



## FIELD PRACTICUM REPORT

# PUT BAC ON THE PATH OF FINANCIAL SUSTAINABILITY

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### ABSTRACT

The financial viability of an Organization is the ability of that Organization to cover all its expenses through the income generated by its activity without recourse to external funds. It is one of the key criteria for funders when they have to support a development project. Since 1995, the Rural Enterprises Programme (REP) has been launched following a tripartite partnership between the Government of Ghana (GoG), the International Fund for Agricultural Development (IFAD) and the African Development Bank (AfDB) to support rural entrepreneurs and enhance livelihoods in rural areas. To achieve this, some structures have been set up at the district level, close to rural and semi-urban communities to provide them with business development services. These are the Business Advisory Centers (BACs). However, after several years of having these centers in place, BACs continue to rely heavily on REP funding to function. In fact, 80% of their financial resources come from the REP, which finances almost all their training programs. While the REP is about to stop from the year 2020, it is imperative to find ways and means to continue to work after that date. This will not be possible if they fail to be financially viable or in other words to be financially self-sufficient. This is the purpose of this research which allowed us to identify some options that would allow BACs to achieve their financial autonomy. To reach this goal, we had to carry out a global diagnosis of the BACs by considering a sample of 10. This diagnosis made it possible to highlight the strengths and the weaknesses of these centers as well as the opportunities to be seized and the threats to be prepared to face. At the end of this work, it appears that for the BACs to reach their financial independence, it will be necessary to:

- Develop new services by targeting other categories of clients
- Train and build the capacity of BAC employees to deliver the services themselves without the intervention of Service Providers, which will save money
- Make funds available to BACs in the form of grants or loans at a preferential rate so that they can meet the financial needs of MSEs and generate profits through interest earned
- Make a segmentation of customers and be more interested in customers already in business, who are willing to pay the cost of training
- Etc.

### INTRODUCTION

Since the mid-1980s, Ghana has been one of the strongest economic performers in Africa. It attained middle-income country (MIC) status in 2011, following three decades of robust economic growth. This can be attributed to increasing direct foreign investment, due to political stability and a relatively conducive investment climate compared with most other countries in sub-Saharan Africa. At the national level, the prevalence of poverty fell from 51.7 per cent in 1990 to 28.5 per cent in 2005/2006, the latest period for which data are available (from 63.6 to 39.2 per cent in rural areas). The country is thus on track to reduce poverty by half, in line with the poverty Millennium Development Goal. This achievement can be explained by the various programs set up by the government of Ghana to reduce poverty.

Among these programs we have the Rural Enterprises Programme (REP). The Rural Enterprises Programme (REP) is part of the efforts of the Government of Ghana to reduce poverty and create wealth in the rural areas of the country through the promotion and development of micro and small enterprises.

It started in 1995 in just two (2) pilot districts namely Mampong Ashanti and Techiman and was later up-scaled to 11 other districts in the Brong Ahafo and Ashanti Regions. REP is currently being implemented in 161 municipal and district assemblies across all 10 regions nationwide. REP II was implemented between 2003 and 2012 in 53 additional districts in all 10 regions. Under the ongoing Programme Phase (REP), it was further up-scaled to 95 additional municipalities and districts bringing the number to 161.

The development objective is to increase the number of rural Micro and Small Scale Enterprises (MSEs) that generate profit, growth and employment opportunities.

The project targets 48 000 families or 300 000 people in the project area who live in poverty. Of these, an estimated 10 000 families live in absolute poverty. At design, it was estimated that direct benefits would accrue to 16 000 families or about 100 000 people in the target group. The design gives special attention to the most vulnerable households, socially disadvantaged women, unemployed youth and those who have been apprenticed to a trade but lack the capital or experience to start a business.

The project has four outcomes, namely:

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- business development services accessible to MSEs in rural districts ;
- technical skills transferred and technologies disseminated ;
- access of MSEs to finance ensured ;
- MSE support institutions and policies in place.

To achieve the first outcome which consists to provide business development services (BDS), the REP collaborates with Business Advisory Centres (BACs) that were set up to address these constraints that all Middle and Small Enterprises in Ghana face to:

- Inadequate vocational training;
- Poor management;
- Lack of access to larger distribution network;
- Lack of technology, which hamper the path of rural enterprise development and poverty reduction in Ghana.

Therefore, BACs play an important role of district-based facilitators and delivery mechanisms of BDS to MSEs. They are basically public institutions established through a tripartite arrangement between the host District Assemblies (DAs), the National Board for Small-Scale Industries (NBSSI) and the Programme Coordination and Management Unit (PCMU) of REP. The major challenge of the REP BDS delivery mechanism has been that, over the years, there has been a heavy dependence on public resources in the establishment and operations of the BACs. The sustainability of the BACs established under REP has been an issue of concern since 2003.

It is therefore with the aim of helping the BACs to become financially independent by 2020 that this research project has been carried out.

Our study will be developed around the following points:

First of all we're going to present our conceptual framework which will allow us to recall the context of our study and the objectives pursued as well as the main issues or problems that we are trying to solve. After that, we will present the methodology used in this research followed by the presentation of the results obtained during our fieldwork. Once the results are presented, we're going to formulate some recommendations regarding to our finds. Finally, a special part is devoted to give some strategies that can help to develop MSEs, then we will end up with a conclusion.

### I. CONCEPTUAL FRAMEWORK

REP has developed, since 1995, a district-based Micro and Small Scale Enterprises (MSEs) institutional framework allowing rural enterprises to generate growth, profit and employment opportunities. At the heart of this framework are the Business Advisory Centres (BACs) and the Rural Technology Facilities (RTFs). This institutional framework has so far been very successful in supporting rural MSEs by providing technical and business skills as well as access to financial services for many rural MSE entrepreneurs.

However, after many years, the BACs continue to depend financially on REP funds. As the REP is going to end by 2020, and the BACs must continue functioning, it's important to find ways that can help these institutions to achieve their financial sustainability by this year.

According to an interim evaluation on the REP carried out by the IFAD office of Evaluation and Studies during the period June-July 2000, the total annual costs of Business Advisory Centres have been estimated to be, on average, GHC 58 million and the costs per client for training activities (including Business Centre overheads and direct training expenses) range from a low of GHC 15 000 for a one day credit management course to a high of GHC 256 000 for technical training in soap making course. It suggested that with some improvements in management and resource allocation, the Business Centres could be partly, if not fully, financially self-sufficient, hence sustainable.

In the same way, a supervision mission undertook in 2013 recommended to sensitize BACs and clients in new districts on need to cost-share, and steadily raise the proportion (from 20% for basic training in new districts to at least 40% for advanced training in older REP districts).

Beyond all this, let's emphasize that to place the REP-supported BACs on the road to long-term sustainability, a thorough diagnosis of BACs and of their environment is needed. This task will consist in answering the questions such as:

- What types of activities do they run?
- How do they run their activities?
- What are their sources of revenue?
- What are their challenges, especially the financial ones?
- Who are they current clients?
- What needs are not yet satisfied and the opportunities in their environment?

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By answering to these questions, it will lead us to the viable options that can help BACs to become independent financially. This is going to be our assignment during this field practicum.

Thus, our research aims to find a viable financial model with manageable cost structure, adequate and reliable sources of revenue, and sufficient cash flows that must enable the BACs to become financially self-sufficient. This requires an in-depth understanding of the cost structure of BACs, their source of revenue and identify the potential opportunities that BACs could exploit.

## II. METHODOLOGY

The methodology of our study was developed through four main phases:

- Work plan development phase
- Design of data collection tools
- Data collection phase
- Data analysis phase

### 1. Phase 1 : Work plan development

Before going to the site of our research project (Kumasi-Ghana), we developed a work plan that was approved by our supervisor. This work plan was modified once at the site and as our research progressed.

### 2. Phase 2 : Design of data collection tools

The second phase of our research project has been devoted to developing some tools that should help us to collect the necessary data. It was essentially a set of questionnaires that we designed for that purpose. We used Word to design the questionnaires.

### 3. Phase 3 : Data collection

The collection phase was conducted into two stages:

- Documentary research
- The interviews

#### 3.1.Documentary research

The literature search consisted of browsing all the available documentation on the program in order to have a thorough understanding of it before going out into the field. To do this, we had to visit the website of the program and its partners, carry out research on the Internet through search engines such as Google. Some documents have been obtained directly from program officials. This allowed us to gather the necessary documents for our study. These were concept notes, evaluation reports, financial statements, annual work plans, etc. Their exploitation has allowed us to have a deep understanding of the program. Also, it was a way for us to learn about

what has been done so far under the REP. As the literature search was not sufficient enough to complete our study, we had to supplement it with interviews and field visits.

### 3.2. Interviews

Three targets were interviewed. These are program managers, BAC leaders and rural entrepreneurs. These interviews were conducted in three stages:

- The first consisted in interviewing the program managers, particularly the Monitoring and Evaluation Officer, the Business Development Services Manager and some staff members. This interview was done at the beginning of our study before our field visit. The objective was to confirm some information from our documentary research and to deepen our understanding of how the program works and organizes. This allowed us to be better equipped to go out on the field.
- The second was to go out into the field and interview the leaders of the BACs in the different districts of the Ashanti region. We chose to visit ten (10) BACs out of the twenty-seven (27) that exist in the region. The choice of BACs to visit was made taking into account their accessibility. The 10 BACs chosen are: Mamponteng, Ejisu, Mankrasso, Asokore Mampong, Foase, Kodie, Effiduase, Konongo Odumase, Kuntenaso and Manso Nkwanta. Of the ten chosen, we could only visit nine (09). Indeed, we were unable to visit Manso Nkwanta BAC due to the unavailability of its leaders. The purpose of the interview with the BAC leaders was to understand how they operate, how they conduct their activities, their sources of funding, and the financial difficulties they face.
- Finally, the third was to interact with rural entrepreneurs during our field visit. We interviewed more than twenty (20) randomly selected contractors during our visit to the various districts mentioned above. The objective pursued here was to identify the needs of unmet MSEs as well as the opportunities that BACs should seize in order to become more efficient and sustainable.

### **4. Phase 4 : Data analysis**

After the data collection phase comes the one of their analysis. This phase consisted of treating the collected data by analyzing them and interpreting them in order to highlight the key information that could be used for our study. We used MS Excel and MS Word for this work.

### **5. Challenges encountered**

During our research, we planned to carry out a thorough financial diagnosis of some BACs. But this was not possible since these do not establish annual financial statements as in other companies. We therefore limited ourselves to doing interviews and using their monthly reports to collect data that could be used in our research.

### III. PRESENTATION OF RESULTS

Before presenting the finds of our work, the problems that BACs are facing and the relevant solutions that will allow them to achieve their autonomy, we're going to present first of the REP briefly.

#### 1. Presentation of REP

The Rural Enterprise Program (REP) seeks to improve the livelihoods and incomes of rural poor micro and small entrepreneurs. The development objective is to increase the number of rural Medium and Small Scale Enterprises (MSEs) that generate profit, growth and employment opportunities. The project has four outcomes, namely:

- business development services accessible to MSEs in rural districts;
- technical skills transferred and technologies disseminated;
- access of MSEs to finance ensured; and
- MSE support institutions and policies in place.

The Rural Enterprises Programme (REP) primarily targets the entrepreneurial poor, who are mostly members of rural families who are able to convert the capacity-building support into sustainable businesses that will lead to growth in income, employment generation, and improvement in food and nutrition security, educational enrolment, and improved health and overall welfare.

The clients of REP include:

- rural people interested in self-employment and wage jobs
- rural people with some basic skills but may require upgrading, entrepreneurship training and financing to improve and expand their businesses.
- identified vulnerable individuals or groups such as the physically challenged, people living with HIV AIDS
- young people who have completed their education as well the unemployed youth not in school living the rural areas
- unemployed youth and other clients who have followed secondary or tertiary education but need additional skills and support to effectively manage MSEs
- institutional partners, local business associations (LBAs) and their umbrella organizations

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To ensure the inclusiveness, a targeting strategy was designed to be used by the Business Advisory Centres (BACs) at the district level. It includes:

- geographic targeting;
- self-targeting ;
- direct targeting of specific subgroups;
- enabling measures

Geographic targeting consists in:

- Sensitizing the communities using assembly members, opinion leaders and faith-based, social and business organisations
- Publicizing the BAC presence, opportunities offered and activities by REP for business establishment and growth using appropriate communication channels (REFER TO DISTRICT COMMUNICATION STRATEGY).
- Assessing needs of identified target groups and planning of appropriate interventions at venue closer and convenient to the target group.

Self-targeting means that The BAC will create the enabling environment that will facilitate existing and potential MSEs easy access to business support services through:

- Linking up with other MSE support institutions to use the BACs as focal points for the delivery of services to clients;
- Publicizing the BACs and their activities through various communication channels such as faith based/social/ business organisations, local radio stations, signages, bills boards, brochures, fliers etc;
- Providing support tailored to the needs of the individual, groups and MSEs

Talking about direct targeting, it consists to Identify specific sub groups in the district including:

- women;
- youth/young adults;
- people living with disabilities (PLWD);
- people living with HIV AIDS (PLWHA);
- Other specific vulnerable groups eg witch camps, widows, single mothers

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Finally enabling measures means that The BAC/RTF will involve all relevant stakeholders especially MoFA and clients ensuring that women, youth and people living with disability and HIV AIDS and other vulnerable groups are represented in:

- District stakeholder fora for the preparation of the AWPB;
- Consultative meetings to deliberate on issues affecting MSE development.

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### 2. Diagnosis of Business Advisory Centres (BACs)

#### 2.1. Activities

The BACs promote business development services (BDS) at the district level. Initially, this is the range of BDS that was defined by REP that the BACs have to provide as shown in the following chart:

*Table 1: Range of Business Development Services*

BAC Broad Category of Services	Sub Services	Mode of Delivery
Regularization of Business	Business Registration	Facilitation
	Certification of Business	Facilitation
	Standardization of business	Facilitation
Access to credit	Counselling	Facilitation
	preparation of simple business plans	
Technical services	Business plan preparation	Direct delivery
	Accounts preparation	Direct delivery
Training	Technical training	Facilitation
	Business management training	Direct delivery/Facilitation
Access to market	Trade shows	Direct delivery/Facilitation
	E-MSE Marketing portal	
Partnering consultancy firms to deliver training and technical studies	various services	Direct delivery
Partnering other development partners (NGOs) to deliver training	various services	Direct delivery
Group Development	Preparation of documents such as by laws and constitution	Direct delivery
	Training	
Business Counselling	Business counselling	Direct delivery
	Information referral services	

Source: REP

However, our field visit allowed us to note that the BACs conduct essentially two types of programs in addition to business counseling. Their activities consist most of the time to organize technical training programs and management training programs.

*The details of each program are provided in the table below:*

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Table 2: Main Business Development Services delivered

TRAINING PROGRAMS	ACTIVITIES
Technical program	Soap making
	Palm oil processing
	Palm kernel processing
	Cassava processing
Management program	Marketing (pricing, advertising, communication)
	Good practices of business management
	Packaging
	Cost estimating
	Finance management

Source : Field Visit results

Apart from these main programs of activities carried out by the BACs, other services are also provided. These include:

- Business counseling
- Consultative meetings
- Strengthening Association
- Etc.

### 2.2. Organization and functioning of BACs

BACs are under the supervision of NBSSI. At the head of each BAC is a BAC Head. He is assisted in his tasks by a Business Development Officer (BDO), an assistant and a driver. BACs operate on the basis of an annual work plan and budget (AWPB) approved by the REP. To develop this plan, the BACs do what they call “Needs assessment”, which consists in identifying the needs of the communities in terms of training, capacity building and assistance. This allows them to identify the types of training to be conducted during the year as well as the costs involved.

In addition, for each training to be organized, the BACs invite a Service Provider approved by the REP and included in its list of consultants. The officials of the BACs are therefore not entitled to conduct training themselves according to the rules defined by the REP. Their roles are limited to putting in place the necessary logistics in collaboration with the beneficiary community. They are just the intermediary between the community and the service provider. However, when it comes to business counseling, monitoring customer performance, they do it themselves by conducting field visits or sometimes by hosting clients on their offices.

### **2.3.BACs and their Market**

#### **2.3.1. Offer**

The BACs offer is mainly intended for MSEs in rural and semi-urban communities. They offer a range of services (see the table above) to enable them to grow their business and improve their performance.

There are rarely organizations that offer the same services at district-level as BACs do. This makes BACs the only BDS providers at the district level for MSEs. However, there are some organizations such as the NGOs with which the BACs collaborate to offer certain specific services, but always in favor of the MSEs. One example is the Japanese NGO JICA, with which some BACs are working on the implementation of their KAZEN program. In this way, BACs position themselves as true actors in rural enterprise development, and thus contribute to economic and social development in Ghana. In addition, although BAC programs are the same, it is important to qualify as economic activities differ from one district to another. So, depending on the dominant industry, the focus is on one or another program. It also depends on the needs expressed by the population during the Needs Assessment phase.

#### **2.3.2. Demand**

The demand for BDS continues to grow from year to year. This can be explained by several factors:

- **Demographic factors:**

Population growth unequivocally generates new needs to be met. This forces people to develop income-generating activities to meet the needs of their families.

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- **Social factors:**

The majority of Ghana's population is active in small businesses, which enable them to meet their needs. But most of them do not have management training, so they do not know how to expand their business. Hence the need to use the offer of BACs.

- **Economic factors:**

The Government of Ghana is sparing no effort to create an enabling environment for enterprise development throughout the country by introducing incentives for private initiative. This therefore fosters the creation of MSEs year after year, which in turn need assistance to develop.

- Etc.

Despite the many activities carried out by BACs, the needs of MSEs are far to be met. Indeed, most interviewees stated that sometimes some clients express needs in areas where they do not have skills and are required to put them in touch with someone else. Our visit to the MSEs allowed us to confirm it. Many rural entrepreneurs have expressed some needs that have not been met so far. It includes:

- **Need of financial support :**

MSEs are always investigating financial means to develop and expand their business in order to meet the high demand. Unfortunately, they face several factors that limit their access to traditional financial services such as bank loans. Indeed, the interest rates are very high and the MSEs are not so structured. While in some communities MSEs have joined together, this is not the case in others. Not being registered and not in a group prevents them from benefiting from the synergy effect and responding adequately to demand. They do not also hold an accounting for their activities.

- **Need of equipment acquisition**

Many MSEs have expressed the need for a new machine or new production equipment that is more efficient and productive. Others after the training, do not have the necessary equipment to start their business.

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- **Need of work spaces**

Some MSEs operate on other people's spaces. They are constantly in fear of being chased out of this space one day. This forces them not to develop enough their activities at the risk of losing everything if one came to cast them out. This is why they need personal spaces to run their activities.

### 2.4. Financial structure of BACs

In this section, we want to present both the costs incurred by the BACs during their operation and the sources of revenue that allow them to finance their operations. The absence of proper financial statements (Balance Sheet and Income Statement) within the BACs prevents us from making a thorough financial diagnosis. Indeed, the BACs merely report monthly reports of their activities to the Program Management Coordination Unity (PCMU). These reports give details of the charges engaged and how they were covered. The table below provides a list of items. This list is not exhaustive and varies from one BAC to another. However, it will allow us to get an idea of the burdens that the BACs bear and how they are funded.

*Table 3: BACs Financial structure*

EXPENDITURES		SOURCES OF FUNDS					
		REP		ASSEMBLY	CLIENTS	NBSSI	TOTAL
		IFAD	AfDB				
1	Trainings						
2	Workshops						
3	Salaries						
4	Travel and transport						
5	Repair and Maintenance						
6	Stationery and Printing						
7	General Administrative Expenses						
8	Finance Cost						
9	Other						

Source : REP

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The main expenses are those inherent in the training program, workshops and salaries.

Training programs and workshops are 80% funded by the REP (IFAD and AfDB which are funders) and 20% by clients as commitment fees. The funds from the REP are paid by quarter to BACs according to their AWPB while the contribution of customers can be made in cash or in kind. Customer contribution can be up to 30% depending on whether it is basic (20%) or advanced (30%) training. The training cost is composed of the Service Provider's fees and expenses related to the actual organization. Service Provider fees may represent up to 80% of the total cost of the training.

As for salaries, they are paid by the NBSSI and the District Assembly (DA). The NBSSI pays the salaries of BAC Head and the Driver while those of the Administrative Assistant and the BDO are paid by the DA. The other current expenses are normally borne by the DA since the BACs are housed within the DA buildings.

### 2.5.Problems Analysis

During our research, several problems were identified. These affect not only the operation of the BACs but also their ability to be financially viable or to achieve their financial autonomy. Among the problems identified, we can quote :

- **Non-contribution of District Assembly**

Most of the DAs do not honor their commitment to the REP in terms of the payment of BDO's salaries, a contribution to the current expenses. In fact, according to the terms of the agreement between the REP and the DAs, they should pay the salary of the BDO that the REP recruited to represent him within the BAC and pay the current expenses of the BAC. But it should be noted that sometimes the BDOs do not have their salaries, no funds are made available to the BACs for their current operations. This situation forces them to use part of the REP funds for their day-to-day operations.

- **Heavy dependence on REP funds**

BACs are 80% dependent on REP funds to run their activities. This is one of the main concerns. Since the REP is supposed to cease in 2020, it may therefore be difficult for the BACs to continue operating normally. This is the being reason of research, which aims to

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find solutions to enable BACs to be financially independent from 2020 in order to continue their activities.

- **Delay in funds raising from REP**

As stated previously, the PCMU releases funds to BACs per quarter based on the annual plan submitted and the activities in sight. There is a platform through which BACs submit their request for funds. However, some believe that there are sometimes delays in raising funds. This situation prevents them from organizing training sessions. Indeed, without the funds of the REP, no action is possible since the BACs rely heavily on it. This means that there are months when the BACs are inactive. We were also able to note that sometimes even because of these delays, the funds that were intended to finance the activities of one year, are not released until the following year.

- **Cutting down of approved budget**

Many felt that not all of the approved amount was raised at the end of the year. This means that some courses are not organized at the end of the year.

- **Difficulty to get clients contribution**

Some BACs have problems in collecting customer's contributions, although they have the opportunity to contribute in cash or in kind. Remember that the contribution of customers varies from 20% to 30% of the total cost of training. Despite this modest contribution, some do can not because of low income. For some it is a lack of will because some clients feel that training should be free as the BACs belong to the Government.

- **Lack of transportation means**

Some BACs do not have an official pick up for their field trip. Others have olde vehicles that are there a long time ago and are fully depreciated. This prevents them from moving easily and expanding their activities to other communities in their district. They are therefore compulsory to limit their activities to their nearest communities.

- **Strong dependence on « Services Providers »**

We mentioned it above. For all trainings that could be organized, BACs must invite a Service Provider approved by PCMU in order to conduct the training. It is impossible for

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BAC staff to conduct training themselves. This is a real concern as the Service Provider's fees are high and in case of absence or unavailability, the training cannot take place. On the other hand, it makes the staff idle as they do not have much to do. It increases the high level training's cost.

- **Less qualified staff of BACs**

Most employees within the BACs do not have skills in their core business. Sometimes it is BAC Head that is able to solve the problems of the customers when they are in difficulties and they need assistance. Some BDOs do this too, but not all staff. This means that in the absence of BAC Head, activities of BACs are stagnating. Nobody can assist clients when needed. This also explains their strong dependence on Services Providers.

- **Antiquated equipment**

In the BACs, we sometimes find equipment very old, completely depreciated and constantly broken down. No material depreciation plan has been put in place to replace the equipment timely. This sometimes puts the BAC staff in a very embarrassing situation where they find themselves in front of machines that no longer work and office furniture in poor condition. All this impacts their performance.

- **Difficulties of MSEs to access to different funds IFAD**

To support financially the MSEs, IFAD has implemented Matching Grant Funds (MGF) and Rural Enterprises Development Funds (REDF). MGF was set up to support the MSEs in the acquisition of machinery or production equipment and the REDF to finance their development. However, since these funds are made available to commercial banks, it becomes more difficult for MSEs to access them, due to the interest rates applied (around 35%) and other conditions that must absolutely be respected. Yet, most of the MSEs need strongly funds to expand their business.

**2.6.Diagnosis synthesis**

The table below summarizes the diagnosis of the BACs that we carried out by providing their strengths and weaknesses as well as the opportunities to be seized and the threats that must be prepared to face.

*Table 4: BACs SWOT analysis*

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>- Notoriété</li> <li>- Soutien du Gouvernement</li> <li>- Ancienneté</li> <li>- Soutien de l'IFAD et de l'AfDB</li> <li>- Proximité avec les communautés rurales</li> <li>- Monopole du marché de BDS dans les zones rurales</li> </ul>	<ul style="list-style-type: none"> <li>- Forte dépendance des fonds du REP</li> <li>- Forte dépendance des Services Providers</li> <li>- Personnel peu qualifié</li> <li>- Matériel de travail vétuste</li> <li>- Non contribution régulière des DA</li> <li>- Difficultés à couvrir les charges courantes</li> </ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>- Nombre des MSEs sans cesse croissant</li> <li>- Plusieurs besoins non encore couverts</li> <li>- Environnement économique propice</li> <li>- Nouveau programme du gouvernement « ONE DISTRICT, ONE FACTORY »</li> <li>- Naissance de nouveaux besoins due à la croissance des activités des MSEs</li> <li>- Possibilité de collaboration avec certaines ONG et autres organisations de développement</li> </ul>	<ul style="list-style-type: none"> <li>- Cessation du REP en 2020</li> <li>- Concurrence des services providers individuels</li> </ul>

Source : Ourselves

### 2.7. Tentative strategies to assure BACs financial sustainability

For many BACs Heads, BACs can continue to operate without the intervention of the REP by relying on:

- **National Board for Small Scale Industries (NBSSI)**

Being placed under NBSSI, the BACs will thus be able to continue the exploitation with the financial and technical support of this one. Also, since before the REP it is the NBSSI who supported the BACs, they think that it will be able to continue to support them. Let's note that there are BACs that are not funded by the REP but that normally operate with the support of NBSSI.

- **Partnership with NGOs and other development Organizations**

Some believe that by forming partnerships with NGOs and development aid organizations such as the European Union, this will allow BACs to continue to operate without the intervention of the REP.

- **Client contribution**

For others, since training is organized to meet the needs expressed by clients, they should therefore bear the full cost of training. So instead of paying only 20% or 30%, they will pay the full cost. This would allow BACs not to use other sources of funding to organize their trainings.

- **Investing in BACs staff through trainings and capacity building**

Some believe that due to the high amount paid to the services providers for each training, it would be wise to invest in the training and capacity building of BAC employees so that they can now carry out the training themselves. This would significantly reduce costs and the contribution of customers can be used to cover other expenses.

While all of these strategies are valid, we believe that they contain many weaknesses and cannot allow BACs to achieve financial independence efficiently. This is why we recommend the options in the following paragraphs.

### IV. RECOMMENDATIONS

The strategies presented below aim to help BACs to help their financial autonomy by 2020. They have been developed taking into account the strengths, weaknesses of the BACs, as well as the opportunities presented to them. . They complement the options already presented above.

- **Develop new services by targeting other categories of clients**

Currently the services provided by the BACs are most of the time technical and marketing courses. These trainings are intended for MSEs only. It would be preferable to develop certain services which would interest other categories of economic operators. This would increase the revenues of the BACs. These services can be: keeping company accounts, drawing up business plans for any company, preparing financial statements, etc. By doing so, the BACs will not only be able to increase their revenues to cover their expenses, but will also be able to position themselves as an important actor in supporting companies in Ghana..

- **Train and build the capacity of BAC employees to deliver the services themselves**

BACs will not be able to be financially and operationally independent if their employees are not qualified to offer all the services themselves. They need to be trained and their skills strengthened so that they can deliver the BDS without or less intervention Services Providers. This would save a lot of money and organize the trainings whenever the need arises. Also, to be able to expand the range of their services, it is imperative that staff be trained to have the necessary skills in those areas. Well-qualified staff would be a guarantee of financial and operational autonomy.

- **Make funds available to BACs in the form of grants or loans at a preferential rate**

There is a strong need expressed by the MSEs in terms of financial support. Although several types of funds are set up in their favor, they cannot access easily because these funds are housed in commercial banks whose conditions are often restrictive for MSEs. For example, the interest rate is very high and other conditions such as having an active

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account, etc. Making funds available to BACs in the form of grants or long-term loans at a preferential rate could have several positive effects. First, it will enable BACs to meet the expectations of MSEs, who often need funds to develop their activities. With these funds, BACs will be able to directly lend to MSEs at lower rates than banks. The interest earned will be used to finance their operations. Also, it will be a way to attract a large number of customers. It could also help fund some start-ups that do not have the capital to start their business. However, a number of steps should be taken to avoid non-payment. If the funds are made available to the BACs in the form of a grant, this will be a way to strengthen their equity. Otherwise, if it is in the form of a long-term loan, this will help strengthen their permanent resources. They can grow by investing more in high-growth MSEs in the form of a small loan or leasing. They will be able to repay as the MSEs repay. This will be a way to bring Matching Grant Funds and Rural Enterprises Development Funds back to the district level, closer to the rural population.

- **Make a segmentation of customers and be more interested in customers already in business**

Managers sometimes have problems in getting the customers' contribution because among them there are some who do not have a business or who only have very small businesses generating only small incomes. It is therefore advisable to segment the whole of their customers and to be more interested in those who have a profitable activity with the means to pay their contribution. Thus, before organizing a training, this supposes that there is a real need and the interested parties are ready to pay their share in the cost of the training.

### V. Strategy to develop MSEs

Although not part of our research, we considered it useful to dedicate a part that will serve to present some ways to help MSEs to develop better. Because their growth will have a positive impact on the activity of the BACs. That said, we offer the following options:

- **Register MSEs in chains value**

With the new world and national economy, it is important to include MSEs in value chains. To do this, it is important to organize these scattered MSEs throughout the various districts. Thus, grouping them according to the nature of their activity would be a way of integrating them into this trend. This will enable them to develop their potential and respond effectively to demand. The direct consequence of this option being increased production capacity, MSEs can easily achieve economies of scale through lower production costs. This lower production cost will allow for very competitive sales prices at national and international level. The increase in new production capacity will allow MSEs to respond not only to local demand but also to demand from outside. This will therefore increase the level of turnover and income of the MSE. At the local level, this strategy will lead to new job opportunities, and in turn the fall in the unemployment rate. Hence the reduction of poverty and inclusive development. Above all, MSEs must be registered and their products certified, if at least they want to satisfy the international market. Efforts have been made to this end. Indeed, consultative sessions are often held with the Ghana Standards Authority to raise the awareness of MSE about the importance of certification and to encourage them to follow this logic.

- **To solve their problem of work space**

For the manufacturers, in each community it is important that the REP in collaboration with the Government of Ghana arrange spaces to facilitate their activities. The same goes for auto repairers. Most MSEs operate on spaces that do not belong to them. This situation seriously hampers their desire to increase their business, for fear of losing their investments if the owner of the space came to chase them. To secure these spaces and sustain their activities, it is essential that the REP and GoG intervene in favor of these MSE.

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- **Establish a good management system within the MSEs**

Also, it is important to structure the MSEs by putting in place a good management system that is adapted to them and well-formalized accounting within each group. This will allow BACs to closely monitor their customers' performance, expand their business and detect failures in order to take corrective action.

- **Support MSEs in their investments**

Since no company can really develop without investments, it is important for the BACs to support the MSEs in their investments by facilitating access to credit. Given the extremely high interest rates, it is important to put in place a system adapted to MSEs. This may include leasing or borrowing at preferential rates. As far as the leasing option is concerned, it will be for BACs to identify the needs of MSEs in terms of production equipment, technology, machinery during the needs assessment phase and include them in the budget. Thus, on this basis, they will be able to acquire the equipment their customers need and then make them available to them in the form of leasing. It is an option that we find adapted to the nature of the MSEs. It limits the risk of insolvency of the beneficiary ESM. Indeed, in case of bankruptcy, the material can be resold.

### CONCLUSION

Since 1995, REP has played an unprecedented role in reducing poverty in Ghana and improving the conditions of rural populations by promoting the creation of hundreds and thousands of small businesses and entrepreneurship through BACs. The latter, who are closer to the population, are always attentive to their needs and spare no effort to provide them with the most appropriate solutions. This involves technical training in agro-industry, agro-business, welding, crafts, management training and advice. Today, BACs remain the only ones to deliver business development services in rural areas in Ghana. There are about 161 BACs placed under the REP throughout the country.

Their strong financial dependence on the REP funds after several years of operation does not leave indifferent the program managers, especially the donors such as IFAD. Thus, this research work commissioned to find viable options that would allow BACs to break their dependency and achieve financial autonomy from the year 2020.

This is what we tried to do during this work. During this work, we were able to carry out a diagnosis of these centers in order to identify the ways out of this strong dependency as well as the strategies to be put in place to achieve their financial autonomy. Although the list of options mentioned in this work is not exhaustive, we believe that if the identified ones are implemented, it would probably help the BACs to put themselves on the path of their financial independence and ensure their functioning from 2020.

In addition, it would be appropriate for each LAC to maintain a general accounting and not just to produce monthly reports. This accounting will be used to record all the day-to-day operations of the center and produce financial statements at the end of each year. These states may service the center's performance analysis to identify corrective actions. This will ensure that the center is on the right track.

Also, a research on MSEs supported by BACs will be welcome to ensure the real impact of services by BACs on the performance of these MSEs. Also, it will be the opportunity to identify ways and means to accelerate the growth of these.

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