

Access to Justice and Public Services

Experiences of Medium, Small and Micro Enterprises (MSMEs) in Ghana



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Survey Report

CDD-Ghana Research Paper No.31

ISBN: 978-9988-614-58-4

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Supported by:

DEUTSCHE GESELLSCHAFT FÜR INTERNATIONALE ZUSAMMENARBEIT (GIZ) GMBH

Regional project:

“Promotion of Rule of Law and Judiciary in Africa”

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ACKNOWLEDGEMENT

The Ghana Center for Democratic Development (CDD-Ghana) implemented this research project with support from Deutsche Gesellschaft Für Internationale Zusammenarbeit (GIZ) GmbH under the Regional Project “Promotion of Rule of Law and Judiciary in Africa”. Particularly the contribution of:

Clara Schier; Legal Adviser, GIZ Promotion of the rule of law and judiciary in Africa

Gregory Maraite; Legal Adviser, GIZ Promotion of the rule of law and judiciary in Africa

Contents

ACRONYMS	iv
Executive Summary.....	v
1.0 Introduction	1
2.0 Methodology of the Study	2
2.1 Research design	2
2.2 Study population	3
2.3 Sampling procedure and sample size	3
3.0 Survey demographics	4
3.1 Business demographics	4
3.2 Social characteristics of survey respondents	5
FINDINGS.....	6
4.0 Regulatory systems governing business setup and operations	6
4.1 Businesses awareness of and compliance with regulatory systems	6
4.2 Reasons for non-registration and procurement of operating permit	8
4.3 Knowledge of processes prior to application for registration and operating permit	9
5.0 Knowledge of specific regulations governing business operation	13
5.1 Knowledge of and compliance with the requirement to submit annual returns to RGD	14
5.2 MSMEs' opinions on taxes, tolls, fees, and levies payment	15
6.0 MSMEs' experiences with business disputes and their resolution	20
6.1 Evaluations of court services and the impacts on business operations.....	24
7.0 MSMEs' growth, funding, and challenges of MSMEs experience	24
7.1 Growth of MSMEs	25
7.2 Sources of funding for MSMEs	25
7.3 Challenges of MSMEs	26
8.0 Classification of business premises	28
9.0 MSMEs awareness of and access to government interventions	29
10.0 MSMEs' proposed interventions for government to implement	30
PERSPECTIVE FROM REGULATORS, MARKET ASSOCIATION AND SERVICE PROVIDERS	32

Challenges with enforcing mandate/providing policy support	32
Support systems available to MSMEs	33
Awareness creation on policy and services	33
Support for women	34
Experience with Taxes/tolls	34
Dispute mechanism/resolution system	35
Conclusion and recommendation	35

ACRONYMS

GRA	Ghana Revenue Authority
IBES	Integrated Business Establishment Survey
ICT	Information and Communications Technologies
MASLOC	Microfinance and Small Loans Center
MMDAs	Metropolitan, Municipal and District Assemblies
MSMEs	Medium Small and Micro Enterprises
NBSSI	National Board for Small Scale Industries
RGD	Registrar General's Department
SMEs	Small and Medium Enterprises
TIN	Tax Identification Number
VAT	Value Added Tax

Executive Summary

Micro, small, and Medium Enterprises (MSMEs), defined as enterprises that employ as few as one employee (micro, 1-5) to as many as 100 employees (medium, 31-100), occupy a dominant role in Ghana's economy. They constitute 99.8% of enterprises in the economy, account for at least 70% of Ghana's GDP, and create about 81% of the new jobs. Despite its immense contribution and potential, the MSMEs sector in Ghana faces manifold problems. Previous studies have documented challenges that stymie the growth and survival of MSMEs however, the unique or special challenges, experiences, and concerns of MSMEs, particularly, those in the "micro" and "small" subsectors, in relation to public authorities, especially the regulatory and judicial authorities of the state, have not been studied or properly documented to inform policy toward these subsectors.

This study undertaken by CDD-Ghana with support from Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, sought to understand and document Micro, Small and Medium Enterprises (MSMEs) in Ghana's challenges in accessing justice and other public services. The study sought to unearth MSMEs, particularly those owned by women, to be able to proffer appropriate policy recommendations to improve MSMEs access to justice, rule of law and service delivery.

The research team adopted both qualitative and quantitative research approaches. A survey was conducted with 780 MSMEs in three regions (Greater Accra, Ashanti and Northern Regions) across three geographical zones and a total of 40 in-depth interviews with policy makers, policy support/implementing units and service providers.

Summary of findings

The findings indicate that majority of MSMEs owners/caretakers are aware of the mandatory and requirement to obtain business registration certificate (83%) from the Registrar General's Department and business operating permit (91%) from the local government authority for operating a business in Ghana. This awareness and compliance levels are comparatively higher for male-owned than female-owned businesses. The chief reasons for noncompliance among MSMEs without business registration certification or operating permit is lack of knowledge on mandate and where to obtain certificate or permit. The study also found that MSMEs mostly rely on family and friends rather than relevant agencies for information on regulatory procedures such as processes involved in complying with requirements, fees payable, and the length of time it takes to complete the processes.

On taxation, levies and fees, MSMEs owners/caretakers accept the legal mandate of the tax authority to demand tax (82%). Majority (75%) of MSMEs owners/caretakers with registered businesses are aware that they are expected by law to submit their annual returns to the Registrar General Department with 81% interviewed reporting they have submitted their tax returns. The top three taxes and levies paid by MSMEs include income taxes, VAT, and property rate. However, most MSMEs owners/caretakers think it is not easy to access information on taxes and fees they are expected to pay (78%), and how government/MMDAs use revenues from taxes, fees/levies are utilized (81% and 87% respectively). Indeed, majority of MSMEs owners/caretakers are unwilling to pay more taxes even if it means more government services (62%), and MSMEs are still equally split in their opinion on the willingness to pay more tax even if they were given an explanation on how government spends tax revenue. Equally substantial

minorities of MSME owners/caretakers are largely dissatisfied with services they receive in return for tax payments they make (between 29% and 47%). Compared to male-owned and male/female-owned businesses, female-owned businesses are highly dissatisfied with services received in return for paying VAT, income tax, and property rate. Information from regulatory institutions and support units' perspectives, indicates that there are various services and support units in place to disseminate accurate information and offer guidance with the intent of helping to grow MSMEs. Nonetheless, juxtaposed with the survey data, MSMEs lack awareness of these services and support systems, and the capacity to access them limit them from having the opportunity to fully access these services. Equally, regulatory bodies do not have gender-specific policies/programs.

With regards to access to justice services, the survey findings it is evident that less than one-fifth of MSMEs owners/caretakers use the formal justice system to resolve business-related disputes with either clients/customers, creditors who supply business with inputs, family members, utility companies, MMDAs, employees/business partners, and tax authority. MSMEs owners/caretakers interviewed who have not access the justice system mentioned the lack of trust in the system (87%); length of time taken by courts to resolve cases (10%); and the often demand for money, gift, or favour by police officers (3%) before acting on cases as reasons for not accessing formal justice service. Equally among MSME owners who accessed the formal justice system to resolve business-related disputes, cited loss of business productive hours (50%), reduction in business operating capital (44%), and damage to business reputation (39%) as the three major impacts of the court cases on their businesses. Comparatively, male-owned and male/female-owned businesses suffered the negative effects of the court settlement of disputes more than female-owned businesses. Just a few among MSME owners who never used the formal justice system, just a few engage informal structures such as heads of families/relatives, religious leaders, or traditional rulers/elders in order to find solutions to business-related disputes. Confirming the use of informal dispute resolution structures, the perspective given by market association leads interviewed showed that they also engage in some form of business-related disputes resolution. Information from the justice system indicates that the justice service offers all litigation services at appropriate legal fees which can be accessed by anyone one including MSMEs provided they can afford it.

The findings from the study suggest a gap between the state effort/ability to provide platform, tools, and services for MSMEs and MSMEs ability to effectively access these opportunities. The study therefore points to the need for the creation of a mutually beneficial system, where the government is able to bring services to the doorsteps of MSMEs so they can easily access them. The study further recommends that the need to improve awareness of the court system and its service delivery procedures to build trust and also capacity of market association leaders/executives on mechanisms of conflict resolution so that in the short- to medium-term, they can continue playing that mediating role to serve their members.

1.0 Introduction

Medium, Small, and Micro Enterprises (MSMEs) are important to the growth of an economy. They make up most of the businesses in a country, employ the most people, and are generally considered the bedrock of most economies.

Medium, Small, and Micro Enterprises (MSMEs) constitute 99.8% of enterprises in Ghana and account for roughly 70% of Ghana's GDP and 81% of all new jobs (IBES II, 2017)⁷. Despite the MSME sector's immense contribution and potential, it faces manifold problems that stymie the growth and survival of enterprises. These challenges are with respect to access to capital, markets and business advisory services, the costs of business advisory services and dealing with public authorities, particularly, licensing and regulatory bodies, local government authorities/agencies of the public administration, and the rule of law, security and access to justice and public services.

Rule of law, security and justice - the main focus of the MSME study - have a positive influence on any country's economic performance and business and investment climate. Legal certainty, predictability and trust in justice systems encourage investment and promote competition. When access to justice is poor for businesses and people at large, the legal system will have a limited impact on economic activity.⁸ With unequal access to justice, disadvantaged and vulnerable groups disproportionately experience legal hardship, and unresolved legal disputes which can lead to further legal, social and health-related problems and costs. The inability to resolve legal problems diminishes economic opportunities, reinforces the poverty trap, and undermines human potential and inclusive growth.⁹ Indeed, countries where it is more difficult to make and enforce agreements often have weak economies, less developed credit markets, and fewer small firms.¹⁰ Furthermore, real or perceived corruption within the justice system and the lack of independence of justice actors are also barriers to MSMEs operations and growth. Adequate access to justice would mean that every citizen has equal rights, equal opportunities to obtain legal advice and representation, and opportunities for redressing a wrong and for the settlement of disputes.¹¹ While the various courts provide formal means to access justice, the cost of litigation and the length of time taken to settle cases deter people from using the law courts. Also, the filing fees for initiating a case in the Fast Track High Court are quite expensive, and adding legal fees makes overall costs prohibitive to the average Ghanaian and businesses.

Furthermore, regulations such as business registration and licensing practices determine whether businesses stay formal or informal. In Ghana, business can be conducted under either a limited liability company, sole proprietorship or a partnership. MSMEs can operate as any. A business is required to register with the Registrar General's Department (RGD) of the Ministry of Justice and Attorney General's Department.¹² Aside from the registration of the business with the RGD, a business is also required to register with the Ghana Revenue Authority (GRA) in order to obtain a

⁷ *Integrated Business Establishment Survey Phase II: Summary Report, September 2017*

⁸ Arnaud Deseau & Adam Levai & Michèle Schmiegelow, 2019. "[Access to Justice and Economic Development: Evidence from an International Panel Dataset](#)," *Discussion Papers (IRES - Institut de Recherches Economiques et Sociales)* 2019009, Université catholique de Louvain, Institut de Recherches Economiques et Sociales (IRES).

⁹ OECD. (n.d.). *Access to Justice*. Retrieved from OECD.org: <https://www.oecd.org/gov/access-to-justice.htm>

¹⁰ Task Force on Justice, *Justice for All – The report of the Task Force on Justice: conference version*. (New York: Center on International Cooperation, 2019), available at <https://www.justice.sdg16.plus/>

¹¹ Atuguba, D. R., Agyebeng, K., & Dedey, E. (2006). *ACCESS TO JUSTICE IN GHANA: THE REAL ISSUES* Civic Foundation.

¹² <https://rdg.gov.gh>

Tax Identification Number (TIN). The TIN enables businesses to clear goods in commercial quantities from the ports, register title to or interest in land and obtain tax clearance certificates. An enterprise set up as a company in Ghana is subject to corporate tax, which is currently at a rate of 25% of taxable profits.¹³ Companies are also required to file corporate tax returns four (4) months after the end of their accounting or financial year.¹⁴ Businesses may however be entitled to tax concessions depending on the industry in which they operate. The cost and time for formalization, and adopting legal structures to protect investors, the bureaucracy associated with labor policy and tax payments all contribute to business growth. African countries have historically demonstrated higher relative monetary and time requirements for regulatory compliance.¹⁵ Lengthy registration times and procedures increase costs for business and incentivizes rent seeking behavior. Ghana for instance is ranked 118 with a score of 60 among 190 economies in the 2020 World Bank's ease of doing business rankings which measures the efficiency of each economy's business environment and the strength of its legal institutions.¹⁶ Ghana's ranking is a decline from the previous year where Ghana ranked 114 with a score of 60.4.¹⁷

The availability and efficient supply of public utilities/services are also very essential for business activities, just like access to justice to protect businesses and consumers alike from illicit business practices. Murky rules surrounding administrative practices for public services can increase transaction costs for businesses, and can increase avenues for corruption within public service delivery institutions. Ghanaian MSMEs' experiences in accessing public services is limited and unclear. Although there is information on the citizens' access to public services, little is known of MSME experiences in the same regard.

While several studies have acknowledged women entrepreneurs as essential in the Ghanaian business context, their experiences in accessing public goods have not been adequately documented. Finally, there isn't enough information detailing the impact that the current regulatory regime has on influencing informality, and MSMEs interaction with the Justice system. This study sought to unearth these issues to be able to proffer appropriate policy recommendations to improve MSMEs access to justice, rule of law and service delivery.

2.0 Methodology of the Study

This section discusses the methodology adopted in conducting the study. It describes the research design, study population, sampling procedure, data collection methods and analysis.

2.1 Research design

The study adopted a mixed method approach. This involved the application of both qualitative and quantitative research methodologies. The quantitative research method allowed the researchers to gather micro level data on access to public and justice services from business owners. The micro data collected from business owners/managers/caretakers in this context included information

¹³ Income Tax Act, 2015 (Act 896)

¹⁴ Ibid

¹⁵ Collier, T. S. (2014). Five steps that create inclusive growth through SMEs. Retrieved May 27, 2020, from <https://www.thebrokeronline.eu/five-steps-that-create-inclusive-growth-through-smes-d1/>

¹⁶ 'Doing Business 2020: Comparing Business Regulation in 190 Economies', <https://openknowledge.worldbank.org/handle/10986/32436>

¹⁷ Ease of Doing Business in Ghana, <https://tradingeconomics.com/ghana/ease-of-doing-business>

about business owners' experiences, perceptions, knowledge, and assessments on business registration and regulation as well as the prevalence of corruption in their relationship with public service providers. The quantitative data was complemented with qualitative data gathered from policy makers, policy support/implementing units, and service providers to understand existing policies, services, opportunities and challenges in providing access to justice for micro, small, medium enterprises (MSMEs).

2.2 Study population

Respondents who participated in the survey (i.e. quantitative aspect) were predominantly business owners. In circumstances where the owners of the business are not directly involved in the day to day management of the business, the managers/caretakers or direct line managers were interviewed.

For the qualitative study, the target sample were key officials of national regional and district level regulators and policy bureaucrats made up of Planning Units at the District Assemblies, National Board for Small Scale Industries (NBSSI), Ghana Revenue Authority (GRA), Ministry of Trade, Market/business associations, business lawyers and court officials in three (3) selected regions (Greater Accra, Ashanti and Northern regions).

2.3 Sampling procedure and sample size

The researchers adopted both purposive and multi-stage stratified random sampling techniques in sampling regions, districts and respondents for the study. The data from the Integrated Business Establishment survey (IBES) conducted by the Ghana Statistical Service in 2014 served as the sampling frame for the study. The sample distribution as well as the sample for the survey of MSMEs in the selected regions and districts were subsequently drawn from the sample frame. It is worth noting that although the researchers sampled businesses from the sampling frame, the researchers also adopted snowballing to make up the sample as some of selected businesses that form part of the sample were nonexistent at the time of the study.

In all, seven hundred and eighty (780) MSMEs and forty (40) regional and district level and ten (10) national level regulators and policy bureaucrats were interviewed between late August and early November 2020.

3.0 Survey demographics

This section discusses the demographics of the survey. This is presented in two distinct subsections, namely, demographics of businesses involved in the survey and the social characteristics of respondents interviewed during the survey.

3.1 Business demographics

According to the IBES report, Medium size establishments are those engaging 31–100 employees, while the small-sized establishments have 6-30 employees. The micro-sized establishments are those that employ as few as 1–5 employees. Based on the definition, the sample size was divided (in unequal proportions) among the three types of establishments accordingly.

Of the 780 MSMEs interviewed, 49% are micro enterprises, 31% and 20% are small and medium enterprises, respectively. Also, 83%, constituting a large majority are in the service sector. 12%, 4% and 2% are in the manufacturing, industry, and agriculture sectors, respectively. Furthermore, 47% of the businesses are owned by females, 45% owned by males, and 7% jointly owned by males and females (Table 1).

Table 1: Sample distribution by business size, sector of operations, and ownership type August-September 2020	
Demographics	Percent
<i>Business size</i>	
1- 5 employees (micro)	49%
6-30 employees (small)	31%
31-100 employees (medium)	20%
<i>Sector of operations</i>	
Service	83%
Industry	4%
Agriculture	2%
Manufacturing	12%
<i>Ownership type</i>	
Male owned businesses	45%
Female owned businesses	47%
Jointly owned (males and female) businesses	7%

Source: Survey data, August-September, 2020.

The country was geographically classified into three zones (coastal, middle and Northern Ghana) and three regions - Greater Accra, Ashanti, and Northern - with high number of MSMEs in were selected (i.e. one from each zone) (Table 2).

Table 2: Sample distribution across regions and districts August-September 2020	
Region / District	Sample distribution across districts
Greater Accra Region	
Accra Metropolis	30%
Adenta Municipal	2%
Ashiaman Municipal	2%
Ga East Municipal	3%
Ga South Municipal	4%
Ga West Municipal	3%
La Dede-Kotopon Municipal	3%
La Nkwantanang Municipal	2%
Ledzokuku-Krowor Municipal	2%
Tema Metropolis	7%
Ashanti Region	
Afigya Kwabre District	2%
Asokore Mampong Municipal	2%
Atwima Nwabiagye District	2%
Ejisu Juaben District	2%
Kumasi Metropolis	22%
Kwabre East District	2%
Obuasi Municipal	3%
Northern Region	
Tamale Metropolis	6%
Sagnerigu Municipal	3%
Yendi Municipal	1%

Source: Survey data, August-September, 2020.

3.2 Social characteristics of survey respondents

The total number of respondents interviewed is nearly equally split between the two sexes (i.e. 52% females and 48% males). Majority of interviewees (68%) are the actual owners of the business while 32% are employees. Not unexpected, almost all of the respondents indicated that business-related decisions are largely the responsibility of the owners of the business. In terms of level of education, 40% of the respondents had tertiary education, 29% had some secondary or completed secondary school, and 22% had some or completed junior high school. Less than a tenth had some or completed primary education (5%) or have no formal education (4%).

Table 3: Respondents' social characteristics gender, status in business, decision-making responsibility, and education level August-September 2020	
Social characteristics	Percent
Gender of respondents	
Female	52%
Male	48%
Status of respondent in the business	
Owner	68%
Employee	32%
Business decision-making responsibility (all respondents)	
Yes, make decisions for business	93%
No, does not make decisions for business	7%
Business decision-making responsibility (owners vs. caretakers)	
Owners who make decisions for business	99%
Caretakers who make decisions for business	79%
Level of education of respondents	
None or informal schooling	4%
Primary (completed & partial)	5%
Junior High school (completed & partial)	22%
Secondary (completed & partial)	29%
Tertiary (post-sec, polytechnic and university)	40%

Source: Survey data, August-September, 2020.

FINDINGS

4.0 Regulatory systems governing business setup and operations

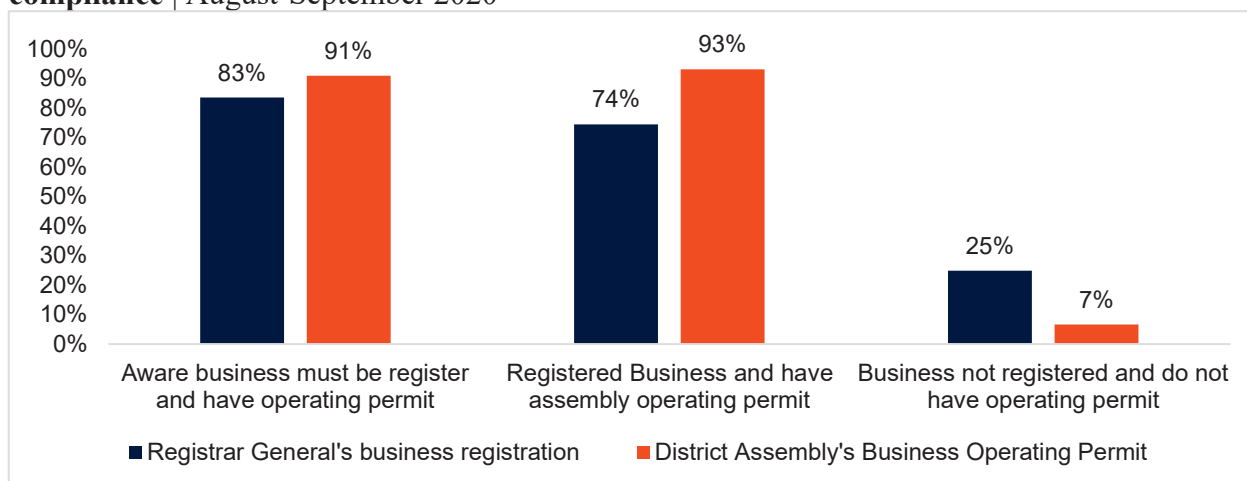
In Ghana, businesses are by law required to be registered or incorporated under the Companies Act, (Act 992) 2019. In addition, the local government act also gives mandate to local government bodies to enact by-laws that require businesses operating within their jurisdictions to procure and regularly renew their business operating permits.

The survey first assessed MSMEs owners' awareness of these regulations, their compliance with these requirements, and their experiences accessing these services.

4.1 Businesses awareness of and compliance with regulatory systems

The survey shows that significant majority of MSMEs owners/operators are aware that it is mandatory for a business operating with a name to be registered with the Registrar General's Department (83%) and to obtain a business operating permit from the local government authority (91%). The high level of awareness of the regulatory requirements to a large extent has been translated by business operators into compliance. Out of the 780 businesses interviewed, 74% were registered while 93% also possess business operating permits (Figure 1).

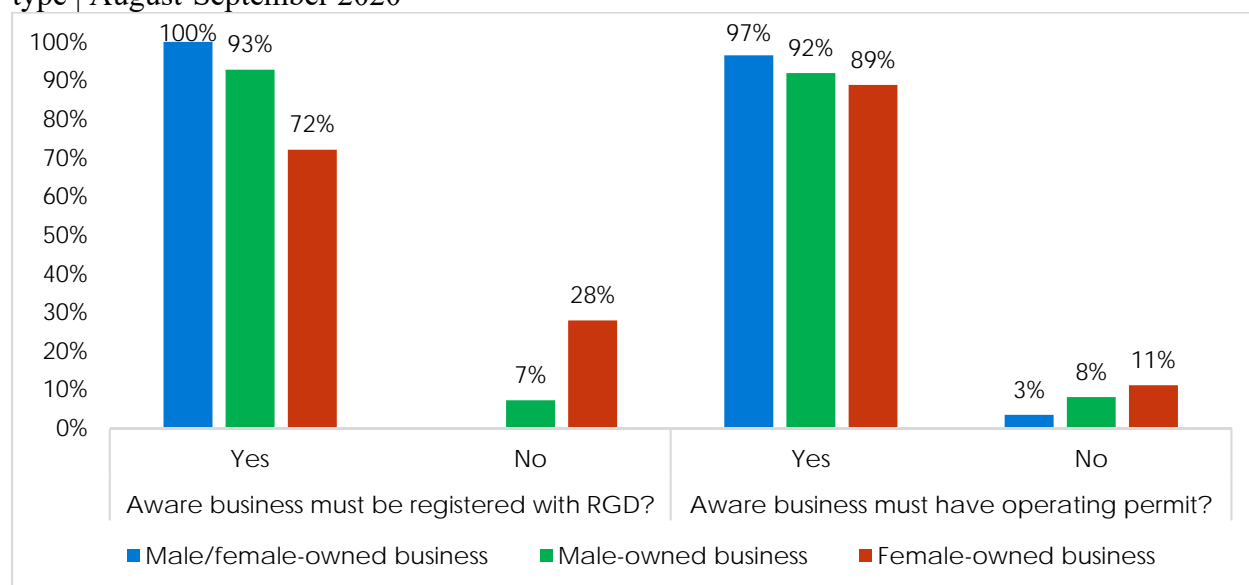
Figure 1: Business registration and operating permit procurement awareness and compliance | August-September 2020



Source: Survey data, August-September, 2020.

Disaggregating these findings by the type of business ownership, the data indicates that businesses jointly owned by both males and females (100%) and male-owned businesses (93%) are more likely to be aware of the requirement to register business with the Registrar General Department (RGD) than female-owned businesses (72%). However, the awareness gap for the requirement that businesses procure operating permit from their local government bodies (i.e. male/female-owned businesses, 97%; male-owned businesses, 92%; and female-owned businesses, 89%) is not so pronounced like what pertains to business registration (see Figure 2).

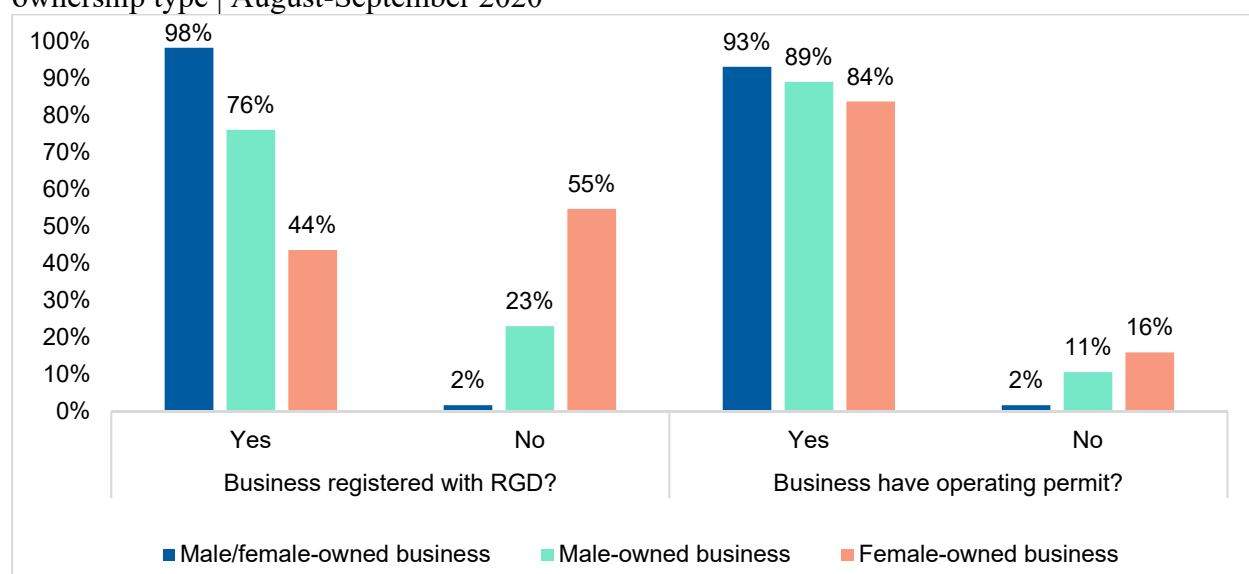
Figure 2: Business registration and operating permit procurement awareness | by ownership type | August-September 2020



Source: Survey data, August-September, 2020.

With respect to business owners' compliance with these two regulations, as we can infer from Figure 3, the gaps in business registration based on ownership type (i.e. male/female-owned businesses, 98%; male-owned businesses, 76%; and female-owned businesses, 44%) are much wider than those for procurement of business operating permit (i.e. male/female-owned businesses, 93%; male-owned businesses, 89%; and female-owned businesses, 84%).

Figure 3: Compliance with business registration and operating permit procurement | by ownership type | August-September 2020

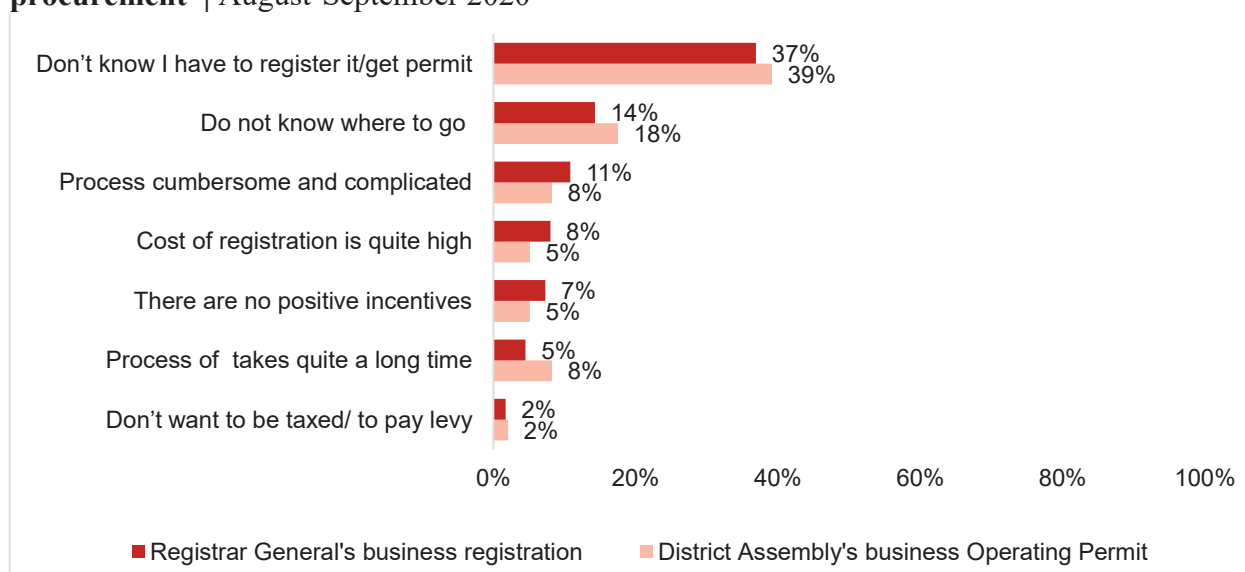


Source: Survey data, August-September, 2020.

4.2 Reasons for non-registration and procurement of operating permit

Among the respondents whose businesses have not been registered with the Registrar General's Department (RGD) or do not have operating permit from their local government bodies, the topmost reason given for their noncompliance is that they either do not know they are to register (37%) or go for operating permit (39%). The second reason is that they do not know where to go for the registration (14%) or the operating permit (18%). Other reasons given for noncompliance are cumbersome and complicated processes (11% for registration, and 8% for business permit), high cost of registration (8%) or operating permit (5%), and lack of positive incentive to encourage business registration (7%) or procurement of operating permit (5%) (see Figure 4).

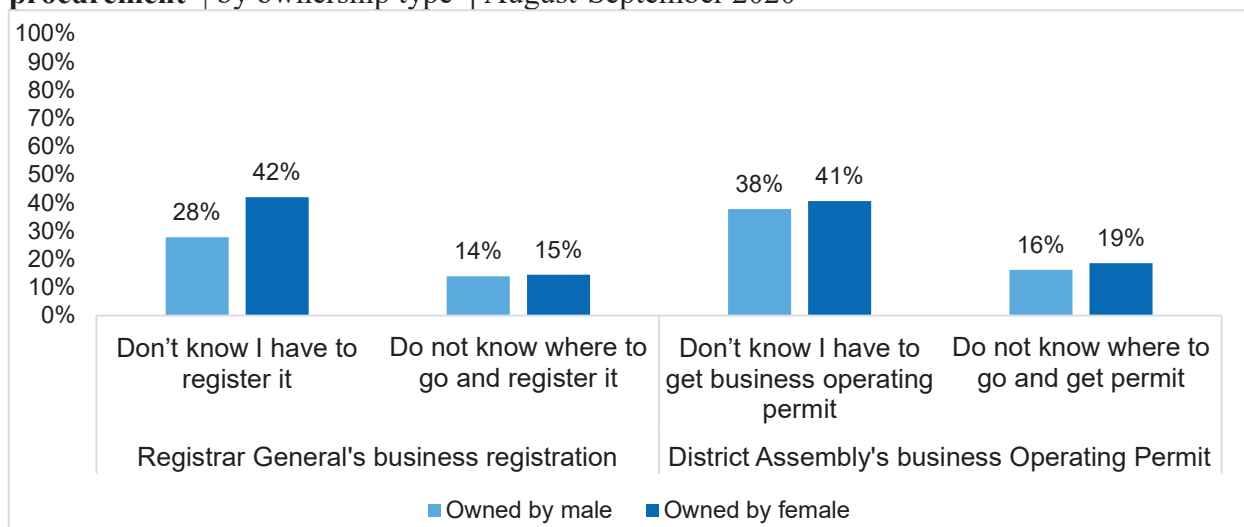
Figure 4: Reasons for noncompliance with business registration and operating permit procurement | August-September 2020



Source: Survey data, August-September, 2020.

Disaggregating the two topmost reasons for noncompliance by ownership type showed that more female-owned businesses (42%) compared to male-owned businesses (28%) do not know they have to register. However, female-owned (41%) and male-owned (38%) businesses are about equally split on noncompliance due to lack of knowledge that they need to obtain business operating permit. Also, female-owned and male-owned businesses are nearly equally split on not knowing where to register (15% vs. 14%) or where to obtain business permit (19% vs. 16%) (see Figure 5).

Figure 5: Reasons for noncompliance with business registration and operating permit procurement | by ownership type | August-September 2020

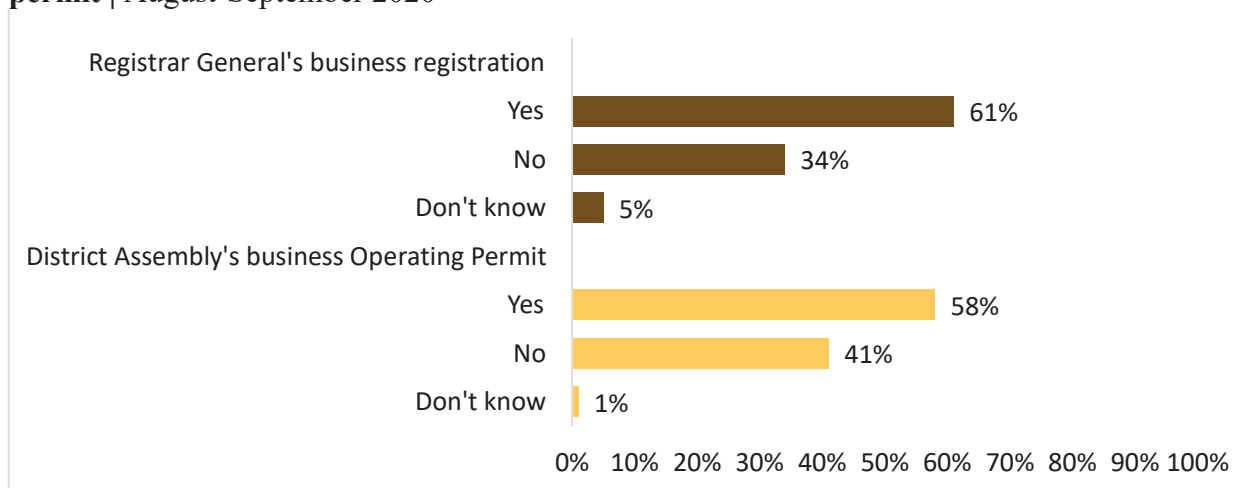


Source: Survey data, August-September, 2020.

4.3 Knowledge of processes prior to application for registration and operating permit

In general, most business owners/caretakers of businesses that have been registered or have business operating permit claim to know about the registration (61%) and business permit procurement (58%) processes prior to their application (see Figure 6).

Figure 6: Knowledge of processes prior to application for business registration and operating permit | August-September 2020

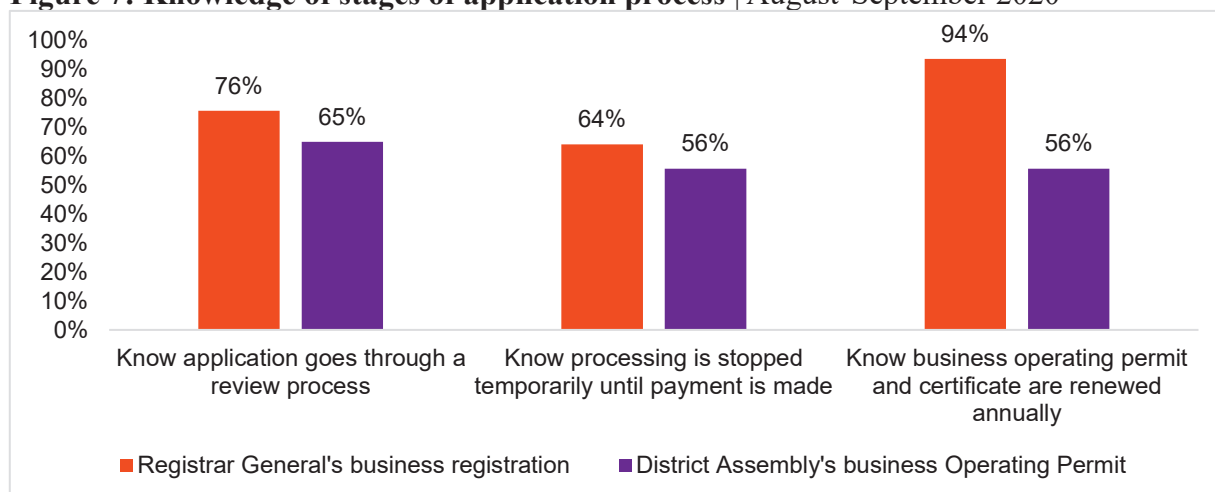


Source: Survey data, August-September, 2020.

Confirming this prior knowledge, majority know that application for business registration/certification and operating permit goes through a review process (76% for registration, and 65% for operating permit) and that the process is put hold until payment is made (64% for registration, and 56% for operating permit) (64%). Also, majority know they are by law required to renew their business registration/certification (94%) and business operating permit (56%)

annually. It is worthy to note that the percentages for business operating permit are comparatively lower than those for business registration (see Figure 7).

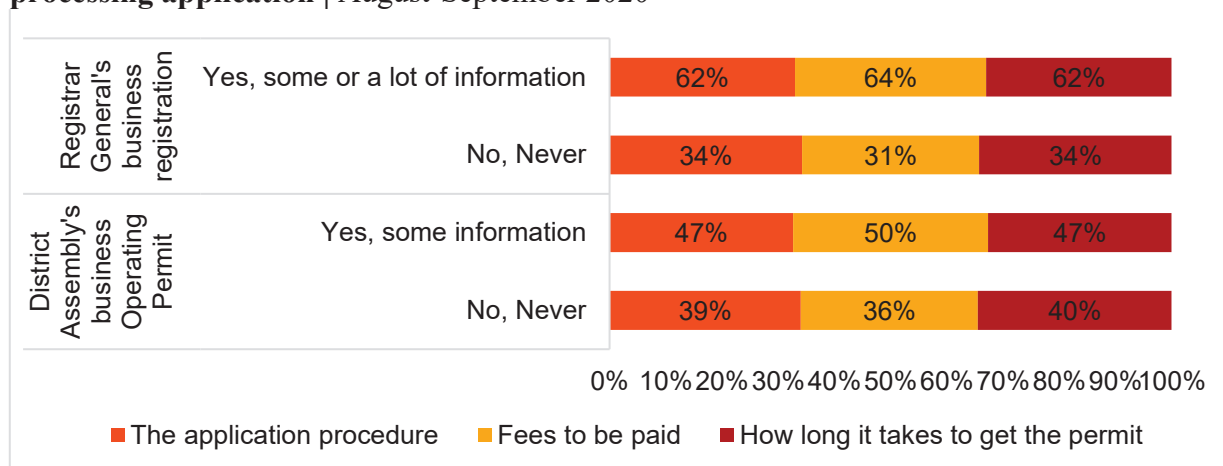
Figure 7: Knowledge of stages of application process | August-September 2020



Source: Survey data, August-September, 2020.

Also, majority of registered business owners/caretakers said they were aware of the application procedure (62%), the time it takes for application to be processed (62%), and the fees to be paid (64%). A small majority however expressed similar sentiments with respect to business operating permit (application procedure, 47%; time taken to process application, 47%; and fees payable, 50%) (see Figure 8).

Figure 8: Prior knowledge of application procedure, fees payable, and time duration for processing application | August-September 2020



Source: Survey data, August-September, 2020.

4.3.2 Source of information on business registration and procurement of operating permit

Family and friends, and employees of the relevant agency (i.e. RGD or MMDAs) are the two topmost sources of information on business registration/permit application procedures, time taken to process application and fees payable. Whereas the website of RGD is the third most important source of information with respect to business registration, television is the third most important

information source for business permit procurement. Quite surprising, brochures of RGD or MMDAs are the least place business owners/caretakers source information on business registration/permit application procedures, time taken to process application and fees payable (see Table 4).

Table 4: Sources of information on business registration and operation permit application
| August-September 2020

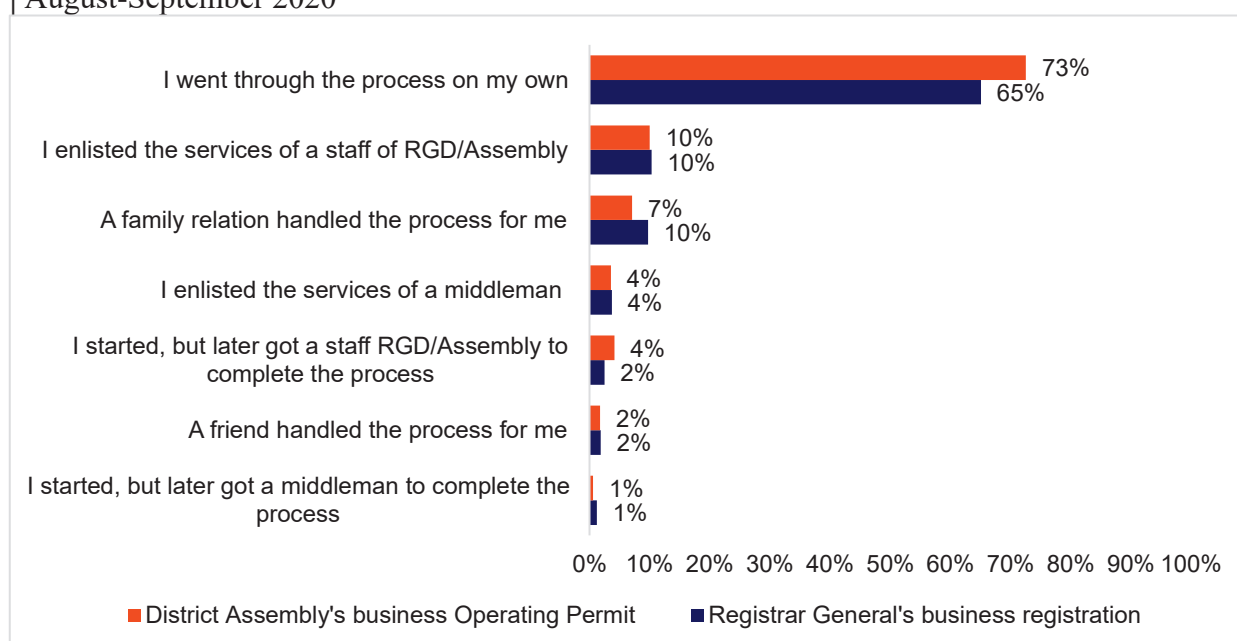
	Business Registration			Business Permit		
	Application Procedures	Application Time Duration	Application Fee Payable	Application Procedures	Application Time Duration	Application Fee Payable
Family and friends	52%	51%	52%	57%	57%	57%
Employee of the agency	45%	47%	48%	50%	50%	53%
Website of RGD or MMDA	20%	20%	21%	10%	10%	10%
Television	17%	19%	19%	26%	26%	25%
Radio	14%	13%	14%	19%	19%	17%
Middleman	9%	8%	8%	3%	3%	3%
Newspaper	3%	3%	3%	2%	2%	2%
Brochure of the agency	3%	2%	2%	1%	1%	0%

Source: Survey data, August-September, 2020.

4.3.3 Approaches for processing business registration and operating permit application

Owners/caretakers of businesses that are registered and those with operating permit were asked if they went through the process of application on their own or they enlisted the help of someone else. Majority said they went through the process of applying for an operating permit (73%) and business registration (65%) themselves. One-tenth (10%) also said they enlisted the services of a staff of the regulatory institutions - Registrar General Department (RGD) and Metropolitan, Municipal, and District Assemblies- to process their business registration and operating permit, respectively, for them (see Figure 9).

Figure 9: Approaches for processing business registration and operating permit application
| August-September 2020

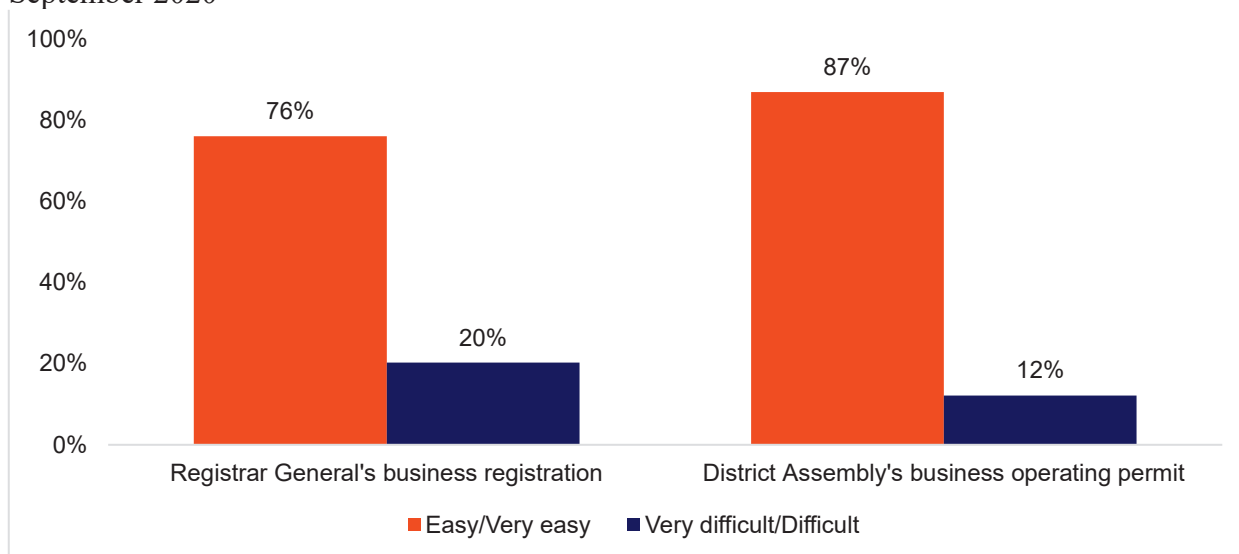


Source: Survey data, August-September, 2020.

4.3.4 Ease of business registration certificate and operation permit acquisition

In general, owners of businesses with RGD's business registration certificate and business operating permit from MMDAs found it easy going through the processes. A little over three-quarters (76%) of owners with registered businesses said they found it “*very easy and easy*” to register and acquire a business certificate. A much higher percentage of owners with business operating permit (87%) expressed similar sentiment with respect to the procurement of operating permit (see Figure 10).

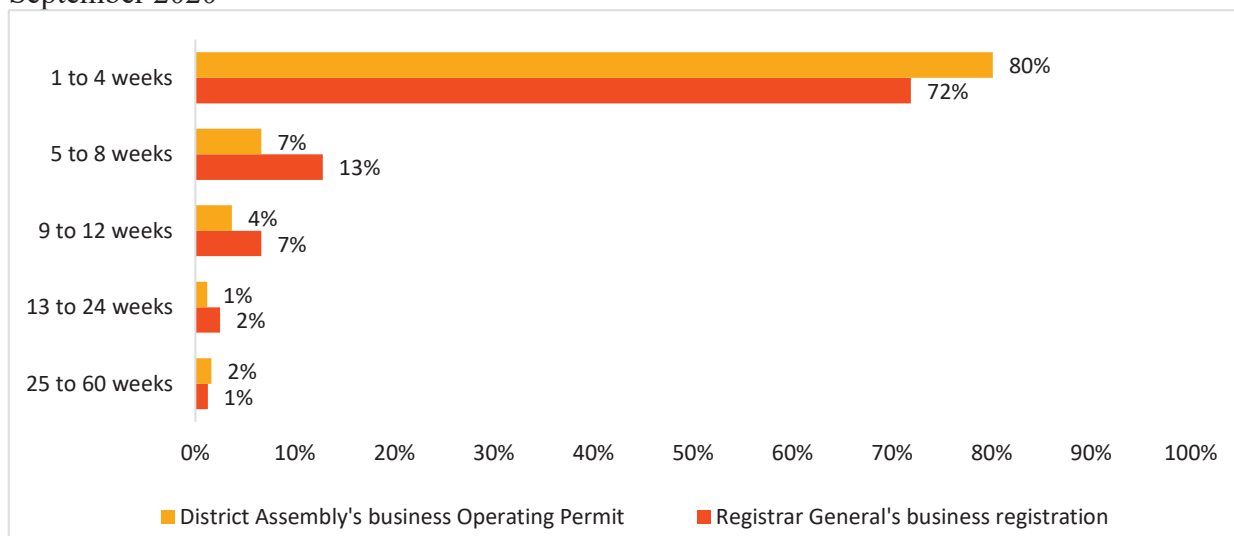
Figure 10: Ease of business registration certificate and operation permit acquisition | August-September 2020



Source: Survey data, August-September, 2020.

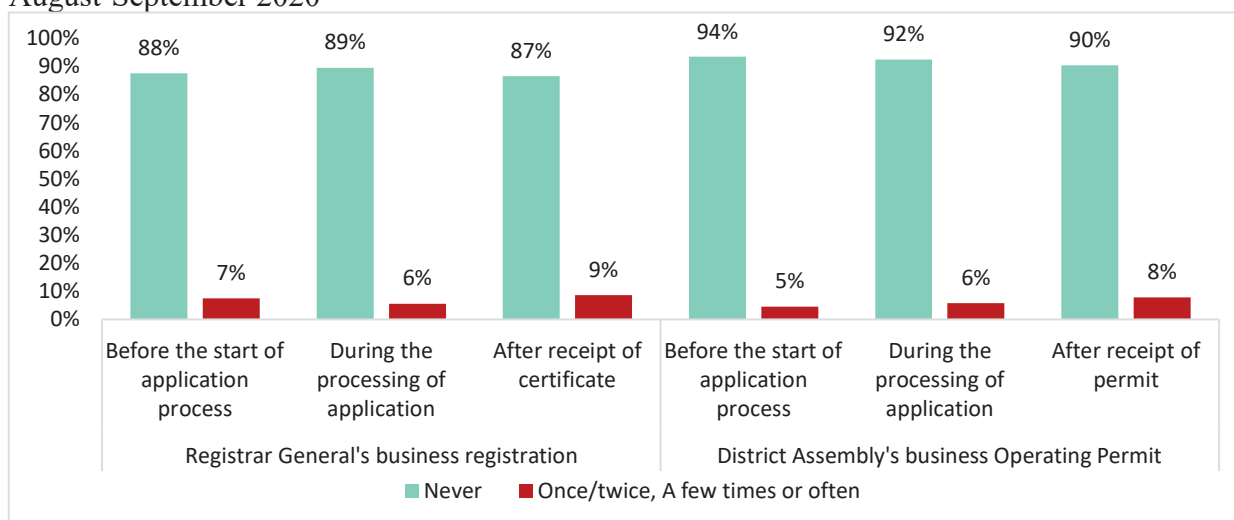
Confirming the reported ease in business registration certificate and operation permit acquisition, majority of MSMEs with these legal documents got them in about a month without making any unofficial payment. From Figure 11, 72% and 80%, respectively, said they got their registration certificates from the RGD and operating permits from their MMDAs about after submitting their applications. Less than one-tenth of MSME owners with business registration or operating permit (i.e. 5% to 9%) said they have done a favor/given gift or paid bribe in their attempt to obtain a registration certificate or business operating permit before commencement of application processes, ring the period the application was being processed, or after receipt of registration certificate/operating permit (see Figure 12).

Figure 11: Time taken to procure registration certificate and operating permit | August-September 2020



Source: Survey data, August-September, 2020.

Figure 12: Making unofficial payments before, during or after the application process| August-September 2020



Source: Survey data, August-September, 2020.

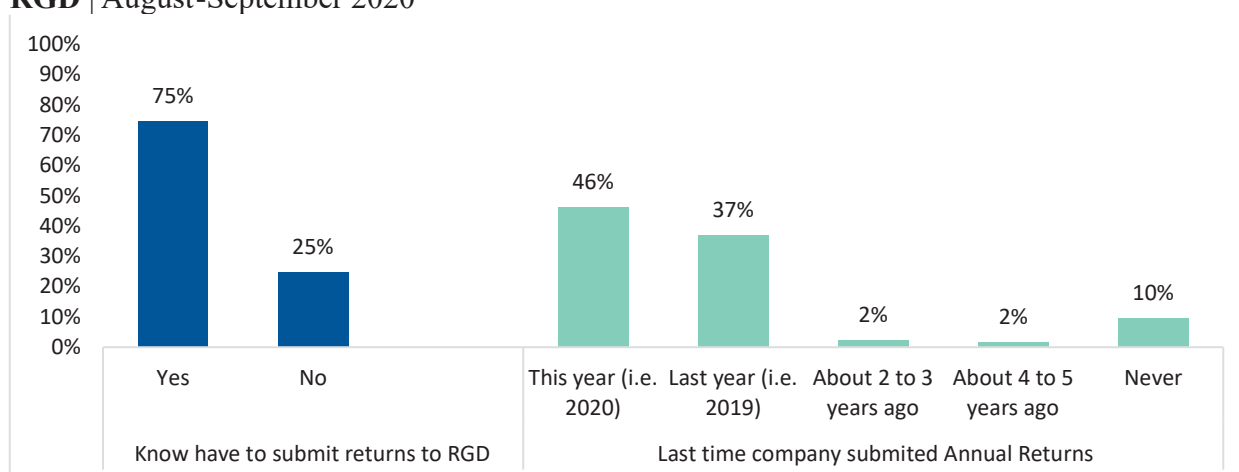
5.0 Knowledge of specific regulations governing business operation

Any business that obtains a business certificate is by law required to submit annual returns to the RGD. Also, it is mandatory for businesses to register with the Ghana Revenue Authority (GRA) to obtain Tax Identification Numbers (TINs). Businesses are expected to quote their TINs in all correspondence with the GRA. TINs are also required to enable businesses to clear goods in commercial quantities from the ports, register title to or interest in land and obtain tax clearance certificates. At the local government level, MMDAs are clothed with power to impose fees, rates, and/or charges under the Local Governance Act, 2016 (Act 936) in order to generate revenue for local development. The survey assessed MSME owners/caretakers' knowledge of and compliance with these regulations.

5.1 Knowledge of and compliance with the requirement to submit annual returns to RGD

Majority (75%) of MSMEs owners/caretakers with registered businesses are aware that they are expected by law to submit their annual returns to the Registrar General Department. However, a one-quarter (25%) claimed they are not aware of the regulation. Of business owners/caretakers who are aware of this regulation, 46% said the last time they submitted their returns was in 2020. A little over one-third (37%) also said they submitted their annual returns in 2019. One-tenth (10%) however, never submitted their returns in any year (see Figure 13).

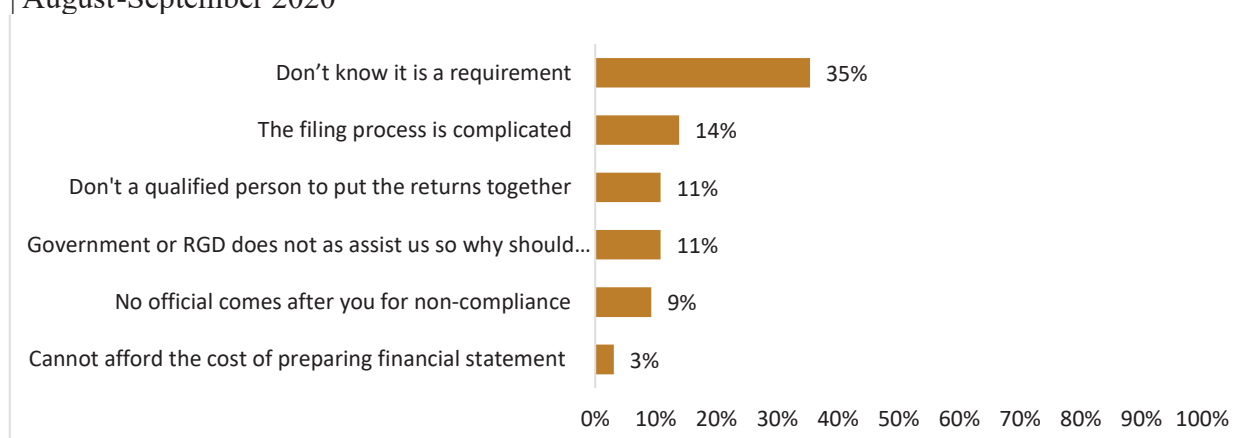
Figure 13: Knowledge of and compliance with the requirement to submit annual returns to RGD | August-September 2020



Source: Survey data, August-September, 2020.

The main reason given for non-compliance with submission of annual returns by defaulting registered businesses is that they don't know it is a requirement (35%). A little over one-tenth also claimed the filing process is complicated (14%), they lacked qualified personnel to put return together for submission (11%), and government/RGD does not do anything for their businesses so they do not see any reason why they should comply (11%). Quite revealing, 9% also said no official from the RGD comes after you for non-compliance (see Figure 14).

Figure 13: Reasons for non-compliance with requirement to submit annual returns to RGD | August-September 2020



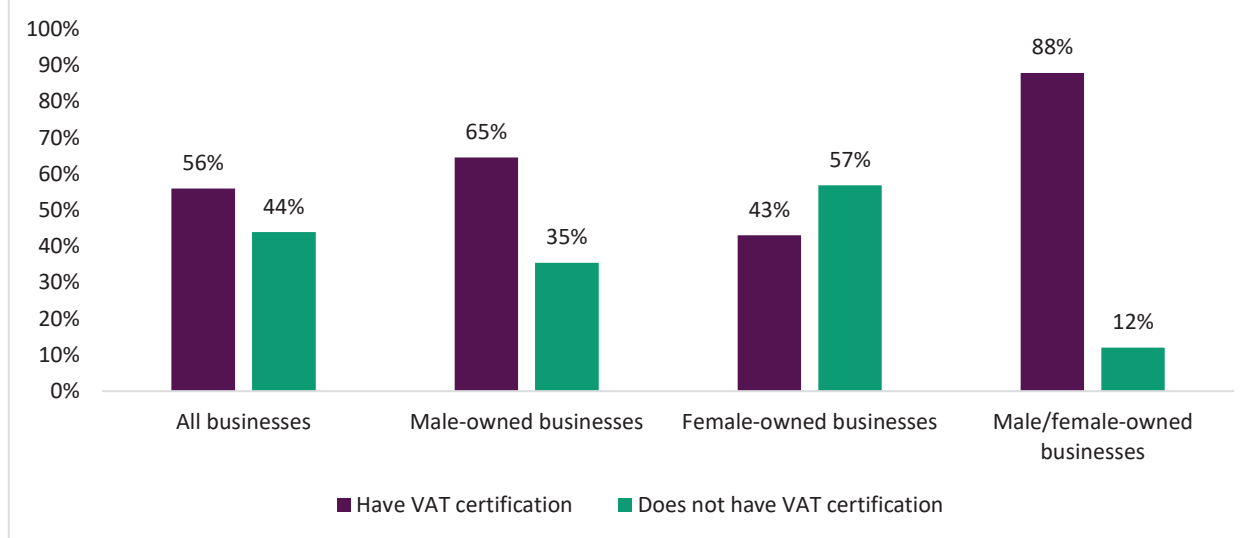
Source: Survey data, August-September, 2020.

5.2 MSMEs' opinions on taxes, tolls, fees, and levies payment

5.2.1 Compliance with Value Added Tax (VAT) certification

In terms of taxation, a small majority (56%) of owners/caretakers of MSMEs said they have a Value Added Tax (VAT) certificate that permits them to charge their customers or clients VAT. Disaggregating this by business type, showed that the percentage of female-owned businesses with VAT certificate (43%) is comparatively lower than that for male -owned (65%) and male-female owned (88%) (see Figure 14).

Figure 14: MSMEs with Value Added Tax (VAT) certification | August-September 2020

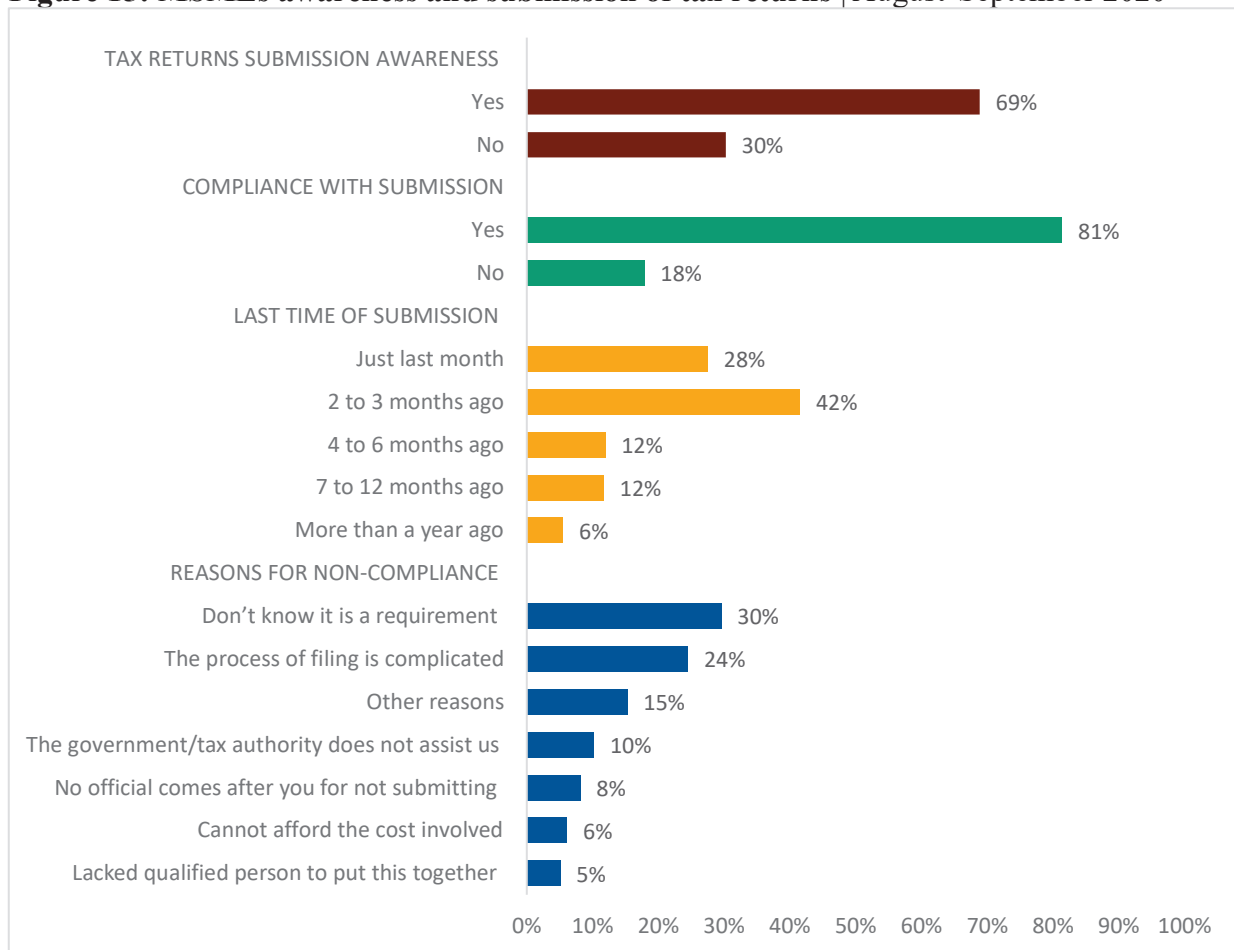


Source: Survey data, August-September, 2020.

5.2.2 Awareness of and compliance with the mandatory requirement to submit tax returns

Of the 780 business owners/caretakers interviewed, 69% said they know of the requirement for MSMEs to submit their tax returns to the Ghana Revenue Authority (GRA), while 30% are not aware. Among those who are aware of this requirement, a significant majority (81%) said they have been submitting their tax returns. Indeed, at the time of the survey, 70% reported that they submitted their returns to the GRA just within the last 3 months. Two major reasons given by business owners/caretakers who have not been submitting their tax returns to the GRA are as follows: “Don’t know it is a requirement, (30%); and the filing process is complicated, (24%). Another 15% gave other reasons such business not being in the category of companies required to submit tax returns; business given some time frame to start paying; business being fairly new or barely a year old; business not registered or in the process of registering with GRA; business not in full operation or about folding up; and all revenue generated are reinvested into the business. One-tenth (10%) also said government/tax authorities do not support them in any way so they do not see the need to comply with this regulation (see Figure 15).

Figure 15: MSMEs awareness and submission of tax returns | August-September 2020

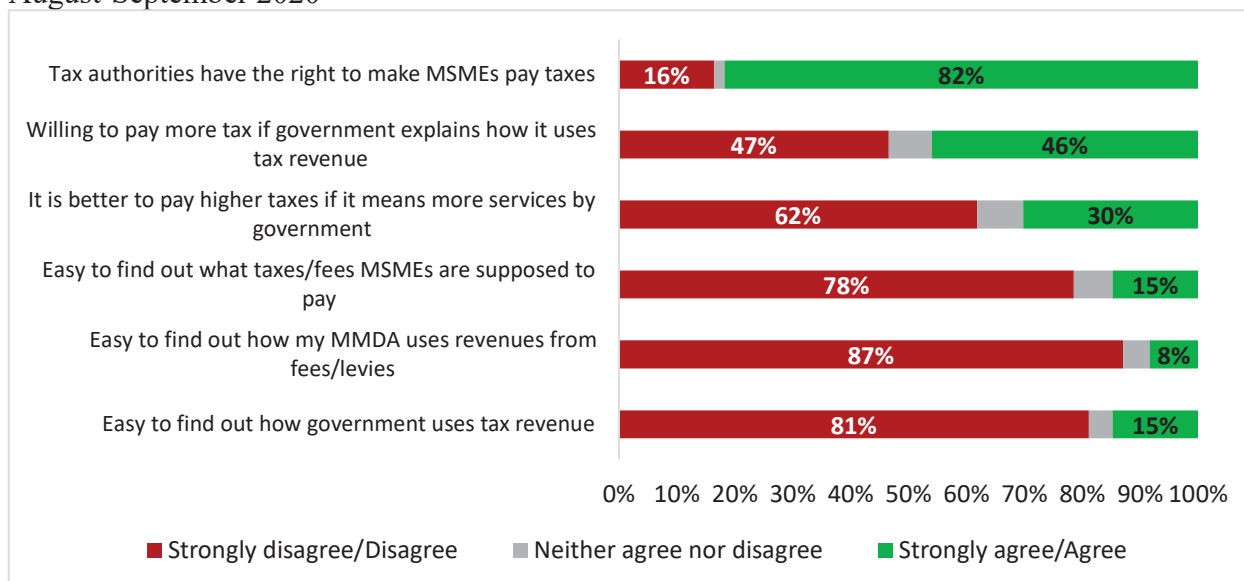


Source: Survey data, August-September, 2020.

5.2.3 Opinions on access to information on tax, fees, and levies and willingness to pay

Respondents were asked their opinion on access to tax information, use of tax revenue, willingness to pay tax among others. A significant majority (82%) of business owners/caretakers “agree” with the statement that tax authorities always have the right to make the MSMEs sector pay taxes. Business owners/caretakers are divided in their view as to whether they will be willing to pay more tax if there is always an explanation on how the government has been spending tax revenue. While 46% “strongly agree or agree,” 47% “strongly disagree or disagree”. MSME owners/caretakers are not willing to pay more taxes even if it means that there will be more services provided by government. Nearly two-thirds (62%) “strongly disagree or disagree” that It is better to pay higher taxes if it means that there will be more services provided by government. Not surprising, a significant majority (78%) “strongly disagree or disagree” with the statement that it is very easy or easy to find out what taxes and fees MSMEs are supposed to pay to government. Similarly, 87% and 81%, respectively, “strongly disagree or disagree” with the statements that it is very easy or easy to find out how revenues generated from fees/levies by their local government authorities and those generated from taxes by central government are utilized (see Figure 16).

Figure 16: Opinions on access to information on tax, fees, and levies and willingness to pay | August-September 2020

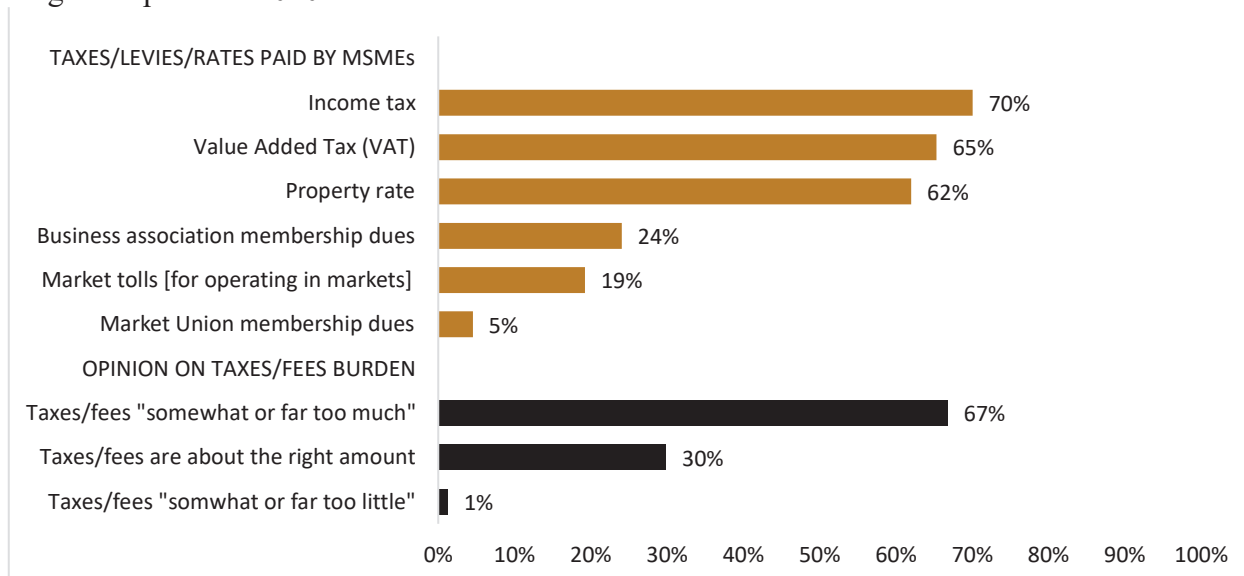


Source: Survey data, August-September, 2020.

5.2.4 Payment of taxes, rates, fees, tolls and dues

Assessing the type of tax, tolls, rates, and dues that the MSMEs pay, the three topmost, according to most business owners/caretakers are income tax (70%), VAT (65%), and property rates (62%). While nearly one-quarter(24%) also mentioned business association membership dues, 19% mentioned market tolls. When asked what they thought about the amount of taxes and fees paid by MSMEs to the government and MMDAs, majority (67%) said it is “*somewhat or far too much*”. About one-third (30%) said it is “*about the right amount*” (see Figure 17).

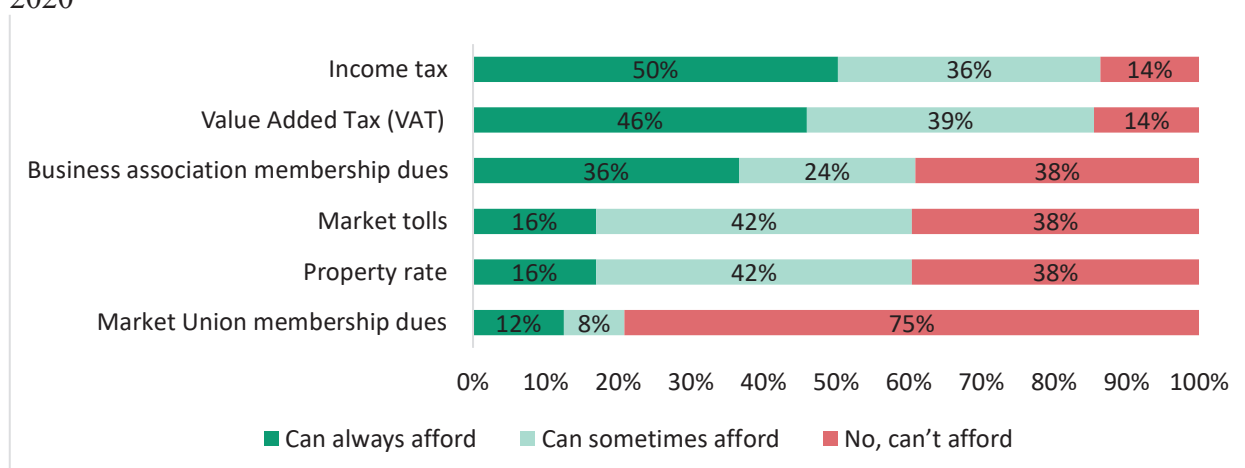
Figure 17: Payment of taxes, rates, fees, tolls, dues and the perceived taxes/fees burden | August-September 2020



Source: Survey data, August-September, 2020.

With regards to affordability, half of MSME owners/caretakers interviewed indicated that they “*can always afford*” income tax. While a little over one-third (36%) they “*can sometimes afford*”. While close to half (i.e. 46%) also said they “*can always afford*” to pay VAT, 39% said they “*can sometimes afford*” to do so. With respect to affordability of market tolls, property rates, and market union membership dues, those who said they “*can always afford*” are pretty much lower (i.e. 16%; 16%; and 12%, respectively). In fact, three-quarters said they cannot afford paying market union membership dues (see Figure 18).

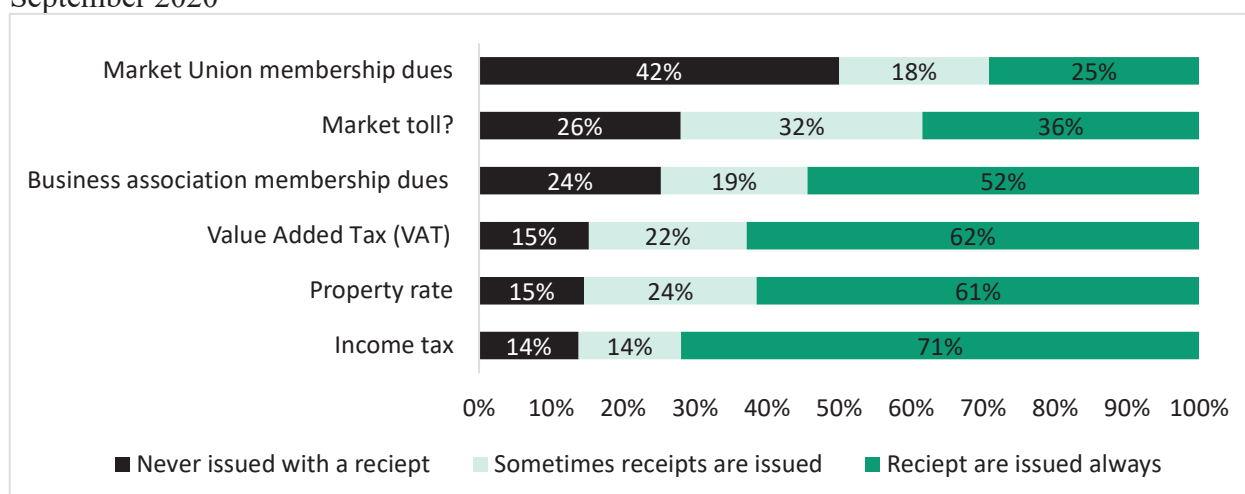
Figure 18: Affordability of taxes, fees, rates and dues paid by MSMEs | August-September 2020



Source: Survey data, August-September, 2020.

Market union membership dues collectors (42%) followed by market tolls collectors (26%), business association membership dues collectors (24%) are the major culprits of non-issuance of official receipts for monies collected. However, most business association membership dues collectors (52%) do issue official receipts. Also, most MSME owners/caretakers received official receipts for income tax (71%), VAT (62%) and property rate (61%) payments (see Figure 19).

Figure 19: Opinions on issuance of official receipts for payments made by MSMEs | August-September 2020

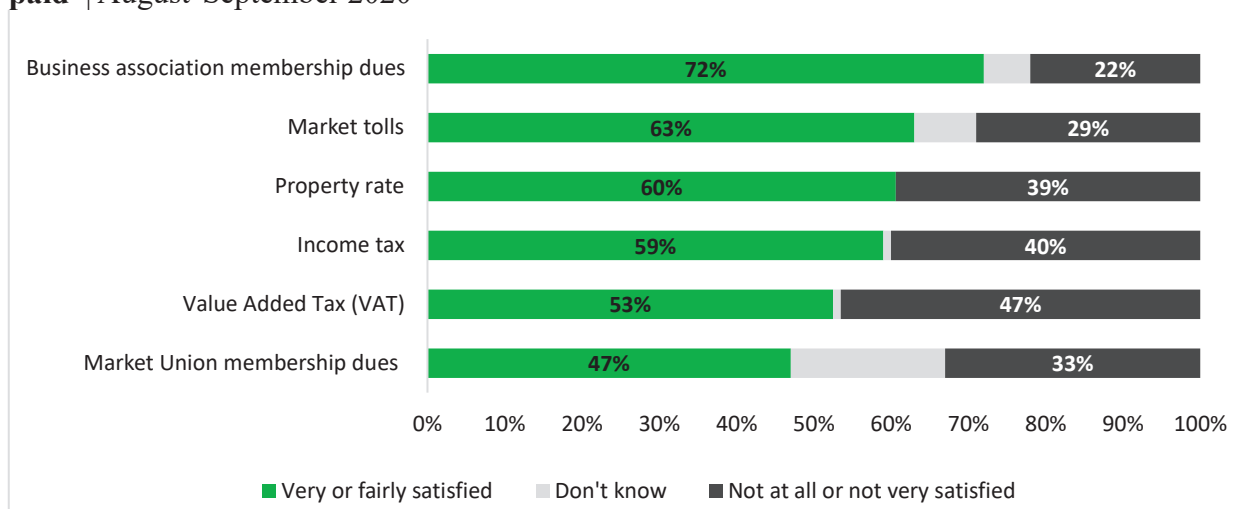


Source: Survey data, August-September, 2020.

5.2.5 Satisfaction with the services receive from government, MMDAs, and business/market associations in return for taxes, fees, rates, tolls, and dues paid

As explained (refer to Figure 17), owners/caretakers of MSMEs mentioned income tax, VAT, business association membership dues, market tolls, and market union membership dues in that order as the forms taxes, rates, fees, tolls, and dues they pay. Nevertheless, we find substantial minorities of MSME owners (i.e. from 22% to 47%) saying they are “*not at all or not very satisfied*” with services they receive in return for payments (see Figure 20).

Figure 20: Satisfaction with services received in return for taxes, fees, rates, tolls, and dues paid | August-September 2020



Source: Survey data, August-September, 2020.

Disaggregating dissatisfaction with services by business type, we found that in general, compared to male-owned and male/female-owned businesses, female-owned businesses are highly dissatisfied with services received in return for paying VAT (58%), paying income tax (44%), market union membership dues (37%), and business association membership dues (26%). Also, a sizeable number of business owners/caretakers are dissatisfied with services received in return for property rate (43%) and market tolls payment (28%) (see Table 5).

Table 5: Satisfaction with the services receive from government, MMDAs, and business/market associations in return for taxes, fees, rates, tolls, and dues paid | by business type | August-September 2020

	Not at all or not very satisfied	Very or fairly satisfied
<i>Value Added Tax (Vat)</i>		
Male-owned business	43%	57%
Female-owned business	58%	41%
Male/female-owned business	22%	76%
<i>Income Tax</i>		
Male-owned business	38%	61%
Female-owned business	44%	54%
Male/female-owned business	29%	69%
<i>Market Union Membership Dues</i>		
Male-owned business	30%	48%
Female-owned business	37%	47%
Male/female-owned business	33%	33%
<i>Business Association Membership Dues</i>		
Male-owned business	21%	72%
Female-owned business	26%	68%
Male/female-owned business	13%	83%
<i>Property Rate</i>		
Male-owned business	34%	65%
Female-owned business	43%	57%
Male/female-owned business	51%	49%
<i>Market Tolls</i>		
Male-owned business	33%	58%
Female-owned business	28%	67%
Male/female-owned business	13%	75%

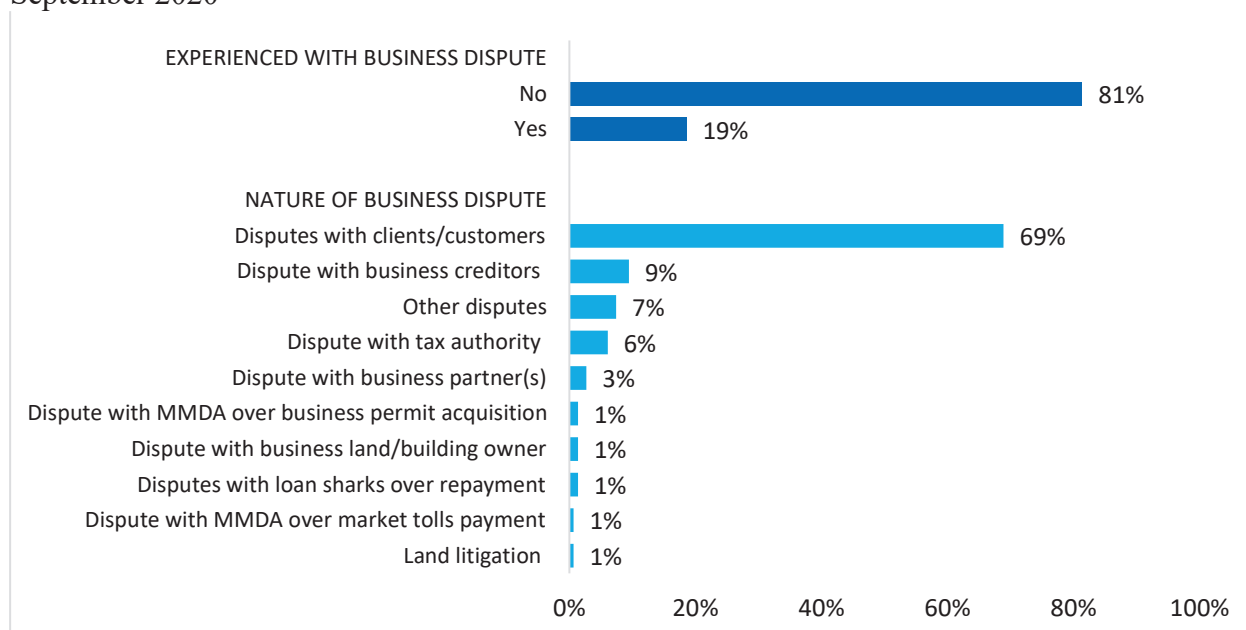
Source: Survey data, August-September, 2020.

6.0 MSMEs' experiences with business disputes and their resolution

As expected of every business, there are bound to be disputes at a point in time with either partners or clients, which has to be arbitrated either through the formal legal system or informal dispute resolution structures available to them. In this section, we present findings relating to businesses experiences with disputes and how they got them resolved.

A significant majority (81%) of the businesses interviewed said they have never encountered any form of business-related dispute. However, nearly one-fifth (19%) said they have. Disputes with clients and customers (69%) turned out to be the leading business-related disputes experienced followed by disputes with creditors who supply business with inputs (9%), other disputes such as dispute with family over business, disputes with the electricity company of Ghana, dispute with MMDA over waste collection, and dispute with workers for theft or termination of employment (7%), disputes with tax authority of tax payment (6%), and disputes with business partners (3%) (see Figure 21).

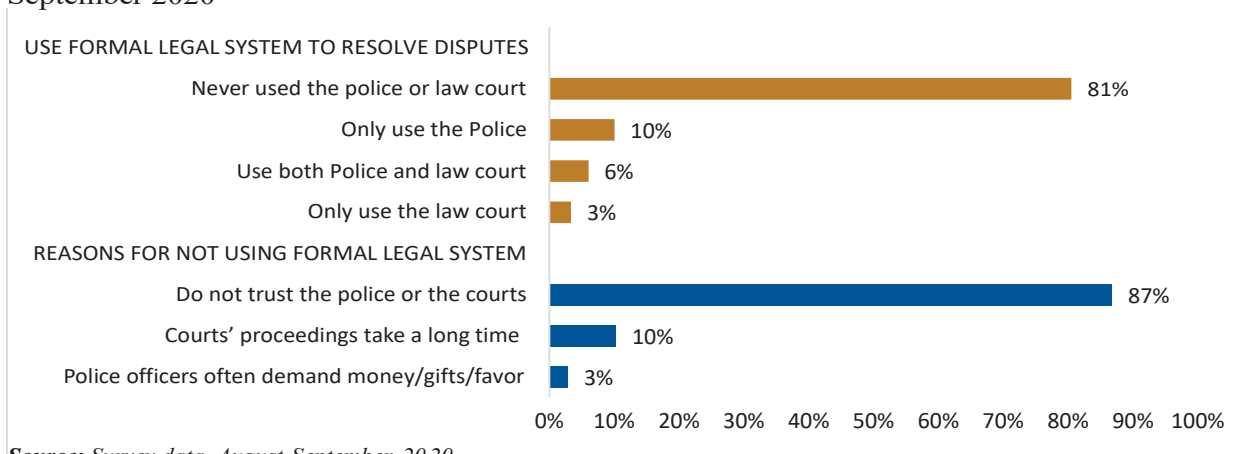
Figure 21: Experience with business-related disputes and the nature of disputes | August-September 2020



Source: Survey data, August-September, 2020.

MSME owners/caretakers who said they have had business-related disputes were asked whether they used the Police, law courts or both to seek resolution. As presented in Figure 22, the formal dispute resolution system (i.e. the formal legal system) is not popular among MSMEs. A large majority (81%) said they never used the police or law courts to seek resolution of business-related disputes they encountered. The rest either used just the police (10%), just the law courts (3%), or both the police and law courts (6%). Chief among the reasons for which MSMEs do not use the police and law courts to seek resolution to business-related disputes is lack of trust. A significant majority of MSME owners/caretakers who never used the formal justice system (87%) indicated that they do not trust the police and law courts. Another 10% reported that the court proceedings take a long time for a case to be resolved, while 3% said police officers often demand money, gift, or favour before acting on your case.

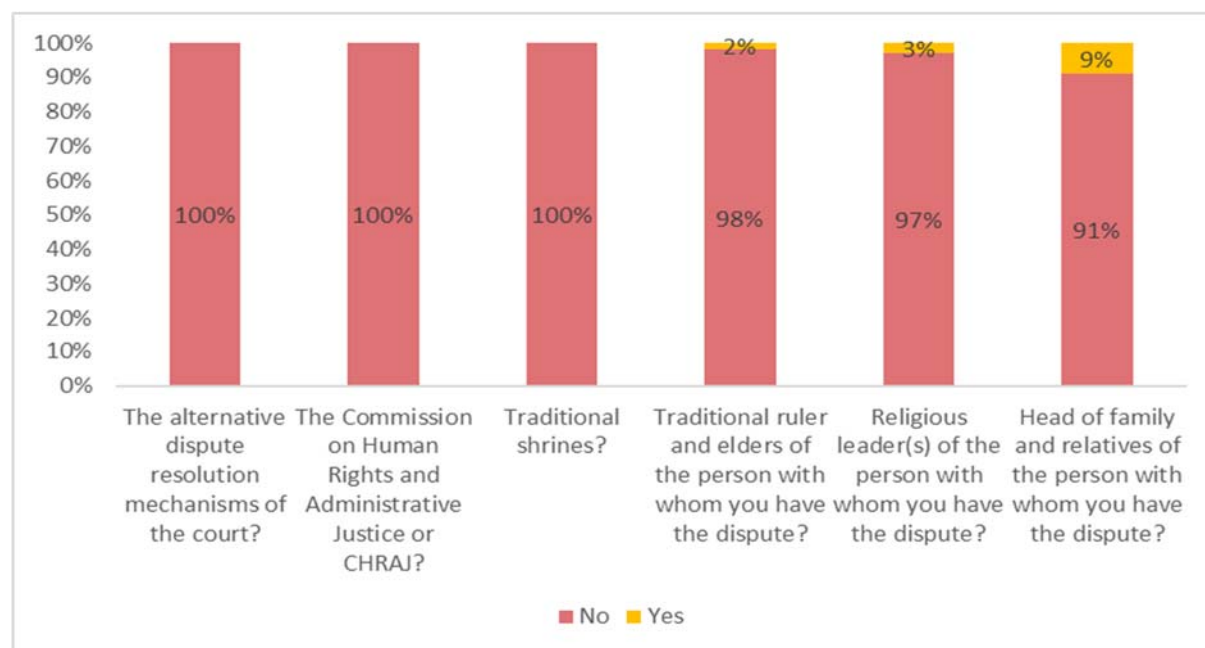
Figure 22: Use of formal legal system for business-related disputes resolution | August-September 2020



Source: Survey data, August-September, 2020.

Despite the non-use of the formal justice system to arbitrate business-related disputes by majority of MSME owners/caretakers, only a few of them used informal structures. They either use heads of families/relatives (9%), religious leader(s) (3%), or traditional rulers and elders of the other party in the dispute, respectively, to seek resolution (see Figure 23).

Figure 23: Use of informal dispute resolution structures by MSME owners to resolve business-related disputes | August-September 2020



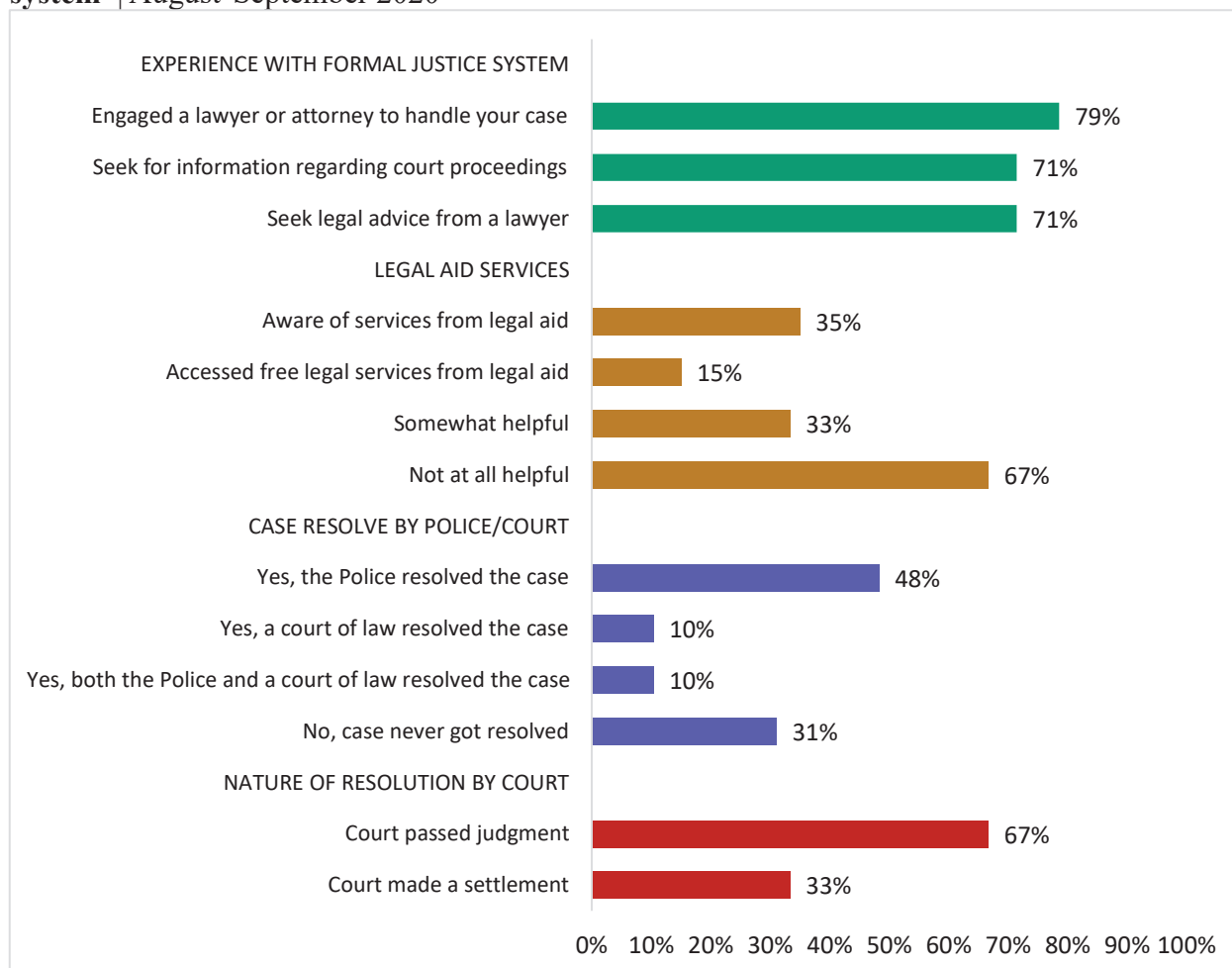
Source: Survey data, August-September, 2020.

MSME owners who used the formal justice system in resolving disputes often sought legal counsel, and advice. At least 7 in every 10 MSME owners who used the formal justice system to resolve business-related disputes sought legal advice from a lawyer (71%), sought information regarding court proceedings (71%), and engaged the services of a lawyer or attorney to handle their cases (79%).

It is worthy of note that a little over one-third (35%) of MSME owners who patronized the law court for resolution of their business-related disputes are aware of the services of Legal Aid Scheme. However, only 15% used it and most of the users (67%) claimed the services of Legal Aid Scheme were not helpful in getting their disputes resolved.

When asked whether the police or law court was able to resolve the dispute, cumulatively, a little over two-thirds of those who used the formal justice system said the police (48%), the court (10%), and both police and court (10%) were able to resolve the problem. Again, two-thirds (67%) said the court settled the dispute by passing judgement, while one-third (33%) got court settlement (see Figure 24).

Figure 24: Experiences with and outcome of disputes resolution through the formal justice system | August-September 2020



Source: Survey data, August-September, 2020.

Loss of productive hours, reduction in business operating capital, and damage to business reputation are the top three effects of courts' settlement of disputes on MSMEs as mentioned by 50%, 44%, and 39%, respectively, of owners. Male-owned and male/female-owned businesses appear to have suffered the negative effects of the court settlement of disputes more than female-owned businesses (see Table 6).

Table 6: Effects of resolving business-related dispute in court | by ownership type | August-September 2020

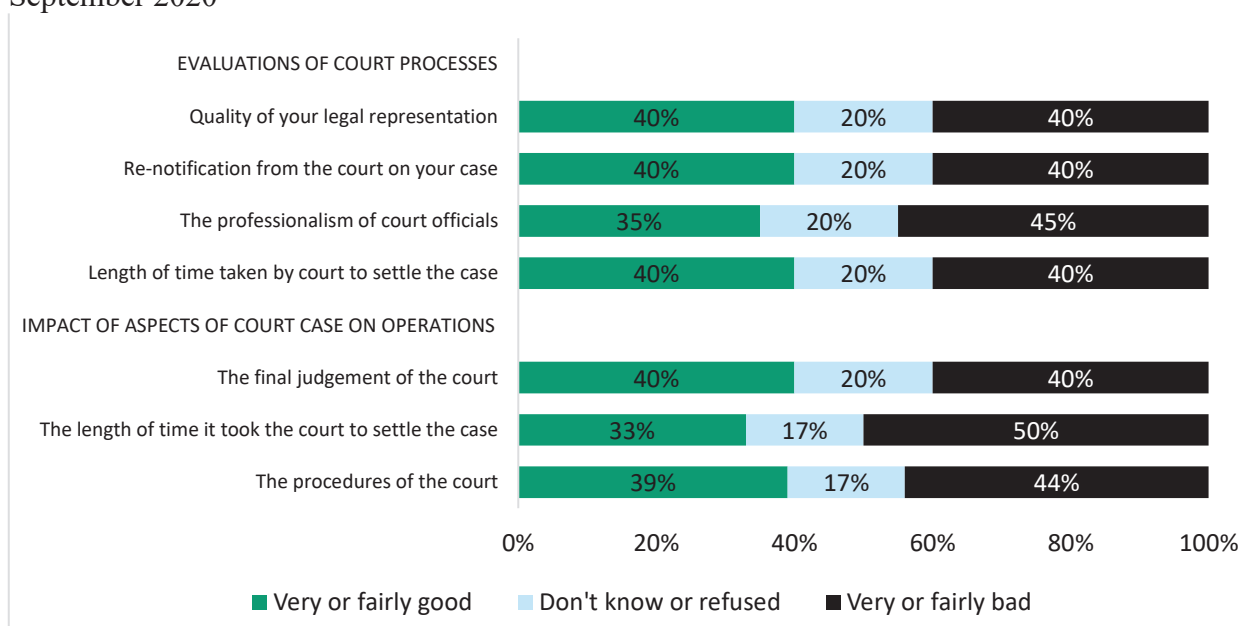
	All businesses	Male-owned business	Female-owned business	Male/female-owned business
Loss of productive hours	50%	55%	67%	25%
Reduction in business operating capital	44%	27%	67%	75%
Damaged to business image or reputation	39%	55%	--	25%
Loss of business from customers	17%	27%	--	--
Discontinue the case	6%	--	--	25%
Refused to disclose	6%	9%	--	--

Source: Survey data, August-September, 2020.

6.1 Evaluations of court services and the impacts on business operations

MSMEs who have accessed the formal justice system are generally split in their evaluations of the services received at the court. From Figure 25, while 40% rate the length of time it took the court to settle their case, re-notification from the court on their case, and the quality of their legal representation as “very and fairly good”, exactly the same percentage rated these as “very and fairly bad”. However, 45% of businesses rated the professionalism of the court officials as “very and fairly bad”, while 35% thought it was “very or fairly good”. Across these services, it is important to note that one-fifth (i.e. 20% each) either refused to offer any evaluation or pleaded don’t know. As to the impact of resolving business-related disputes through the formal justice system on business operations, once again business owners/caretakers were equally split in their opinion on impact of the final judgement (i.e. 40% “very or fairly good” vs. 40% “very or fairly bad”). While nearly half (44%) think procedures of the court had a “very or fairly bad” impact on their operations, 39% think the effect was “very or fairly good”. The length of time it took the courts to resolve cases to 50% of business owners/caretakers had a “very or fairly bad” impact on their operations, one-third (33%) held contrary opinions. Again, those who “refused” to evaluate or responded “don’t know” are once again about or exactly one-fifth (i.e. 17% to 20%). Given these evaluations based on experiences with the formal justice system, majority of MSME owners/caretakers (56%) said they are “*not at all or not very*” confident that the law courts adequately address business conflicts involving MSMEs. The remaining 44% are “very or somewhat” confident.

Figure 25: Evaluations of court services and the impacts on business operations | August-September 2020



Source: Survey data, August-September, 2020.

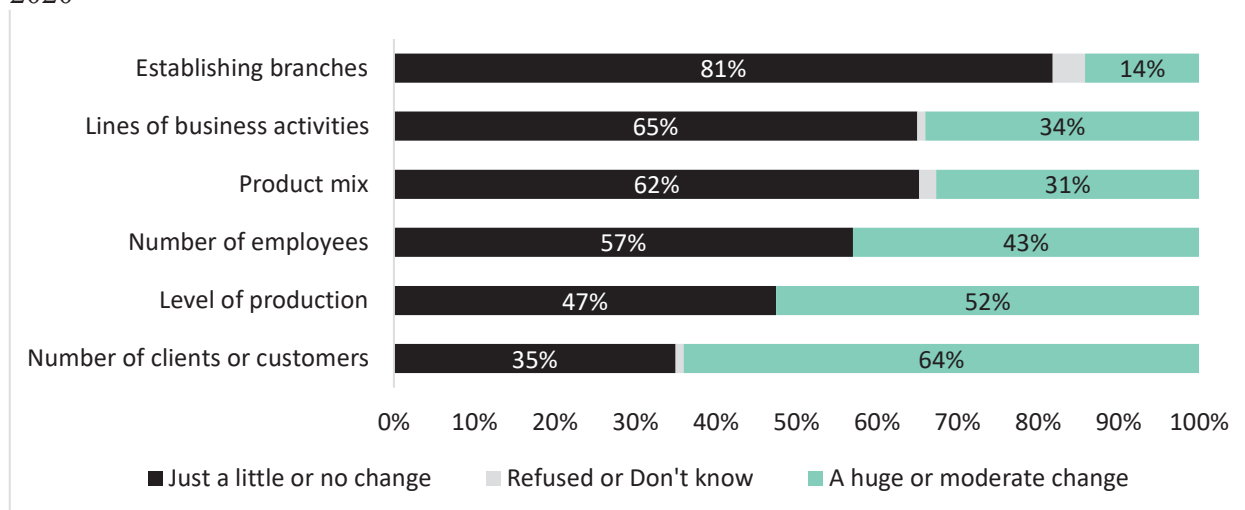
7.0 MSMEs’ growth, funding, and challenges of MSMEs experience

7.1 Growth of MSMEs

Most MSMEs since their establishment have witnessed “a little or no change” by way of establishing other branches (81%), lines of business activities (63%), product mix (62%), and number of employees (57%). It is only in the areas of level of production and number of

customers/clients, respectively, that majority (i.e. 52% and 64%) have recorded “a huge or moderate” change (see Figure 26).

Figure 26: Growth of MSMEs in various aspects since their establishment | August-September 2020

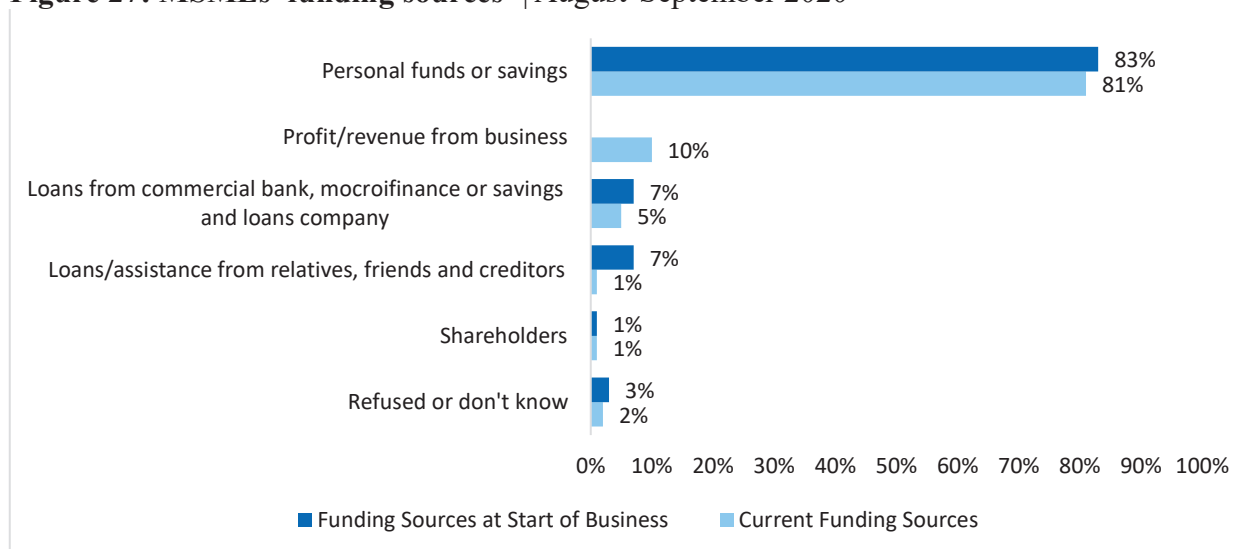


Source: Survey data, August-September, 2020.

7.2 Sources of funding for MSMEs

Figure 27 depicts a clear case of MSMEs’ funding coming mainly from personal funds/savings of owners (83% at start of business vs. 81% currently), loans from relatives, friends, and creditors (7% at start of business vs. 1% currently), and ploughed back profits (10% currently). Only a limited number of MSMEs accessed funding (i.e. loans) from formal financial institutions such as commercial banks, savings and loans or micro-finance companies (7% at start of business vs. 5% currently). Thus, the funding mix of MSMEs has not changed much since their establishment.

Figure 27: MSMEs’ funding sources | August-September 2020



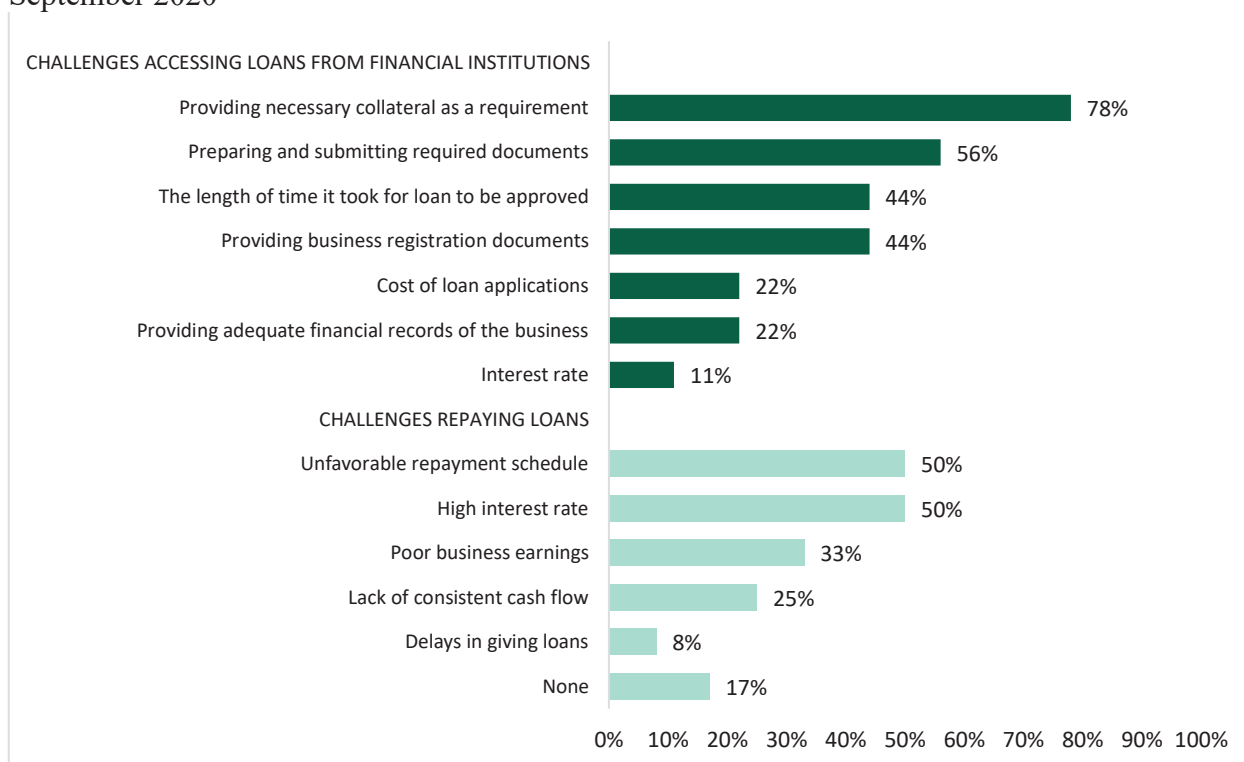
Source: Survey data, August-September, 2020.

7.3 Challenges of MSMEs

When asked to list three main challenges they face while accessing loans from financial institutions, 78% of MSME owners/caretakers mentioned collateral provision, followed by 56% who said preparing and submitting required documents. Nearly one-half also mentioned the length of time it takes for a loan to be approved (44%) and making business registration documents available (44%). Some also mentioned the cost of loan application and submission of adequate financial records of business, respectively (22% each).

MSME owners/caretakers were also asked to list three main challenges they face repaying loans by financial institutions. Half of owners who have accessed loans mention unfavorable repayment schedule (50%), and high interest rate (50%). Another 33% and 25% mentioned poor business earnings, and the lack of consistent cash flow, respectively (see Figure 28).

Figure 28: Challenges applying for and repaying loans to financial institutions | August-September 2020



Source: Survey data, August-September, 2020.

Of the four top issues listed as major challenges MSMEs encountered while accessing loans from financial institutions in Figure 28 (i.e. providing necessary collateral; preparing/submitting required documents; the time taken for loans to be approved; and providing business registration documents), 40% to 60% of female-owned businesses suffered all four challenges. All male-owned businesses encountered three of the challenges (100% each). Similarly, between 50% to 100% of all male/female-owned businesses also encountered three of the challenges. Thus female-owned businesses suffered a bit more than the other categories.

Similarly, of the four top issues listed as challenges in loan repayment in Figure 28 – unfavourable repayment schedule; high interest rate; poor business earnings; and lack of consistent cash flow – female-owned businesses (40% to 60%) and male-owned businesses (20% to 50%) encountered all, while half of male/female-owned businesses encountered three (50% each)(see Table 7).

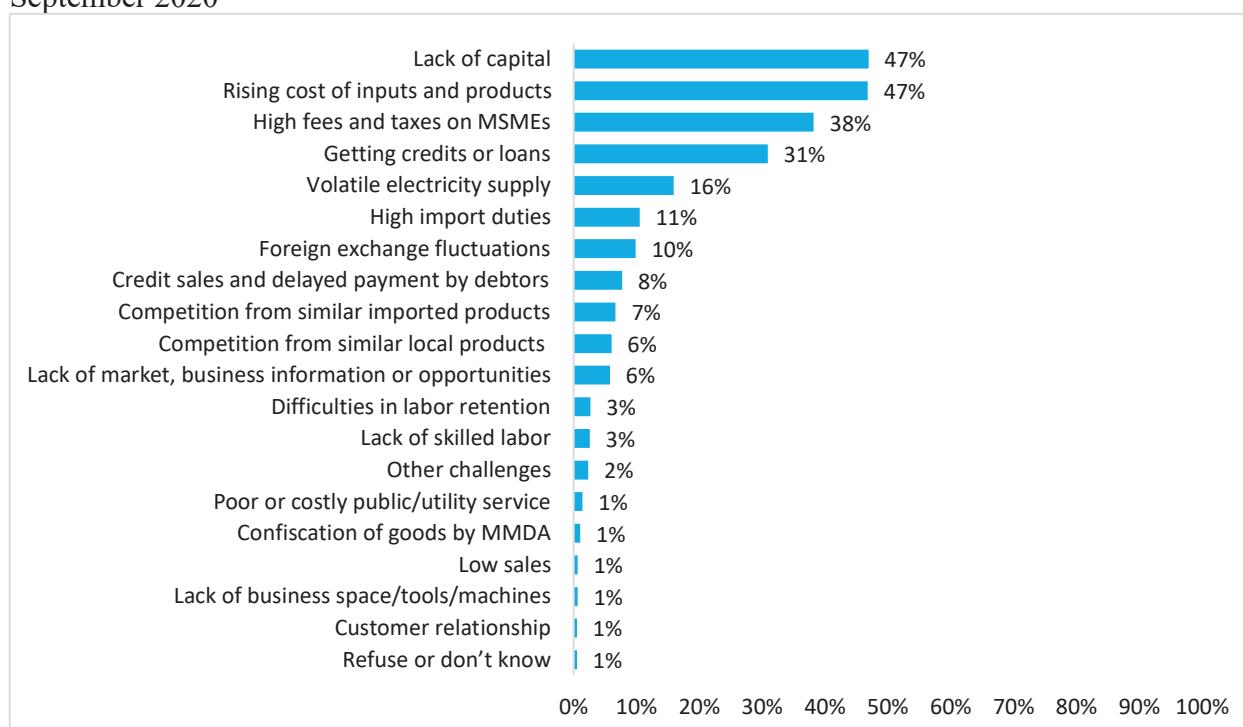
Table 7: Challenges applying for and repaying loans to financial institutions| by ownership type | August-September 2020

	Providing necessary collateral	Preparing and submitting required documents	The length of time it took for loan to be approved	Providing business registration documents
Challenges accessing loans				
Male-owned business	100%	100%	100%	-
Female-owned business	60%	40%	40%	60%
Male/female-owned business	100%	50%	-	50%
	Unfavorable repayment schedule	High interest rate	Poor business earnings	Lack of consistent cash flow
Challenges repaying loans				
Male-owned business	60%	40%	20%	20%
Female-owned business	40%	60%	40%	40%
Male/female-owned business	50%	50%	50%	-

Source: Survey data, August-September, 2020.

Aside from the loan-related challenges, MSMEs owners/caretakers were asked to mention three major challenges they face in running their business. As presented in Figure 29, the top three challenges mentioned are the lack of capital and rising cost of inputs (47% each), high fees and taxes on MSMEs (38%), and getting credits or loans (31%).

Figure 29: Major challenges confronting MSME owners in their operation | August-September 2020



Source: Survey data, August-September, 2020.

When the top three challenges are disaggregated by ownership type, female-owned business, compared to male-owned and male/female-owned businesses suffered more in three challenges, (i.e. lack of capital, 56%; rising cost of inputs (49%; and getting credits/loans, 37%) (see Table 8).

Table 8: Major challenges confronting MSME owners in their operation | by ownership type | August-September 2020

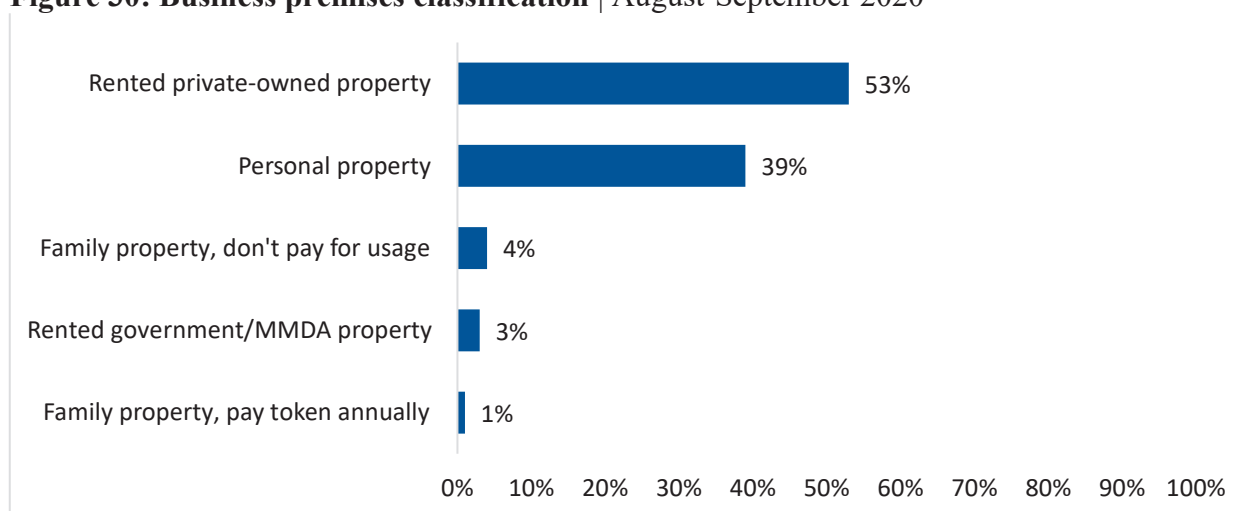
	Lack of capital	Rising cost of inputs and products	High fees and taxes on MSMEs	Getting credits or loans
Male-owned business	41%	48%	36%	29%
Female-owned business	56%	49%	37%	37%
Male/female-owned business	21%	28%	59%	9%

Source: Survey data, August-September, 2020.

8.0 Classification of business premises

A little over half of MSME owners interviewed operate from rented premises owned by private individuals (53%). While 5% operate from family-owned premises (with a few paying annual token for using that premises), 3% operate from premises rented from government or MMDAs. The remaining 39% operate from their privately-owned premises (see Figure 30).

Figure 30: Business premises classification | August-September 2020



Source: Survey data, August-September, 2020.

In general, comparatively more male-owned (54%), and female-owned (52%) businesses operate from rented private-owned premises than male/female-owned (48%). In contrast, more male/female-owned businesses (48%) operate from their private premises compared to male-owned (39%) and female-owned (37%) businesses (see Table 9).

Table 9: Business premises classification | by ownership type | August-September 2020

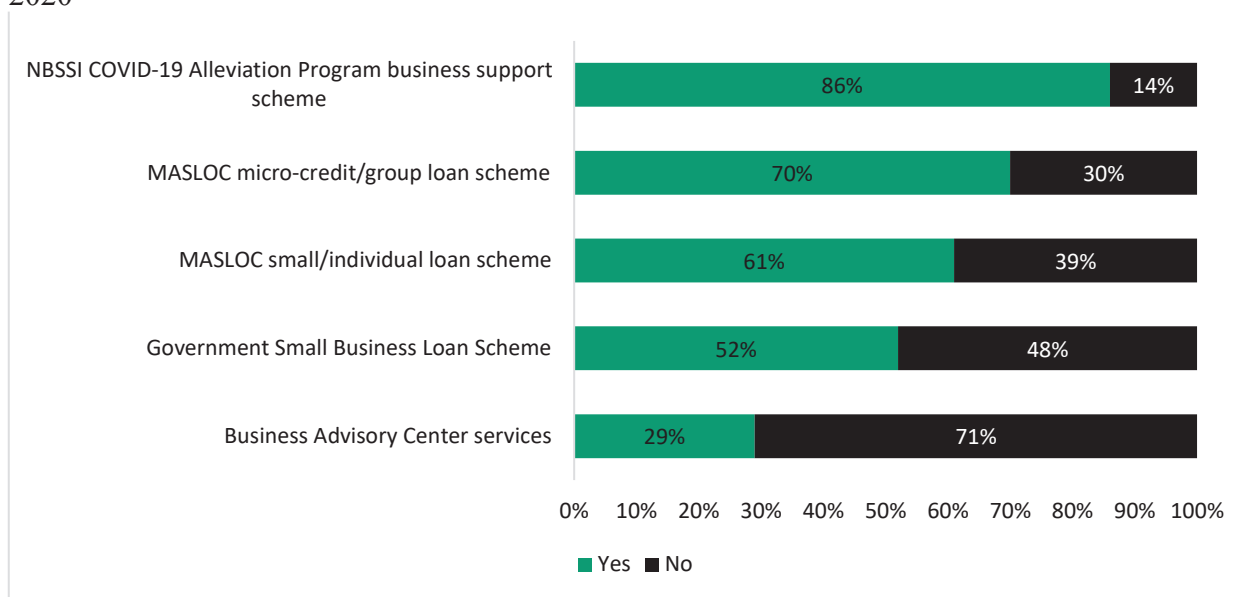
	Rented private-owned property	Personal property	Family property, don't pay for usage	Rented government or MMDA property	Family property, pay token annually
Male-owned business	54%	39%	2%	3%	1%
Female-owned business	52%	37%	7%	4%	1%
Male/female-owned business	48%	48%	2%	--	--

Source: Survey data, August-September, 2020.

9.0 MSMEs awareness of and access to government interventions

Governments over the years have put in place policy strategies, and intervention to support the development of MSMEs. The survey assessed MSMEs awareness of and access to some of these interventions. Of the 780 MSMEs interviewed, more than half said they are aware of most of the government support interventions such as NBSSI COVID-19 alleviation program business support scheme (86%); MASLOC micro-credit/group loan scheme (70%); MASLOC small/individual loan scheme (61%); and government small business loan scheme (52%) for MSMEs. However, only 29% said they are aware of the business Advisory Centers and the services (see Figure 31).

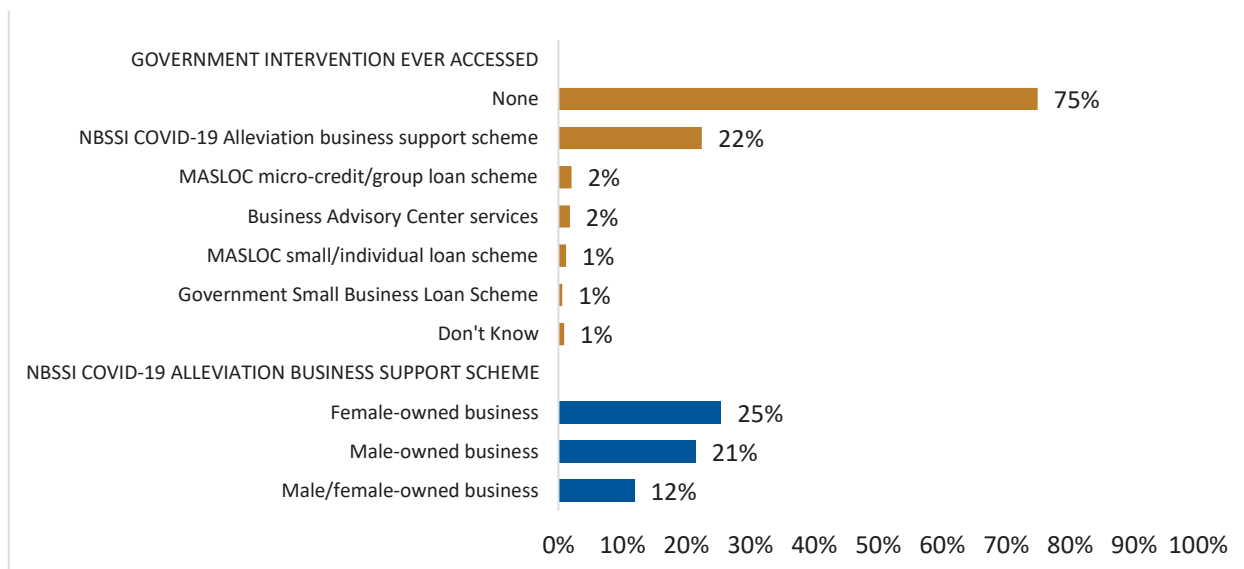
Figure 31: Awareness of government's interventions to help MSMEs | August-September 2020



Source: Survey data, August-September, 2010.

Notwithstanding the high level of awareness, cumulative figure of 28% said they have ever accessed some of these interventions (i.e. NBSSI COVID-19 alleviation program business support scheme, 22%; MASLOC micro-credit/group loan scheme and Business Advisory Center services, 2% each; and MASLOC small/individual loan scheme, and government small business loan scheme, 1% each). Female-owned businesses have a slight edge over male-owned businesses (25% vs. 21%) and a bigger edge over male/female-owned businesses (25% vs. 12%) in accessing the topmost intervention utilized by MSMEs - the NBSSI COVID-19 alleviation program business support scheme (see Figure 32).

Figure 32: Government's intervention ever accessed by MSMEs | August-September 2020

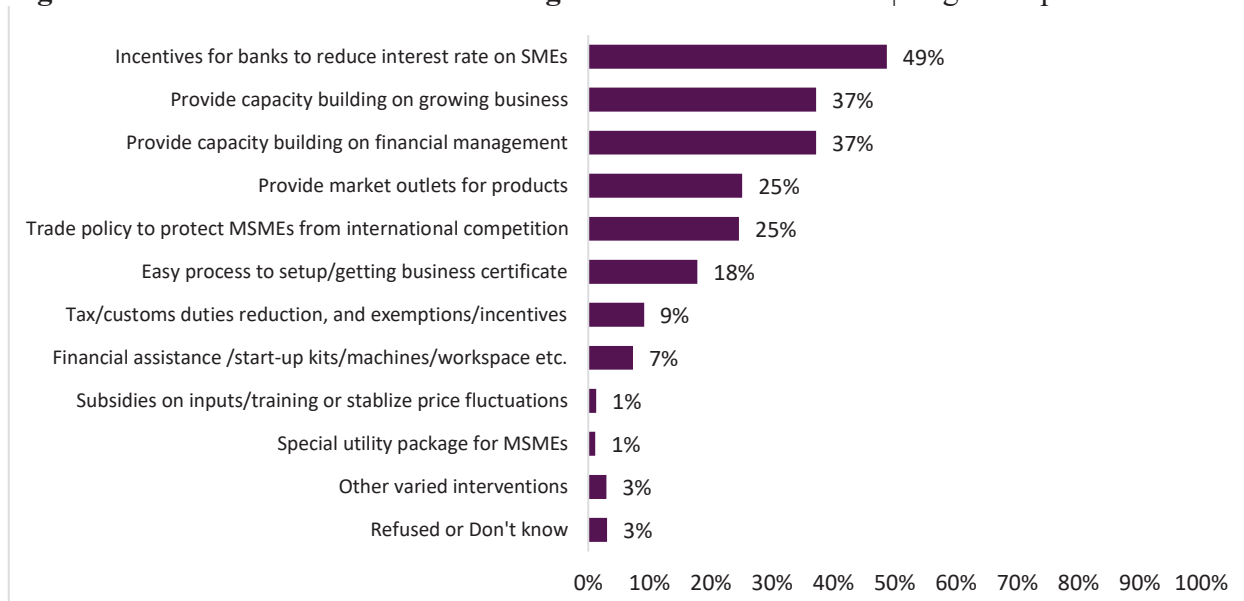


Source: Survey data, August-September, 2020.

10.0 MSMEs' proposed interventions for government to implement

When asked to mention at most three interventions that they would want government to implement to help the growth of MSMEs, nearly half (49%) of owners interviewed mentioned government providing incentives to banks to reduce interest rates on SMEs. A little over one-third (37% each) also mentioned capacity building on how to grow business, and capacity building on financial management, respectively. Furthermore, one-quarter (25% each) also mentioned the provisioning of market outlets for their products and trade policy to protect small business from international competition, respectively (see Figure 33).

Figure 33: Interventions MSMEs want government to introduce | August-September 2020



Source: Survey data, August-September, 2020.

Of the top three interventions proposed by MSMEs - incentives to banks to reduce interest rate on SMEs; capacity building on how to grow business; capacity building on financial management; providing market outlets for products; and trade policy to protect small business from international competition - the analysis did not show significant differences when disaggregated by ownership type or business size (see Table 10).

Table 10: Interventions MSMEs want government to introduce | by ownership type and business size | August-September 2020

	Provision of incentives for banks to reduce interest rate on	Provide capacity building on growing business	Provide capacity building on financial management	Provide market outlet for products	Trade policy to protect MSMEs from international competition
<i>Ownership Type</i>					
Male-owned business	47%	41%	39%	28%	32%
Female-owned business	53%	33%	35%	22%	16%
Male/female-owned business	40%	47%	41%	24%	34%
<i>Business Size</i>					
Micro enterprises (1-5 employees)	46%	35%	35%	27%	19%
Small scale enterprises (6-30 employees)	52%	36%	38%	19%	24%
Medium scale enterprises (31-100 employees)	49%	44%	41%	31%	38%

Source: Survey data, August-September, 2020.

PERSPECTIVE FROM REGULATORS, MARKET ASSOCIATION AND SERVICE PROVIDERS

Data from the qualitative interviews with regulator, policy support/implementing units and service providers a further explanation to some of the findings from the survey. The interviews were conducted between September and November, 2020 with total of 40 interviewed conducted both at national and district level with District Assemblies, NBSSI, GRA, Ministry of Trade, Market/business association, Business Lawyers. Conspicuous in the findings is that apart from the NBSSI and district assembly, regulators, service providers and justice service do not have gender specific interventions. It is also evident that government's policy support/implementing units and service providers have provided a general platform for businesses to access these services.

Challenges with enforcing mandate/providing policy support

Regulators (GRA):

- MSMEs are unable to keep records
- MSMEs do not have adequate accountants to facilitate their businesses
- It is difficult to get businesses such as contractors to comply because most of their operations are in the field

Policy support unit (District Assembly and Business Advisory Center)

- Difficult to disseminate information about fees and charges because most businesses are not in unions/groups
- Some businesses complain that the fees (tolls, property tax) are too high
- There is also political interference in the collection of taxes from businesses
- Lack of formal registration and certification with the Food and Drug Authority, as well as the Ghana Standard Authority.
- Businesses lack financial management and record keeping skills.

Market Association

- Lack of soft financial support/ lack of access to loans due to huge collateral demands and documentation.
- Lack of consultation on market initiatives due to political expediencies
- Lack of market space for some members
- COVID-19 and its negative effects on businesses
- High level of illiteracy hindering the idea of improved business activities.
- Low patronage of products and difficulty in accessing large markets.

Justice Service

- MSMEs are challenged with Loan recovery
- Language barriers
- Inability to pay for filing fees when they come to the court and this delay in resolving a case
- It is difficult to locate some MSMEs when a case has been filed against them.
- MSMEs are not able to pay for justice services.
- Financial cases may take up to a month to resolve while land litigation may take much longer period.

Support systems available to MSMEs

Regulators (GRA):

- Assist businesses in filing their tax returns
- Move from door to door and collect the taxes so SMEs do not have to leave their shops or businesses

Policy support unit (District Assembly and Business Advisory Center)

- Government loan facilities
- Assemblies and NBSSI through government support organize capacity building programs for MSMEs
- Some assemblies organize businesses into associations
- The Business Advisory Centers offer counseling services to MSMEs on how to grow and sustain their business
- The Business Advisory Center provides loans to MSMEs
- Facilitate Food and Drug Authority, and the Ghana Standard Authority certification
- NBSSI organizes trade shows and networking

Market Association

- Provide business development training, ICT training and Legal Aid Scheme to our members
- Dispute resolution

Justice Service

- The justice services offer all litigation services at appropriate legal fees. The Judicial service is easily accessible to all MSMEs and individuals provided they can pay for filing fees.
- Businesses are assessed to find out if they can pay, based on that we decide whether they will receive legal aid or not.
- The court does not provide representation for MSMEs
- There are no legal aids for MSMEs because they are companies, but MSMEs can rely on lawyers to represent them in any court of jurisdiction.
- The Legal Aid Scheme services is generally available for individuals who have difficulty paying, not companies. Any individual who earn below a particular minimum wage we have the Legal Aid Scheme for them
- Offers interpretation services for clients who cannot speak English.
- Educate MSMEs on how to file their cases and all other procedures of the court.

Awareness creation on policy and services

Regulators (GRA)

- Client service unit is available to educate business on taxation and all information are also provided on website of GRA
- Educate businesses on tax and their responsibilities through workshops

Policy support unit (District Assembly and Business Advisory Center)

- Information on various issues are communicated through the market and cooperative leaderships.
- Periodic radio programs, a functional website, and town hall meetings are used to keep businesses informed
- Public Relations and Complaints Committee educate people who visit them
- Business Advisory Centers convey such information to owners of MSMEs when they approach them for assistance.

Support for women

Regulators (GRA):

- No gender specific policy/program. Assistance is for all businesses
- Tax holiday for young entrepreneur below 35 years irrespective of gender

Policy support unit (District Assembly and Business Advisory Center):

- The NBSSI has start-up programs for youth and women - provision of startup kits for businesses, particularly women businesses such as hairdressers, beauticians, and dressmakers.
- Under the MasterCard Young Africa project known as MSME Business Acceleration Program women business owners have been given training and access to funds for expansion
- Low interest rate loan to women businesses

Justice Service

- No gender specific assistance. The court is a public office; hence anyone can go to the court for assistance from the Registrar to file their case or to access other services be it execution of statutory declarations, affidavits other court business whether you are an individual or a company.

Experience with Taxes/tolls

Regulators (GRA):

- MSMEs do not understand the tax law and why they should pay tax (The challenge here is it is difficulty for people to understand or accept the fact that operating on somebody's land and paying a levy is quite different from paying tax on income to the GRA as mandated by the law)
- There is also the challenge of social upheavals because of tax groupings and shifting of taxes.

Policy support unit (District Assembly and Business Advisory Center):

- Business operating permits and property rates are taken from businesses.
- Few businesses complain of being overcharged.
- Many people do not pay taxes and tolls because they do not see any visible development in their areas
- Most MSMEs are not registered businesses hence do not pay operating and permit fees. However, we are unable to sanction the owners because they form majority of businesses in the country.

Market Association

- The toll charges are too high for traders.
- The tax and licensing fees are not a fair representation of the capacity of MSMEs.

Dispute mechanism/resolution system

Market Association

- Uses mediation resolve dispute between MSMEs and government agencies such as GRA and NBSSI
- Use traditional leader to mediate conflict
- Market association executives also resolve disputes

The Justice system

- Cases brought against MSMEs or MSMEs brings to the court include land litigations, business operating permit, charges on sanitation, and difficulty accessing deposits with savings and loans companies and microfinance.
- The courts are open for all citizens, including MSMEs operators to seek the services of the formal justice system when they have a case.
- We offer all litigation services at appropriate legal fees.
- Litigation services depends on the case and issue

Conclusion and recommendation

This study sought to unearth MSMEs experiences in accessing public and formal justice service in Ghana. It also aimed at identifying probable differences in the experiences of women compared to male entrepreneurs.

The evidence adduced from the data analysis shows that majority of MSMEs are aware of the mandatory and requirement (i.e. obtaining business registration certificate and business operating permit, respectively) for operating a business in Ghana. However, awareness and compliance levels are comparatively higher for male-owned than female-owned businesses. The study also found that MSMEs mostly rely on family and friends rather than relevant agencies for information on regulatory procedures such as processes involved in complying with requirements, fees payable, and the length of time it takes to complete the processes.

Furthermore, MSMEs accept the legal mandate of the tax authority to demand tax payment and income taxes, VAT, and property rate are three major taxes/rates paid by MSMEs. However, most MSMEs do not think it is easy to find out (a) what taxes and fees they are expected to pay, and (b) how government/MMDAs use revenues from taxes, fees/levies are utilized. Indeed, majority of them are unwilling to pay more taxes even if it means more government services, and should they be given an explanation on how the government spends tax revenue, they would still be equally split in their opinion on the willingness to pay more tax. In fact, substantial minorities of MSME are largely dissatisfied with services they receive in return for tax payments they make. Relative to male-owned and male/female-owned businesses, female-owned businesses are highly

dissatisfied with services received in return for paying VAT, income tax, and property rate. From regulatory institutions and support units' perspective, there are various services and support units in place to disseminate accurate information and offer guidance with the intent of helping to grow MSMEs. Nonetheless, MSMEs lack awareness of these services and support systems, and the capacity to access them limits them from having the opportunity to fully access these services. In fact, it is only the support units that have some form of gender-specific policies. The regulatory body, and the justice sector do not have gender-specific policies/programs.

In addition, the study found that less than one-fifth of MSMEs use the formal justice system to resolve business-related disputes with either clients/customers, creditors who supply business with inputs, family members, utility companies, MMDAs, employees/business partners, and tax authority. The non-use of the formal justice system by majority of MSMEs is due to the following reasons as provided by those interviewed: the lack of trust in the system; long time taken by courts to resolve cases; and the often demand for money, gift, or favour by police officers before acting on cases. According to MSME owners who accessed the formal justice system to resolve business-related disputes, loss of business productive hours, reduction in business operating capital, and damage to business reputation are the three major impacts of the court cases on their businesses. In terms of ownership type, male-owned and male/female-owned businesses suffered the negative effects of the court settlement of disputes more than female-owned businesses. Of MSME owners who never used the formal justice system, just a few engage informal structures such as heads of families/relatives, religious leaders, or traditional rulers/elders in order to find solutions to business-related disputes. Confirming the use of informal dispute resolution structures, the perspective given by market association leads interviewed showed that they also engage in some form of business-related disputes resolution.

These findings show a gap between the state effort/ability to provide platform, tools, and services for MSMEs and the latter's ability to effectively access these opportunities. There is therefore the need for the creation of a mutually beneficial system, where government is able to bring these services to the doorsteps of MSMEs so they can easily access them. Furthermore, support services being offered to MSMEs by government, MMDAs, and other regulatory bodies should also be brought closer and these institutions ought to assist MSMEs in the manner that makes efforts to access such support services much easier, and transparent to MSMEs.

With respect to access to the formal justice system, there is the need to improve awareness of the court system and its service delivery procedures. Also, much needs to be done to clear the overhanging mistrust for the system, while also working to reduce the time it takes for cases to be resolved. These, when done will make the formal justice system more attractive to MSMEs.

Meanwhile, it is encouraged that the capacity of some of the informal structures MSMEs adopt in resolving business-related disputes (e.g. market association leaders/executives) must be built on mechanism of conflict resolution so that in the short- to medium-term, they can continue playing that mediating role to serve their members.