

**DEPARTMENT OF AGRICULTURAL ECONOMICS AND AGRIBUSINESS
SCHOOL OF AGRICULTURE
UNIVERSITY OF GHANA
LEGON**

PHD ORAL EXAMINATION

CANDIDATE: **DAVID SEPENOO MODZAKAH**

PROGRAMME: **PHD AGRIBUSINESS**

DATE: **FRIDAY, DECEMBER 12, 2025**

TIME: **2:00 PM**

THESIS TITLE: **IMPACT OF CREDIT GUARANTEE UNDER GHANA
INCENTIVE-BASED RISK SHARING SYSTEM FOR
AGRICULTURAL LENDING ON PERFORMANCE OF
AGRIBUSINESSES**

ABSTRACT

Agribusinesses are faced with limited access to finance due to high-risk nature of the operations. The Ghana Incentive-Based Risk Sharing System for Agricultural Lending (GIRSAL) was established to de-risk agricultural financing through the issuance of credit guarantee instruments to enhance amount of credit to the agricultural sector. The study specifically addressed four issues: the preference of agribusinesses for the Credit Guarantee System (CGS), constraints of CGS as perceived by agribusinesses, the sustainability of GIRSAL's CGS and the impact of GIRSAL's CG on the performance of agribusinesses in Ghana. Cross-sectional data was collected from 353 randomly selected agribusinesses. Heckman's Outcome Probit Model was used to analyse the preference of agribusinesses for CGS while Kendall's Coefficient of Concordance was used to analyse the constraints of CGS. Probability of insolvency was employed in addressing the sustainability of GIRSAL's CGS. Endogenous Switching Regression Model (ESRM) and Propensity Score Matching (PSM) were deployed to assess the impact of GIRSAL's CGS on access to credit, profit, and employment of agribusinesses. The study found that educational level of the agribusiness owner, membership of associations and years of experience in agribusiness influence the preference of the agribusiness owner to participate in CGS. The five most important constraints of CGS are: lack of transparency, political interferences, banks access the guarantee for only the riskier loans, low premium charges to banks and high moral hazard. Results from the sustainability analysis, the probability of insolvency of GIRSAL is greater than 1% meaning that GIRSAL may not be sustainable in the long term. Participating in GIRSAL's CGS, however, has the potential to increase (1) the amount of credit accessed on annual basis by about GHS25,000.00 (USD 2,500.00) and (2) employment by 11 workers. GIRSAL should partner other financial institutions including all Rural and Community Banks. Financial institutions should be encouraged by BoG, MoF and MoFA to educate and introduce more agribusinesses to the availability and benefits of credit risk guarantee support.

ALL ARE CORDIALLY INVITED