGN SUMMARY	i
<i>Project Goal (i); Year-One Project Objective (i); Supplementary Pilot Project Options (ii)</i>	
"GRASSROOTS" IPE PILOT PROJECT OPTION	ii
CONCLUSIONS AND RECOMMENDATIONS ON KEY ISSUES	iii

PEACE CORPS/GHANA SED PILOT PROJECT DESIGN REPORT

OBJECTIVES AND METHODOLOGY OF THE DESIGN CONSULTANCY ...	1
RECOMMENDED PC/GHANA SED PILOT PROJECT DESIGN	2
Project Goals and Objectives	2
<i>Project Goal: (2); Year-One Project Objective and Constraints: (2); Year-Two Project Objective: (3); "Grassroots" IPE Pilot Project Option Objective: (3)</i>	
Recommended SED/PCV Host Organizations, Tasks and Sites	4
<i>Host Organizations: (4); SED Tasks: (4); PCV Sites: (4)</i>	
Supplementary SED/PCV Pilot Project Options	5
PC/Ghana SED Pilot Project Benchmarks	6
"GRASSROOTS" IPE PILOT PROJECT DESIGN OPTION	7
Project Beneficiaries	8
Designated Participants	8
<i>Designated GOG Host Organization: (8); Designated Indigenous NGO Project Manager: (8); Designated Board of Directors: (8); Designated Funder: (9)</i>	
Project Component Activities	9
<i>Project Loan Policies and Procedures: (9); Marketing And Monitoring: (9); Savings Mobilization: (10); Appropriate Technology Inputs and Dissemination: (10); Designated Technical Assistance Organization: (10)</i>	
"Grassroots" IPE Pilot Project Benchmarks	10
Start-Up Budget Pilot Project Line Items	11
SED/PCV TRAINING OVERVIEW	
Training Program Format	12
SED/PCV Training Recommendations	15
KEY DATA WHICH SHAPED THE DESIGN	16
Peace Corps/Ghana Data	16
USAID/G Data	16
Ghana SED NGO Data	17
Government of Ghana SED Data	17

ADDENDA DOCUMENTS

CORE QUESTIONS FOR PC/G SED INTERVIEWS	A-1
SUGGESTED PC/G EVALUATION FORMAT	A-3

SED ORGANIZATION INTERVIEWS	
31st DECEMBER WOMEN'S MOVEMENT	A-6
ADVENTIST DEVELOPMENT AND RELIEF AGENCY (ADRA)	A-7
THE AFRICAN CENTRE FOR HUMAN DEVELOPMENT (ACHD)	A-8
CATHOLIC RELIEF SERVICES (CRS)	A-9
CHRISTIAN MOTHERS	A-9
DEPARTMENT OF RURAL HOUSING AND COTTAGE INDUSTRIES (DRHCI)	A-10
FEDERATION OF GHANA BUSINESS AND PROFESSIONAL WOMEN (FGBPW)	A-13
GHANA ASSOCIATION OF PRIVATE VOLUNTARY ORGANIZATIONS IN DEVELOPMENT (GAPVOD)	A-14
THE GHANA EXPORT PROMOTION COUNCIL (GEPC)	A-14
GHANA ORGANIZATION OF VOLUNTEER ASSISTANCE (GOVA)	A-16
THE GHANAIAN ENTERPRISE DEVELOPMENT COMMISSION (GEDC)	A-16
GRATIS	A-18
MANAGEMENT DEVELOPMENT PRODUCTIVITY INSTITUTE (MDPI)	A-19
THE NATIONAL BOARD FOR SMALL SCALE INDUSTRIES (NBSSI)	A-19
THE NATIONAL COUNCIL FOR WOMEN IN DEVELOPMENT (NCWD)	A-23
OPPORTUNITIES INDUSTRIALIZATION CENTRE/GHANA (OICG)	A-24
PARTNERS IN DEVELOPMENT (PFR)	A-25
PRICE WATERHOUSE COMPANY	A-26
PROGRAMME OF ACTIONS TO MITIGATE THE SOCIAL COSTS OF ADJUSTMENT (PAMSCAD)	A-26
SASAKAWA GLOBAL 2000 AGRICULTURAL PROJECT	A-28
TECHNOLOGY CONSULTING CENTER (TCC) UNIVERSITY OF SCIENCE AND TECHNOLOGY	A-29
SED FUNDING ORGANIZATIONS	
UNDP/ILO	A-32
THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (A.I.D.)	A-32
WOMEN'S WORLD BANKING (Ghana) Ltd.	A-34
WORLD BANK	A-35
INTEGRATED PROGRAMMING SYSTEM	
PC/G SED PILOT PROJECT DESIGN	A-38
BIBLIOGRAPHY	A-48
ABBREVIATIONS AND ACRONYMS	A-52

EXECUTIVE SUMMARY

This Executive Summary is a brief description of key information on the PC/G SED Pilot Project explained in greater detail in the Design Consultant's Report.

The Executive Summary contains brief descriptions of the following:

- o The PC/G SED Pilot Project Design;
- o Suggested Pilot Project Design Options;
- o The "Grassroots" IPE Pilot Project Design; and,
- o Conclusions and Recommendations on Key Issues.

PC/G SED PILOT PROJECT DESIGN SUMMARY

Project Goal

To most effectively utilize the business advisory skills of SED/PCVs within a pilot project appropriate to the Ghana micro/small business context and the Peace Corps mandate.

Year-One Project Objective

To place five SED/PCVs now being recruited, as business advisory extension officers with the National Board of Small Scale Industries (NBSSI), which is GOG's small business program coordinating agency, and its SED member organizations (See Addenda for detailed descriptions in SED Organization Interviews):

- o The Ghana Enterprise Development Commission (GECD) provides non-secured loans to small businesses at concessionary rates (20% vs 30%), along with T.A. and training.
- o The Department of Rural Housing and Cottage Industries (DRHCI) identifies new cottage industries and helps up-grade their financial management skills.
- o The Technology Consulting Center, at the University of Science and Technology (TCC/UST) is an appropriate technology research and development organization with cost-effective outreach.

- o GRATIS provides credit and technical assistance to a network of ten Intermediate Technology Transfer Units (ITTUs) which are being profitably operated as businesses.
- o The 31st December Women's Movement is an NGO established in 1981 which now has 1.5 million members nationwide and provides credit and technical assistance to income-generating projects.

The number of appropriate SED/PCV placement opportunities screened by the Design Team far exceeds the number of incoming SED/PCV trainees due to arrive this summer. Therefore, the Design Team recommended that PC/G make its Year-One placement decisions based on the prescreened multiple options identified in the Team's report. The Design Team's recommended placement options will provide a strong SED program regardless of the number of host agencies and/or geographical sites PC/G selects. That selection should be made on the basis of what configuration of host organization and coverage areas PC/G decides would be most appropriate within the constraints of its available management resources.

During Year-One, SED/PCVs will field test the fit and effectiveness of their placement tasks and geographical work sites within the small business implementing organizations described above. PC/G will use this field-test feedback to make an informed decision about whether dispersing or clustering SED/PCVs would be their most appropriate Year Two Pilot Project management strategy.

Supplementary Pilot Project Options

The Design Team suggested specific small enterprise project activities which could be used to supplement the SED/PCV extension officer's portfolio with personally selected clients. This design option was included because many PCVs derive a special sense of deeper human interaction working with personally selected projects than can usually be achieved within a large organizational environment.

"GRASSROOTS" IPE PILOT PROJECT OPTION

The pilot project design for the "Grassroots" IPE Pilot Project was done in response to the unmet credit and T.A. needs of a large sub-sector of entrepreneurs called "individual private entrepreneurs" (IPEs).

IPEs are loose groupings of one to three individual entrepreneurs, mostly women, who operate micro/small businesses from a fixed location with start-up costs of less than US \$100. They are considered "the most vulnerable at-risk" segment of the informal business sector. It

is "highly unlikely" that GOG PAMSCAD (Programme of Actions to Mitigate the Social Costs of Adjustment) funds, which will be discontinued in about two years, will reach these IPEs.

The following are the major design components:

- o The "Grassroots" IPE Pilot Project would be headquartered in the GOG Ministry of Local Government which oversees PAMSCAD;
- o The designated indigenous NGO which will have management implementation responsibilities is The African Center for Human Development which has a good reputation;
- o Representatives of key SED implementing organizations serving on an Informal Coordinating Group which includes PC/G and USAID/G will serve as the Board of Directors;
- o USAID/Ghana is the designated lead funder through grants to the NGO Project Manager and/or making monetized PL-480 revenues available. Start-up costs estimated at about US \$20,000;
- o PC/G will provide technical assistance from its SED/PCVs who will not disperse credit funds nor material goods;
- o All of the production equipment necessary can be provided by the Technology Consultancy Center without requiring expensive imports;
- o The "Grassroots" IPE Pilot Project would offer short-term, in-kind, character-based loans to IPEs for production equipment and inputs. The NGO will operate a marketing service and deduct the client's loan repayments. A grace period will be provided until the IPE enterprise is viable. Since the NGO purchases all in-puts and markets all production, the monitoring of earnings created can be done in an accurate and systematic way. Rural banks will hold grant funds prior to disbursement and savings mobilization will be done in "appreciable goods" to compensate for inflation.

CONCLUSIONS AND RECOMMENDATIONS ON KEY ISSUES

The Design Team's conclusion is that the decision of PC/G Country Director Jim Lassiter to supervise the SED Project himself, and the high importance he puts on small enterprise development, is sufficient evidence of commitment. His decision not to appoint a SED/APCD unless and until the number of SED/PCVs in country justifies it, appears to be a sound strategy to avoid management overextension.

The recent appointment of a new USAID/Ghana Private Sector Officer who has shown himself to be willing and able to cooperate with PC/G in the SED Pilot Project is sufficient evidence of communication and collaboration. USAID/Ghana's commitment to fund PC/G SED training and the initial interest it has shown in the "Grassroots" IPE Project option are positive indicators of their active involvement.

GOG has shown that creating earnings and employment through the informal sector is a national development priority to combat the effects of high inflation and pervasive underemployment. Its successful replication of ten Intermediate Technology Transfer Units which have shown high cost-recovery is one indicator of their commitment to a SED strategy.

Ghana is also a country where the benefits of small enterprise development programs are shared by women. The 31st December Movement has 1.5 million members nationwide and has a good record in assisting women to operate successful small businesses. The organization has strong political influence with GOG which could be used in policy dialogue initiatives.

PEACE CORPS/GHANA SED PILOT PROJECT DESIGN REPORT

OBJECTIVES AND METHODOLOGY OF THE DESIGN CONSULTANCY

The design consultancy had the following objectives:

1. Design a flexible small enterprise pilot project appropriate to the mandate of Peace Corps/Ghana with objectives which respond to local SED needs and constraints;
2. Within that design, recommend appropriate organizational and site placements for five Small Enterprise Development Peace Corps recruits who will arrive in Ghana this summer for training; and,
3. Review Peace Corps/Ghana's small business development training curriculum and make whatever suggestions may be required.

The consultancy team was comprised of three members:

- o Jim Cotter, Senior Consultant, contracted by Peace Corps Washington's African Region;
- o Dr. J.K. Tufuor, Peace Corps/G Deputy Director of Training seconded from Cape Coast University; and,
- o Ms. Tara Gildea, representing A.I.D./Africa Region/Market Development and Investment (MDI) program which funds SED program design technical assistance.

The following activities and procedures were used to produce an SED Briefing Report for Peace Corps/Ghana as well as this final report:

- o Background reading of all survey documents and reports relevant to SED activities in Ghana;
- o Briefing interviews with PC/G regarding the scope of work;
- o Periodic coordination with PC/G PTO, Virginia Wolf;
- o Preparation of core SED interview questions (see Addenda), submitted to PC/G for suggestions/ revisions and clearance; Each team member was given a copy of the core

questions to use in doing individual interviews when group interviews were not feasible and/or appropriate;

- o The team determined key informants and our Ghanaian counterpart set up interview appointments (without benefit of phones, street names or building numbers);
- o The consultancy team interviewed over 40 individuals. Written documentation was prepared on most of these SED interviews. A copy of those interviews is attached to this briefing report. Copies of the interviews were given to our counterpart to check for accuracy and topics or language which may be perceived as sensitive in Ghana.
- o A Briefing Report was prepared and submitted for PC/G perusal on the day preceding our meeting with the PC/G Director and key staff members.
- o A copy of the IPS Project Design was prepared for PC/Ghana.

RECOMMENDED PC/GHANA SED PILOT PROJECT DESIGN

Project Goals and Objectives

Project Goal:

To most effectively utilize the business advisory skills of SED/PCVs within a pilot project which is appropriate to the Ghana micro/small business context and the Peace Corps' mandate, and which is a replicable, collaborative small enterprise development project.

Year-One Project Objective and Constraints:

The objective of first year objective of this PC/G SED Pilot Project Design is to place five SED/PCVs, now being recruited, as business advisory extension officers with member organizations of GOG's official small business umbrella organization, the National Board of Small Scale Industries (NBSSI).

The number of appropriate SED/PCV placement opportunities at the host organizations selected by the Design Team far exceeds the number of incoming volunteers. Therefore, the Design Team recommended that PC/G select its Year-One SED placements from the available pre-screened openings on the basis of what configuration of placements best conforms to existing management constraints. PC/G has a small staff with a heavy workload, and two key management staff members will be leaving as the new SED trainees arrive.

Placing the first group of five SED/PCVs within a stable, well organized umbrella organization should minimize the management coordination and monitoring demands faced by PC/G. The volunteers will have adequate supervision and support, a job description which fits their business training/background and a series of geographical work areas from which PC/G can choose. The supplementary SED project assignments suggested by the Design Team are presented to maximize the volunteers' options for personal fulfillment without sacrificing the benefits of a more structured work environment.

Year-One SED/PCVs will field test the fit and effectiveness of their placement roles and work sites.

Year-Two Project Objective:

Year-Two placements will be determined by analyzing the fit and effectiveness feedback from Year-One SED/PCVs and assessing the management effort required to coordinate and monitor five additional SED/PCVs.

The Design Team advised PC/G to have its Year-One SED/PCVs field-test a representative sample of urban, peri-urban and rural work sites to determine a level of staff distribution sustainable within management resource constraints. PC/G will use this data to make an informed decision on whether dispersing or clustering SED/PCVs is the most appropriate Year-Two management strategy.

The Design Team also suggested several small enterprise project activities which could be used to supplement the SED/PCV extension officer's portfolio with personally selected clients. This design modification is optional and depends on the individual preferences of the Year-One and Year-Two SED/PCVs who will be recruited.

"Grassroots" IPE Pilot Project Option Objective:

The Design Team also recommended that PC/G make incremental commitments of SED/PCVs to the "Grassroots" IPE Pilot Project design option as rapidly as possible. This will provide an opportunity for PC/G to work in both the project development and the implementation phases of this "Grassroots" IPE pilot project which has high potential for replication.

Recommended SED/PCV Host Organizations, Tasks and Sites***Host Organizations:***

The Design Team recommends that the National Board of Small Scale Industries (NBSSI), the organization officially designated by GOG to coordinate SED programs, be the central host agency for the five in-coming SED/PCVs. NBSSI has the required financial, political and organizational outreach capacity necessary to provide SED/PCVs with a well structured, national service-delivery mechanism.

The five SED implementing organizations functioning within NBSSI's coordinating umbrella structure expressed a need for, and receptivity toward, placement of the five SED/PCVs who will complete PST training early in September of 1990. They also have placement opportunities for the additional five SED/PCV recruits expected to arrive in Ghana for training the following year.

The five SED implementing organizations stressed that they have placement opportunities for many more than the available number of SED/PCVs. Now that the initial organizational screening has been completed by the Design Team, specific SED/PCV placements should be made by PC/G in accordance with their ability to cope with the pilot project's management demands.

SED Tasks:

Business extension agents working for NBSSI and its member SED implementing organizations have job descriptions which include, but are not limited to, the following range of tasks:

- o Identifying new micro/small business clients;
- o Doing T.A., training and credit needs assessments;
- o Assessing the profitability of goods and services;
- o Doing pre-feasibility and marketability analysis;
- o Identifying sources of T.A., training and credit;
- o Helping prepare business plans and balance sheets;
- o Teaching bookkeeping and simple financial management;
- o Assessing appropriate technology needs.

PCV Sites:

Ghana has 10 regions and 110 districts which these SED organizations are attempting to better serve by expanding the number of business advisory extension agents providing service

delivery outreach. NBSSI small business extension agents would work through the Accra and/or the Kumasi office, which serves Ghana's Ashanti/Northern region.

The following is a brief description of the five SED implementing organizations which are members of NBSSI's umbrella coordinating structure and their SED/PCV placement opportunities:

The Ghana Enterprise Development Commission (GEDC) provides non-secured loans to small businesses at concessionary interest rates (20% vs 30%), along with SED T.A. and training. SED/PCVs could work in Accra, Kumasi, Cape Coast, Sunyani and/or Tamale.

The Department of Rural Housing and Cottage Industries (DRHCI) identifies new cottage industries, up-grades their financial management skills and establishes a management information data base. SED/PCVs could work in the following district capitals: Juaben, Mamboponten, Kubraw, Manso-Nakwanta, Juaso, Ejura and/or Mankranso.

GRATIS provides credit and technical assistance to small machine shop businesses which were spin-offs from intermediate technology transfer training operations. SED/PCVs could work in Tamale, Kumasi, Tema, Cape Coast, Sunyani and Ho.

The Technology Consulting Center, University of Science and Technology (TCC/UST) is an appropriate technology research and development center. It has successfully replicated its Intermediate Technology Transfer Unit (ITTU) ten times in the past 10 years and is able to pay 80% of its operating expenses from profits generated by the ITTU machine shops. SED/PCVs could work at TCC's Kumasi campus headquarters or at any of its 10 ITTU locations.

The 31st December Women's Movement is an NGO with 1.5 million members nationwide which provides credit and technical assistance to income-generating projects. A female SED/PCV could work in the Ashanti and/or Volta regions which have revolving loan funds for women's food procession projects.

NOTE: More complete information about NBSSI and its member SED implementing organizations can be found in the Addenda document section at the end of the Project Design Report.

Supplementary SED/PCV Pilot Project Options

There is such a wide range of small enterprise development project activities in Ghana, that a SED/PCV would be able to supplement and diversify his/her primary placement assignment. Many PCVs derive a sense of personal identification from working with a small

project where it is possible to establish deeper more sustainable human interaction than working within a structured organizational environment.

The Design Team recommended several SED projects which would benefit from receiving business advisory services. Some of these supplementary SED projects include the following:

- 1) 44 woodcarvers in three towns in the Volta Region who operate in a loose cooperative association are interested in establishing a service center providing access to tools and technical assistance;**
- 2) 77 women involved in poultry raising need to learn to keep books and market more effectively;**
- 3) An association of women potters in Afari (some 20 miles from Kumasi) need a range of business advisory services;**
- 4) The mechanic's magazine at Adorna (near Accra) is seeking to replicate the success of the Kumasi operation which contains 30,000 small scale entrepreneurs;**
- 5) A worker's self-managed home-building organization formed by people laid-off from formal sector employment needs business advisory services; and,**
- 6) A women's fish monger's cooperative and a pottery maker's cooperative also need a wide range of business advisory services.**
- 7) Labadi Community Bank, outside Accra, is another supplementary opportunity.**

There are other organizations serving the Ghana small business community which could also provide productive placements for subsequent groups of SED/PCVs. These include, but are not limited to, the following (See Addenda for details in the SED Organization Interviews):

- o Women's World Banking;**
- o The Ghana Export Promotion Council; and,**
- o The Federation of Ghana Business and Professional Women.**

PC/Ghana SED Pilot Project Benchmarks

- 1. Revisions should be made to the SED training curriculum within the next four months. A written training curriculum stating the objectives, materials and methods to be used for each segment should be developed. Each training component should be monitored**

and evaluated using a standardized/comparable conceptual framework. Monitoring and evaluation should be on-going with indicators showing that learning objectives have been accomplished.

2. Special attention should be given to integrating the Kumasi NBSSI trainers discussed in the Addenda document, "SED Organization Interviews." They will develop a specific skills-training component to complement the excellent existing materials on the Ghanaian business context and culture. This should also be accomplished in the first four months of this calendar year.
3. After training is completed, the first group of five SED/PCVs will begin field testing volunteer satisfaction and beneficiary impact potential of their placements within the host organizations recommended by the SED Pilot Project Design.
4. By the end of the second quarter of calendar year 1990, an informal SED Coordinating Group will be established by PC/G to share data on impacts, constraints, available resources and shared problems.
5. By the end of the third quarter of calendar year 1990, a monitoring mechanism will be in place to record on-going feedback assessing SED/PCV placements and constraints on achieving intended beneficiary impacts. This mechanism will have a realistic and flexible set of management objectives with incremental gains and losses quantified where possible and appropriate.
6. By the end of calendar year 1990, a mid-term evaluation of the SED Pilot Project should be carried out, with recommended training and placement revisions for the second year SED/PCV recruits.
7. By the end of calendar year 1991, monitoring data on all small business clients receiving technical assistance from SED/PCVs is expected to show a 20% improvement in sales revenues generated. At this time, it will be possible to make a better informed assessment of the relative cost-effectiveness of the "Grassroots" IPE project approach.

"GRASSROOTS" IPE PILOT PROJECT DESIGN OPTION

The conceptual framework for this "Grassroots" IPE Pilot Project was designed in response to unmet needs of a large number of micro/small entrepreneurs.

All of the organizations given implementation roles and responsibilities and have been contacted and discussions about their willingness to participate were favorable. This does not

constitute a commitment to do the project, but it can be interpreted as an endorsement of the programmatic concept.

Project Beneficiaries

The intended beneficiaries are a large sub-sector called "individual private entrepreneurs (IPEs) whose credit needs are minimal amounts, but are not being met by existing nor planned loan programs. They are loose groupings of one to three individual entrepreneurs, mostly women, who operate from a fixed location. Their estimated start-up costs would be less than US \$100 and the repayment of in-kind loans should be about 100%.

There was agreement among the SED practitioners we interviewed that IPEs are considered the "most vulnerable at risk" segment of the informal sector's micro/small entrepreneurs. It is considered "highly unlikely" that GOG PAMSCAD loan funds, which will be discontinued in about two years, will reach the IPEs.

Designated Participants

Designated GOG Host Organization:

The designated GOG host organization for this "Grassroots" IPE Pilot Program is the Ministry of Local Government and Program of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD). Ms. Franciska Issaka, Deputy Secretary of the Ministry, has expressed strong support for project and is willing to have it operate through her office.

Designated Indigenous NGO Project Manager:

The designated indigenous NGO which would have management implementation responsibilities is The African Center for Human Development which works closely with two other Ghanaian NGOs. Project funding from international organizations would be administered by the lead indigenous NGO which would charge a 10% to 15% administrative service fee. Direct technical assistance provided to the "Grassroots" IPE Project would be billed at the NGO's established consultancy day rate. A full salary could be billed to the project if it became necessary to hire an additional staff member.

Designated Board of Directors:

The members of the Informal SED Coordinating Group would serve as the Board of Directors for the "Grassroots" IPE Pilot Project. They are well informed concerning expertise, technology, funding and financial management within the operational context of Ghanaian small business project/program implementation. Because of the time constraints they face, obligations should be minimal and meetings should preferably coincide with the informal group sessions.

Designated Funder:

USAID/Ghana should be the lead funding organization through making direct grant funding and monetized PL-480 revenue available to the implementing indigenous NGO.

This "Grassroots" pilot project may be eligible for MED/PASA funds if it is considered as a follow-on to the SED PST and/or IST training provided by PC/G in Cape Coast. The purpose would be to monitor the effectiveness of trainees in a working SED project to determine their skill levels and performance gaps.

The African Development Foundation (ADF) and other international funders should be approached once the "Grassroots" pilot project is functioning and growth and replication needs are identified.

Contributions from funders will be kept in the rural bank judged to be stable and willing to participate and closest to the IPE pilot project sites. The bank will have no credit approval, client screening nor loan collection responsibilities. U.S. Treasury funds will be kept in a non-interest bearing account until used to purchase production equipment and material inputs. Repayment of those in-kind loans will be put into short term (91 day certificates) interest-bearing accounts to generate additional project revenues.

Project Component Activities

Project Loan Policies and Procedures:

The "Grassroots" IPE Pilot Project would offer short term, in-kind, character-based loans for production equipment and inputs. All loan fund management and administration functions will be performed by the designated indigenous NGO organization's field extension personnel with assistance from PC/G SED/PCVs. The NGO will be encouraged to establish client/portfolio based incentives to expand the outreach of their extension agents with the exception of SED/PCVs. A management and administration fee will be agreed upon and included in the funding proposals.

Marketing And Monitoring:

The designated Ghanaian NGO will operate a marketing service and deduct the client's loan repayments from sales revenue on a sliding-scale consistent with their ability to pay. No production equipment and/or input loans will be made until the "Grassroots" micro/small business becomes profitable. The length of the grace period will be determined on a case-by-case basis until sufficient experiential data exists to establish a flexible policy/procedure. The NGO will be paid an affordable marketing fee in addition to the repayments deducted from sales revenue. This fee will be discontinued if someone from the "Grassroots" enterprise is willing and able to be trained to perform that function for themselves.

Because the NGO "Grassroots" project manager purchases all production inputs and also markets the participant's goods/services, there will be no problem gaining access to the entrepreneur's books. In this way, the monitoring of earnings can be done in an accurate and systematic manner.

Savings Mobilization:

There is a reluctance to trust banks in Ghana due to recent problems involving malfeasance. Therefore, there is a preference to invest in appreciable goods rather than savings. The project should provide a consumer buying cooperative for staple food bulk purchases and production in-puts. It should maintain a "savings account" with designated/desired appreciable goods (e.g. nails, locks or whatever is known to have an appreciable re-sale value). Small amounts of cash for emergency withdrawals should also be available.

The project should also introduce experimental SuSus in which part of the rotating repayment is maintained in an emergency and/or group investment fund. Many modifications of the SuSu are possible and potentially productive. However, this type of experimentation must proceed at the local permissible pace of change.

Appropriate Technology Inputs and Dissemination:

The target group of Independent Private Entrepreneurs (IPEs) need small loans to purchase low-level production technology such as: kilns for making bread or pottery, soap-making equipment, brick-making machines, food processing equipment, implements and equipment for batik-making, etc. All of this equipment can be supplied by the Technology Consultancy Center (TCC) at the University of Science and Technology in Kumasi. The Design Team interviewed them and they have the required equipment and are willing to participate. None of these "Grassroots" production enterprises will have to depend on expensive, imported equipment.

Designated Technical Assistance Organization:

Peace Corps/Ghana should take the lead role in providing demand-driven micro/small enterprise assistance and training from its SED/PCVs. This service can be provided without cost to the project. Indigenous T.A. and training organizations should be phased in when that is judged to be appropriate and affordable.

"Grassroots" IPE Pilot Project Benchmarks

1. By the end of the second quarter of calendar year 1990, the "Grassroots" IPE Pilot Project Design should be submitted to all participants for clarification and verification of roles and responsibilities. The design should be adapted to fit whatever changes are suggested, and procedures begun to secure USAID and/or other funding.

2. By the end of calendar year 1990, staff and funding for three "Grassroots" IPE Pilot Projects will be in place. USAID will provide funds from monetized PL-480 and/or direct funding not to exceed US \$15,000 per pilot project. The NGO will meet with potential project participants and determine an equitable sliding scale product marketing fee which will serve as their buy-in to the in-kind production loan fund.
3. By the end of the first quarter of calendar year 1991, PC/G will have three SED/PCVs working with the "Grassroots" IPE Project suggested by the Design Team. They will have business advisory and credit referral assignments as well as data collection for on-going monitoring. They will field-test the feasibility of three different products/services and the fit and effectiveness of locally produced technology inputs at an urban, peri-urban and rural "Grassroots" IPE project sites.
4. By the end of calendar year 1991, the implementing NGO and PC/G will have completed a mid-course evaluation of the three pilot "Grassroots" projects to provide data on key management concerns, including but not limited to, the following:
 - a) Assessment of cost-effectiveness and the efficient delivery of all inputs used in the in-kind "Grassroots" production loan fund;
 - b) What has been learned about setting and adjusting the sliding scale marketing fees which cover commercial interest rates and a service fee;
 - c) How much of a grace period will be required before these "Grassroots" small businesses are viable and able to begin paying sliding scale marketing fees;
 - d) Whether start-up costs are to be subsidized during the grace period when clients aren't marketing/earning enough to pay fees;
 - e) Since the implementing NGO makes all purchases of inputs, and markets the production, there should be no problem getting accurate financial impact data from this closed system. Are there any unanticipated financial monitoring constraints;
 - f) How much of what kinds of demand-driven training and T.A. is required and how best can it be delivered.

Start-Up Budget Pilot Project Line Items

High inflation, lack of specific cost data and a lack of data on how much of the NGO's project management overhead expenses could be paid through monetized PL-480 revenues

makes this a hypothetical exercise. The following budgetary estimates are made within those constraints:

NGO Project-Related Salaries:	US \$ 500 per month
Administrative Overhead Charges:	15% of grant funds
Small Business Production Equipment:	US \$10,000
Production Inputs:	US \$ 4,000

NOTE: One year start-up time within a 3 year pilot project budget to be amended for additional time and funds pending the results of a third year evaluation report.

SED/PCV TRAINING OVERVIEW

Training Program Format

The PC/G training program has been successful largely because it is housed at Cape Coast University which has a dedicated training staff and good accommodations.

Dr. J.K. Tufuor of Cape Coast University, who serves as Deputy Training Director, has been a successful Ghanaian entrepreneur for many years. He has managed several small businesses which he turned over to other Ghanaians once they were established and viable. This experience makes him very valuable as a source of practical SED training inputs.

We interviewed Dr. Tufuor concerning the structure of his PST training which has not been formally written as a curriculum with stated objectives, timeframes and structured monitoring. The following is a summary of his conceptual framework:

- I. Establishing a Small Business in Ghana:
 1. Registering Companies and Company Code with GOG Register General's Office
 2. Labor Laws and Employment
 3. Social Security and Other Benefits
 4. Taxation:
 - a. Information requirements
 - b. Laws
 - c. Concessions/holidays/grace periods

II. Managing a Business in Ghana:

1. General Discussion of Operations and Management of a Small Business in Ghana:

- a. Ghanaian cultural views on money
- b. Belief structures
- c. Market women
- d. Levels of business sophistication
- e. Working with counterparts
- f. Channels of communication

2. Management Problems and Possible Solutions

- a. Growth/success factors
- b. Failure factors
- c. How to monitor small businesses

3. Fighting Inflation

- a. Costing and pricing goods and services
- b. What PCVs should guard against in business

4. Product Development and Business Promotion

- a. Quality control
- b. Ghana Standards Board

5. Marketing

- a. Advertisement
- b. Demand/preferences
- c. Customer relations

III. Inputs

1. Sources of supply
2. Types of inputs
3. Quality of inputs
4. Storage of inputs

IV. Organizations Which Can Provide Technical Assistance

1. GOG
2. NGOs/PVOs
3. What help do they offer

4. What training do they provide
5. What licensing is required

V. Organizations Which Can Provide Credit

1. Direct cash transfers
2. In-kind equipment
3. Logistical support (transport/communications)
4. Banks
5. Credit unions
6. Susus
7. 30-day lines of credit
8. Criteria for approving credit

VI. Women in Business

1. Organizations/services provided
2. Socio-cultural constraints

VII. Agreements and Contracts

1. Clear terms
2. Obligations
3. Enforcement
4. Oral and written contracts
5. Consignment agreements
6. Bookkeeping/records

IX. Feasibility Studies

1. Market analysis
2. Budgets and reducing overhead
3. Costing/pricing
4. Business plans

X. Upgrading an Enterprise

1. Growth/expansion strategies
2. Organizing a training program

SED/PCV Training Recommendations

The Design Team feels that this covers what trainees need to know about doing small business in Ghana. However, it needs to have a training by objectives evaluation framework developed for each of the ten sections, and a monitoring framework done at the end of each day. We will send examples of this type of daily training monitoring framework to Dr. Toufour at his request.

There is a need for a PSC to develop specific training materials for the following areas with an emphasis on start-up businesses:

- o Small business needs assessment
- o Feasibility assessment
- o Costing and pricing guidelines
- o Market research analysis
- o P&L balance sheets
- o Basic recordkeeping
- o Break-even analysis
- o The use of training stories

Additional PC/Ghana training recommendations include the following:

1. PC/G needs a local hire in the initial stages of the project to assist with training program development and implementation. We located 10 such experienced trainers through NBSSI in Kumasi. A contact name and description of the training offered is contained in the NBSSI interview within addendum number one.
2. A PSC is needed in the spring for curriculum development and to integrate the new training materials within the Ghana-specific contextual overview of how small business is done in-country.
3. A PSC with a background in monitoring and evaluation design and implementation is needed to train all PC/G volunteers and staff involved in small business data gathering and impact assessment.
4. Competent local videotape producers exist who could integrate training play-back performance analysis techniques. These would be Ghana SED situation specific and offer a multiple choice of problem-solving alternatives and their resulting trade-offs. This technique should be shared with people in other countries who are doing SED training. The

design team also feels it would be valuable to do a short Peace Corps documentary on all of the organizations cooperating in the highly successful ITTU replication project.

NOTE: We have not assigned dollar amounts to these budget categories because rapidly rising inflation (over 300% in this decade) make it impossible for outsiders to determine in a brief visit.

KEY DATA WHICH SHAPED THE DESIGN

Peace Corps/Ghana Data

- o Peace Corps Country Director, Jim Lassiter has decided to personally supervise the PC/G SED Pilot Program along with Dr. J.K. Tufor who will serve as the new PTO.
- o Lassiter feels that SED/PCVs should have an advisory, technical assistance role rather than directly providing credit and/or materials.
- o PC/G has a small, over-worked staff. The Admin. Officer and PTO will leave this summer. Lassiter feels that a SED/APCD is not necessary at this time to serve only five in-coming SED/PCVs. He feels that 10 would be the required minimum number. An additional five SED/PCVs are expected to be in-country next year.
- o PC/G does not currently have a SED program and has not had one since the late 1970's.

USAID/G Data

- o USAID/G was preparing their CDSS while we were in Ghana. They have budgeted US \$60,000 a year for three years to implement PC/G SED training as a buy-in to the MED/PASA. They also expressed an interest in providing an unspecified amount of start-up funding for the "Grassroots" IPE Pilot Project design described in this report. That pilot project appears to be feasible and responds to a serious unmet need. PC/G and USAID/G should discuss possible collaborative strategies for implementing the "Grassroots" IPE Pilot Project in three or four diverse locations. The results should be closely monitored and a PSC brought in, when the project has been fully operational for over a year, to do an evaluation geared to identifying design and implementation refinements.

- o USAID/G does not want a project design nor management implementation role. However, they insist that PC/G provide good monitoring and evaluation of the SED pilot projects. Continued funding will be contingent upon fulfilling this condition.
- o USAID/G's newly appointed Private Sector Officer, Daniel Gyimah, is a Ghanaian who is highly supportive of the SED Pilot Program and has established good communication with PC/G. On-going collaboration on the SED Pilot Project does not appear to be a problem.

Ghana SED NGO Data

- o Key management representatives from major organizations implementing small enterprise development programs in Ghana have agreed to participate in informal coordination sessions with PC/G and USAID representatives.
- o In general, indigenous nongovernment organizations (NGOs) in Ghana have community outreach and limited SED technical expertise but lack the required managerial and technical capability. The African Center For Human Development is an exception. It is the extension service delivery NGO most highly recommended by government agencies and private sector organizations working with SED.
- o US NGOs in Ghana are working in rural development programs rather than directly providing small business advisory services.

Government of Ghana SED Data

- o The Ministry of Local Government is the office which coordinates the Programme Of Actions To Mitigate The Social Costs Of Adjustment (PAMSCAD).
- o In 1987, international donors pledged US 83.9 million dollars, which included US 2 million dollars to the NBSSI for a credit scheme to assist small scale enterprises. Those loans funds are scheduled to become available in January of 1990.
- o Ms. Franciska Issaka, Deputy Secretary of the Ministry of Local Government, is very supportive of the PC/G primary pilot project design and also the "Grassroots" Project Development Fund described in this report. She has also agreed to have the "Grassroots" project implemented through her GOG office and to participate personally in the Informal SED Coordinating Goup.
- o The 31st December Movement is an NGO with 1.5 million members nationwide which provides credit and technical assistance to women's income-generating projects. It is

headed by Ms. Nana Adgamin who is the wife of Chairman Rawlings, the leader of Ghana's one-party government. This organization's SED agenda receives very strong support from the GOG.

- o GOG has made income/employment generation through the informal sector small business promotion a top development priority. Inflation has taken the Cedi from 2.75 to the dollar in 1983 to approximately 350 at the present time. The price of capital inputs needed to start or expand small business has increased an estimated 600% since 1977. Small business people find 30% bank loans unaffordable and generally unavailable.
- o It is estimated that the cost of living is more than twice the current 170 Cedi a day minimum wage. This has rapidly swollen the ranks of the informal business sector which is the only source of income for vast numbers of underemployed people. These people include thousands of GOG civil service workers fired from state-owned enterprises in an effort to comply with IMF restructuring requirements.

ADDENDA DOCUMENTS

CORE QUESTIONS FOR PC/G SED INTERVIEWS

These core questions were prepared so that members of the Design Team will cover the same points in interviews which we may be conducting separately because of scheduling overloads. In this way, we will know that we have covered the same main points. However, the interview process is not intended to be rigid. Please ask whatever other questions you feel may be missing and share them with team members during periodic discussions about what we're learning and how you're interpreting these findings.

WHAT IS YOUR SED PROGRAMMATIC FOCUS/FUNCTION ?**GOG Ministry Specific Questions:**

- o Ministry does what re: SED?
- o How do they do it (programs, loans, coordination, collaborative programs, training, TA, extension, etc.)?
- o For whom (type/size of businesses, geographic locale, gender, special selection criteria)?
- o What do you expect to accomplish (objectives/benchmark indicators)?
- o What operational and/or accountability constraints do you have (staff levels, staff quality, budgetary support, transport, low influence with GOG policy makers, inadequate outreach/service delivery, lack of materials, etc)
- o What are you doing to overcome or cope with them?
- o How well/badly is your strategy working(Why? Give examples)?
- o What risks have you identified?
- o What's the probability they will happen?
- o What donors do you work with (funding level, time frame, conditions)?
- o What NGOs/PVOs do you work with (Doing what, performance satisfaction)?
- o Which of SED NGOs/PVOs do you recommend as counterparts and why?
- o Do you work with any private sector Ghanaian business groups?
- o What lessons have you learned which may help us design this program?

SED/PCV Specific Questions:

- o Do you want a SED/PCV (Why or why not? Any conditions?)
- o What type, level and years of education/experience?
- o How would you be able to use one or more productively?
- o Specifically, what would be their roles/responsibilities?
- o Performance accountability to whom, judged how, by whom?
- o What support services are provided (housing, transport, etc.)?
- o What work area locations (infrastructure, communications, etc.)?
- o How soon do you need the SED/PCV (earliest and latest)?
- o Is one tour of service enough or do you need two or more?

- o Will you assign one or more counterparts?
- o Competent professionals or do you expect them to be trained?

NGO Implementing Organization Specific Questions:

- o Why type(s) of SED programs do you have in which locations?
- o What type(s) and size(s) of businesses do you work with?
- o What beneficiary profile (Skills, education, earnings, gender)?
- o How long have you been operating?
- o What constraints do you have? What coping strategies?
- o Is your relationship with GOG cooperative or confrontational?
- o Who funds your organization (Number of funders, amount, time period, repeat funding, conditions/terms. GOG? ,trends/patterns, etc.)?
- o Do you have internal means of generating funds (fees for services,etc)?
- o Do you want a SED/PCV? (Why or why not? Conditional acceptance?)
- o Do you want SED/PCV to train a counterpart? Work with one or more?
- o What kind of education and background experience do PCVs need?
- o What would the SED/PCV do, where, what support services, what supervision and what kind of performance criteria?
- o Has your organization ever worked with SED/PCVs before? Any PCVs? Were you satisfied with their performance (why or why not)? Any recommendations?
- o What lessons have you learned which would help us design this program?

Donor Organization Specific Questions:

- o What SED activities/programs are you funding (amount, time, repeat)?
- o Through which GOG Ministries do you work (authority/accountability)?
- o What funding constraints do you have (requirements/ineligibility)?
- o Which NGOs/PVOs do you fund? Level of satisfaction?
- o What are their operational constraints and performance gaps?
- o Have you ever funded a SED program involving PC/G collaboration?
- o Would you have any reservations about do so? Do you see any risks?
- o Do you have any program design suggestions re: financial management, impact assessment, competence of counterpart NGOs, etc.?

SUGGESTED PC/G EVALUATION FORMAT

Evaluator: _____ Project Name: _____ Place: _____

FORMAL INDICATORS

Before Date: _____ After Date: _____

INCOME/EARNINGS:

Business Income _____
Outside Income _____

INCOME/EARNINGS:

Business Income: _____
Outside Income: _____

EMPLOYMENT:

Full Time Workers _____
Part Time Workers _____
Unpaid Family Workers _____

EMPLOYMENT:

Full Time Workers _____
Part Time Workers _____
Unpaid Family Workers _____

MONEY OWED:

Loans Outstanding: \$ _____
Suppliers Owed: \$ _____

MONEY OWED:

Loans Outstanding: \$ _____
Suppliers Owed: \$ _____

FIXED ASSETS

Owns Building: Y ___ N ___
Owns Land: Y ___ N ___
Owns Production Equipment: Y ___ N ___
Owns Transport: Y ___ N ___

FIXED ASSETS

Owns Building: Y ___ N ___
Owns Land: Y ___ N ___
Owns Production Equipment: Y ___ N ___
Owns Transport: Y ___ N ___

Inventory Size: _____ Inventory Size: _____

MEANS OF PRODUCTION:

Hand Tools Only: Y ___ N ___
List Power Tools (if any):

- 1.) _____
- 2.) _____
- 3.) _____

Power Source: _____

MARKET CONDITIONS:

% Production Sold: _____
% Sold To Middlemen: _____
% To Local Market: _____

Circles High Monthly Sales:
J F M A M J J A S O N D

MEANS OF PRODUCTION:

Hand Tools Only: Y ___ N ___
List Power Tools (if any):

- 1.) _____
- 2.) _____
- 3.) _____

Power Source: _____

MARKET CONDITIONS:

% Production Sold: _____
% Sold To Middlemen: _____
% To Local Market: _____

Circle High Monthly Sales:
J F M A M J J A S O N D

22-

INFORMAL INDICATORS

Before Date: _____

After Date: _____

MONEY MANAGEMENT

Cash Box Y__N__
Receipt Book Y__N__
Kept Accounts Y__N__
Bank Account Y__N__
Checking__Savings__

MONEY MANAGEMENT

Cash Box Y__N__
Receipt Book Y__N__
Kept Accounts Y__N__
Bank Account Y__N__
Checking__Savings__

GOODS OFFERED FOR SALE:

Quantity _____

Variety: _____

Well Displayed: Y__N__

Quality: H__M__L__

Comments: _____

GOODS OFFERED FOR SALE:

Quantity _____

Variety: _____

Well Displayed: Y__N__

Quality: H__M__L__

Comments: _____

WORKPLACE CHANGES:

Expansion : Y__N__
Relocation: Y__N__
Renovations: Y__N__
Better Security: Y__N__
New Furniture: Y__N__
Better Dressed: Y__N__

WORKPLACE CHANGES:

Expansion: Y__N__
Relocation: Y__N__
Renovations: Y__N__
Better Security: Y__N__
New Furniture: Y__N__
Better Dressed: Y__N__

APPRECIABLE INVESTMENTS:

Deep Freezer: Y__N__
Aluminum Roofing: Y__N__
Wax Print Cloth: Y__N__
Spraying Machine: Y__N__
Boxes of Nails: Y__N__
Good Locks: Y__N__

APPRECIABLE INVESTMENTS:

Deep Freezer: Y__N__
Aluminum Roofing: Y__N__
Wax Print Cloth: Y__N__
Spraying Machine: Y__N__
Boxes of Nails: Y__N__
Good Locks: Y__N__

Other purchases which appreciate rapidly in value and can be easily sold at a profit:

Other purchases which appreciate rapidly in value and can be easily sold at a profit:

BUSINESS GENERATED % Total Income

All Of Income From Business _____
2/3 Of Income From Business _____
1/2 Of Income From Business _____
1/3 Of Income From Business _____

BUSINESS GENERATED % Total Income

All Of Income From Business _____
2/3 Of Income From Business _____
1/2 Of Income From Business _____
1/3 Of Income From Business _____

Supplementary Income Earned By:

Farming Own Land: _____
Paid Farm Labor: _____
Paid Non-Farm Labor: _____
Other, Please Explain: _____
Explain _____

Supplementary Income Earned By:

Farming Own Land: _____
Paid Farm Labor: _____
Paid Non-Farm Labor: _____
O t h e r P l e a s e

SED ORGANIZATION INTERVIEWS

31st DECEMBER WOMEN'S MOVEMENT

We interviewed Ms. Cecilia Johnson, General Secretary of 31st December.

The 31st December Women's Movement is a non-governmental organization whose purpose is to include women in Ghana's revolutionary process and to improve their standard of living. Founded in 1981 and named after the first day of the revolutionary process, it is headed by Nana Konadu Agyeman Rawlings, Chairman Rawlings' wife and carries strong political clout. 31st December is an active member of the NCWD and extremely organized and involved at the grassroots level with 1.5 million members. 31st December also tries to involve women in Ghana's political process. The Movement had a strong role to play in the high number of women elected to district assemblies in the last election.

31st December is organized into units, zones, districts, and regions. In each region there is at least one full-time worker in charge of organization, and a number of either full- or part-time workers/volunteers responsible for administration, projects, education and publicity. As a voluntary organization, some member contribute cash and others labor.

31st December is involved in a vast array of income-generating activities, including agriculture, food-processing, day care, construction, crafts, textiles and pottery. It tries to organize women involved in these activities into cooperatives. It generates income for the Movement and communities by creating income-generating projects which the members work on in addition to their individual ventures. Members decide what to do with the profits - usually reinvesting in the project or community, donating to the Movement, or loaning to a member.

As a voluntary organization, 31st December solicits donor funding. However, it has had difficulty in winning this source of support. It is viewed as too political an organization. Gradually, it is overcoming this hurdle because of its widespread and positive impact at the grass-roots level.

31st December will receive PAMSCAD funds through the NCWD which will be channeled through NBSSI and GEDC. In October 1989, 31st December received 2 million cedis from the UNDP for Food Processing projects and \$17,000 from UNIFEM for water-related projects. The Canadians and Dutch have also funded projects for food processing. It received a \$148,000 grant from the Sasakawi Africa Association for a revolving loan fund in the Ashanti and Volta regions. Most of these borrowers are involved in food-processing.

31st December's relationship with GOG agencies is important for PC/SED. It falls under the NCWD and NBSSI umbrellas and receives technical assistance from GRATIS through the ITTU's. GRATIS is currently providing T.A. for several beekeeping projects. Further, it can

25

channel equipment from the TCC to women involved in bread making, pottery, fish-smoking, palm oil processing, beekeeping, batik making, and brick-making.

The decision to take a SED/PCV would have to be made by the Movement, but Cecilia Johnson felt the vote for a female would most likely be positive. She emphasized the need for general business and managerial skills and 2-3 years background in business. Ms. Johnson felt a female SED/PCV would be able to find housing with a family.

31st December would be an excellent placement because it is so well organized and involved at the grass-roots level in a variety of income-generating activities. In addition, it has strong political support and receives good T.A. from organizations such as the African Center for Human Development. Finally, it maintains a serious collaboration with government agencies involved in small scale enterprise development and has won the support of many skeptics.

ADVENTIST DEVELOPMENT AND RELIEF AGENCY (ADRA)

We interviewed several people at the Adventist Development And Relief Agency (ADRA) in Accra including:

- o Mr. Israel Agboka, Director of ADRA;
- o Mr. Alfred G. Smith, Associate Director of ADRA; and,
- o Ms. Juliana Boamah, Director of ADRA's Women in Development program.

The basic focus of ADRA's work is operating 36 Maternal Child Health Centers which do not have a SED program component. When funds become available, they are thinking of starting some income-generation programs for women in food-processing.

They also work in a PL-480 food-for-work program for nurseries, some of which have forestry PCVs working in them. The workers are given rice, bulgar wheat and vegetable cooking oil in return for working part-time. ADRA claims the nurseries are about seven years away from becoming commercially viable operations.

We interviewed Steve McFarland, Peace Corps' Rural Development Specialist who works with the nurseries project. He said that recipients of the PL-480 food are selling it locally which is prohibited. He also reported that workers do not like to be paid in food because they need cash for "chop money" (household expenses) and lack money for beer and cigarettes.

ADRA said they would like to have SED/PCVs, but would be unable to provide accommodation which is a requirement for placement. However, since ADRA is not involved in small enterprise development programs, the organization would not have been a suitable placement location even if accommodations could have been provided.

THE AFRICAN CENTRE FOR HUMAN DEVELOPMENT (ACHD)

The African Centre For Human Development (ACHD) is a Ghanaian NGO in Accra which does rural development consultancies and project implementation. ACHD is three years old (founded in late 1986) and receives no GOG funds and no church funding. It generates its operating funds through fees for consulting services and income generated by holding cultural events (music and dances).

ACHD has a staff of five people operating out of the Accra office (they have no regional offices as yet):

- o The Director of AHCD;
- o Two project officers;
- o One secretary; and,
- o One information officer.

Their consultancy clients include:

- o December 31st;
- o UNDP;
- o FAO;
- o UNFPA;
- o University of Ghana/Adult Education; and,
- o Training for the Department of Cooperatives and Rural Development.

During the past two years, they have trained 280 people in social mobilization and small business development workshops attended by groups of 20-40 trainees. Four workshops were in social mobilization and three in small business development. The SED workshops focused on record-keeping, accounting and financial management techniques. Social mobilization workshops focused on: social analysis, principles of social change, appropriate technology, organizing rural people and participatory research. Training is provided without charge to participants and paid for through fund-raising with various embassies and international funding agencies.

We interviewed the following people in the African Centre for Human Development:

- o Mr. Dela Afenuadu, ACHD Senior Program Officer;
- o Mr. Yaw Botsoe, ACHD Program Officer; and,

o Our scheduled appointment with Wilbert Tengey, ACHD Executive Director did not happen, although we waited for him for about two hours. We were not able to set-up another interview.

The two program officers explained that ACHD "has no one specifically in charge of business advisory services and we could use help." They now make field trips to collect and analyze SED data, identify small business problems and provide advice and they are also working to revive a failing rural bank.

Most of their programs are currently in the Volta Region and they want to be able to expand service delivery to other regions. A SED/PCV would be useful in doing market research, and providing training in bookkeeping, costing, making business plans and facilitating access to credit.

ACHD collaborates with two Ghanaian NGOs:

- o The Center For Community Status, Action and Development (CENCOSAD); and,
- o Partners in Development.

CATHOLIC RELIEF SERVICES (CRS)

We interviewed Bob Roach, Country Director of Catholic Relief Services (CRS), who explained that his agency is not currently involved in small-scale enterprise programs or projects.

He explained that CRS headquarters in Baltimore is now testing a small scale enterprise credit program in four African countries (not including Ghana). Depending on the results of those field tests, CRS Ghana may open a SED program at some unspecified time in the future.

CRS does not have collaborative programs with PVOs and NGOs in Ghana. Its outreach programs uses a network of diocesan project officers located in parishes throughout the country. At this time, CRS is not interested in a SED/PCV because its programs don't focus on the small business sector.

CHRISTIAN MOTHERS

Christian Mothers is affiliated with the Roman Catholic Church, but accepts women members from any religion. They receive funds from the Conrad Adenauer Foundation (Germany). Christian Mothers does not have micro/small enterprise programs/projects. Their programmatic focus is women working on small farms growing cassava and corn. Their potential small scale enterprise spin-offs are: selling the soap they make, managing day care

centers, operating grinding mills and organizing themselves into small cooperatives. The women with whom they work don't keep accounts and lack basic business skills.

Contact persons are:

- o Victoria Duamroh, Administrative Officer;
- o Lorentia Ahiagbah, Training Officer; and,
- o Irene T. Priddy, National Organizer

They are not ready for a SED/PCV at this time and are now discussing the matter.

DEPARTMENT OF RURAL HOUSING AND COTTAGE INDUSTRIES (DRHCI)

We interviewed the following people at the Department of Rural Housing and Cottage Industries (DRHCI) in Accra:

- o Mr. Manuel Lamptey, DRHCI Senior Industry Officer;
- o Mr. Steven Effah, DRHCI Program Coordinator; and,
- o Mr. Nick Dolphin, Chief Technical Advisor (Program Manager).

The Department of Rural Housing and Cottage Industries became an effective entity in 1980 as part of the Ministry of Local Government. It is currently active in 60 of 110 districts and intends to open offices in the remaining fifty.

The Department's cottage industries clients are referred to GEDC for small business technical assistance in response to the following financial management problems:

- o They don't keep financial records;
- o They don't have records of production inputs and/or inputs to determine profitability; and,
- o They lack information on market demand/preferences.

29'

In 1987, the Department got a technical advisor from the International Labor Organization (ILO) and a US \$650,000 grant from the United Nation's Development Program (UNDP). The UNDP grant provided funds for three new staff positions. Previously, there was only one District Organizer to serve the Department's 60 organizations. This grant, which ends in December of 1990, had the following purposes:

- o To up-grade the Department's program implementation;
- o To assist in starting new cottage industries; and,
- o To provide a management information system with marketing and technical data needed for making better informed program decisions.

A project review was scheduled for November, 1989 to assess the results of pilot programs being tested in six of the Department's 110 districts.

DRCHI's definition of micro entrepreneurs are businesses with one to five persons (including the owner), with no more than 2.5 million Cedis (GOG official exchange rate is 300 Cedis to the dollar). DRCHI said these businesses are generally not registered with GOG.

They estimate that 55% of the businesses in Accra are in the informal sector and added that very little data exists about them. The National Board For Small Scale Industries (NBSSI) recently completed a random sample survey of registered small businesses in Accra which is expected to become available in the near future.

Nick Dolphin explained that the first task of DRCHI was to clarify its role. They decided that they were not providers of credit, research and development or marketing services. Their role was to "coordinate inputs and services" to cottage industries at the district and sub-district level.

They were receptive to receiving SED/PCV who would provide business advisory services in the role of a District Industrial Officer. The SED/PCV would do sector surveys, feasibility/profitability assessments, inventory available and needed resources, refer people to credit/funding programs, train people in basic bookkeeping. The areas identified where SED/PCVs could serve were: the Volta Region, Upper East and Eastern Region.

Some of the projects the SED/PCV would assist include:

- o 44 woodcarvers in three towns in the Volta Region who operate in a loosely formed cooperative association would be served by establishing a "service center" which would provide power saws and other tools along with technical assistance.

- o 77 women involved in poultry raising who need to learn to keep books and market more effectively;

- o An association of women potters in Afari in the Ashanti Region some 20 miles from Kumasi need a range of business advisory inputs.

Nick Dolphin of ILO stressed that they see this as a ten year program which must be build incrementally at a Ghanaian pace. He added that SED/PCVs should have practical business experience and be able to adjust to Ghana's much slower pace of implementation. He also felt that SED/PCVs would be able to use public transportation and he wouldn't expect housing to be a problem.

DRHCI said they would hold in-house discussions on how best to utilize SED/PCVs within their regional outreach program. He also said he would be willing to participate in informal coordination roundtable discussions with Peace Corps and others implementing small enterprise development programs.

We also interviewed Mr. S. Osae, DRHCI Regional Director in Kumasi who is working with the ILO/UNDP Entrepreneurship Training Program to transfer skills and technical assistance to rural cottage industries.

He stressed the need for additional staff and felt that SED/PCVs would be useful in doing:

- o Pre-feasibility studies;
- o Preparing business plans;
- o Assessing profitability and costing;
- o Doing market feasibility assessments; and,
- o Providing small business T.A. in bookkeeping.

SED/PCVs would be needed to provide that type of extension services in the following district capitals:

- o Juaben;
- o Mamponen;
- o Kubrbaw;
- o Manso-Nkwanta;
- o Juaso;
- o Ejura; and,
- o Mankranso.

SED/PCVs should have appropriate business education/training and practical experience.

FEDERATION OF GHANA BUSINESS AND PROFESSIONAL WOMEN (FGBPW)

We met with Lucia Quackey, National President and Chairwomen of the Garment and Knitting Subcommittee of the Association of Ghana Industries.

The Federation of Ghana Business and Professional Women was formed in 1976 on the initiative of Mrs. Ocloo with help from the National Council for Women in Development. There are 500 members who pay 5,000 cedis per year for membership fees. FGBPW is affiliated with the International Federation of Business and Professional Women formed in 1930. The FGBPW receives assistance from the International Federation for workshops and conferences.

FGBPW is a member of the NCWD and works closely with government agencies such as the NBSSI. This relationship would permit a volunteer to work under the NBSSI umbrella with the FGBPW and other women groups such as 31st December.

The Federation is located in Accra with a general secretary, project officer, project coordinator, secretary and driver. The Accra workers work as extension agents visiting women's groups and Federations projects throughout Ghana.

FGBPW aims to bring women together as a group to share information, to assist rural women improve their living standard partly through income-generating projects such as food production and processing. The Federation also has helped establish mobile health clinics out of the realization that women can not be active in business while saddled with debilitating health problems.

Through the field coordinator who constantly travels, FGBPW is active in Greater Accra, and the Eastern, Volta and Western Regions assisting women in irrigation, food processing, textiles, and tailoring. FGBPW sometimes acts as a guarantor to banks for women groups as in the case of a group of Tema fishmongers. This group has received three loans (\$100,000, and two \$500,000) over the past three years and has had a 100% repayment rate. Mrs. Quackey feels that successful ventures like this will convince banks that women are worthy customers.

Mrs. Quackey expressed great interest in taking on a volunteer. She mentioned that PCV Eileen Baron worked with the Federation as recently as 1987. They were very pleased with her work. She felt a female SED/PCV could provide valuable business skills to women entrepreneurs in drawing up business plans, keeping books, helping improve quality control and marketing. She feels women have tremendous small business ability but need help starting and upgrading businesses

As chairwomen of the Association of Ghana Industries Garment and Knitting Subcommittee, Mrs. Quackey works closely with the NBSSI. Mrs. Quackey feels that AGI the best suited businesses association in Ghana to reach small scale entrepreneurs.

32

She spoke highly of 31st December's success in involving women in the political process. However, she felt they may be too spread out to be effective in the long-term in income-generating projects. She felt Women's World Banking was doing a disservice to women by charging too high an interest rate.

GHANA ASSOCIATION OF PRIVATE VOLUNTARY ORGANIZATIONS IN DEVELOPMENT (GAPVOD)

We interviewed Mr. James Bowie, GAPVOD Administrative Coordinator.

Founded in 1980, GAPVOD acts as an umbrella organization to facilitate the activities of 50 member private voluntary organizations (PVOs) by collecting data and acting as an exchange point for information relevant to member PVOs. It also serves as a liaison between members, government agencies and the business community.

GAPVOD has 100 members who each pay 5,000 cedis per year for membership dues. GAPVOD is experiencing serious financial difficulty which impedes its effectiveness as a coordinating organization for PVOs. It has several proposals for funding in the works but is currently functioning almost solely on membership fees.

In the fall of 1989, GAPVOD received \$100,000 from the UNDP through the Ministry of Finance and Economic Planning to upgrade its information gathering role. With part of this grant, it recently purchased general office equipment and a personal computer and printer which should improve its data base.

GAPVOD is in the middle of a restructuring exercise; the resulting strategy plan will place a strong priority on fundraising. GAPVOD will need to secure additional resources, either from increased contributions from members or donors, before it can effectively serve the NGO community.

GAPVOD runs workshops and seminars two to three times a year for its members on topics such as writing more effective project proposals. It also assists PVO personnel to target training opportunities locally and overseas and has a library and bookshop which members can use. It provides technical assistance in project proposal writing and program planning.

THE GHANA EXPORT PROMOTION COUNCIL (GEPC)

Mr. Kwesie Ahowie, Executive Secretary of GEPC was out of the country so we met with David Oppung, Senior Export Development Officer; Constance Quacoe, Director of Project Development Division; and Owusu Seyere, Export Development Officer.

The GEPC falls under the Ministry of Trade and promotes the export of non-traditional products, such as fruits, vegetables, spices, furniture, handicrafts, and textiles. Traditional exports such as cocoa, coffee, timber, and minerals do not come under GEDC's mandate.

The GEPC first identifies the products to export and then targets the enterprises. It hires consultants to conduct profiles on these businesses and then helps to organize the businesses into associations. It also provides technical assistance and business advisory services. Right now most of its activities are located around Accra but it has plans to expand into other regions. Transportation has been a serious problem for GEDC and has made expansion difficult.

GEPC defines small enterprises with assets, including land and/or buildings below \$25,000, with 1-14 employees and medium from \$25,000 - \$50,000, with 15-20 employees.

GEPC receives funding from several sources. All funds for T.A. are channeled through the Ministry of Finance and Economic Planning.

- o UNDP: \$2 million Export Diversification Project was approved in November 1989. Exports from agriculture, manufacturing and service sectors. Will target Export Production Villages. Will work with rural banks and coops.

- o Norwegian government: \$200,000 each year since 1978. Norwegian government was the earliest financial supporter of the Council. Majority of \$200,000 will be devoted to production of Raffan (cane) furniture in specified regions in Ghana where training centers will be established. These may be completed by the time the PCVs arrive. However, GEDC does not expect to receive additional funding from Norway after 1989.

- o European Community: \$700,000 Integrated Development Program-to (i) upgrade Accra Polytechnical School by training factory workers; (ii) T.A. to 20 furniture companies (12 Accra, 3 Takadori, 3 Kumasi, 1 Ho).

- o World Bank Agricultural Diversification Project (five years) to begin in 1990. They were not sure of the \$ amount. Focus on exporting rubber, pineapple, palm oil. GEPC will serve as coordinator of this project.

GEPC works with manufacturing and agricultural businesses. With regard to manufacturing, David Oppung feels that furniture has great potential for exporting but furniture producers find it difficult to compete internationally due to deficiencies in design, quality control, pricing, management, and inputs for production.

GEPC would be interested in taking on a volunteer though they would not be able to provide housing. However, they mentioned that there may be accommodation available through

24

some other mechanism, perhaps through one of their member associations located in the regions and districts.

GEPC emphasized general business skills, including management and accounting. They would like to place a volunteer to work directly with a company for three months and then rotate the volunteer to another company. Another possibility would be to have the volunteer work in a certain region and service a number of different associations. Ideally, they would like someone with both business and technical skill, such as carpentry for the furniture producers.

With regard to agricultural program, GEPC felt a SED/PCV could also be an asset to the UN Export Production Village Project by helping counterparts to target and organize these village production centers and provide business advice to the entrepreneurs.

GEPC works with a number of NGOs: Ghana Furniture Producers Association, Association of Ghana Industries, Chamber of Commerce. It works indirectly with GRATIS but feels a stronger relationship could and should be forged.

GHANA ORGANIZATION OF VOLUNTEER ASSISTANCE (GOVA)

We interviewed Mr. E.T. Sawyer, Director of GOVA.

GOVA was founded in 1976 with the strong support of the Peace Corps. It is primarily involved in agriculture and rural development. GOVA has extension agents who assist villagers in palm oil processing, breadmaking, and poultry farming and other income generating projects. It currently has projects in the Western, Central, Brong Ahafo, Eastern, Volta and Greater Accra Regions.

GOVA was staffed in its early years by Rural Development Peace Corps Volunteers. The last PCV left in August of 1989. GOVA would like to take on SED volunteers and feels that they should have strong business skills, especially management training. The PCV should be paired with a Ghanaian counterpart. In addition, the PCVs should be made fully aware of the nature of their assignment. GOVA felt that volunteers in the past were not properly qualified for their assignments, became discouraged and either dropped out or changed sites. GOVA currently has five Ghanaian volunteers who provide technical assistance to community development projects throughout Ghana.

THE GHANAIAN ENTERPRISE DEVELOPMENT COMMISSION (GEDC)

We interviewed Mr. Yeboah-Duah, Head of Projects for GEDC. He explained that GEDC provides technical assistance to small scale entrepreneurs in the form of advisory services and training programs.

GEDC was created in 1970, when it was known as the Office of Business Promotion. At that time, its purpose was to transfer alien owned businesses to Ghanaian ownership. It became GEDC in 1975, and now has offices in each of the country's ten regional capitals.

GEDC's business clients are those with fixed assets (excluding the value of land and/or buildings) of from 0 to 2.5 million Cedi. These can be unsecured (non-collateralized), character-based loans are available at a concessional rate (20% vs 30% commercial rate). Medium sized businesses are those whose assets, not counting land and buildings, totals from 2.5 million Cedis to 50 million Cedis) Loans to these two groupings of entrepreneurs are available from two sources:

- o The GOG Small Business Loan Scheme has lent out US \$11.5 million dollars since it began in 1971. No new capital has been made available and it is currently operating on reflows from loan repayments. This loan program has a 15% default rate, which has shown some improvement from the previous 18% rate.

- o The Promotion of Actions to Mitigate the Social Costs of Adjustment (PAMSCAD) plans to make 50 million Cedi available at concessional rates at concessional rates (20% rather than 30% commercial rate) to micro/small businesses. An additional 200 million Cedis will be made available under the PAMSCAD umbrella to the Enhanced Opportunities for Women program. These funds will be made available through GEDC.

GEDC would like a SED/PCV who could train their in-house people in business appraisal/feasibility to streamline office operations, increasing the effectiveness of their financial service delivery. SED/PCVs would also function in the field as a business consultants and industrial extension agents. SED/PCVs would serve in the head office in Accra as well as in Cape Coast, Sunyani and Tamale.

They feel that getting SED/PCV housing in Accra "would be a problem," but it would be easier to do outside the capital. Their procedure would be to appeal to the Ministry of Finance for assistance in getting funds for housing.

We also interviewed Mr. Saeed Owusu-Brobbe, GEDC Projects Officer for the Ashanti Region headquartered in Kumasi. He has a staff of eight full-time people in Kumasi:

- o Two extension officers;
- o Two clerical workers;
- o Two typists;
- o One driver; and,
- o One National Service volunteer (university graduates who volunteer for 2 years to gain work-experience).

SED/PCVs would be able to supplement the outreach capability of this staff by:

- o **Doing needs assessments of entrepreneurs;**
- o **Identify problems and available resources;**
- o **Providing business counseling on problem-solving;**
- o **Provide pre-feasibility assessment of business ideas;**
- o **Assess market conditions/requirements; and**
- o **Help with business plans and record-keeping.**

GEDC's Extension Officers have no vehicles and use public transportation which they feel is adequate for their needs. The Kumasi office said that funds for SED/PCV housing would be about 10,000 Cedis a month (US \$30) and would have to be supplied from NBSSI. However, they felt that there would be no problem finding accommodations in the district capitals mentioned.

GRATIS

We interviewed Dr. John W. Powell, Director of GRATIS in his office which is located in Tema. GRATIS is located within the GOG Ministry of Industries, Science and Technology.

Dr. Powell would like to have a SED/PCV working as Industrial Business Advisors in as many of the Intermediate Technology Transfer Units (ITTUs) with whom they work as possible. At present they are working with ITTUs in Tamale, Kumasi, Tema and Cape Coast. In February or March, they will begin operations in Sunyani and Ho. He says that housing can be found for SED/PCVs attached to GRATIS because their services are highly valued in the regions.

He sees the need to provide business advisory services because GRATIS can't successfully transfer intermediate technology to businesses which are not financially viable. These small businesses need business plans to understand their cash flow and product-services feasibility and marketing analysis to see if they can become viable.

GRATIS also provides credit to machine shops to purchase lathes, the cost of which have increased "six fold" since 1977. A small business needed to borrow 5,000 Cedis at that time and now must have a 30,000 Cedi loan to buy the same piece of equipment. The inflation rate caused the Cedi's value to go from 2.75 to the dollar in 1983 to from 300 (GOG official exchange rate) or 350 (Forex exchange rate) in 1989. Since the official minimum wage is 3,740 Cedis per month (170 a day), coping with inflation has required a high level of creativity.

Banks are willing to provide traders with three month loans at 7 and one-half percent interest because they have houses which are acceptable as collateral. However, people running small machine shops are not allowed to use their lathes and other expensive machines as

collateral. At the official bank interest rate (30%), the purchase price of machine tools (which have a 60 year use-life) would double for the entrepreneur.

The cheapest start-up equipment on which GRATIS makes loans in a single hive for bee-keeping. GRATIS has trained some 2,000 beekeepers who get hives through an in-kind loan. Since the beekeepers can't afford the hive, GRATIS extracts the honey from their first harvest, markets it and uses that revenue to pay off their loan. In three to nine months of operation the loan can be fully paid from one good harvest or two if production is low.

MANAGEMENT DEVELOPMENT PRODUCTIVITY INSTITUTE (MDPI)

We interviewed Mr. K.E. Hanson, Chief Consultant for the Management Development Productivity Institute (MDPI) in Accra.

MDPI provides management technical assistance and entrepreneur training programs. Their primary client was the National Board For Small Scale Industries (NBSSI) which now does their training in-house. NBSSI is using a talent pool of ten Ghanaian trainers who are graduates of the Entrepreneur Development Institute in India

MDPI does training for the Ghanaian Entrepreneur Development Commission (GEDC). Small business operators pay a token 4,000 Cedis for a two week training session and GEDC contributes the remaining 11,000 Cedi. In addition, GEDC pays 2,000 Cedis a day in per diem for accommodations.

MDPI had SED/PCVs in the 1970s who served as business advisors. The organization was very pleased with them and reported that they "worked themselves out of a job" and turned over their responsibilities to Ghanaian counterparts. He said that the previous SED/PCVs were older, well dressed and dealt very effectively with their Ghanaian counterparts.

Mr. Hanson explained that the major constraint faced by small scale entrepreneurs is their inability to keep financial records. He felt that SED/PCVs would be useful within MDPI to help clients prepare business plans and balance sheets to demonstrate that they are loan-worthy. However, he said that MDPI could not provide accommodations for these SED/PCVs which is a precondition for placement.

THE NATIONAL BOARD FOR SMALL SCALE INDUSTRIES (NBSSI)

We interviewed Dr. E.K. Abaka, Executive Director of NBSSI, who said his organization is funded by the Conrad Adenauer Foundation (Germany). The PVOs/NGOs they have worked with are:

- o Technoserve; and,
- o Canadian University Student Organization (CUSO).

They don't have collaborative programs with either organization.

NBSSI is a GOG public board organizations whose Board Of Directors is comprised of private sector participants. NBSSI works with micro and small scale businesses, which is defines as:

- o Micro has from 1 to 4 or 5 members;
- o Small businesses have up to 29 workers. The upper asset cut-off point is US \$100,000 (excluding the value of land and/or buildings); and,
- o Large businesses are those with 30 or more workers.

NBSSI has recently completed a study of 3,400 enterprises employing from one to nine workers. That study is not currently available. The GOG Statistical Service recently completed a survey of business with from 9 to 29 workers. That survey is reportedly available. The definitions of micro/small scale enterprise listed above are expected to change when data from these two studies has been analyzed by GOG.

NBSSI operates an Entrepreneurship Development Program which trained 300 employees (civil servants displaced by GOG in a recent reorganization of a bureaucracy widely believed to have been bloated. The average training course has 35 participants. Last year (1988) NBSSI trained about 300 people in 60 workshops. Because of a shortage of funds, this year (1989) they have held only one workshop and trained seven people. They expect to expand in 1990 when additional funding will be made available.

The Bank of Ghana will received US \$25 million dollars from the World Bank and the Canadian International Development Agency (CIDA) to provide credit to small and medium sized enterprises. Starting this December, these loans will be provided at a concessionary interest rate. Commercial loans in Ghana have a 30% interest rate. These loans will be discounted to 18-20%.

NBSSI's Advisory Bureau wants to establish a one-stop-station to rapidly process information on GOG policies and procedures affecting the success of private sector businesses. Their function is to monitor the activities of GOG and give advice to the private -

sector. They want to establish a small projects office which may be an appropriate assignment for a SED/PCV.

NBSSI's Business Advisory Board wants to hire a small business advisor next year. This board prepares financial feasibility reports which are sent to banks on behalf of business people applying for loans. They serve a pre-screening function in the preparation of Business Funding Profiles. They want to hire a small business advisor next year, which may be an appropriate assignment for a SED/PCV.

NBSSI also plans to open a demonstration center for stone slicing and polishing to convince investors that this is a business opportunity which would be profitable.

NBSSI wants a SED/PCV to have at least five years business experience. They stress that a business degree "is not important - what matters is skills and experience."

NBSSI is very well connected politically and feels it would be able to provide adequate housing for SED/PCVs, especially if they would be willing to live together in shared facilities.

NBSSI Kumasi Office:

Mr. Ben Wobil, NBSSI Acting Ashanti/Northern Regional Representative (NBSSI Project Engineer) interviewed in Kumasi. NBSSI now has offices in Accra for the Greater Accra area and in Kumasi for the Ashanti/Northern Region. NBSSI wants to decentralize to cover Ghana's 10 regions, 110 districts. They currently rely on District Secretaries to fill-out an NBSSI form to register small businesses with them so they qualify to receive assistance from NBSSI. There is some resistance due to worries about being taxed, but the perceived benefits (credit T.A. and training) have proved sufficient to overcome this in most cases (according to Wobil).

Before small businesses can register with NBSSI, they must register with the GOG Register General's Office in Accra (not decentralized), which requires a three day turn-around time to complete the process. The primary purpose is to see that the company is not registering under a name already being used by some else. Small businesses (not retail sales nor services) must also register with the GOG Ministry of Industries to get a manufacturing license. This is done to see that the business falls within GOG national development priorities and whether the product meets the GOG Standard Board's quality control standards. Attention is paid to potential health risks in food processing or drug manufacture.

The World Bank's US \$30 million dollar Fund For Small Enterprise Development (FUSED), contains two million dollars for institutional development for NBSSI. No disbursements have been made to NBSSI (the organization selected to coordinate all SED programs). A million and one-half dollars (US \$.5 to the Ghana Bank) are expected to be disbursed to NBSSI in January of 1990.

NBSSI does a small business feasibility assessment for the Bank of Ghana and makes a recommendation that the enterprise should receive a loan. The Kumasi NBSSI office just began this process last month (November), so no recommendations have been made at this time.

Wobil felt that NBSSI in Kumasi could use SED/PCVs. He explained that many small business people who ask for credit, actually have management problems. Wobil said SED/PCVs could provide:

- o Financial management (bookkeeping);
- o Business T.A. and referral services;
- o Identify new small business clients,
- o Do needs assessments to identify training/T.A. needs;
- o Cost products and services; and,
- o Assess profitability/marketability

These SED/PCV tasks will fit within NBSSI's strategy to decentralize its service delivery beyond the two regional offices currently operating.

Wobil reported that finding accommodation is a problem for those who are waiting to receive funds for housing through GOG Civil Service channels. However, he felt that regional housing is available and estimated it would cost about US \$30 a month. Housing would have to be arranged though NBSSI's central office in Accra.

NBSSI Training Program:

Mr. Paul Ntaanu, NBSSI Trainer/Motivator in Kumasi, explained that a five week training program for SED began last month and is now in progress. There are 65 trainees in the program (35 redeployees and 30 small business people). The curriculum includes:

- o How to register a company in Ghana;
- o GOG small business policies;
- o Where and how to get SED financial assistance;
- o Where and how to get SED technical assistance;
 - o Management techniques: production quality control, marketing techniques, business plans, pricing/costing, etc.; and,
- o Achievement motivation techniques.

The program ran from November 16 through December 21, 1989, and was monitored twice during that time to get feedback for curriculum adjustments and to assess effectiveness. The Management Development Productivity Institute (MDPI) was formerly contracted to do this SED training which is now done in-house.

In 1986, Ntaanu and 9 others trainers were sent to the Indian Entrepreneurship Development Institute in Ahmedaban, India, to learn small business training techniques. The 2 year training program was funded by World Bank through GOG. The graduates have been back-in country for two years and currently conduct two SED training programs a year. There are approximately 30 trainees in each course, which means 120 small business people have received training. Trainees make a token payment of 2,000 Cedis.

Ntaanu suggested that SED/PCVs could also be useful in training graduates of Ghana's four poly-technic institutions located in Kumasi, Accra, Tamale, Takoradi and Ho. His suggestion was that graduates be trained to start their own small businesses utilizing their technical skills rather than go to work for someone else.

THE NATIONAL COUNCIL FOR WOMEN IN DEVELOPMENT (NCWD)

We interviewed Gertrude Zakariah, Executive Secretary; and Frances Hagan, Senior Projects Officer.

NCWD was founded in 1976 to ensure the full integration of women into Ghana's development. During its first five years of operations, it focused on the collection of data of women's activities throughout Ghana. It began organizing workshops and training sessions in 1980.

NCWD is in the process of phasing out its direct participation in projects and is channeling new projects to women's groups. It prefers to act as a liaison for these groups by directing them to agencies which fund women's projects. As an national umbrella organization, NCWD sees its main role to research, plan, monitor and evaluate women's activities, organizations and involvement in Ghana development.

NCWD has three representatives in each region and a network of contacts in the districts and villages. It is now encouraging the establishment of a unit devoted to women activities in each ministry. So far four of the ministries have such units.

NCWD will receive \$895,000 from the UNDP for its "Enhancing Opportunities for Women" project. As part of PAMSCAD this project will be implemented through the NCWD incoordination with NBSSI and GEDC. This project aims to improve the productivity and income of women in rural and poor areas. Another goal is to strengthen institutions to better train women, and to improve the marketing of products produced by women. Finally, this project will try to organize women into groups to improve their purchasing, producing and marketing capability. NCWD's other major source of funding is \$2.5 million from the Canadian (CUSA) for credit and training in the northern region of Ghana.

Small enterprise development is a priority for NCWD and its member groups. It would be interested in taking on a volunteer and specified a number of areas where a PCV could be helpful depending on her skills. As an organization, NCWD needs help at the regional level training NCWD staff and/or their counterparts in other ministries and/or organizations to research, plan, monitor and evaluate women's small scale enterprise projects.

However, a volunteer could have a more direct impact at the district and village levels where women are involved in a multitude of income-generating activities, both as individuals and groups. NCWD prioritized the women's problems as lack of credit and equipment and poor management and marketing skills. A PCV could be placed with both individuals and groups to help address these problems. NCWD felt that given the serious needs of women in small enterprise development, a PCV with business advisory skills would be most helpful.

NCWD is trying to convince banks into giving non-collateral loans to women but has not had much luck. So far women are still relying on informal sources of finance.

NCWD suggested working with its major members -- Ghana Federation of Business and Professional Women, 31st December Women's Movement, Women's World Banking (Ghana) Ltd. YWCA -- and local NGOs, which they could target for Peace Corps. As NCWD is an umbrella organization; it could help Peace Corps in placing a volunteer with one of its members where she could have a stronger impact at the village level.

NCWD does not have housing but felt that the community in which the volunteer was placed would certainly be able to locate a room with a family or some other accommodation.

OPPORTUNITIES INDUSTRIALIZATION CENTRE/GHANA (OICG)

We interviewed Mr. Kodwa A. Keelson, Executive Director,

Founded in 1971, OICG is a non-governmental organization which provides training, job placement and follow up at a cost far below that offered by other vocational programs for socially disadvantaged and middle school dropouts. The age span of trainees is 17-30 years old. The program has 200 students in Accra (50 are girls), 90 in Kumasi (25 girls) and 90 in Takoradi (30 girls). Since 1971 OIC/G has trained over 3700 youths and placed 1200 in jobs.

OICG trains students in carpentry, masonry, plumbing, secretarial skills, mechanics, and other trades. In addition, it owns and maintains two private enterprises--a petrol station and an ice cream shop. These businesses provide some resources for OICG but are themselves in need of more working capital.

OICG is in the process of submitting to donors a proposal for 207,951,470 cedis for its Alumni Building Trades Economic Venture which aims to assist its trainees in opening their

48

own businesses and to change the trend of its graduates working for existing businesses. It proposes the creation of 30 "gangs" of workers (masons, carpenters, plumbers and electricians) who will form businesses in several regions of the country (18 gangs around Accra, 6-Kumasi and 6-Tamale).

OICG has recently experienced difficulty in securing funds for its projects and feels it may be some time before the Trades project begins. PC/G should follow up on the status of this project given the project's intent to assist a highly vulnerable group of workers. PC/G may be grappling with similar issues from its ICCES and other training projects.

OICG expects to receive funding in the next three months from the Ministry of Mobilization and Social Welfare for its Training and Job Creation Project based in Tamale. This project would provide training to youths from small scale farms who need to supplement their skills during the non-farming season. OICG plans provide training in carpentry, motor-mechanics, poultry farming, catering, dressmaking, cookery, food processing and other trades. This project is for training only and would not come under the purview of the PC/SED project.

From 1971-1985, OICG received \$5,349,000 from USAID but this source of funding has stopped and has seriously hampered OICg's activities. Its annual budget is currently 25 million cedis of which 14 million comes from the Ministry of Mobilization and Social Welfare, 2 million profit from its businesses, 2 million donors and fund raising, 1 million in-kind credit for equipment, and a 6 million deficit.

OICG will receive PAMSCAD funds as part of the human resource development component though the Ministry of Mobilization and Social Welfare.

PARTNERS IN DEVELOPMENT (PFR)

We interviewed Dr. Joy Ata, who is one of three Ghanaian co-project directors of Partners For Development. The other two members of the Executive Committee are: Mr. Besah Amenuvor and Mr. Richard Benibeusu.

All decisions are made by the Executive Committee which functions as a talent bank and consulting organization whose funds are generated by fees for services. The amount of the supervisory fee depends on the degree of difficulty of each assignment and is billed on according to the number of person hours required to complete the assignment. PFP is funded by the African Development Foundation which is a US government organization based in Washington, D.C.

PID is was legally registered as a Ghanaian NGO in 1985 and has no permanent paid staff. They recently got some office space in the YWCA building. They would like to have a

SED/PCV to serve as their field staff, organizing rural people into small scale businesses activities. The SED/PCV's area of operation would be the Volta Region where he/she would assist in designing business plans, marketing, quality control, bookkeeping and credit referral.

PRICE WATERHOUSE COMPANY

We met with Bill Lawrence, an accountant for Price Waterhouse.

Price Waterhouse is pulling out of Ghana after cancelling its contract with Government of Ghana to help privatize State-Owned Enterprises (SOEs). Mr. Lawrence feels the GOG is not committed to privatization of the SOEs and not ready to develop the private sector as fully as the Economic Recovery Plan (ERP) portends.

The GOG is suppose to divest 26 State Owned Enterprises (SOEs) by December 31, 1989 before the allocation of tranche two of the ERP is released. To date, zero have been actually privatized though five or perhaps ten have been auctioned.

Mr. Lawrence's experience has shown there to be very little long-term investment; rather, people look for quick payback periods of 9-18 months resulting from their fear of political instability. Further, people like to make money quickly and hide it because visible wealth is usually presumed to have been ill-gotten.

Mr. Lawrence feels the best potential for economic development rests with the development of small scale entrepreneurs. Basic business skills such as accounting, bookkeeping and marketing are sorely needed in Ghana, though there is a multitude of highly talented Ghanaians working abroad. Price Waterhouse has had difficulty in finding qualified people to fill business positions. He feels a SED/PCV should have good business savvy in order to assist in such a complex economy.

Working with PAMSCAD is a good idea because the program addresses redeployees from the SOEs. The end of service benefits for many of the people is three and one half to five years pay i.e., 70,000 cedis for unskilled workers. Of the 200,000 employees in SOEs, 25% or 50,000 will be redeployed under the ERP. The government definitely needs help in providing business skills to potential entrepreneurs.

PROGRAMME OF ACTIONS TO MITIGATE THE SOCIAL COSTS OF ADJUSTMENT (PAMSCAD)

Ministry of Local Government:

45

We interviewed Franciska Issaka, Deputy Secretary for Local Government and Coordinator for PAMSCAD and E. M. Ampofo, Field Coordinator for PAMSCAD.

The Programme of Actions to Mitigate the Social Costs of Adjustment was created as a quick, capital intensive measure to address the needs of Ghana's vulnerable groups who have been adversely affected by the adjustment program and/or by the earlier period of economic decline. These vulnerable groups include small farmers, women, redeployees and low-income and un/under-employed households. PAMSCAD is designed to provide assistance in the short-term (about three years) while awaiting structural adjustment's medium and long-term benefits.

Donors pledged \$83.9 million (14.3 billion cedis in 1987) at a GOG-convened PAMSCAD conference held in Geneva, Switzerland in February 1988. Originally envisioned as a two-year program, it has been extended one year because donors have been late in fulfilling their pledges.

Projects proposed by PAMSCAD include the following:

- o Community Initiative Projects
- o Employment Generation
- o Basic Needs
- o Education
- o Social Sector Decentralization

Of particular relevance to PC/SED are the employment generating projects which include a \$2 million (340,000 million cedis) credit scheme for small scale enterprises to be met by 290,000 cedis in counterpart funds, and \$920,000 to enhance opportunities for women in development.

Funds for the small scale credit scheme will be channeled through the Bank of Ghana to Ghana Commercial Bank branches throughout the country. To date, PAMSCAD has received 50,000 cedis for the small scale credit scheme from USAID of which 90% has been already disbursed. PAMSCAD expects to receive the remaining funds in the next two to three months. In the meantime, borrowers remain on a waiting list.

The National Board for Small Scale Industries will act as the umbrella organization for the implementation of PAMSCAD coordinating a number of other government agencies and NGOs. PAMSCAD implementation will be decentralized with units, district and regional committees and one national committee. District committees will be made up of a member of the NBSSI, GEDC, GCB, and the district assembly. Loans under \$1,500 will be approved at the district level, between \$1,500 and \$3,000 at the regional level, and above \$3,000 by the National Credit Committee.

Of the original 340 million for the scheme, the amount which becomes available for each district is approximately 3.4 million. At the village level, this will finance approximately seven loans at 500,000 per loan. Broken down in this way, there clearly arises the need for credit for small scale industries in addition to the PAMSCAD program. The number of interested borrowers far exceeds PAMSCAD's mandate; GEDC alone has 633 applications for a total of 480 million Cedis.

Small business loans began to be disbursed in September 1989. The distribution for these loans is 40% for ongoing projects, 25% for redeployees in Accra, 17.5% for regional redeployees and 17.5% for start-up businesses. The loans are for working capital and some fixed capital, such as basket weaving, pottery and textiles. The loans are non-collateralized but banks will watch out for early warning signs of default by monitoring the businesses.

Current interest rates for PAMSCAD loans are 18%, which is 12% below the market rate. Given the late acquisition of PAMSCAD funds, the turnaround time involved in obtaining a loan has taken as long as three months. However, it is anticipated that when the remaining funds are received, turnaround time should be closer to one month.

The role of NBSSI as an umbrella organization is ideal for the SED project design. NBSSI will be working with government agencies and NGOs which are responsible for reaching out to SSEs. Some groups, such as the 31st December Women's Movement, are currently assisting individuals and groups to process their loan applications.

PAMSCAD would be interested in taking on a SED/PCV and felt he/she would be most useful at the district level in assisting in feasibility studies, business plans, marketing and management.

Given PAMSCAD's ability to reach only a limited number of small scale enterprises, much less micro enterprises, PAMSCAD officials recognized on the need to make more credit available to this group. They felt that working through government slows down the loan process. They were very supportive of a grassroots SED Project Development Fund and suggested working with the following Ghanaian NGOs: The African Center for Human Development and Partners In Development for implementation of the fund. Franciska suggested creating something like the Grameen Bank model to be run by women.

SASAKAWA GLOBAL 2000 AGRICULTURAL PROJECT

We interviewed Dr. Eugenio Martinez, Director of the Global 2000 Project. Global 2000 is a PVO financed by the Japanese philanthropist, Ryoichi Saskawa, Chairman of the Japan Shipbuilding Industry Foundation. Global 2000 is involved in agricultural production and health (elimination of guinea worm). The Global 2000 project works with the Ministry of Agriculture and ministry extension agents to bring improved farming techniques to small-scale farmers.

The project has experienced an enormous success. While the project is not involved in small business per se, but rather agricultural development, Dr. Martinez shared a few lessons he learned in implementing the Global 2000 project.

First, the Ministry of Agriculture in Accra has erroneous notions about the small scale farmers predicting that he/she would be too conservative to experiment with improved seeds and fertilizer. The Global 2000 approach has the farmer plant and harvest one field in the traditional manner and the other by Global 2000 techniques and under its supervision. This approach allows farmers to compare the two yields.

Dr. Martinez also mentioned that the extension workers were unable to show the farmers how to implement improved farming techniques. As a result, Global 2000 had to train 10 extensions workers and insisted that the organization work directly with the farmers to ensure proper transfer of their methods.

With regard to the SED project, Dr. Martinez feels it is of the utmost importance to have a SED/PCV work directly with the entrepreneurs in order to learn the constraints facing small scale business people. While the provision of credit is important in Global 2000's project, working directly with the farmers has been more important.

In 1986, Global 2000 started in Ghana with forty farmers and \$230,000. In 1989, the project was working with 85,000 farmers and \$1.7 million. The number of extension workers has grown from 10 in 1986 to 4,000 in 1989.

TECHNOLOGY CONSULTING CENTER (TCC) UNIVERSITY OF SCIENCE AND TECHNOLOGY

Mr. S. Buatsi, is Acting Director of the Technology Consulting Center located in the University of Science and Technology in Kumasi.

TCC was started in 1972 as an on-campus consulting service which answered small business client's questions by letter. However, the campus is relatively far from downtown and the atmosphere is somewhat intimidating for poor people seeking business advice. Therefore, in 1980, TCC bought a building in the Suami Mechanics Magazine which is Kumasi's central informal industry area. There are approximately 30,000 small scale artisans operating auto repair and machine shops in an area covering over one-half square mile.

The Technology Consulting Center established a profit-making business and training center which contained a small scale foundry, woodworking shop and lathes producing nuts and bolts. Sales of what is produced pay 80% of the costs of running the intermediate technology transfer unit (ITTU). Twenty-eight employees of the TCC workshop are paid from sales revenues rather

than piece work. The remaining 20% are core staff (manager, supervisor, chief technician, and key technician) paid by the university.

People running small businesses in the Mechanics Magazine began visiting the TCC shop. Those who continued to come and asked questions were selected as the first client group. Apprentices from area small scale industries are given free training for six months to one year depending on the degree of difficulty. They are taught theory as well as job skills.

TCC uses the workshop as the basis for forming secondary industries. TCC has established ten basic engineering workshops in Kumasi, including the first small scale, private sector foundry in the country. Another TCC workshop was established in Tamale for manufacturing agricultural implements and equipment. These workshops produce food processing equipment, corn mills, rice dehulling machines, basic tools, hydraulic palm oil presses, bench saws, nuts and bolts, and a wide range of gears for bicycles, cars and various machines.

On campus, TCC has produced a worm gear which compressed sawdust to make a "log" which burns longer and produces a higher BTUs (heat energy) than fire wood. Sawdust is virtually free since people are generally unaware of its utility. Other technologies developed by researchers on campus include an ecologically effective brick-making kiln and production machinery, honey extracting equipment, concrete roofing tiles (40% cheaper than aluminum), and food processing devices.

In many cases, equipment is produced which replaces expensive items which were previously imported. For example, grinding plates for local mills are produced in the TCC workshop at Suame which are as good as those imported and 50% cheaper. The quality of the workmanship is so high that customers come to the Mechanics Magazine from many West African countries including Togo, Burkina Faso, Niger and the Ivory Coast.

The ITTU Workshop in Suame Magazine:

We interviewed Peter Adade of the ITTU workshop in Suame. He introduced us to local entrepreneurs who had been trained by the TCC/ITTU workshop in Suame and were now operating their own businesses. One business employed three workers in addition to the owner. The workers received 12,000 Cedis a month. The average worker in Ghana earns approximately 1,600 Cedis. The shop had five apprentices who were paid 3,000 Cedis a month to cover their transport and some general living expenses. The other shops we visited, which had been established through TCC training and loans for purchasing machinery, also had created two to five jobs which paid several times the minimum wage. The workers we talked to were pleased with their jobs and plan to eventually open their own shops.

Both Adade and Mr. Buatsi at the university said they wanted SED/PCVs and had favorable experiences with Peace Corps volunteers in the past. Two PCVs had worked in the TCC workshop at Suame and one in Tamale. No Peace Corps people are currently working with

SED FUNDING ORGANIZATIONS

UNDP/ILO

The UNDP/ILO is very active in small scale enterprise through a number of projects. Its largest project, "Developing Rural Cottage Enterprises", with the Department of Rural Housing and Cottage Industries is discussed in detail in Section 3 of this report.

The UNDP is also financing a \$920,000 project for "Enhancing Opportunities for Women in Development", which will be implemented through the National Council for Women in Development. Its purpose is to improve the productivity and income of women in rural and poor urban areas, to help strengthen institutions to better train women, to improve marketing of women-produced products, and to encourage the formation of women into groups.

The UNDP is also financing a \$2 million Export Diversification Project as of November 1989. This project will be implemented through the Ghana Export Promotion Council and will encourage non-traditional exports. The project will target Export Production Villages and will focus on exporting from these areas.

THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (A.I.D.)

We interviewed Edward Birgells, USAID/Ghana Program Officer, who made the following points:

- o USAID/Ghana does not have any programs/projects in small scale enterprise development;
- o A level of funding of \$60,000 per year, over a three years, or \$180,000 for two years through the MEDP/PASA;
- o USAID/Ghana anticipated starting with at least 10 SED/PCVs. However, during our exit briefing they agreed with PC/G's decision to begin with five members to avoid becoming managerially over-extended;
- o Birgells does not see a management nor monitoring role for USAID/Ghana. He feels PC/G should be responsible for monitoring and evaluation.
- o He stressed that USAID expects Peace Corp's role to be data collection, business advisory services and to function as a broker referring small business clients to appropriate credit sources;
- o USAID is not programmatically involved with any indigenous PVO/NGO. They have had a good working relationship with Technoserve which has been doing agro-processing;

the TCC/ITTU. Mr. Buatsi said that he has accommodations available for a SED/PCV because one of the VSOs recently completed her assignment and the flat is available.

Both people felt that SED/PCVs could perform a valuable role by providing business advisory services in bookkeeping and marketing for entrepreneurs who are clients and others.

o He said that the recently completed MAPS data reported a "very weak private sector" and he does not feel that GOG is "loosening up" re: divestiture of parastatals. However, the MAPS survey did show that Ghana has a vibrant and growing informal sector which is creating jobs and income. He feels it is important to become active in the micro-enterprise and the informal sector.

We also interviewed Daniel Gyimah (a Ghanaian), USAID's Private Sector Advisor, who agreed that micro enterprise is the country's fastest growing sector. He made the following points:

o A recently completed private sector study found that 60% to 70% are micro enterprises with one to four employees. The micro enterprises were in agriculture sales/processing, services, crafts and retail sales;

o Small scale enterprises are dominated (60% to 70%) by women. The market women (traders) have tremendous power in the market economy of the country (set prices and control supply of produce);

o Small enterprise was categorized as one having 5 to 20 employees;

o Medium sized enterprises had from 20 to 50 employees;

o Enterprises with 50 or more employees are considered large scale;

o The growth of micro enterprises is constrained by GOG labor regulations (Social Security Law) which says that businesses with over 4 employees must register and pay taxes;

o Start-up costs for a small business can be as little as 5000 Cedi (\$15.00) which they get from their families or a su su (indigenous group savings mechanism).

o Money lenders charge about 100% interest or more. Rural banks are reluctant to lend to small scale businesses. Commercial Banks charge 30% interest for commercial loans, 23% to 24% for agricultural loans, and 25% annual rate for manufacturers.

o While the banks are supposed to lend to small scale entrepreneurs, most prefer to lend to large, urban-based businesses.

o Some 90% of the rural banks have liquidity problems. There is a long process for loan approval which can take from one to three years. Banks stopped lending completely from January to November of this year;

42

o The GOG Ministry of Mobilization's Director of Cooperatives can dissolve a cooperative at any time under the 1968 Co-op Law;

o In the mid-1970s, GOG underwrote unsecured loans for agriculture. 90% of those loans were unpaid and were used to buy heavy equipment which can be seen abandoned and rusted throughout the country.

o Black market demand for foreign exchange is down due to more efficient foreign exchange policies, including the foreign exchange auction and the establishment of forex bureaus which are licensed by the government.

WOMEN'S WORLD BANKING (Ghana) Ltd.

Esther Ghann, General Manager

Women's World Banking (Ghana) Ltd. (WWBG) is an affiliate of the International Women's World Banking Group. WWBG was registered in Ghana in 1983 but did not begin operations until 1987-88. It has a staff of seven in Accra and maintains an extensive network with women's groups, banks and government agencies throughout the country.

WWBG acts as a financial mediator between women and banks assisting in project preparation, financial appraisal, access to credit, referral for training and follow-up on repayment. It runs a number of programs in pursuit of these goals:

o A tripartite loan guarantee scheme with Women's World Banking (Ghana), Barclay's Bank and Women's World Banking International whereby risk is shared 25%, 25%, and 50% respectively.

o It acts as a liaison with the M.D.P.I. for training courses in bookkeeping, credit and financial management, marketing and other business courses. Participants are those who qualify for loans under the tripartite loan scheme.

o It runs a su su with market women who contribute 200 cedis a day. This susu has been registered with the government. WWBG is experimenting with a model to link these women with banks and aims to train them to take up susu collecting as a vocation.

WWBG provides loans primarily through Barclay's Bank and the Agricultural Development Bank. Customers pay the normal 23-30% interest rate, plus a 3% fee to WWBG for its services. (They hope to break off from Barclay's and begin direct lending themselves next year as a private bank.) The loan period is between one year and 18 months depending on the enterprise. Turnaround for obtaining a loan also depends on the project and location ranging from one week to three months.

The repayment rate for WWBG has been 100%. Since August 1988, WWBG has provided 19 loans averaging 500,000 to small and medium enterprises and 416 loans, averaging 20,000 cedis, to micro-entrepreneurs. WWBG provides some non-collateralized loans and acts as a guarantor for borrowers.

WWBG group has developed strong relations with a number of donors and government agencies. NBSSI has recommended a number of women to WWBG for loans with the objective of linking technical assistance and credit. WWBG is a member of the NCWD, which along with the Ghana Federation of Business and Professional Women, initiated the creation of WWBG. The Department of Rural Housing and Cottage Industries is working jointly with WWBG to improve traditional methods in pottery, and brick and tile making.

WWBG has received funding from donors. The Pew Foundation provided a \$100,000 grant for the first three years of operation and will continue to assist the Bank. WWB International also contributes \$30,000 a year to cover administrative costs. Under the World Bank Small and Medium Enterprise Development Project, WWBG will receive \$100,000 to set up an office in Kumasi, and to provide technical assistance, training, and workshops.

WWBG would be very interested in taking on a female volunteer and feels that they would be able to secure housing. WWBG is active in a number of regions, particularly in the Central Region, and has strong links with organizations at the village level. The volunteer could help entrepreneurs and staff prepare feasibility studies, business plans, and could assist in project appraisal and monitoring. Entrepreneurs need help in basic business skills such as bookkeeping, cash flow analysis and marketing.

WORLD BANK

We interviewed Kenneth Sigrist, Resident Economist and Teketel Haile Mariam, Agricultural Economist. Mr. Sigrist arrived in Ghana two weeks before our interview and was not yet up to date on the World Bank's activities in small enterprise development. However, small enterprise is his major interest and as Resident Economist he would like to focus on it as much as possible having worked in SSE in Indonesia, Thailand and Madagascar. He was excited to hear about the PC/SED project and sees the potential for collaboration. He would like to be kept informed of the project design. He and Mr. Mariam should be sent a copy of the project design.

Mr. Sigrist mentioned that the World Bank conducted an informal sector assessment of Ghana which will be out in draft in February. The assessment team leader was Sarunda Agawal (Washington, D.C. (202) 473-4977). The findings of this report could be instructive for the SED project.

Mr. Sigrist recommended working at the regional level where he felt the greatest room for creativity exists under the government's decentralization program. While some Regional

34

Secretaries hold honorific positions, some, such as the Secretary in Kumasi, are dedicated to the development of their regions. Mr. Mariam said that third-year funding (\$564,000) for the CCFI project would most likely be approved the week of December 11, 1989.

The World Bank has no one in its Ghana office directly responsible for small scale industry, though Kenneth Sigrist may fill this gap. As of now, any formal collaboration in small scale industry would have to be established through Sri-Ram Aier, Chief of Industry and Energy, Washington, D.C.

However, the World Bank is devoting large resources to small and medium enterprise development through two projects, The Private Small and Medium Enterprise Development Project and The Rural Finance Project. The major components of the \$30 million SME project are: (i) a \$28 million line of credit for SMEs excluding those involved in agriculture, trade and real estate; (ii) equipment lease financing; (iii) a pilot mutualist credit guarantee scheme; and, (iv) \$2 million for institution building and technical assistance.

With this heavy financial support to the NBSSI, it is expected that it will have a strong role to play in small enterprise development for many years to come. This time frame would follow the ASAP concept of a long-term strategy and continuity in assistance to small enterprise development.

Under the SME project, the National Board for Small Scale Industries will receive \$1.5 million. This assistance is in addition to PAMSCAD. This is particularly important for the PC/SED program. Given the anticipated needs of the NBSSI for implementing its sub-component of the SME project, a PCV could provide valuable skills to the NBSSI and to entrepreneurs in the crucial start-up period of the program.

Further, the NBSSI will be operating at regional and district levels filling serious gaps in the current provision of credit and technical assistance to small scale entrepreneurs. A PCV could make an important contribution at these levels.

The World Bank Rural Finance Project aims to improve the rural finance system by strengthening rural banks and credit unions. The project will make available, through the Bank of Ghana and participating financial institutions (to date, ADB and Barclay's) a \$28 line of credit (\$15 million World Bank; \$13 million Ghanaian banks and borrowers) to small scale agricultural borrowers and \$3.6 million for institution building and technical assistance. Mr. Mariam suggested placing a PCV with the Association of Rural Banks (ARB) which, among other functions, will receive \$1 million for project preparation and \$800,000 grant for credit appraisal. Through the Ministry of Finance and Economic Planning, this could be a good placement for a third-year PCV.

PC/G should make an effort to follow up on the implementation of the Rural Finance Project given its potential impact on small scale borrowers, especially in agro-processing.

There will clearly be the opportunity for collaboration among the activities of the NBSSI umbrella and the SME and Rural Finance Projects. Contacts at the Bank of Ghana Mr. Buateng and Dr. Andah.

INTEGRATED PROGRAMMING SYSTEM

PC/G SED PILOT PROJECT DESIGN

Project Title: PC/G SED PILOT PROJECT

Project Code: 140 Sector: Small Enterprise Development

Start Date: September 10, 1990 End Date: SED/PCV COS 1993

Date Of This Plan: December 27, 1989

I. HOST PROJECT BACKGROUND/DESCRIPTION

A. Name of host country project: PC/G SED Pilot Project

B. State the problem which the project addresses:

Peace Corps/Ghana has not had a small enterprise development program since the mid-1970s. It plans to begin an SED program with four to five trainees who will be arriving in-country this summer. Peace Corps Washington's African Region contracted a design consultant to:

- o Assess the fit and effectiveness of SED/PCVs within the context of Ghanaian micro/small business;
- o Identify appropriate organizational, task and geographical sites for in-coming SED/PCVs; and,
- o Make recommendations concerning Ghana's SED/PCV training.

C. Goal of project:

The goal of this project is to place four to five SED/PCVs now being recruited in productive assignments with Ghanaian small enterprise development implementing

- 31

organizations to provide business advisory and credit referral services. This first group of SED/PCVs will assess the effectiveness and appropriateness of their host organizations, roles/ responsibilities and geographical project sites as a means of screening placements for additional SED/PCVs arriving in year two.

D. History:

PC/G had seven small enterprise development volunteers working with counterparts to provide small business advisory services and training in Ghana from 1972-1975. They were considered successful and "worked themselves out of a job" by the time their term of service was completed.

The small business volunteers were based in Accra and Kumasi and worked through the Management Development Productivity Institute (MDPI). They had the following assignments:

- o Technical assistance in business administration;
 - o Helping businesses get back loans;
- o Assisting people to form cooperatives; and,
 - o Providing small business advisory services.

George Ayi-Bonte was Associate Peace Corps Director from November 1969 through September 3rd of 1989 and has since retired. He was the direct supervisor of the small business volunteers who served during the 1970s and traveled with them.

"All of those small business PCVs were older (35 and above)," he explained. "They were well dressed and got a lot of respect. All of them had business experience. They weren't just out of school. They had Masters degrees in business, but their work experience was their most important qualification. They worked themselves out of a job and were replaced by Ghanaians. The government liked them and they did well."

E. Beneficiary Characteristics:

The beneficiaries of this project are people operating small businesses (sole proprietors and/or up to three employees), operating from a fixed location, involved in agro-processing, crafts, light manufacture, services and retail sales. They are people currently lacking access to credit and needing help in applying for credit schemes. They lack collateral. They will be beginning new businesses and/or seeking to enhance or expand established ones. They are both urban and rural. The majority are believed to be women. However, good gender data does not exist at present. These are people unable to find jobs in the formal sector and/or "deployees" recently released by civil service jobs.



G. Describe existing efforts to address the problem:**1. SED projects and sponsoring agencies:**

- o NBSSI SED Project Coordinating Board
- o GEDC Technical assistance and non-secured loans
- o DRHCI Cottage Industry T.A and training
- o UST/TCC Appropriate technology transfer and T.A.
- o ITTU Intermediate Technology Transfer
- o GRATIS Technology transfer and loan scheme
- o ACFHD Rural Development T.A. and training
- o PFD Human resource brokers for T.A. and training
- o NCWD Umbrella Organization for Women in Development
- o 31st Dec. Socio-Economic promotion for women
- o MDPI Business advisory consulting services
- o Technoserve Replicating a palm oil extraction model
- o Global 2000 Agricultural development
- o GAPVOD NGO umbrella organization
- o GOVA Urban/Rural development NGO
- o ADRA Rural development PL 480
- o Christian Women Rural Development for women
- o OICG Job Training and T.A.
- o GEPC Business Promotion
- o UNDP/ILO T.A and coordination

(NOTE: Full explanation of the 20 organizations involved in small enterprise promotion activities in Ghana appears in Addenda Document # One, above.)

All of these projects have an active status and serve micro/small business clients in urban and rural towns throughout the country. The consultancy report lists specific areas where they are currently operating and intended areas of programmatic expansion.

The implications for Peace Corps is that all of these organizations were interviewed by the consultancy team and expressed an interest in working with PC/SED volunteers. This shows that both the need and receptivity are high and will remain so for the next five to ten years at a minimum. PC/G has wisely decided on a gradual, incremental approach to SED program development, starting with 4 to 5 SED/PCVs and adding approximately the same number the following year on the basis of the feedback received. This is a top priority for GOG and will receive high levels of political support. It has the potential of serving as a showcase for PC/SED program potential.

II. PEACE CORPS PARTICIPATION IN PROJECT

A. Project activities and why they were chosen:

There are two basic project activities which the PC/G SED/PCVs will be doing:

1.) Providing micro/small business advisory services:

- o Pre-feasibility studies;
- o Preparing business plans;
- o Assessing costing, pricing and profitability;
- o Help prepare bookkeeping and balance sheets; and
- o Marketing.

2.) Preparing credit applications and improving access:

- o Assessing the credit-worthiness of small businesses;
- o Facilitating access to credit programs; and,
- o Providing advice on which credit scheme is most appropriate for the needs of specific clients.

These particular project activities and SED/PCV functions were chosen because:

- o They are the priority needs expressed by SED implementing organizations in Ghana; and,
- o The Country Director and key staff members of PC/G reported that they don't want volunteers in the role of providers of money and/or goods because they feel it is inappropriate. They prefer a service providing role.

B. Assumptions Made:

1. That appropriate SED volunteers can be recruited for training in Ghana;
2. That three or more trainees successfully complete training;
3. That USAID Ghana provides the \$180,000 three year funding it has promised for the PC/G SED program;
4. That PAMSCAD funds, promised by major donors, are made available to small business loan applicants;

5. The informal SED Coordinating Group is established promptly and run in a relaxed, unstructured manner conducive to information sharing within a conversational mode;
6. That PC/G provides accurate monitoring and evaluation of this project because continued USAID funding is conditional upon receiving good data.
7. That PC/G SED training incorporate key business advisory skills in addition to its excellent contextual analysis.

C. GOALS

Production Goal:

- o The SED/PCV will have increased the profitability of the small businesses to which he or she has been consulting services by a minimum of 20% prior to COS.

Capacity-building goals:

- o Provide effective credit facilitation and referral services to small business clients previous unable to obtain loans;
- o Expand and enhance small business organizational linkages and support networks;
- o Expand and enhance PC/G's monitoring and evaluation capacity so that it is sufficient to meet the impact data needs of USAID Ghana; and,
- o Identify appropriate SED/PCV sites, roles and responsibilities for an expanded number of volunteers in a manner consistent with available PC/G staff resources.

D. Operational tasks, activities and schedule:

These milestone activities apply to the first group of four to five PC/G SED Trainees who will arrive in-country in July of 1990:

- o All SED/PCVs should be introduced to their host implementing organizations and given an explanation of their roles and responsibilities as soon after completing training as is deemed feasible and appropriate by PC/G.
- o Six to eight months into their first year of volunteer service, they will assess the appropriateness of SED/PCV roles and placements specified by the consultant design team in December of 1989.

61

- o Within the first quarter of calendar year 1990, an informal SED Coordinating Group comprised of a PC/G representative and key members of funding and implementing organizations will be established. Potential members contacted during our interviews have expressed interest in participating in a such a group to share SED information, experiences and learning.
- o By the second quarter of calendar year 1990, a mechanism will be developed to solicit on-going feedback from SED/PCVs which will be made available for discussion at Coordinating Group meetings.
- o By calendar year mid-1991, the Coordinating Group will identify key constraints to implementing SED programs in Ghana. Where appropriate and feasible, the Coordinating Group will formulate a policy dialogue agenda with designated GOG ministries and/or donor agencies. An attempt should be made to influence decision and policy makers on the basis of SED data collection indicating the need for changes in policies and/or procedures. PC/G should not take a lead role in this policy dialogue initiative because it is not well positioned to assume that role.
- o By calendar year mid-1991, a realistic and flexible management information system built around management by objectives targets should be established to facilitate on-going monitory and evaluation of the SED Program. The monitoring and evaluation frameworks developed by the design consultancy team should be field tested early in 1991 so they can be modified appropriately and made operational.
- o By the end of calendar year 1992, sufficient data should have been collected to do a feasibility study of the Collaborative SED Grassroots Project suggested by the design team. Provided it appears feasible, the design should be field tested and modified as required prior to being implemented as a small scale pilot program by the end of the second quarter of calendar year 1993. Since USAID Ghana has expressed initial interest in funding this project, implementation should be accelerated as rapidly as appears realistic in accord with local constraints.

Resources needs and contingencies:

NBSSI and several of the SED implementing organizations under its umbrella have assured us that PC/G's volunteer accommodations criteria will be met. They also feel that serving as extension agents providing business advisory services within their organizations will be require vehicles because public transportation is adequate for that purpose.

There do not appear to be any unforeseen contingencies which would constitute a risk to project feasibility nor viability. There are far more acceptable SED/PCV potential

k2

assignments than required and NBSSI has significant political clout to guarantee that the project has sufficient GOG legitimation.

III. PROJECT RELATIONSHIPS

A. Host Agency:

The design team recommends that the National Board of Small Scale Industries (NBSSI), the organization designated by GOG to coordinate all SED programs, be the host agency.

B. Relationships or lines of authority:

There are six SED implementing organizations which function within NBSSI's coordinating umbrella as the direct result of a GOG directive ordering them to do so. All of these six organizations come under the authority of Dr. E.K. Abaka, Executive Director of NBSSI which has both private and public sector board members. NOTE: a full description of NBSSI and all of its member SED organizations appears in the design report.

The member organizations recommended for participation in this PC/G SED Project and the officials which would provide supervision are:

- o The Ghana Enterprise Development Commission (GEDC)
Mr. Yeboah-Duah, Director of Projects

- o The Department of Rural Housing And Cottage Industries
Mr. Stephen Effah, DRHCI Program Coordinator

- o The Technology Consulting Center, University of Science and Technology.
Mr. S. Buatsi, Acting Director of TCC

- o GRATIS
Dr. John W. Powell, Director of GRATIS

- o 31st December Movement
Director, Ms. Nana Adgamin

C. Support for Peace Corps presence in the project:

All of the above SED implementing organizations have offered to meet PC/G accommodation requirements either directly or through NBSSI. They have designated roles and responsibilities for SED/PCVs within their organizations and will provide supervision.

63

The SED/PCVs can be placed as soon after graduation as PC/G decides is feasible and appropriate. They would all function as professionals in the role of SED Extension Agents.

IV. VOLUNTEER ASSIGNMENTS

TAC sheets were written for this project and sent to Peace Corps Washington by PC/G in order to meet the deadline for recruiting which was very close. Copies of those TAC sheets are available within PC/W African Region. We were not given copies.

V. PROJECT RESOURCES

PC/G has requested five SED/PCVs for the summer of 1990 and anticipates requesting another five the following calender year subject to feedback received on the fit and effectiveness of the first group.

6

VI. MONITORING FRAMEWORK OUTLINE

The following is a monitoring framework outline prepared in Ghana and given to PC/G as a means of collecting relevant data. This is presented in outline form. But, PC/G has a legal sized, one page formatted presentation. A copy of the evaluation format has been included as an addendum.

PCV's Name/Date:

Sector/Site:

Sponsoring Organization:

Time in country:

COS date:

SED client's name:

Type of business:

New or established:

(If established) How long:

Location:

Is business sole source of income:

(If not) what others:

Estimated monthly business income:

Estimated outside sources income:

Seasonal variations:

Loans outstanding:

Sources of loans:

Loans in default:

Loan payment overdue:

Reasons for default/overdue:

Gender data on owner:

Gender data on employees:

- 1.) SED Need/Problem:
- 2.) T.A. provided/date
- 3.) Action taken in response:
- 4.) Resulting Impact:
- 5.) Any changes in income or # of employees:

6/11

VII. PROJECT APPROVAL

A. Review Comments

Approved:

Director's Signature

Date:

BIBLIOGRAPHY

"Annual Report", Ghana Regional Appropriate Technology Industrial Service, 1988.

"Annual Review", Technology Consultancy Centre, University of Kumasi, 1987-88.

Huet, Mark R. "Program Feasibility Study for Small Enterprise Development", Peace Corps, Ghana, OTAPS SED Consultant, July 18, 1989.

Needs assessment for SED in Ghana. Analyzes government and donor agencies involved in SED. Recommends that a SED program be initiated, targeted to urban small scale entrepreneurs, based on business management training, with the Ghana Enterprises Development Commission and the Department of Rural Housing and Cottage Industries, and limited to four volunteers.

"Local Government Law, 1988", Provisional National Defense Council Law 207.

Government of Ghana law which describes country's decentralization plan.

"Management Training Programme", Management Development and Productivity Institute, 1989

Presents MDPI program. Provides background on MDPI and lists and describes course offerings for 1989.

"Manual for Action in the Private Sector (MAPS) - Ghana", J.E. Austin Associates, Bureau for Private Enterprise, USAID, October 1989.

MAPS has been developed to assist USAID in its efforts to promote economic development through private enterprise. It is a seven step process: define current mission strategy; describe local private sector; diagnose opportunities and constraints to private sector growth; design AID private sector strategy; develop new projects and programs; and debrief and evaluate. Steps one through four had been completed in time for review by the PC/SED consultancy team.

67

"Preliminary Directory of National and International Non-Governmental Organizations Involved in Development Activities in Ghana", UNDP/Ghana, July 1987.

Provides brief facts about 31 NGOs operating in Ghana. Also outlines the projects carried out by each NGO by sector and provides an outline of their annual budgets.

"Private Sector Training Needs Assessment", Human Resources Development Assistance (HRDA) Project. USAID/Ghana, Dimpex Associates, Inc. Africa Bureau, Office of Private Enterprise, April 1988.

Provides good assessment of Ghana's training needs in the private sector. Analyzes the various institutions involved in training and provides overview of donors support for training. Assesses training needs of banks, multi-national, state-owned and large, medium and small-sized firms. Finally proposes a USAID/Ghana training plan which suggests enhancing capability of existing management programs, strengthening Ghanaian business associations, in-country and third-country courses for SME owners, Training of Trainers, U.S. internships, and development of an agribusiness management program.

"Private Small and Medium Enterprise Development Project", Staff Appraisal Report, The World Bank, March 6, 1989.

Proposed project for SME development. \$28 million line of credit; equipment lease financing; a pilot mutualist credit guarantee scheme; and \$2 million for institutional building. Targeted institutions are NBSSI, Women's World Banking, MDPI, GIMPA.

"Programme of Action to Mitigate the Social Costs of Adjustment", Government of Ghana, November 1987.

Presents PAMSCAD program. Explains rationale for the program and describes project profiles: Decentralization Community Initiative Program; Institutional Strengthening for the Decentralized Implementation of Social Sector Reform; Employment Generation; Basic Needs; and Education.

"Report of the Workshop on Inter-institutional Framework for the Effective Promotion of Cottage Industries in Ghana", Department of Rural Housing and Cottage Industries UNDP/ILO Project: Developing Rural Cottage Enterprise, Accra, 24-26 April, 1989.

Introduces reader to new role of the DRHCI and the UNDP/ILO project which aims to develop an institutional framework for the cottage industries sector and strengthen DRHCI's participation therein. Details eight counterpart institutions and proposes

68

collaborative arrangements with DRHCI: National Board for Small Scale Industries, Ghanaian Enterprises Development Commission, Ghana National Trading Corporation, Ghana Export Promotion Council, Council for Scientific and Industrial Research, Ghana Regional Appropriate Technology Industrial Service, Technology Transfer Centre, and National Council for Women and Development.

"Report on the National NGO Workshop on PAMSCAD", Organized by the Ghana National Association of Private Voluntary Organizations in Development (GAPVOD), June 1988.

Recommends to government the role NGOs should play in the implementation of PAMSCAD: government should identify a government body for NGO contact; NGOs should be involved in implementation; role should be institutionalized; emphasis should be placed on vulnerable groups in Ghana; integrate projects with ongoing programs; research and training should be intensified; government should strengthen enabling environment for NGOs; PAMSCAD should focus on rural areas.

"Rural Finance in Ghana", A Research Study on behalf of the Bank of Ghana, Interdisziplinare Projekt Consult GmbH, GTZ, September 1988.

Provides deep analysis of the demand for financial services in rural Ghana by looking at formal, informal and semi-formal financial institutions.

"Rural Finance Project", Staff Appraisal Report, World Bank, April 19, 1989.

Proposed project to strengthen rural finance through a \$28 million credit line (\$15 WB; \$13 financial institutions and borrowers) and \$9 million for institution building of financial institutions (rural banks, credit unions, and cooperatives, and (Association of Rural Banks (ARB).

"Rural Finance Report", Technoserve/Ghana, August, 1988. Provides good overview of rural finance. Presents an overview of macroeconomic environment and formal financial sector, reviews the performance of banking institutions and analyzes the role of the agricultural sector, rural banks, cooperatives, credit unions, informal financial mechanisms, and NGOs.

Slocum, William. "The Africa Small-Business Assistance Program", Concept Paper, January 1988.

Provides concept behind the Africa Small-Business Assistance Program- a 10 year initiative to promote employment- and income-generating activities. Methodology- country-specific designs from a two-stage process: a needs assessment and project design. Explore institutions appropriate for involvement, encourage U.S. private sector participation, designs to be compatible with USAID and other U.S. government institutions. Calls for a project evaluation 12-18 months into the project. Possible interventions include training in general business skills, monitoring of a revolving credit fund; promoting savings mobilization programs.

"Training and Job Creation Project", Submitted to Ministry of Mobilization and Productivity, Opportunities Industrialization Centre/Ghana, May 1988.

Project proposes establishment of OICG training center in Tamale to provide training to farm workers during for off-season employment.

20

GLOSSARY OF ACRONYMS AND ABBREVIATIONS

ACHR	African Center For Human Resources
ADRA	Adventist Development and Relief Agency
ASAP	Africa Small-business Assistance Program
CDSS	Country Development Strategy Statement
CRS	Catholic Relief Services
DRHCI	Department of Rural Housing and Cottage Industries
ERP	Economic Recovery Plan
FGBPW	Federation Of Ghana Business And Professional Women
Forex	Foreign Exchange Purchasing Outlets
FY	Fiscal Year
GAPVOD	Ghana Association of Private Voluntary Organizations in Development
GEDC	Ghana Enterprise Development
GEPC	Ghana Export Promotion Council
GOG	Government of Ghana
GOVA	Ghana Organization of Volunteer Assistance
ILO	International Labor Organization
IPE	Independent Private Entrepreneur
IPS	Integrated Programming System
ITTU	Intermediate Technology Transfer Unit
MAPS	Manual for Action in the Private Sector
MDPI	Management Development Productivity Institute
MEDP/PASA	Micro Enterprise Development Program /Participating Agency Service Agreement
NBSSI	National Board Of Small Scale Industries
NCWD	National Council for Women in Development
NGO	Nongovernment Organization
OICG	Opportunities Industrialization Centre/Ghana
OTAPS	Office of Training and Program Services
PAMSCAD	Programme of Actions to Mitigate the Social Costs of Adjustment
PC/G	Peace Corps/Ghana
PCV	Peace Corps Volunteer
PID	Partners in Development
PSC	Personal Services Contract(or)
PTO	Program and Training Officer
PVO	Private Voluntary Organization
SED	Small Enterprise Development
SME	Small/Medium Enterprise
SOE	State Owned Enterprise
T.A.	Technical Assistance
TCC/UST	Technology Consulting Center/University of Science & Technology

**UNDP
USAID
WWBG**

**United Nations Development Program
U.S. Agency for International Development
Women's World Banking/ Ghana**

Handwritten mark