

Research, Network and Support Facility (RNSF)

“Support to enhance livelihoods per people dependent on informal economy
and improve social inclusion of marginalised and vulnerable persons”

Good Practices and Lessons Learned

RESEARCH QUESTION	3- Direct actions in communities
SUB-TOPICS (Research matrix)	<u>Micro finance (3.5)</u>
REGION – COUNTRY OF IMPLEMENTATION	West Africa - Ghana
GOOD PRACTICES	Sensitising and motivating Micro-finance institutions to reach the poorest and most vulnerable. Providing project support to refine and develop new credit products for clients among the poorest (Ghana).
PROJECT NAME	<i>Market Access through Cooperative Action in Ghana - Empowering Rural Women Informal Workers using Microfinance, Education, and ICT</i>
YEAR	2011 - 2014
FUNDING AGENCY	European Commission
IMPLEMENTING AGENCY	Association Planet Finance
KEY TARGET GROUPS	Women producers
SUMMARY OF THE ACTION	
<p>It is generally taken for granted that microfinance institutions (MFIs) are by nature dedicated to the support of the poorest and the most remote populations. This is not quite true in practice, however. Microfinance institutions are usually not (or no longer) non-profit institutions. They are institutions like others, and consequently often do not address the concerns of the poorest, particularly those of poor rural women engaged in gathering and agro-processing activities. Like other institutions MFIs need motivation, support and training. They need to be sensitized and incentivised to reach the poorest population. They need to be strengthened to do so and develop new credit products.</p> <p>The project supported not only women producers in the shea nut and butter value chain, but also MFIs as one the actors of its holistic approach to development. Building on earlier initiatives of MFIs and the experiences of beneficiary communities, the project helped MFIs to target poor rural women engaged in agro-processing and whom traditional financial institutions normally avoid.</p> <p>One of the actions carried out was to provide technical support to partner MFIs to refine and develop new credit products for clients. Such new products enabled clients to acquire appropriate business inputs, pay the</p>	

	<p>premium of the NHIS (health insurance), and stabilise their incomes throughout the year.</p> <p>Several lessons were learnt from previous experiences: 1) MFIs providing group loans, need to develop specific internal competences in order to effectively provide financial services in a value chain framework; 2) MFIs sustainability also depends on their capacity to offer better timely loans in relation to the Shea value chain financial needs; 3) MFIs can feel harmed by some actors in the value chain (e.g. bulk buyers) who have the potential to offer more competitive pre-financing services. Also, the burdening of MFIs loan officers limits the effectiveness of their actions.</p> <p>The participation of MFIs in the formation of production groups was decided in order to increase sense of ownership and willingness to provide financial services. It was also decided to improve their efficiency through the provision of training in specific software for the management and monitoring of the loan process.</p> <p>A total of four loan products were developed and used: nuts working capital loan, butter working capital loan, roaster loan and grinding mill loan. The use of roasters has led to an increase in quality and productivity in butter processing.</p> <p><i>Training of MFIs staff and training of women beneficiaries by MFIs staff</i></p> <p>The project organised Training of Trainers (ToT) workshop on group dynamics and business management for nine staff of the two MFIs. The project supported the activities of the MFIs involving meetings, workshops and experience sharing. The MFIs indicated that this has been very useful in carrying out their planned activities.</p> <p>With PlanetFinance support, the MFIs have been able to provide their staff with motorbikes, laptops and Micro Loan Management (MLM). Staff of the MFIs described this assistance as highly beneficial because it provided them with an enabling environment to operate. The MFI staff explained that their capacities in key areas such as loan management were improved.</p> <p>The MFIs took the initiative to conduct needs assessments after which loans have been disbursed to women.</p> <p>Feedback from staff of the MFIs further shows that they used knowledge gained from the training to design and carry out follow-up monitoring. They indicated that they have been able to raise some additional funds from other sources to support product refinement and new products development for clients.</p> <p>The MFI staff also provided support to the project through business management training for some communities and monitored the development of women's groups through their field visits. The training was facilitated through interactive lectures, group discussions and presentations as well as individual assignments focussing on group by-laws, leadership roles, conflict resolution and identifying shea as a business, increasing income through shea and selling to large-scale buyers.</p>
<p>LESSONS LEARNED</p>	<ol style="list-style-type: none"> 1) MFIs that provide group loans need to develop specific internal competences in order to effectively provide financial services in a value chain framework. 2) MFIs' sustainability depends on their capacity to offer better timely loans in relation to the financial needs of those in different parts of the value chain. 3) MFIs can feel harmed by some actors in the value chain (e.g. bulk buyers) who have the potential to offer more competitive pre-financing services. Their capacities need to be strengthened to provide appropriate and competitive products.

<p>CONCLUSIONS AND RECOMMENDATIONS</p>	<ol style="list-style-type: none"> 1) Provide advocacy, awareness raising and training to MFIs to provide better services to specific population groups such as poor women. Training MFI staff and support their transformation into active agents of change to address the poverty of vulnerable groups is essential. 2) Increase the range of MFI products to address needs of actors in different parts of the value chain. When broadening the range of products, ensure sustainability of the approach by focusing on MFI profitability through ensuring that appropriate and competitive products can be provided.
<p>SOURCE</p>	<p>RNSF Research Volume 4.1: https://europa.eu/capacity4dev/iesf/document/rnsf-research-volume-41-gp-and-ll-33-projects-funded-european-union</p>
<p>RESOURCE(s)</p>	<ul style="list-style-type: none"> ▪ Ghana Planet - Finance Market Access through cooperative action (Project Evaluation Report) ▪ EuropeAid project page: https://ec.europa.eu/europeaid/case-studies/market-access-through-cooperative-action-ghana-empowering-rural-women-informal-workers_en