

FINAL DRAFT
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NATIONAL MICRO, SMALL AND MEDIUM ENTERPRISES

(MSME) POLICY

GHANA

MINISTRY OF TRADE AND INDUSTRY

January 2019

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LIST OF ACRONYMS AND ABBREVIATIONS

AGI	Association of Ghana Industries
ASSI	Association of Small Scale Industries
BACs	Business Advisory Centres
BAS	Business Advisory Services
BUSAC	Business Sector Advocacy Challenge Fund
EGA	Enterprise Ghana Authority
EGF	Empretec Ghana Foundation
EXIM BANK	Export and Import Bank
GAX	Ghana Alternative Exchange Market
GIZ	German Development Cooperation
MFI s	Microfinance Institutions
MoF	Ministry of Finance
MLGRD	Ministry of Local Government and Rural Development
MOTI	Ministry of Trade and Industry
MSE	Micro and Small Enterprises
MSMEs	Micro, Small and Medium Enterprises
NBSSI	National Board for Small Scale Industries
NEIP	National Entrepreneurship and Innovation Plan
NGOs	Non-Governmental Organizations
PEF	Private Enterprise Federation
PFI	Participating Financial Institution
PSDS	Private Sector Development Strategy
REP	Rural Enterprises Programme
RTF	Rural Technology Facility
SEEP	Small Enterprises Education and Promotion
TICs	Technology Innovation Centres
VCTF	Venture Capital Trust Fund
GNCCI	Ghana National Chamber of Commerce and Industry

CHAPTER ONE

1.0 INTRODUCTION

Globally, Micro, Small and Medium Enterprises (MSMEs) dominate the business environment. The sector is referred to as the backbone of the global economy¹. **It also accounts for over 50% of private output, nearly 70% of employment and 90% of businesses.** Consequently, the importance of the MSME sector and the critical role it plays in national development and economic transformation cannot be underestimated.

MSMEs constitute an overwhelming share of operating enterprises, generate more than 50% of turnover and provide two out of every three jobs in the private sector within the European Union (EU). In the Organization for Economic Co-operation and Development (OECD) countries, more than 99% of companies are SMEs and generate about two-thirds of Gross Domestic Product (GDP) on average. In developing and transition economies, SMEs represent more than 90% of private businesses, contribute to more than 50% of employment and GDP and employ about 22% of the adult population. Essentially, MSMEs serve as the engines for growth in developing countries, principally in the area of job creation, local entrepreneurship and income generation towards poverty reduction.

Specifically in Ghana, the importance of the MSME sector is even more magnified, employing more than 80% of the workforce and generating 70% of the national output. MSMEs dominate the industrial landscape of the country and exhibit abundant potential in accelerating economic development necessary for wealth creation and poverty reduction. They constitute about 92% of businesses in Ghana, account for about 85% of manufacturing employment and contribute about 70% of Gross Domestic Product (GDP). MSMEs are an integral part of the Ghanaian economy, and they promote the development of the different structures of society through the generation of employment to vulnerable groups, including women, youth and low-skilled workers.

Despite relative improvement in the general business environment, Ghana still faces similar challenges and constraints in terms of MSMEs development as many developing countries. Some of these challenges include:

- Inadequate data on MSMEs in Ghana
- Limited access to credit or finance
- Limited access to equipment and technology
- Inadequate entrepreneurial and managerial skills
- Regulatory and legal constraints
- Limited access to market intelligence

Other development issues constraining the development of the MSME sector in Ghana are:

¹ ACCA, Accountants for Business, 2010

- The absence of a comprehensive policy framework on MSMEs development.
- The absence of a common national definition of MSMEs.
- The existence of too many agencies and institutions on MSMEs development resulting in duplication of efforts and limited transparency to the target groups.
- The lack of comprehensive data and information on MSME establishments.
- The existence of greater external competition as a result of trade liberalization.
- Constrained market access due to inability to meet requirements of Standards and Technical Regulations.

With the deepening trend in globalization and economic integration, the MSME sector is not merely a sector for protection and promotion, but more importantly as a driving force for growth and development.

Therefore, the Government of Ghana recognizes that enhancing national and international competitiveness is fundamentally important for the sector to sustainably survive the emerging challenges and develop MSMEs as a thriving sector.

Unfortunately, there is no specific MSME development policy. The prevailing initiatives for enhancing the development of MSMEs in Ghana are enshrined in other government policy documents. These include:

1. MSME development is inherent in the Ghana Shared Growth and Development Agenda (2014 -2018) as activities within the Private Sector and Competitiveness Cluster;
2. Micro and Small Enterprise Development (MSED) is addressed as a sub-sector within the MOTI Private Sector Development Strategy which is skewed towards Small, medium and large enterprises;
3. MSED is integrated in Ghana Industrial Policy (2013) as a sub-sector;
4. MSED initiatives are integrated within the Economic Development Term Plan (2014 – 2018); and
5. MSED initiatives are integrated within MOTI Medium Term Plan (2014 – 2018)

This MSME Policy takes into account the sector specific constraints faced by the sector and aims at strengthening institutions and fostering institutional collaborations to maximize value and opportunities for the sector. This Policy also aims to develop and promote the MSME sector through the Made in Ghana initiative, and concurrently improve the business environment to facilitate potential maximization and integration into the global economy. Overall, the Policy will nurture micro enterprises to small enterprises, small enterprises to medium sized enterprises, medium sized enterprises to large enterprises, and make them globally competitive enterprises.

Strategies for implementing the MSME development policy will focus mainly on the creation of an enabling business environment, development of financial and non-financial services and building supportive institutional infrastructure.

CHAPTER TWO

2.0 MSME SECTOR SITUATIONAL ANALYSIS

Available data from the Registrar General indicates that about 90% of businesses registered in Ghana are MSMEs. These enterprises have been identified by Government as the means through which its industrial transformation agenda and other development goals of the country can be realized. It is against this backdrop that the government intends to support the growth and development of the MSME sector to generate jobs and incomes, increase government revenue and help eradicate poverty in Ghana.

2.1 Characteristics of the MSME Sector in Ghana

In Ghana, MSMEs are more labour intensive than larger firms and therefore have lower capital costs associated with job creation. They are mostly registered as sole proprietorships and the largest employment category is working proprietors. These groups make up more than half of the MSME workforce. In most cases, the owner's families are involved in the business. Though they are usually considered as unpaid staff, they are active in the enterprise and make up roughly a quarter of the employees. The remaining portion of the workforce is split between hired workers and trainees or apprentices.

In terms of business activity, they are mostly engaged in retail trading or manufacturing. While it is a common perception that the majority of MSMEs will fall into the first category, the proportion of MSME activity that takes place in the retail sector varies considerably between rural and urban areas. Retailing is mostly found in urban and peri-urban regions, while manufacturing are mostly located in rural or urban centers.

However, the extent of involvement in manufacturing in any area, is dependent on various factors, such as availability of raw materials, taste and consumption patterns of domestic consumers, and the level of development of the export markets.

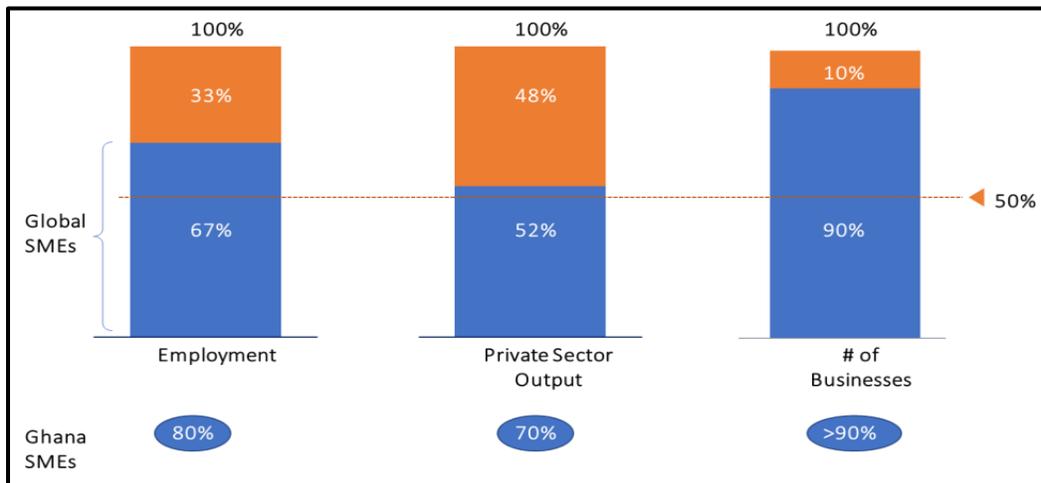
The MSMEs in Ghana are also categorized as either urban or rural enterprises. The former is subdivided into "formal" and "informal" enterprises. The formal enterprises mostly have paid employees, a registered office and pay the Social Security and National Insurance Trust (SSNIT) contributions of employees.

The rural enterprises are largely made up of family groups, individual artisans and women engaged in food vending and related businesses. The major activities within this sector include: soap and detergents, fabrics, clothing and tailoring, textile and leather, village blacksmiths, tin-smiting, ceramics, timber and mining, beverages, food processing, bakeries, wood furniture, electronic repairs, agro processing, chemical-based products and mechanics among others.

Most MSMEs in Ghana also tend to strongly revolve around the owner-managers, rather than as a separate corporate structure. There is often greater subjectivity in decision-taking, and prevalence of largely informal employer-employee relationships.

While definitions and thresholds vary across different institutions and countries, SMEs are globally acknowledged as the engines of job creation and economic growth, accounting for more than half of global employment and private sector output, when measured by contribution to GDP. As shown in Figure 1, SMEs play an even more significant role in Ghana, where they account for more than 80% of employment (versus 67% globally) and over 70% of private sector output (versus 52% globally). Also, it is estimated that about 90% of businesses in Ghana are SMEs, which is consistent with the global average.

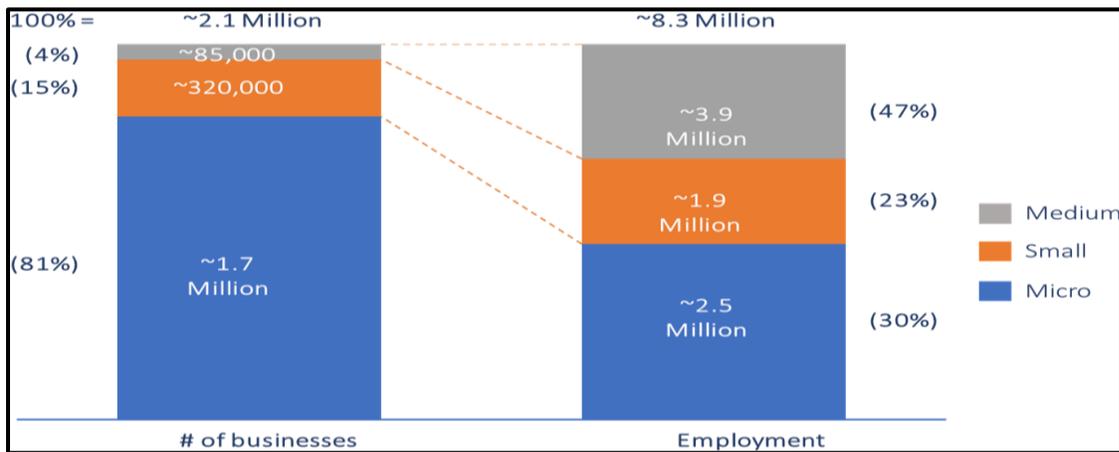
Figure1: SME Contributions to the Ghanaian and Global Economies



Source: NBSSI, SME Support Services Strategy (2015-2020)

The available data within the Ghanaian MSME sector, offers interesting insights into how the various segments of micro, small and medium enterprises contribute to the number of businesses and total employment. As captured in figure 2 below, micro enterprises dominate the absolute number of business enterprises in operation. However, by definition, they also contribute the lowest number of jobs created per business.

Figure 2: Employment Contributions from SME Segments



Source: NBSSI, SME Support Services Strategy (2015-2020)

Out of the estimated 2.1 million businesses in the Ghanaian MSME sector today, about 1.7 million can be classified under the micro enterprise category. These businesses employ roughly 2.5 million people (or 30% of all MSME employees), implying an average of 1-2 jobs created per micro enterprise.

At the next level up, the small enterprise category makes up 15% of all SMEs, with about 320,000 businesses, which account for 23% of all MSME jobs (1.9 million employees). This implies an approximate average of 6 jobs created per small enterprise.

Finally, at the top of the pyramid, about 85,000 medium enterprises make up 4% of all SMEs but contribute 47% of the total MSME employment (approximately 3.9 million jobs). This implies an average of approximately 46 jobs created per medium enterprise.

2.2 Institutional Framework for the MSME Sector

In 1981, the Government of Ghana recognized the importance of the Micro and Small Enterprises sector and its contribution to economic development. In view of that, it set up the National Board for Small Scale Industries (NBSSI) by an Act of Parliament, Act 434. The Act became operational in 1985. In the 1990s, the Cottage Industries and Rural Housing Department and the Ghana Enterprise Development Corporation (specifically dedicated to all Ghanaian owned enterprises in Ghana – including Micro, Small and Medium Enterprises) were subsumed under the NBSSI as part of efforts to defragment MSME support initiatives in Ghana

The NBSSI has historically been a strong proponent of the Ghanaian MSME sector. However, the organization has not kept pace with the growth and evolution of the Ghanaian economy.

Despite the NBSSI's best efforts, there are several challenges that still confront the sector. Most importantly, the institution has since its inception suffered inadequate funding and resources.

Additionally, though there has been an increase in institutions and programmes aimed at supporting the MSME sector these institutions and programmes have been basically weak, fragmented, uncoordinated and mostly concentrated in urban areas. Currently, various stakeholders made up of Government Ministries, Departments and Agencies, Private Sector Associations, NGOs and Development Partners are involved in the development of programmes aimed at supporting the MSME sector in Ghana. These institutions are mostly ill equipped in terms of equipment, personnel and operational funds, and therefore, unable to discharge their mandated responsibilities to create the desired enabling environment for the sector.

2.3 Legal and Regulatory Framework for the MSME Sector

Despite various interventions aimed at improving the business environment, the legal and regulatory framework is bureaucratic, costly and centralized. These characteristics of the legal and regulatory environment affect all sizes of businesses adversely. Additionally, MSMEs are further constrained in this environment in comparison to larger businesses due to the correspondingly heavy cost of compliance arising from their size. As a result, most of these enterprises have failed to formalize and micro enterprises have been unable to grow and graduate into Small and Medium Enterprises.

The tax regime in Ghana is also unfavorable for MSMEs development. There are too many taxation lines administered by different authorities including Ghana Revenue Authority and the Local Government Authorities. Furthermore, entrepreneurs are ignorant of the tax administration and the cost of complying with tax regulations is considered very high. Whereas taxation of businesses is a necessity for national economic development, the present tax regime imposes a major burden on MSMEs.

2.4 Challenges of the MSME Sector

There are many challenges impeding the growth of MSMEs in Ghana. Predominant amongst them include: a weak institutional and regulatory framework; high cost of doing business; weak value chain integration and interaction; lack of specific policies aimed at women and the youth entrepreneurial development; limited access to credit and business development services; lack of a strong, coherent and organized MSME voice to represent the sector; inability to meet production standards; limited export opportunities and the inability to install and implement Management Systems Standards.

Similarly, the Ghana Private Sector Development Strategy I & II (PSDS I&II) identified the following as some of the key constraints inhibiting MSME growth in Ghana: a poor investment climate; weak or poor entrepreneurial culture; lack of access to capital/high cost of capital for

MSMEs; weak private sector support institutions; cumbersome legal and regulatory framework; and poor MSME support infrastructure.

The Association of Ghana Industries (AGI) Afro Barometer Report (Q1 2018) also indicated that the main reasons for small business failure are: high cost of electricity; high cost of credit; constrained (collateral requirements) access to credit and delayed payments; poor awareness of the policy and regulatory environment; low knowledge of quality and standards requirements; unfavorable government procurement practices; complexity of export markets access procedures and requirements; inability to supply/meet large orders; lack of export financing schemes; uncoordinated National Quality Infrastructure; and Cultural and lifestyle are also impeding the growth of domestic MSMEs.

2.5 Strategic Direction of the MSME Policy

The MSME policy is composed of a myriad of carefully structured policy prescriptions that aims at reforming the MSME sector and creating and sustaining growth factors for the sector. More specifically, the main challenges to be addressed by the policy are:

1. Access to finance

Statistics show that access to finance, particularly for start-up businesses, remains an obstacle to the growth of the MSME sector. For most financial institutions, MSMEs are unattractive as business propositions due to some perceived risks associated with lending to them. These perceived risks stem from low financial management skills among entrepreneurs; lack of proper documentation to support loan applications (e.g. cash flow statements, valuation reports, legal fees, evidence of a market for products); and the focus on agro-based business lines (dependent on climate factors and market prices, and therefore seen as risky) by many MSMEs. The small percentage of Ghanaian MSMEs that do have access to formal financial or commercial funding, high interest rates tend to in most cases erode their profits and in some cases are unable to repay their debts.

Recent research suggests that financial products available to MSMEs fail to recognize that a great number of MSMEs are in the start-up phase and hence heavily undercapitalized. Loan repayment terms in the country are usually short-term, while MSMEs need long-term finance and working capital.

According to Section 13 of the Loans Act of 1970 (Act 335) the Government of Ghana (GoG) is empowered to provide government guarantee to any external financier who wishes to disburse funds to any Ghanaian organization and the terms of such facility require the provision of guarantee from the government. Although the GoG in exercising this provision has provided guarantees to a number of bilateral and multilateral institutions on behalf of selected Ghanaian enterprises in both the private and public sectors, no targeted MSME guarantee facilities have been introduced.

The Government through the Bank of Ghana created an EXIM Guarantee Facility to provide loan guarantee-scheme to support short, medium and long-term credit requests to banks from mainly viable and well-structured small and medium enterprises. However, the company's operations were limited by the size of its guarantee fund, which is relatively small compared to the needs of the MSME sector.

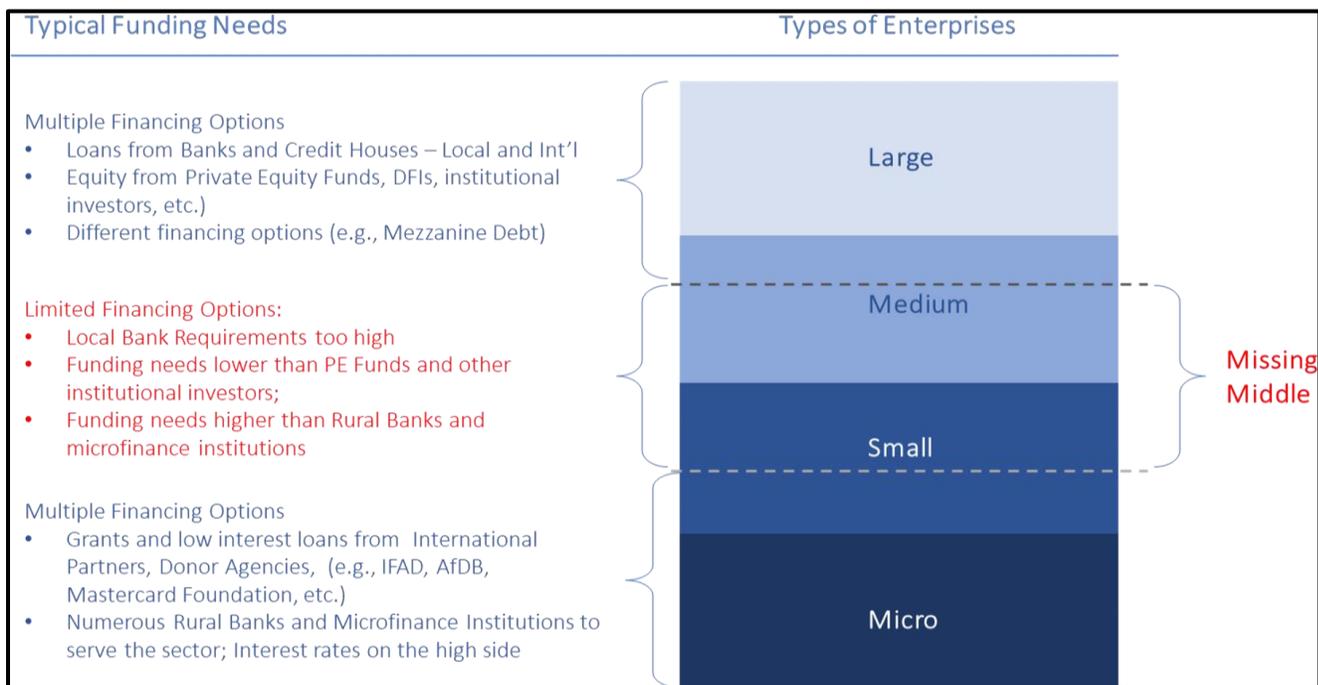
In the same vein, among the several factors that makes accessing credit from the commercial banks include:

1. Collateral requirements (about 115% of loan size)
2. High interest cost (about 30%)
3. Lack of long-term loan products
4. MSMEs internal structural weaknesses

Traditionally, support for the MSME sector has focused on the micro sector with some support for select sections of the small sub-sector. Similarly, rural enterprises have also received significant attention as solutions are developed to help alleviate poverty and create jobs. These efforts have contributed to developing parts of the value chain whereas the off-take segment of the value chain is not well developed to complement higher performance/output of earlier parts of the chain.

The 'Missing Middle' challenge exists because most funding structures and business development services are typically set up to service (i) the top end (large corporations) which have the ability to afford them and (ii) low end micro enterprises primarily for impact and poverty alleviation. This creates a gap in the middle part of the ecosystem which consists primarily of small and medium enterprises who are inadequately financed and lack access to requisite business development services.

Figure 3: The Missing Middle



Historically, support for the middle part of the chain has been lower than other segments. The ‘missing middle’ is a critical component that needs to be addressed in a comprehensive and holistic manner to drive economic growth and job creation in Ghana.

2 Weak Legal and Regulatory Framework

Weak legal and financial systems affect the growth of small firms more than large firms. On most occasions, weak national regulatory framework is often the root of the challenges facing MSMEs in Ghana.

The Government of Ghana enacted the Public Procurement Act (Act 663) in 2003. The primary objective of the Act is to harmonize the processes of public procurement in the public service to secure a judicious, economic and efficient use of state resources and other secondary concerns such as promotion of local industry. However, the Act is not clear about MSME participation even though its participation is referenced in the Act. These inadequacies in the Ghana procurement policy in promoting MSME and female owned business participation in public procurement may impact negatively on small firms.

There is also a high start-up cost involved in properly registering a business in Ghana, meaning that MSMEs generally find it difficult to formalize their operations. The World Bank Doing Business Report (2016) indicates that it takes 14 days to register a business, with a total of 8 processes that must be completed. This is hugely reduced from the same report in 2006, where the figures were 12 processes in 81 days. Despite this, the associated cost of registering a business in 2016 remains relatively high (19.4% of income per capita).

Other challenges of the sector borders on Land Use Planning, Land and Property Rights, Contract Enforcement and Dispute Resolution, Labour Laws and Regulations, Tax Administration, Standards and Quality Regulations and Alternative Dispute Resolution.

3. Inadequate Infrastructure

The poor state of business support infrastructure in Ghana including working premises, roads, cold rooms, warehouses, power, water, industrial parks, and telecommunications infrastructure adversely affect the development of the MSMEs. Even where these services are available, the supply of it is unreliable and costly. Serviced land or business premises are in short supply in most of the cities and towns, especially for industrial use.

The very poor state of infrastructure makes it difficult to attract even local investors to the rural areas where almost 80% of Ghanaians live. This has been an obstacle in the promotion of MSMEs especially in rural areas.

4. Duplication of Institutions

The proliferation of government-run institutions and most Ministries wanting to intervene in their sector by providing Business Development Services for the MSME sector has led to duplication of efforts and competition among government institutions for resources.

In 1981, the Government of Ghana's attempt to promote the Micro, Small and Medium Enterprises in Ghana led to the establishment of National Board for Small Scale Industries (NBSSI) to coordinate through the Minister responsible for Trade and Industry the efforts of all Agencies, Ministries and Development Partners to ensure proper flow of information and avoid duplication of efforts and waste of material resources as well as monitor the utilization of all funds derived from Ghana Government budget and subsidies earmarked for the sector.

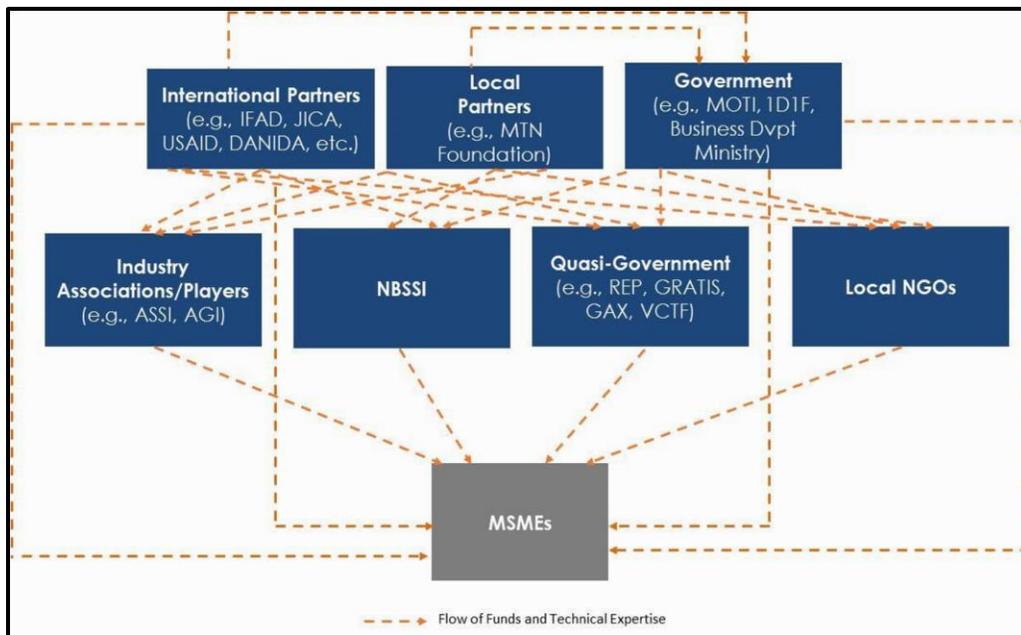
Currently, apart from NBSSI, there are other stakeholders and institutions that play various roles in support of the MSME sector in Ghana. These institutions include

- Some Ministries and government-affiliated organizations
- Governmental and quasi-governmental institutions (e.g., Rural Enterprises Project, GRATIS), umbrella associations (e.g., AGI, ASSI) and other
- Business Associations
- Banks (including Rural Banks)
- Non-governmental Organizations (NGOs)
- Microfinance institutions (MFIs)
- Venture Capital Trust Fund (VCTF)
- Loan Guarantees
- Private Business-Consulting Firms

- International Partners (e.g., IFAD, JICA, BUSAC, USAID),
- Local foundations (e.g., MTN Foundation),

However, despite the obvious overlaps, most of these institutions operate in silos without much coordination. Thus, the full potential of their impact is not unlocked and, in some cases, targeted beneficiaries are confused or in extreme cases experience ‘Support Fatigue’. Consequently, a more concerted effort to improve coordination will unlock significant synergies and deliver even more impact than what has been achieved to date. Below is the diagram depicting the current status of the sector.

Figure 4: Examples of SME-Focused Institutions and Uncoordinated Nature of Financial and Technical Expertise Provision



5. Access to Business Development Services (BDS) and Capacity Development

There is considerable entrepreneurial ability and willingness in Ghana that require an equally vibrant BDS, coaching to set-up and start businesses especially to accelerate the growth of these businesses and support to sustain them for longevity.

In rural areas, not enough training in business, management and financial literacy skills is available since most private BDS providers do not find those areas profitable. Few MSMEs know about export opportunities and procedures, as well as standards and are often intimidated by red tape. There is little usage of email, internet and e-commerce, despite growing mobile phone penetration. Also, with new production and technologies not readily available in Ghana, MSMEs still tend to

engage in traditional manufacturing practices. There is scant attention paid to quality, branding, packaging and aggressive marketing.

In the light of the above challenges, the MSME Policy outlines the key approaches and actions required by government and private sector institutions to;

- Develop and grow MSMEs; and
- Assist them to formalize their businesses

6. Lack of access to market intelligence.

Most MSMEs in Ghana have limited access to market information. Usually they are unable to keep track of trends and changing tastes and preferences of consumers, resulting in the loss of either existing market share or inability to penetrate new markets. This challenge inhibits MSMEs access to public procurements and sub-contracts, particularly from large multinational organizations.

7. Other Constraints

Other development impediments and constraints encountered by MSMEs in Ghana include:

1. The absence of a comprehensive policy framework on MSME development.
2. The absence of a standard definition (classification) of MSMEs.
3. The ineffective coordination and implementation of MSME initiatives due to overlapping functions of government agencies and institutions MSME development.
4. The lack of comprehensive data and information on MSME establishments.
5. The existence of greater external competition as a result of trade liberalization.

CHAPTER THREE

3.0 POLICY CONTEXT AND DEVELOPMENT OBJECTIVES

3.1 Policy Context

3.1.1 Sustainable Development Goals and Targets for MSME Development

The United Nation's Sustainable Development Goals (SDGs) and targets, which was adopted in 2015, demonstrates the joint commitment of Member States to free humanity from poverty, secure a healthy and sustainable planet, as well as build peace and inclusive societies that significantly promote shared prosperity, dignity and opportunity for all.

In this regard the UN General Assembly passed a resolution (A/71/L60) that designates 27th June as "MSME Day". This resolution recognizes the importance of encouraging the formalization and growth of MSMEs in international, regional and local markets, by facilitating access for all to capacity building and financial services.

Similarly, the Addis Ababa Action Agenda on Financing for Development underscores the important role of MSMEs in job creation and innovation for sustainable development in developing countries. It advocates for the concerted support of national governments, financial institutions and development banks to support MSME growth by providing a conducive regulatory framework, innovative financing solutions and systematic entrepreneurship training programmes.

The targeted goals of the SDGs for MSME development include the following:

- Goal 1: End poverty in all its forms everywhere;
- Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable Agriculture;
- Goal 5: Achieve gender equality and empower all women and girls;
- Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all;
- Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation;
- Goal 10. Reduce inequality within and among countries;
- Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable;
- Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development;
- Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels; and
- Goal 17. Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development.

3.1.2 International and Related Agreements and MSME

Despite the emergence of new opportunities for smaller firms to connect to world markets, MSMEs participation in international trade is very limited. Several studies have shown that MSMEs are more vulnerable to trade obstacles or impediments than bigger companies. Some of these obstacles include non-tariff barriers (NTBs), cumbersome regulations and border procedures, access to finance, and lack of transparency. Consequently, MSMEs development issues are now at the heart of the multilateral trading system and there is high ambition to achieve a multilateral outcome on MSMEs.

In recent years, the desire of WTO members through rule-making to bring MSME issues to the fore as part of a development-oriented agenda has increased.

More specifically, the preamble to the Marrakesh Agreement, reiterates the need to sustain discussions at the global level on how to enhance the participation of MSMEs whilst ensuring that competition among the MSMEs remains transparent, predictable and inclusive.

Similarly, the African Union (AU) Agenda 2063 includes the development of a Strategy and Master Plan to promote entrepreneurship and industrial development on the continent. This Strategy and Master Plan on MSME Development and Promotion is essentially designed to unleash the potential of MSMEs and entrepreneurs towards the creation of employment, poverty reduction, inclusive sustainable development and boosting intra-African trade.

3.1.3 Coordinated Programme for Social and Economic Development Policies (2017-2024)

The MSME sector is an important strategic sector in the overall policy objectives of the Government of Ghana and a driver of change for inclusive economic growth, regional development, employment generation and poverty reduction. The MSME sector is seen as a tool to transform lagging regions and districts into emerging regions and districts of prosperity.

MSMEs serve as a major source of employment, and their capacity to create jobs can be enhanced through the provision of targeted support. To this end, Government is determined to create an entrepreneurial culture, especially among the youth, and has launched the National Entrepreneurship and Innovation Plan (NEIP), to support start-ups and early-stage businesses with financing and business development services, including incubator hubs and business accelerator services.

Formalizing the informal economy is also an important medium-term goal of Government. The strategy aims at rapidly and sustainably expanding financial inclusion by: deepening the reach of financial services; improving financial literacy, especially among the youth and women in the informal sector; improving access to finance for informal sector operators and agricultural enterprises in the rural areas; and strengthening consumer financial protection. Targeted support will be given to MSMEs to enhance their capacity to create more jobs of better quality.

Government will also establish a mechanism, known as the Industrial Sub-Contracting Exchange, to link large-scale companies with MSMEs. This aspect of the industrialization programme is critical to ensuring that MSMEs develop productive capacity, to feed large-scale enterprises. In order to achieve this objective, Government will complete and implement the National Local Content and Participation Policy and Bill. The policy and the bill will aim at building the capacities of domestic businesses and facilitating sub-contracting arrangements with larger companies.

Given the nature of this sector and the challenges faced, it is important to have a Government led intervention and support mechanism to upgrade and strengthen the MSME sector to meet the expectations of the country. The Government of Ghana recognizes that enhancing national and international competitiveness is fundamentally important for this sector to face the emerging challenges and develop MSMEs as a thriving sector. Therefore, this MSME Policy aims at promoting high potential, promising MSMEs and improving the business environment to allow them to realize their full potential in today's globalized economy.

3.2 Vision, Mission and Goal of the Policy

Rationale

To provide the necessary regulatory, institutional, legal and administrative framework for the growth and development of the MSME sector

Vision

To create a significant pool of modern, globally competitive and sustainable MSMEs that drive growth and development Mission.

To stimulate the growth of MSMEs to produce world class products and services that can compete locally and internationally with supportive enabling environment and interventions of technology transfer, entrepreneurial culture, skills development, access to finance, market facilitation and, research and development.

Goal

To provide short to long-term policy framework for the realization of a dynamic and vibrant real sector that contributes significantly to value addition, export diversification and the creation of decent jobs.

3.3 Scope

The MSME policy proposes specific policy measures in nine (9) areas of MSME development. These areas are as follows:

- MSME Definition;
- MSME Support Services;
- Business Environment;
- Financing for MSMEs;

- Technology, Innovation, Research and Development;
- Market Facilitation;
- Entrepreneurship Development;
- Local Economic Development; and
- Cross-Cutting Issues.

3.4 Strategic Objectives

The overall objective of this policy is to foster job creation and income generation through promotion of new and existing MSMEs and improving their competitiveness to enhance their participation and contribution to the Ghanaian economy.

More specifically, the strategic objectives that underpin the vision of the MSME Policy include:

1. To facilitate the building and promotion of a dynamic, viable and promising MSME sector that encourages an innovative entrepreneurial culture and supports high growth start-ups;
2. To drive the formalization of the informal sector;
3. To enhance Local Economic Development by strengthening NBSSI and other relevant institutions towards job creation;
4. To promote enterprises with high value addition, export oriented or import substitution focus and encourage the use of local raw materials;
5. To improve access to finance;
6. To promote Research and Development;
7. To improve the productivity of the MSME sector;
8. To promote spatial distribution of industries to reduce urban and peri-urban imbalances.
9. To promote Corporate Social Responsibility within enterprises

3.5 Guiding Principles

The key principles on which the MSME policy are based are:

- The MSME policy shall be supported by the appropriate legal, regulatory, financial, institutional and national development frameworks;
- The policy shall promote equity in terms of opportunities for gender (with a strong focus on women), the youth, vulnerable and disadvantaged persons;
- Its implementation will take into account the best practices that are trending within the MSME sector;
- The government in its implementation will collaborate with the private sector, development partners, non-governmental agencies and other stakeholders;
- The policy will prescribe special government support mechanisms and incentives;
- The policy shall uphold the ability for citizens to engage in decent jobs;
- Effective implementation of the Policy Framework require ownership, commitment and monitoring at the highest level of government; and

- MSME development in Ghana require decisive and concurrent measures in a number of policy areas such as business regulations, trade rules, and incentive regimes amongst others.

3.6 Strategic Sectors

The policy identifies key sectors that require tailored support to serve as growth poles for the transformation of the MSME sector. The key strategic sectors targeted include:

- Agribusiness
- Manufacturing
- Information and Communications Technology (ICT)
- Energy and Petroleum
- Real Estate and Construction
- Tourism and Creative Arts
- Textiles and Garments
- Artisanal Enterprises
- Services
- Climate Change and Green Economy

CHAPTER FOUR

4.0 MSME DEFINITION

4.1 Context

MSMEs are widely spread in Ghana, and as in most countries, there is no national consensus on the definition of MSMEs. The definitions given to MSMEs internationally tend to incorporate entities that are significantly larger than MSMEs in Ghana. This reflects, among other things, the relatively small size of the Ghanaian economy. In Ghana, the most important criterion used in defining the size of enterprises is employment. For example, the Ministry of Local Government and Rural Development in Ghana considers any establishment that employs 1 to 9 employees as a small-scale enterprise, 10 to 20 employees as a medium-scale enterprise and above 20 employees as a large-scale enterprise.

An alternate criteria used in defining Micro, Small and Medium Enterprises is the value of fixed assets in the organization. The definition by the Ghana Statistical Services as used in the 1987 Ghana Industrial Census defines micro enterprises as those enterprises in both manufacturing and services sectors that employ up to 5 persons or whose fixed assets do not exceed US\$ 10,000 excluding land and building. Small-scale enterprises are those which employ 6 to 29 workers or whose fixed assets have a value not exceeding US\$ 100,000 whereas medium-scale enterprises are those with 30-99 employees and large-scale enterprises have at least 100 employees.

4.2 Recommendation

The Government of Ghana must adopt a single MSME definition to be applicable to all institutions countrywide to allow uniformity in designing support systems and incentives and also monitor progress. The first official definition of MSMEs was formulated and announced in 1980 by the NBSSI in line with Section 4 of the NBSSI Act 434 of 1981, which mandates the institution to define MSME for the country.

After extensive consultations with industry actors, the Ministry of Trade and Industry in collaboration with the NBSSI defined or classified MSMEs in relation to the following variables.

- Employment Size
- Enterprise Turnover
- Asset

The details of the MSME classification for Ghana are presented in Table 1

Table 1: MSME Classification in Ghana

Enterprise Category	Employment Size (Permanent staff)	Turnover	Assets
Micro	1 – 5	≤ US\$25,000	≤ US\$25,000
Small	6 – 30	US\$25,001 - US\$1,000,000	US\$25,001 - US\$1,000,000
Medium	31 – 100	US\$1,000,001 - US\$3,000,000	US\$1,000,001 - US\$3,000,000

(An enterprise will be categorized as MSME based on employment size and any other variable.)

Informal Enterprise

An informal enterprise is an unincorporated enterprise unit and thus not regulated or protected by existing legal or regulatory frameworks.

4.3 Expected Impact

A single Definition for MSMEs is expected to create a focus in Government policies (targeted towards MSME development) and uniformity in compilation and reporting of MSME related data. It will also be beneficial to private, public, NGOs and other stakeholders who provide support for the sector.

CHAPTER FIVE

5.0 THEMATIC AREAS AND POLICY PRESCRIPTIONS

The MSME Policy broadly sets out the policy direction, the challenges to be addressed and the broad interventions. The major policy interventions cover the following eight (8) thematic areas:

- Enabling Environment: Institutional, Legal and Regulatory Framework
- Financing for MSMEs
- Business Development Services
- Technology, Innovation, Research and Development
- Market Facilitation
- Entrepreneurship Development
- Local Economic Development
- Cross-cutting issues

5.1 Thematic Areas

5.1.1 Enabling Environment: Institutional, Legal and Regulatory Framework

Policy Context

The fundamental prerequisite for the successful development and management of MSMEs is a favorable business environment in which the government ensures fair competition, creates clear and predictable rules, and effectively ensures compliance by all market participants while minimizing administrative barriers towards entrepreneurs. Most MSMEs in Ghana operate in the informal sector and are largely outside the official framework of regulation and support. The sector is highly uncoordinated due to the existence of many state institutions that promote the development of the sector.

This Policy provides an appropriate institutional and legal framework for the coordination, promotion and support of the development of MSMEs and their full integration into the key concerns of national economic policy.

Policy Objectives

To establish an institutional framework that effectively coordinates and monitor the MSME sector.

To ensure the existence of a congenial regulatory framework to support the growth and development of the MSME sector in Ghana.

To ensure the enactment of appropriate MSME-tailored incentives to stimulate growth of MSMEs.

Policy Prescriptions:

Government will

- Convert and resource the National Board for Small Scale Industries (NBSSI) into an Enterprise Ghana Authority (EGA) to serve as the umbrella body for MSME development and promotion.
- Review existing tax legislations to include incentives such as tax breaks and exemptions for MSMEs.
- Facilitate the provision of the needed infrastructural facilities such as common service centers, industrial estates and incubation facilities.
- Enact and enforce congenial MSME laws and regulations to strengthen the legal environment for MSMEs.
- Improve the quality and outreach of service delivery of MSME related MDAs and other private sector institutions.
- Simplify business regulations and compliance for MSMEs
- Promote the use of Alternative Dispute Resolution mechanisms in resolving business disputes.
- Institute a legal framework for the establishment of an Industrial Sub-contracting and Partnership Exchange platform to promote sub-contracting arrangements between small and large enterprises aimed at building the capacities of local businesses, particularly small businesses.

5.1.2 Financing for MSMEs

Policy Context

Availability and accessibility to short, medium and long-term financing is essential for the creation, growth and sustainability of MSMEs. There is inadequate medium and long-term funds for businesses. The high cost of borrowing limits access to credit and raises the cost of doing business for MSMEs and this restricts their growth. In cases where funds are available, cumbersome procedures and unfavourable requirements inhibit MSMEs from accessing them. Lately, there has also been limited funds for growing/Missing Middle businesses which do not need microfinance or large sums of funds.

For MSMEs to grow, there is the need to ensure that policies deal effectively with the issue of finance.

Policy Objective

To ensure availability, accessibility and affordability of funding for start-ups and growth capital for existing MSMEs with particular focus on the “Missing Middle”.

Policy Prescriptions:

Government will

- Re-orient and encourage financial institutions, export finance institutions and leasing companies to scale-up special lending window for MSMEs.
- Channel all MSME related support and set up and SME fund (strong focus on women and youth) through the EGA.
- Support MSMEs to access innovative long-term financing packages (e.g. The Ghana Stock Exchange and the Ghana Alternative Stock Exchange) for their sustainable development.
- Encourage Angel financing and Venture Capital arrangements to inject capital into viable start-ups and MSMEs.
- Institutionalized targeted financing within the EXIM framework for export-focused MSMEs
- Collaborate with the private sector will setup concessionary bank loan schemes for Women and Youth entrepreneurship development.
- Strengthen the capacities of MSMEs on the preparation of business plans, accounting and book keeping and use of IT based accounting packages.
- Support innovative funding schemes for the MSME sector.
- Engage relevant agencies and financial institutions to develop suitable business financing products for MSMEs.

5.1.3 Business Development Services

Policy Context

Ghana's economic landscape like other developing countries, is dominated by MSMEs and a key feature of these enterprises is the low levels of entrepreneurial, managerial and technical acumen. Most MSMEs require guidance, support and "handholding" to grow. This comes in the form of a well-coordinated process that leads to positive impacts on the enterprise. The country has not invested in a comprehensive integrated BDS support to ensure that MSMEs do not lag behind their counterparts in other countries. The attendant effect of this has been the sluggish growth and development of the MSME sector.

Policy Objective:

To accelerate and improve access to BDS by MSMEs in both rural and urban areas in Ghana.

Policy Prescriptions:

Government will

- Collaborate with the private sector to strengthen the entrepreneurship values, thinking and attitudes in the curriculum of basic through to tertiary institutions to produce job creators (entrepreneurs) rather than employment seekers.
- Facilitate the acquisition of new technical skills as well as strengthen demand-driven training and skills development programs.

- Strengthen tailor-made MSME entrepreneurship programmes for start-ups, existing enterprises and stimulus program for distressed but viable industries.
- Officially recognize, reward and motivate successful enterprises and MSME heroes to create a culture conducive for entrepreneurial development.
- Encourage Corporate Social Responsibility (CSR) projects in mentoring for young people.
- Facilitate the dissemination of best practices and strategies adapted to the wider community through media and other outreach.
- Strengthen and support industry related institutions, associations, chambers and bodies that promote high-growth entrepreneurship, coaching and mentorship programmes and business incubation and acceleration.
- Strengthen extension services to cover areas including preparation of project feasibility reports for credit facilitation, provision of technical information, advisory services, Sanitary and Phytosanitary compliance, and quality assurance services.
- Provide one stop shops for support in delivering BDS to MSMEs and entrepreneurs in collaboration with Enterprise Ghana Authority (EGA) and its implementing arm bodies
- Incentivize and educate MSMEs to formalize their businesses.
- Digitize the database of the various categories of MSMEs in Ghana.
- Identify, register, and build the capacity of existing private BDS Providers in different districts to provide support to MSMEs in the following areas: business planning, marketing, accounting, business linkages and access to markets, business advisory, mentoring and coaching and business registration.
- Develop and implement MSME Capacity Building Fund to be administered by the proposed EGA.
- Support the capacity of standards and quality assurance organizations (e.g. Food and Drugs Authority and Ghana Standards Authority) to deliver support and incentives to MSMEs.

5.1.4 Technology, Innovation, Research and Development

Policy Context

MSMEs often have difficulties in gaining access to appropriate technologies and information on available techniques. In most cases, SMEs utilize foreign technology with a scarce percentage of shared ownership or leasing. They usually acquire foreign licenses, because local patents are difficult to obtain. Irrespective of segment, there is a link between technology adoption and the SME sector growth. Early adopters of modern technology could increase their annual revenue significantly faster than their competitors. However, the cost of the modern technology, including hardware, training and personnel, however, can be insurmountable for MSMEs with limited financial and technological resources. Also the focus on adoption of modernization of MSMEs cannot be understated.

Technological innovation and modernization is a key factor in a firm's competitiveness. Technological innovation is unavoidable for firms which want to develop and maintain a

competitive advantage and/or gain entry in to new markets. Technology adoption in MSMEs context is a growing area of interest in developing countries. Among firms of different sizes, MSMEs are generally more flexible, adapt better and easily, and are better placed to develop and implement new ideas.

Research and development have a significant role to play in enhancing individual and institutional execution and the Ghanaian SME is not an exception. It has been observed that SMEs are unenthusiastic to invest in R&D due to low capitalization.

Research and Development do not only assure a superior knowledge of the market progression, it also aligns a firm's particular qualities with the market powers. Through R&D, MSMEs can imbibe three exceptionally basic characteristics – innovation, modernization and indigenization. These are basic variables for business development. With the growing demand for innovation and high quality products, there is need for greater focus on R&D for the MSME sector.

Policy Objectives

- To facilitate the acquisition and adoption of state of-the-art modern and appropriate clean technologies for MSMEs to increase quality, innovative, productive and competitive products.
- To increase the level of research and development for innovation in the sector.
- Technology and Innovation

Policy prescriptions

Government will

- Promote MSMEs adoption and utilization of modern and appropriate technology and innovation from Research and Development Institutions.
- Establish a Technology Development and Transfer Fund (TDTF) with appropriate incentives to support the acquisition and adoption of modern, clean technology for MSMEs.
- Establish a strong network/platform to link MSMEs and technology providers to strengthen technology transfer programs.
- Restructure and resource GRATIS foundation to offer common facility, technology upgrade and design-related services to MSMEs in all regional and District centers.
- Develop and conduct special technology transfer and diffusion programs to promote the adoption of modern technology by MSMEs.
- Recognize and reward innovative and technology oriented MSMEs and assist them to participate in foreign trade fairs, exhibitions and technology demonstration platforms.
- Promote the establishment and implementation of Management Systems Standards and other Productivity Improvement tools like KAIZEN for MSMEs.

Research and Development

Policy prescriptions

Government will

- Maximize the beneficial impact of R & D in areas such as raw materials sourcing, production technology and methods, product development and market exploration
- Facilitate the implementation of the Intellectual Property policy for the benefit of MSMEs.
- Facilitate collaboration between industry and research institutions and promote industry relevant applied research and adoption of research for commercial enhancement.
- Encourage research on product quality improvement, preservation techniques to extend the shelf life of products.
- Promote research to find substitute raw materials to address raw material scarcity problems.
- Increase investment in research and development both from public and private sector through appropriate fiscal incentives.
- Establish a Special Fund to support SME focused R&D.
- Encourage continuous investment in MSME focused R&D
- Facilitate the extension of services in the areas of Standardization, Conformity Assessment and Metrology.

5.1.5 Market Facilitation

Policy Context:

MSMEs over the years have been constrained in reaching the domestic and international market. On the global measure, the number of MSMEs as a share of total exporters is usually high, however, MSMEs in Ghana typically contribute a small amount to total export value.

With increasing globalization, more needs to be done to help SMEs be competitive and to facilitate their internationalization and market access for sustainable growth. Also, it is imperative that MSMEs have access to Ghana's domestic market notwithstanding the influx of imported products. A well-functioning domestic market is very critical for the development, marketing and distribution of locally produced goods, especially by MSMEs. Unfortunately, most MSMEs are unable to apply proper and attractive packaging and branding techniques to consumers due to inadequate skills and resources.

All these contribute to the low patronage of locally made products, hence the slow growth and development of the local MSME sector.

Policy Objective

To enhance market access opportunities for MSMEs.

Policy Prescriptions:

Government will

- Provide support to MSME associations in exploiting local market opportunities by holding domestic product exhibitions and developing domestic markets.
- Support the growth of the MSME sector through a dedicated government procurement policy aimed at procuring a minimum percentage of goods and services produced by local MSMEs.
- Support MSMEs to improve their capacities to access and exploit regional value chains.
- Train and support MSMEs to participate in Local, Regional and International market through trade fairs and exhibitions.
- Educate and support product development, quality improvement, ethical practices, packaging, branding and market networking of MSMEs to compete locally and internationally
- Ensure the implementation of the Made-in-Ghana Policy in order to promote indigenous MSMEs.
- Promote and educate MSMEs on digital marketing and the various digital markets locally and internationally.
- Build relationships and sign trade agreements with neighboring countries.
- Work closely with trade attaches in foreign missions.

5.1.6 Entrepreneurship Development

Policy Context

The benefits of entrepreneurship for Ghana cannot be overemphasized both at a micro level in terms of creating stable and sustainable employment for citizens and at a macro level, where it significantly increases a nation's GDP. Yet Ghana still lags behind many of its compatriots in creating and maintaining the required environment needed to foster starting and growing. There are a number of barriers which entrepreneurs in Ghana face. Such as infrastructure, Legal and regulatory framework and financial support

Policy Objectives

- To instill a culture of entrepreneurship among all Ghanaian citizens especially, the youth
- To increase the establishment of new businesses and start-ups especially those by young entrepreneurs through facilitating improved access of MSMEs to financial and non-
- financial services
- To facilitate the establishment of start-up incubation centers with relevant institutions and Universities

Policy Prescriptions

Government will

- Institute a bi-annual start-up challenge to facilitate the commercialization of business ideas.
- Set-up tailor-made financing for start-ups.

- Institute and facilitate start-up coaching schemes to facilitate growth of start-ups into active entrepreneurs.
- Facilitate entrepreneurship training at all levels of the education systems in partnership with Ministry of Education and the relevant institutions,
- Design targeted regulatory reliefs for SMEs, in order to reduce entry barriers for young entrepreneurs and start-ups;
- Organize national, regional and district entrepreneurship programmes, challenges, fairs and competitions to stimulate entrepreneurship growth amongst Ghanaians.
- Build the capacity of Business Development Service Providers in all districts to offer entrepreneurial solutions (such as KAIZEN) and training for citizens.
- Develop youth and gender entrepreneurship programmes that will promote the establishment of MSMEs.
- Support and develop incubators and accelerators throughout the country to support entrepreneurship development in Ghana.
- Develop and coordinate the promotion of Social Enterprise initiatives in collaboration with relevant stakeholders.
- In collaboration with relevant MMDAs and development partners institute a framework for the development of a national on-line startup hub which will integrate the entire ecosystem/initiative/programmes related to startup initiatives across the country.
- Implement and monitor a framework for monitoring the progress of programme implementation and impact of entrepreneurship and start-up initiatives.

5.1.7 Local Economic Development

Context

The concentration of economic activities in urban centers continue to widen the urban-rural wealth gap. Local Economic Development will lead to the growth of the local economies in terms of absorbing local labour force, slowing urban migration, contributing to national income growth, effective and efficient utilization of local resources through value addition, and promoting a more equitable distribution of income.

Policy objectives

- To encourage District-based development approach and facilitating development of local business infrastructure in localized areas.
- To stimulate localized economic activity and develop appropriate MSME business infrastructure in both urban and rural areas.

Policy prescriptions

Government will

1. Consolidate and synchronize the operations of District based enterprise support services of the Rural Enterprises Programme into the restructured NBSSI (EGA) by transforming the existing

arms of the NBSSI to provide more sustainable district level business development service delivery system.

2. Develop the capacity of local authorities to establish and management Multi Facility Economic Zones targeted at MSMEs in order to stimulate local economic development.
3. Collaborate with private sector real estate developers to construct Business Industrial parks in selected parts of the country to facilitate access by MSMEs to appropriate operating premises.
4. Provide guidelines and incentives for business premises development programmes such as build-operate-transfer or build-own-operate schemes.
5. Develop value chain and cluster development programmes to jump start local economic development and enhance utilization and value addition of local resources.
6. Develop and implement guidelines and regulations for targeted development centres CSR activities.
7. Facilitate development of rural business infrastructure to improve the competitiveness of identified business areas. Promote establishment of business linkages between agricultural farming blocks, large companies and MSMEs in order to establish enhance marketing channels.
8. Provide tax incentives to stimulate development of MSMEs in districts
9. Develop Industrial Clusters in localities where there is competitive advantage in producing particular products and services.
10. Collaborate with private sector service providers, improve MSMEs access to telecommunication, internet, and banking services.
11. Collaborate with Ministry of Roads and Highways and Department of Feeder Roads improve access roads to central business premises and Industrial Parks.
12. Strengthen the operations and delivery of member services to associations of local marketers, and improve their prospects for formalization
13. Facilitate the development of product-specific model markets at the local level to improve existing marketing channels.

5.1.8 Crosscutting Issues

Policy Context

Cross cutting issues provide the framework within which the policy prescriptions are coordinated in a manner that address contemporary human centered development challenges. The proposed policy options in this component provide policy makers and implementers with the necessary tools and guidance to resolve structural weaknesses in the industrial development processes.

These weaknesses manifest themselves in systemic dysfunction, usually reflected in poor planning, health deficiencies in industrial settings, unsustainable environmental practices, and workplace discrimination of all forms including gender.

Policy Objectives

- To promote quality health and safety standards in the operations of MSMEs.
- To ensure environmentally sustainable production
- To ensure availability of quality data on MSMEs.
- To ensure equal opportunities and inclusive growth for MSMEs
- To ensure the application of standards for quality and productivity improvement

Policy Prescriptions

Occupational Health and Safety

Government will

- Encourage MSMEs to consider insurance policies for businesses and employees.
- Enforce regulations on the use of safety equipment and protective clothing for MSMEs.
- Enforce Occupational Health and Safety (OHS) laws to address poor health and safety standards for MSMEs.

Environmental Sustainability

Government will

- Facilitate the development of programmes that promote the efficient use of raw materials, energy and water for MSMEs
- Support MSMEs to adopt cleaner production technologies and improved manufacturing processes.
- Strengthen the capacity of regulatory bodies to enforce environmental regulations as well as effectively monitor manufacturing processes.
- Ensure the promotion of relevant ISO standards on environmental management.
- Encourage MSMEs to develop and implement self-regulatory measures on environmental management.
- Encourage lending to MSMEs and individuals to finance energy efficiency and renewable energy measures. For example loans to finance home solar systems, smaller solar devices for households & MSMEs, or loans to buy a new energy efficient fridge/AC and so on.

MSME Data and Information

Government will

- Build a technology and innovation support connecting system to serve as a repository of MSMEs data.
- Enforce regulations that require companies to keep records.

- Provide assistance to MSMEs to improve record keeping.
- Promote Gender and Inclusive Growth
- Encourage the introduction of pro-gender policies within the MSME sector.
- Continue to promote equal opportunities for all through its MSME interventions.
- Support organizations and association of women entrepreneurs to design programmes that account for their specific needs and challenges.
- Continue to promote programmes on gender awareness.

Standards and Productivity improvement

- Encourage the application of voluntary standards by MSMEs.
- Support initiatives to improve institutional capacity of Industry Associations to develop standards of interest to their members.
- Encourage productivity improvement initiatives such as KAIZEN, ILO SCORE, etc.
- in partnership with the private sector, facilitate the development of the packaging industry to support the MSME sector.

CHAPTER SIX

6.0 IMPLEMENTATION ARRANGEMENTS

Implementation and Institutional Framework

A detailed implementation plan comprising of detailed activities, timelines and attendant budgetary requirements will be developed in consultation with key sector actors and relevant development partners.

The necessary institutional, infrastructural and legal framework will be put in place to ensure effective implementation of the prescriptions in this policy for the achievement of the set objectives. A comprehensive communication plan as well as a monitoring and evaluation framework will also be developed to track progress of implementation.

Governance Structure

In order to achieve a successful implementation of this policy, it is important to have a single coordinating body responsible to coordinate and facilitate its implementation. In this regard, the National Board for Small Scale Industries (NBSSI) would be restructured/transformed into an Enterprise Ghana Authority (hereinafter referred to as the Authority). The Ministry of Trade and Industry through the Authority would be responsible for the implementation of the Policy.

Also, there would be an Inter-Ministerial Coordination Body convened by the Ministry of Trade and Industry with other key Ministries including the Ministry of Finance, Ministry of Food and Agriculture and other relevant Stakeholders such as AGI, ASSI, GNCCI, PEF that would be entrusted with the responsibility for coordination, facilitation and for overseeing the implementation of the MSME Policy.

As part of the implementation of the policy, the Government will set up an Advisory Council – a team of experts in the MSME space- at the National Level to serve as a backstop for providing an on-the-stop diagnostic support services for the promotion and development of MSMEs. The Council would also come up with new ideas, proposals and strategies for the establishment of appropriate Clusters, common services facilities, entrepreneurship village development program, market facilitation programs, financial support initiatives, venture capital models and other initiatives to strengthen MSMEs.

Communication Plan

To achieve the objectives of this policy, it is important that it receives widespread awareness and acceptability, and that all stakeholders are clear of their roles and accept responsibility for its implementation. For this reason, a comprehensive communication strategy and sensitization programme will be developed and implemented throughout the country.

All available channels of communication including print, electronic and direct sensitization through workshops and seminars would be used in creating the needed awareness about the policy.

Monitoring and Evaluation

The Ministry of Trade and Industry, being the focal Government institution responsible for the coordination of the policy implementation, will collect, compile and analyze information on the implementation of the various programmes. All stakeholders will be relied upon to furnish the Ministry with the relevant information. This information will then be processed so as to compare the various benchmarks with actual implementation of the programmes. The processed information will be published in a document which will be discussed at a forum of MSME stakeholders.

Further, on a periodic basis, MSME survey would be launched to track the progress of MSMEs, their challenges, issues and constraints. Such data will help the Government review the policy to incorporate more effective strategies and programmes. The activities will be benchmarked so as to form the basis for assessment of the implementation of the Policy.

All the three types of indicators namely, output, outcome and impact indicators will be tracked to effectively assess implementation of the Policy. The monitoring exercise will be carried out within the standard monitoring framework. Thus, monitoring will be done continuously throughout the implementation period as well as preparation of periodic reports including quarterly and annual reports to inform decision.