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**STRENGTHENING INDUSTRIAL PLANNING AND PROGRAMMING IN
SUPPORT OF THE GOVERNMENT'S INDUSTRIAL SECTOR
ADJUSTMENT PROGRAMME**

DP/GHA/001

GHANA

Terminal report*

Prepared for the Government of Ghana
by the United Nations Industrial Development Organization,
acting as executing agency for the United Nations Development Programme

Based on the work of Mr. S. E. Joseph, small-scale industries adviser

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United Nations Industrial Development Organization

Vienna

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* This document has not been edited.

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EXPLANATORY NOTES

Value of the local currency - Cedi (¢) in United States Dollars -
US-Dollars - mid April 1989

Bank rate 1 US-\$ = 250 ¢

Forex rate 1US-\$ = 350 ¢

ABBREVIATIONS

CTA	Chief Technical Adviser
DAPIT	Development, Application and Promotion of Intermediate Technology
ED	Executive Direction
GRATIS	Ghana Regional Appropriate Technology and Industrial Services
GSS	Ghana Statistical Services
IS	Industrial Statistics
ITTU	Intermediate Technology Transfer Unit
MIST	Ministry of Industry and Technology
NBSSI	National Board for Small-Scale Industries
NSS	National Service Secretariat
OPS	Office for Project Support
PAMSCAD	Programme of Action to Mitigate the Social Cost of Adjustment
SME	Small and Medium Enterprises
SSI	Small-Scale Industries
TCC	Technology Consultancy Center

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RECOMMENDATIONS

- 1) A well-defined and integrated national industrial policy covering industries of all scales and sizes is a prerequisite for the National Board for Small-Scale Industries to formulate and implement development programmes, to strengthen its organizational structure at the Headquarters and in the regions and carry out other functions set out in the Act.
- 2) The role of the National Small-Scale Industries Board vis-à-vis other departments and agencies concerned with development of different traditional and modern small-scale industries (including cottage industries, informal enterprises, handicrafts and ancillary industries and provision of technical and other assistance and facilities) should be clearly defined through suitable administrative and other measures. This is necessary for ensuring coordination with the organizations concerned with policies relating to investment, credit, training etc. This would also prevent duplication of efforts and ensure fullest utilization of the expertise, funds,.
- 3) The National Small-Scale Industries Board should be provided with the services of an expert (for at least two years) to assist in implementation of policies, development programmes, the World Bank's project for small- and medium enterprises, conducting of studies of wood-based and other industries and also a five-year development plan.
- 4) Services of two experts - one local and another from a developing country would be useful for a short period to prepare the report of the Survey of Small-Scale Industries.
- 5) Another enlarged survey of small-scale industries (including cottage and household industries on a sample basis in selected districts) should be carried out some time in 1991.

INDUSTRIAL PLANNING AND PROGRAMMING
DEVELOPMENT OF SMALL-SCALE INDUSTRIES

(UNDP/UNIDO/WORLD BANK PROJECT: DP/GHA/86/001)

END-OF-ASSIGNMENT REPORT OF S.E. JOSEPH,
SMALL-SCALE INDUSTRIES ADVISER

CHAPTER 1

INTRODUCTION

1. S. E. Joseph, Small-Scale Industries Adviser (SSI Adviser) was a member of the UNDP/UNIDO/World Bank Project Team on Industrial Planning and Programming which was started in March 1987. The primary objective of the Project was to strengthen industrial planning and programming in support of the Ghana Government's Industrial Sector Adjustment Programme. The Project covered medium, large-scale and also small-scale industries (SSIs).

2. The Project Team is headed by Dr. E.S. Taylor, Chief Technical Adviser (CTA). SSI Adviser joined the Team on 26 August 1987 after the briefing at the UNIDO headquarters. The other member of the Team, Mr. S.A.G. Kirmani, Industrial Statistics Adviser (IS Adviser) joined the Team on 30 December 1987.

3. The day after his arrival in Accra, SSI Adviser reported to the CTA and Dr. E.K. Abaka, Executive Director (ED), National Board for Small-Scale Industries (NBSSI).

4. The NBSSI established under the Act 434 of 1981, was inaugurated in April 1985. It is an apex national body under the aegis of the Ministry of Industries, Science and Technology. The

Board's statutory mandate covers planning, formulation and implementation of policies, programmes and schemes for promotion and development of SSIs including handicrafts in urban and rural areas. The NBSSI has been allotted 5 rooms within the office building of the MIST.

Briefing in Ghana

5. Soon after arrival at the duty station, meetings were arranged by the ED (NBSSI) for SSI Adviser to pay courtesy calls on the Minister for Industries, Science and Technology and the Minister for Agriculture. In addition, series of meetings were arranged between September and October 1987 with the Chairman and Members of the NBSSI and about twenty senior officers of different Government Departments, Organisations and other agencies engaged in providing technical, financial, training and other assistance and facilities to SSIs.

6. A short report was prepared about these meetings and circulated on 21 October 1987. Besides summary records of the meetings, the report contained several conclusions and suggestions; these are reproduced in Annex I.

7. Besides the meetings, SSI Adviser made short visits to Tema and Kumasi for an on-the-spot study of SSIs.

8. The one-year assignment of SSI Adviser was initially extended for a period of three months (i.e., upto 21 November 1988) and later for another six months (i.e., upto 21 May 1989 when the assignment ended).

CHAPTER 2

BACKGROUND AND DUTIES

BACKGROUND

In Ghana, there are numerous, heterogeneous SSIs comprising self-employed craftsmen and artisans, cottage and household industries, informal and other small-scale industries. This decentralised industrial sector includes manufacturing, service and business enterprises. Establishment of these units involves relatively low capital investment and shorter gestation period. These units provide part-time and full-time employment to a very large number of men and women in the urban, semi-urban and rural areas. The products and services of these units are based largely on indigenous resources and cater to the needs of the masses within the country. Some products are also exported. Such industries established in semi-urban and rural areas act as "counter-magnets" to large-scale migration of people from those areas to the urban areas.

2. Empirical and other studies of industrial growth and development of several developing as well as industrialised countries have confirmed that planned development of small-scale industries have facilitated them to resolve certain problems like those of growing unemployment, shortage of indigenous and foreign capital resources, greater utilisation of indigenous resources, etc. In the context of some of these and other problems and also certain national objectives, development of SSIs is being accorded high priority also in Ghana.

3. Authentic statistical data and information about SSIs in Ghana are not available. There is, however, ample evidence that the bulk of SSIs consists of traditional industries like weaving of cloth, making of garments, printing, beverages, wood carving, carpentry, blacksmithing, soap-making and repairs of leather, vehicles, and engineering, electrical and other such products. The levels of technology of most of these small units are low and the quality of their products is generally indifferent. Therefore, in order to initiate a development programme, inter alia, to assist the existing SSIs to upgrade their production techniques, to develop fresh entrepreneurship and to promote modern viable SSIs including ancillaries to medium and large-scale industries, the Government established the NBSSI a few years ago.

4. Besides the NBSSI, several other Departments, organisations and institutions are also engaged in providing assistance and facilities in different forms to SSIs. Despite this, the majority of SSIs have not been able to secure technical, financial and other facilities and assistance to any appreciable extent. However, unlike the other agencies, the NBSSI is a statutory organisation. It is vested with the authority and powers to formulate and implement national policies and programmes, to coordinate the activities of all the agencies involved in promotion of SSIs and also to assign to them the implementation of appropriate schemes and projects.

5. It was in context of the foregoing considerations that the UNDP-UNIDO-World Bank Project for industrial planning and

programming referred to earlier included separate components for strengthening the planning and operational capabilities of the NBSSI.

Duties of SSI Adviser

6. Under the project, the main "tasks" to be carried out by SSI Adviser as set out in his "job description" were briefly summarized below:

- i) to assist the NBSSI in formulation of a suitable framework of policy and programmes for development of SSIs based on an analysis of their potential, constraints and needs relating to finance, marketing, entrepreneurship development, etc;
- ii) to assist NBSSI to develop an appropriate organisational structure for implementation of policy and programmes;
- iii) to arrange and provide training for NBSSI staff through formal courses, overseas fellowships and study tours; and
- iv) to guide a survey of SSIs to be conducted by NBSSI and, based on the results, to advise and assist NBSSI in preparation of a five-year development programme for accelerating the growth of SSIs.

7. The major activities of SSI Adviser for carrying out these tasks and the results achieved are reviewed in the next chapters to follow.

CHAPTER 3

POLICY AND PROGRAMMES

1. In pursuance of the tasks assigned to SSI-adviser, a detailed paper on "Policies and Programmes for developing the Small-Scale Industrial Sector in Ghana" was prepared early in October 1987. Copies of the paper were circulated by the CTA to UNIDO, UNDP, MIST and NBSSI.

2. The 22-page paper contained the following sections:

- (i) an overview;
- (ii) advantages of development of small-scale industries;
- (iii) pre-requisites for development of small-scale industries:
 - infrastructure facilities;
 - policy;
 - development programmes;
 - administrative set-up.

3. In March 1988, NBSSI forwarded its comments on the paper. Almost all the suggestions made therein were endorsed by the NBSSI.

4. On 29 June 1988, the MIST forwarded the comments of its Sector Heads on the paper. The conclusion of the comments are reproduced below:

"The views expressed by the Small-Scale Industries Adviser regarding the effective development of small-scale industries should be seriously addressed by the National Board for Small-Scale Industries and the Ministry of Industries, Science and Technology. In doing so, care should be taken not to over-protect the sector, as protection in Ghana's industrialization process tended to produce negative results in the past."

5. In January 1989, a short paper was prepared at the instance of ED (NBSSI), containing an outline of the policies and strategies for development of small-scale industries. The paper was needed in connection with a meeting of a Sub-committee on Industries which had been constituted by a high-level committee on Review of National Economy. The paper was based on the earlier paper, the comments thereon and the subsequent development. A copy of the paper is attached to this report (Annex II).

CHAPTER 4

ORGANISATIONAL STRUCTURE

Another task to be carried out by SSI Adviser was to an appropriate organisational structure for formulation, implementation and monitoring of policies and programmes for the development of small-scale industries. Accordingly, based on the organisational structure embodied in the paper on policies and programmes (referred to in the preceding chapter), detailed proposals were prepared in December 1987.

They were revised in February 1988. The revised proposals contained sections on:

- (a) Functions of the NBSSI
- (b) UNDP-UNIDO-World Bank Project
- (c) Present Organisational Structure
- (d) Proposed Organisational Set-up
- (e) Job Descriptions
- (f) Incumbent and New Staff
- (g) Budgetary Requirements
- (h) Office Accommodation
- (i) Essential Services and Facilities.

Annexures -

- A Organisational Structure to be adopted as early as possible.
- B Perspective Organisational Structure:1988/92
- C Job Descriptions for the posts included under Annexure A above.

As desired by ED (NBSSI), SSI-adviser prepared a note on the role of NBSSI vis-à-vis other departments and organizations engaged in providing assistance and facilities to small-scale industries.

CHAPTER 5

T R A I N I N G

Till October 1987, the NBSSI consisted of the:

Executive Director

Administrative Secretary

3 Technical Officers

Accountant.

2. One of the technical officers was deputed for training to Rome and another to Ireland during 1987 and 1988, respectively.

3. In October 1987, the NBSSI with the assistance of the World Bank sponsored 10 selected persons (including 2 persons who belonged to other departments) for a training course at the Entrepreneurship Development Institute of India. On their return in December 1987, their services were utilised by the NBSSI for training of over fifty local potential entrepreneurs. SSI Adviser contributed to the training programme, and helped also in training of enumerators and supervisors selected for the Survey of SSIs.

CHAPTER 6

SURVEY OF SMALL-SCALE INDUSTRIES

A preliminary scheme for conducting a survey of SSI's was prepared by the SSI-adviser in October 1987. This was discussed then with the Senior Industrial Development Officer (SIDO) during his visit to Ghana. Afterwards, the scheme was also discussed with the Ghana Statistical Service (GSS) towards the end of 1987.

2. A detailed scheme (including the Questionnaire) was prepared and submitted for consideration to the NBSSI and the MIST in February 1988. The Questionnaire for the survey was tested jointly by both the SSI- and IS-adviser in Accra during 21 to 29 March 1988, when a dozen registered SSI's were visited. Based on the response and reactions of the respondent units, a short report was prepared by the SSI-adviser and circulated to all concerned on 30 March 1988. Thereafter, discussions were resumed by SSI and IS-advisers with the concerned officers of the GSS with a view to secure their cooperation and assistance in implementation of the scheme.

Consultations with GSS

3. After two letters to GSS during September to November, discussions with them were resumed on 24 November 1988, which covered a number of technical issues, and continued till the end of January 1989. It was mainly on the basis of these discussions that the Questionnaire and Manual for the Survey could be finalized in February/March 1989 respectively.

Recruitment of field staff

4. As per the Government's directives, the National Service Secretariat (NSS) was approached to sponsor suitable candidates for selection of about 140 enumerators and 20 supervisors to serve in different regions. It was necessary to ensure that the candidates selected to serve in specific regions had some suitable place to stay and were conversant with the local languages of the regions to be posted in.

5. The NSS was approached for candidates early October 1988. Arrangements for interviews were made in Accra and Kumasi. However, the first batch of 24 candidates appeared only on 4 January 1989. This was followed by several other batches which continued on an irregular basis up to mid March 1989.

Thus, it was possible to make the final region-wise selection by 18 March 1989.

Training & Survey

9. Training of the field staff in Accra and Kumasi was started on 28 March, which continued till 31 March. This was followed by "pilot" survey from 3 to 5 April 1989. The main survey exercise commenced from 11 April 1989 onwards.

10. Major items of work done by SSI Adviser in connection with the survey were:

- prepared the final draft of the Survey Scheme in consultation with IS Adviser;
- prepared the final Questionnaire and Manual in consultation with IS Adviser;
- prepared the time table and the financial estimates from time to time;
- made arrangements for and participated in the interviews of over 100 candidates for the posts of field staff and tabulated their results;
- prepared the background paper and record of the meeting held under the chairmanship of Acting Secretary for Industries, Science and Technology to consider the arrangements for the survey;
- prepared the draft inaugural address of Resident Representative, UNDP;
- supervised the arrangements at Accra for training of the field staff and delivered lectures on 29-30 March 1989.

CHAPTER 7

OTHER ACTIVITIES

WORLD BANK MISSION ON SME PROJECT

SSI Adviser represented ED (NBSSI) at series of meetings held in February and June 1988 between the MIST and the World Bank Mission for Small and Medium Enterprise Development Project (SME Project). This involved critical examination of the Mission's views and suggestions and participation in the discussions. In response to the Mission's request to the MIST, SSI Adviser prepared a statement reviewing the activities of the Government Department, technical, financial and other institutions engaged in providing assistance and facilities to cottage and small-scale industries in Ghana.

Revolving Fund for loans to SSIs

2. SSI Adviser examined the NBSSI's proposal in November 1987 for establishing a revolving fund for advancing loans to SSIs

Institutional Credit or SSIs

3. A note was prepared in December 1987 on Institutional Credit for SSIs at the request of ED (NBSSI).

PAMSCAD Credit Component for SSIs

4. The World Bank Resident Representative had sent for consideration a proposal in June 1987 for utilisation of the credit component of the Programme of Action to Mitigate the Social Costs of Adjustment (PAMSCAD) for small-scale industries. The proposal was examined and a critical note was prepared by SSI Adviser which was forwarded for consideration to the UNDP Resident Representative.

Development of Small-Scale Wood-Based Industries

5. A paper on Development of Small-Scale Wood-Based Industries was prepared and submitted to the CTA in May 1988. The note was resubmitted for consideration in August 1988, when it was returned with a proposal of an Italian firm for setting up a training centre. The proposal of the Italian firm was examined. The original paper was finalised in September 1988 and submitted for consideration to the UNDP. The note was agreed to in principle for funding in October 1988 and forwarded for approval to the UNDP/DPS. The note was approved and discussed at a meeting held in the MIST in November 1989 which was attended, inter alia, by an official of the UNDP/DPS. SSI Adviser participated in the meeting and prepared the record of the meeting. Steps are being taken to initiate the study.

Proposal for a National Conference on Financing & Development of SSIs

6. A detailed proposal for organising the first National Conference on Financing and Development of SSIs in Ghana was prepared and submitted to NBSSI and MIST in April 1988. In the light of the comments received in May 1988, the proposal was amended and forwarded for consideration to the Senior Industrial Development Officer early in June 1988. On return of the CTA from UNIDG Headquarters early in August 1988, the proposal was finalised and submitted to NBSSI and MIST for approval in August 1988.

Development of Industrial Entrepreneurship

7. At the request of the Technical Director, MIST, an article on Development of Industrial Entrepreneurship in Ghana, was prepared early in September 1988. The article was later published in the Ministry's journal.

Problems of Small-Scale Industries

8. At the request of NBSSI a lecture on the Problems of Small-Scale Industries was delivered in July 1988 to a batch of about thirty entrepreneurs selected for training. A synopsis of the talk was circulated to the trainees.

Diamond Processing Industry

9. SSI Adviser prepared a short note on the Diamond Processing Industry in Cottage and Small-Scale Sector in Ghana. The points and suggestions made in the note were referred by NBSSI for consideration to the Ministry of Lands and Natural Resources and the Diamond Marketing Corporation. Their comments are to be processed further.

Cottage Industries

10. A proposal of the Department of Rural Housing and Cottage Industries for organising a Workshop, was examined and comments prepared for discussions. Later, a paper was also prepared for the use of the NBSSI for the Workshop.

11. In addition to the items of work briefly referred to in the foregoing paragraphs, SSI Adviser was approached for advice by a number of potential entrepreneurs from time to time regarding the types of small industries having potential for development in

different regions. For this purpose, an illustrative list of industries considered suitable for development was prepared. Potential entrepreneurs were also guided about the international and other agencies to be approached for information regarding training, machines, collaborations, etc.

CHAPTER 8

ACHIEVEMENTS OF OBJECTIVES

CONCLUSION AND RECOMMENDATIONS

Briefly, as stated earlier also, the principal objective of the Project was to strengthen the planning and programming capabilities of the MIST and NBSSI. For this purpose, one of the important components of the Project was formulation of suitable policy measures for the cottage and small-scale industrial sector and also for the medium and large-scale sector. It needs hardly be emphasised that the policies, strategies and development programmes for both the sectors are closely inter-dependent. Further, these need to be formulated within the ambit of a country's accepted short and large-term national objectives and goals. Thus, it is essential to have a well-defined and integrated industrial policy covering industries of all scales and sizes so as to achieve planned and balanced industrial growth.

Policy Framework

2. In Ghana, the Act for establishing the NBSSI embodies its functions including certain policy measures and schemes for SSIs but these are not integrated or coordinated with the policies and programmes for the organised industrial sector. Broadly speaking, the industrial policy for medium and large-scale industries is at present being administered within the framework of the current policies and procedures relating to investment, institutional credit and foreign exchange resources. The bulk of SSIs remain outside the purview of these policies and procedures. Nevertheless, besides the NBSSI, there are a number of Departments and organisations which were established several

years back to provide technical, financial and other assistance to SSIs. But there is considerable duplication of functions and efforts amongst these organisations, most of which suffer also from paucity of funds and trained extension personnel.

3. However, as pointed out earlier, a High-level Committee is at present engaged in reviewing the national economy in order to bring forth, inter alia, a well-defined national industrial policy. It is presumed that the policy would have a clear component for cottage and small-scale industries. It is also hoped that the component would be based largely on SSI Adviser's proposals in respect of policies, programmes and the role of NBSSI.

4. Assuming that a clear policy for cottage and small-scale industries would be announced shortly, it would be desirable for the NBSSI to secure the services of an expert to assist in implementation of the policy measures, the recommendations of the World Bank Project and new schemes to be formulated for wood-based industries, processing of diamonds, promotion of small-scale ancillary industries, etc. The need for such an expert has also been stressed in a recent document of the World Bank; the relevant extracts are reproduced in Annex III.

Organisational Structure

5. Since its inception in 1985, the NBSSI has been functioning from its headquarters consisting of 5 rooms and professional staff of 4 persons, without extension staff in any region. Owing to the extremely inadequate office accommodation, it has not been feasible for the NBSSI to fill up as many as 14

"established" posts and even to consider the proposals of SSI Adviser for strengthening the organisational structure.

6. It is gathered that the NBSSI is continuing to press for larger accommodation, but it seems unlikely that the matter would be resolved satisfactorily in the immediate future. This would be most disconcerting as it would adversely affect the implementation of the policy under formulation, the World Bank's project under finalisation and other programmes and schemes.

7. It is felt that another exercise for working out the organisational structure would be necessary as and when some suitable office accommodation is allotted and decisions are taken regarding the policy, World Bank's project and other proposals.

Survey of SSIs

8. A survey of SSIs was another important component of the Project. A point to note in this connection is that the Ghana Statistical Service (GSS) is primarily responsible for collection of basic statistics and it has long experience, trained staff at the headquarters and in the regions, names and addresses of units employing upto 9 persons and also the equipment for printing and processing of data. In spite of all this, the GSS had not conducted a survey of SSIs for over a decade. These units were not covered even under the industrial census completed in 1988.

9. Despite the delays and certain shortcomings in carrying out the survey, it is almost certain that all the objectives and outputs set out in the survey scheme would be achieved, provided that suitable arrangements are made on an urgent basis for

processing, analysis and interpretation of the statistical data and information which would become available shortly.

10. It would be useful to hire the services of two experts - one local and another from a developing country - to prepare the survey report after the data had been tabulated.

11. Steps may be initiated for formulation of a five-year development plan for SSIs after the industrial policy has been finalised, the survey report has been completed and the NBSSI has been allotted adequate accommodation and funds for promotional and extension staff and other facilities. Later, some time in 1991, another survey of SSIs should be carried out which should cover cottage and household industries including handicrafts on a sample basis at least in some selected districts.

ANNEX I

BRIEFING IN GHANA

(Extracts from the report referred to in para. 6)

"4. More important conclusions and suggestions which emerged from these meetings are summed up below:

- There is considerable potential for further promotion and growth of cottage, informal and modern SSIs especially agro-based industries;
- there is urgent need for making/strengthening the institutional arrangements at the regional level for providing technical, financial and other guidance and assistance in different forms to those engaged in cottage, informal and other small enterprises to upgrade their technologies and to expand, diversify and modernise their units and to potential entrepreneurs to start new industrial establishments;
- most, if not all, small entrepreneurs are not in a position to comply with the terms and conditions prescribed by the development finance as well as banking institutions for advance of loans especially term loans;
- there would be justification in adoption of differential terms and conditions for SSIs and other larger industrial undertakings;
- the credit guarantee scheme for SSIs should be revived;
- most technical training institutions need to be re-equipped more fully with modern equipment and materials;

- training courses and other suitable schemes need to be initiated in selected training institutions for promotion of industrial entrepreneurship and management (such schemes may include in-plant and on-the-job training, apprenticeship training, setting up a few small production centres/joint ventures to be sold to entrepreneurs after training) etc.;
- some institutional arrangements may be made between the training institutions and manufacturers/stockists of tools to facilitate the trained persons to secure on instalment basis a set of tools to start their own business;
- departmental stores may be persuaded to assist small manufacturers to produce goods of quality, designs, etc., by supplying them materials, patterns, etc., so as to enable them to increase their production and improve the quality;
- the interests of the existing small industries need to be protected by regulating imports of the goods being produced by them.

5. These and certain other suggestions are covered in a preliminary note on 'Policy and Programmes for Development of SSIs in Ghana' which is separately under consideration of NBSSI.

6. Based on the discussions during the recent meetings particularly about the aims and objectives of different institutions, it is felt that there are several important organisational and other matters which need to be considered carefully; these are briefly discussed below.

- (a) Promotion of cottage, informal and small-scale industries particularly in different regions and some selected districts should receive exclusive and concerted attention. For realizing this objective the Cottage Industries Section (with the Ministry of Local Government & Rural Development) and the Ghanaian Enterprises Development Commission (under the Ministry of Finance) which have their own staff in the regions and perhaps also in certain districts, should be brought under the administrative control of the NBSSI. This is essential for avoiding duplication of staff, accommodation, resources and developmental activities and for ensuring coordinated growth of different types and sizes of small industries;
- (b) GRATIS, TCCs, ITTUs and DAPIT should be continued as specialised institutions. But these institutions should also benefit from the programmes to be launched by the NBSSI for promotion centres, industrial estates and certain essential facilities like heat treatment, allocation of foreign exchange resources, etc. For meeting such requirements of these institutions, it would be desirable if these are treated as the specialised agencies of the NBSSI.
- (c) The Bank of Ghana has over 100 Rural Banks which are primarily concerned with mobilising savings and providing banking facilities but these are not directly concerned with promotion of cottage and small

industries, although the depositors have the facility to take loan for starting any type of an enterprise. It would be desirable for the NBSSI to move the Bank of Ghana to extend its activities to advance loans to viable enterprises who need not be the depositors.

(d) The Ghana Cooperative Bank has 74 main branches and 10 agencies which cover almost all the districts. The Bank is empowered to grant loans to individuals but it has generally neglected cottage industries. This situation is unfortunate. NBSSI may like to take up the matter with the Bank of Ghana.

(e) It is in the interest of NBSSI to develop and maintain close relationships with the Departments and institutions whose spheres of activities have special bearings on the development programmes for SSIs, some of these are:

Ghana Investment Centre (for protecting the interests of SSI)

Bank of Ghana (for evolving a suitable credit policy for SSIs)

Ministry of Finance & Economic Planning (for ensuring adequate allocation of foreign exchange)

Central Procurement Departments of the Ministries and parastatal bodies like the State

Hotels Corporations (for promotion of marketing)

Major technical training institutions (for training in entrepreneurship, management and new skills).

As suggested separately, these Departments and institutions may be co-opted as members of the NBSSI. If this is done, some of them may reciprocate and NBSSI may be associated with their governing bodies.

- (f) Several steps have to be taken for promoting a balanced industrial growth in different regions of a country. Development of informal and small-scale industries help in creating opportunities for employment and earnings in different parts of a country and, thus, in reducing regional disparities in industrial development. For achieving this objective in Ghana, it is suggested that the representatives of industries belonging to different regions may be associated in formulation of national policies and programmes for development of small industries. Accordingly, NBSSI may consider organising Advisory Boards for small industries in different regions and co-opting their chairmen/representatives as ex-officio members."

ANNEX II

SMALL-SCALE INDUSTRIES: POLICIES & STRATEGIES

AN OUTLINE

In the context of the urgent need for creation of large-scale opportunities for productive employment, reducing regional imbalance in industrial development, fuller utilisation of domestic resources and skills and increasing the production of a variety of essential and other goods within the country, a major thrust of the industrial policy would be to promote and develop small-scale industries. Development of these industries including cottage, informal, household, handicrafts and modern small-scale industries also involves relatively low capital investment and foreign exchange resources and shorter gestation period. Modern small-scale industries are capable of production of parts and components for medium and large-scale industrial establishments and processing primary agricultural produce. These industries would also stimulate the development of indigenous skilled man-power and entrepreneurial and managerial capabilities.

2. Taking into account the variety of indigenous resources, skills and potential, the National Board for Small-Scale Industries would accord higher priority to:

- (a) upgrading the production techniques and quality of the products of cottage, informal and traditional industries;
- (b) development of agro-based, export-oriented and small ancillary industries; and

(c) promotion of entrepreneurship and provision of suitable assistance and facilities for stimulating growth of economically viable small-scale industries particularly in semi-urban and selected rural areas.

3. For realising the objectives briefly set out in the foregoing paragraphs, detailed development programmes would be formulated by the Board in close collaboration with the other organisations concerned with development of these industries including financial and banking institutions. For planned development of these industries, there is need for closer collaboration with those concerned with formulation of policies for industrial investment, fiscal policies, import and export policies and credit and allied policies. These programmes would consist largely of a package of promotional schemes. More important of these programmes are briefly outlined below.

4. Credit Facilities: The existing schemes would be reviewed with a view to facilitate larger flow of institutional finance and initiating new schemes like for leasing of equipment, revolving fund for advancing loans to technically-qualified personnel, retired officials and other small entrepreneurs having viable projects. The need for differential interest rates and other terms and conditions for advancing loans to small and large-scale industries would also be gone into as a part of a credit policy for small-scale industries.

5. Industrial Extension Services: To assist existing industries as well as potential entrepreneurs to set up new enterprises, business advisory centres/industrial promotion centres would be organised in different regions for providing the

relevant techno-economic information, advice and guidance about appropriate technologies, preparation of project reports, particulars of major suppliers of indigenous and other equipment and raw materials, etc.

6. Training Facilities: The existing facilities for training in various skills and management would be supplemented by arrangements for training in entrepreneurship.

7. Industrial Estates & Developed Areas:

In order to assist small entrepreneurs in respect of suitable premises for small industrial enterprises, steps will be taken for selecting "growth areas/poles/centres" and sites for establishing industrial estates and developed areas in different parts of the country.

8. Financial & Fiscal Incentives: Suitable incentives for realising certain specific objectives are necessary. Thus, for instance, incentives would be considered for promotion of small industries in industrially backward regions, promotion of exports of selected indigenous products, utilisation of waste materials and results of the research activities. Differential fiscal duties may also be considered for safe-guarding the interests of selected small-scale industries.

9. Marketing Assistance: Special steps would be taken to provide marketing assistance to small entrepreneurs through, for instance, government purchase programmes, advertisement by public media and government-assisted departmental stores.

10. These programmes may have to be supported by certain other schemes like for provision of common service facilities such as wood seasoning plant for those engaged in wood carvings and supply of scarce raw materials to selected small-scale industries.

11. For implementing these programmes, the Board would need to be strengthened within the framework of its Act.

S. E. J.
25-1-59

ANNEX III

Extracts from World Bank Staff Appraisal Report:
Ghana: Private Small and Medium Enterprise
Development Project - Report No. 7440-GH,
dated 14 October 1988

3.13 Assistance to NBSSI for SSE/Microenterprise Development (US \$1.5 million) to: (a) retain the services of a small-scale industry expert to assist the Executive Director in policy development, and in the management and implementation of its program of technical assistance under this project; (b) continue to carry out the EDP for the next three years, train additional trainers/motivators, establish the Entrepreneurship Development Advisory Centers, and conduct annual reviews of the EDP by outside experts to assess its effectiveness and suggest improvements and modifications as needed; (c) coordinate and oversee the feasibility studies leading to two pilot programs for SSEs: business incubators through the three existing Intermediate Technology Transfer Units (ITTUs) of GRATIS and a pilot growth center/site and services in Accra; (d) improve its office facilities, infrastructure and human resource base through professional staff training, maintenance of an SSE data base and improved marketing of services for SSEs; and (e) conduct a study to assess the regulatory and incentive environment for SSEs; the study will review the problems faced by SSEs and the current system of incentives, taxation and assistance programs for them; develop the rationale for certain types for interventions and incentives, if needed; define the most effective approach to implementing national objectives for SSE development (Annex 3-2). The recruitment of the small-scale industry expert, to assist NBSSI in the implementation of its technical assistance components under the project is a condition of disbursement.