

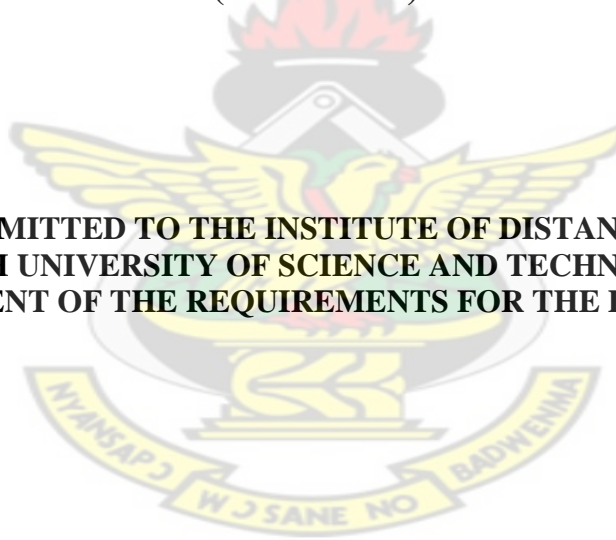
**THE ROLE OF MASLOC IN POVERTY ALLEVIATION AND  
MICRO FINANCING IN THE NEW JUABEN MUNICIPALITY,  
EASTERN REGION.**

**BY**

**KNUST**

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**COMMONWEALTH EXECUTIVE MASTERS OF BUSINESS  
ADMINISTRATION**

**SEPTEMBER, 2012**

## DECLARATION

I hereby declare that this submission is my work towards the Commonwealth Executive Masters of Business Administration (CEMBA) and that, to the best of my knowledge, it contains no material previously published by another person nor material which has 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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## ABSTRACT

Poverty reduction programme is one of the important programmes undertaken by most governments of developing countries. The result of effective poverty reduction programmes is the elimination of extreme poverty from society. Effective implementation strategies of poverty reduction programmes are critical if a developing country like Ghana wants to move to the middle income status. Problems which normally bedeviled the programme include inadequate training of beneficiaries, lack of supervision during funds disbursement and high default in loan repayment. The purpose of this study was to assess the effectiveness of the implementation strategies of Ghana's poverty reduction programme, using the MASLOC programme as a case study. Primary information on the implementation strategies of MASLOC programme was obtained from MASLOC officials and beneficiaries through questionnaire administration and interviews whereas that of the secondary source of data was mainly elicited from the operational manuals of MASLOC and Bank of Ghana. The study revealed that though the MASLOC programme has increased beneficiaries' household income as well as increased access to social services such as health and education, more has to be done in terms of increasing the loan amount to enable beneficiaries to expand their businesses and also to provide the necessary logistics for the programme to be carried out efficiently and effectively. The study recommended that poverty reduction programmes including MASLOC, should be devoid of politics and should be decentralized.

## DEDICATION

This piece of work is dedicated to my family for their enormous support and encouragement during the period of my study.

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I wish to acknowledge all facilitators of the Institute of Distance Learning, KNUST, for the various roles each one of them played towards the successful completion of this project.

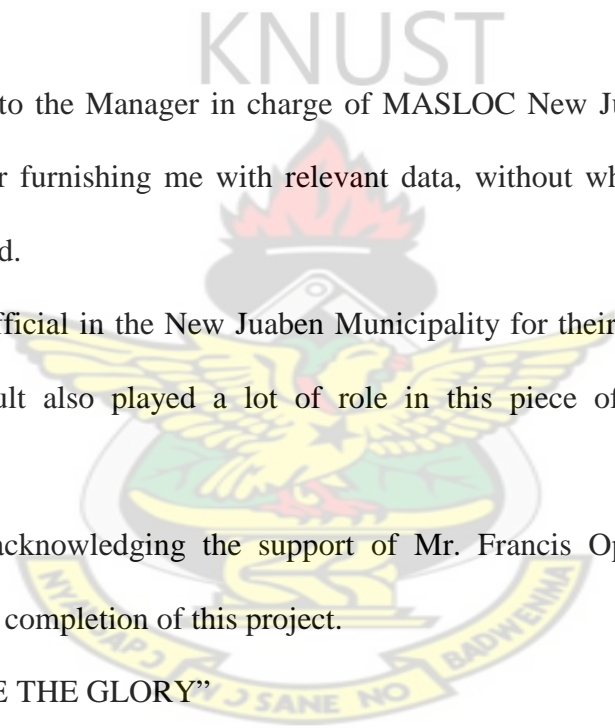
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Above all, "TO GOD BE THE GLORY"



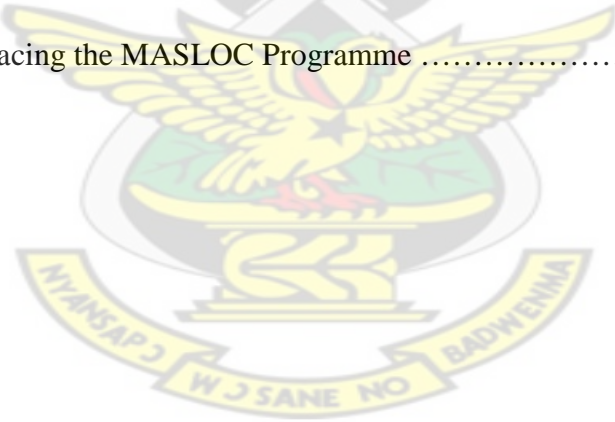
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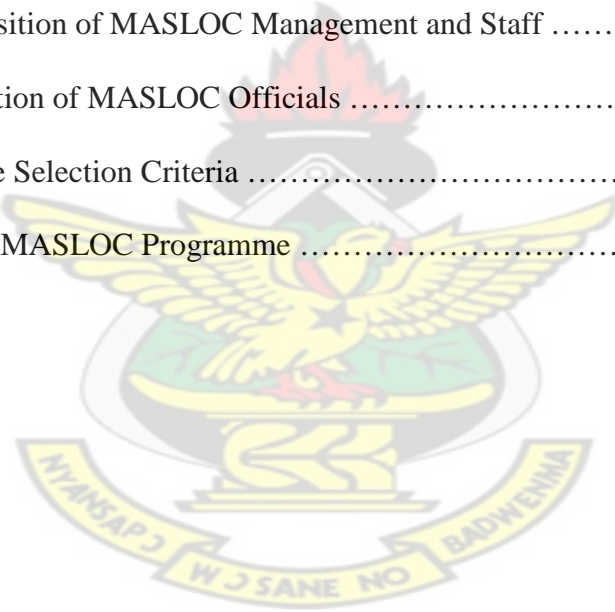
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## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background of the Study

Poverty has been and may probably continue for a long time to be one of the key challenges to confront global civilization. Unless one pretends, poverty can be seen everywhere, although the form and nature of it vary from region to region and country to country. Although fixed poverty is dominant theme within community development (Bradshaw, 2006), there are up to 420 million chronically poor people in the world (CPRC, 2004). Poor people and their dependents will add to increase the world's poor to an estimated 900 million people in 2015 (CPRC, 2004). In spite of the significant improvements over the past century, extreme poverty remains wide spread in the developing world (Todaro and smith 2006).

Poverty refers to the condition of not having the means to afford basic human needs such as clean water, nutrition, health care, clothing and shelter. This is also referred to as absolute poverty or destitution. Relative poverty is the condition of having fewer resources or less income than others within society or country, or compared to world wide averages (Wikipedia.com). According to US president D. Roosevelt in his second inaugural address, 1937 he stated “the test of our progress is not whether we add more to the abundance to those who have much; it is whether we provide enough for those who have too little”.

Poverty reduction strategies form the basis of World Bank and International Monetary Fund (IMF) assistance in the poorest developing countries. Since 2000, the World Bank and IMF have required poverty reduction strategy papers as the basis for providing assistance to the world's poorest and heavily indebted countries. The strategies are intended to be nationally owned highly participatory processes and issues including the economic, social, institutional and environmental aspects of development.

According to World Bank guidelines (World Bank, 2003) the strategies should:

- Be country-driven and country-owned
- Focus on benefiting the poorest segment of society
- Address the multiple causes and effects of poverty.
- Include collaboration with development partners including civil society.
- Demonstrate long term planning for reducing poverty.

Poverty Reduction Strategy Programmes (PRSP) must include a description of the participatory process for preparing the paper, a list of proposed policies and programmes to reduce poverty, and plans for monitoring and evaluating progress. In poorly heavily indebted countries, PRSPs underpin the operations of the World Bank and IMF and provide a mechanism of other donors to co-ordinate their assistance. The PRSP is also linked to World Bank's Country Assistance Strategy (CAS) a road map that guides all of the banks activities and resource allocation – loans, grants, technical assistance, analytical work and resource allocation that takes place in the host country.

Since 2002, all CAS in these countries have been based on a PRSP. In countries that are not among the poorest or heavily indebted, the World Bank requires only a CAS. This strategy, or work plan, also includes a diagnosis of the country's development challenges and receives inputs from a range of development partners. Thus, CAS's also present opportunities for local participation in the policymaking process of middle and higher income developing countries in the year 2006 to 2008 through the help of World Bank.

Microfinance and Small Loan Centre (MASLOC) was established to serve as the agency of government for the prudent and judicious management of government and development partners' funds for micro and small-scale-credit programmes. The objective of the scheme is to support government's programme of a sustainable reduction in poverty as indicated under the Growth and Poverty Reduction Strategy, by providing micro credit and small loans to the productive poor.

MASLOC's facilities are principally targeted at people who fall mostly within the micro, small, and medium enterprises sector, including women, physically challenge and the youth. The most common tenure of the loan facilities is twelve (12) months, applicable mainly to commerce, with a one to three months moratorium depending on the nature of the project. The maximum period is up to 24 months which is normally applicable to new projects such as tractor purchase and operation, pineapple cultivation, piggery, as well as institutional lending for the purpose of on-lending or retailing to end-users. Disbursement of MASLOC loans is done through participating financial institutions and there are currently nine banking groups in partnership with the centre to disbursed and recover loans from clients.

According to Ms Bertha Ansah-Djan, Chief Executive Officer of MASLOC, this corporate entity is creating business opportunities to link producers with buyers to sustain the support given to entrepreneurs. “We are linking producers with buyers so that a farmer looking for chop bar or restaurant operators can easily access the opportunity to market the produce”.

MASLOC has so far made direct disbursements of GH¢18.3 million to 30,000 beneficiaries across the country. A total of GH¢37 million has also been approved, pending disbursement to over 127,000 beneficiaries. Additionally, the scheme has disbursed a total amount of GH¢6.7 million to support 42,069 beneficiaries through the provision of financial support for pro-poor programmes of sixteen Ministries, Department, Agencies and some private microfinance groups. The Ministries are the Ministry of Food and Agriculture, Ministry of Fisheries, and the Ministry of Women and Children’s Affairs. The others are the Ministry of Local Government, Rural Development and Environment, Ministry of Trade, Industry, Private Sector Development and President’s Special Initiatives, Ministry of Lands, Forestry and Mines, and the Ministry of Tourism and Diaspora Relations. The Departments and Agencies are the Department of Social Welfare, National Board for Small Scale Industries, Council for Indigenous Business Associations, Social Investment Fund and the Central Region Development Commission (CEDECOM).

## **1.2 Problem Statement**

Governments all over the world strive to achieve one fundamental goal of promoting development programmes and enhancing a higher standard of living for their citizens. In most developing countries this desire is even more pronounced because the people are very vulnerable and lack the capacity to create wealth by and for them. Governments are thus put under intense pressure to vulnerability and poverty among their peoples (Bawole, 2006).

Microfinance and Small Loans Centre (MASLOC) was introduced by government to reduce poverty and create wealth for the citizens. It has been observed that the process for selecting the beneficiaries does not follow the laid down procedures as specified in their policy. High default rate that is the repayment of the loan is always behind schedule. Beneficiaries are not given adequate training in relation to the lending and borrowing policy. Lack of /supervision in disbursing funds which makes it difficult to reduce poverty thereby making it difficult for MASLOC to achieve it stated goals and objectives for past six (6) years. These problems have therefore necessitated a study on how MASLOC can effectively help reduce poverty in order to build this nation.

### **1.3 Objectives of the Study**

The objectives of the study are to:

- i. Find out the processes involved in accessing MASLOC funds
- ii. Assess the effectiveness of the programme in achieving the desired goals and objectives.
- iii. Find out the impact MASLOC has created on its beneficiaries.
- iv. Find out the challenges involved in the implementation process.
- v. Determine the measures to be taken to improve upon the MASLOC programme.

#### **1.4 Research Questions**

- i. What are the processes involved in accessing MASLOC funds?
- ii What is the effectiveness of the MASLOC Programme in achieving the desired goals and objectives of New Juaben Municipality?
- iii. What impact will MASLOC have on its beneficiaries in New Juaben municipality?
- iv. What challenges are involved in implementation process of MASLOC programme in New Juaben municipality?
- v. What measures will be taken to improve on the MASLOC programme in New Juaben municipality?

#### **1.5 Significance of the Study**

The study is significant mostly due to the fact that poverty has always been with Ghanaians and a strategy has to be developed to minimize the extent of poverty in the country. This can be done by creating the awareness of Poverty Alleviation Programmes such as MASLOC and the impact it has on the citizens of the country.

More so the study will highlight the role MASLOC is playing to reduce poverty in the country and to know whether they have been able to achieve its stated aims and objectives for the past eight (8) years in operation. Challenges and weaknesses embedded in the implementation of

MASLOC will be identified for means to be taken to address them. It will enable players in the economy understand how they can improve future development plans and create a standard measure of assessment aimed at measuring the real impact of the programme.

### **1.6 Scope of the Study**

This study is limited to officials of MASLOC and beneficiaries of the MASLOC Programme under the microfinance scheme in the New Juaben Municipality.

Many researchers have done comprehensive work on poverty reduction programmes in Ghana such as “strategies of poverty reduction programmes” but none of these works ever assessed the impact of the programme to both the government and beneficiaries. It is therefore justifiable for choosing this topic.

### **1.7 Limitation of the Study**

Academic study of this nature cannot be executed without a researcher going through certain difficulties. Among the limitations constrained the researcher is as follows:



Obtaining information from respondents particular officials of MASLOC were difficult and this could be attributed to the sensitivity of the information required or otherwise and also time available for the research to be completed was another constrain.

This is a case study but it may have something to do with the entire poverty reduction programmes in Ghana. However, because the study focused on only MASLOC, generalization to the whole poverty reduction strategies should be cautiously done.

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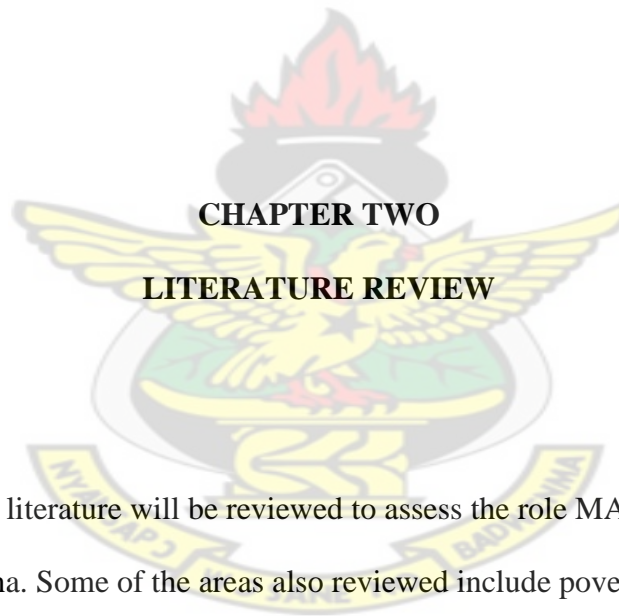
### **1.8 Organization of the Study**

The study is organized into five chapters. The introductory chapter explains the background of the study, the statement of the problem, the research objectives, the research questions, the scope of the study, the significance of the study, the limitation of the study and the organization of the study.

Chapter two focuses on the review of the literature of the topic. That is an in-depth review on MASLOC and it role in reducing poverty thereby building the nation.

Chapter three presents the methodology of the study which includes research design, sources of data, instruments of data collection and sampling procedures. The results are presented in chapter four and finally the summary, conclusion and recommendations are presented in chapter five.

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## CHAPTER TWO

### LITERATURE REVIEW

#### **2.0 Introduction**

In this chapter relevant literature will be reviewed to assess the role MASLOC has played to reduce poverty in Ghana. Some of the areas also reviewed include poverty alleviation programmes, activities of MASLOC and micro financing in Ghana.

#### **2.1 Defining Poverty**

Poverty is the condition of being poor. Poverty trends in Ghana in the 1990s were favorable as the population defined as poor fell from 52% in 1991-92 to just below 40% in 1998-99. This improvement was attributed to sustained GDP average growth rate of 4.3% during that period.

There were also broad improvements in social indicators such as life expectancy, primary school enrolment, and infant mortality rates. However, the reduction in poverty has been geographically uneven and poverty even rose in some areas, notably in the northern part of the country. To put it crudely, Ghana, like most African countries, has grappled with the problems of hunger, ignorance and disease for a very long time. Thus, poverty revolves around these problems: low income, malnutrition, inadequate access to safe water, illiteracy and endemic diseases and increased prevalence of HIV/AIDS.

In the last decade Ghana had prepared an economic policy document, the Ghana Vision 2020, which was supposed to cover the development strategies for the twenty-five year period ending in 2020. The aim was to improve individual and social well-being and make Ghana a middle income country by the end of the period. There were meant to be medium term strategies for the implementation of these strategies throughout the period. The First Step covered the period from 1996 to 2000 but the second step has remained on the drawing board with the change in the government and the emphasis on PRSPs.

Ghana is currently a PRGF-eligible and an IDA-only country, with a per capital of less than \$300. To qualify for the IMF's Poverty Reduction and Growth Facility (PRGF) and assistance from the soft-loan window of the World Bank (the IDA) or the Regional Development Bank, Ghana is therefore, required to prepare a Poverty Reduction Strategy Paper (PRSP). In June 2000, Ghana prepared an Interim Poverty Reduction Strategy Paper (I-PRSP), which was approved by the IMF and World Bank in August 2000 but, as a World Bank Official admitted, it was sections of a number of already existing policy documents that were "cut and pasted" in a

rush to get much-needed assistance from these institutions. The urgency of the presentation of a PRSP became more imperative when Ghana decided to opt for the enhanced HIPC initiative. Thus, while using the I-PRSP as an outline for growth and poverty reduction, steps were taken to prepare the final PRSP document, now christened the Ghana Poverty Reduction Strategy (GPRS). The preparation of the GPRS placed greater emphasis on participation of all stakeholders, including civil society, the media, the private sector, all arms of government and development partners. The IMF and World Bank boards gave their blessing to the document February 2010 as part of the process in reaching the HIPC decision point. The document was the principal subject of the Consultative Group Meeting held in Accra in 2010.

To the government of Ghana, the GPRS is a country-owned and generated set of comprehensive policies to support growth and poverty reduction over the three-year period; 2002-2004. The goal of the GPRS is to “create wealth by transforming the nature of the economy to achieve growth, accelerated poverty reduction and the protection of the vulnerable and excluded within a decentralized, democratic environment” (GPRS February 20, 2002). The focus is on stabilizing the economy and laying foundation for a sustainable, accelerated and job creating agro-based industrial growth. There is also emphasis on the creation of an enabling environment for the empowerment of all citizens to participate in wealth creation and its consumption. The main policy priorities of the government of Ghana as contained in the GPRS which were re-stated in the 2002 Annual Budget Statements are:

- Infrastructural development,
- Modernized agriculture based on rural development,
- Enhancing social services,
- Good governance, and

- Private sector development.

## **2.2 Microfinance Development in Ghana**

Microfinance is 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. It includes loans, savings, insurance, transfer services and other financial products and services. Microfinance has been successful in reaching the poor and helping them gradually escape poverty because of its strong competency in using scarce resources to efficiently reach the underserved.

Currently, there are three broad types of Microfinance Institution (MFIs) operating in Ghana. These include:

- Formal providers of Microfinance (i.e. Rural and Community Banks, savings and loans companies, commercial Banks)
- Semi-formal providers of microfinance (i.e. Credit unions Financial Non-governmental Organizations (FNGOs), and Cooperatives.
- Informal Providers of Microfinance e.g. Susu collectors and clubs, Rotating and Accumulating savings and Credit Associations (ROSCAS and ASCAs) traders, Money lenders and other individuals (Microfinance Journal 1<sup>st</sup> Quarter 2010).

The micro finance sectors in Ghana has seen a lot of intervention through Technical Assistance and on-lending funds from government programmes and Development Partners interventions such as the World Bank, African Development Bank and the International Fund for Agricultural Development

(IFAD), DANIDA, GTZ, African Development Foundation (ADF), CARE International, and USAID among others (Microfinance News 3<sup>rd</sup> Journal 2010).

One of such notable project has been the Rural Financial Services Project (RFSP) which Started July 2002 with support from IFAD, IDA and AfDB (Microfinance Journal 4<sup>th</sup> Quarter 2010).

### **2.3 Microfinance related Project**

The following are some microfinance projects implemented by the government.

- Social Investment Fund Project (SIF). The social Investment fund concept became popular when over the years; many governments especially in developing countries could not sustain the gains of development interventions using the traditional top-down approach. In their search for a better alternative, the social fund concept was conceived by development partners. Spearheaded by the World Bank, as an effective and a more organized way of reaching out to the poor with development resources. The popularity gained by the social fund concept can be attributed to it's deviation from the traditional way of fighting poverty which are sustainable, less inclusive and less persistent in nature. This new development tool put within the reach of poor the essentials of production, which ensures that the change process is more sustainable. It is this good trait of the Social Fund Concept among others that the government of the republic of Ghana and its development partners introduced it for the first time in 1998.
- In 1998 the Government of the Republic of Ghana, the African Development Bank (AfDB), the United Nation Development Programme (UNDP) and later the OPEC Fund for International Development came together to develop a more sustainable Social fund with a

total investment portfolio of US\$ 20.8 million. The fund was set up as a rapid, reliable and flexible mechanism for channeling resources to deliver targeted assistance to both Ghana's urban and rural impoverished communities by: facilitating access of the poor to basic economic and social Infrastructure and service through direct investment to improve their availability enhancing the access of the poor to financial service by increasing the availability of micro-finance and the capacity of micro-financial Institutions. Strengthening Community-Based Organizations, non-governmental Organizations, indigenous Micro-finance Institutions (MFIs) and Local Government Administrations in support of the overall goal of poverty reduction.

- Support Programme for Enterprise Empowerment and Development (SPEED). It is a private sector initiative supported by GT2, DANIDA and GOG. SPEED's overall objective is "Socially and geographically balanced development of growth-oriented Micro, Small and Medium Enterprises (MSMEs) through market oriented financial and non-financial business support instrument". The principal aim of SPEED is to support MSME's by providing better access to financial and non- financial services. The idea is that with those services, the MSME sector will grow in terms of asset building turnover income generation of creating new jobs. These expected developments in turn are linked to the UN Millennium Development Goals (MDGs) to cut by half extreme poverty in the world by 2015, an objective that is also strongly endorsed and supported by the Governments of Ghana, Germany and Denmark. SPEED Ghana is in its second phase and has three (3) components namely: Technical Assistance to Microfinance Institutions, the wholesale Funding Facility Business and Business Development services. These components work together to create synergies to achieve the objectives of SPEED.

- Livelihood Empowerment Against Poverty (LEAP) Scheme. Microfinance is always targeted at the poor, the deprived and the marginalized who are economically or productively engaged. This implies that microfinance clients must be income earners before they access micro-credit facility. However there is a class of this category of people who for one reason or another are unemployable or incapable of earning a living or marginally so and may not qualify for micro credit. These households at the lowest rung of the poverty scale. While some of them may be indigent, others need some initial support other than credit to enable initiate an income generating activity for their livelihood. All such persons need some social protection safety net which will provide them with some form of social inclusion transfer to secure their survival. The government's scheme for LEAP has been designed for this purpose. This scheme is part of the National Social Protection Strategy (NSPS), a social grant which seeks to provide funds on continual basis to the extremely poor households with vulnerable organs. The scheme is meant to alleviate the suffering of the very poor by supplementing the basic subsistence needs.
- The scheme is initially targeting 160 households in selected districts from the ten regions. This is to be scaled up for over 164 thousand households over 5 years. The households are the extremely poor identified by the Ghana Living Standards Survey (GLSS) 2005 to form the lowest 18% of the poor, the vulnerable and the excluded. These are the households with income of less than one (1) USD per day and cannot afford their basic human needs, including their food requirements and also suffer from poverty across generation. The selection is to be done by using the GLSS data districts poverty maps and regional distribution that the poorest regions are fairly represented. Dependents such as orphans,



vulnerable children and persons incapacitated by HIV/AIDS and for aged will be assisted through their care providers to expand their livelihood.

#### **2.4 Microfinance and Small Loans Centre (MASLOC)**

Microfinance and Small Loans Centre (MASLOC) is a micro finance scheme inaugurated in September, 2006. MASLOC was established by the government in response to the acute lack of financial support for micro, small and medium enterprise sector and as an integral component of the government growth and poverty reduction strategy. The key function of the centre is to serve the fiduciary agency of government for the prudent and judicious management of the government micro and small-scale credit programmes.

The wider functions of MASLOC include undertaking: (MASLOC Operational Guidelines 2011).

1. Appropriate reforms and development measures that would strengthen microfinance operation as an effective and viable strategy for poverty reduction.
2. Sound and judicious administration on fiduciary basis of government and or development partners fund for micro and small-scale credit programmes and also serve as the apex body of the microfinance sub-sector.
3. Co-ordination, collaboration, complementarily with other non-bank microfinance institutions.
4. Institutional and capacity building

## 5. Data and information collection, analysis and dissemination.

The long-term objective of MASLOC is to promote the emergence, development and growth of a sustainable and decentralized micro-financial sector with grassroots participation in ownership management and control.

The decision to set up MASLOC underscores government's recognition of microfinance as one of the most effective and sustainable strategies for poverty reduction by way of bringing financial services to the productive poor.

In pursuit of this mandate, the targets for MASLOC's facilities are principally the marginalized productive poor who fall mostly within the micro, small and medium enterprises sector. Programmes for women youth and the people with disabilities receive priority attention within the operations of MASLOC.

MASLOC is also working with the marginalized segments of the society to improve their economic circumstance. For instance, the centre is providing funding to support the Ghana society for the physically disabled to meet urgent orders for fifty thousand boxes of white chalk from the Ghana education service. The Ghana federation of the urban poor too is also being assisted to leverage micro-credit support to seven thousand households under the urban poor fund. The federation which is currently present in six regions namely, greater Accra, Ashanti, Volta, Eastern, Western and Central Regions has a membership that is 90 % women and over 10, 000 kayayei. The objective of the support is to enhance the access of membership to micro credit to enhance their productive ventures ([www.masloc.gov.gh](http://www.masloc.gov.gh)).

MASLOC'S operations are faced with a number of challenges. These include meeting the huge demand for MASLOC funds and further decentralization to the district level to bring its operations even closer to the rural communities. MASLOC has shown keen commitments to its mandate of making affordable finance more accessible to the productive poor who have been marginalized by the traditional banking system. And in this regard, the centre is seeking actively the collaboration of all like-minded segments of the society to ensure that microfinance is mainstreamed into regular funding arrangements for the private sector ([www.masloc.gov.gh](http://www.masloc.gov.gh)).

The future of banking definitely belongs to microfinance and it is incumbent on all stakeholders in the economy to throw their weights behind the development of a vibrant sector that would support the micro small and medium enterprises in the country.

#### **2.4.1 MASLOC Strategic Goals**

Strategic goal of MASLOC includes the following: (MASLOC Operational Guidelines 2011).

- It is the goal of MASLOC to reach out to many clients in the informal sector who are normally excluded from mainstream banking and are unable to access loans and credit from the formal banking sector.
- Our target clients are the productive poor and the vulnerable in the society who are engaged in micro and small scale businesses to lift them out of poverty.

- It is our goal to develop MASLOC into a viable self sustaining body for the effective and efficient disbursement management and recovery of microfinance and small loans to the poor and the vulnerable in the society.
- The strategic goal of MASLOC is therefore to reduce poverty, create employment and wealth.

#### **2.4.2 Functions of MASLOC (MASLOC Operational Guidelines 2011)**

The object of MASLOC is to provide, manage and regulate on fiduciary basis approved funds for microfinance and small scale credit schemes and programmes and also serve as the apex body of the microfinance sub sector.

- Engage directly and indirectly in microcredit and small loans business.
- Promote and enhance the development of a decentralized micro-financial system.
- In respect of operations with non-bank institutions and targeted end-users to promote.
  - i. Co-operation, collaboration and complementarities with other non-bank finance institutions.
  - ii. Institutional development and individual capacity building.
  - iii. Savings and deposits mobilization.
    - Identify, promote and co-ordinate operations of associate community based programmes.
    - Support the development of small scale business and entrepreneurial skills.
    - Act as the apex body responsible for the co-ordination and facilitation of the activities of institutions and organizations in the microfinance subsector of the economy.

- Undertake any other business deemed necessary and appropriate for the achievement of its objectives.
- Data and information collection, analysis and dissemination.

#### **2.4.3 Types of MASLOC Loans (MASLOC Operational Guidelines 2011)**

- The micro-credit or group loans under the micro-credit scheme the main beneficiaries are groups/cooperative societies, each consisting of minimum of five (5) and a maximum of twenty-five (25) members. An individual within a group can access a minimum of GH¢100 to GH¢500. The group solidarity mechanism is applied in this credit scheme. This means the whole group is held liable for the repayment of the loan. Thus until every member within the group has finished paying, the group is considered not to have paid back their loan.
- The Small Or Individual Loans  
In the case of the small or individual loan scheme an individual can access a minimum loan of GH¢1000 and a maximum of GH¢10,000. Under this scheme the loan beneficiary must provide an acceptable security in addition to a personal guarantor who must be in a position to redeem the loan in case of default.
- Wholesale Lending  
With this scheme, MASLOC grants loans to microfinance institutions (MFIs) for on-lending to small and micro businesses.

All MASLOC loans are for a short period not exceeding twelve (12) months within which they have to be repaid with interest. Thus, economic activities of long gestation periods are not supported.

#### **2.4. 4. Eligibility Criteria for MASLOC Loans**

- Micro-Credit or Groups Loans

- i. The group or co-operative society membership must be between 5 and 25.
- ii. Individuals in the groups must be between 18 and 65 years and of sound mind.
- iii. The group shall have common production or operational interest
- iv. The group shall have its own leaders mainly the chairman, secretary, treasurer and with internal rules and regulations.

- Small Loans

- i. Applicant must be between 18 and 65 years and of sound mind
  - ii. Must have an on-going business venture or project.
  - iii. Must have sound knowledge and considerable experience in the business venture or project.
- Start-up projects or business must be viable and capable of generating employment.

- Wholesale Lending

- i. Must be a recognize entity registered under the laws of Ghana.
- ii. Must be committed to poverty alleviation
- iii. Submit operational manuals especially credit.
- iv. Submit a business plan or proposal.
- v. Provide current audited or unaudited financial statements.

Because of the levels of micro-credit and small loans, MASLOC does not generally require its customers to provide any business plan before accessing the loan.

#### **2.4.5. Accessibility of MASLOC Loans**

To access MASLOC Loans, one must go through the following processes:

- i. Submit a written application to any of our district offices nearest you, stating the loan amount and the purpose of the loan.
- ii. You will be invited by one of our loan officer for preliminary assessment.
- iii. You will be advised on best practices, MASLOC interest rates and other information you need to know.
- iv. Should you qualify for the loan, your loan application will be processed.
- v. Applications for group and small loans should also provide two (2) passport size photographs.

#### **2.4.6 Target Beneficiaries**

MASLOC's facilities are principally targeted at the marginalized productive poor who fall mostly within the micro small and medium enterprises sector.

The main priority target groups of the intervention are women, the physically challenged (people living with disabilities) and the youth especially as well as the productive poor in general who are operators of all kinds of small and medium scale economic/income generally activities.

Currently the economic activities that qualify to be funded by MASLOC fall under the following sub-sectors (MASLOC Operational Guidelines 2011).

- Food Crops

Production of root crops (e.g. Cassava, yams) cereals (e.g. Maize, rice, millet, sorghum, legumes pepper, garden eggs, okro, tomatoes etc). Agricultural crops with long gestation period are not supported under the scheme.

- Agro-Processing

Extraction of palm – oil, palm kernel oil, groundnut oil, copra oil, gari processing, fruit drink production.

- Poultry

Production of broilers, layers, turkeys, guinea fowls ducks, ostriches, among others.

- Livestock Piglets

Production of pigs, goats, sheep; fattening of young bulls / steers, among others for sale.

- Microenterprise

Pretty- trading including retail of provisions food stuffs / staples, fruits, vegetable selling of secondhand clothing, household utensils stationery etc.

- Agro-Marketing

Marketing of foodstuffs such as maize, yams, tomatoes, local rice, and cold-storage (selling of frozen meat and fish) livestock.

- Alternative Livelihood

Bee-keeping, mushroom cultivation, snails, grasscutter and rabbit rearing.

- Fish mongering

Smoking and selling of fish, cold storage

- Fishing

Offshore and inland fishing

- Aquaculture



Construction of fish pond and fish farming

- Vocations

Vocational enterprise such as dressmaking, hairdressing, batik, tie and dye production, carpentry, beads production.

- Handicrafts

Carving, basketry drum production

- Agriculture machinery

Farm implements, farm machinery (e.g. tractor, power tiller, bullock ploughs,) delivery vans.

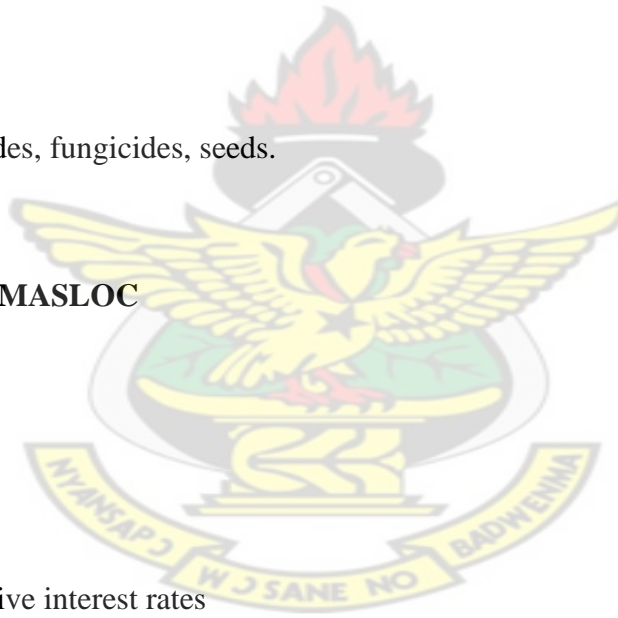
- Farm inputs

Fertilizers pesticides, fungicides, seeds.

#### **2.4.7 Benefits of using MASLOC**

- Easy to apply
- Very accessible
- Very fast loans
- Highly competitive interest rates
- Flexible repayment schedules based on gestation period of project.
- Less cumbersome application procedure.
- Receive training and capacity building services
- Business advisory service

#### **2.4.8 Challenges of MASLOC**



MASLOC is faced with a lot of challenges but the most critical ones include the following:

- Negative political pronouncements hampering MASLOC operations. Certain pronouncements by political figures regarding its operations and political interference are some of the major challenges it to grapple with.
- Conditionalities and limitations imposed by existing agreements with the International Financial Institutions (IFI) e.g. Millennium Development Authority (MDA) and Rural Financial Services Project (RFSP) which determines how much Ghana can borrow.
- Inappropriate institutional arrangements, poor institutional linkages and poor regulatory environment.
- Inadequate capacities, lack of coordination and collaborations.
- No specific set of criteria developed to categorize beneficiaries and channeling of funds by MDAs (Ministries Departments and Agency) lacks the linkage between formal and informal institutions.
- Inadequate funds and inadequate skills and professionalism.

## **2.5 Microfinance Apex Institutions**

The ARB Apex Bank Ltd is a mini “Central Bank” for the Rural/Community Banks (RCBs). The ARB Apex Bank Ltd is mainly financed through the Rural Financial Services Project (RFSP). The RFSP is a Government of Ghana Project to holistically address the Operational bottlenecks of the rural financial sector with the aim of broadening and deepening financial intermediation in the rural areas. To date, there are 125 rural/Community banks with over 500 branches/agencies in the country. Currently, the association has about 96 Institution as members in the country. The ARB Apex Bank Ltd. is mainly financed through the Rural Financial Services Project (RFSP).

The rural and Community Banks under apex bank undertake a mix of microfinance and commercial banking activities structured to satisfy the needs of the rural areas.

Some of their activities are:

- Provision of banking services by way of funds mobilization and credit to cottage industry operators, farmers, and fishermen.
- Grant credits to customers for the payment of school fees, acquisition/rehabilitation of houses and to meet medical expenses.
- Devote some of their profits to meet social responsibilities such as donation to support education, health, traditional administration and needy in their respective communities.
- Specific gender programmes focusing on women-in-development and credit with education activities for rural women.

## **2.6. Regulatory Frame Work and Issues for Rural Microfinance in Ghana**

Beginning in 1976, the Bank of Ghana (BOG) issued regulations under the banking law that permit Rural and Community Banks (RCBs) to operate as commercial banks under the banking law, except that they cannot undertake foreign exchange operations, their clientele is drawn from their local catchment area, and their minimum capital requirement is significantly lower. The financial institution (Non-Banking) Law of 1993 open up the system to serving more market niches including the poor and MSMEs, by establishing nine (9) new categories of licensed financial institutions including Savings and Loans companies (S&Ls) and credit unions (which nevertheless have not been brought under BOG supervision, pending further legislation that would more explicitly recognize their dual co-operative and financial nature.).

Registered Non-Governmental Organizations (NGOs), as well as government and donor programmes are permitted to encourage in lending (though not to mobilize voluntary savings for the purpose of lending). Likewise, individual susu collectors who gather and hold daily savings from their clients are accepted as part of the traditional informal financial system (though they are encourage to join registered Ghana Co-operative Susu Collectors Association (GCSCA).In practice, member-based co-operatives and other savings and credit association (including Rotating Savings and Credit Associations(ROSCAs) and susu club) are allowed to mobilize savings and lend to members, since they do not engage with the general public ( [www.ghamfin.org](http://www.ghamfin.org)).

The table below shows the recent growth in the member of formal and semi-formal RMFIs from 2000-2006.

#### **GROWTH IN NUMBER OF REGISTERED RMFIS 2000-2006**

|                            | No. In 2000 | No. In 2006 |
|----------------------------|-------------|-------------|
| Rural and Community Banks  | 144         | 121         |
| Savings and Loan Companies | 8           | 12          |
| Credit Unions              | 225         | 273         |
| Financial NGOs             | 8           | 29          |
| <b>Total</b>               | <b>355</b>  | <b>435</b>  |

SOURCE: BANK OF GHANA JOURNAL 2010

### 2.7 MASLOC Performance Indicators

| Loans                    | CUA      | RCBs      | S & L    | FNGOs    |
|--------------------------|----------|-----------|----------|----------|
| Total Loans Outstanding  | 3,948.99 | 1,1510.24 | 3,711.60 | 1,660.04 |
| Number Of Borrowers      | 9,9856   | 35,8092   | 7,7513   | 96157    |
| Number Of Female Borrows | 36281    | 140596    | 53753    | 87000    |

| Savings In Millions     | GCSCA | CUA   | RCBs   | S & L |
|-------------------------|-------|-------|--------|-------|
| Total Savings           | 38.54 | 58.46 | 226.46 | 23.91 |
| Number Of Savers        | 3012  | 1999  | 24930  | 2999  |
| Number Of Female Savers | 1818  | 761   | 11386  | 1081  |

SOURCE: MASLOC FINANCIAL RECORD – 2011

## 2.8 MASLOC Beneficiaries in New Juaben Municipality

| RCBS                   | 2010          |     | 2011          |     |
|------------------------|---------------|-----|---------------|-----|
|                        | BENEFICIARIES |     | BENEFICIARIES |     |
|                        | M             | F   | M             | F   |
| Mumuadu Rural Bank LTD | 301           | 115 | 411           | 123 |
| Odwen Anoma Rural Bank | 316           | 121 | 338           | 142 |
| South Akim Rural Bank  | 226           | 97  | 321           | 107 |
| Atiwa Rural Bank       | 241           | 83  | 297           | 113 |
| Adonten Community Bank | 198           | 109 | 243           | 141 |
| Total                  | 1282          | 525 | 1610          | 626 |
|                        |               |     |               |     |

SOURCE: MASLOC JOURNAL 2011

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## CHAPTER THREE

### METHODOLOGY

#### **3.0 Introduction**

This chapter focuses on the research methodology which expatiates on the tools used by the researcher to embark on the research work in order to acquire information necessary to assist the researcher to present her findings of the field work.

#### **3.1 Research Design**

According to Saunders et al., (2007) research work can be design using three approaches.

These are descriptive, explanatory and exploratory. Descriptive approach is always adopted when the motive is not to find causes to research problem, rather, describe the situation as the name suggests. In this context the researcher will use descriptive method to describe the situation under study.

The general picture that qualitative method can give makes it possible to get further comprehension of social processes and relation (Holme and Solvang, 1997) as quoted in Olander and shlin (2000). According to Zikmund (2003), the target of qualitative research is not on numbers but on words and observation, stories, visuals, portrayals, meaningful characterization, Interpretation and other expensive description.

Both qualitative and quantitative method was used to obtain information for the research work.

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### **3.1.1 Population of the Study**

The study population is that aggregation of element from which the sample is actually selected. It is the aggregate or the totality of all members or units from which information could be obtained (Rubin and Babbie 2001).

The population of the study comprises of 20 staff of MASLOC (one (1) Regional Manager, one (1) Deputy Manager, six (6) Credit Officer, eight (8) Field Workers and four (4) Supporting Staff in New Juaben Municipality) and 101 registered MASLOC beneficiaries in the municipality.

### **3.1.2 Sample Size and Sampling Technique**

According to Holme and Solvang (1997) it is of great importance to find the respondent to get the right information. Eighty (80) respondents were selected for the research work. The population of MASLOC officials was small so all the population of twenty (20) staff was selected and this will also help to assess the impact the officials have on the programme. The



core respondents were Regional Manager, Credit Officers, Field Officers and supporting staff. With respect to the beneficiaries, sixty (60) respondents were selected out of one hundred and one (101) beneficiaries using simple random sampling technique in order to give everyone the chance to be selected.

### **3.2. Sources of Data**

The study used both primary and secondary sources of data. The primary source of data was obtained from the field with the help of respondents. Questionnaires were designed and administered to the beneficiaries, manager and staffs of the MASLOC programme. The manager and staffs of MASLOC were also interviewed.

Secondary source of data will be obtained from operational manuals on the MASLOC, programme, journals, text books, annual reports and relevant websites on poverty reduction programme.

The purpose of reading from these sources is to analyze Ghana Poverty Reduction Programmes of which Micro and Small Loans Centre (MASLOC) is one of the programmes.

#### **3.2.1 Data Collection Method**

There are various methods by which both secondary and primary source of data are obtained. Saunders et al, (2007) list questionnaire, interviews (semi-structured, in-depth and group) and observation as methods that are useable. For this research the methods employed are through survey and interviews.

The instrument used for collection of relevant data for the study are questionnaire and semi-structured interview approach.

- Questionnaire

This research instrument is a compilation of structured questions which was given to respondents for their completion or responses. The questions will be close-ended multiple-choice questions giving respondents a choice from a range of answers based on multiple choice options.

The options will be from A to D and this is to ensure that the choice of answers directly addresses issues at stake and make collation and analysis of the data simple.

- Interview

Furthermore, in-depth interviews were held with the manager and staff of MASLOC to solicit answers, opinions, and suggestions on the study because of the peculiar knowledge they possessed on the subject under study. This will involve the use of semi-structured open-ended questions to allow for free but brief expression of relevant ideas, opinions and suggestions that will not have been capture on the closed-ended questions. Each interview will last for fifteen (15) minutes since the manager and staff will have busy schedules.

Before administering the questionnaire the importance of the research will be explain to the respondents to encourage them to be truthful and diligent with their responses to make the research worthwhile.

### **3.2.2 Data Collection Process**

The researcher assigned one month for the entire data collection exercise. Questionnaires were administered and interviews were conducted on both MASLOC officials and beneficiaries. The

interviews were done in a conversational manner to let the respondents give information in a relaxed and flexible atmosphere. The questionnaire were both open-ended and close-ended, the open-ended is to get more and accurate information from respondents while close-ended is to get concise opinion to make the analysis concrete.

### **3.2.3 Quality Standards**

Miles and Huberman, (1994) states that getting it all right is an unworkable aim in setting standards for the quality of the research work. Instead, in conducting research, the researcher should do as Wolcott, (1990) suggested, that is, try and not get it all wrong. (P277). Reliability is about trusting the results of a research (Graziano and Raulin, (1989) and Jacobsen, (2002) were of the view that validity is about having a good methodology to secure that.

The researcher however used the reliability and validity to test the quality standard of the piece of research work she embarks upon.

### **3.2.4 Reliability and Validity of Results**

The researcher in order to strengthen the reliability of the study undertook the follow activities. Firstly, to ensure that the objective set are in conformity with the research questions. Literature will be review to cover both the objectives and the research questions.

Secondly it was important to interview the right respondent thus those with sufficient knowledge in the area. In addition to the above, before, interview were conducted, several meetings took

place to establish good human relationship with respondents which as a result made the respondent comfortable in giving out information.

### **3.3 Data Analysis**

Data collected through the use of questionnaires and interviews were presented by means of tables and bar charts. This provided a summary of the data for easy analysis. It also offered a pictorial presentation which enhanced easy understanding of the data. Percentages were used in the analysis of the data presented.

Content analytical method was used to analyze the interviews and descriptive SPSS (Statistical Package for the Social Sciences) was also used to analyze questionnaires.



## **CHAPTER FOUR**

### **DATA ANALYSIS AND DISCUSSION OF RESULTS**

#### **4.0 Introduction**

In this chapter the data collected from the field is analyzed and presented. The analysis includes the socio-demographic characteristics of MASLOC officials and beneficiaries; problems associated with the MASLOC Programme; and strategies adopted to improve on the MASLOC Programme.

Graphs and tables have been used to summarize the data obtained from the field for easy comprehensibility.

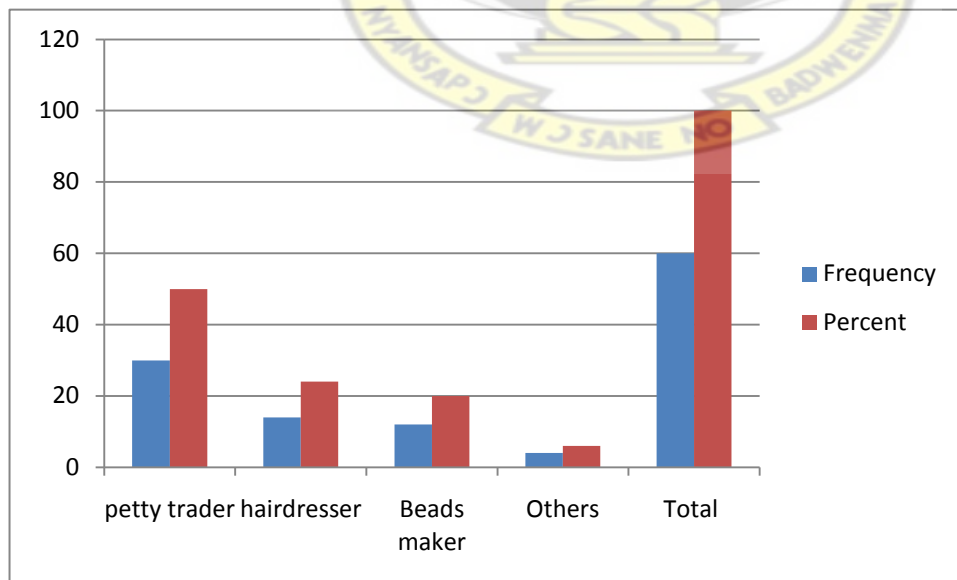
#### 4.1 The Socio-demographic Characteristics of Beneficiaries of MASLOC Programme.

The data gathered from the beneficiaries of the MASLOC Programme is presented in both tables and bar charts.

Table 1.0 Occupation of Beneficiaries of the MASLOC Programme.

| Occupation   | Frequency | Percent |
|--------------|-----------|---------|
| Petty trader | 30        | 50.0    |
| Hair dresser | 14        | 24.0    |
| Beads maker  | 12        | 20.0    |
| Other        | 4         | 6.0     |
| Total        | 60        | 100.0   |

Figure 1 Occupation of Beneficiaries.



Field Survey, March, 2012.

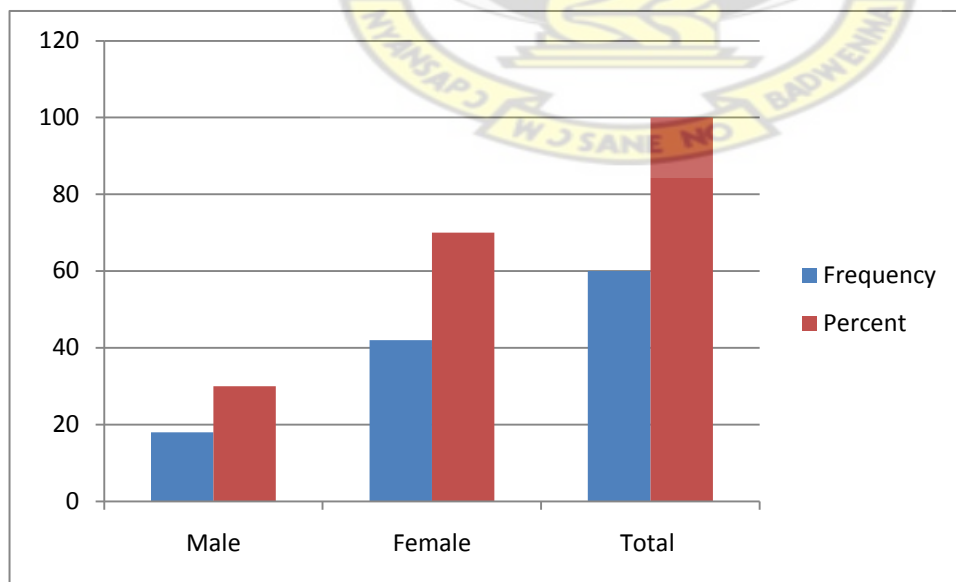
The information presented on table 1.0 and figure 1 indicated that many beneficiaries of the MASLOC programme are petty traders who represent 50% of the respondents. This is followed by hairdressers who represent 24% of the respondent, Beads makers constituting 20% of the respondents and others including dressmakers, barbers, and carpenters representing 6% of the respondents. This shows that most of the beneficiaries under the programme in New Juaben Municipality are petty traders so more attention should be given to them in terms of accessing credit.

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Table 2.0 Gender Composition of Beneficiaries

| Gender | Frequency | Percent |
|--------|-----------|---------|
| Male   | 18        | 30.0    |
| Female | 42        | 70.0    |
| Total  | 60        | 100.0   |

Figure 2 Gender Compositions of Beneficiaries



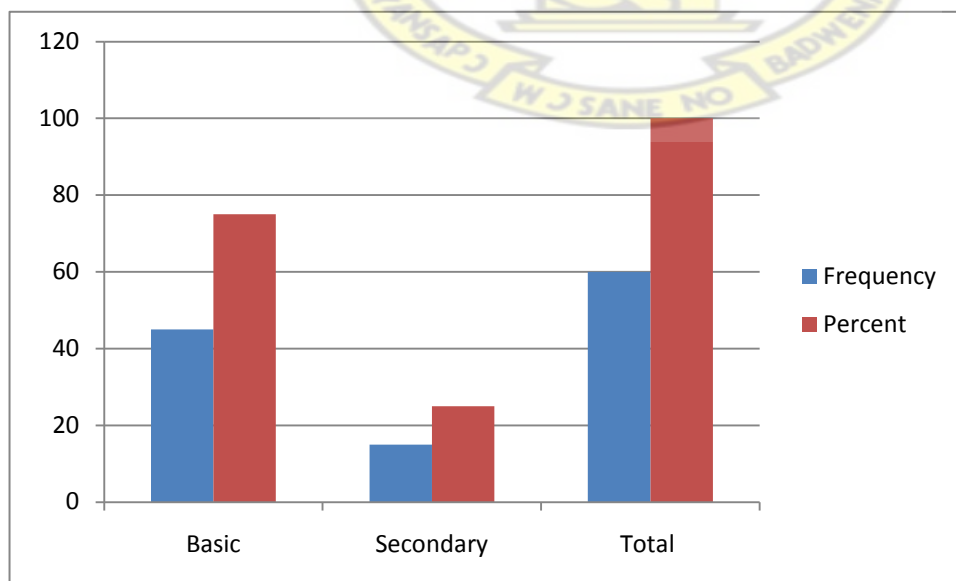
Field Survey, March 2012.

The information presented on table 2.0 and figure 2 shows that there are more female beneficiaries than male under the micro finance scheme which represent 70% as against 30% respectively so more female friendly microfinance policy has to be implemented.

Table 3.0 Educational Level of Beneficiaries

| Educational level | Frequency | Percent |
|-------------------|-----------|---------|
| Basic             | 45        | 75.0    |
| Secondary         | 15        | 25.0    |
| Total             | 60        | 100.0   |

Figure 3 Level of Education of Beneficiaries.



Field Survey, March 2012

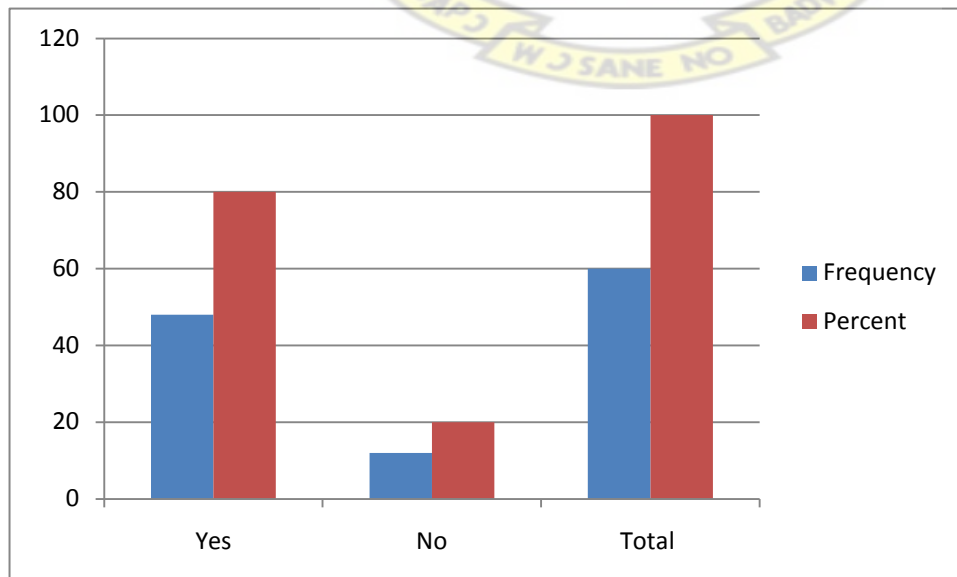
The information presented on table 3.0 and figure 3 shows that majority of the beneficiaries had basic education representing 75% of the respondents and 25% of the respondents for Secondary education. This shows that the Officials of MASLOC has a lot of training to do to educate them on the importance and policy of the programme.

#### 4.2 Assessing the Effectiveness of MASLOC Programme

Table 4.0 MASLOC Impact on the Activities of its Beneficiaries

| Impact | Frequency | Percent |
|--------|-----------|---------|
| Yes    | 48        | 80.0    |
| No     | 12        | 20.0    |
| Total  | 60        | 100.0   |

Figure 4 MASLOC Impact on Beneficiaries.





Field Survey, March 2012

The information presented on table 4.0 and figure 4 indicated that MASLOC programme has been beneficial to some citizen of the New Juaben Municipality. 80% of the respondent says it has a positive impact on their activities while 20% says there is no impact at all.

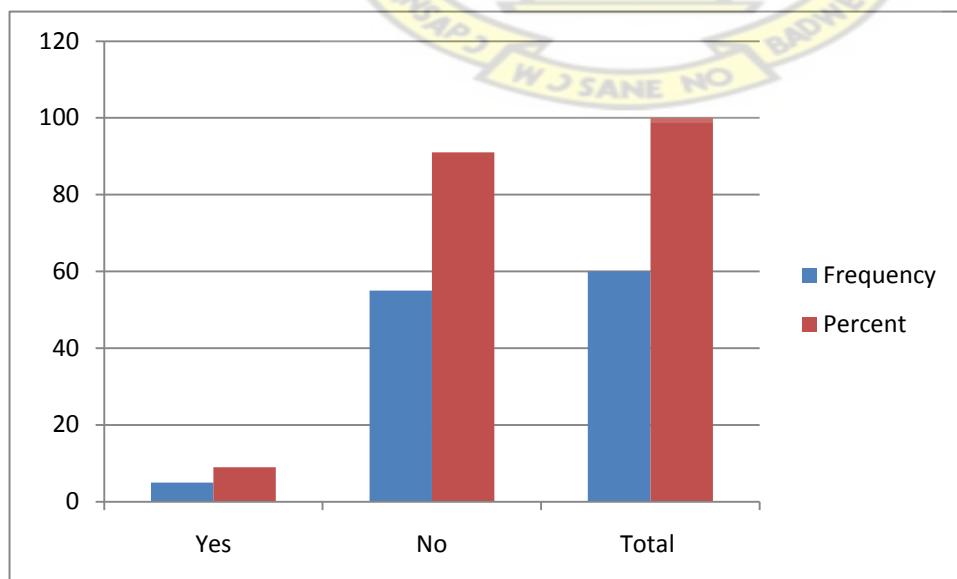
Further interview shows that 80% of the beneficiaries were crediting goods they sell but now they buy the good with their own money from the MASLOC loan which makes the price of the goods comparatively cheaper.

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Table 5.0 Adequacy of the Loan to Beneficiaries

| Response | Frequency | Percent |
|----------|-----------|---------|
| Yes      | 5         | 9.0     |
| No       | 55        | 91.0    |
| Total    | 60        | 100.0   |

Figure 5 Loan Adequacy to Beneficiaries.



Field Survey, March, 2012

The information presented on table 5.0 and figure 5 was clear that the loans given to beneficiaries are not enough to actually move them out of poverty. 91% respondents said it is inadequate while 9% says it is okay.

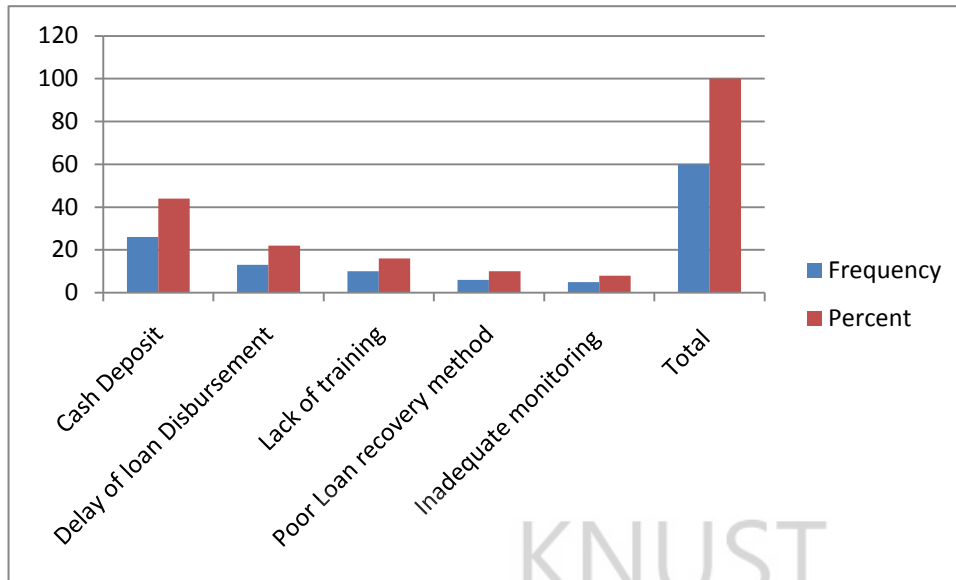
This indicates that something must be done to the loan amount given to the beneficiaries.

### 4.3 Challenges Encountered by Beneficiaries

Tables 6.0 Challenges Facing Beneficiaries

| Challenges                 | Frequency | Percent |
|----------------------------|-----------|---------|
| Cash Deposit               | 26        | 44.0    |
| Delay of loan Disbursement | 13        | 22.0    |
| Lack of training           | 10        | 16.0    |
| Poor Loan recovery method  | 6         | 10.0    |
| Inadequate monitoring      | 5         | 8.0     |
| Total                      | 60        | 100.0   |

Figure 6 Challenges Facing Beneficiaries.



Field Survey, March, 2012

The information presented on table 6.0 and figure 6 was generated when beneficiaries were asked to identify some of the challenges they were encountering with the MASLOC programme. 44% of the respondents stated the cash deposited before a loan is given is their major problem. Second problem was delay in loan disbursement constituting 22% of the respondents. 16% of the respondents complained they were not given any training. The method of recovering the loan is another problem because they have to pay the loan through their leaders and this represents 10% of the respondents. Last but not the least, 8% of the respondents complained about inadequate monitoring induced some beneficiaries to pay late and that affect the next loan cycle. Government efforts towards poverty alleviation programme should not be taken for a ride but careful steps must be taken to reduce it or eradicate it completely.

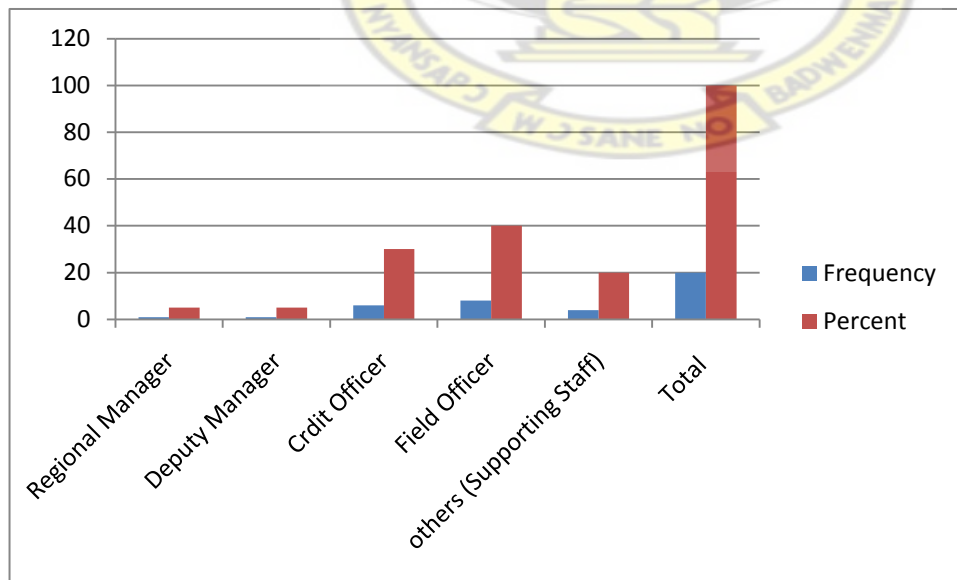
Linking this to the research question four (4) which states that “What challenges are involved in the implementation process of MASLOC programme” it is obvious that the implementation strategy suffers some setbacks, in the form of numerous challenges impending the smooth implementation of the MASLOC programme.

Below is the data which was gathered from management and staff of the MASLOC Programme.

Table 7.0 Positions of MASLOC Staff

| Position                  | Frequency | Percent |
|---------------------------|-----------|---------|
| Regional Manager          | 1         | 5.0     |
| Deputy R. Manager         | 1         | 5.0     |
| Credit Officer            | 6         | 30.0    |
| Field Officer             | 8         | 40.0    |
| Others (Supporting Staff) | 4         | 20.0    |
| Total                     | 20        | 100.0   |

Figure 7 Positions of MASLOC Staff



Field Survey, March 2012

The information presented on table 7.0 and figure 7 indicated the position of MASLOC Officials who responded to the questionnaire.

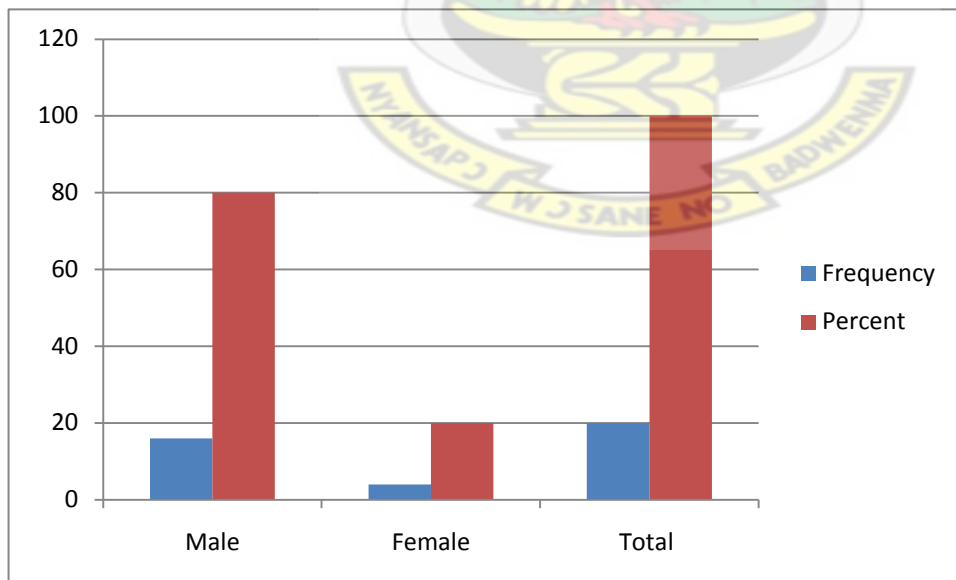
The largest among the group was subordinates representing 90% of the respondents who are credit officers, field Officers and Supporting Staffs’

Management comprises of the Regional Manager and Deputy Regional Manager representing 10% of the respondents.

Table 8.0 Gender Compositions of MASLOC Management and Staff.

| Gender | Frequency | Percent |
|--------|-----------|---------|
| Male   | 16        | 80.0    |
| Female | 4         | 20.0    |
| Total  | 20        | 100.0   |

Figure 8 Gender Compositions of MASLOC Management and Staff



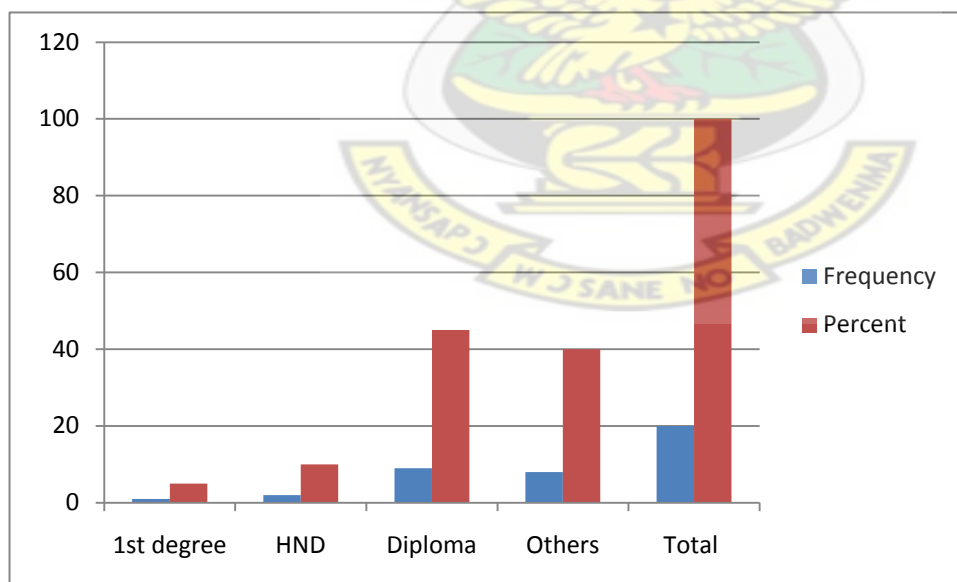
Field Survey, March 2012

The information presented on table 8.0 and figure 8 indicated that there were more male than female Officials representing 80% of the respondents as against 20% of the respondents. This resulted in loan default because male officials are not patient as compare to female officials when dealing with beneficiaries.

Table 9.0 Educational Level of MASLOC Officials

| Educational Level      | Frequency | Percent |
|------------------------|-----------|---------|
| 1 <sup>st</sup> Degree | 1         | 5.0     |
| HND                    | 2         | 10.0    |
| Diploma                | 9         | 45.0    |
| Others                 | 8         | 40.0    |
| Total                  | 20        | 100.0   |

Figure 9 Level of Education of MASLOC Officials



Field Survey, March 2012

The information presented on table 9.0 and figure 9 indicated that the programme employed only one (1) graduate representing 5%, 10% of HND graduate, 45% Diploma holders and 40% Secondary Certificates holders.

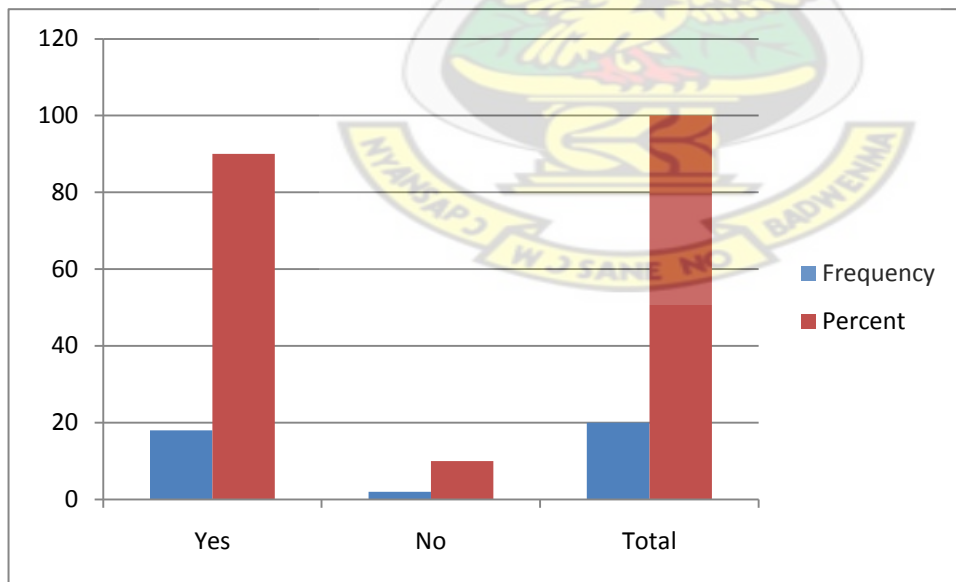
This is a good direction for the programme because staff will be able to explain the programme better than the uneducated ones. More so the beneficiaries of the programme are semi-illiterate and with this level of education staff educate and train them well.

#### 4.4 Assessing the Implementation Strategies

Table 10.0 Abusing of the Selection Criteria.

| Response | Frequency | Percent |
|----------|-----------|---------|
| Yes      | 18        | 90.0    |
| No       | 2         | 10.0    |
| Total    | 20        | 100.0   |

Figure 10 Abusing of the Selection Criteria.



Field Survey, March 2012

The information presented on table 10.0 and the figure 10 indicated that the implementers can easily abuse the selection criteria thereby loans meant to reduce poverty, rather add to those who have in abundance thereby defeating the intended purpose of the programme.

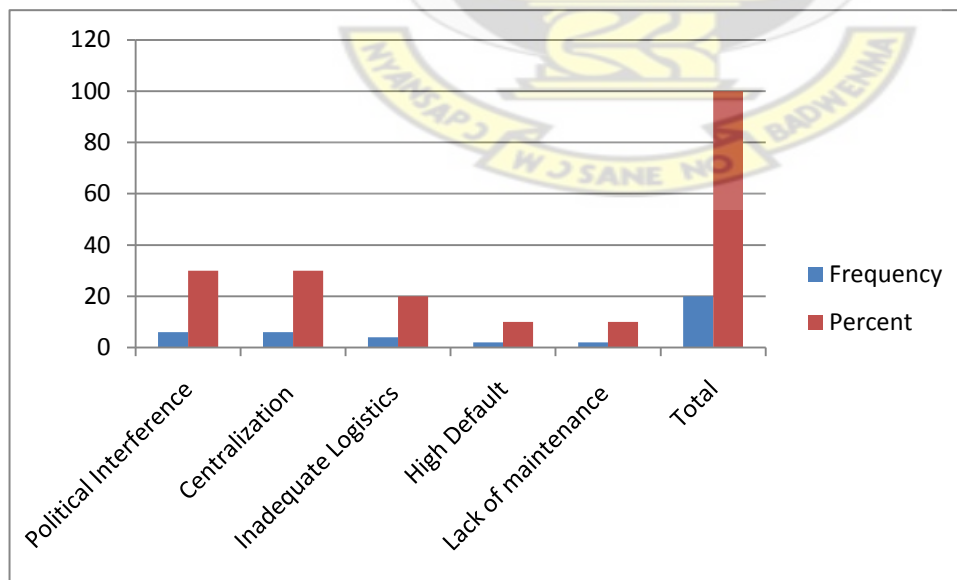
This is one of the major research questions of the study by the researcher concerning the effectiveness of the implementation strategy.

#### 4.4 Challenges Impeding the Implementation Strategy of MASLOC

Table 11.0 Challenges Facing the MASLOC Programme.

| Challenges             | Frequency | Percent |
|------------------------|-----------|---------|
| Political Interference | 6         | 30      |
| Centralization         | 6         | 30      |
| Inadequate Logistics   | 4         | 20      |
| High Default           | 2         | 10      |
| Lack of maintenance    | 2         | 10      |
| Total                  | 20        | 100     |

Figure 11 Challenges of MASLOC Programme.

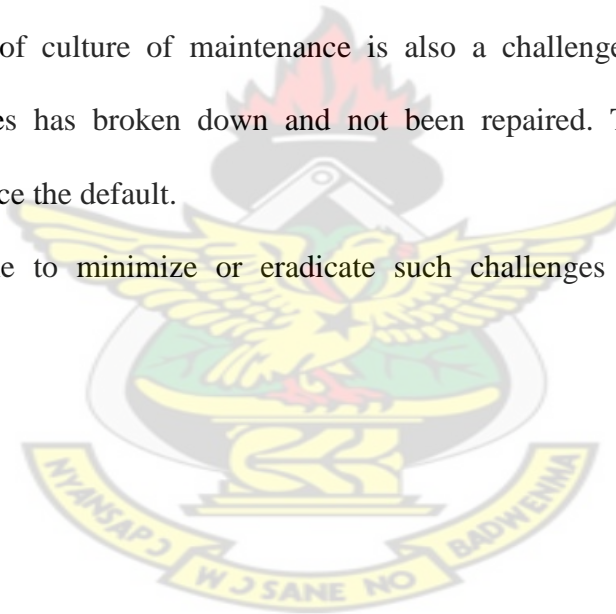




Field Survey, March 2012

The information presented on table 11.0 and figure 11 indicated challenges encountered by MASLOC which need to be tackled for the efficient running of the programme. 30% of the respondents admitted political interference as one of the major challenges. Another 30% respondents also said centralization is another challenge confronting MASLOC in that all decisions are taken at headquarters in Accra. 20% of the respondents said inadequate logistics is another challenge which prevents field officers from visiting their clients. 10% of the respondents also said there is a high default because beneficiaries have not been paying back the loan and this can be attributed to inadequate monitoring. Last but not the least, 10% of the respondents says lack of culture of maintenance is also a challenge because most of their vehicles and motorbikes has broken down and not been repaired. This prevent them from monitoring the loan hence the default.

Much have to be done to minimize or eradicate such challenges in order to realize the programme's objective.



## **CHAPTER FIVE**

### **SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS**

#### **5.0 Introduction**

In this final chapter the major findings obtained from the study have been summarized. It further presents the conclusion and recommendation to the study.

The study sought to assess Poverty Alleviation Programme and its impact on MASLOC beneficiaries of New Juaben Municipality. It also focused on analyzing the effectiveness of the implementation of MASLOC programme, challenges confronting the programme and recommendation of improved strategy where necessary.

Data for the study were obtained from both primary and secondary sources. Interviews and questionnaires were used to collect primary data from both programme implementers and beneficiaries at the regional level in New Juaben Municipality.

#### **5.1 Summary of findings**

The main findings of this study are summarized as follows:

##### **5.1.1 Demographic**

With reference to the gender composition of respondent, it was found out that there were more female beneficiaries than male representing 70 % and 30 % respectively. This means that there should be more women friendly policy because more women are assessing the micro finance loan than men.

Secondly, with regards to MASLOC officials the gender composition has more male representing 80% than female who are only 20%. This result in loan defaults because male officials are not patient and friendly in terms of loan recovery to the beneficiaries as compare to female. This finding confirms the Bank of Ghana findings that women pay loans better than men under the microfinance scheme (Bank of Ghana, 2009).

Lastly, the finding from the survey shows that MASLOC has employed less degree holders which represent only 5% of the respondents. HND holders are the next to follow representing 10%, diploma holders constitute 45% they are the highest among the rest. The next to follow is the secondary and commercial certificate holders representing 40%. This is in good direction for the programme because staff will be able to explain the programme better than uneducated ones. More so most of the beneficiaries of the programme are semi-illiterate and with their (staff) level of education staff can educate and train them well.

### **5.1.2 Assessing the Effectiveness of MASLOC Implementation Strategies**

The findings revealed that, the programme was beneficial to the beneficiaries. 80% of the respondents' say it is better than nothing while 20% of the respondents say the loan amount is inadequate so the implementers should increase the loan amount in order to help them expand their businesses.

The study again showed that, the criteria for selecting the beneficiaries was abused. 90% of the MASLOC official says the criteria for selection is mostly abused because loans meant to reduce poverty rather add on to those who have in abundance thereby defeating the intended purpose of

the programme. 10% of the respondents (MASLOC Official) say the criterion for selection was not abused.

Further findings also showed that majority (80%) of the beneficiaries can now educate their children and access good health care through the profits accrued from their loans. Based on these findings the programme is very effective and has impacted positively on the beneficiaries.

### **5.1.3 Assessing the Impact of MASLOC Implementation Strategies.**

The researcher found out that the programme has been of massive benefit to its beneficiary's base on their own response which represented 80 % of the respondents. Majority of the beneficiaries were trading on credit which affect their income after sales but now with the loan they trade with their own capital which increased their income after sales and make standard of living affordable.

Most of the beneficiaries have invested their loans in the areas of trading constituting 50% of the respondents, 24% of the respondents for hairdressing, 20 % of the respondents are beads makers and 6% of the respondents which include carpentering, barbering and painting. This help to create employment thereby reducing social vices such as arm robbery, prostitution and teenage pregnancy

The researcher also discovered that there had not been regular monitoring by field workers to check on the beneficiaries' welfare and also to attest to the fact that the loans have been used for its intended purpose. This also increases loan non-repayment and high default.

The researcher found out that lack of regular monitoring was due to inadequate logistic on the part of MASLOC implementers under the office of the president. Culture of maintenance was also a cause for inadequate monitoring in that Motor bikes and Vehicles were not service regularly and they break down regularly making monitoring difficult to embark upon.

#### **5.1.4 Challenges**

Some of the challenges identified include the cash deposit requested by official to open account in the bank before loans are disbursed. Consistent postponement of loan disbursement and inadequate training of beneficiaries as compared to other financial institutions that are into microfinance.

The findings indicated that loan recovery method is weak in that beneficiaries have to pay their loans to the group executive members before it is deposited at the bank. Executive members can abuse this method by misappropriating the fund given to them for loan repayment.

Researcher found out that the security for the loan is a co-guarantee system by members in the group. So if one member default, the rest of the members are liable to pay given the opportunity to some members to default. In other words beneficiaries are burden by other defaulter's debts.

Some of the challenges identified are inadequate logistics and infrastructure for officials to perform their duties efficiently and effectively. A limited fund on the part of MASLOC often leads to limited coverage of other districts in the New Juaben Municipality

The MASLOC programme is faced with problem of political interference which can easily erode the intended purpose of the programme.

MASLOC official complained on the high default rate of beneficiaries which is affecting their performance and preventing them from achieving their stated objective. This is due to the perception of beneficiaries that the funds are government money.

The findings indicated that the programme restricted implementers in the region from taking immediate decision in solving problems and this can affect the purpose of the programme.

## **5.2 Conclusion**

In conclusion, the MASLOC programmes as part of Ghana Poverty Reduction Strategy has generally made an impact in enhancing the welfare of its beneficiaries. From the analysis presented in this study, it is encouraging to note that the implementers; Office of the President has made progress in terms of impact made in the improvement of welfare of its beneficiaries as respondents attested to that.

The study has also revealed that decision making is centralized which makes its difficult to make important decision promptly because every decision is sent from the head quarters to various Regions. In spite of the impact created by the programme, most public organization including MASLOC is not well equipped making the implementation of important programmes very difficult. There is also not regular flow of grants which affect the desire impact of the

programme. Government should therefore make it a policy that before a governmental programme begins all the needed items and funds are put in place to make the programme a success.

### **5. 3 Recommendations**

To help address these challenges the following recommendations were made:

MASLOC can liaise with the banks by submitting the names of the beneficiaries on which an account can be open with the loan amount and not necessarily cash deposit which beneficiaries found it difficult to raise.

The MASLOC Officials should make the laid down policy or procedure accessible, adequate and explanatory for the beneficiaries which will help them (beneficiaries) to know how the system works.

Training is an essential ingredient which will help explain the whole MASLOC programme to beneficiaries and how the programme will help impact positively to their lives and businesses. Training should be given before, during and after loans has been disbursed.

Field workers should be present when loan repayment is being made by the beneficiaries. This will help both field workers and beneficiaries to reconcile the loan repayment amount paid at the bank by the executives and the one (loan) collected at the meeting.

Beside the co-guarantee system by members (beneficiaries) as security for the loan, beneficiaries should use relatives as security for the loan. This will deter those (beneficiaries) from defaulting since they know their relatives will be held responsible.

Before MASLOC programme can achieve its objectives, there should be regular monitoring of the loans by both credit and field workers. This can only be done through the provision of logistics like motor bikes, vehicle to help work efficiently and effectively.

The MASLOC programme should be devoid of political interference or else people will benefit not because they are poor but as belonging to a particular political party.

Furthermore there should be enough education on poverty reduction programme so that individuals (beneficiaries) may not do politics with it and use it as an excuse for non-payment of loans.

Major players in the poverty alleviation programmes from various regions and districts should be involved when strategies are formulated. Based on their experience they can offer the government vital information concerning poverty alleviation strategies which will be useful to the districts and regions.

It is hoped that this study will encourage management of organization (especially government programmes) to acquire all the necessary logistics that will make implementation of poverty



alleviation programmes a success so that at the end of the day, their competencies of implementing programmes would not be questioned.

Finally, Ghana will be heading towards her dream of alleviating poverty among its citizens if effective implementation strategies are put in place.

I do suggest that, any further research into this area should be Strategizing the Implementation of MASLOC Programme.

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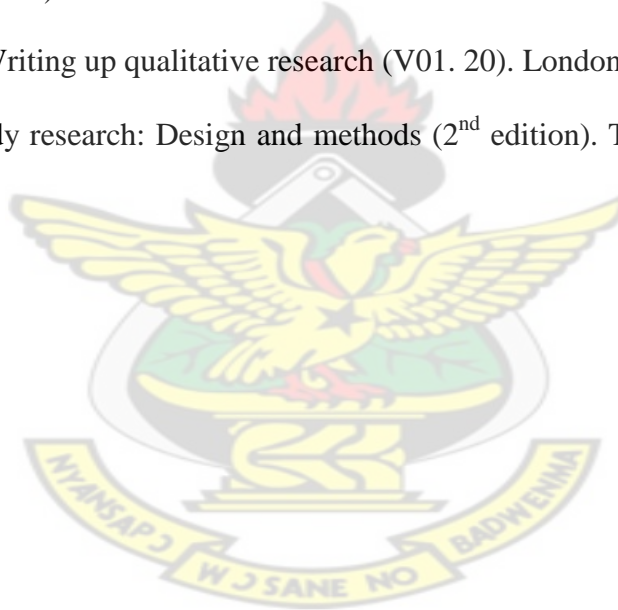
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## APPENDIX I



|          |  |
|----------|--|
| IMF      | International Monetary Fund                                |
| PRSP     | Poverty Reduction Strategy Programme                       |
| CAS      | Country's Assistance Strategy                              |
| MASLOC   | Microfinance and Small Loans Centre                        |
| CEDECOM  | Central Region Development Commission                      |
| GDP      | Gross Domestic Product                                     |
| HIV/AIDS | Human Immune Virus / Acquired Immune Deficiency Syndrome   |
| HIPC     | Highly Indebted Poor Country                               |
| GPRS     | Ghana Poverty Reduction Strategy                           |
| IFI      | International Financial Institutions                       |
| MDA      | Millennium Development Authority                           |
| SIF      | Social Investment Fund                                     |
| UNDP     | United Nation Development Programme                        |
| SPEED    | Support Programme for Enterprise Empowerment & Development |
| MSMEs    | Micro Small and Medium Enterprises                         |
| MDGs     | Millennium Development Goals                               |
| NSPS     | National Social Protection Strategy                        |

|        |  |
|--------|--|
| GLSS   | Ghana Living Standard Survey                         |
| RCBs   | Rural / Community Banks                              |
| RFSP   | Rural Financial Services Project                     |
| ROSCAs | Rotating & Accumulating Saving & Credit Associations |
| GCSCA  | Ghana Co-operative Susu Collectors Association       |
| BOG    | Bank of Ghana  |

### QUESTIONNAIRE FOR MASLOC BENEFICIARIES

The researcher is an Executive Master of Business Administration student of the Kwame Nkrumah University of Science and technology, Kumasi who is undertaking a research into “Poverty Alleviation and Nation Building case study of Micro and Small Loan Centre”. The results from this study will be used primarily for research purposes and your responses status will be treated confidentially. Your kind co-operation will be very much appreciated. Kindly answer with a tick [  ] the extent to which you agree with the following statements outlined below or complete the questionnaire where appropriate.

#### SECTION A: PERSONAL DATA

1. Occupation:

- a. Farmer (    )
- b. Trader (    )
- c. hairdresser (    )
- d. Dress maker (    )

e. Other, kindly state .....

2. Sex

a. Male [ ]

b. Female [ ]

3. What is your educational level?

a. Tertiary [ ]

b. Secondary [ ]

c. Basic [ ]

d. Other, please specify .....

**SECTION B: TO ASSESS THE EFFECTIVENESS OF THE PROGRAMME**

4. How did you get to know MASLOC? .....

.....  
.....

5. How long have you been on MASLOC?

a. Less than 1 year [ ]

b. Less than 2 years [ ]

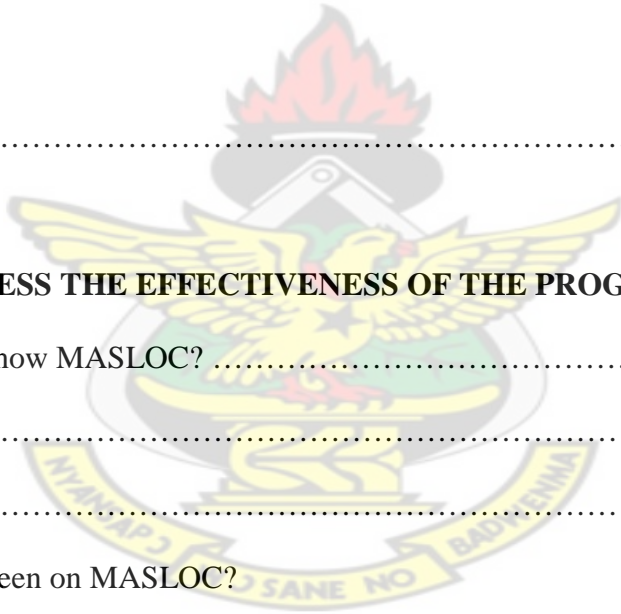
c. Less than 3 years [ ]

d. Less than 4 years [ ]

6. Do you consider this form of poverty reduction as the best in relation to others?

[ ]

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a. Yes

b. No [ ]

ii. If Yes or No kindly explain or give reasons .....

.....  
.....

iii. How easy is it to access MASLOC funds.....

7. Do any of the MASLOC officers visit you? KNUST

a. Yes [ ]

b. No [ ]

ii. If yes, when was the last time and how regular? .....

.....

What exactly do they asked or say during such visits? .....

.....

8. Do you think some people are beneficiaries because they belong to a particular political party or known some of the MASLOC officers

a. Yes [ ]

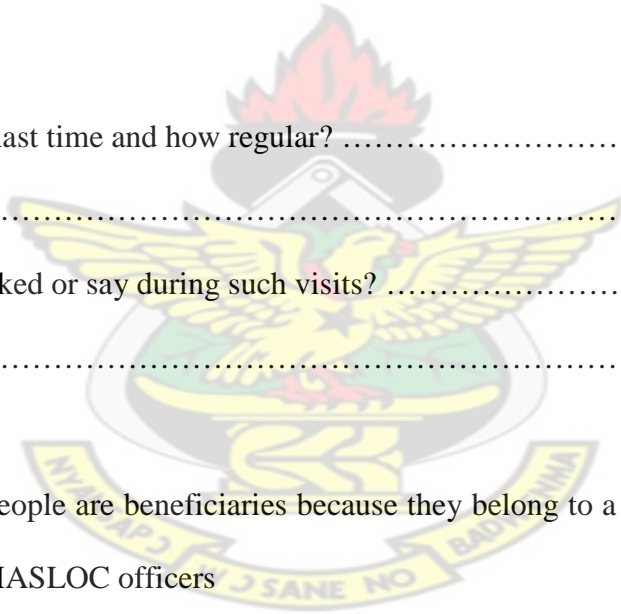
b. No [ ]

9. Do you prefer the supply of food items and clothing to that of cash?

a. Yes [ ]

b. No [ ]

ii. If Yes or No, kindly briefly explain or give reason(s) .....



.....  
10. Do you incur any transportation cost for the collection of the money?

a. yes [ ]

b. No [ ]

ii. If Yes how much? .....

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**SECTION C: STRATEGIES IMPACT**

11. Has the Programme brought any improvement in your standard of living?

a. Yes [ ]

b. No [ ]

ii. If Yes or No, kindly briefly explain .....

.....

.....

12. Do you consider yourself as better of than when not a beneficiary of MASLOC?

a. Yes [ ]

b. No [ ]

ii. If Yes or No, kindly explain or give reason(s) .....

.....

13. How much loan did you collect the first.



- a. GH¢500
- b. GH¢400 [   ]
- c. GH¢300 [   ]
- d. GH¢200 [   ]
- e. Other please specify .....
- ii. What about now? .....

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**SECTION D: CHALLENGES AFFECTING BENEFICIARIES**

14. To you are there problems confronting the MASLOC programme?
- a. Yes [   ]
  - b. No [   ]
  - ii. If yes what are some of the problems you have identified yourself? .....
  - .....
  - iii. Which of these problems have been outstanding and why? .....
  - .....
15. Do you have any suggestion / recommendation to the government for rectification?
- a. yes [   ]
  - b. No [   ]
  - ii. If Yes, kindly elaborate .....
  - .....

16. Please in your view what do you suggest to improve already existing poverty reduction programme implemented by government? .....

.....

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The logo of Kwame Nkrumah University of Science and Technology (KNUST) is centered in the background. It features a yellow eagle with its wings spread, perched on a green shield. Above the eagle is a red and orange flame. The shield has a white border with the university's name in Ghanaian and English. The text 'QUESTIONNAIRE FOR MASLOC OFFICIALS' is overlaid on the logo.

**QUESTIONNAIRE FOR MASLOC OFFICIALS**

The researcher is an Executive master of Business Administration Student of the Kwame Nkrumah University of science and technology, Kumasi, who is undertaking a research into “Poverty Alleviation and nation Building: case study of micro and small Loan centre”. The results from this study will be used primary for research purposes and your responses status will be treated confidentially. Your kind co-operation will be very much appreciated.

Kindly answer with a thick [ ] the extent to which you agree with the following statements outlined below or complete the questionnaire where appropriate.

**SECTION A: PERSONAL DATA**

1. Position:

- a. Director – Regional ( )
- b. Loan Officer ( )
- c. Field Officer ( )
- d. Others, kindly state .....

2. Sex:

- a. Male ( )
- b. Female ( )

3. What is your educational qualification?

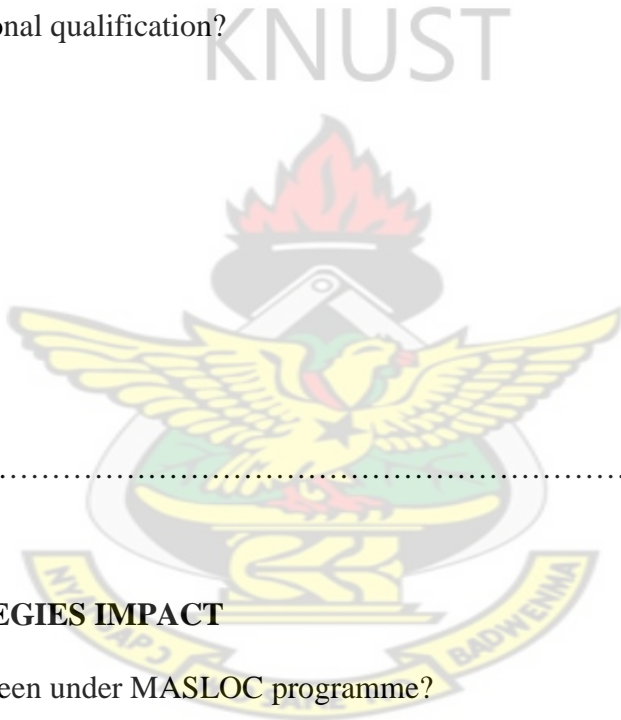
- a. 2<sup>nd</sup> degree ( )
- b. 1<sup>st</sup> degree ( )
- c. HND ( )
- d. Diploma ( )
- e. Other, please specify .....

**SECTION B: STRATEGIES IMPACT**

- 4. How long have you been under MASLOC programme? ( )
- a. Less than 4 years ( )
- b. Less than 3 years ( )
- c. Less than 2 years ( )
- d. less than 1 year ( )

5. Apart from MASLOC, do you know of any other poverty reduction programme in Ghana?

- a. Yes ( )
- ( )



b. No

ii. If yes, kindly state the name(s) of the programme.....

.....  
.....

6. Did the programme(s) state worked out effectively?

a. Yes

b. No

ii. If yes or no, kindly explain or give reason .....

.....  
.....

7. In your own opinion, are the conditionality's to qualify for MASLOC necessary?

A. Yes

b. No

ii. If yes or No, kindly explain or give reason(s) .....

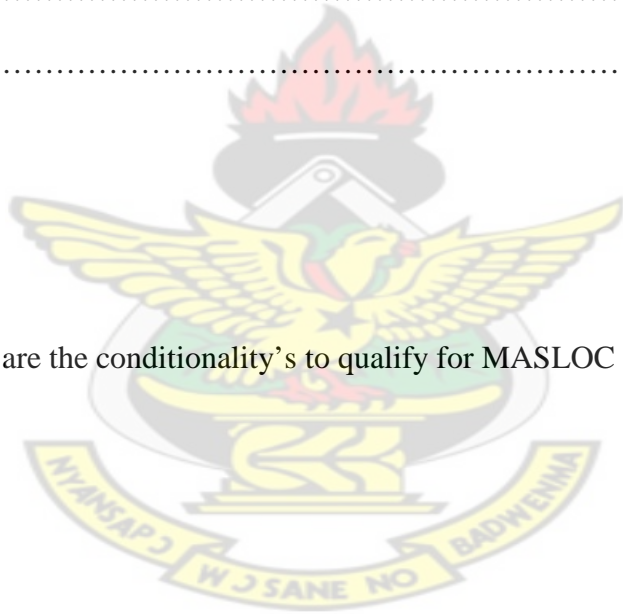
.....

8. Can the selection criteria be easily abused?

a. Yes

b. No

ii. If Yes or No, kindly briefly explain or give reason(s) .....



.....  
9. Is there any sustainability plan for MASLOC?

a. Yes

[ ]

b. No

[ ]

ii. If Yes, kindly briefly explain or give reasons(s) .....

.....  
10. Is cash alone, enough to address all the needs of households living in extreme poverty?

a. Yes

[ ]

b. No

[ ]

ii. If yes or No, kindly briefly explain or give reason(s)

11. Will beneficiaries continue to be on MASLOC as long as they live?

a. Yes

[ ]

b. No

[ ]

ii. If Yes or No, kindly briefly explain or give reasons .....

.....  
12. Has government been reviewing the programme from time to time?

a. Yes

[ ]

b. No

[ ]

ii. If Yes, when was it last done and how regular has it been? .....

[ ]

.....  
13. Has there been improvement in the standard of living of beneficiaries?

a. Yes

[ ]

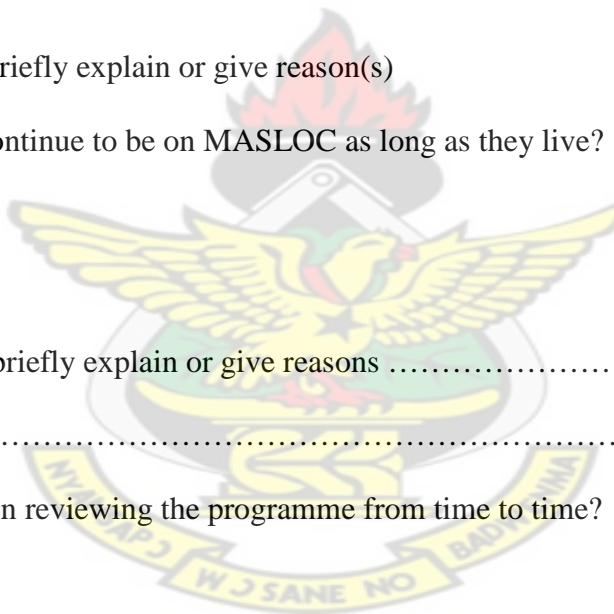
b. No

[ ]

[ ]

[ ]

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ii. If Yes or No, kindly briefly explain or give reason(s) .....

14. Can you confidentially say that beneficiaries on MASLOC for the two (2) years have actually leaped out of extreme poverty?

a. Yes

b. No

ii. If Yes or No kindly briefly explain or give reason(s) .....

15. Has MASLOC helped in the stimulation of access to social services such as health and education?

a. Yes

b. No

ii. If Yes, kindly briefly or give reason(s) .....

**SECTION C: CHALLENGES FACING MASLOC PROGRAMME?**

16. Please mention some of the challenges confronting the implementation of MASLOC

17. Which of these problems has been outstanding and why? .....

18. Is there any problem with the repayment of the loan? .....

19. Has your office made suggestion / recommendation to the government on the challenges for rectification?

[ ]  
[ ]

a. Yes

b. No

ii. If Yes, kindly elaborate .....

.....

.....

20. Please in your view what do you suggest to improve MASLOC programme?

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