***UNIVERSITY FOR DEVELOPMENT* STUDIES, TAMALE**

THE SOCIO-ECONOMIC IMPACT OF MICROCREDIT ON BENEFICIARIES OF TECHIMAN MUNICIPALITY: A CASE STUDY OF THE OPPORTUNITY INTERNATIONAL SAVINGS AND LOANS LIMITED

BY

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DECLARATION

I hereby declare that this thesis is my own work towards the Master of Arts degree in Business Planning and Microfinance Management and that, to the best of my knowledge, it contains no material previously published by another person nor materials which have been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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DEDICATION

This work is dedicated to the Almighty God who has seen me through my education up to this time. Dedication also goes to my beloved wife Margaret Osei Tweneboa and children for their encouragement and support throughout my academic pursuit.

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I express profound gratitude to the Lord Almighty for His grace and protection which saw me through to a perfect completion of this study. I am particularly thankful to my able supervisor Mr. William Angko for his invaluable contributions, motivation and guidance without which this work would not have been completed. Your meticulous and enthusiastic reading of my work has made this study a success. I am grateful. May the good lord replenish your time and efforts.

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ABSTRACT

The role of Microcredit institutions in poverty reduction in developing economies has been increasingly realized over the years. This study examines the socio-economic impact of microcredit on beneficiaries of Techiman Municipality.

It was noted that majority of respondents have agreed on the definition of microcredit as "A broad term that includes deposits, loans, payment services and insurance to the poor". Again an interesting thing to note is that, during the focus group discussions it was realized that, many of them perceive microcredit to mean "Giving of assistance in the form of loans and capacity building in other to develop individual existing businesses and repay within the stated time of agreement"

Another area of interest is the relationship between microcredit and poverty reduction. This was confirmed by majority of the respondents that, microcredit do not help enough in reducing poverty and some gave reasons that it even burdens the poor.

Many were of the view that delay in processing clients loan request was as a result of bureaucratic nature of loan acquisition, inability of applicants to provide enough collateral, the institution does not have adequate funding for on-lending to their clients, inability of applicants to complete loan application form on time and statutory requirement for both primary and secondary requirement reduces the bank's ability to lend more.

Finally, a number of challenges were identified by the beneficiaries as realized from the field survey conducted. Among these were short periods of recovery, small amount of loans, problem of group loans and changes in business.

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LIST OF ABBREVIASIONS

ARB……………………………………………………………...Association of Rural Banks

ASA………………………………………………………Association for Social Advancement

BoG……………………………………………………………………………Baking of Ghana

BRAC…………………………………………………...Building Resources Across Communities

CUA……………………………………………………………….Credit Union Association

ECA……………………………………………………………Economic Commission for Africa

FINSAP………………………………………………Financial Sector Adjustment Programme

GIMPA………………………………Ghana Institute of Management and Public Administration

GLSS………………………………………………………………Ghana Living Standard Survey

GPRS……………………………………………………………..Ghana Poverty Reduction Strategy

LEAP…………………………………………………Livelihood Empowerment Against Poverty

MASLOC………………………………………………………..Micro and Small Loans Centre

MCIs…………………………………………………………………...Micro Credit Institutions

MC………………………………………………………………………………….Micro Credit

MCs……………………………………………………………………………….Micro Credits

MDGs……………………………………………………………Millennium Development Goals

MFIs……………………………………………………………Micro Finance Institutions

MSEs…………………………………………………………Micro and Small Enterprises

NBFI…………………………………………………...Non-Banking Financial Institution

NDPC…………………………………………National Development Planning Commission

NGOs……………………………………………………Non-governmental organizations

PASDEP.....................................Plan for Accelerated and Sustainable Development Programme

PRSP………………………………………………………Poverty Reduction Strategy Paper

RCBs……………………………………………………...Rural and Community Banks

ROSCAs……………………………………………Rotating Savings and Credit Association

SHS…………………………………………………………………………Senior High School

SPSS………………………………………………………Statistical Package for Social Scientists

TMA……………………………...……………………Techiman Municipal Assembly

UK……………………………………………………………………...United Kingdom

UN………………………………………………………………………………United Nations

UNCDF…………………………………………United Nations Capital Development Fund

WB………………………………………………………………………………World Bank

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CHAPTER ONE

INTRODUCTION

1.1 BACKGROUND

Microcredit is a programme that is poverty focused and that provides financial and business services to very poor persons for generation of self employment and income. Microcredit is a powerful instrument to fight poverty. The role of microcredit in reducing poverty is now well recognized all over the world. It is no longer the subject matter of concern to microcredit practitioners alone.

Governments, donors, development agencies, banks, universities, consultants, philanthropists and others have increasing interest in it. With the advent of Grameen Bank and other such programmes, microcredit obtained a new identity, a new meaning and a place in development literature. It is no more a mere concept, but now a worldwide movement. The total outreach of Microcredit Programmes as compiled by the Microcredit Summit is 54.9 million clients including 26.8 million very poor when they started with the programme (Microcredit Summit, 2009).

According to a guess estimate of Muhammad Yunus, the number of poorest client's families reached by Microcredit Programmes would be at least 35 million by the end of 2002. This includes those who have not been reported by the Microcredit Summit (Latifee, 2003). During the 1990s, microcredit programmes of non-governmental organizations (NGOs) emerged as one of the mainstream development interventions to address poverty alleviation and women's empowerment especially in developing countries (Dichter et al, 1999). "The poor do not need charity they need the tools necessary to help them out of poverty" (Yunus, 2005:77). Microcredit is the tool Yunus refers to in the quote above. It is a catalyst for economic growth and social change, in particular for developing countries. Worldwide, microcredit is not merely a popular way of fighting poverty. It also enhances gender equality. By providing women with access to small loans, it is expected to enable women generating an income and initiating their own economic and social empowerment (Lakwo 2006: 6).

More than 106 million of the world's poorest families received a microcredit in 2007, surpassing a goal set ten years earlier, according to a report released by the Microcredit Summit Campaign. Micro-credits are used to help people living in extreme poverty to start or expand a range of businesses such as husking rice, selling tortillas, and delivering cell phone services to remote villages (Microcredit Summit, 2009).

The birth of 'modern' microcredit is said to have occurred in the mid 1970s in rural Bangladesh. The origins of microcredit in its current practical incarnation can be linked to several organizations founded in Bangladesh, especially the Grameen Bank. The Grameen Bank, which is generally considered the first modern microcredit institution, was founded in 1976 by Muhammad Yunus. Yunus began the project in a small town called Jobra, using his own money to deliver small loans at low interest rates to the rural poor.

Microcredit reached Latin America with the establishment of PRODEM in Bolivia in 1986. Microcredit quickly became a popular tool for socio-economic development, with hundreds of institutions emerging throughout the third world. Though the Grameen Bank was formed initially as a non-profit organization dependent upon government subsidies, it later became a corporate entity and was renamed Grameen II in 2002. Muhammed Yunus, otherwise known as 'the banker to the poor,' is the creator and Managing Director of the Grameen Bank, one of the first and most prominent microcredit institutes. Muhammad Yunus was awarded the Nobel Peace Prize in 2006 for his work providing microcredit services to the poor (Microcredit Summit, 2009).

In Ghana, poverty is overwhelmingly a rural phenomenon with 80 percent of the poor residing in rural areas (Botchie and Ahadzie, 2004). Though, over the last one and half decades, poverty trends in Ghana has declined from 51.7 percent in 1991 to 28.5 percent in 2005 (GLSS 5, 2005), the period has also seen evidence of deepening vulnerability and exclusion among some groups, especially, women (Awumbila, 2007).

The past and present Governments of Ghana have adopted several economic reforms to address poverty in its every aspect. Thus, while on the one hand trying to fulfill the basic needs of the population, they also embarked upon economic measures conducive to free market competition and employment creation. They include the promotion of policies that will encourage savings, private investment, increasing income generating opportunities and promotion of small-scale industries in the informal sector, among others. The Government's Rural Development Strategy, the Poverty Reduction Strategy Paper (PRSP), including the most recent Livelihood Empowerment Against Poverty (LEAP), Plan for Accelerated and Sustainable Development Programme (PASDEP) and other documents emphasise among other things, micro-credits as a good entry point in achieving development objectives in the region as well as curbing the dangerous trend in poverty and meeting the United Nation's Millennium Development Goals (MDGs). Poverty however, is a serious global issue, it is a problem that even the wealthiest nations are facing. It is not a mere perception but a serious canker eating deep into the fabric of the world at large and Ghanaian society in particular as one of the developing nations.

In this scenario, countries like Ghana are facing a great challenge in reducing poverty because poverty is a cause of many problems like suicides, illiteracy, unemployment and diseases. In order to control these problems first we have to control poverty. At government level and also at international level many strategies are made every day to control poverty. But Yunus gave a formula of microcredit that successfully worked in Bangladesh and is now replicated all over the world and also Ghana especially Techiman Municipalty.

Today, there are many microcredit institutions operating and among them is Opportunity International Savings and Loans Limited. This is a financial institution that is playing enormous roles towards the development of lives of micro and small entrepreneurs which will help in poverty reduction in Techiman Municipality in particular and ensuring total development in Ghana. Opportunity International is one of the first nonprofit organizations to recognize the benefits of providing capital to people struggling to work their way out of poverty. Over the years, with Opportunity International leading the way, the microcredit sector has expanded its financial service offerings to better meet client needs. Along with providing more flexible loan products, business and personal development training, Opportunity International offers savings and insurance to help clients effectively navigate the daily hardships they face. Without these services, clients are continually at risk of slipping back into poverty because of unforeseen circumstances.

The problems of the past development efforts which tended to deny many people enough access to loans have brought about the need for data collection and research in order to document the situation of beneficiaries of micro-credits especially Ghana with particular attention to Techiman Municipality.

1.2 PROBLEM STATEMENT

In developing countries, the formal banking sector serves less than 20% of the population (Robinson, 2001). The rest of the population, typically low income households, historically has not had access to formal financial services. Innovative financial institutions known as micro-credits institutions have emerged to cater for this market. Providing micro financial services, primarily credit, is seen as a way to generate self-employment opportunities for the poor. The intervention of microcredit institutions over the years has chalked some outstanding successes but there was widespread criticism that the positive effect of the programme was not felt by all especially those in rural areas.

The Ghana Living Standard Survey (GLSS 5) of 2005/06 shows that poverty is still quite pervasive in Ghana. GLSS 5 reports that 28.5 per cent of Ghanaians live under the upper poverty line of an annual income of less than GHc370.89, with about 18.2 per cent classified as "very poor". That is, having an annual income less than GHc288.47. This poverty situation is a nationwide phenomenon and Techiman Municipality is no exception.

Opportunity International Savings and Loans Limited is one of the flagships in the Opportunity International portfolio of banks and microcredit organization. The progress in outreach and the market image, is something that is been admired not only in Ghana but also inside the Opportunity International Network. Opportunity International Savings and Loans Limited have been appreciated by beneficiaries and researchers as a potential financial institution that can improve the socio-economic conditions of beneficiaries. According to documentary sources of the Opportunity International Savings and Loans Limited, it has chalked a number of successes in improving the life of beneficiaries. Inquires have also shown that Opportunity International Savings and Loans Limited has provided and helped communities through their social corporate responsibilities. Reports have also shown that people of the operational communities are directly employed as full time workers.

Notwithstanding these, however, some of the beneficiaries are still confronted with numerous problems and among few identified are as follows;

- ✓ Evidence has shown that Opportunity International Savings and Loans Limited have limited coverage in the Techiman Municipality
- ✓ Default payments by beneficiaries due to grace period for loan repayment
- ✓ Problem with collateral and low amount of loans to beneficiaries
- ✓ High interest rates charges
- ✓ Poor organizational structures

1.3 *RESEARCH QUESTIONS*

These findings stimulated research to investigate the socio-economic impacts of micro credits on beneficiaries in the Municipality. The following questions are therefore found very pertinent to the research.

- ✓ Why do some beneficiaries of the facility default payment while others do not?
- ✓ Why are interest rates of micro-finance different from other banking institutions?
- ✓ What positive and negative impacts do micro-credits have on beneficiaries in the Municipality?
- ✓ Should governments encourage micro-credit to people as a means of reducing poverty in Ghana (Techiman)

1.4 OBJECTIVES

On the basis of the problems identified, the main objective of the research is to assess the socio economic impact that micro-credits have made on beneficiaries in Techiman Municipality. The Specific objectives are;

(1) To assess the views on meaning and perceptions of micro credits

(2) Ascertain the efforts of the Opportunity International Savings and Loans Limited towards improvement on beneficiaries lives

(3) To assess the extent to which Opportunity International Savings and Loans Limited is impacting poverty reduction.

(4) To find out outreach, success and sustainability of microcredit program for the poor as well as payment defaults.

(5) Find out Opportunity International Savings and Loans Limited challenges in their efforts to improve the lives of beneficiaries including differences in interest rates.

(6) To suggest ways of sustaining efforts as well as minimize problems encountered by the institution.

1.5 HYPOTHESES

This study will be guided by the following tentative answers.

(1) Micro-credits help the poor

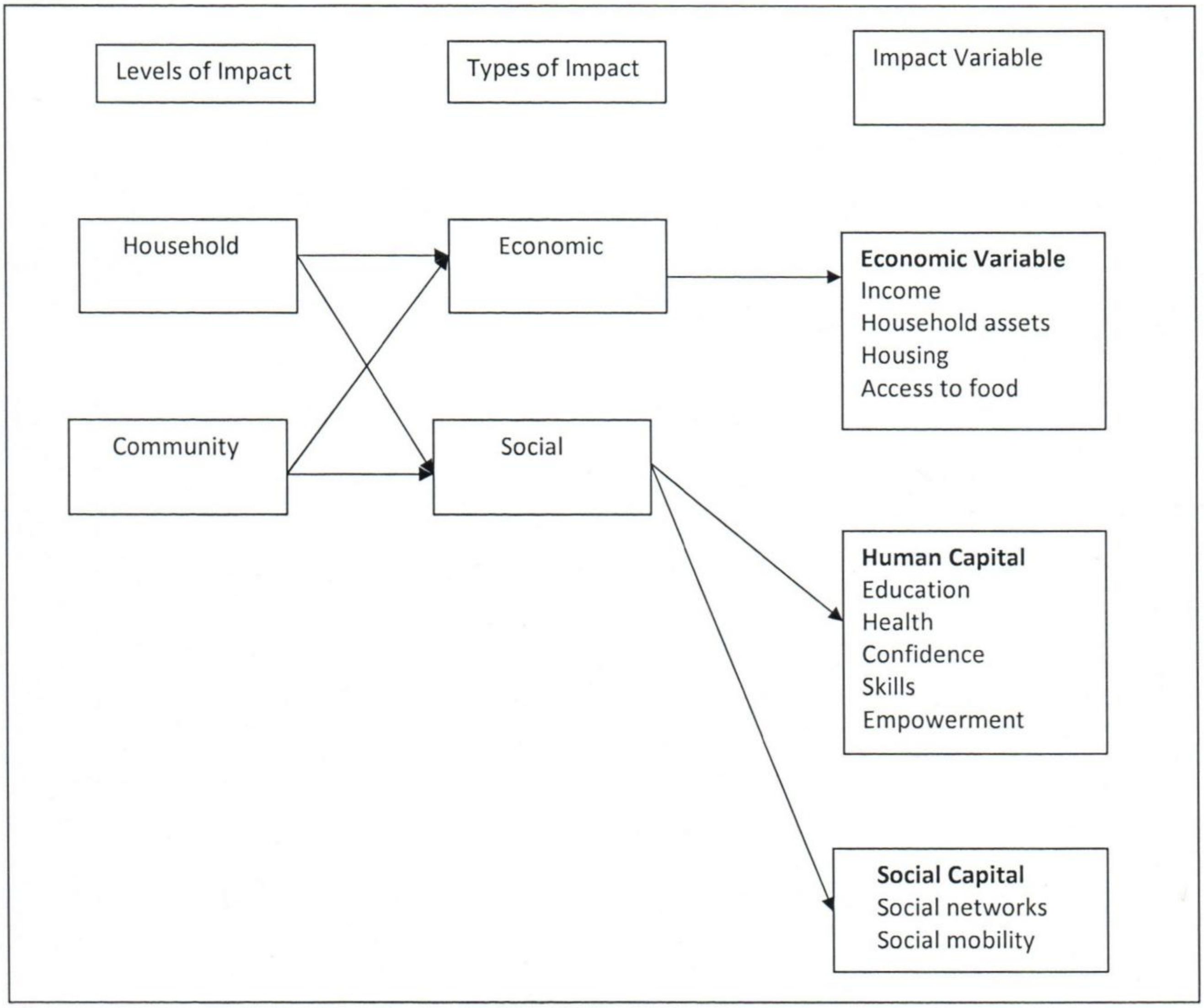
(2) Opportunity International Savings and Loans Limited help beneficiaries

1.6 CONCEPTUAL FRAMEWORK

The socio-economic impact of microcredit on beneficiaries in the Techiman Municipality requires a comprehensive and policy oriented framework which clearly shows how people are been empowered by micro credits institutions in the areas of social and economic empowerment.

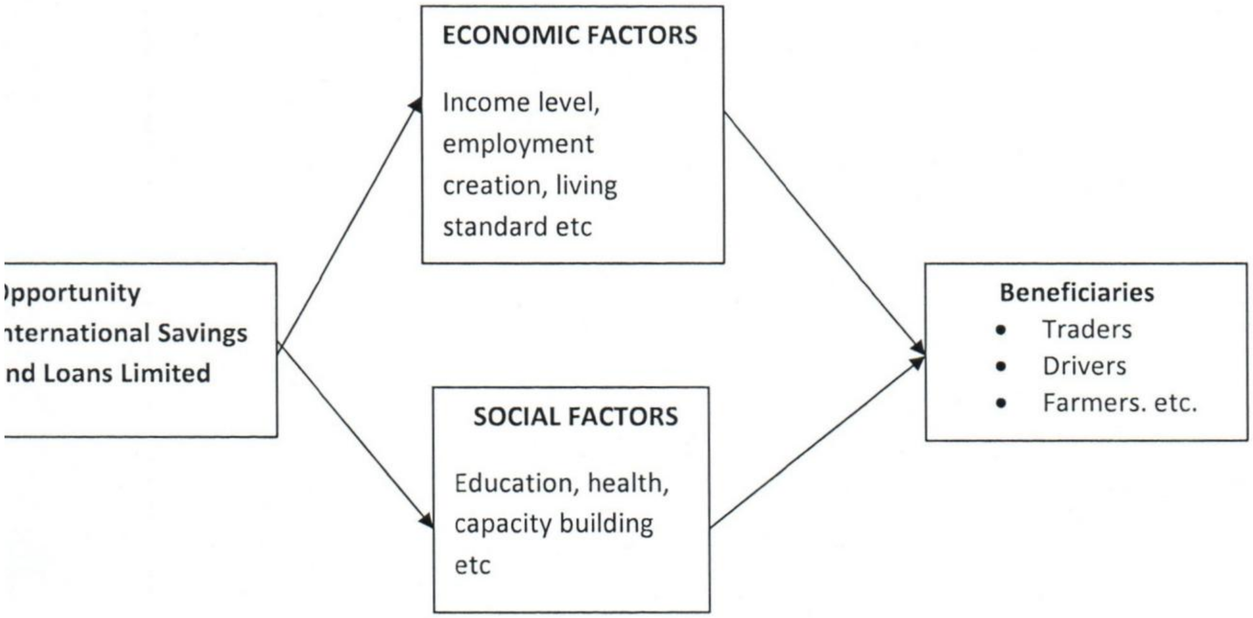
Figure 1.1 shows a framework developed by Wrenn Eoin to examine potential impact of microfinance at a household and community level in Nigeria (Wrenn, 2005).

Fig 1.1: Framework about Potential impact of microfinance at a household and community level:



Source: Wrenn, Eoin, 2005

Figure1.2 is a schematic model developed out of Wrenn Eoin's framework about Potential impact of microfinance at a household and community level.



Source: (Adapted from Eoin Wrenn, 2005)

Figure 1.2: Schematic model for studying how Opportunity International impact on beneficiaries socially and economically in Ghana, a case study of Techiman Municipality.

From figure 1.2, Opportunity International has positive impact on beneficiaries socially as well as economically. With respect to social impacts, Opportunity International provides avenues for beneficiaries to be educated through assistance and other educative programmes organized by Opportunity, including health walks, capacity building through training and many other social interventions. With the economic impacts, Opportunity gives beneficiaries' skills training which eventually build their capacity to involve themselves in various economic ventures which will widen their job opportunities.

1.7 SCOPE OF THE STUDY

The area of the study was Techiman Municipality in the Brong Ahafo Region, Ghana. The study was to investigate the socio economic impacts of micro credits on the beneficiaries to help reduce poverty and enhance their standard of living. The study considered the activities of Opportunity International savings and loans limited such as areas of operations in the Municipality, mode of operation, sources of finance, and their relation with the beneficiaries. Also, target group for the study were management, staff/workers and the beneficiaries of Opportunity International Savings and Loans Limited-Techiman Branch. .

1.8 JUSTIFICATION OF THE STUDY

This study will be of benefit to Microcredit Institutions, policy makers, Micro and Small Enterprises (MSEs) and the community at large. The study explores and recommends potential areas that Microcredit Institutions need to put in more efforts when delivering their services. On the other hand, policy makers will also benefit in the sense that, the findings provide informed suggestions on how policy can be improved. With improved and easy to implement policies, more MSEs and the community at large will be able to access and benefit from the services of Micro-Credit Institutions.

1.9 LIMITATIONS TO THE STUDY

The problems that hindered the progress of this survey were inadequate funds and the quantification of some variables. The nature of the survey required team work. There was the need to employ field assistants to offer helping hands during data collection. The assistants were remunerated for a period of two weeks when they were engaged to assist in the collection of data. Adequate funds was also needed to acquire the needed research tools and devices such as computer, camera and accommodation, among other requisite materials that were needed to facilitate the collection of data, analysis and documentation of the research findings. During data collection, some beneficiaries demanded presents before availing themselves to be questioned and for focus group discussions. This made the cost of data collection more expensive and tedious.

1.10 ORGANIZATION OF THE STUDY

The study was organized into five (5) chapters. Chapter one (1) which is the introductory chapter, cover the background of the study, problem statement, objectives, justification/significance of the study and the scope of the study. Chapter two (2) deals with a review of related literature on socio economic impact of microcredit and its related issue. Chapter three (3) comprises the research methodology and the profile of Techiman Municipal which is the study area Chapter four (4) focus on the data analysis, presentations and discussions of the survey data. Finally, chapter (5) deals with the summary, conclusions and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 INTRODUCTION

This chapter aims at placing the study in a scholarly context by reviewing the main contributions made by other researchers on the concept of microcredit with particular emphasis on its socio economic impacts. The literature review has four main sections. The first section considers issues on the concepts and definitions of microcredit, microcredit and microfinance. The second section focuses on the approaches and forms of microcredit and further reviews the trends and situations of micro credits in Ghana. The third section also focuses on micro credits and its socio economic impacts on beneficiaries. The fourth section, challenges and prospects of micro credits and finally on the observations from the literature review including concluding remarks.

This work cannot be completed if literature on empirical evidence of the socio economic impact of micro credits is not review. The scope of the empirical review of existing literature will be based on evidence from outside Africa, evidence from some African countries and finally that of Ghana. Discussions in the chapter also covered the challenges and or constraints of micro credit institutions in their operations.

2.2 CONCEPTS AND DEFINITIONS OF MICROCREDIT

2.2.1 Concepts of microcredit

The birth of 'modern' microcredit is said to have occurred in the mid 1970s in rural Bangladesh. The origins of microcredit in its current practical incarnation can be linked to several organizations founded in Bangladesh, especially the Grameen Bank. The Grameen Bank, which is generally considered the first modern microcredit institution, was founded in 1976 by Muhammad Yunus. Yunus began the project in a small town called Jobra, using his own money to deliver small loans at low-interest rates to the rural poor. Grameen Bank was followed by organizations such as BRAC in 1972 and ASA in 1978.

Microcredit reached Latin America with the establishment of PRODEM in Bolivia in 1986, a bank that later transformed into the for-profit BancoSol. Microcredit quickly became a popular tool for socio-economic development, with hundreds of institutions emerging throughout the third world. Though the Grameen Bank was formed initially as a non-profit organization dependent upon government subsidies, it later became a corporate entity and was renamed Grameen II in 2002. Muhammed Yunus, otherwise known as 'the banker to the poor,' is the creator and Managing Director of the Grameen Bank, one of the first and most prominent microcredit institutes.

2.2.2 Definitions of microcredit

Microcredit as either a concept or policy prescription, has been variously conceived, interpreted and applied. It is therefore becoming increasingly difficult to adopt any single definition. Therefore there is no universally accepted definition of it since it is a multidimensional concept. However certain salient features appear to characterize most of the existing definitions and concepts. Some of them, especially those of Asiama and Osei (2007), Vivanco (2006), Josily (2006), Otero (1999) which have been found to be very insightful and relevant for this discourse, are reviewed below.

Microcredit according to Otero (1999, p.8) is "the provision of financial services to low income poor and very poor self-employed people".

Microcredit is a broad term that includes deposits, loans, payment services and insurance to the poor. In general, this concept is understood as providing poor families with small loans to help them to engage in productive activities or expand their tiny businesses (Josily, 2006). Similarly, Microcredit as defined by (Asiama & Osei, 2007), encompasses the provision of financial services and the management of small amounts of money through a range of products and a system of intermediary functions that are targeted at low income clients through the provision of small loans and other facilities like savings, insurance, transfer services to poor low-income household and microenterprises. According to Vivanco 2006, Microcredit can be defined as process of providing services such as small loans to finance self-employment (microloans), savings, payment transfers, micro insurance, and other financial services. These are focused on helping people who traditionally do not have access to such capital or services, making possible investments in small businesses that will generate income and make the populace self-sufficient. Microcredit is considered a development tool because it helps people at the bottom of the economic ladder to have more control over their local economy (Vivanco, 2006).

2.2.3 Microcredit and Microfinance

Even though microcredit and microfinance have been used interchangeably, the two terms differ. These two terms do not have the same meaning. The term 'microcredit' was first coined in the 1970s to indicate the provision of loans to the poor to establish income-generating projects, while the term 'microfinance' has come to be used since the late 1990s to indicate the so called second revolution in credit theory and policy that are customer-centred rather than product-centred (Elahi and Rahman, 2006). But the terms 'microcredit' and 'microfinance' tend to be used interchangeably to indicate the range of financial services offered specifically to poor, low income households and micro-enterprises (Brau and Woller, 2004).

However, it is important to highlight the difference between them because both terms are often confused. Microfinance principally encompasses microcredit, micro-savings, micro-insurance and money transfers for the poor. Microcredit, which is part of microfinance, is the practice of delivering small, collateral-free loans to usually unsalaried borrowers or members of cooperatives who otherwise cannot get access to credit (Hossain, 2002). Non-financial services such as education, vocational training and technical assistance might be crucial to improve the impact of microfinance services but they are not the focus of this review.

Again Sinha (1998) states that "microcredit refers to small loans whereas microfinance is appropriate where NGOs and Micro-Finance Institutions supplement the loans with other financial services such as savings and insurance".

2.2.4 Approaches of Microfinance

There are two main diverse approaches of microcredit in the literature. These are the welfarist approach, also called the direct credit approach, and the institutionalist approach also called financial market approach (Morduch, 1999).

2.2.4.1 Welfarist Approach

The welfarist approach focuses on the demand side, which is to say on the clients. This approach supports the idea of subsidizing microcredit programmes in order to lower the cost for the microcredit institutions so they can offer low interest rates on their loans (Morduch, 1999). The performance of the MCIs are measured through household studies with focus on the living standard of the individuals; number of saving accounts, number of loans, productivity improvement, incomes, capital accumulation, social services such as education and health as well as food expenditures (Congo, 2002).

Welfarist argues that MC can achieve sustainability without the institutionalist definition of self-sufficiency (Woller, Dunfield, & Woodworth, 1999). They further argue that gifts, for instance subsidies, from donors serve as a form of equity, and as such the donors can be viewed as investors. Unlike investors who purchase equity in a publicly traded firm, MCI donors do not expect to earn monetary returns. Instead, these donor-investors realize an intrinsic return.

These donors can be compared to equity investors who invest in socially responsible funds, even if the expected risk-adjusted return of the socially responsible fund is below that of an index fund. These socially responsible fund investors are willing to accept a lower expected return because they also receive the intrinsic return of not investing in firms that they find offensive.

2.2.4.2 Institutionalist Approach

The institutionalist view of microcredit argues that MCI should be able to cover its costs with its revenues. Institutionalists feel self-sufficiency leads to long-term sustainability for MCIs, which will facilitate greater poverty alleviation in the long-term. The institutionalist argument is consistent with Congo (2002) who discusses historical cases in an attempt to identify the institutional designs that facilitated success and sustainability for 19th century loan funds in the UK, Germany, and Italy. Secondly, the institutionalist approach criticizes subsidization because it leads to high, unpaid rates and transaction costs, which have led to the failure of many microcredit programmes. They mean that it is not sustainable for the MCIs to be subsidized and that the subsidies lead to an inefficient allocation of the financial resources. The economists supporting this view mean that the welfarists make the wrong assumptions when they say that the repayment interest rate must be low, because the clients are not credit worthy and unable to save and that commercial banks could not survive in rural areas because of the high costs of offering financial services to poor households.

The Institutionalist view of self-sufficiency as a requirement for MCI sustainability seems untenable until one realizes that there appears to be a trade-off between self-sufficiency and targeting. Most MCIs which have proven self-sufficient have tended to loan borrowers who were either slightly above or below the poverty line in their respective countries (Morduch, 1999). These MCIs are able to capture economies of scale by extending larger loans to the marginally poor. Those who support subsidization tend to put much greater social weight on consumption by the poor, assume highly sensitive credit demand to interest rates, low impacts or perhaps negative impacts of interest rates on returns, moderately high, but not extremely high, returns to investments by poor households, and small or beneficial spillovers onto other lenders. Despite the lack of evidence, experienced practitioners on both sides of the debate hold their views strongly.

2.3 MODELS OF MICROCREDIT INTERVENTIONS

MCIs employ wide variety of implementation methods to reach their clients. These methods are called models of MCI. The Grameen Bank has identified fourteen different microfinance models of which the research focused on three in the literature. They are; Rotating Savings and Credit Association (ROSCAs), the Grameen Bank and the Village Banking models, as these are the three microfinance models that are mostly practice in Ghana.

2.3.1 Rotating Savings and Credit Associations

These are formed when a group of people come together to make regular cyclical contributions to a common fund, which is then given as a lump sum to one member of the group in each cycle (Grameen Bank, 2000). According to Harper (2002), this model is a very common form of savings and credit. He states that the members of the group are usually neighbours and friends, and the group provides an opportunity for social interaction and is very popular with women. They are also called merry-go-rounds or Self-Help Groups (Yunus, 1999).

2.3.2 The Grameen Solidarity Group model

This model is based on group peer pressure whereby loans are made to individuals in groups of four to seven (Yunus, 1999). Group members collectively guarantee loan repayment, and access to subsequent loans is dependent on successful repayment by all group members. Payments are usually made weekly (Ledgerwood, 1999). According to Berenbach& Guzman (1994), solidarity groups have proved effective in deterring defaults as evidenced by loan repayment rates attained by organisations such as the Grameen Bank, who use this type of microcredit model. They also highlight the fact that this model has contributed to broader social benefits because of the mutual trust arrangement at the heart of the group guarantee system. The group itself often becomes the building block to a broader social network (Yunus, 1999).

2.3.3 Village Banking Model

Village banks are community managed credit and savings associations established by NGOs to provide access to financial services, build community self-help groups, and help members accumulate savings (Hulme, 1999). They have been in existence since the mid-1980s. They usually have 25 to 50 members who are low-income individuals seeking to improve their lives through self-employment activities. These members run the bank, elect their own officers, establish their own by-laws, distribute loans to individuals and collect payments and services (Grameen Bank, 2000). The loans are backed by moral collateral thus the promise that the group stands behind each loan (Global Development Research Centre, 2005).

The sponsoring MCI lends loan capital to the village bank, who in turn lend to the members. All members sign a loan agreement with the village bank to offer a collective guarantee. Members are usually requested to save twenty percent of the loan amount per cycle (Ledgerwood, 1999). Member's savings are tied to loan amounts and are used to finance new loans or collective income generating activities and so they stay within the village bank. No interest is paid on savings but members receive a share of profits from the village bank's re-lending activities. Many village banks target women predominantly, as according to Hulme (1999) the model anticipates that female participation in village banks will enhance social status and intra household bargaining power.

2.4 EVOLUTION OF MICROFINANCE INSTITUTIONS IN GHANA

Microcredit activities started as Susu collection in Ghana. The word Susu was coined from Nigerian word 'susu' meaning small amount of money in naira. In the absence of banking facilities and other formal financial sources, Susu has been a major source of fund mobilization for the unbanked in Ghana, most especially rural Ghana (World Bank, 1994). Susu is believed to have contributed largely to micro enterprises and small scale businesses, guaranteeing the depositors of Susu companies loan and advances for their clients after some period of regular deposits normally six months.

A major component of finance of urban poor entrepreneurs in Ghana, particularly apprentices and artisans has been the daily or weekly contribution of fixed amounts through Susu. These savings are acceded after a period of time for purchasing tools and equipment necessary for setting various artisans up in their vocational practices. Artisans who normally benefit from these include seamstresses, tailors, hairdressers, fitting mechanics, and carpenters among others. For many petty traders, market women, apprentices and artisans, susu is believed to have been a trusted, reliable and friendly means of getting started and also for sustenance as well as growth of their businesses. Susu in some cases is believed to be the sole source of getting established for livelihood (World Bank, 1994). The financial sector reforms that started in 1987 posed challenges to the role of these poor enterprises as they got integrated into the Financial Sector Adjustment Programme (FINSAP). It was then obvious that while small and medium scale enterprise enjoyed considerable goodwill among informal lenders, the informal market conditions were generally not suited to the type of finance required by a large number of the poor people.

The above combined activities of these microcredit institutions actors did not change the living conditions of the poor. Because of this the government decided to establish the Agricultural Development Bank in 1965 to provide financial assistance to farmers and fishermen. It is interesting to note that at least and to some extent many of the rural banks are into microcredit. The Bank of Ghana supervises the activities of these rural banks and some power have now be given to the Association of Rural Banks (ARB) Apex Bank to coordinate the activities of all rural banks and report to the Baking Supervision Department of the Bank of Ghana. Microcredit has been with Ghanaians for some time now and is therefore not being seen as a new concept in the country. It has always been a common practice for people to save or borrow small loans from individuals, friends and relatives within the context of self-help in order to engage in small retail business or farming ventures (Bank of Ghana, 2007).

2.4.1 The Impact of Microfinance on Poverty

There is a debate about whether impact assessment of microcredit projects is necessary or not (Simanowitz, 2001). The argument is that if the market can provide adequate proxies for impact, showing that clients are happy to pay for a service, assessments are a waste of resources. However, this is too simplistic a rationale as market proxies mask the range of client responses and benefits to the MCI. Therefore, impact assessment of microcredit interventions is necessary, not just to demonstrate to donors that their interventions are having a positive impact, but to allow for learning within MCIs so that they can improve their services and the impact of their projects (Simanowitz, 2001).

Poverty is more than just a lack of income. Wright (1999) highlights the shortcomings of focusing solely on increased income as a measure of the impact of microfinance on poverty. He states that there is significant difference between increasing income and reducing poverty (Wright, 1999). He argues that by increasing the income of the poor, MCIs are not necessarily reducing poverty. It depends on what the poor do with this money, oftentimes it is gambled away or spent on alcohol (Wright, 1999). So focusing solely on increasing incomes is not enough. The focus needs to be on helping the poor to sustain a specified level of well-being (Wright, 1999) by offering them a variety of training.

2.4.2 Microcredit and its Impact on Economic Development

Microcredit has a very important role to play in development according to proponents of microcredit. UNCDF (2004) states that studies have shown that microcredit plays three key roles in development; it helps very poor households meet basic needs and protects against risks, is associated with improvements in household economic welfare, and helps to empower women by supporting women's economic participation and so promotes gender equity.

Otero (1999) illustrates the various ways in which microcredit, at its core, combats poverty. She states that microcredit creates access to productive capital for the poor, which together with human capital, addressed through education and training, and social capital, achieved through local organisation building, enables people to move out of poverty (Otero, 1999). By providing material capital to a poor person, their sense of dignity is strengthened and this can help to empower the person to participate in the economy and society (Otero, 1999).

The aim of microcredit according to Otero (1999) is not just about providing capital to the poor to combat poverty on an individual level, it also has a role at an institutional level. It seeks to create institutions that deliver financial services to the poor, who are continuously ignored by the formal banking sector. Littlefield and Rosenberg (2004) stated that "the poor are generally excluded from the financial services sector of the economy so MCIs have emerged to address this market failure".

2.5 PROBLEMS AND PROSPECTS OF MICROCREDIT INSTITUTIONS

Poverty is a chronic and acute problem. Whether the situation has really improved or not is a debatable issue. The experience so far gathered from the activities of the microcredit institutions indicates several acute problems and shortcomings in the programmes. Today, there is a widespread perception that most of the laws under which the microcredit institutions are operating seem to have fallen short in dealing with their institutional and operational aspects. Microcredit institutions which are basically NGOs providing financial services, do not fall under the government regulations that are applied to banks and other non-bank financial intermediaries. Actually, they are in need of appropriate regulatory frameworks (Alexander, 2011).

The absence of a single registering, monitoring and supervising organization appropriate for the microcredit institutions in Bangladesh has made it difficult to decide if they have been targeting the right people and for the right purpose. If a microcredit institution is to maintain its capacity holdings, it must generate sufficient revenue to meet its operating costs, including the cost of administering loans, mobilizing and training groups, mobilizing funds for on-lending and covering bad debts.

Although a number of microcredit institutions are showing their financial efficiency, in most cases this is misleading since the borrowing cost of on-lending funds is highly subsidized by donors (Khandoker, 1998). Performance evaluation of microcredit given by microcredit institutions is increasingly important. It is very difficult to evaluate the performance of the large number of NGOs operating in Bangladesh. In Bangladesh, the major sources of microcredit institutions revolving loan funds are the donors, the commercial banks, PKSF, members' savings etc. It has been observed that donor funds as a percentage of the total is declining over time. On the other hand, NGOs have limited access to formal financial institutions.

There are complaints that the microcredit institutions in Bangladesh have been charging an exorbitant rate of interest on their loans. According to a study conducted by Bangladesh Bank (1997), it was found that the effective rate of interest charged by Grameen Bank is 22.45 percent while the formal sector interest rate ranges from 10 per cent – 12 per cent for the small and cottage sector. Hashemi (1997) and Khandoker (1995) point out that Grameen Bank would operate at a loss without grants. As per the regular statutory rules, weekly installments are started by the borrowers to repay the principal and interest from the subsequent week after obtaining the credit. This procedure puts serious economic and mental pressures on the borrowers. In many cases, it is found that due to the pressure of repayment, overlapping problems in microcredit have emerged.

A study by the Bangladesh Institute of Development Studies revealed that 11 per cent of the participant of 149 households has two or more members from the same household in the same NGO. Among households with one male and one female membership about 80 per cent were involved in multiple NGOs (Khaled, 1998). A major shortcoming of the microcredit institutions in Bangladesh is that they do not always reach the hardcore poor – the poorest of the poor. Since the absolute poor run a higher risk for loan default, they often fall outside the coverage of the microcredit institutions. At the same time, the poor people with more than 0.50 acre of land do not fall under the programme. So, a huge number of disadvantaged people are left out from the programme.

Moreover, the microcredit institutions follow the same rules obligations of microcredit for all regions of the country. This has created different problems, such as economic depression and underuse of potential. Not all participants are skilled enough to initiate self-employment schemes, but are in need of opportunities in wage employment.

The microcredit institutions do not have a proper coordination mechanism that would enable them to ensure effective coverage in all areas of the country. While some provide a broad range of services, most of them provide limited credit and savings options. Thus, proper representation also requires that the poor have the opportunity to receive as many services as they need.

The microcredit institutions are also beset with fund constraints and there are no linkages between the financial institutions at the grass-roots level. On the other hand, owing to the absence of a national policy on microcredit and a nationwide default culture, loan repayment at the microcredit institutions is affected by the spillover effect of those big borrowers. The bulk of the loans advanced by microcredit institutions in Bangladesh is targeted towards women.

In reality, however, the male members of the household initiate taking loans and control the funds received by the female members. Furthermore, Aminur Rahman (1999) pointed out that loans taken are often used for purposes other than those the loan is sanctioned for. He observed that there was a steady increase in the dropout rate from the Grameen Bank (15 per cent in 1994) and that 88 per cent of the total dropouts did not graduate to the status of non-poor. Ahmed (1998) finds that a larger association with Grameen Bank reduces the household income.

2.6 SUGGESTED MEASURES AND CONCLUDING REMARKS

Despite many shortcoming and criticisms raised by a group of researchers about the function, impact and sustainability of the microcredit programmes globally especially Ghana, microcredit institutions in Ghana have made a successful breakthrough in reaching the target group mainly because of the easy availability of funds and close supervision. It is pertinent to further scale up the activities of the microcredit institutions for the sake of poverty alleviation and also to deal with socio-economic-financial issues of the rural areas.

Although microcredit is not the panacea for poverty alleviation and rural upliftment in a developing country like Ghana, the supportive services of microcredit institutions for primary requisites (such as health, education, and infrastructure) and financial services (such as savings schemes, consumption, investment and insurance services) are essential for the smooth operation of microcredit.

In order to improve the performance of the microcredit institutions and microcredit for targeting the poor, the following measures have been suggested: (a) Bank of Ghana and other commercial banks should establish separate functional relations with the microcredit institutions to provide the required guidelines, supervision and financial assistance;

(b) Close cooperation among the microcredit institutions, banks and organs of the government for social welfare activities is essential for the effective coordination of their activities. Integration can improve the efficiency of segmented rural financial markets by exploiting the comparative advantage of each sector; (c) A regulatory body is essential to monitor the activities of microcredit institutions in Ghana, besides internal regulation by themselves, through governance and transparency in the disclosure of all types of their accounts and documents; (d) Accounting systems, management information systems services, the calculation method of the recovery rate of the microcredit institutions should be streamlined and transparent; (e) An initiative should also be considered to establish a link among the medium sized, small and cottage industries and the corporate sector through the development of subcontracting. Banks and non-bank financial institutions could create funds for the development of subcontracting enterprises.

The main laws that guide the conduct of financial institutions are the, Banking Law of 1989 and Non-Banking Financial Institution (NBFI) Law of 1993. All formal banks and financial institutions are licensed by the BoG. Whereas banks and RCBs operate under the Banking Law, NBFIs like Savings and Loans Companies and Credit Unions operate under the NBFI Law. Credit Unions, however, are not regulated by the BoG, but by the Credit Union Association (CUA), which acts as a self-regulatory apex body. As part of the new decentralized local government system instituted in 1992, the district assemblies' common fund was created with one of its aims being poverty alleviation. Women's groups were to be targeted. In 2005, government created the Micro and Small Loans Centre (MASLOC) to intervene in the micro and small enterprise sector to enhance access to credit by groups and individuals for business expansion.

CHAPTER THREE

METHODOLOGY

3.1 INTRODUCTION

This chapter discusses methods that were employed in the study, the target population, sample size and sampling techniques as well as the various and appropriate sources of data and how the data were collected. Also include the profile of the study area.

3.1.1 TYPES OF DATA

Demographic data about respondents was obtained. These include respondents' status, age, sex educational background and occupation. This data gave details of the socio-economic status of respondents. The age of the respondents was to show the particular people that benefited from Opportunity International Savings and Loans Limited. Educational background was to know the level of beneficiaries' education and how the organization is impacting on that. Occupational status of respondents was examined to know the income generation of the beneficiaries.

3.1.2 Sources of Data

The study obtained data from both primary and secondary sources. The primary sources of data were obtained from Management Board, Staff/Workers of Opportunity International and the beneficiaries of the Municipality through questionnaires, interviews and focus group discussion while the secondary data comprised published and unpublished books, journals, newspapers, magazines, articles, internet, and other research materials relevant to the study.

3.1.3 Methods of Data Collection

The main methods that were adopted for the study were questionnaires, interviews and focus group discussion. Three (3) set of questionnaires were used, for the Management, Staff/workers and the other for the beneficiaries in addition to focus group discussion. The questionnaires were used to collect data mainly from the literate respondents of the Municipality including Management, Staff/workers and beneficiaries of the Opportunity International Savings and Loans Limited-Techiman Branch. This helped to save not only time but also cost. In the case of the uneducated respondents data was collected through focus group discussions.

3.1.4 Sampling Technique

It would have been extremely difficult if not impossible to cover all the beneficiaries of Opportunity International savings and loans limited in the Municipality. As a result, a random sampling technique was used to select respondents for data collection. This gave equal opportunity to each and every respondent to either be included or excluded. A sample size of one hundred and thirty one (131) of respondents was used to get the information for the study. One hundred and twenty (120) of the respondents were randomly selected among the beneficiaries in the study community whilst the remaining 11 goes to the staff and the management board. Out of a sampling frame of four hundred and sixty beneficiaries, 26% of beneficiaries were randomly selected from the community for the study. Three (3) set of questionnaires were administered, one copy to the management board, ten (10) copies to the workers and hundred (100) to the beneficiaries in the municipality. Pictures of focus group discussions were also taken randomly to capture the twenty (20) uneducated respondents. Hence the sample stated above was considered appropriate to make generalization. Target sample were beneficiaries of the

Municipality and the staff/workers of the Opportunity International Savings and Loans Limited-Techiman Branch.

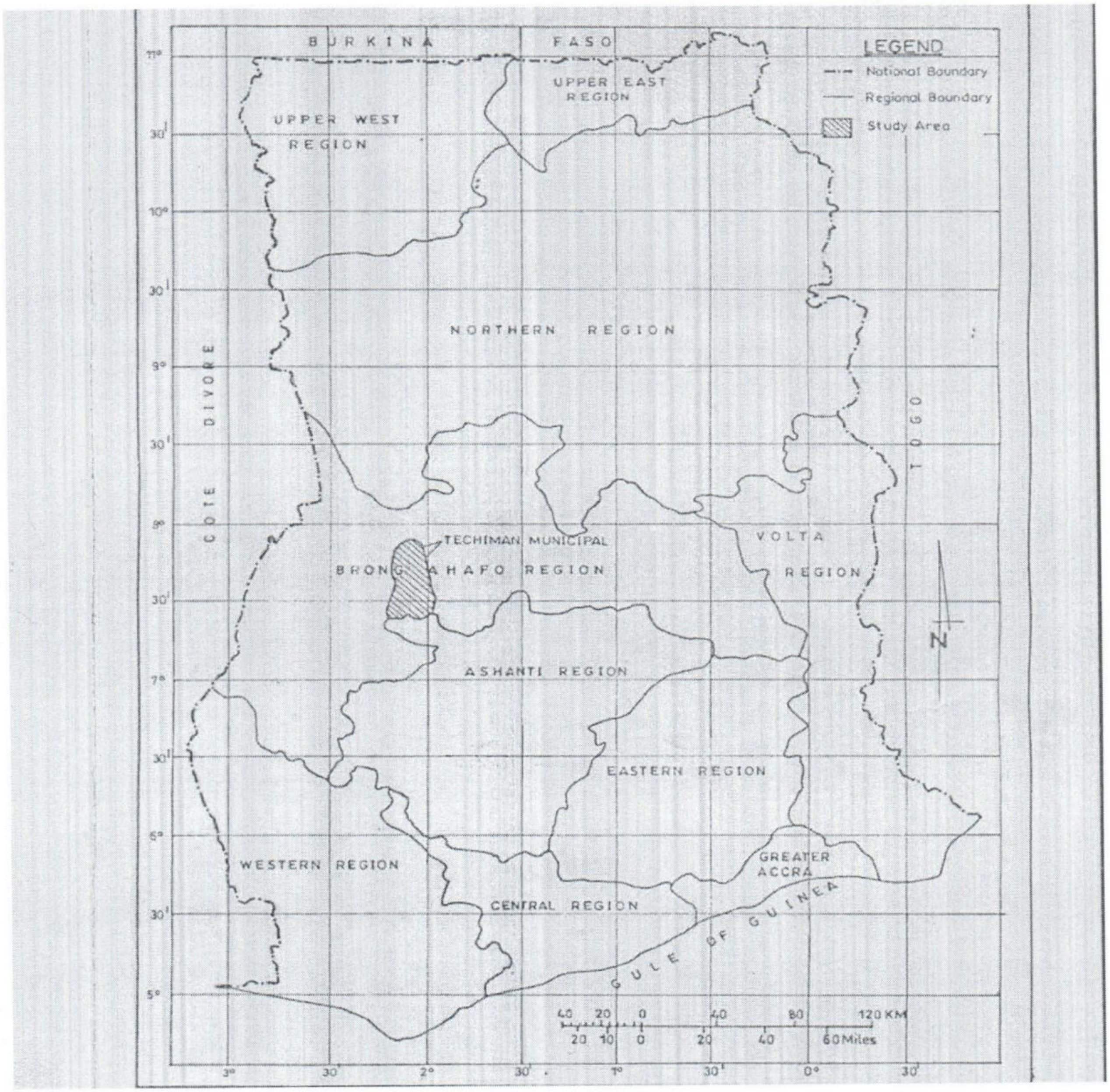
3.2 PROFILE OF THE TECHIMAN MUNICIPALITY

The Techiman Municipality is the focus of the research and there is the need also to provide background information on the Municipality.

3.2.1: Location and Size of the Techiman Municpality

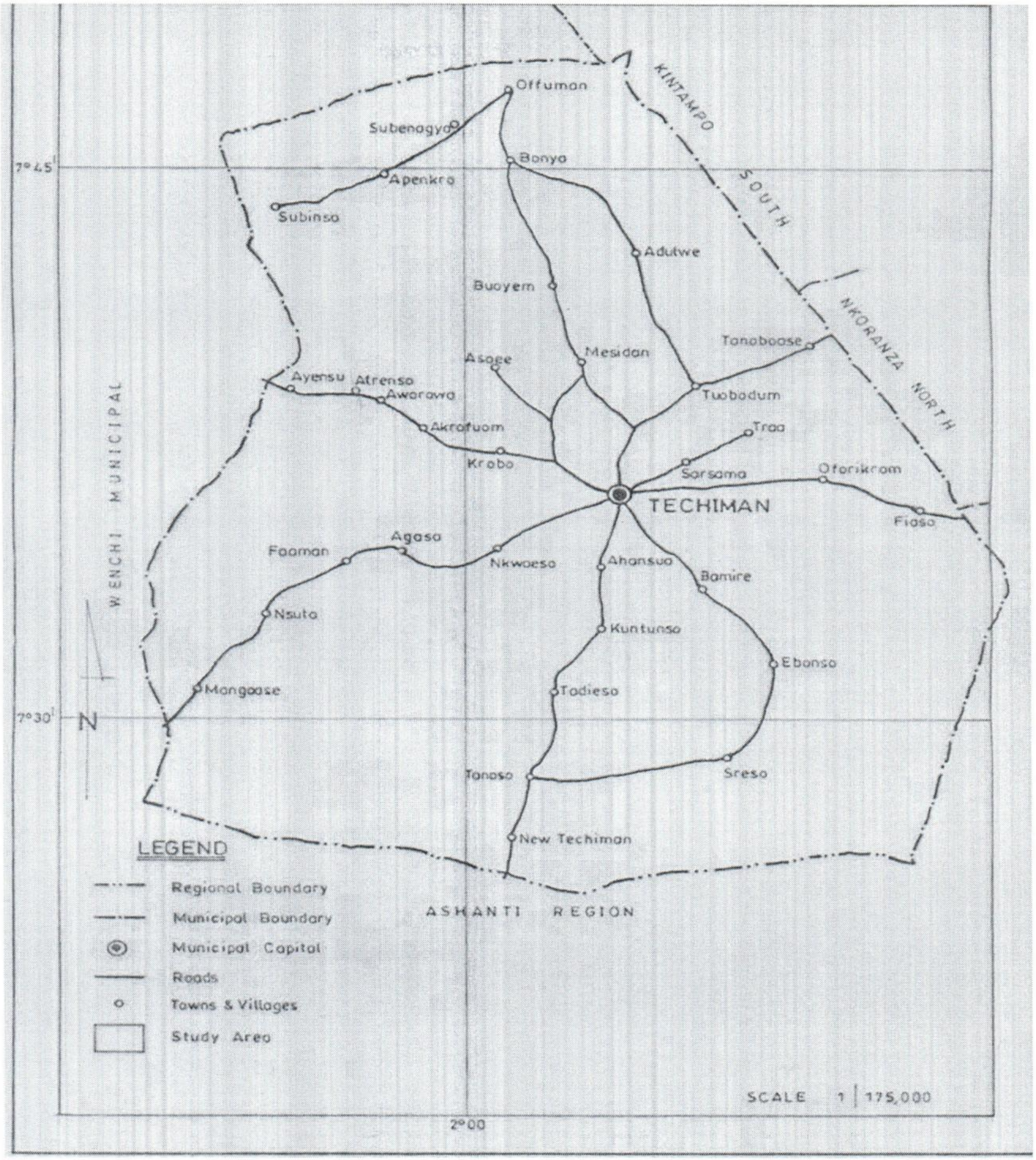
The Techiman Municipality lies in the northern part of the Brong Ahafo Region between longitudes $1^{0}49$\` East and $2^{0}30$\` West and latitude $8^{0}00$\` North and $7^{0}35$\` South. It shares borders with the Wenchi Municipal to then north-west, Kintampo South District to the north-east, Nkoranza District to the south-east all in the Brong Ahafo Region and Offinso North District in the Ashanti Region to the south. The Municipality covers a total land area of $669.7km^{2}$ which represents about 1.69% of the total surface area of the Brong Ahafo Region making it the smallest Municipal in the region. The Municipal capital is Techiman, which is an important market centre and a nodal town where trunk roads from Bolgatanga, Tamale, Wa and Sunyani all converge (TMA, 2012). Figure 3.1 shows the location of the Municipal in the national and regional context and figure 3.2 shows the map of the Municipality.

Fig. 3.1: Location of Techiman Municipality in the National and Regional context.



Source: TMA, 2012

Fig. 3.2: Map of Teciman Municipality showing the study Municipality.



Source: TMA, 2012

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF RESULTS

4.1 INTRODUCTION

This chapter presents the in-depth analysis of the responses received from the field. The analysis in this chapter is categorized into three thematic areas. These areas being the main objectives of the study include; perceptions of beneficiaries about the concept of microcredit including the relationship between microcredit and poverty reduction, employment creation and infrastructural development. Efforts and socioeconomic impacts made by the Opportunity International Savings and Loans Limited in the empowerment of beneficiaries in the municipality and finally the challenges Opportunity International Savings and Loans Limited faces in their efforts to improve the lives of beneficiaries.

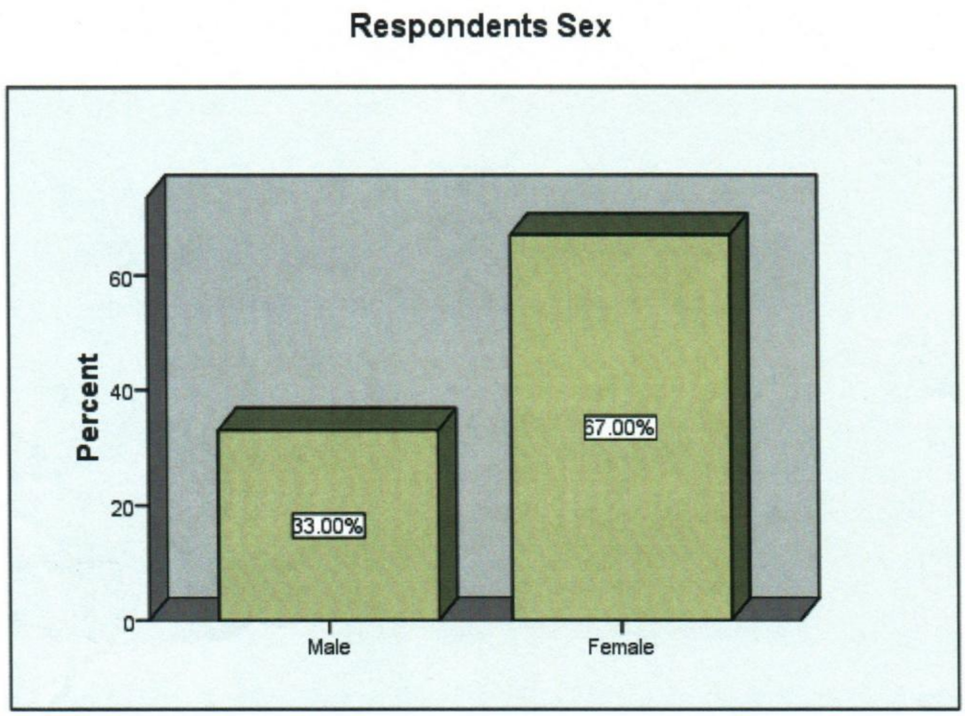
4.2 Socio-Economic Characteristics of Respondents

A clear understanding of the socio economic characteristics of the group involved can not be over-emphasized. It is in the light of these facts that the socio-economic background of the respondents, in terms of sex, age, educational status and occupation was investigated.

4.2.1 Sex composition of Respondents

The study has indicated that majority of the respondents were female. This represents 67% and males constitute 33%. The sex composition of the respondents demonstrated that the majority of beneficiaries were female and males formed the minority. It also confirms 2001 survey by the Special Unit on Microfinance of the United Nations Capital Development Fund (UNCDF) of 29 microfinance institutions which revealed that approximately 60.0% of these institutions clients were women. The sex composition of the respondents is presented in figure 4.1.

Figure 4.1: Sex composition of Respondents

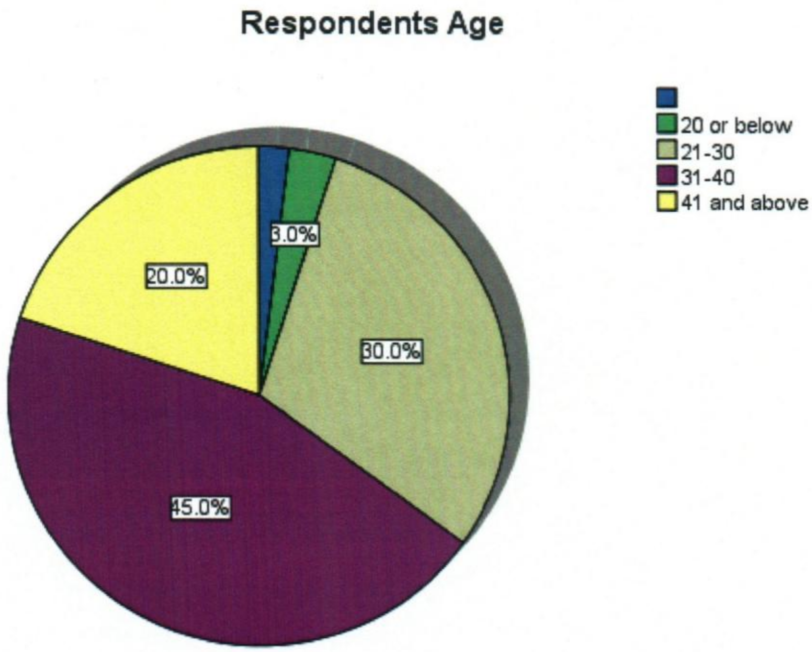


Source: Field survey, November 2012.

4.2.2 Ages of Respondents

The study has indicated that majority of the respondents were between the ages of 31-40 and 21-30. This represents 45% and 30% respectively. Those within the age group of 20 and below constitute 3% and 20% of respondents were of age 41 or above, 2% did not respond. The age distribution of the respondents demonstrated that the population is an active one. The age distributions of the respondents are presented in figure 4.2.

Figure 4.2: The age distributions of the respondents

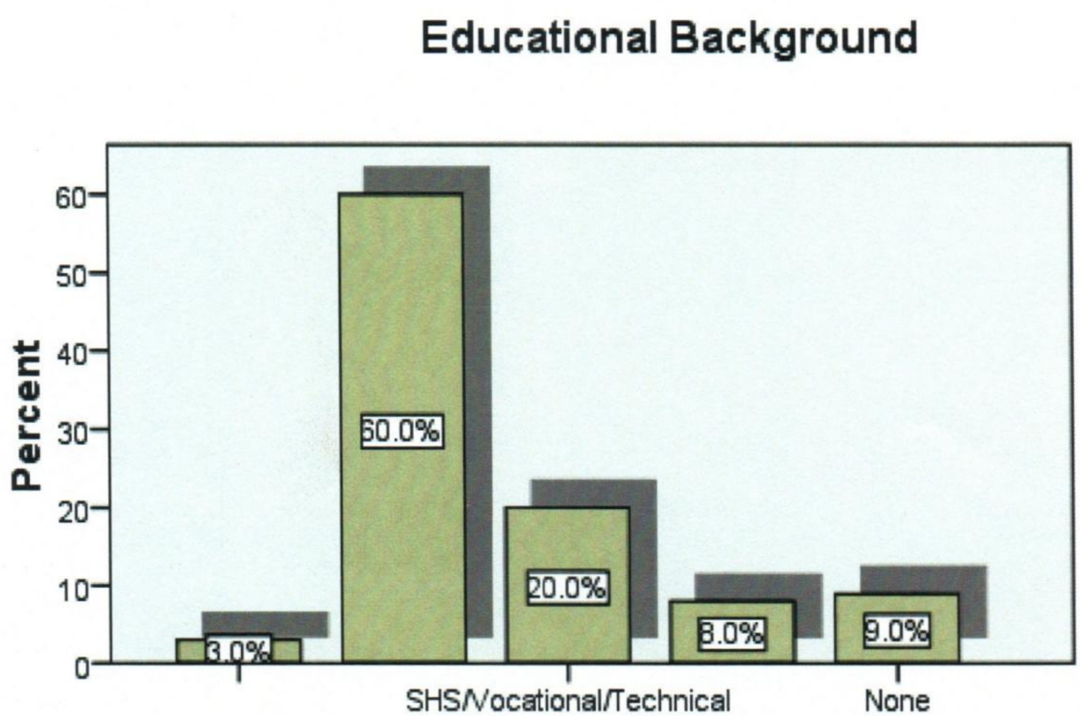


Source: Field survey, November 2012.

4.2.3 Educational Status of Respondents

The study revealed that majority of the respondents questioned have low level of education. Basic education by the respondents is 60%, Senior High School/Vocational/Technical education with 20%, respondents with education up to the tertiary level constitute 8%, not educated 9% and 3% did not respond. The educational background of respondents is shown in figure 4.3.

Figure 4.3: Educational background of respondents



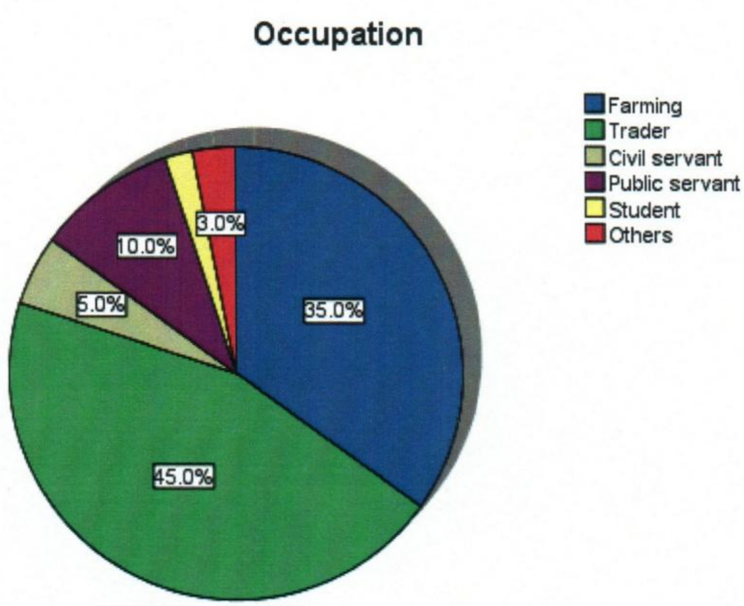
Source: Field survey, November 2012.

The relatively high level of the respondents with only basic education implies there is a low level of education among beneficiaries in the Municipality. This has accounted for most of the beneficiaries engaged in in-formal sector activities, most especially farming and petty trading.

4.2.4 Occupational status

Figure 4.4 indicates the occupational distribution of respondents. A higher percentage of the respondents 45.0% were into trading as their main occupation. The high percentage of the respondents being traders is a reflection of the main economic activity predominantly practiced by the people. This is followed by farming which constitutes 35.0%. The rest include civil servant 5.0% and finally public servant 10.0%, 2.0% did not respond. The number of beneficiaries in civil service and also those in public service is very low which confirmed the low level of education in the study communities.

Figure 4.4: Occupational distribution of respondents



Source: Field survey, November 2012.

4.3 Views and Perceptions about the concept of microcredit

The perceptions of microcredit by the beneficiaries were examined using questionnaires and focus group discussions among different sex groups. A cross examination of how both male and female beneficiaries perceive the concept of microcredit reveals that many have fair idea about the concept. It was drawn from the focus group discussions organized in one of the beneficiary communities in the Municipality that, Sala Maame as so called in one of the study communities, a member of the focus group discussions emphasized,

"Microcredit is giving of assistance in the form of loans and capacity building in other to develop individual existing businesses and repay within the stated time of agreement" (Focus group discussions, 2012).

This perception of microcredit by the respondents contrast however with those of Otero, Microcredit according to Otero (1999, p.8) is "the provision of financial services to low income poor and very poor self-employed people".

It was gathered from her demonstration that, microcredit in the Municipality was not just a word of mouth, that is merely saying 'loans or capacity building', but rather having something to show for one's self after taken the loan from the institution to help expand one's business.

Plate 4.1: Focus group discussion at Techiman with beneficiaries of Opportunity International Savings and Loans Limited.

Source: Field survey, November, 2012.

Plate 4.1 is a focus group discussion organized in Techiman with beneficiaries of Opportunity International Savings and Loans Limited to find out the views and perceptions of microcredit in the Municipality by beneficiaries.

Again, another question was posed whether respondents agree with the definition of Microcredit as a broad term that includes deposits, loans, payment services and insurance to the poor. Table 4.1 provides the nature of responses from the respondents.

Table 4.1: Response on the definition of Microcredit by respondents

Response	Number of respondents	Percentages
Strongly agree	68	67.3
Agree	19	18.8
Neither agree nor disagree	10	9.9
Total	97	96.0

Source: Field survey, November 2012.

A good number, 67.3% of the respondents strongly agree that microcredit is a broad term that includes deposits, loans, payment services and insurance to the poor. The key words here are deposits, loans, payment services and insurance. Also 18.8% of the respondents agree to the definition, and 9.9% of the respondents neither agree nor disagree to the definition.

In another question, respondents were asked how they understood microcredit, the nature of responses gathered from the respondents are shown in table below

Table 4.2: Response on the definition of microcredit by respondents

Response	Number of respondents	Percentages
Capacity building	5	5.0
Job creation	25	24.8
Credit given	70	69.3

Source: Field survey, November 2012.

There was different understanding by the respondents with regards to the meaning of microcredit. This was derived from the information gathered from the field which showed that about 70% of the respondents agreed that microcredit is about credit given. 24.8% also believed that microcredit is about job creation and 5.0% are of the view that microcredit is about capacity building.

4.3.1 Microcredit and poverty reduction

Another area of interest is microcredit and poverty reduction, out of one hundred beneficiaries questioned, 16.8% representing 17 of the respondents strongly agreed to the fact that microcredit leads to poverty reduction.19 respondents of 18.8% agreed. This implies that, to them when assisted with microcredit, it will lead to reduction of poverty. The research proves that the rural poor with access to credit can acquire some assets and this will go a long way to reduce poverty whiles majority of the respondents questioned strongly disagreed and neither agrees nor disagrees with 40 Of the respondents representing 39.6% and 21 respondents representing 20.8% respectively.

On the other hand, during the focus group discussions some of the respondents agreed that there is negative relationship between microcredit and poverty reduction. Damata, a member of the focus group discussions lamented,

"My name is Damata, a beneficiary of *Opportunity International, microcredit's is different from reducing poverty, even upon taken loans from Opportunity, I still live in poverty since my husband takes care of my children. Without him, I could not have taken my child to secondary school. I help him on his farm because he provides everything we need"*(Focus Group Discussion, 2012).

This shows that in a situation where the husband becomes irresponsible, the woman becomes vulnerable.

Again, eight of the staff was questioned that, "Would you say rural women empowerment leads to poverty reduction?''. Six responded "NO" whiles only two of them responded yes. Reasons were given as to how microcredit would not lead to poverty reduction and some of the reasons were; even though microcredit leads to job expansion, skills training, education and capacity building but the amount given is not enough and hence if care is not taken it could even deepen your poverty. From the responses obtained from the staff of the Assembly, we can conclude that there is negative relationship between microcredit and poverty at large.

In an attempt to verify if there is any relationship between microcredit and poverty, Yaw Donkor, an Economics graduate of GIMPA and business consultant, was a member of the focus group discussions and emphasised, *"my brother, microcredit even burdens the poor, the loans are too small that people cannot even use it to do any meaningful projects since four years ago I applied for five thousand Ghana Cedis and I was given only one thousand Ghana Cedis which was too small for my business"*

This explains to policy makers that microcredit has direct negative relationship with poverty hence must be given less attention when taken decision regarding to poverty reduction strategies.

4.3.2 Microcredit and employment creation

Out of the 100 respondents, 57.4% said "NO" with regards to microcredit's and employment creation and 37.6% responded yes microcredit's helps create employment to the people but 5% did not respond anything either yes or no. It was clear from the responses gathered from the field that microcredit's institutions do not create employment for the people.

Mr. Peter Kwabena Danso, the operation manager of the Opportunity International emphasised.

"Job creation is not our business since we give loans after assessing your existing business and also do advice when the need arises, we help develop businesses but not to create jobs for clients" (In-depth Interview , November 2012).

4.4 Efforts and Impact assessment

4.4.1 Reasons for the difficulty in accessing credit

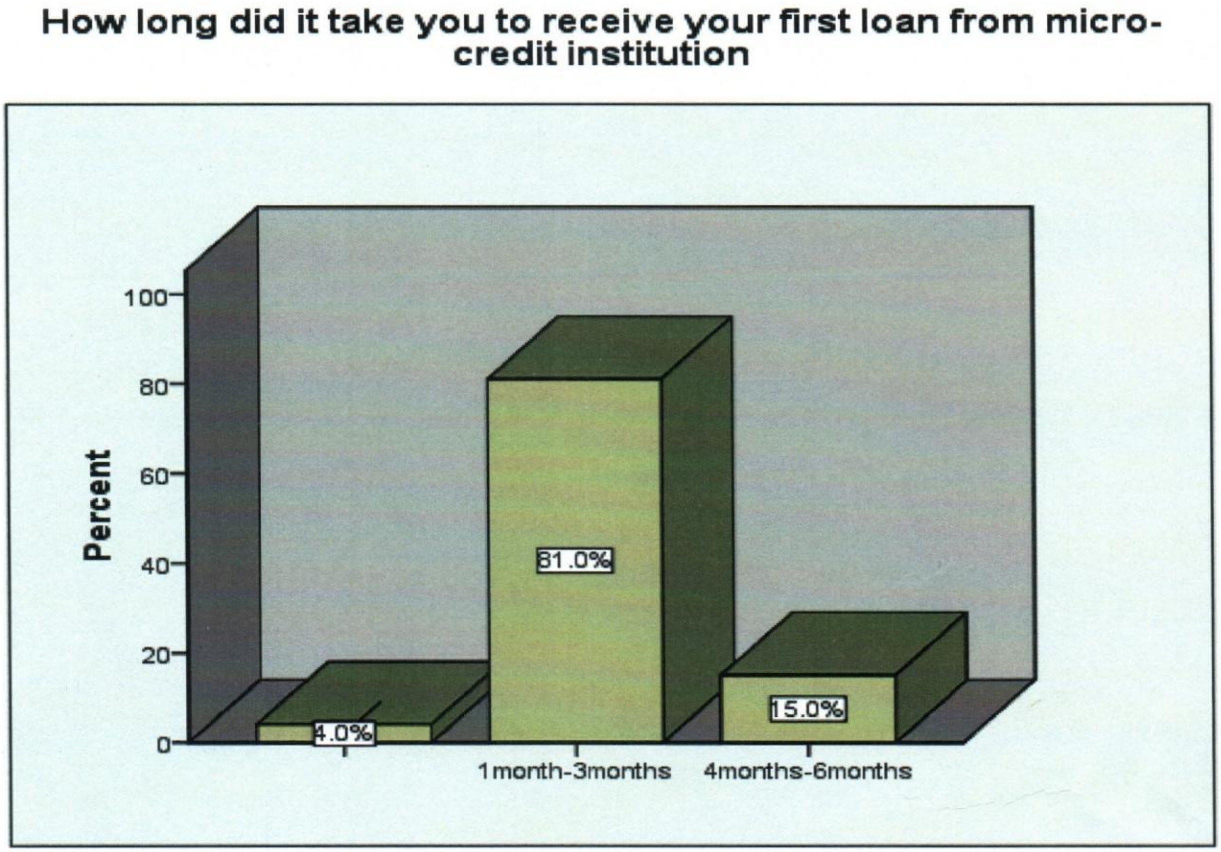
Out of the 11 officials interviewed including the operation manager of the Opportunity International, 22% were of the view that delay in processing clients loan request was as a result of bureaucratic nature of loan acquisition. 10% stated that loans are delayed because of inability of applicants to provide enough collateral whiles 30% stated that institution does not have adequate funding for on-lending to their clients. 14% indicated that the delay is as a result of the inability of applicants to complete loan application forms on time and another 24% responded that the Bank of Ghana statutory requirement for both primary and secondary requirement reduces the banks" ability to lend more.

4.4.2 Average period for the disbursement of credit to beneficiaries

An interview conducted on 11 officials of the institution mentioned varied periods with regard to average period the institutions use to process and disburse credit to applicants. 7% responded that it takes less than 2 weeks to process loans while 55% responded that their institution spend 2-3 weeks to process them. 18% and 20% of respondents stated that their institutions uses 4-6 weeks and above 6 weeks respectively to process loans.

Again, beneficiary's views were gathered with regards to how long it takes for loans disbursement. 81% of the beneficiaries are of the view that it takes 1-3 months whiles 15% are also of the view that it takes 4-6 months but 4% did not respond. The respondents responses are shown in figure 4.5

Figure 4.5: Periods for loans disbursement



Source: Field survey, November 2012

4.4.3 Categories of Microcredit Beneficiaries

Over the years and before the introduction of Microfinance in Ghana, access to credit was very difficult. However, with the introduction of Microfinance, to some extent has helped to reduce such difficulties. The operation manager was interviewed about the categories of beneficiaries. From the interview it was realised that market women benefited most from the credit, followed by farmers and also schools and churches. This confirms the study of Grameen Bank (bank of the poor) in the country of Bangladesh. The bank was established with the practice of making small loans to the poor predominantly women to help them to obtain economic self sufficiency since they are generally considered to be at the lowest rung of the poverty ladder worldwide (www.grameen-ifo.org/).

4.4.4 The strategies the banks use to recover loans

Face to face interview by the researcher in the Opportunity International Savings and Loan Limited showed that the major problem was loan recovery from the Microfinance clients. In trying to overcome this challenge the institution has employ various strategies to recover their loans from Microcredit clients. The strategies the institution use most is group lending representing 57.1%. This is because group members are held severally responsible for repayment of group loans, meaning it is easy for the group to pay the loan than the individual clients. This is follow by regular monitoring representing 20.8%. Demand notices and court action representing 19.0% and 3.0 % respectively. This also revealed that the microcredit institutions do not normally use court action because according to them it scares prospective clients to access credit.

4.4.5 Impact assessment

Ghana has since independence struggled to establish a workable system of local level administration. After over 30 years, the 1992 Constitution and the Local Government Act 462 of 1993 appear to provide a suitable basis to end Ghana's struggle for the establishment of an appropriate framework for managing the national development agenda (Development Dialogue Series, 2003). Though much has been achieved in attempts to empower the vulnerable and less privileged in society in other to help reduce the level of poverty, much more remains to be done, particularly in matching the responsibilities entrusted to these microcredit facilities with resources required to make meaningful impact especially on beneficiaries.

4.4.5.1 Social Impact of microcredit

4.4.5.1.1 Education

The survey has shown that there is improvement in education in the Municipality. About 50.5% of the respondents agreed that there is a high improvement in education. 12.9% of respondents agreed there was decline in education due to the burden of the loan. 22.8% responded there is no change in education as a result of the intervention of the Opportunity International in the Municipality as they are concern.

4.4.5.1.2 Health care

The study also found out that individual health status in the Municipality as a result of the intervention of the institution has not received any better improvement. 42.6% and 38.6% of respondents strongly opposed the belief that there is no change and decline of health respectively, that Opportunity International has brought no change to health care in the Municipality. Only 11.9% agreed there are improvements.

4.4.5.1.3 Alternative Income

With respect to alternative income, findings have shown that Opportunity International has done better. 48.5% of respondents admitted that income indeed has been improved. However, 16.8% and 29.7% of the respondents opposed the claim that there is decline and no improvement respectively. It was found that majority of the respondent had their weekly and monthly profits increased. The profit increased after joining the MCI, therefore one can conclude that the presence of the MCI has increased beneficiaries income. This confirmed Martin et al (1999) that alternative income decreases the cost of income smoothening by allowing households to engage in more risky but also profitable activities.

4.4.5.1.4 Drinking water

The respondents confirmed that the Institution has done little in providing good drinking water to the Municipality. About 45.5% confirmed that there is decline and 39.6% responded there is no change whiles 7.9% agreed that there is an improvement.

Table 4.3: Social Impact assessment of the Opportunity International Savings and Loans Limited in the empowerment of beneficiaries in the municipality by the respondents.

Social Areas	Highly improved		Declined		No change		Total	
	F	%	F	%	F	%	F	%
Education	51	50.5	13	12.9	23	22.8	87	100.0
Health care	12	11.9	39	38.6	43	42.6	94	100.0
Alternative Income	49	48.5	17	16.8	30	29.7	96	100.0
Drinking water	8	7.9	46	45.5	40	39.6	94	100.0

F= Frequency and %= percentage

Source: Field survey, January 201

4.4.5.2 Economic Impact

4.4.5.2.1 Job creation

Out of the 100 respondents, 57.4% said "NO" with regards to microcredit's and employment creation and 37.6% responded yes microcredit's help create employment to the people. It was clear from the responses gathered from the field that microcredit's institutions do not create employment for the people but help in business expansion instead.

4.4.5.2.2 Capacity building

Majority of the respondents about 52.5% are of the view that Opportunity International has assisted them through capacity building in the form of given them technical advice, organizing workshops, groups and individual visits and sometimes helps in skills training such as cream making, gari processing, soap making and kente weaving whiles 5.9% and 35.6% of respondents disagreed.

4.4.5.2.3 Living standard

It has been said that the Institution has played a very important role in improving living standard for the Municipality. 58.4% of the respondents questioned supported that Opportunity International has highly improved beneficiaries living standard in the area. It was found out that through capacity building and skills training by the Institution such as soap making, kente weaving, gari processing, making of cooking pots as all have helped to improved the standard of living of the people. However, 6.9% and 27.7% of the respondents disagreed that it has not improved living standard in the Municipality.

Plate 4.2: Capacity building of beneficiaries through skills training

Source: Opportunity International, 2012.

Plate 4.2 is a skills training activity of beneficiaries in cream making.

Table 4.4:Economic Impact assessment of the Opportunity International Savings and Loans Limited in the empowerment of beneficiaries in the municipality by the respondents

Economic Areas	Highly improved		Declined		No change		Total	
	F	P	F	P	F	P	F	P
Employment creation	38	37.6	3	3.0	58	57.4	99	100
Capacity building	53	52.5	6	5.9	36	35.6	95	100
Living standard	59	58.4	7	6.9	28	27.7	94	100

(Note): F= Frequency, P= Percent (%)

Source: Field data, January, 2011.

4.5 The challenges Opportunity International Savings and Loans Limited face in their efforts to improve the lives of beneficiaries by the respondents.

The survey indicated that the main challenge of Opportunity International in loan delivery in the Municipality was mainly loan default. The main reasons that accounted for the loan default were; Change in business activity after loan, climate and weather changes and mismanagement of loan/financial assistance, among others. The study revealed that loan defaulters are dealt with in various ways. Firstly, the institution resorts to persuasion after which the term of payment is rescheduled. The last resort is where legal action is taken against defaulters. Even with all these means to retrieve loan from defaulters, the operation manager in an interview lamented on their inability to retrieve all loans due to the relocation of business activity or the residence of defaulters.

Again a number of challenges were identified by the beneficiaries as realised from the field survey conducted. Among which were short periods of recovery, small amount of loans, problem of group loans and changes in business.

Ajara, a member of focus group discussions also emphasized,

"Hmm, there are many challenges we face as beneficiaries. Among them are exposing us to our husbands as defaulters through official visits, negative attitude of group members, small amount of loans etc (Focus group discusions, 2012)

CHAPTER FIVE

SUMMARY CONCLUSIONS AND RECOMMENDATIONS

5.1 SUMMARY OF FINDINGS

The role of Microcredit institutions in poverty reduction in developing economies has been increasingly realised over the years. The international year of Microcredit declared by the United Nations for 2005 emphasized the central role played by a healthy and stable financial sector in reducing poverty in developing countries. Access to credit in Bangladesh, Ghana, Madagascar, Malawi and Pakistan is severely limited for small traders, farmers, tenants and entrepreneurs and in particular women. Other factors such as low risk-bearing capacity and inadequate access to know-how, markets and infrastructure also affect borrowing for poor households.

A cross examination of how male and female beneficiaries perceive the concept of microcredit reveals that many have a fair idea about the concept. Again, there is negative relationship between micro-credit and poverty reduction since it was realised that many of the respondents were of the view micro-credit does not lead to poverty reduction. Micro-credit also helps in business expansion but does not create direct jobs for the beneficiaries as realized from the data collected.

Disbursement of loans delay due to reasons such as processing of documents, enough collateral by beneficiaries, inadequate funds by the institutions, inability of applicants to complete application form in time, Bank of Ghana statutory requirements etc. Averagely, it takes one to three months for the releasing of loans to new applicants. The institution use strategies such as group lending, regular monitoring demand notices and sometimes court action to recover loans given out.

There are social, economic impacts of the institution on beneficiaries and among some of the social impacts are; education, health care, alternative income, and drinking water whilst the economic impact include job expansion, capacity building and improvement in living standards.

Few challenges were identified and among are loan defaults, inadequate amount of loans, and problem of group lending, changes in business location etc.

5.2 CONCLUSION

The study has made contributions with regard to the methodology for the study of Microcredit and its socio-economic impact on beneficiaries with the aim of reducing poverty for the achievement of the Millennium Development Goals (MDG's).

It was noted that majority of respondents agreed on the definition of microcredit as "a broad term that includes deposits, loans, payment services and insurance to the poor". Again an interesting thing to note is that, during the focus group discussions it was realized that, many of them perceive microcredit to mean "giving of assistance in the form of loans and capacity building in other to develop individual existing businesses and repay within the stated time of agreement"

Another area of interest is the relationship between microcredit and poverty reduction. This was agreed by almost majority of the respondents that, microcredit do not help enough in reducing poverty and some gave reasons that it even burdens the poor.

Many were of the view that the delay in processing clients loan request was as a result of bureaucratic nature of loan acquisition, inability of applicants to provide enough collateral, the institution does not have adequate funding for on-lending to their clients, inability of applicants to complete loan application form on time and statutory requirement for both primary and secondary requirement reduces the banks" ability to lend more.

It was also revealed that market women benefited most from Microcredit, followed by farmers and also schools and churches. Pertaining to the strategies the banks use to recover loans, strategies the institution use most is group lending, follow by regular monitoring, demand notices and court action.

Finally, a number of challenges were identified by the beneficiaries as realised from the field survey conducted. Among were short periods of recovery, small amount of loans, problem of group loans and changes in business

5.3 *RECOMMENDATIONS*

Microcredits have generated enthusiasm among donors and NGOs as an instrument for reducing poverty in a manner that is financially sustainable. Nevertheless, the debate on microcredit and poverty has continued to rage on among providers, promoters and others involved in the microcredit field. It is now accepted in the literature that the relationship between microcredit and poverty reduction is not straightforward. Poverty reduction is multifaceted and microcredit is just one of the many factors that can contribute to poverty reduction. However, evidence from various studies show that microcredit has positive impacts in the ability of individuals and households to deal with risk and reduce their vulnerability. With the World resolved to halve poverty by 2015, time is of essence to fashion out policies to reach this goal. In line with the findings of this study the following recommendations were made towards the socio-economic impact of beneficiaries of Opportunity International in the Techiman Municipality in particular and Ghana at large.

- The Opportunity International, Non Governmental organizations (NGO's) and other Development partners should come together and put a lot of efforts to address the concerns of the vulnerable and excluded in the Municipality most especially beneficiaries.
- There is the need for more research to understand client perspectives (includes economic goals of poor households, management of resources and activities in the household economic portfolios and dealing with risk in day-to-day lives of poor households) in improving the outreach, impact and sustainability of microcredit programs. There should be more research also on the critical relationship between risks facing borrowers and risks to MCI portfolios.
- Encouragement of microcredit institutions to provide other financial services such as insurance and pension schemes for the poor. But such services must be provided in partnership with formal sector operators.
- Policies and programs, which target the poorest of the poor under microcredit institutions, must market financial products suitable for this category of people and reduce entry barriers faced by them.
- Group-based lending which minimizes problem of repayment must be adopted by both formal and informal lending institutions.
- Microcredit institutions need to build the staff technical and skill capacity in microcredit through systematic training. In this regard, a training program may be developed that

would enhance staff capacity in designing, implementing, monitoring and evaluating microcredit projects.

- The Institution should provide more loans to their clients in order to enable them improve upon their economic activities and thus raise their incomes.

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APPENDICES

Appendix "1" INTERVIEW SCHEDULE FOR THE MANAGEMEN BOARD

PERSONAL INFORMATION

(1) Status/position ....

(2) Qualification..

(3) Could you give an overview of your organization?

....
....
....
....
....

(4) How many people have benefited from Opportunity International Savings and Loans Limited in the Municipality?...

(5)Who are the beneficiaries?...

(6) What amount range do you give to the beneficiaries?

....

(7) What are your maximum/minimum loan limits for first time borrowers?

....

(8) What are your maximum/minimum loan limits for subsequent borrowers?

....
.....

(9) What are the criteria used to select persons as beneficiaries?

....
....

(10) Give reasons for the answer provided above.

....

....

....

....

(11) What are your credit security requirements?

....

....

....

(12) Are you satisfied with your microcredit recovery rate? (a) Yes ( ) (b) No ( )

(13) What are the common reasons for microcredit default in your bank?

....

....

(14) How do you deal with such defaults?

....

....

(15) Do you do loans monitoring? (a) Yes ( ) (b) No ( )

(16) If yes, how often is it done? (a) Daily ( ) (b) weekly ( ) (c) monthly ( ) (d) quarterly ( )

(17) If No, why?

....

POSITIVE SOCIO-ECONOMIC ASSESSMENT

(18) Does the Opportunity International contribute positively to the development of the Municipality? Yes [ ] (b) No [ ]

(19)If yes, how positive does it contributes to the Municipality?

....

....

(20) Are people employed in the Municipality to work at the Opportunity International Savings and Loans limited? (a) Yes [ ] (b) No [ ]

(21) How many people are being employed from the Municipality?

....

(22) Does the Opportunity International help in providing social amenities in the Municipality?

(a) Yes [ ] (b) No [ ]

(23) If yes, what social amenities are being provided?

....

....

....

(24) Have you experienced any change in the following social and economic developmental areas as a result of the Opportunity International Savings and Loans Limited? [Please tick]

Developmental area	Improved	Declined	No change
Access to education			
Access to health care			
Alternative income			
Access to drinking water			
Employment creation			
Capacity building			
Living standard			

(25) Do you expect to impact any future benefit? (a)Yes [ ] (b) No [ ]

(26)If yes, what do you expect?

....

....

PROBLEMS ASSESSMENT

(27) Have you experienced any challenges in your operations? Yes [ ] (b) No [ ]

(28) If yes, what have you experienced?

....

....

(29) What has been done to solve such problems?

....

....

(30) What strategies would you recommend to help you developed the institution?

....

....

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DEPARTMENT OF BUSINESS STUDIES

QUESTIONNAIRE ON "THE SOCIO-ECONOMIC IMPACT OF MICROCREDIT ON THE BENEFICIARIES OF TECHIMAN MUNICIPALITY: A CASE STUDY OF OPPORTUNITY INTERNATIONAL SAVINGS AND LOANS LIMITED"

Appendix "2" QUESTIONNAIRE FOR THE MANAGEMENT BOARD

[NOTE: Please tick appropriate options and indicate in writing where necessary]

PERSONAL INFORMATION

(1) Status/position ....

(2) Qualification..

(3) Could you give an overview of your organization?

....
....
....
....
....

(4) How many people have benefited from Opportunity International Savings and Loans Limited in the Municipality?

....

(5) Who are the beneficiaries?

....

(6) What amount range do you give to the beneficiaries?

....

(7) What are your maximum/minimum loan limits for first time borrowers?

....

(8) What are your maximum/minimum loan limits for subsequent borrowers?

....

(9) What are the criteria used to select persons as beneficiaries?

....

....

(10) Give reasons for the answer provided above.

....

....

....

....

(11) What are your credit security requirements?

....

....

....

(12) Are you satisfied with your microcredit recovery rate? (a) Yes ( ) (b) No ( )

(13) What are the common reasons for microcredit default in your bank?

....

....

(14) How do you deal with such defaults?

....

....

(15) Do you do loans monitoring? (a) Yes ( ) (b) No ( )

(16) If yes, how often is it done? (a) Daily ( ) (b) weekly ( ) (c) monthly ( ) (d) quarterly ( )

(17) If No, why?

....

POSITIVE SOCIO-ECONOMIC ASSESSMENT

(18) Does the Opportunity International contribute positively to the development of the Municipality? Yes [ ] (b) No [ ]

(19)If yes, how positive does it contributes to the Municipality?

....

....

(20) Are people employed in the Municipality to work at the Opportunity International Savings and Loans limited? (a) Yes [ ] (b) No [ ]

(21) How many people are being employed from the Municipality?

....

(22) Does the Opportunity International help in providing social amenities in the Municipality?

(a) Yes [ ] (b) No [ ]

(23) If yes, what social amenities are being provided?

....

....

....

(24) Have you experienced any change in the following social and economic developmental areas as a result of the Opportunity International Savings and Loans Limited? [Please tick]

Developmental area	Improved	Declined	No change
Access to education			
Access to health care			
Alternative income			
Access to drinking water			
Employment creation			
Capacity building			
Living standard			

(25) Do you expect to impact any future benefit? (a)Yes [ ] (b) No [ ]

(26)If yes, what do you expect?

....

....

PROBLEMS ASSESSMENT

(27) Have you experienced any challenges in your operations? Yes [ ] (b) No [ ]

(28) If yes, what have you experienced?

....

....

(29) What has been done to solve such problems?

....

....

(30) What strategies would you recommend to help you developed the institution?

....

....

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QUESTIONNAIRE ON "THE SOCIO-ECONOMIC IMPACT OF MICROCREDIT ON THE BENEFICIARIES OF TECHIMAN MUNICIPALITY: A CASE STUDY OF OPPORTUNITY INTERNATIONAL SAVINGS AND LOANS LIMITED"

Appendix "3" QUESTIONNAIRE FOR THE WORKERS

[NOTE: please tick appropriate options and indicate in writing where necessary]

BACKGROUND INFORMATION

(1) Respondent's sex (a) Male [ ] (b) Female [ ]

(2) Respondent's Age; (a) 15-20 [ ] (b) 21-30 [ ] (c) 31-40 [ ] (d) 41+ [ ]

(3) Educational Background: (a) Basic [ ] (b) SHS/Technical/Vocational [ ] (c) tertiary [ ] (d) None [ ]

(4) Status/position ……………………………………………………………………………

(5) Qualification……………………………………………………………………………

POSITIVE SOCIO-ECONOMIC ASSESSMENT

(6) What is the name of the institution you are working with?

……………………………………………………………………………………………

(7) How long have you been working with the institution?

....

(8)What is the nature of your employment? (a) Full-time [ ] (b) Part time [ ]

(9) Others (specify)...

(10)What is your monthly salary? (a) Less than GHc20.00 [ ] (b) GHc20.00-50.00 [ ]

(c) GHc50.00-100.00 [ ] (d) GHc100.00+ [ ]

(11) How in your opinion will you assess the institution's contribution to poverty reduction in the Municipality? (a) Very high [ ] (b) High [ ] (c) Low [ ] (d) Very poor [ ]

(12) Give reasons for the answer in (11)

....

(13) Has the institution enhanced social infrastructural development in the Municipality?

(a) Yes [ ] (b) No [ ]

(14) If yes, what social infrastructural facilities are being provided by the institution?

....

....

....

(15) Do you think the institution has created employment opportunities that generate income for the local people? (a) Yes [ ] (b) No [ ]

(16) If yes, mention some of the employment opportunities?

....

....

(17) How does the institution involve local people in decision and project identification?

....

....

(18) What has accounted for the success of the institution in poverty reduction activities in the Municipality?

....
....

(19) As an employee do you encounter any problem(s) with the institution?

(a)Yes [ ] (b) No [ ]

(20) If yes, what are the problems you face?

....
....
....

(21) What are the major challenges the institution is facing in the Municipality?

....
....
....

(22) Provide recommendations for the challenges that face the institution.

....
....
....

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DEPARTMENT OF BUSINESS STUDIES

QUESTIONNAIRE ON "THE SOCIO-ECONOMIC IMPACT OF MICROCREDIT ON THE BENEFICIARIES OF TECHIMAN MUNICIPALITY: A CASE STUDY OF OPPORTUNITY INTERNATIONAL SAVINGS AND LOANS LIMITED"

Appendix "4" QUESTIONNAIRE FOR THE BENEFICIARIES

[NOTE: please tick appropriate options and indicate in writing where necessary]

PERSONAL INFORMATION

(1) Respondent's Sex (a) Male [ ] (b) Female [ ]

(2) Respondent's Age (a) 20 or below [ ] (b) 21-30 [ ] (c) 31-40 [ ] (d) 41+ [

(3) Educational Background (a) Basic [ ] (b).SHS/Vocational/Technical [ ] (c) Tertiary [ ] (d) None [ ] (e) Other (specify)……..

(4) Occupation (i) Farmer [ ] (ii) Trader [ ] (iii) Civil servant [ ] (iv) Public servant [ ] (v) Student [ ] (vi) Others (specify)…………...

MICROCREDIT

(5) Microcredit is a broad term that includes deposits, loans, payment services and insurance to the poor. (a)Strongly agree [ ] (b) Agree [ ] (c) Strongly disagree [ ] (d) Neither agree nor disagree [ ]

(6) How do you understand microcredit? (a) Capacity building [ ] (b) Job creation [ ] (c) Credit given [ ] (d) Education [ ]

(7) Microcredit also means poverty reduction

a) Strongly agree [ ] (b) Agree [ ] (c) Strongly disagree [ ] (d) Neither agree nor disagree [ ]

(8) Which of the following is not a significance of microcredit (a) Job Creation [ ] (b) Capacity building[ ] (c)Assisting government [ ] (d) Credit given[ ]

(9) In your opinion do you think Microcredit creates employment opportunities for the beneficiaries? (a)Yes [ ] (b) No [ ]

OPPORTUNITY INTERNATIONAL

(10) How did you know about the Opportunity International Savings and Loan Limited?
(a) Friend [ ] (b) Customer [ ] (c) Relative [ ] (d) Advertisements/promotion

(11) Which of these products attracted you to join the institution? (a) Savings [ ] (b) Credit [ ] (c) Insurance [ ] (d) Payment Services [ ]

(12) Have you received credit from the above mentioned Microcredit Institution? (a)Yes [ ] (b) No [ ]

(13) If yes how long have you been a member of the Microcredit Institution? (a) 1month -1year [ ] (b) 1year- 2years [ ] (c) 2years – 3years (d) More than three years [ ]

(14) If no did you apply for the loan again? (a) Yes [ ] (b) No [ ]

(15) How long did it take for you to receive your first loan from Microcredit Institution? (a) 1month – 3months [ ] (b) 4months -6months [ ] (c) 7months – 9months [ ] (d) 10months – 12months [ ] (e) 12months and above

(16) What was the purpose of the loan? (a) To start a business [ ] (b) To pay ward school fees [ ] (c) To pay Health Insurance [ ] (d) Expand existing business
(e) Others, please specify……………………………………………………………………

(17) Which of these basic requirements did you have to satisfy before the loan was given? (a) Physical collateral [ ] (b) Social collateral [ ] (c) Savings [ ] (d) Guarantors [ ] (e) Others, Please Specify…………………………………………………………………………………...

(18) How much did you apply for in the first credit application? (a) GHs1 to GHs100 [ ] (b) GHs101 to GHs200 [ ] (c) GHs201 to GH¢ 200 [ ] (d) GH¢ 201 to GH¢ 300 [ ] (e) GH¢ 400 & above [ ]

(19) How much were you granted in your first credit from the Microcredit Institution? (a) GHs1 - GHs100 [ ] (b) GHs101 - GHs200 [ ] (c) GHs201 - GH¢ 200 [ ] (d) GH¢ 201 - GH¢ 300 [ ] (e) GH¢ 400 & above [ ]

(20) Were you able to repay the loan on schedule? (a) Yes [ ] (b) No [ ]

(21) If No what was the reason for your failure to honour the loan on time?
....
....
....

(22) What was the effect of your failure to repay the loan on time?
....
....
....

SOCIO-ECONOMIC ASSESSMENT

(23) Have you recently made improvements to your property (ies) after your association with the MCI? (a) Yes [ ] (b) No [ ]

(24) If yes what is the property acquired (a). Constructed Rooms [ ] (b). Increased purchase of inputs [ ] (c) Built kiosk [ ] (d). Others [ ] please Specify...

(25) Has there been any improvement in the performance of your business since joining the Microcredit Institution? (a) Yes [ ] (b) No [ ]

(26) If yes, what is the range of your profit per week now? ....

(27) What was your range of profit before taking part in the microcredit? ....

(28) What is your profit per month now?...

(29) What was your profit per month before joining Microcredit?

....

(30) How would you assess your weekly and monthly income? (a) Has increased [ ] (b) Remain same [ ] (c) Has decreased

(31) Were you able to send your children to school before joining the Microcredit Institution? (a) Yes [ ] (b) No [ ]

(32) If yes what was your source of funding?

....

(33) If no what is the situation after joining the Microcredit Institution?

....

(34) Have you experienced any change in the following social and economic developmental areas as a result of the Opportunity International Savings and Loans Limited? [Please tick]

Developmental area	Improved	Declined	No change
Access to education			
Access to health care			
Alternative income			
Access to drinking water			
Employment creation			
Capacity building			
Living standard			

(35) As a beneficiary do you encounter any problem(s) with the institution?

(a)Yes [ ] (b) No [ ]

(36) If yes, what are the problems you face?

....
....
....
....

(37) What are the major challenges the institution is facing in the Municipality?

....
....
....

(38) Provide recommendations for the challenges that face the institution.

....
....

THANK YOU!

Appendix "5"

UNIVERSITY FOR DEVELOPMENT STUDIES

TAMALE

DEPARTMENT OF BUSINESS STUDIES

FOCUS GROUP DISCUSSIONS ON "THE SOCIO-ECONOMIC IMPACT OF MICROCREDIT ON THE BENEFICIARIES OF TECHIMAN MUNICIPALITY: A CASE STUDY OF OPPORTUNITY INTERNATIONAL SAVINGS AND LOANS LIMITED"

FOCUS GROUP DISCUSSIONS

(WITH THE BENEFICIARIES)

(1) In your own opinion, what is meant by Microcredit?

(2) What do you think are some of the forms of Microcredit?

(3) Are some people from your Municipality employed to work at the Opportunity International?

(4) How many people have being employed in your community?

(5) Have you received credit from the above mentioned Microcredit Institution?

(6) If yes how long have you been a member of the Microcredit Institution?

(7) If no did you apply for the loan again?

(8) How long did it take for you to receive your first loan from Microcredit Institution?

(9) What was the purpose of the loan?

(10) What basic requirements did you have to satisfy before the loan was given?

(11) How much did you apply for in the first credit application?

(12) How much were you granted in your first credit from the Microcredit Institution?

(13) Were you able to repay the loan on schedule?

(14) If No what was the reason for your failure to honour the loan on time?

(15) Have you made recently improvements to your property (ies) after your association with the Microcredit Institution?

(16) If yes what is the property acquired

(17) Has there been any improvement in the performance of your business since joining the Microcredit Institution?

(18) If yes, what is the range of your profit per week now?

(19) What was your range of profit before taking part in the microcredit?

(20) What is your profit per month now?

(21) What was your profit per month before joining Microcredit?

(22) How would you assess your weekly and monthly income?

(23) Were you able to send your children to school before joining the Microcredit Institution?

(24) If yes what was your source of funding?

(25) If no what is the situation after joining the Microcredit Institution?

(26) In your own view, what is the relationship between microcredit and poverty reduction?

(27) In your own view, what is the relationship between microcredit and job creation?

(28) In your own view, what is the relationship between microcredit and education?

(29) In your own view, what is the relationship between microcredit and development?

(30) In your own view what are the challenges facing you as beneficiaries?

(31) What are some of the efforts you think *the Institution is doing* to empower beneficiaries?

(32) What recommendations would you suggest for the challenges that face the institution?

THANK YOU!