

Assessing the Impact of Effective Institutional Capacity on Advocacy for Microfinance Firms – A Case Study of Northern Ghana

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Abstract

This research investigates microfinance institutional capacity, the ability and readiness of Microfinance Institutions (MFIs) engage in advocacy in order to achieve a better and efficacious regulatory framework for successful microfinance operations in the Tamale Metropolis, the Capital City of Northern Region in Ghana, West Africa. MFIs covered in this work are those whose mission and vision mandates them to empower women through the provision of broad micro financial services that can improve the financial circumstances of women. The study critically reviewed a sample of MFIs and analysed issues pertaining to institutional capacity building of MFIs and the link to advocacy that could spark favourable policies toward successful empowerment of women. Gathering data encountered enormous challenges but the researchers' deep insight in the local terrain assisted in collecting sufficient data required for the achievement of research objectives. The research utilised qualitative techniques since the objectives of the study was to develop non-quantifiable insights. Data was therefore dissected using content analysis which assisted in highlighting emerging themes for analysis and findings. From the analysis, the researchers discover that MFIs covered in this study were bereft of plausible advocacy strategy capable of favourably influencing policy reforms that can engender women empowerment. Besides, employees of the MFIs lack requisite advocacy skills and what is more, there appears to be a conspicuous absence of short or long term strategy to equip employees with requisite advocacy expertise. The study discovers MFIs in Tamale Metropolis that seek to expand the frontiers of women empowerment through advocacy achieved very little results.

Keywords: microfinance, microfinance institutions, institutional capacity, advocacy

1. Introduction

This research focuses on the institutional capacity of microfinance organisations in the Tamale Metropolis of Northern Region of Ghana. It seeks to examine the strengths and internal acumen of microfinance institutions relative to their prowess in engaging in effective advocacy in their overall attempt at influencing and shaping policy reforms that can lead to the attainment of better microfinance policy framework.

Existing literature on microfinance and institutions involved have been reviewed in this research touching on regulatory frameworks that moderate the execution of microfinance projects in Ghana alongside some other countries. Literature on the performance of microfinance meant for women has been critically discussed highlighting some failures and successes on records due to financial policy frameworks. The research questions, the readiness of MFIs in the case study area to live up to the challenges posed by financial regulations like ceilings on interest rates, mobilisation of savings, directed subsidised loans, high reserve requirements and banking privileges relating to fiscal issues.

Literature on the formations and activities of microfinance networks and associations formed by MFIs has been reviewed to assess their functions and frustration in their pursuit for better regulatory framework through advocacy programmes.

The research seeks to look at short falls in existing literature regarding the capacities of MFIs in the Tamale Metropolis to engage with policy makers at the local and national levels to influence financial regulatory frameworks for favourable financial conditions. There has not been much literature on the institutional capacities

of MFIs in the areas under the study nor has it been enough information on advocacy and the role it plays in advancing the course of MFIs in this geographical area.

This study is part of efforts to make up for the short fall in relevant literature and therefore narrow the gap by adding some knowledge on institutional capacity and advocacy by MFIs in the study area that are so far purposely geared towards soft laws and policies in order to operate successfully in the financial business.

2. The Case Study Area

Ghana is situated on the west coast of Africa and lies above the Gulf of Guinea and bounded by Cote d'Ivoire and Togo to the West and East respectively. It also lies 800 degrees north and 200 degrees west of the equator. The country has a total land area of 238,533 square kilometres. Of this, agricultural land constitutes 57 percent and only 20 percent of the agricultural land is under cultivation. Ghana has a population of 24,223,431 reported in the 2010 population and housing census with a growth rate of 2.4 percent per annum between 2000 and 2010. Furthermore, 63 percent of the population live in rural areas where microfinance is prevalent and 37 percent live in urban areas (GSS, 2010).

The research was conducted in the Northern region of Ghana which has Tamale as the administrative capital. The region is the largest in Ghana in terms of land area with an area of about 70,384 square kilometres.

3. Literature Review

3.1 Microfinance Advocacy Institutions in Ghana and Their Performances

The Ghana Association of Microfinance Institutions (GHAMFIN) was established in 1996 by a group of Microfinance Institutions (MFIs). The association has a lofty objective of spearheading the effort at building a strong institutional capacity that will result in the delivery of superior satisfaction to beneficiaries of microfinance and elevate the performance of its employees. The association further sort to serve as a fulcrum in microfinance advocacy and provide coordination and direction for effective and efficient microfinance operations in Ghana (Al-Bagdadi, 2002).

Since its inception, the association has made a great deal of inroads in luring donors and the Government of Ghana to exhibit immense interest on ways and means of improving the microfinance sector of the country. The immediate impact made by GHAMFIN has been the strong link that it has succeeded in fostering between member institutions and donor agencies within and outside the country.

GHAMFIN has contributed immensely towards the leverage the microfinance sector now has on the Ghana Government and largely assisted in the dissemination of timely and relevant information that has culminated into the sustained drive towards hitting set targets of the industry (Hesun et al., 2004). Against this background, the Government of Ghana has established an apex body - MASLOC – that by its mission seems to have functions that are parallel to GHAMFIN which Gellano (2001) opines could serve as a disincentive to GHAMFIN and dilute its momentum since the apex body has the propensity of being used as a parallel organisation to closely monitor and counter the demands of GHAMFIN.

In Ghana, a plethora of institutions have advocated for policies that can propel the delivery of microfinance programmes attain new heights. Such organisations include Ghana Cooperative Credit Unions Association and the Ghana Cooperative Susu Collectors Association (GCSCA). Others are Association of Rural Banks (ARB), Bank of Ghana, and ARB Apex Bank under the auspices of the Association of Financial NGOs (ASSFIN) that operate in the microfinance industry in Ghana. These institutions have added their voices in advocating for fertile grounds to be created through the enactment of auspicious policies that can lead to the delivery of enhanced microfinance services to targeted clients such as vulnerable groups which includes women and rural farmers (Bank of Ghana, 2007).

Apart from the general advocacy works of GHAMFIN, it has also been involved in collaborative efforts with the Ghana Government and the World Bank to improve performance which is one of the set of objectives of GHAMFIN as outlined below:

- To establish performance indicators for the self-regulation of MFIs in Ghana;
- To develop an information bureau on the microfinance industry in Ghana;
- To organize seminars and workshops to share best practices among members;
- To provide access to continuous training for MFIs;
- To enhance financial integration between the formal, semiformal and informal sectors; and,
- To collaborate with the Government, donors and other regional networks to overcome common problems

facing MFIs and to seek funds for research and development.

GHAMFIN has established performance indicators and put in place reporting mechanisms for its members in order to facilitate *efficiency, effectiveness, improved policy and outreach*. These seem to have improved the quality of services in the network. As part of its goals, GHAMFIN seeks to upscale its internal funds generating capacity to enhance its financial autonomy and consolidate its potential to sustain its operations.

For sustainability over the long haul, GHAMFIN has considered various sources of funding by creating information resource centres, training programme fees, research and membership fees (Al-Bagdadi, 2002).

GHAMFIN has advocated for a policy dialogue with the Government of Ghana which is to serve as a platform for creating an enabling environment for microfinance operations. The association has played a proactive role in lobbying the government of Ghana to design legal frameworks and legislation that puts the microfinance industry on a sound footing. Consultations and collaborations with the government have yielded an in-depth understanding of issues which has succeeded in a variety of stakeholders navigating towards a common ground in a bid to strengthen the operational muscle of microfinance industry players. (D'Onofrio, 2010).

O'Nofiro (2006) finds that institutions like GHAMFIN are often confronted with a myriad of obstacles such as problems of conflict of interest from among contesting individual member institutions for priority and preferential treatment. Also there is always the difficulty in getting reasonable and quick consensus from various stakeholders in matters requiring quick decisions.

GHAMFIN insatiable quests of acquiring and disseminating information to its stakeholders in order to promote knowledge and best practice has often been severely hampered by lack of books, magazines and training materials. Acute shortage of qualified and experienced personnel at GHAMFIN has slowed down the pace of engaging in capacity building for microfinance firms (Al-Bagdadi, 2002).

3.2 Institutional Bottlenecks for Effective Microfinance Advocacy Policies

In recent times, Ghana is considered to be one of the countries in Africa that has enacted plausible advocacy policies and created regulatory structures that allows microfinance programmes to bloom and flourish. However, efforts of microfinance Institutions at leveraging on the favourable legislative climate have been impeded by a lack of enforcement of regulations. A case in point is the frailties in hauling loan defaulters before the law to secure payments. This unhealthy situation has diminished the commitment of shareholders and donors at pumping funds for credit provision. Advocacy is reeling under financial pressures because of inadequate funds and monitoring and supervision of micro finance operations have considerably been weakened by insufficient resources (Steel & Andah, 2003).

The Bank of Ghana which wants to champion advocacy of microfinance schemes is also not without its challenges. Monitoring, supervision and advocacy is often done on adhoc basis because structures are not well defined and the situation is made worse by inexperience personnel who continue to steer affairs connected to advocacy. It is however pleasing to note that the Government of Ghana has stepped in to regularise the supervision and take control of advocacy policies (Steel & Andah, 2003).

The Government of Ghana in its attempt to alleviate poverty through microfinance provision has ventured into the business of micro finance by masterminding the creation and formation of Microfinance and Small Loan Centre (MANSLOC) under the office and direction of the President of Ghana. The Microfinance and Small Loan Centre has two thronged roles; first, to widen the net of microfinance in order to boost accessibility and second, to play a lead role in advocating the release of micro credit to the rural poor by District Assemblies and Non Governmental Organisations. The Non Governmental Organisations have often cited the legal requirement of registering under the Companies Code of 1963 as a major hurdle towards striding into microfinance. Political gamesmanship has also eaten deep into the activities of the Micro Finance and Small Loan Centre culminating into the widespread criticism of the centre being skewed to provide small loans for sympathisers and supporters of ruling governments.

To overcome the complicated bureaucracies inherent in the registration process at the Registrar General in Ghana, many Microfinance institutions are joining forces in forming national and international associations and networks to advocate for regulatory frameworks that will create conducive environment for them to achieve their objective of delivering financial services to the poor but economically active and the low income earners. To boost their opportunities to succeed, these associations have also embraced capacity building to equip practitioners with the know-how to engage in advocacy (Hudak, 2011).

However, critics of advocacy and lobbying have described such associations and moves to be counterproductive and argue that they only lobby governments for special benefits to their members whilst the critical mass of the

rural poor are left on crumbs. Olson (1965; 1982) contends that such groups reduce efficiency, skew allocation of resources, slow down innovation and new technologies: He concludes that in doing so they reduce the overall rate of economic growth. Jones (2004) lends support to the fact that collective action may not be in the interest of the general public but solely for the interest and concerns for the group pursuing the action and the individuals may not benefit in the long run. His argument is that advocacy could be necessary but the impact is limited to specific groups and not the general public.

Nevertheless, in developing countries associations formed by MFIs are increasingly playing dominant and significant roles in expanding financial access to the poor and alleviating poverty through the channels of promoting and monitoring of microfinance initiatives.

3.3 Policy Advocacy and Microfinance Stakeholders

In recent years advocacy has assumed greater significance and popularity in the microfinance industry prompting calls for a common standard of performance in the industry for effective advocacy. Institutional capacity-building purposely for advocacy is advised and supported by experts and associations in the microfinance industry. Microfinance service providers often contend with problems of limited outreach; inefficient operating models and lack of appropriate technologies in their pursuit for success. Other issues that have compounded the problems have been unfavourable legalities and stringent regulatory environments for microfinance institutions. It is therefore a matter of course that stakeholders in micro finance appear unanimous in their calls for a more vigorous and vibrant advocacy that will prioritise micro finance in national discourse (D'Onofrio, 2010).

Empirical evidence points to the urgent need for the provision of technical ability to the principal actors in the micro finance industry if advocacy is to take centre stage and achieve much needed financial reforms.

The mid-1990s witnessed a sharp increase in the interest of NGOs and donor agencies in advocacy to influence macro-level policy and regulatory frameworks. The move has been to create opportunities and remove constraints at the micro-level for both micro enterprises and entrepreneurs that are mostly beneficiaries of microfinance schemes (Mayoux, 1997).

Civil society development and democratisation have been seen by advocacy organisations, multilateral and bilateral donor agencies as a means of effecting a macro-level change in this direction. Advances in communications and information technology have been used to increase global influence and visibility in advocacy at most levels (USAID, 2006).

The UN has made efforts on its part through advocacy for the success of microfinance promising better coordination of initiatives and organisations of its own systems, increased donor support, and efforts to channel all resources generated from microfinance campaigns solely for poverty eradication (UN, 2002).

In a paper presented at the international conference for NGOs for poverty policy in Beijing, China, Cater (2001) called for an effective policy advocacy that requires on-the-ground experience. He suggested that lessons should be taken from microfinance operations that have been sustainable and profitable over the years and those that are ready to graduate into the formal financial system. Struggling MFIs with weak institutional capacities could become efficient if they heed to this and their contributions to global call for workable policies and regulations for microfinance could as well have an impact. He however warned that policy advocacy can fail if unfavourable environment like lack of political stability and unstable economic parameters prevail (Al-Bagdadi, 2002).

3.4 Models for Microfinance Advocacy

Contemporary research has produced a lot of models and frameworks to support advocacy bodies in their quest for workable regulations and all seem to bear some resemblances and similarities in features and functions, one of such models was the brainchild of D'Onofio (2010).

D'Onofio (2010) in his framework recommends that the capacities of member institutions of advocacy bodies should be made a priority. In the diagnostic framework for institutional capacity for advocacy in Table 1, he listed Will, Knowledge/Skills, Systems, and Resources as the main components necessary for successful advocacy. Thus staff and other stakeholders should have deep insights about the institution's advocacy policies. This will work well if there is an orientation on the need for advocacy, the role advocacy can and will play in delivering success of their projects. D'Onofio posits that pervasive disagreements or misunderstanding on this will militate against any successful advocacy. When everyone understands the need for advocacy then there should be a general agreement and the Will to drive advocacy into the corridors of policy shapers and makers better regulations.

According to him, personnel of institutions at the centre of advocacy campaigns need to have Knowledge and Skills necessary to carry out their roles effectively. This can be obtained through well structured orientations or professional development and training. (D'Onofrio, 2010).

Success in advocacy does not come by chance but through the design of workable structures and Systems within which it will be realised. There should be a structure that defines definite lines to follow, a framework that crates awareness of and a strategy to guide the system to success. Evidence based research is vital to underpin effective policies and management. This must be enshrined in a communication plan that has the mechanism to provide useful feedback for monitoring and evaluation. These however need to be supported by resources dedicated for the purpose of advocacy and channels that facilitates effective liaison activities with the government and local authorities, the media and other agencies. Table 1 gives a summary of the Framework (D'Onofrio, 2010).

Table 1. Diagnostic framework: Organisational capacity for advocacy

SUMMARY OF LOAN CYCLE	
Will	Does your association
Commitment,	1. Have a broad consensus that your association should engage in policy advocacy?
Mission Alignment	2. Understand that policy advocacy is important to meeting your mission?
Knowledge/Skills	3. Have a clear understanding of policy-related problems and their implications for members?
Legislative,	4. Have a consensus among its members on the associations' policy-related priorities?
Socio-political and Economical	5. Have a clearly defined objective or objectives for policy advocacy?
Systems	6. Understand the policy-making process as it relates to associations' policy objectives
Decision Making,	7. Have a decision making process for advocacy?
Research	8. Have the capacity to access or generate policy related research?
Communication,	9. Have a communication strategy in place?
Monitoring and Evaluation	10. Have a detailed action plan for implementing and evaluating its advocacy efforts?
Resources	11. Have financial resources specifically devoted for advocacy?
Financial,	12. Have dedicated staff for advocacy efforts?
Human,	13. Have access to policy experts?
Technical,	14. Adequately represent the constituency most affected by a given policy issue or reforms?
Organisational	15. Have strong relationship with government agencies association members, media, other non-profit organisations, coalitions and/or alliances?

Source: Adapted from Sharon D'Onofrio (2010).

4. Research Design and Methodology

The research design is directed towards qualitative research which is intended to tap into the experience and knowledge of respondents and gain non quantifiable insights in the field, focusing on the detailed answers and generating vital information (Skosana, 2006). This approach allows the researchers to attain better and richer understanding of the responses and allowed more interactions between the interviewer and the respondents. It also provided more information on why certain policy advocacy issues arise and how they are handled. This technique is allowed the interviewer to further explore and probe which is one of the notable strengths of qualitative research (Golafshani, 2003).

4.1 Sampling

In practical research, It is not possible to target an entire population for interview. Consequently, sampling is used to obtain data from a representative group for a population. Sampling deals with the exercise of selecting a reasonable number of respondents for a research work with an eye for representation. There are many methods that can be used in sampling but for the purpose of achieving the objectives of this study, two methods are used concurrently. Two non-probability sampling methods are used, snow ball sampling and convenient sampling are used simultaneously due to the fact that it is convenient to access information from known faces and against the backdrop of resource constraints, convenient sampling holds sway. As part of snowball sampling, those respondents that were contacted also provided leads to other institutions that were in the study area (Skosana 2006; Thomas 2009). This method yielded great results for the research. Those respondents that were contacted assisted in providing relevant information.

Ten microfinance institutions were earmarked in the sample frame for the research but seven of them yielded to the request for interview representing 70 per cent of the target sample and detailed data was collected in a period of four weeks. During data analysis, emerging and dominant themes were highlighted for analysis. A cross

reference was needed to vouch and double check some relevant information and respondents in Simli Pong, MASLOC and BFS (Organisations used for the study) had to be re-contacted to reconcile some pieces of information to complete the analysis.

4.2 Interview

Interview as a form of data collection could be categorised into three forms; structured, semi-structured and unstructured interview. This study utilised a semi structured form of interview where an interview instrument with open-ended questions was used with no predetermined answers. For the purpose of deeper understanding, the questions were discussed on face-to-face and in a systematic manner in similar conditions for all respondents. The questions were prepared and posed with due cognisance of the objectives of the research. The interviewer interacted with the interviewees in quiet places and this offered the opportunity to listen to different people with different perspectives on the same or similar issues from different institutions. The bright side of this approach is that, the interviewer maintained control over the discussion (Thomas 2009; Burnett, 2009).and probed for more answers using the simplest language for excellent results.

4.3 Methods of Data Analysis

Making sense of data is an integral and important part of research regardless of the volume of information collected. In the opinion of Burnett (2009), several systematic steps are required to support the enterprise of detailed analysis. As a first step towards analysis of data, information generated from the interviews were transcribed, coded and organised to derive sense based on the pattern of the volume of data collected. Key themes and operational terms were identified and a second coding termed axial coding was used to establish relationship between categories sorted from the first coding. The final part of this analysis was devoted to selective coding and the researchers embarked on an assessment of the disparities in the coded categories relative to the original raw data obtained from the field. At this juncture, the a linkage between emerging themes and the conceptual framework that underpinned the research was established to concretise the effort at deriving meaning out of the primary data..

Finally all categories of relevant themes were summarised and synthesised through the process of noticing and critical thinking supported by a deeper assessment and interpretations of the findings which led to presentation and conclusions (Marshall & Rossman, 1990; Seidel, 1998).

5. Discussion of Findings

Out of the ten microfinance institutions earmarked in the sample, seven responded positively to the request for interview. The interviews were conducted in a well conditioned environment and the findings emanating from data analysis now follow in subheadings.

5.1 Institutional Capacity for Advocacy

Capacity building programmes in MFIs in this study area is an integral part of their microfinance schemes. The study finds that capacity building is constantly being designed to ensure that adequate preparations are made to achieve success. Interviewees were asked what kind of consultations and trainings they go through under the tutelage of policy experts on issues concerning policy advocacy. It came out that most often, seminars and conferences are used with consultants facilitating discussions on thematic areas that are central to the operations of microfinance schemes. Almost all respondents agree that their institutions participate in such programmes and it is sometimes organised by individual intuitions or by a coalition of MFIs. To a large degree, it is the parent association, GHAMFIN, that spearheads the training regimes as part of their objectives and commitments to be champions of policy advocacy in micro financing. Regular in-service training is organised in some of the MFIs in the Tamale Metropolis. However, it came to light that not all the micro finance firms have the wherewithal to organise and sponsor their own training programmes on policy advocacy and therefore piggyback training schemes organised by other micro finance firms.

In trying to find out how MFIs develop their staff skills and knowledge to carry out policy advocacy, it was gathered that at the national level, GHAMFIN does organise trainings to develop the skills of the personnel of member associations and all institutions are expected to present their personnel to attend. Occasionally, donor agencies sponsor individual officers from their funding institutions to undertake training abroad to upgrade their skills in all aspects of their jobs including policy advocacy and dynamics of lobbying government, local authorities and the communities.

With the notable exception of MASLOC, GDCA and Simli Pong, all other MFIs in the study area do not have personnel with the desired expertise and technical inclination in the field of microfinance as manifest in their weak academic qualifications and unimpressive experience. Technical officials are conspicuous by their

inadequacy with management exhibiting little appetite for sponsoring their staff to undertake training and refresher courses in policy advocacy because of profit motives.

Table 2 is an exhibition of all the institutions and a summary of the findings on the thematic areas of the research.

Table 2. MFIs in the study

	Comparison of the Organisations in the Case Study						
	GDCA	Simli Pong	MANSLOC	Maata-N-Tudu	CARD	Bonzali Rural Bang	Baobab Financial Services
Year of Formation	1980	2000	2006	1990	1998	1990	2008
Legal Status	Registered	Registered	Registered	Registered	Registered	Registered	Registered
Mission	Women Development Through Self Centeredness	To bring change to women	To act as apex body for Government	To assist women groups	Food security and Micro-credit	To give financial freedom and freedom from hunger	To offer business opportunities to low income earners through Microfinance
Financial regulations	Considered serious and adhere to	Try to follow them all the time	Strict with them	Not all that worried about them	Relaxed about them	Well aware of them	Believe it is within control
Achievement	School for destitute children	Agro-processing for women	Cars available for taxi drivers	Provided Toilet facilities	Warehouse For farmers	Fantastic loan repayment Good savings	Two successful projects completed
Institutional Capacity	Provides training	Relies on GDCA	Well resourced	Very little	Not impressive	Not as expected	Not much attention given
Advocacy	Engages with donors	Engages with Politicians	Deals with the government	Non At all	Not really into Advocacy	Not for policy change	No emphasis place on it
Women Empowerment	Enlightened many girls through training	Some Women entered into politics	Made women champions of their own course	Put many women in business	Encouraged women into farming as a business	Established women in successful businesses	A big concern on agenda
Other Projects	School for the destitute children	Water and sanitation	Business advisory services, training	Peace campaign	Agricultural extension	Formal system of banking	Peace advocates

On the question of vigilance in pursuit of sound financial policies and best practices, it was realised that institutional capacity development in some institutions such as Maata-N-Tudu and Baobab Financial Services leaves a lot to be desired. The reason behind this lukewarm attitude towards capacity development is not hard to find. Micro finance firms such as Maata-N-Tudu and Baobab Financial Services operate in the suburban Tamale and are therefore off the radar of financial supervision by regulatory bodies including the Bank of Ghana. Only GDCA, CARD, MASLOC and Simli Pong display a certain commitment to meeting and satisfying the requirements of financial policies and regulations. These institutions more often either have foreign links or origins or have embarked on foreign funded projects while MANSLOC also derives its funding and support from

the government of Ghana which is why the need to strictly adhere to sound financial practices is compelling.

In Table 2 it can be observed that MANSLOC, CARD, Simli Pong and GDCA are the microfinance institutions that are conscious of avoiding the slippery path of non compliance to financial regulations.

Touching on monitoring and evaluation, the study uncovers an appreciable degree of effort towards monitoring and evaluating activities conducted by the firms. Budgetary allocations are ingrained in the financial projections for monitoring and funds are released for implementation. However, the monitoring is lopsided as it covers loan repayments, activities of loan beneficiaries and impact of loans on poverty alleviation. Monitoring and evaluating policy advocacy is curiously and conspicuously missing.

When respondents were asked about the channel of communications available for reaching out to policy makers, the line of responses point to a certain level of attempts aimed at improving communication with movers and shakers of micro financial policy at the local and national levels. Regular meetings are organised within organisations to brief loan facilitators and community officers on issues pertaining to the interest of the local authorities and changes that affects their operations. Microfinance institutions will usually introduce themselves and their scope of operations to newly elected local councillors to promote goodwill and understanding of stakeholders towards micro finance.

On individual bases, evidence was adduced to the fact that policy makers and influential persons who have websites engage the public on facebook and tweeter interact on a wide variety of issues including microfinance and regulatory frameworks. Through these social networks, issues on national policies and government actions and inactions are communicated.

The media is another channel of communication, the print and the electronic media are used by MFIs to appeal and present their case for efficacious policies in support of micro finance.

Asked what corporate legal status that these MFIs have in the industry? Responses indicate that all the firms have had legal rights to operate in the country as recommended by the Microfinance Policy Model (2006).

The next question centred on the level of support for micro finance operations by local authorities. The research discovers a striking lack of assistance to finance operations by local authorities. They however tend to participate in seminars and conferences on pertinent national affairs regarding politics, civic education and health issues. The local authorities show immense interest on policy advocacy issues on micro finance but continue to lag behind when it comes to providing their own brand of support that will propel policy advocacy to new and greater heights.

Local authorities representing the government appreciate the importance of the operations of MFIs in their localities and need to do well to help as stated in the Africa Advocacy Forum II (2002) but are constrained by lack of funds to help the institutions develop their capacities. During workshops and conferences local authorities are invited and they tend to make perennial promises to provide support in the field of capacity building but their bane has always been their inability to fulfil their promises.

How research is helping shape policy advocacy in micro finance was also explored. The trend of responses shows that very little is done in Maat-N-Tudu, Baobab Financial Services, Bonzali Rural Bank and CARD in terms of research into capacity building towards advocacy. These firms rely heavily on research commissioned by other institutions. The downside of this practice is that, research may have been conducted based on different set of objectives and may therefore not suit the peculiar circumstances of the user. Further probe reveals that limited budget made worse by lack of commitment to accounts for the reluctance to engage in research.

Effective collaboration with various stakeholders facilitates co-operation, information sharing developing synergies inn micro finance operations. Respondents were asked to identify their collaborative activities and one respondent has this to say "Collaboration is the secret in this job". According to the respondent, it will be an uphill task to chalk up success without strategic collaboration with others who have the experience and the technical know-how. Building and maintaining relationships with other micro finance organs, opinion formers and leaders, political party executives, gender activists particularly women with high social standing is vital for breaking fresh grounds in policy advocacy locally and nationally.

The study finds a strong will to engage policy makers on policy advocacy. Respondents did not equivocate about their burning desire to continuously lobby for favourable legislation towards micro finance. As indicated in the literature review section the will of key actors in microfinance advocacy dictates the direction of success or otherwise of advocacy as D'Onofrio (2010) espouses. Dedication towards the vigorous pursuit of policy advocacy is palpable at the personal and institutional level and there appears an individual and collective will to to engage policy makers.

The major issue of concern to MFIs in the study area is the lack of direct involvement on the part of government and the law enforcement agencies on loans retrieval. This situation has the potential of scaring potential investors in the microfinance scheme. The Project Co-ordinator of Baobab Financial Services (BFS) states that attempts to canvas for investments investors to boost the capital investment of the organisation has suffered series of setbacks because of disinterest in loan retrieval by law enforcement agencies.

5.2 Advocacy and Regulatory Framework

In responding to the question of advocacy strategies adopted by MFIs, the research reveals that policy advocacy is part of all MFIs game plan and much of their emphasis is placed on educating beneficiaries who are mostly women. The fundamentals of the education scheme is to inspire women to engage in active economic ventures, participate in family and community decision making, lobby government for the elevation of women rights and improve on their business strategies.

Organisational policies covering advocacy are usually made in most MFIs sampled in this study. Advocacy in some MFIs like BFS and Maata-N-Tudu is contextually interpreted as education or sensitisation of people in a society to either accept a preposition or discard some negative traits. With this misnomer, the ability of most micro finance firms to craft efficacious strategies towards policy advocacy that will create fertile grounds for their operations remain a distant prospect.

Advocacy for soft legislations on microfinance is put on the back burner and considered peripheral and for some firms, policy advocacy is perceived as a function of the parent institutions located in Accra, the national capital.

From Table 2, it is discernible that GDCA engages donors and plays advocacy through the donors. Simli Pong and MANSLOC, on the other hand have had interactions with the government and policy makers. However, Maat-N-Tudu, CARD and Bonzali Rural Bank appear not to have any meaningful engagement with government and policy makers. The case of Simli Pong is not different as they piggy back on GDCA to engage in policy advocacy.

Reactions to the question on how advocacy feature in MFIs' annual budgets revealed that most institutions have annual budget allocations for advocacy programmes but no clear cut emphases or strategies on advocacy for manageable regulatory frameworks in their missions as recommended by the Microfinance Policy Forum Model (2006). On the whole, enough budgetary allocations are made for advocacy but the mission behind it is to concentrate on beneficiaries and how they can succeed in their business ventures.

Microfinance Institutions are steep in their belief that the management of their firms have the capacity to venture into policy advocacy and mount vibrant campaigns that can yield desired results.

In terms of technical expertise, institutions rely on their networks. GHAMFIN is a classical case of how networks assist in using their technical acumen to continue to mastermind advocacy much to the benefit of their members.

Turning our attention to how politicians and political leaders are instrumental in shaping the course of micro finance, the research detects how influential politicians can be in microfinance schemes. Respondents appear to have a sense of unanimity about the fact that, politicians such as Members of Parliament, District Chief Executives and Government Ministers have played diverse roles in sourcing loans for micro finance institutions that operate in their constituencies.

The use of courts of competent jurisdiction to compel loan defaulters to defray their debts is seldom used by micro finance organisations in the Tamale Metropolis. Litigation is frowned upon in the area of study because the people live in a close knitted society regulated by local traditions and presided over by highly revered local chiefs. The chiefs arbitrate over socioeconomic matters and their decisions are respected. In this regard, defaulters are hauled to the chief's palace and in the final analysis, the loans are settled. The research uncovers the fact that, resort to legal action via the competent courts will dissuade potential borrowers and scores of actual borrowers because the people are largely uneducated and find law courts and law enforcement agencies as tools of the elites that seek to marginalise the under privilege.

5.3 Women Empowerment and Microfinance

All MFIs were asked whether women empowerment being a central part of their operations appeals to policy makers and drives them to act favourably towards microfinance schemes. The study posits that a variety of interest groups and individuals including local and central government have an appreciable level of interest in development of women in many spheres of life and microfinance is considered one of the channels that can be used to maximise the welfare of women. Therefore, respondents were unequivocal in their view that, the issue of

women empowerment through micro financing has engaged central and local government attention for some time now.

The government through the local authority and traditional rulers in the area has always proposed to join hands to empower women and so much is always promised, written and talked about, however, actions are less. This does not take the women anywhere, except a few who have fought their ways up the hierarchy.

All the institutions whose representatives were interviewed attests to the glowing roles micro finance has played in ameliorating the dire financial dilemma women face. A case I point is the how the GDCA has succeeded in enlightening many girls and women in a couple of human endeavours including entrepreneurial skills and effective management of loans. Simli Pong and CARD inspire women to come out of their shells, speak up to issues affecting them and train them in farming and agro-processing. MANSLOC and Maata-N-Tudu on the other hand have concentrated on educating and financially equipping women as a way of empowering them to influence family and societal decisions. BFS has played a pivotal role in micro finance by rolling out innovative micro finance products that had pushed the frontiers of micro credit even further.

The researchers laid their hands on evidence that shows just how much women have benefited from micro finance and respondents cited improved primary health care, increase in the school enrolment of the girl child and the sponsoring of women candidates in local assembly elections. In spite of these impressive progress made in lifting women out of the doldrums of poverty and marginalisation, a lot remains to be done because majority of women continue to languish under the shadows of men.

A disturbing trend this work discovers is the use of loans for unintended purposes such as child upbringing. The core objective of micro credit is to open economic opportunities for women to undertake profitable economic ventures. The last thing a micro finance firm expects is to have its loans used for domestic activities. Reeling under family pressures, women are compelled to use part of loan proceeds for domestic chores sparking a cycle of non payment of loans. Loan recovery will then assume a difficult dimension.

Despite all the forms of education and advocacy programmes given by these MFIs to their women clients and beneficiaries, some of them are still engrossed with the traditional beliefs and practices that hinder the progress of their economic ventures. Some women cannot shrug off the outdated belief that men must always be in charge of all affairs that concern their wives. Some women will not want ownership and control of loans unless their husbands are consulted and involved from loan application to funds application. A fear that reigns supreme is the husbands ability to scupper the application process if he is not involved and one Director who responded to our interview puts it poignantly; "If the husband is ignored, he will deliberately frustrate the progress of wife who will go in for the loans without his involvement".

6. Conclusions

Microfinance Institutions in Tamale Metropolis in Northern Ghana that deliver financial services to women to help enhance women empowerment and participation in the development of their society have operated in a fairly isolated environment over the years. They struggle through the system and operate their microfinance schemes their own way to survive the operational hazards. With virtually no advocacy strategies, little experience and weak technical expertise, microfinance institutions in the metropolis survive without adequate strategies that can be used to secure flexible regulatory framework within which they will be able to deliver and achieve sustainable women empowerment.

Advocacy has been prioritised by MFIs and feature prominently in their annual budgets but funds are not committed to the purpose of lobbying for a favourable financial climate in which micro finance can blossom. Advocacy campaigns are largely geared towards sensitisation and creating awareness about the availability of micro finance and its usefulness in promoting the well being of the under privileged in society. This leaves MFIs in the Tamale Metropolis bereft of workable action plans that can lead to the realisation of policy reforms in the micro finance sector.

In terms of resourcefulness in advocacy, it is clear that MFI's in the Tamale Metropolis lack the knowledge to pursue policy advocacy. What is more, capacity building programmes are undertaken in other thematic areas that are distinct from policy advocacy and where advocacy is earmarked for discussions, it is done on the fringes.

The study is also conclusive on the matter weak research capabilities of MFI's. Undertaking research is a far cry in MFI's operating around the Tamale Metropolis. This situation is made worse by the lack of investment in capacity building where the lofty ideals of research could be discussed. At this juncture, it is pertinent to answer the research question by stating that MFIs in the Tamale Metropolis are ill prepared in terms of strategic action plans compounded by very weak human resource base that lacks the wherewithal to engage in any meaningful

policy advocacy.

Political figure heads at the ministerial and local levels do have immense interest in microfinance because of its inherent benefits to women but their actions lag behind the vigour underlying their interest.

The irony is that some individuals in authority tend to use the microfinance organisations to pursue their political ambitions by influencing accessibility to micro credit but the politicians are more interested in scoring political points with political opponents. In their complaint that their supporters are often discriminated against as far as micro finance provision concerned. The politicians are also not interested in opening training avenues for capacity building which buttresses the criticism that the politicians are interested in short term political gains.

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