

## **INTRODUCTION**

The Micro Small and Medium Enterprises (MSME) Project is a Government of Ghana initiative to provide essential financing and technical support to enhance MSME development in Ghana. The project, which is financed by the World Bank Group and the Government of Ghana, is one of ten pilot projects supported under the IDA/IFC joint MSME Program for Africa.

The project provides a comprehensive range of integrated interventions to address the major constraints that affect the growth of MSMEs in Ghana, and is designed to benefit firms and business associations as well as financial institutions and business development services providers.

## **DEVELOPMENT OBJECTIVES**

The project is expected to trigger shared growth and lower poverty levels by increasing the competitiveness and employment levels of Micro, small and medium enterprises in the Ghanaian economy by:

- (i) Supporting entrepreneurship development
- (ii) Reducing business constraints faced by MSMEs, such as technical barriers to trade,
- (iii) Building an integrated market access and trade facilitation infrastructure
- (iv) Developing and strengthening the capacity of local intermediaries to deliver financial and non-financial services to MSMEs as well as building the capacity of MSMEs to make productive use of these services
- (v) Enhancing the enabling environment to stimulate increased investments in the MSME sector, through improved access to finance, trade promotion and trade facilitation.
- (vi) Enhancing the Government's role and capacity to engage in sector-specific project development, facilitation and implementation.

## **PROJECT COMPONENTS**

The project has four mutually reinforcing components as follows: (i) access to finance; (ii) access to markets, trade facilitation and entrepreneurship development; (iii) business environment; and (iv) implementation, monitoring, and evaluation.

### **1. ACCESS TO FINANCE COMPONENT**

The Access to Finance Component has five instruments which are expected to enhance SMEs access to bank loans.

- (i) **Partial Credit Guarantee Program (PCG)** will provide risk sharing of 50% on defaults loss of Participating Financial Institutions arising from lending to SMEs under the Project;
- (ii) **Line of Credit (LOC) facility:** Provision of funds to support term loan scheme to MSMEs;
- (iii) **Performance -Based Technical Assistance to Banks** will provide technical assistance support to Banks on cost sharing basis.

- (iv) **Performance-Based Technical Assistance to SMEs.** Provision of pre- and post financing technical assistance for potential and existing SME clients on cost sharing basis.
- (v) **Additional Financial Instruments:** Provision of technical assistance to Financial Institutions for development of innovative financial instruments to enhance lending to SMEs.

### **2. ACCESS TO MARKETS, TRADE FACILITATION AND ENTREPRENEURSHIP DEVELOPMENT**

The project will support selected activities in the areas of access to markets, trade facilitation and entrepreneurship development.

#### *i Access to Markets*

- ❖ **Business Development Services Fund** based on cost sharing arrangements (matching grants) to assist MSMEs access Technical Assistance and afford Business Development Services and also to develop the market for Non-Financial Services to Enterprises.
- ❖ **Provision of Business Services** to facilitate linkages between MSMEs and large scale industries through: (i) comprehensive management development (ii) matchmaking and embedded services, (iii) assistance to business management and intermediary organizations and (iv) assistance to micro construction enterprises clusters.
- ❖ **Web-based Platform/National Product Gallery.** Development of a Web-Based National Product Gallery to showcase made- in- Ghana goods and services electronically.
- ❖ **Industrial Sub –Contracting and Partnership Exchange (SPX).** Promotion and facilitation of sub contracting and partnership agreements between MSMEs and large companies to be piloted in the construction sub-sector.

#### *ii. Entrepreneurship Development*

The project will support the establishment of business incubators and creation of Common Services Centers to enhance economic opportunities for MSMEs. This will include the establishment of the following facilities:

- **An Information and Communications Technology (ICT) Park** at the Tema Multipurpose Industrial Park to provide infrastructure and business support services for export oriented ICT SMEs.
- **Furniture City** at the Tema Multipurpose Industrial Park to resettle small scale furniture producers and provide them with common facilities.
- **Clothing Technology and Training Centre** to train SMEs in the garment business to service their equipment and upgrade their production systems.
- **Projects involving the creation of Common Service Centres** for MSMEs under Public-Private Partnership

#### *iii. Trade Facilitation*

The project will support the development of requisite infrastructure to enhance market access and trade facilitation including:

- **SME Database:** to provide a one-stop Information Resource Centre to address the information needs of MSMEs.
- **Proactive Trade Information System:** Online (web-based) capacity building services for MSMEs in product development and adaptation, packaging, labeling and training. It will also provide a comprehensive database on selected priority sectors in the area of market, trade and investment promotion.
- **Export Promotion:** Assistance to GEPC to support targeted export companies through a coordinated market development program, such as buyer-seller, matchmaking and agency representation abroad.
- **Tourism Development:** Support to micro tourism businesses in communities hosting tourist sites to boost the export of non traditional commodities.
- **Export Roundtable:** Establishment of a one-stop facilitating mechanism for export trade services.
- **Export Trade Houses:** Support for the establishment of export Trade Houses which will act as brokers and distributors for SMEs in export markets.

### **3. BUSINESS ENVIRONMENT**

This component will support the implementation of the Private Sector Development Strategy (PSDS) under the Pooled Fund arrangement with other development partners. Further support will also be provided towards the implementation of the Ghana Trade Policy and the Trade Sector Support Program of the Ministry of Trade Industry Private Sector and PSIs. Core activities will include:

- Implementing selected activities under the Trade Sector Support Program
- Implementing market –oriented reforms in the national system of quality standards
- Strengthening Public –private dialogue
- Improving business legislation
- Reforming businesses start up procedures and regulations
- Streamlining the levying of local taxes on businesses
- Building MDAs capacity to effectively serve the Private Sector needs
- Monitoring and evaluating the PSDS.

#### **4. PROJECT IMPLEMENTATION, MONITORING AND EVALUATION**

The Project will provide assistance to the Ministry of Trade, Industry, Private Sector and PSI to coordinate project activities and ensure the attainment of project objectives. In this regard a project performance framework to monitor and assess results at all levels has been incorporated into the scheme of implementation for the project.

#### **ROLES AND RESPONSIBILITIES OF IMPLEMENTING MINISTRIES DEPARTMENTS AND AGENCIES**

Participating Ministries, Departments and Government Agencies (MDAs) will implement project components under their charge and in order to ensure effective execution by these MDAs provision is made within the scheme of implementation to build and strengthen the delivery capacities of project management teams of the various implementing agencies.

The key participating Ministries, Departments and Agencies are:

#### **MINISTRY OF TRADE, INDUSTRY, PRIVATE SECTOR DEVELOPMENT & PRESIDENT'S SPECIAL INITIATIVE**

The Ministry of Trade Industry Private Sector Development and President's Special Initiatives is responsible for overall implementation and coordination of the Project.

The Ministry will execute the project through its departments and agencies together with other private sector partners with the requisite capacity and expertise to deliver.

#### **GHANA EXPORT PROMOTION COUNCIL (GEPC)**

GEPC will be responsible for implementation of the project sub component on Enhancing Export Promotion.

#### **MINISTRY OF COMMUNICATIONS**

The Ministry is responsible for the execution of the Information and Communication Technology Park (ICT Park), Business Process Outsourcing (BPO) and Information Technology (IT) sub components.

#### **MINISTRY OF WATER RESOURCES, WORKS AND HOUSING**

The Ministry together with the Ministry of Road Transport will be responsible for the implementation of the micro construction cluster sub component.

#### **MINISTRY OF ROAD TRANSPORT**

The Ministry of Road Transport will collaborate with the Ministry of Water Resources, Works and Housing to implement the micro construction sub component.

#### **GHANA TOURIST BOARD (GTB)**

The Ghana Tourist Board will implement the Trade facilitation sub component which seeks to support tourism development in Ghana.

#### **ASSOCIATION OF GHANA INDUSTRIES (AGI)**

The Association of Ghana Industries will implement the support and linkages with (AGI/UNIDO) Industrial Sub contracting and Partnership Exchange (SPX).

#### **BUSINESS DEVELOPMENT SERVICES FUND MANAGER**

A Fund Manager will manage the Business Development Services Fund. Businesses interested in accessing the Fund should apply directly to the Fund Manager or through their respective implementing agency.

#### **PROJECT BENEFICIARIES**

The project is targeting MSMEs engaged in general business activities, non-financial service providers, policy advocacy groups and business associations, business development service providers and training providers.

It will benefit Ghanaian consumers, private sector firms, specifically small and medium enterprises seeking to enter both domestic and international markets to expand their businesses.

**For More Information Please Contact:**

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**or any of the MSME Implementing Agencies listed above.**