

Social Enterprise Landscape in Ghana

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Conducted by



Contents

2	Acronyms and abbreviations
3	Acknowledgements
5	Introduction
5	Study purpose
5	Terms of reference and methodology
7	Defining social enterprise
8	Country overview: Ghana
11	Overview of the social enterprise space in Ghana
14	Market opportunities for social enterprise
14	Available information and initial findings
15	Attitudes towards social enterprise – perceptions
19	The operating environment for social enterprise in Ghana
19	Political context
20	Social context
20	Environment and climate change
20	Finance and social investment
23	Enabling environment: soft and hard infrastructure
24	Education and training facilities
26	Social enterprise profiles
35	Case studies
37	Social enterprise support organisation profiles
44	Challenges and opportunities
47	Lessons from other contexts
47	East Africa – the more advanced social enterprise environment of Kenya
48	Global social enterprise learning: lessons from the UK
51	Developing the social enterprise ecosystem in Ghana
54	Bibliography/literature
55	Appendix 1: Methodology grid
55	Appendix 2: List of interviewees
57	Appendix 3: Legal instruments, actors and policies influencing social enterprise
59	Appendix 4: Government funds and initiatives

ACRONYMS AND ABBREVIATIONS

BDS	Business development Skills
CIC	Community interest company
COCOBOD	Ghana Cocoa Board
CSO	Civil society organisation
CSR	Corporate social responsibility
GAIN	Ghana Angel Investing Network
GCII	GIMPA Centre for Impact Investing
GDP	Gross domestic product
GIMPA	Ghana Institute for Management and Public Administration
GYEEDA	Ghana Youth Employment and Entrepreneurial Development Agency
ICT	Information and communication technology
IMF	International Monetary Fund
JSS	Junior secondary school
KNUST	Kwame Nkrumah University of Science and Technology
MDAs	Municipal and district assemblies
MOTI	Ministry of Trade and Industry
NBSSI	National Board for Small Scale Industry
NGO	Non-governmental organisation
NHIS	National Health Insurance Scheme
PEF	Private enterprise foundation
SADA	Savannah Accelerated Development Authority
SME	Small and medium enterprise
SSS	Senior secondary school
STEM	Science, technology, engineering and mathematics
VCTF	Venture capital trust fund

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INTRODUCTION

Study purpose

Social enterprises are businesses that tackle social and environmental challenges, creating jobs while prioritising impact over profit. In contexts of high unemployment and deep social problems, social enterprise models can simultaneously contribute to job creation and economic development while addressing social and environmental issues. Social enterprise models are typically hybrid business forms – using a modification of commercial operations, such as sharing financial profits with co-owners, staff or other social ventures, paying above-market prices to suppliers or wages to staff, cross-subsidising core businesses to achieve social aims or seeking long-term partial subsidy (Smith and Darko, 2014).

The British Council operates social enterprise work across Europe and South and East Asia, providing training, business consulting and mentoring, access to funding and investment opportunities and event and networking opportunities to social entrepreneurs. As the UK social enterprise sector is among the most developed globally, the British Council can enable learning and lesson sharing and ‘has found that the subject provides a rich arena for cultural exchange, facilitating strong societies’. As the British Council initiates social enterprise work in sub-Saharan Africa, this study of the ecosystem in Ghana provides a snapshot of social enterprise activity in one of Africa’s most promising economies.

This paper seeks to outline the social enterprise landscape in Ghana. It reviews – the enabling environment and the scope of capacity-building activities supporting social enterprise to provide an overview of the profile of existing social enterprises and social innovation activity. It presents information on perceptions and levels of awareness of social enterprise, the obstacles and challenges faced and opportunities to improve the enabling environment; and lessons from social enterprise activities in other national contexts. It should be noted that the study is not, and did not set out to be a comprehensive review of all social enterprises and support organisation in Ghana.

The paper is set out as follows: an overview of the study methodology, definitions used and an overview of the country context; an overview of the social enterprise context in Ghana, followed by a review of the operating environment for social enterprise; profiles of the social enterprises and support organisations reviewed, and subsequently

the challenges faced by social enterprise and opportunities for growth; lessons from other contexts; and finally suggestions for further developing the social enterprise ecosystem in Ghana.

Terms of reference and methodology

Terms of reference

The research sought to address the following objectives using a combination of desk-based research and stakeholder interviews. Firstly, to assess:

Existing and emerging developments in social enterprise in Ghana, with a specific focus on the **enabling environment** for social enterprise, including legislation, policy and regulations as they relate to social enterprises in their varying forms, along with social investment and finance mechanisms and models that are in place for enterprise and which deliver social impact.

The **identities and profiles of social enterprises and entrepreneurs** in Ghana, determining their locations, scope and scale of work.

Capacity-building initiatives for social entrepreneurs and social enterprise, including training and education provision, start-up and growth support services, financial readiness support, research and evidencing support, and innovation funds and hubs.



Social enterprise in academic curriculums; **grassroots innovations and breakthroughs** from social entrepreneurs and views and opinions from social entrepreneurs, governments, investors/funders and corporates with a stake in the development of the social economy.

The **awareness and visibility of social enterprise and the attitudes and perceptions** of national and international influencers and other stakeholders, including the public.

Secondly, to map opportunities for the British Council to develop strategic relationships with significant stakeholders in social enterprise development and to explore potential partnerships that deliver a return on investment for the British Council and that are likely to have a considerable impact for the social enterprise sector.

Methodology

The research comprised two main phases:

1. desk-based review of existing information on social enterprises
2. stakeholder interviews and discussion groups.

The desk-based review of online sources¹ sought to identify existing literature on social enterprise activity in Ghana. It also explored the websites of stakeholders operating in Ghana. The review sought to identify literature on social enterprise in Ghana specifically, and also relevant material on social enterprise and impact investing in the West Africa region, information on the operating environment in Ghana, and relevant evidence drawn from literature on Ghana's private-sector development, small and medium enterprise (SME) sector, revenue-generating non-governmental organisation (NGO) activity, and skills and vocational training activities. The second purpose of the online review was to identify social enterprises and support organisations operating in Ghana. This was undertaken by using Google searches as well as social media – Twitter, Facebook, blogs and online Ghanaian media outlets. The review also identified key articles on the UK social enterprise scene that would be useful to informing practice in Ghana.

¹ Paper-only evidence was not reviewed, due to time and resource constraints

The majority of stakeholder interviews were conducted between 22 September and 3 October 2014. Interviewees were identified through the literature review, recommendations from key informants and then using a snowballing method. A total of 59 people were canvassed for the study, covering 24 social enterprises, 29 support organisations and three UK-based stakeholders. The interviews were semi-structured, with two broad sets of questions – the first for social enterprises and the second set for support organisations (some of which are social enterprises themselves, but if they are supporting other social enterprises they were categorised as support organisations). The interviews sought to understand the activities of the organisation (including basic statistics on the social enterprises); experience and perceptions of the enabling environment and regulatory situation, the finance situation and the provision of non-financial support; constraints and opportunities for social enterprise development; perceptions of social enterprise in Ghana; and thoughts on the role for the British Council on social enterprise in Ghana.

Owing to timing and budget constraints, interviews for this study were conducted within the Greater Accra region, although a small number were conducted by telephone with people based in other regions. Many support organisations and social enterprises established their operations in Accra and several plan expansion of their work outside of the capital.

Of the 59 people interviewed, a third were female and of the interviews in Ghana, two thirds were with Ghanaians – by birth or heritage². The remainder with expatriates. Three interviews were conducted with UK stakeholders in London.

Defining social enterprise

While there are benefits to clearly defining what is – and what is not – a social enterprise, this study does not intend to place value judgements on different forms of business and it is outside the scope of the study to assess the relative impact and efficiency of social enterprise forms or any other approach to tackling social and environmental challenges.

² We didn't explicitly ask people to confirm their nationality.

The British Council defines social enterprises as ‘businesses that exist to address social and environment needs, [and] focus on reinvesting earnings into the business and/or the community.’ A study by Smith and Darko (2014) tested a definition addressing business model rather than profit. This definition views social enterprise as a business operation that has social or environmental objectives which significantly modify its commercial orientation – a non-state entity that derives a significant proportion of its revenue from selling goods or services. For the study, it was agreed not to fix a tight definition to social enterprise but to

speak to a wide range of enterprises in order to understand how the social economy is developing in Ghana. As such, the study team spoke to a range of organisations from non-profit organisations seeking to generate revenue streams through to for-profit businesses with dual profit and impact missions, without analysing in detail whether enterprises fit a tight social enterprise definition. See Figure 1 below: this study has looked at social enterprises operating along the non-profit and for-profit spectrum.

Figure 1: Spectrum of activities included in this study

NGO trying to build in revenue-generating activities to become more sustainable (but with ongoing reliance on grant funding or in-kind support)	Non-profit organisation set up to be self-sustaining or revenue-generating	Self-defined social enterprise: social/ environmental-purpose business (for-profit or non-profit) that seeks sustainability and re-invests profits in business or social/ environmental projects	For-profit business with equal emphasis given to commercial and social/ environmental mission	For-profit business with strong social/ environmental mission but sharing some or all profits with owners
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Country overview

Ghana gained independence in 1957, and following the overthrow of Kwame Nkrumah’s socialist government, faced years of coups and political and economic instability. Following the second coup of Jerry Rawlings in 1981, Ghana embarked on a programme of structural adjustment, transforming the economy by reducing the role of the state and granting the private sector a more important role as well as implementing policies aimed at promoting macro-economic stability and growth. While the approach taken to structural adjustment in Ghana is accepted by many to have stabilised the economy, and the transition of power from Rawlings to the democratically elected leader of the opposition John Kufuor was important in consolidating Ghana’s democracy, intractable

social problems and high levels of poverty persist in the country (ISSER, 2014; World Bank, 2014).

Ghana is seen as a leading light in Sub-Saharan Africa, considered by many as the gateway to West Africa and its 250 million consumers (Euromonitor, 2012). Although GDP growth slowed from 15 per cent in 2011 to 7.9 per cent in 2012 (PWC, 2014), its economy is seen as one of the most promising on the continent. The largest economic sector, the services industry, also grew the fastest in recent years (PWC, 2014).

Table 1: Quick facts on Ghana

Population (millions)	25.4 (females form 51.2%)
Major ethnic groups	Akan (47.5%), Mole-Dagbon (16.6%), Ewe (13.9%), Ga-Dangme (7.4%) Others (14.4%)
Main economic sectors (% GDP, 2014)	Agriculture (22%), Manufacturing and Industry (28.6%) and Services (49.5%)
Main economic sectors (employment, % of population, 2010)	Agriculture (56%), Manufacturing (15%), Services (29%)
Major cities (population, millions, 2010)	Accra (capital, 1.8m in the metropolitan area, 4.8m in the Greater Accra region), Kumasi (2.04m), Sekondi-Takoradi (0.56m) and Tamale (0.4m)
Religions (% of population, 2010)	Christian (71.2%), Muslim (17.6%), Traditional (5.2%), Other or none (5.8%).
World Bank business ranking	67 (2014), 62 (2013), 63 (2012)
Economic contribution of SMEs	70% of GDP and 85% of manufacturing sector employment
Land area	238 533 km ²

Sources: *Population and Housing Census, 2010; AGI Report 2012; GoG, 2009; World Bank (2014), PWC, 2014.*

Ghana enjoys an open society, with a vibrant media and strong public dialogue, outperforming most countries on the continent on measures of civil liberty, political rights and political stability. Ghana is a democracy, with parliamentary and presidential elections held every four years in accordance with the 1992 Constitution. The next elections are in December 2016. There are ten administrative regions in Ghana and 216 municipal and district assemblies (MDAs) (PWC, 2014). Ghana practises a system of decentralisation, where the various regions and MDAs are allowed some degree of autonomy with decision-making, and various structures of traditional leadership, recognised under the Constitution (PWC, 2014).

Many of Ghana's social and economic challenges are rooted in regional disparities between the north and south (Al-Hasan and Diao, 2007). The northern regions of Ghana (Northern, Upper East and Upper

West) are seen to have been largely neglected by policy for years, rendering them economically poor and socially vulnerable (Al-Hassan and Diao, 2007), with weak infrastructure, lack of active civil society and acute poverty, including chronic food insecurity – the highest rates in the country. There is particular interest by government and donors on northern economic development, an example being the establishment of the Savannah Accelerated Development Authority (SADA), designed to attract investment to growth corridors in the northern ecological zone while providing employment and income-generating opportunities.

Agriculture is the most important sector for livelihoods and employment for the majority of Ghanaians, particularly the poorest and most marginalised people. However, the farming population is ageing as youth migrate to urban areas in search of elusive employment: they find

working in agriculture increasingly unappealing due to the low wages and poor rural infrastructure (Bay and Ramussen, 2010).

Within Ghana's growing services industry, the country has a fairly sizeable banking and financial services industry: during the third quarter of 2013, the financial services industry contributed 10 per cent of the overall growth rate of the services sector of the economy (PWC, 2014). In 2012, information and communication contributed 1.8 per cent of GDP and other important sub-sectors include tourism, real estate and construction, mining and energy.

A high proportion of Ghanaians are employed in micro and small enterprises, and more than 80 per cent of the employed are working in the informal sector. Over half of the employed (55.9 per cent) are own-account workers, 20.4 per cent are employed in family enterprises and 17.6 per cent are waged employees. The majority of the employed (80 per cent) work in agriculture and fisheries (55.1 per cent), craft and related trades (13.4 per cent) and services/sales (13 per cent; Osei-Boateng and Ampratwum, 2011). There is a 'missing middle' in the economy – a need for growing SMEs to create jobs and stimulate economic growth (Bay and Ramussen, 2010).



OVERVIEW OF THE SOCIAL ENTERPRISE SPACE IN GHANA

02

There are two elements that have aided the emergence of social enterprise in Ghana – increased focus on the role of the private sector and continuing gaps in social service and infrastructure provision by the state.

World Bank and IMF-sponsored structural adjustment economic reforms initiated in 1983 were intended to promote the private sector, to create incentive frameworks to ‘enhance efficiency, encourage savings and investment, create an enabling environment to facilitate private-sector development, and improve the efficiency of public sector resource management’ (World Bank in Bay and Ramussen, 2010). Problems with structural adjustment are well-documented; in response to concerns about large-scale formal (public) sector job losses, the government initiated a US\$85 million Program of Action to Mitigate the Social Costs of Adjustment (PAMSCAD) in 1987, which aimed to help poor people implement labour-intensive self-help projects (Appiah-Kubi, 2001). Structural adjustment did lead to an increased role for the private sector, although full liberalisation was resisted (for example, the Ghana Cocoa Board –COCOBOD – was retained; Kohonen, 2012) and the overall economic, social and poverty impact is debatable – and poverty remains pervasive. State and donor-funded agencies, departments and initiatives were set up to support private-sector development and also the growing number of non-profit, non-governmental organisations operating in the country.

Support to small businesses is very relevant to social enterprises, as most are micro or small in size. The first major attempt to support small business through ‘soft’ assistance was in 1985 with the establishment of the National Board for Small-Scale Industries (NBSSI). This was followed more recently by the launch of similar public sector initiatives, such as Ghana Regional Appropriate Technology Industrial Services (GRATIS) and the Business Development Fund (Obeng and Blundel, 2012). Enterprise Skills and Technology Support (EMPTEC), a joint initiative with the Ghanaian government, UNDP and Barclays Bank is another example of initial support to business, operating since 1990 (Obeng and Blundel, 2012).

The government formed the Private Sector Advisory Group in 1991, which was tasked with examining all existing laws and regulatory procedures that impeded private-sector investment and development and to advise the government on relevant revisions to obstructive laws. In 1995, the Private Enterprise Foundation (PEF) was founded by the government with representation from a majority of large business associations and tasked with performing advocacy for Ghana’s private sector (Asem et al, 2013). The Ghana Free Zones Board was also established in 1995 under an Act of Parliament (Asem et al, 2013). After assuming office in 2000, Kufuor’s government pursued policies supportive of private-sector growth and established a Ministry for Private Sector Development and a public-private partnership known as the President’s Special Initiative, with the Ministry of Trade and Industry (MOTI).

The private-sector development agenda primarily addresses economic growth, but as Ghana grows, there are numerous social and environmental issues that cannot be addressed by mainstream private-sector development alone. Social protection programmes for the poorest and most vulnerable sections of society have been expanded, notably the Livelihood Empowerment Against Poverty programme for cash transfer, SADA and the National Health Insurance Scheme (NHIS; Abebrese, 2011).

Under John Atta Mills and now John Dramani Mahama, considerable focus is still given to private-sector development by the state. Particular focus has been given recently to youth unemployment, addressed by skills and vocational training programmes as well as entrepreneurship initiatives such as the Ghana Youth Employment and Entrepreneurial Development Agency (GYEEDA)³ and SADA. The study could find no evidence of specific mention of social enterprise to date.

³ Formerly the National Youth Employment Program – NYEP



The donor community in Ghana is deeply embedded within policy-making and delivery of government programmes. Many of the main donor agencies operating in Ghana have increased their focus on youth employment (initially under a national security banner), job creation and skills development, with attention given to private-sector development more widely – as well as components such as SME development, improving the business-enabling environment and focusing on improving the role of corporates and the efficacy of public-private partnerships, as well as hard infrastructure investment. Donor agendas are typically driven by a core focus on poverty reduction (with economic growth as a means to this end), and as such include a range of programmes addressing social-service provision, governance and empowerment. Social enterprise has a role across all of these areas; however, there is virtually no mention of the term social enterprise by donors (Rogerson et al, 2014).

Recognition that the private sector can and should do more to promote inclusive and sustainable development has been an important driver of inclusive business practice, although arguably the most important driver is the recognition within businesses that socially and environmentally friendly supply chains and business approaches are also beneficial to their commercial bottom lines. Large-scale manufacturing, telecommunications and mining companies have been important in the development of corporate social responsibility (CSR) activity in Ghana (Amponsah-Tawiah and Dartey-Baah, 2011). CSR in the mining industry, for example, started as a defensive and reactive measure to complaints from community and civil-society groups. Several large mining companies have livelihoods and skills development programmes that are delivered outside their immediate areas of operation (Amponsah-Tawiah and Dartey-Baah, 2011). The state has also supported the process: the Ghana Business Code was launched in 2006, modelled along the lines of the UN Global Compact, focusing on triple bottom-line performance measures. However, it is a voluntary measure and few firms have signed up (less than 60 SMEs by April 2011; Amponsah-Tawiah and Dartey-Baah, 2011).

International consumer groups like Consumer Unity and the Trust Society operate in Ghana and there is increasing domestic consumer

pressure on companies. However, it is focused on the service delivery, quality, cost and value for money, and little attention has so far been given to environmental and social factors. According to an interviewee for the study, attempts to create a system whereby firms invest two per cent of profits in social projects (as in India) have not been successful, with firms keen to focus on profit-making. This could be a result of concern about social spending rather than purely a lack of desire to contribute a proportion of profits, but could also indicate the tight profit margins that many Ghanaian businesses run and the fact that businesses' profits are often distributed within family groups anyway as a form of charity.

Co-operatives form part of the social enterprise landscape. The co-operative legal structure was established in Ghana in 1931; in 1944 a Department of Co-operatives was established and after independence, many state-formed co-operatives were set up, especially in the agriculture sector (Kohonen, 2012). Government interest in low-income clients fostered the generation of specialised banks during the 1970s; the Co-operative Bank, Society Security Bank and the rural Unit Banks (Aryeetey et al., 2000).

One of the best-known social enterprises is the Kuapa Kokoo cocoa farmers' co-operative, which owns 45 per cent of the Divine Chocolate Company (a UK company set up in 1997, formerly called the Day Chocolate Company). Set up in 1993, Kuapa Kokoo uses its Fairtrade premium to pay bonuses to members and invest in social projects. Co-operatives continue to receive support from the government and private donors, with particular focus on rural development and agriculture, and often targeting women and using forms of microfinance.

Political and economic stability in Ghana in recent years has facilitated the return of Ghanaians living in the diaspora: a significant proportion of Ghanaians with tertiary education live outside Ghana (World Bank, 2011), so the 'brain gain' from the diaspora is important to the country's development. The study found that returnees and the diaspora are particularly significant to social enterprise development in Ghana because much of the social enterprise activity has diaspora involvement.



I think about 60 per cent of social enterprise activity in Ghana is influenced by returnee.

– Stakeholder

Market opportunities for social enterprise

Market-demand assessment for social enterprise considers not only the potential for distribution of goods and services, but social, economic and environmental needs. A key concern for social-impact investment is the lack of viable pipeline – this will be discussed below, but in terms of a need to address social challenges there is no shortage of opportunities for social enterprises.

Youth unemployment has received particular focus from donor and government agencies in recent years and the study identified several government and donor programmes intended to address it. A high proportion of tertiary-education graduates fail to secure formal-sector employment upon graduation; many government and donor entrepreneurship programmes target to students and graduates. Graduates typically need two to three years' experience to access formal-sector jobs and gaining this experience is a challenge. On top of this, the quality of education received at many institutions means that even tertiary graduates are poorly equipped to join the workforce. Social enterprises not only offer job creation potential, but many social enterprises seek to recruit tertiary-education graduates to train and 'upskill' them, increasing their potential engagement in the workforce more widely.

Available information and initial findings

Limited formal literature was found online looking specifically at social enterprise in Ghana. Dalberg's 2011 review of impact investing in the West Africa region provides valuable oversight on social investment, as do the papers by GCII (2012) and Tandoh-Offin et al (2013) on impact investing policy context and prospects, respectively, in Ghana. Koltai et al's 2013 paper on the entrepreneurship ecosystem gives useful detail of activities and organisations driving private-sector development. The paper does not have a specific social/ environmental lens. However, there is considerable generic information relevant to social enterprise operations, and many of the entities studied in the paper refer to themselves as social enterprises, or support social enterprises explicitly as part of their portfolios (Koltai et al., 2013). There is also a growing number of papers prepared by university students (to date, non-Ghanaians) on social enterprise in Ghana. Literature on private-sector development, particularly SME development, has proved useful to the study – and there is a greater volume of literature specific to Ghana on this.

In terms of social enterprise information, a limited amount is available. Several social enterprises are using Facebook and Twitter as their main online presence, and those that do have websites are often in the early stages of developing content. Identifying social enterprises is a key challenge for support organisations – many of whom overcome this with an initial award or competition of some form, to gather information about potential enterprises. As such, organisations that run such awards often have basic data (and sometimes business plans) for a wide range of enterprises, a small proportion of whom they have selected to work with.

There are currently few social enterprises operating in Ghana, and none has achieved national scale nor reached medium-sized operations. Several of the social enterprise entities that exist (and some which have failed) are not well documented; lessons from past successes and failures have not been disseminated. In spite of this, the study team have identified a cross-section of operational social enterprises. There is a clear evidence gap in terms of historic performance of, and support to, social enterprise, which this study begins to address – and which will hopefully be reduced as existing social enterprise activity is increasingly well documented.

Attitudes towards social enterprise – perceptions

Social enterprise as a term is not well known in Ghana. CSR is a much more familiar concept, as are public-private partnerships and NGO engagement with corporates, and with small-scale entrepreneurs and support to supply or value chain development. However, assumptions about the term social enterprise tend to associate it with charity, and with NGOs – not business models. The study team observed from a range of stakeholders a negative attitude towards NGOs; a perception that they have done little for Ghana's people, and worse – that many of them are not attempting to, but are set up purely for personal enrichment. NGOs' lack of sustainability was a primary concern raised by interviewees, and concern that social enterprises might face similar problems.

At the other end of the spectrum, two interviewees thought all businesses engaging in Ghana had social elements by virtue of operating in Africa. Two of the business schools saw themselves as social enterprises on the basis that they are providing social services by delivering high-quality education and access to employment and job creation. Both resisted a definition of social enterprise that excluded profit-first businesses and businesses whose social impact was a secondary priority (or even not an explicit intention) of core business activity.

There is a vibrant business start-up culture in Ghana, and many businesses, including micro and small-scale enterprises that do not select a social enterprise label but do think about the social impact of their business models. Enterprise cannot provide employment for everyone. Entrepreneurship is seen as a risky livelihood choice; there is also a certain snobbery, particularly among tertiary-education graduates, that uneducated people go into business and entrepreneurial activity is only accepted when it is a side business and the person has full-time formal-sector wage employment (Bay and Ramussen, 2010). Social enterprise is seen as more risky and less acceptable still.

There is also a lack of philanthropic culture outside family and kinship groups, meaning a lot of seed and early-stage investment into family-linked businesses is not necessarily financially viable (Bay and Ramussen, 2010). Equally, there is a lack of

angel (or early stage equity) investment in Ghana and a lack of volunteering culture. People struggle to understand why social entrepreneurs are prepared to compromise their personal wealth to support people outside their extended family.

🗨️ ***People find it difficult to understand why you don't want to make profit. Why are you doing it for free, especially when it is not directly to help your family or your tribe. Their attitudes change when they see the impact of what we are doing – Social entrepreneur***

Several of the social entrepreneurs think people in Ghana are waking up to the idea of business and social together. There is a growing interest among young Ghanaian professionals to do something meaningful.

🗨️ ***I took a pay cut to leave banking and work in social investment. I was tired with the banking job – it was repetitive and not meaningful, even though it was lucrative. The work I do now has meaning – Social Investment Fund employee***

Interviews also suggested that when exposed to social enterprise activity on the ground, people were engaged and supportive.

🗨️ ***When a bank manager came to our centre and saw what we were doing, he got excited and he now gives a monthly donation of 50 cedis – Social entrepreneur***

A significant driving force of social enterprise activity seems to come from the returned diaspora community, including Ghanaians who studied abroad. According to two people interviewed, travelling abroad gives people a new perspective on Ghana's problems and encourages them to look for solutions, rather than accept and work with the challenges of life in Ghana as an unavoidable given.

One entrepreneur suggested that social enterprise has become sexy – finding businesses with a social impact twist. According to him, social enterprises are getting funded faster than conventional business, and there are easier funding sources – such as forms of equity investment. He thinks social

enterprises have a far wider range of financing options. As such, there is a risk that incentives for social enterprise pull non-genuine actors into the space (as has been the case for NGO funding). Another interviewee, however, suggested that most funding sources open to social enterprises are rigorous enough to make such opportunistic behaviour difficult.

In a context where resources to support all forms of both business and social venture are constrained, there is some resistance to perceived prominence being given to social enterprise. However, none of the social entrepreneurs advocated for social enterprise-specific concessions or tax breaks.

Several interviewees felt strongly that for the social enterprise scene to be viable, social enterprises should be commercially driven and as profit or revenue oriented as they are socially oriented if they are to achieve their social goals at scale.

Interviewees indicated that there is a very limited domestic market for social enterprise-branded goods and services at present. The government is promoting Made in Ghana products, and even this is a difficult sell in a context where consumers want quality and value for money due to their limited budgets and are not willing to pay a premium or take a risk on a product for social, ethical or even patriotic reasons alone. Social enterprise goods and services, as with all Made in Ghana goods and services, need to be quality and price competitive to achieve scale. There is particular interest from the returnee community in bespoke African products for Africa. For example, social enterprise Golden Baobab are promoting African-authored child-fiction products, having observed that the vast majority of entertainment available to children on the continent is foreign-generated and consequently often has little direct relevance to childhood experiences in Africa. Golden Baobab is working to promote fun African fiction for African children in the form of books, films, TV and radio programmes. As consumer purchasing power increases, it is plausible that demand for quality African product will increase. Importantly, there is also a viable export market within the wider region and with the diaspora.

Other potentially significant clients for social enterprise are government and other businesses. Of the social enterprises interviewed, nine currently supply to business and eight supply to government or donors, with some that are mostly or completely dependent on public-sector clients. Public procurement is a significant source of social enterprise custom in the UK, recently backed up in law by the Social Value Act, 2013, which requires public bodies to consider choosing providers based on the social value created in an area and not on cost alone. The Ghanaian Public Procurement Act, 2003⁴, makes no provision for social enterprise; the issue of public procurement was not raised by interviewees but based on UK experience and could be explored in the Ghanaian context in future.

There is general consensus – even from within Ghana’s nascent social enterprise bubble – that social enterprise is in its formative stages; government and many stakeholders are not familiar with what it is, nor are the wider public. Many of the social entrepreneurs and support organisations spoken to suggested that social enterprise needs to achieve a degree of success to gain status and to be recognised more widely:



One thing needed is a big break, for one social enterprise to succeed nationally – once that happens you’ll see a lot of people moving into the space – Social entrepreneur

⁴ www.ppbghana.org/documents/Public%20Procurement%20Act%202003%20Act%20663.pdf





THE OPERATING ENVIRONMENT FOR SOCIAL ENTERPRISE IN GHANA



Political context

The Ghanaian government faces a range of constraints to delivering effective support to social enterprise – many generic to developing countries, and some to governments globally. There is perceived to be little consistency in how the government applies the rule of law and lack of co-ordination between public institutions, making it hard for entrepreneurs to know who they need to speak to for clarification (Bay and Ramussen, 2010). The study team identified several occasions where government (and donor) initiatives were moved between ministries for political reasons (e.g. the Ghana Youth Employment and Entrepreneurial Agency), and there was a lack of clarity about leadership and ownership, contributing to stagnation of activity.

A complex array of government and donor initiatives exist that offer potential support to social enterprise including programmes and legislation covering enterprise development, employment, infrastructure and education. Details are provided in Appendices 3 and 4 of major funds and initiatives, and regulation and legislation impacting social enterprise.

There is a widespread lack of knowledge of the range of opportunities available to enterprise in general, and more so for social enterprise-relevant support. Certain agencies face specific issues. Obeng and Blundel (2012) reported a lack of potential user knowledge of the existence of NBSSI – study interviews confirmed this, as do findings from UNEP (2013). High fees were seen as a barrier for SMEs to using NBSSI services, as was the location of the business in relation to service provision, particularly for businesses located in geographically remote areas and where transport infrastructure is limited (Obeng and Blundel, 2012). In the case of NBSSI, which had experienced inadequate logistics and human-resource problems in the past (Aryetey and Ahene 2004), reputational issues might have affected its capacity to attract new users, despite its relatively wide geographic coverage.

UNEP (2013) note that there is a widespread lack of awareness and/or understanding of the technical and financial support provided to energy SMEs by government agencies in Ghana. Political interference in the activities of the public support agencies could also influence the level of use of external support services: ‘Sometimes

the politicians use political platforms to announce government initiatives for small businesses and this makes some of the owner-managers reluctant to contact us for support’ (official, service provider; Obeng and Blundel, 2012). The problem of over-politicisation and corruption came up in several interviews, and was raised by stakeholders working within government programmes tarnished by allegations of malpractice.

Consensus across organisations was that engaging with government is not easy, and many social enterprises and support organisations said they prefer to keep their relationships with government to a minimum. Several social enterprises and support organisations are trying to engage relevant ministries with the work they are doing, often to limited degrees of success. Engagement with the government seems to be most effective when it is targeted to very specific areas of potential mutual benefit. Some actors, for example, identify the value of building relationships at local government level and addressing constraints to the enabling environment at a district or regional level (which facilitates context-specific solutions), recognising that grassroots-level activity does not easily translate into national policy change.

A further complication is that resource constraints are a factor for government agencies and departments, as they are for social enterprises and support organisations – often government are ‘fighting for donor money as much as those in the non-governmental and private-sector space’.

Social context

This study sought to consider the specific issues faced by people within Ghanaian society who are at a particular social and economic disadvantage. One such group is women. Even though the legal framework for business in Ghana does not contain explicit provisions that constrain women's economic potential, there exists a number of culture practices – e.g. regarding land, property ownership, inheritance, as well as institutional factors – taxation and access to finance – that constrain women entrepreneurs (IFC, 2007). Although literacy rates for women aged 15–24 are now above 95 per cent, overall female education levels nationally are lower than those of men, a problem that is particularly acute in rural northern areas of the country (IFC, 2007).

Some communities face particular issues for the equal involvement of women. Soronko Solution's Tech Needs Girls programme works with Muslim communities in Nima (a densely populated area of Accra), where there is some resistance to female economic empowerment. Many girls marry early because their bride price is deemed more important than their education. Economic empowerment can help change this, but it needs to happen gradually, with engagement with local community and religious leaders. For example, Tech Needs Girls run programmes on Saturdays, but girls are required to go to Islamic schools on Saturdays, so this needs to be factored in. Gender issues offer opportunities for social enterprise, but can also act as constraints, to operations, and to female social entrepreneurs.

Another disadvantaged group is physically and mentally disabled people. One support organisation told the study team that they were approached by two blind entrepreneurs for funding under one of their enterprise support programmes. The entrepreneurs did not end up qualifying; however their presence in the process raised questions about access to support as there was no existing provision for enabling people without sight to access the funding criteria (e.g. in Braille), nor for these entrepreneurs to produce presentations.

Environment and climate change

Ghana faces a range of environmental challenges including land degradation, deforestation, biodiversity loss, water pollution, marine and coastal degradation, mining and industrial development, urbanisation, many of which may have causes associated to lifestyle changes, population growth and weak enforcement of environmental legislation (National Climate Change and Policy 2014 and UNFCCC (2011) Ghana 2nd National Communication, EPA, Accra Ghana).

Northern Ghana is more vulnerable to the volatile weather patterns caused by climate change than the rest of the country because it is poorer, drier and more heavily dependent on subsistence agriculture (Darko, 2013). Problems affecting development include land use and tenure problems, as arable and fertile land areas decline; erratic weather patterns cause problems for farmer crop cycles and irrigation, as well as natural disasters such as drought and flooding.

Opportunities to make Ghana's economic development more sustainable also exist – building in clean energy and sustainable construction procedures, for example, as well as promoting methods of agriculture that benefit the climate, natural resource management and farmer livelihoods.

Finance and social investment

Ghana has a well-developed financial services sector by African standards and a wide array of financial institutions operate in the country. By July 2014, the Bank of Ghana had licensed 390 micro-finance institutions and 137 rural banks (BoG, 2014). Table 3 below shows figures for financial institutions to the end of 2012).

Table 2: Banks and financial institutions in Ghana (end of 2012)

Organisation	Number
Universal banks	26
Rural and community banks	136
Non-bank financial institutions	145
Forex bureaux	333*
Insurance companies (Life and non-life)	43**
Re-insurance companies	2
Insurance brokers	54

* As at April 2012 (Source: Bank of Ghana Annual Report 2012)

** As at January 2013 (Source: National Insurance Commission)
Source: PWC (2014)

There are growing numbers of funds investing in start-up and social-impact activities in Ghana. Three funds were interviewed for the study – Acumen Fund, Slice Biz and VCTF. Acumen Fund uses philanthropic capital to invest in social enterprises, VCTF invests in five funds that have governance and social-reporting standards, but do not target social enterprises specifically. Slice Biz is a diaspora fund, investing equity in start-ups. Founder William Senyo identified a desire among US- and UK-based members of the Ghanaian diaspora to give something back by providing equity investments in start-up businesses. Slice Biz is built on trust relationships between the founders, their portfolio companies and investors. Some banks have created philanthropic arms through which they can provide finance, such as the Ecobank Foundation (Dalberg, 2011).

SMEs have time and time again been marketed as the engine for economic growth in developing nations. For this reason, some banks have set up SME desks to handle these specific transactions and to address the peculiar needs of SMEs. The Ghanaian banking industry still needs to enhance its support for SMEs in terms of trade financing options. SMEs in Ghana still quote access to capital as their number-one challenge and banks that have made strides in the sector rarely provide long-term financing options. In the Ghanaian banking sector, Unibank Ghana Limited and UT Bank appear as the most likely candidates for impact investing since they have both focused on the SME sector. Both banks have been known to have relatively larger

SME portfolios and have since 2008 maintained the lowest liquid funds to total assets ratio (2012 Banking Survey; Tandoh-Offin et al, 2013). This study did not interview any banks, but no indication was found of banks targeting investment to social enterprises specifically, or using social-impact criteria for investment.

In terms of microfinance, non-bank financial institutions and informal credit, a shift from a regulated financial-sector regime to a more liberalised regime in 1986 led to the emergence of other financial institutions, consolidated by a 1991 law allowing different categories of financial institutions including savings and loans companies, financial non-governmental organisations and credit union associations, providing a diverse range of financial services to micro and SMEs (Opong et al., 2014). Programmes currently addressing this financial sub-sector in Ghana include the Financial Sector Improvement Project, the Financial Sector Strategic Plan, the Rural Financial Services Project, UNDP Microfinance Project, the Social Investment Fund, the Community Based Rural Development Programme, the Rural Enterprise Project, and the Agricultural Services Investment Project (Opong et al., 2014).

Investment in general faces many constraints, not least that government bond interest rates make investors unwilling to lend to enterprise. This means there is little cheap finance for enterprises raising funds within Ghana. Interviewees said that there is a risk-free return on government bonds

of around 24 per cent, so investors require at least 32 per cent returns on risk-free private-sector investments, and social enterprises would represent a fairly high risk – e.g. up to 64 per cent returns required for microfinance.

Ghana's recent advance to middle income country status means that over the next few years the profile of foreign money entering the country is set to change dramatically, with donors reducing their aid budgets and the volume of grant capital being considerably reduced.

Social impact investing

Social impact investing is important for social enterprise – it refers to investments seeking joint impact and financial returns, and such investments require vehicles able to deliver (and quantify delivery of) social and environmental impact. Africapitalism (a term coined by Nigerian entrepreneur and venture philanthropist Tony Elumelu) builds on indigenous entrepreneurs' desire to give something back – it is a form of social-impact investing reliant on African entrepreneurs' capital. Related is diaspora-led support, such as Ghanaian-heritage fashion designer Ozwald Boateng's Made in Africa Foundation⁵, which was founded in 2011 to support African infrastructure projects and to provide 'first-mile finance'.

Ghana is receiving a lot of attention from the impact investing community. The Venture Capital Trust Fund (VCTF) is a government-sponsored initiative set up in 2004 by an Act of Parliament, to provide long-term financial support to SMEs. VCTF finances five venture-capital funds that have invested \$57 million in 49 portfolio companies. VCTF has also recently received funding from the Rockefeller Foundation to support the GIMPA Centre for Impact Investing (GCII), and authored a paper on the policy environment for impact investing (Tandoh-Offin et al., 2013). In impact investing literature, VCTF is seen as an model from which to learn, for example for Senegal in Dalberg (2012). VCTF set up the Ghana Angel Investor Network (GAIN) in 2011, which looks to invest in early-stage businesses with significant growth prospects and the potential to generate superior returns (Dalberg, 2012). GAIN made its first investment in October 2014⁶.

VCTF, along with the Ghana Institute of Management and Public Administration (GIMPA), have established the Centre for Impact Investing, which has funding from the Global Impact Investing Network (GIIN), the Rockefeller Foundation and the Tony Olumelu Foundation. The Centre for Impact Investing, housed at GIMPA, seeks to provide research, advocacy and support services by influencing government policy in favour of impact-investing activities, advocating for incentives to encourage private-sector impact investing, drive public awareness and play a leading role in shaping impact-investing activities. The centre has produced research reports on the policy context for impact investing, and opportunities, prospects and challenges (Tandoh-Offin et al., 2013; GCII, 2012).

Reports indicate that there is considerable potential capital for impact investing (JPMorgan/GIIN, 2014; Whitley et al., 2013). For example, Acumen Fund is looking to increase its investments in West Africa (Ghana and Nigeria) in the next year from \$8.4 in 2014 to \$15million. However, translating willing capital into investment in start-up social enterprise is a considerable challenge. The regulatory environment is one potential constraint – there is a risk that the lack of a legal framework for impact investing and ensuing transparency will lead to blurred lines around what is and is not impact investing, and lead to the concept being diluted (Dalberg, 2012). There is a lack of viable pipeline for impact investing in Ghana, as in much of Africa, and problems with deal flow and limited exit options where investments are made (Dalberg, 2012).

In reality, few social enterprises interviewed for the study were able to attract commercial impact investment – those that are receiving returnable capital are mainly accessing it from donors and foundations:



Impact investing is still very commercially driven; non-profit businesses don't offer the returns that such investors seek, so we must rely on foundation and donor money – Social entrepreneur

⁵ www.madeinafricafoundation.co.uk/

⁶ <http://gain.com.gh/gain-raises-ghs-350000-for-local-edutech-startup/>

A co-founder of a business incubator in Accra thought that if its businesses have social impact integrated into their models, there is a better chance of funding for the incubator. However, the co-founder said he was not purely being opportunistic about this, but it was also his personal conviction that social impact is important. That social investment or funding available for social enterprises might be more easily available than conventional enterprise finance, or even support to NGOs, raises some concern. Others felt that criteria to access social investment funds are typically sufficiently stringent as to rule out those who are not committed to both commercial and social missions. Clearly it is important that this is the case in order to avoid social enterprise being used purely as a label to attract capital.

According to one stakeholder, equity finance from foreign firms can be seen by some as a new form of colonialism. One way around this is to include opportunities to buy back the stake. Misconceptions about equity are common. According to an investor spoken to for the study, people start with a notion that debt will be cheaper, but actually it can be more expensive than equity. He advises entrepreneurs not to focus on ownership but to think about the long-term presence of the business, and to recognise the strengths and weaknesses of themselves and others. For social enterprises, general concerns about equity are conflated with a desire to attract investors who share the social vision for the business and can support a non-profit maximising approach. Very few of the enterprises interviewed have secured equity financing.

Enabling environment: soft and hard infrastructure

Literature is available on the basic constraints on business operations in Ghana, issues that influence social enterprises too. There is considerable donor interest in addressing enabling environment constraints, although donors in particular perceive there to be less engagement from government, even though donors are keen for government to 'own' programmes which they are funding.

Ghana faces a range of hard infrastructural constraints. During the study, electricity insecurity was a prominent issue for the team, and for stakeholders visited – except for those with big

offices and large generators. The poor quality of roads, particularly outside urban areas, constrains all social and economic activity – but also offers opportunities for hybrid business models to find niches where they can develop markets by not seeking fully commercial returns.

In terms of soft infrastructure, the rule of law can be fairly weak in Ghana. Legislation in most areas is comprehensive; however, adherence is less so. Examples of problems identified in the study include the fact that NGO law provides for NGOs not to pay tax, yet there is a lack of understanding of how revenue-generating activities by non-profit social enterprises should be treated in terms of fiscal policy..

There are two options for social enterprises registering their enterprise in Ghana: they can register as a for-profit (sole proprietorship, partnership or limited liability) or as a non-profit (co-operative or company limited by guarantee). In the absence of likely commercial capital or equity financing opportunities, the non-profit model allows the social enterprise access to a range of funding opportunities not available to for-profits and also has positive taxation implications. However, registering a social enterprise as a non-profit has risks – some social enterprises have opted for for-profit registration because they want to be explicit about the commercial intention of their venture, and to ensure that they can access debt and equity capital. Many interviewees felt that the current legal system, without a specific social enterprise legal form, can work for social enterprises. It is possible to set up social enterprises in Ghana with the existing arrangements and no one suggested the need for a specific social enterprise legal status – although issues were raised about funder perceptions and government department understanding of taxation laws for non-profit registered social enterprises; one social enterprise interviewed re-registered their non-profit social enterprise as a for-profit business to secure equity investment.

None of the interviewees was concerned with the regulatory environment as a whole. One stakeholder said he felt that regulation is not too tight for business in Ghana, but that businesses often get caught out as they are not aware of the regulatory requirements with which they need to conform until they breach them. For social enterprises, who in the case of this study

seemed well informed, inconsistent application and lack of public-sector staff understanding of law implementation seem to be the main obstacles.

For the private sector in general, Asem et al. (2013) suggest that private firms usually know much better than foreign advisors the kind of business environment they need to compete on world markets – and that strong donor presence has crowded out the private sector with respect to reforms. They urge local ownership in addressing governance issues, while the private sector needs to reach a critical size (and structure) to be able to do this, which has not yet been the case in Ghana (Asem et al., 2013). As a subset of business, social enterprises in Ghana do not have the capacity for such influence at the moment, but being included as part of the business community could facilitate the specific needs of their business models being incorporated.

Education and training facilities

There are three main levels at which education and training impacts social enterprise: the quality of mainstream primary and secondary education, the availability and range of business development training and technical support, and tertiary education including business schools and the inclusion in curricula of social enterprise and social impact in business more generally.

The quality of primary and secondary education in Ghana is seen by interviewees to be a challenge – access is not universal (even if for primary level it is now officially compulsory) and for those who complete Junior Secondary School (JSS) and senior secondary school (SSS), the standard to which students are taught in public and many private schools often does not leave them well-equipped for the workforce. Even basic literacy in English can be poor. The problem of low standards persists into tertiary education, again caused in large part by serious resource constraints, and affects recruitment for social enterprises and support organisations. There is a mismatch between years in education and skills training and capabilities on graduation (Bay and Ramussen, 2010). Interviewees felt that there is a lack of focus on critical thinking in educational approaches in Ghana, and one of the entrepreneurs interviewed felt that this stifles thinking about social enterprise solutions. For an entrepreneurial ecosystem to

flourish, universities will have to become more active supporters of entrepreneurship, said one interviewee. While many universities are beginning to engage, there are ample opportunities for various ecosystem actors to facilitate this transition and partner with the university system in order to take advantage of this largely untapped potential (Pan, 2014).

Accra hosts a number of high-standard business schools, for example Ashesi (where social enterprise is on the reading list⁷), the Meltwater Entrepreneurial School of Technology (MEST) and the China Europe International Business School (CEIBS). MEST and the Executive MBA programme at CEIBS factor in social impact to their curricula. The E-MBA programme at CEIBS encourages students to take on a CSR project during the programme, and includes components on social responsibility and responsible leadership. There is no focus on hybrid business models or social enterprise. The course is intended for profit-driven business and attracts many self-made entrepreneurs from Nigeria and Ghana. CEIBS also runs corporate-sponsored programmes, for example, a leadership course for traditional leaders (chiefs) in the Ashanti region and an ICT programme for market people in Kumasi.

The study identified a Social MBA programme, run at the Catholic Institute of Business and Technology (CIBT). A brief interview was conducted at CIBT, which started running its Social MBA programme in 2013, and has admitted a second year intake of students. It is Ghana's first Social MBA programme as far as the study team is aware. The programme seeks entrepreneurs whose business models have explicit social components and includes assignments that focus on social impact and environmental impact. The school is linked to the Catholic University of Milan. Students of the programme attend pitches to investors organised by the school and have mentorship from the US-based Diaspora Investment Network.

There has been a proliferation of private business schools, including business schools run by churches and other religious organisations, some of which do not obtain official accreditation. Private universities are increasingly attracting students in Ghana, particularly business students.

⁷ http://sis.ashesi.edu.gh/courseware/cms/file.php/57/aaLIBRARY/CSR_-_Social_Entrepreneurship/Mort_et_al_-_SE_-_towards_conceptualisation.pdf

The University of Ghana Business School, which offers undergraduate and postgraduate courses, continues to attract high-performing students. However, because of the highly bureaucratic nature of the university, the curriculum is not able to adapt quickly, meaning that some students prefer universities with curricula they perceive to be more modern (although the problem of excessively rigid curricula and teaching methods was also mentioned by a stakeholder involved with a well-respected private business school interviewed for the study). Stakeholders at the University of Ghana Business School indicated their interest in teaching social impact within the curriculum, as an important component to business, but also because it is of interest to students. Other business schools – as indicated above – have already succeeded in formalising this within their curricula.

The programme seeks entrepreneurs whose business models have explicit social components and includes assignments that focus on social impact and environmental impact.



SOCIAL ENTERPRISE PROFILES

04

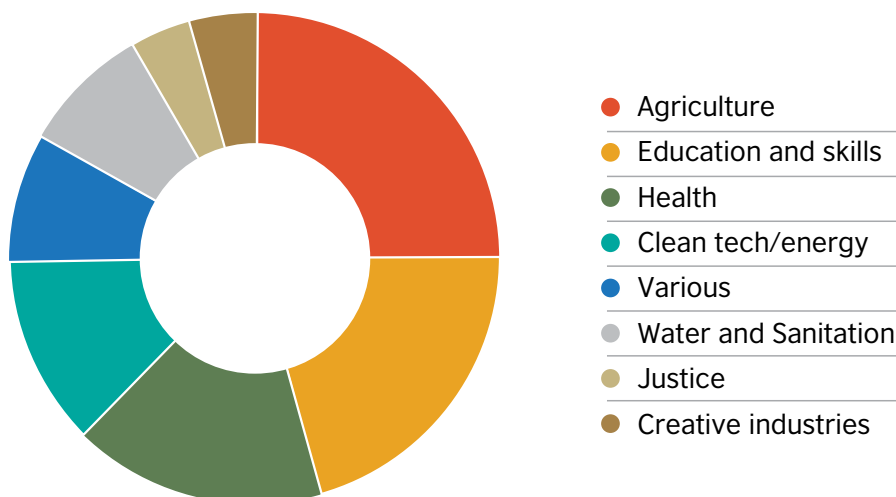
A total of 24 social enterprises were interviewed for the study. The oldest enterprise interviewed began operating formally in 1999. The majority were registered within the last two years, although several had been in planning and testing phases for up to two years prior to that. Twelve of the 24 social enterprises were founded, co-founded or are led by a woman.

The 24 social enterprises interviewed employ approximately 532 staff, with an average of 22 per enterprise. Although many of these staff members are not earning salaries commensurate with what they might earn in the private or even public sector, in a context of high unemployment, the employment creation impact of social enterprise is noteworthy.

The social enterprises interviewed operate across a range of sectors. The study looked at both the primary sector of operation and the sector in which the social enterprise has impact. For many, this is the same sector – but for some models, the core sector may be ICT for example, but social impact

is primarily in education and skills. Several of the social enterprises operate across more than one sector in core activity as well as impact. Of the social enterprises reviewed, agriculture and ICT were the prominent core sectors, followed by health then manufacturing and education and skills, then clean tech and energy, literacy, justice, the creative industries, retail and water and sanitation – representing a cross-section of the social and environmental challenges highlighted above. The major impact sectors are agriculture, education and skills, health, clean tech and water and sanitation.

Figure 2: Impact sectors of social enterprises



All but one of the enterprises sell goods or services to consumers or beneficiaries, nine of the enterprises sell business-to-business and eight provide to donors and/or government.

Most of the social enterprises interviewed intend to have national-level impact, some still operate at regional level within Ghana and a few are operating across Africa.

Figure 3: Intended areas of geographic impact for social enterprises

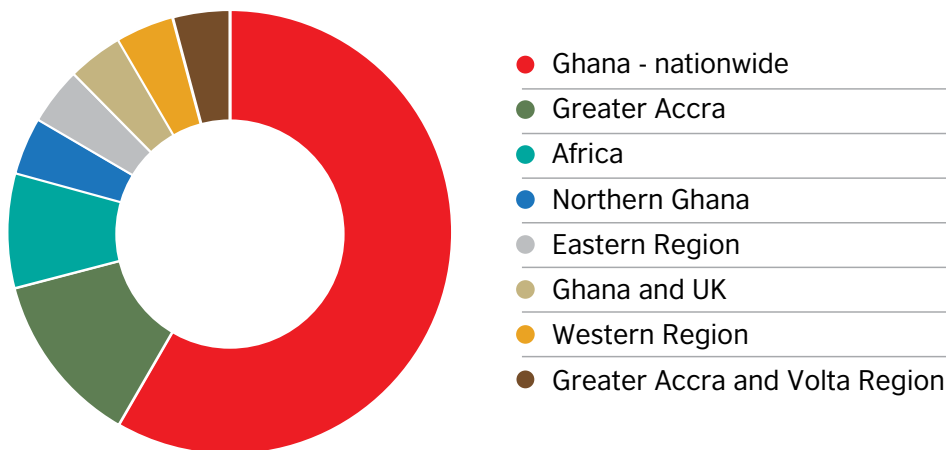


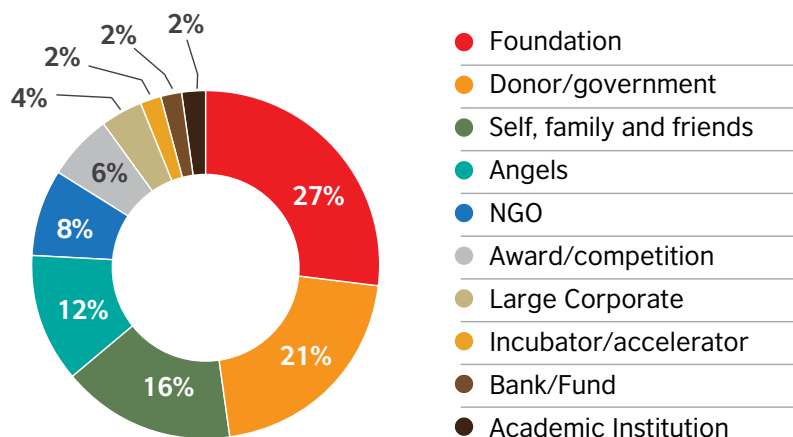
Table 3: Interviewed social enterprise profiles

Name	Year Established	Number of staff in Ghana ⁹	Impact Sector	Core intended impact(s)	Geographic location of operations	Head Office Location	Legal Status
8 Degrees North	2014	40	Agriculture	Sustainable livelihoods for palm oil producers	Ghana	Northern Ghana	For Profit
AACT	1999	50	Health	Support to children with autism	Greater Accra	Greater Accra	Non-Profit
AfriKids	2002	160	Various	Various: social projects in Northern Ghana	Northern Ghana	Northern Ghana	Both
AgriPro	2012	6	Agriculture	Plugging market information gaps for farmers	Ghana	Greater Accra	For Profit
Akaa Project	2008	7	Education and skills	Quality primary education	Eastern Region	Eastern Region	Non-Profit
Alive and Kicking	2103	35	Health	Stitching and selling footballs, running health programmes	Ghana, Zambia and Kenya	Greater Accra	Non-Profit
Burro	2008	14	Clean tech/energy	Development, sourcing, and distribution of productivity solutions including clean energy.	Ghana	Eastern Region	For Profit
C.A.R.E Computers for Developing Countries Limited	2006	10	Education and skills	Provide computers to children and recycle plastic and e-waste	Ghana and UK	Greater Accra	Non-Profit
Child Research Resource Centre	2004	7	Justice	Child protection and rehabilitation of juvenile offenders	Across Ghana	Greater Accra	Non-Profit
Devio Arts Centre	2013	3	Creative industries (e.g. design)	Access to creative arts and play spaces for children	Accra	Greater Accra	Non-Profit
Esoko	2009	62	Agriculture	Market information and advice for farmers, donors and NGO projects	Ghana	Greater Accra	For Profit
Farmerline	2013	10	Agriculture	Market information and extension service advice to farmers	Ghana	Ashanti Region	For Profit
Golden Baobab	2008	2	Education and skills	Literacy and African-authored children's fiction	Africa	Greater Accra	Non-Profit
GoodGet	2013	5	Clean tech/energy	Distributor of pro-poor products	Ghana	Greater Accra	For Profit
IT4Teens	2013	12	Education and skills	Access to ICT equipment and skills	Western Region	Western Region	Non-Profit
Korle Bu Vision Centre	2011	3	Health	Low cost and free spectacle provider	Greater Accra	Greater Accra	Non-Profit
MoringaConnect	2013	8	Agriculture	Improve nutrition and income of farming families through Moringa tree	Ghana and USA	Greater Accra and USA – Boston, MA.	For Profit
Persistent Energy Ghana	2013	15	Clean tech/energy	Delivering clean energy to off-grid consumers	Ghana	Greater Accra	For Profit
Samelex Solutions	2013	9	Water and Sanitation	Microflush toilets	Ghana	Greater Accra	Non-Profit
Soronko Solutions	2012	2 ²	Education and skills	Software training and software solutions for science and technology skills development	Ghana	Greater Accra	Both
The Sangy Foundation	2013	10	Health	Health education for girls	Ghana	Greater Accra	Non-Profit
Trashy Bags	2008	47	Water and Sanitation	Recycle plastic waste into bags	Ghana	Greater Accra	Non-Profit
Upcountry Coffee	2007	3	Agriculture	Revitalise Ghana's coffee industry by processing coffee for the local market	Greater Accra and Volta Region	Greater Accra	For Profit
VOTO Mobile	2012	12	Various	Mobile tech for surveys, communication and research	Global	Greater Accra	For Profit

⁹ Full-time equivalent. As at 30 October 2014. Some of the data on staff numbers is an estimate and as such these figures should be interpreted as only an estimate of jobs.

Figure 4 shows the organisations from which social enterprises told us they received financial support. Foundations are the primary source of funding. Almost all the funding mentioned was non-returnable. This information gives no indication of scale of funding from each source; based on interviews it would seem reasonable to assume that those social enterprises that are taking returnable capital are dealing with larger volumes of finance than those reliant on grants.

Figure 4: Financial support to social enterprises by organisation type



Foundation and donor support represents almost half of the mentioned financial support to social enterprises, with support from angel investors and personal savings, family and friends also being important¹⁰. During the interviews, we were only made aware of three social enterprises that are receiving returnable capital, although it was apparent from conversations that several more are in the process of doing so. Several of the entrepreneurs volunteered that they are not yet taking a salary, although two indicated that they are about to – an indication that their businesses are growing.

Several of the social enterprises have either developed out of NGOs or were initially set up as more conventional NGO models and are now adapting their business models to be more commercially sustainable. Over half, however, set up intentionally as social enterprise models – even if that isn't the terminology they would use to describe their model.

Many of the enterprises were reliant on personal savings and finance from people within their social networks for start-up capital, as well as support from business award schemes and competitions. There were few that had formal financial support

in the early ideas phase, and several social entrepreneurs set up their venture while working in one or even two other jobs.

Profit making and revenue generation

Of the social enterprises interviewed, there is a spectrum between those seeking profit and those set up to continue relying on some form of grant support: some did not have an apparent long-term intention to be able to sustain themselves through their own revenue streams or without non-returnable capital; as such, they may not formally constitute social enterprise models by the UK definition. Many of these organisations were effectively bankrolled by a founder or family member's formal-sector job. To scale-up such operations, mechanisms need to be built into the business plan to expand their income base to become self-reliant.

Some models are NGOs that sell goods they produce to try and generate income. Others charge user fees for products and services. Many social enterprises charge minimal user fees, as their clients are too poor to pay commercial rates or even to cover the costs of the services they are accessing. This study found few clear

¹⁰ Please note that this table gives no indication of volumes of financial support – only forms of support mentioned

examples of cross-subsidising models built into the business. Afrikids Medical Centre in Bolgatanga offers a combination of public (NHIS-funded) and private healthcare. The hospital has turned a profit in recent years. The centre, an organisational sustainability project of Afrikids, is a for-profit project of the NGO. Afrikids finds maintaining separation between the overarching non-profit organisation and the for-profit social enterprises it supports challenging. One reason for this is that funding for the social enterprises also comes from soft financing sources, so it is difficult to disaggregate from NGO activity.

Several of the social enterprises operate dual models – a for-profit (often socially motivated) business which is commercially viable supplies profits to fund a foundation which delivers related services to clients unable to pay for the service, or at least to pay at cost. Examples of this model include Soronko Solutions (the for-profit business) and Soronko Foundation, Sangy Nursing Services and The Sangy Foundation, IT4Teens and their for-profit IT company, Smart Information Systems Company Limited. Other enterprises either used unrelated private profit to fund social enterprise activities (for example, profits from consulting work) or have not formalised the split between the for- and non-profit elements of their operations yet. The Sangy Foundation said that it wanted to set up a foundation model, as the term NGO has negative connotations that it does not want to be associated with.

Some of the social enterprises interviewed had a strong preference to be registered as for profit and identified clearly as striving to be a commercially viable business operation. For others, the advantages of non-profit registration in terms of accessing soft finance, facilitating partnerships and securing tax exemptions have been significant enough for them to select this option, even if some of the founders intend their social enterprises to develop into for-profit businesses over time.

Interns, volunteers and pro-bono support

Several of the social enterprises interviewed depend on interns and volunteers to support their activities. Some use a combination of Ghanaian and international interns, paying a stipend to either both – or just the Ghanaian interns. Sometimes international interns and volunteers pay their full

costs to contribute to the enterprise, providing in-kind support. In addition, some of the workers classified as volunteers are given small salaries, often on an informal basis or for part-time, ad-hoc services.

Several social enterprises receive professional services for free or at a low cost because of the nature of their work. These services include legal advice and design and marketing. This represents an important contribution available to social enterprises and not perhaps to mainstream commercial businesses.

There is not a strong culture of philanthropy or volunteering in Ghana according to several interviewees, at least not outside of the extensive support given to extended families. Building a culture of volunteerism among the growing middle class will take effort. Religious organisations are potentially a starting forum for this (e.g. church and mosque community activity).

Staff and salaries

The majority of the social enterprises interviewed are not paying their staff competitive salaries because their enterprises are not making (enough) money, although owing to high unemployment and low public-sector salaries, they may still offer reasonably attractive remuneration for people unable to obtain civil service and formal private-sector employment. Some, however, do pay competitive salaries, and most provide support and benefits – such as training, very inclusive management approaches and flexibility.

Founders of the early-stage social enterprises are often not able to take a salary for the first couple of years. This is similar to mainstream businesses. Several have been able to secure stipends from business competitions, which are an important means for them to continue building their social enterprise full-time.

Recruiting staff with a social enterprises mentality is deemed important by several of the social enterprises interviewed. Although the ability of staff to understand development issues and knowledge of social sectors is seen as important – and difficult to recruit for, the skills gaps seems to be particularly acute on the business skills side. Relevant skills for business is a wide-spread issue in the private sector generally; for social enterprises

it is perhaps particularly acute because some of the people attracted to working directly for social impact may not have pursued qualifications or gained experience relevant to running a business.

Capacity-building activities are being carried out by social enterprises themselves, through their staff training activities and distribution networks in particular. For example, 8 Degrees North are talking to a business school about accessing recent graduates for a scholarship programme and Alive and Kicking have Comic Relief funding to train people to sell their Ghana-made footballs.

Recruiting staff with appropriate skills, competence levels and the right attitude is a challenge for firms. One stakeholder said that once staff number eight or above (up until which point the founder is more a co-ordinator than a manager) and are hiring outside a pool of friends/family/co-students, finding suitable candidates, retaining them and staff performance become more significant challenges.

Team building can also be a problem, particularly where entrepreneurs are unwilling to share early-stage ideas with peers. One of the business award schemes, for example, requires business plans to be submitted by teams, not individuals, as teams will be needed if a business is to grow. For some entrepreneurs, this is a challenge. Another stakeholder said that there is a lack of trust about sharing ideas and also about sharing decision-making, which makes it difficult to go beyond subsistence activities and to scale-up the business, as well as creating a problem for equity financing.

The study team spoke to a few staff members who were not founders of the social enterprises they worked for, and often these staff spoke about the importance of the social mission to them personally, how it gave meaning to their work and made them feel proud and humbled to be supporting needy people and communities through their work. Only one staff member of a social enterprise interviewed, who was a technical staff member, did not seem to understand about the social enterprise concept and did not appear particularly interested.

Collaboration for social impact

Partnerships across social enterprises and other types of organisations are important to delivering the business model. For example, the Akaa Project, which promotes education and livelihood opportunities in the Eastern Region, engage with MoringaConnect (see case study below), growing trees at the school and teaching children about farming while providing a source of nutrition and potential income for the school. Clean-tech supplier and distributor Burro partnered with an NGO in Tamale to provide clean-water kiosk women entrepreneurs with burro solar solutions and battery-charging opportunities to facilitate access to clean lighting and convenient phone charging to whole villages while improving their core business results.

Use of technology by social enterprises

The ICT sector is growing in Ghana and social enterprises are using ICT to address social problems. Esoko and Farmerline use SMS technology to provide farmers with market prices, weather forecasts and agricultural extension services type information on crop best practice – when to plant, what inputs to use, etc. Esoko has a call centre that reads messages in six local languages for the benefit of illiterate farmers. Farmerline has voice-messaging technology to achieve the same aim.

Support towards the development of technology is an important part of social enterprise activity. Burro was selected as one of six field partners worldwide for the US Stanford University's Design for Extreme Affordability graduate course in 2013¹¹, which allowed it to host two design teams of Stanford students to develop new product concepts for clean energy and agri-processing equipment.

Social enterprises are finding ways to use technology to engage people otherwise abandoned by society. Soronko Solutions has developed a programme helping deaf children. To deliver STEM training to the deaf, an app was designed which converts text to sign language using a cartoon monkey. There are deaf schools, where children learn to sign, at primary and some JSS level, but very few deaf children are educated beyond JSS.

¹¹ <http://extreme.stanford.edu/what-extreme>

Sources of start-up capital and access to Western support

A high proportion of social enterprises rely on personal resources and contacts for start-up capital, using funding from savings, friends and family, resources from their university and contacts within their personal networks. While this is an excellent way of injecting capital into social enterprises start-ups, it is prohibitive to people without personal wealth, connections to wealthy people, or those who have not been educated in (mainly Western) tertiary-education institutions where there are opportunities to source seed funding, fellowships and access to high-net-worth individuals and angel investors.

Social enterprises with links to developed countries are able to access support from a range of North American and European social enterprise support organisations. For example, Enviu¹² is a Dutch organisation kick-starting impact-driven companies, and has given support to Dutch-founded Good Get, a social enterprise interviewed for the study. Good Get has had support from Dutch SME-support organisation Bid Network¹³ and has raised money via the 1%club crowdfunding platform¹⁴ and the Cheetah Fund¹⁵. MoringaConnect, which has strong links in the USA, has used the Indiegogo¹⁶ and Kiva Zip¹⁷ grant and fellowship programmes such as Echoing Green and MIT D-Lab Scale-Ups, as well as business plan competitions locally (DFID's ENGINE) and internationally from the universities of the co-founders.

Testing and revising business models

Several of the more established social enterprises spoke about how they have modified their business models as they have learnt and grown. One example is Persistent Energy Ghana (PEG), which began life as Impact Energies, a social enterprise which partnered with microfinance banks to sell solar home systems on credit. When the business was able to attract equity capital, it changed its name to Persistent Energy Ghana, and shifted to metered solar mini-grid and solar home-kit distribution on perpetual lease and rent

agreements. Mini-grids proved particularly difficult – a lack of knowledge about grid extension made the two-year payback period risky for investors and government was resistant to committing to provide information on grid extension or compensate off-grid investors. PEG no longer develops mini-grids and has begun distributing home kits under a hire-purchase scheme, which allows customers to use the kits as collateral for subsequent loans once the original loan is repaid.

Replicating, scaling and franchising success

It is vital that at least a proportion of successful social enterprises escalate their operations to national, regional, and even global reach and to achieve economies of scale. Some of the more NGO-like models did not appear to have clear plans for how they would grow given the lack of identified increased sources of grant capital and no apparent method for increasing revenue generation.

MoringaConnect is happy for people to take and use elements of its model – it shares information with people about what it does, although it does not share all the details of the technology it has developed. The company is creating a list of people engaged in similar activities with Moringa in Ghana and elsewhere. The hope is to integrate these like-minded organisations into its own work in the future and it is conducting due diligence on a franchise model as the vehicle for this scaling up. Moringa needs to build a strong brand in order to do this with both its oil and its food supplement. Other social entrepreneurs also said that they feel that the ability to create a strong brand would be the factor that makes or breaks their ability to scale up and sustain their operations.

Regina at Soronko Solutions is also keen for her work to scale up, to get others involved and using the same approach that she is, recognising that her currently small business cannot alone address the social challenges it currently seeks to tackle in a few communities at national level.

¹² <http://enviu.org/>

¹³ www.bidnetwork.org/en/about-bid-network

¹⁴ <https://onepercentclub.com/en/>

¹⁵ <https://onepercentclub.com/en/#/pp/cheetah>

¹⁶ www.indiegogo.com/

¹⁷ <https://zip.kiva.org>

Scaling up operations can be challenging. Upcountry Coffee, for example, source coffee beans with a particular chocolatey flavour, which grow in a mountainous area of the Volta Region. The three staff have built relationships with farmers in this area. Without additional staff and capital, scaling up the business will be difficult – and particularly because the coffee flavour has limited sourcing options. Upcountry has processing capacity to roast only one batch at a time, meaning its product is sometimes out of stock in its major retail outlets – it isn't meeting demand for its product. Upcountry is in the process of restructuring the company. It started as cottage industry but wishes to expand and there are things it needs to establish, such as a board of directors.

Several social enterprises spoke about the need to grow at a manageable pace. Many successful social enterprises in Ghana are receiving regular offers of pro-bono support, information requests and partnership offers, and some are turning them down due to lack of capacity – a positive sign for social enterprise growth if bottlenecks in time, staffing and financial resource constraints can be addressed.

Many social enterprises seem to start in a particular geographical location with the intention to move into other regions. Andy Thornton of Afrikids, who has spent several years based in Bolgatanga building the NGO's social enterprise operations, said that there has been a lot of value in being geographically specific but sector-agnostic, investing heavily in staff and building strong local knowledge and networks.

Social enterprise mentality

A few of the entrepreneurs spoke about their belief in the importance of engaging in the social enterprise community and ethos. One social entrepreneur said that she sees things differently since becoming a social entrepreneur. She focuses on the important things now – not braiding her hair or driving an expensive car, but helping girls to reach their academic and economic potential. She feels that being a social entrepreneur is an

important part of her business brand. She feels strongly that social enterprise founders must lead by example. She tries to live what she is saying in her work. She thinks it is important to the girls she works with that she listens to and respects them, and is able to act as a role model for them. Another entrepreneur spoke passionately about how his vision for the business is that it will not only transform approaches to agricultural processing in Ghana, but that the culture of teamwork, learning, transparency and non-hierarchical management will continue to grow with the business as it expands.

Several of the interviewees spoke about the importance to them of their social enterprises being supportive workplaces. Burro has a brand mantra of Respect-Innovate-Empower, which seeks to inspire staff and partners to create a culture true to its ideals and able to deliver on its promise of 'Tools for a Better Life' to consumers, empowering them to 'Do More'. MoringaConnect makes a point of hiring people who are willing to learn, rather than necessarily being experienced and formally qualified, because the attitude and aptitude of staff to contribute to the business model and ethos of the company are so important.

Social enterprise off the grid

Most of the social enterprises identified for this study are well connected to Western funding sources and support organisations. Most founders are well educated, many are either expats, returnees or have been educated abroad. One interviewee said that there are 'some really fantastic things going on but often off the grid, not getting support – one thing that social enterprises need to do is to raise their profile'. The study sought to interview actors outside the registered enterprise space, speaking to a now-disbanded cane weavers association and an also-disbanded urban farmer co-operative. Neither entity had an online presence, and both had lacked financial or non-financial support, one failing due to losing business operating space owing to road construction.

 Farmerline

CASE STUDIES

Child Research Resource Centre (CRRC)

The Child Research Resource Centre (CRRC) is a non-profit organisation established in 2004 with a focus on child-and youth-related issues, with a keen interest in evidence-based interventions. Its philosophy as an organisation suggests that any child given the opportunity can make it in life. Hence, its focus on the vulnerable, the poor, the marginalised and the excluded.

One of its profound interventions is the integration into society of delinquent children from Ghana's borstal homes. It has been a major deficiency in the criminal justice system, and organisations such as CRRC are championing the course to youth reform and integration in Ghana.

The organisation's intervention is to simply assist these youth to integrate properly into their communities, without triggering the conditions that brought them into confrontation with the

law in the first place. The programme has over 200 youths under its care. It also supports those who want to go back to school or those who want to learn skills or a trade. This is backed by clinical and psychosocial support, including funding.

CRRC's evidence-based and research-focused approach doubles up as its major source of funding: the lack of research-backed interventions have resulted in huge losses of state-funded social intervention programmes. The uniqueness of this model is its ability to leverage on existing gaps in social-interventions research, generate revenue through those gaps via research consultancy, and support its programmes with scientifically backed evidence in a sustained way.

- *Interview with founder Susan Saba.*

MoringaConnect

Moringa is seen as a miracle crop. Moringa is a tree that produces leaves and seeds with very high nutritional value. Dried and ground leaves can be used to address malnutrition, oil from the seeds can be used as a cosmetic product on its own. The oil can also be used for biofuel and in a range of cosmetic and food products. The trees produce seeds within a year, so it is very fast growing. It has been promoted by various livelihood programmes, so there are many moringa trees in Ghana. However, MoringaConnect founders Kwami and Emily identified two problems – moringa was not reaching global markets and farmers were not receiving benefits from growing the trees.

MoringaConnect teaches farmers to grow the trees optimally, and to process the leaves and add it them to food for their protein and nutrient content. Oil is processed into cosmetic products that are subsequently sold in the US.

MoringaConnect is a business model whereby outgrowers are supported to produce and process moringa to improve their livelihoods and increase domestic nutritional intake. MoringaConnect provides farmers with nutrition training, extension services, agricultural inputs, and a guaranteed market for all their crops. Farming families learn to consume the leaves in their local diet and to sell their unused leaves and harvested seeds to MoringaConnect. MoringaConnect uses the leaves to produce a food supplement and the seeds to produce oil (branded as True Moringa), which is then sold wholesale to cosmetic companies and retail to consumers in Ghana and international markets.

- *Interview with co-founder Kwami Williams, a Ghanaian-born MIT graduate.*

Soronko Solutions

Regina Agyare set up Soronko Solutions to combine her software expertise with a desire to help SMEs with their software needs and to use the profits from this to support the development of ICT skills in Ghana. The Soronko Solutions Foundation runs three programmes. The first is a series of workshops called Tech Needs Girls, which teaches underprivileged girls software coding. The Growing STEMS programme promotes Science, Technology, Engineering and Mathematics Skills (STEMS) in schools and the third programme, Apps for Disabled, creates apps to allow disabled young people to access educational opportunities.

Regina formerly worked in the banking sector as a software developer but is now a passionate social entrepreneur with significant global recognition for her activities¹⁸. Soronko Solutions is a hybrid model – the software consulting to SMEs is a for-profit business, which is intended to cross-subsidise the commercially unviable activities the foundation runs and to allow these activities to be delivered on an ongoing and sustainable basis.

- **Interview with founder Regina Agyare.**

¹⁸ Regina was named as one of the six women making an impact in tech in Africa and one of ten female entrepreneurs to watch in emerging economies, and she was awarded the Young African entrepreneur of the year 2014. She was featured on CNN African Start-ups and interviewed by BBC World Service and Aljazeera's The Stream. She is an Ashoka Fellow, Aspen Institute New Voices Fellow, GOOD Fellow, Global Shaper of the World Economic Forum, Vital Voices Fellow, finalist for the African Digital Woman of the Year and a Change Leader with Tigo Reach for Change.



SOCIAL ENTERPRISE SUPPORT ORGANISATION PROFILES

05

A total of 29 support organisations were interviewed for the study. Of these, 11 work on social enterprise – although they may not use this terminology. There are very few support organisations delivering bespoke support to social enterprise; however, all stakeholders interviewed provide support to SMEs and/or NGOs and as such potentially can and do support social enterprise through their activities.

Few support organisations are providing targeted support to social enterprises alone. One exception is the Reach for Change Foundation. Established by the Kinnevik Group¹⁹ in 2010, Reach for Change has operated in Ghana since 2011, investing in ‘exceptional individuals with unique ideas for social change’ with a focus on initiatives that benefit children and young people. Social entrepreneurs selected for the incubator programme receive salary funding and support from partners in business as well as access to an extensive global network, with the competition winner receiving a prize grant – allowing them to work full time on their social enterprise throughout the period during which they are being incubated. Last year, Reach for Change received around

1,000 applicants and requested that 200 go to the next stage of the selection process and submit business plans. This gives an indication that while the pipeline of potential viable social enterprise ideas is modest, there is considerable interest to develop such ideas. Reach for Change was able to take on seven entrepreneurs this year.

Table 5 shows the types of support that the different organisations interviewed provide. Note that this is not a table of support to social enterprise per se, but to SME and social-impact support in general, which is accessible to social enterprises even if it doesn’t target them.



¹⁹ Swedish-owned Kinnevik Group owns 50+ companies globally, all in consumer-centric business including telecommunications, media, technology and e-commerce

Table 4: Support organisations and the range of support they provide²⁰

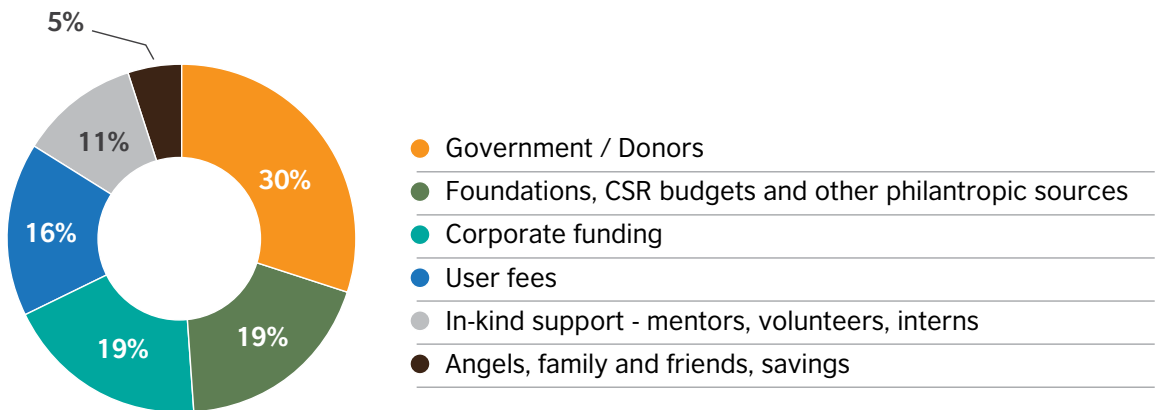
Organisation name	Summary	Formal education	Finance	Mentoring	Networking	Access to investors and funders	BDS	Technical skills support	Workspace	Trade groups and business associations	Policy/lobbying	Brand support, marketing, media
Acumen Fund	Patient capital investor in social enterprise		x	x								
Ashesi	Business school	x										
CARE International	US NGO						x					
CEIBS	Business School	x			x	x						
CIBT	Business School	x		x		x	x					
CIDA PSU	Canadian government agency		x									
COTVET	Ghanaian government agency	x							x			
Danida	Danish government agency		x						x			
DFID	UK government agency		x	x		x	x	x	x			
GCII/GIMPA	Donor funded investment promotion body				x						x	
Grameen Foundation	Non-profit foundation		x	x	x		x					
Growth Mosaic	SME support business			x	x	x	x					x
GYEEDA/YED	Ghanaian government agency		x				x	x				
Hub Accra	Workspace and incubator			x	x	x	x			x		
iSpace	Workspace and incubator			x	x	x			x	x		
LESDEP	Ghanaian government agency											
MEST	Software focussed business school with attached incubator programme for graduates	x	x	x	x	x	x	x	x			x
mFriday	Student tech hub also running social campaigns			x	x			x				
MOTI	Government ministry											
NBSSI	Ghanaian government agency				x	x	x	x	x			
Reach for Change Foundation	Corporate foundation supporting social enterprise		x	x	x	x	x	x				x
Slice Biz	Diaspora investment fund		x			x			x			
Start Up Cup	Start-up support organisation		x	x	x	x	x	x				x
TechnoServe	US NGO		x	x	x	x	x	x	x			
UK FCO	UK government agency							x		x		
UKTI	UK government agency							x		x		
University of Ghana Business School	Public university	x										
VCTF	Ghanaian government agency		x									
World Bank	Multilateral donor organisation		x									

²⁰ This table is indicative and not exhaustive. Errors and gaps are the sole responsibility of the report authors.

Of the instances where organisations provide finance, twice as many provide grant capital as provide returnable capital (which includes all forms of debt and equity financing).

The sources of funding for the stakeholders' own operations were also reviewed (see figure 5 below). As with figure 4, there is no indication of volume of finance in this data, but it does show that the profile of finance sources for support organisations has considerable overlaps with social enterprises – although they are unlikely to be competing for the same pots of money (although for the smaller support organisations that are themselves social enterprises, this is possible).

Figure 5: Sources of funding of the stakeholder organisations



Both Bay and Ramussen in their 2010 study and our interviews caused us to question the extent to which people want skills, versus accepting to go along with skills training as part of a package that includes what they are primarily interested in – cash. It seems that often finance is the primary (and often only) motivation for social enterprises engaging with support organisations. However, many are appreciative of the associated support provided once they start receiving it, and some more established entrepreneurs spoke about how they seek out particular types of support to help with specific areas of their business development – one example being a solar-energy provider who used networking events to identify reputable parts suppliers.

Mentoring

Many support organisations use mentors to provide business development skills (BDS) and technical support to enterprises. Mentoring can be formal – regular in-person meetings, informal and ad-hoc, or – increasingly – online, often on a needs basis – whereby social entrepreneurs can access mentors with specific skills sets and ask for help with a particular area of their operations. This approach is used widely for SMEs, but services that support social enterprises with the hybrid nature of their models are less common.

Several support organisations and businesses spoke about the need for experienced business people to support their activities. There is a lot of focus on youth entrepreneurship, a lot of activity around tertiary education facilities – however, for businesses to build strong foundations in order to grow, several entrepreneurs said that

they would benefit from mentors with at least ten years' experience. Specific social enterprise experience is more of a challenge, but often social enterprises need most help with aspects common to conventional businesses – marketing, attracting investment, distribution and supply chains, according to interviewees – although experience of how core BDS translates into the social enterprise context could also be important.

Interviewees felt that there is not a strong culture of giving ones time for free among potential mentors, and many are interested to know what they can get from it. Some support organisations – and social enterprise models – seek to overcome this by asking beneficiaries who graduate from their programmes to act as mentors themselves, as such building up a community of people who understand the value of mentoring and are prepared to give their own time to do it.

Some entrepreneurs are willing to give their time to support peers who are earlier in their business journey, but some of the social entrepreneurs said that honestly, this was not something they did once their businesses were viable and they were busy running them.

Networking opportunities

Entrepreneurs said that networks and networking events were only really of interest where there was benefit for the business, particularly investment opportunities – but also links to suppliers, staff and contractors, and information relevant to business development.

 ***There are lots of networks popping up, lots of good will – but often they don't provide anything then peter out. Trying to offer more structured and needs-based support such as social enterprise workshops, smaller expert working sessions, focus on practical training and peer-to-peer learning may be more successful – Stakeholder.***

Co-working spaces, accelerators and incubators

There are a growing number of co-working spaces for start-ups in Accra and Kumasi, some of which house accelerator and incubator programmes, and several of which have explicit focus on the social impact of the businesses they house and support.

iSpace is a tech co-working space that currently provides networking and mentoring opportunities and has what they call an 80:20 approach, whereby they request start-ups offer 20 per cent of their profits to social causes. As such, iSpace runs social programmes and events, such as a Hack for Good event, which brought together teams of mobile app developers and social-service workers (healthcare and education professionals) and a programme where female entrepreneurs are mentored on social media and marketing by high-achieving Ghanaian business people. This pro-bono support from tech companies has also helped iSpace partner in pro-development tech initiatives such as the Ebola Ghana Alert platform²¹. Similarly, Hub Accra was set up to provide an educate-incubate-invest model, partnering with an academic organisation (Open University of West Africa²²) and angel investor funds (such as Slice Biz) to support start-ups from idea stage through to being investable businesses. Hub Accra is sector-agnostic and, like iSpace, does not place tight criteria on entrepreneurs using the space. However it targets start-ups which are not only Africa-based but have a focus on creating impact, not just on the bottom line.

mFriday, based at KNUST in Kumasi, is another tech hub, with a membership of over 300 students and a team combining ICT developers, faculty members and business-school students seeking opportunities to create projects and companies to address economic growth and sustainable job creation. MEST also houses an incubator programme for graduates. Founded in 2010, the incubator provides seed funding, workspace and hands-on support for technology companies established by graduates. Neither incubator is focused on social impact; however, there is considerable interest by staff and incubated

²¹ <http://www.ebolaghanaalert.org/> The platform brings together healthcare professionals, IT experts, developers, and change makers to provide people in Ghana with a reliable and easy-to-use application for the tracking, training and disseminating of information to the general public about the Ebola virus

²² <http://www.ouwa.org/>

companies in the social and environmental impact of their work, and both organisations are linked to activities of more explicitly social businesses (for example, Louis Dorval at MEST is a co-founder of VOTO mobile, one of the enterprises interviewed for the study, which describes itself as mission-first). mFriday has run socially-focused activities: an ICT for Girls Workshop and a sanitation campaign.

One entrepreneur ran a co-working space when she first rented office space (having won an award for her social enterprise) but found it to be financially unviable – people wanted their own meeting spaces and couldn't afford to fund mentoring and training. Another interviewee said that most social entrepreneurs, like her, have to work from home, as hiring office space is too expensive.

Business development and technical skills support

Almost half of the support organisations interviewed provide some form of BDS to SMEs and social enterprises. Sometimes skills support is provided through mentoring schemes, sometimes by staff of support organisations directly – or a combination of the two. In terms of BDS, some organisations offer particular types of support to organisations at a particular stage of their development – for example Growth Mosaic supports small and growing businesses to access and manage growth investment and Start Up Cup focuses on fast-growing enterprise ideas that can get to market within six months. Some of Growth Mosaic's portfolio are hybrid model social enterprises.

A small proportion of organisations interviewed provide technical skills support in the form of sector expertise and professional advice, for example with product design. Several of the entrepreneurs mentioned that they are accessing such skills through mentoring, pro bono and corporate support. Organisations like MEST and iSpace are able to offer technical support on ICT and creative design given their in-house expertise, and possibility facilitated by the fact that they are sector-specific in their provision of support.

Business awards, competitions and fellowships

There are a range of business awards, competitions, networks and fellowship opportunities available in Ghana and to Ghanaian social entrepreneurs – but accessing information about them is time-consuming and difficult for those for whom it is not familiar territory. Many social entrepreneurs were tapped into particular networks of support – and interested to know about alternative options – but struggling to find time and resources to identify and approach all the sources of finance (and non-financial support) that might benefit their enterprise. This is not a problem specific to social enterprises; it is common to SMEs too.

As mentioned above, business awards and competitions are an important source of seed funding for social enterprises. They also serve as a useful and popular tool for support organisations to identify who is out there with a viable business plan in need of support. TechnoServe's Believe Begin Become (BBB) national business plan competition was launched in 2006 with support from USAID and Google. The first of its kind in Ghana, it targeted micro, small and medium-sized enterprises (MSMEs) over two years old (Bay and Ramussen, 2010).

Several of the entrepreneurs have benefited from fellowship schemes. These include Reach for Change, US-based Echoing Green, Ashoka (West Africa offices in Nigeria), Young African Leaders (at Yale), Aspen New Voices and Starting Block. As with awards and competitions, many fellowships are linked to funding and a range of support services – both formal (e.g. BDS) and informal, such as ad-hoc mentoring and networking – for example through the provision of a workspace. While some entrepreneurs felt frustrated if they hadn't been recipients of prize funding (or salary payments or stipends), most were very positive about the support they were receiving from various fellowships, seeing value not just from the finance available but also the support services – and the profile afforded to them by being selected as fellows.

Donor and NGO support

A wide range of donors and NGOs operate in Ghana. Many provide support to entrepreneurs in various forms and have played an important role in developing business-based approaches to promoting development. For example, one



long-established NGO support organisation has supported social enterprise explicitly as part of wider programmes focused on enterprise and value-chain development. A particular example was given of an agricultural social enterprise based in Tamale that faced problems with the governance structure, as there was conflict between board members on the extent of focus given to social and to-profit interests. This was dealt with in part by bringing farmers onto the board (through an association/co-operative set-up to nominate farmer representatives). In the model, farmers were paid a bonus when profits were made, rather than shareholders.

The research team spoke mainly to private-sector development staff within donor agencies. Most programming focuses on three areas: enterprise development, value-chain inputs and enabling environment issues. It was identified through this that social-sector teams within donor agencies may also be engaging with social enterprise as implementers of programmes. The main obstacle to this would be passing stringent due-diligence requirements.

Donors have used challenge fund models to allocate grants to businesses. For example, the UK Department for International Development (DFID)'s £4.2-million ENGINE programme, managed by TechnoServe, provides capital aimed at supporting the missing middle – businesses too large to rely

on small grants and loans, too small to access commercial capital. Potential ENGINE enterprises are required to pitch to an independent board, which includes investors – although not investing at this stage. This more rigorous approach ensures that firms have the potential to attract capital as they develop.

There is consensus within donor agencies, and many NGOs, around focus on poverty reduction and emphasis on economic development in Northern Ghana. AgDevCo manages DFID-funded Northern Ghana Catalytic Fund, for example, to which DFID hope some ENGINE graduate businesses could be referred on to for potential investment.

DFID has a range of programmes in the pipeline that may have more direct impact on social enterprise development. The first is StartUp!, a project that will work with intermediaries and is expected to be piloted in Ghana. The Global Innovation Fund is accepting its first applicants; the fund invests in social innovations globally (including in Ghana) and is a UK-based non-profit fund supported by DFID as well as USAID, SIDA, the Omidyar Network and Australian DFAT. The Amplify programme is another DFID-supported global programme, which seeks to facilitate open collaboration and innovation among innovators to solve stubborn development challenges.

Chambers of commerce and investment promotion organisations

There is considerable support available to both foreign businesses investing in Ghana and Ghanaian firms investing abroad and seeking access to foreign firm supply chains. Support comes in the form of trade and investment agencies, bilateral chambers of commerce and foreign offices or exterior ministries based in Ghana. Agencies such as UKTI are purely commercially focused, with no current capacity or incentives to support social enterprise models operating in Ghana. The UK Foreign Office collaborates with the DFID on a programme called Prosperity, which focuses in Ghana on private-sector development, improving the legislative environment around extractives and the general improvement of the business environment, all of which have at least indirect potential to support social enterprise development. A Dutch-founded social enterprise mentioned that they had received considerable support, when registering in Ghana, from a Dutch investment promotion entity via the Embassy.

Religious organisations

Although the study team was unable to interview any church- or mosque-based stakeholder groups, several social entrepreneurs mentioned the importance of their faith – and places of worship – to their business ethos, and to developing their business models. One entrepreneur spoke about the importance of his faith to help him through the ups and downs of starting a social enterprise. Another described how she initially raised awareness of her work through church groups. Places of worship can be important places to network and promote business (Bay and Ramussen, 2010). Furthermore, several churches have forums to discuss business (Bay and Ramussen, 2010) and provide support to small-scale entrepreneurial activity. One example of this is a US-founded church that provides micro loans or donations of initial supplies for female entrepreneurs and teaches them basic craft techniques to enable them to sell hand-made products and improve their domestic income.

Corporate support to social enterprise

Several stakeholders – both entrepreneurs and support organisations (some of which are also social enterprises themselves) have benefited from various forms of CSR support. There seemed to be a range of corporate sponsorship activity in the start-up and social enterprise scene in Ghana; for example, major food-processing companies provide food to events run by one of the social enterprises and a support organisation provides support from media and communications companies to social enterprises. Various social enterprises (and social enterprises that are also support organisations) have secured support from Google (e.g. from the Google Reach programme, which provides pro-bono support from Google staff), and from various companies operating in Ghana to assist with aspects of their business delivery, such as transport and telecommunications.

One oil company expressed interest in providing support specifically to social enterprises²³, although there is no evidence that this programme was implemented. Oil companies are identified as potential sources of funding, but two social entrepreneurs who mentioned having tried to access funds from oil companies were not successful (the companies they approached were not named). Wider trends for corporate activities to be focused on core business and business expertise, rather than CSR spending or wider social investment, may be more efficient and effective, particularly for the company, but may represent a loss of potential financial support directly to social enterprises if bespoke funding to social enterprises is removed.

Pro-bono support

Support organisations are able to provide social enterprises with in-kind support either through their staff or through mentoring programmes, volunteer technical advice and business training skills. Corporates also provide pro-bono support to social enterprises. For example, Good Get has received free consultancy on tax and regulatory issues from Ernst and Young.

Support organisations themselves also benefit from pro-bono support. Acumen Fund, for example, runs a formal fellowship programme for mid-career professionals to support portfolio companies, and also hosts experienced professionals within their office teams to support operations.

²³ www.tulloil.com/files/pdf/se_guidelines.pdf

CHALLENGES AND OPPORTUNITIES

06

Many of the constraints faced by social enterprise are generic to all businesses. This section seeks to highlight particular issues for Ghanaian social enterprises, as well as opportunities for growing the number of viable social enterprises operating in the country.

Financing gaps and appropriate finance

As is well documented in literature on financial support to social enterprise (social-impact investing), and to SMEs, is the fact that they require forms of capital appropriate to their stage of development. Grants and angel funding are often sought by early-stage social enterprises, many of which are also dependent on free labour (usually the founders') and informal support from friends, family and networks. However, as several interviewees suggested, businesses can't grow with grant capital alone. The discipline of returnable capital is important to testing and scaling social enterprise operations. Once up and running, social enterprises look to equity and concessional debt financing, given the challenge of securing commercial bank loans – both from the perspective of bank risk and of high interest rates for the borrower.

Many stakeholders indicated that there is a reasonable flow of early-stage grant capital, although for many social enterprises, getting the first injection of capital can be difficult – even if success with one grant process can then lead to much easier access to subsequent funding, owing to the mutual status accorded to funder's due-diligence processes and perceived reduced risk of supporting enterprises that someone else has already taken a risk on. As one interviewee pointed out, a strong flow of early-stage and growing social enterprises is vital to building a portfolio of sustainable businesses, as many early-stage ventures will fail. Co-ordination between early-stage financing was not highlighted as an issue during the study, which indicates that the market is not saturated.

Even for idea and early-stage support, stakeholders have difficulties in identifying viable businesses to engage with and invest in. Investment readiness (and even support readiness), from early stages, is

a serious constraint for enterprise generally and for social enterprises – lack of understanding of hybrid business models on both the entrepreneur and potential investor side act as further constraints. One investor told us that entrepreneurs often over-value their business, which makes their funding requests unrealistic and therefore unviable. The mismatch of supply and demand of finance is exacerbated by low competency levels among entrepreneurs to write funding proposals, prepare business plans, understand investment processes and structures, grasp the legal requirements and communicate in ways that investors respond to. Difficulties may be exacerbated for social enterprises if financing options do not suit hybrid models or if there are problems with the legal status of the social enterprise.

There remains a dependency environment around SMEs and social enterprises wanting to rely on grants and subsidised loans from government, donors and foundations (UNEP, 2013). For social entrepreneurs who recognise the limitations of grant financing, there is also a problem – particularly for those registered as non-profits – in graduating from grant funding, or in seeking capital which places an emphasis on business models and commercial viability (as well as impact) – which some entrepreneurs said is vital to creating the right incentives within their social enterprise operations.

Once social enterprises have reached the stage of investment readiness, the reverse concern is raised – the desire to find investors that share their social or environmental vision. One interviewee said that he had been reluctant to take on capital from investors whose incentives are not in line with his business ethos, out of concern that the investors' profit priority would negatively impact his social-enterprise model:



We want someone that cares about money, but cares about impact more – Social entrepreneur

Grants are required for capacity building and research-based activities to help social enterprise ideas develop into viable business models. There is scope, according to interviewees, for early-stage grant funding to be more targeted to specific needs that the entrepreneur has identified, rather than providing lump sums of seed funding, as the former is a better test of a business model and reduces risk for the grant-maker.

Operating costs can be crippling. For example, prohibitively expensive rents in Accra and requirements to pay one to three years upfront present difficulties for all businesses, and some property owners may be particularly nervous of having social enterprise tenants in commercial premises – part of the lack of public understanding that needs to be overcome.

Investors are keen to invest in Africa – one business school said it had been approached by a big private investment firm wanting to set up an equity fund for its alumni, but it doesn't have a large enough alumni business portfolio to support the \$100-million-plus investments the fund was seeking to make to achieve economies of scale in order to be commercially viable. The business school's alumni currently need to use social investors, many of whom are based abroad, and most raise capital abroad. These investors are prepared to accept lower returns and make smaller investments.

Large amounts of cash are dispersed through funds to start-ups, but it may be better to give out small amounts to more enterprises. Start-ups often only need small amounts of working capital to overcome early-stage cashflow constraints – a classic example being money to pay rent. One stakeholder noted that the UK government provides grants of £5,000 to start-ups, so an even smaller amount would be appropriate in Ghana.

Distribution and access to social markets

One of the biggest challenges identified was that of distribution. Reaching the last mile is the toughest nut to crack, particularly for product-based social enterprises. Alive and Kicking has been working hard to increase sales of its Ghana-made footballs in a market that is used to brand names at one end and cheap Asian imports at the other – building a market space for an ethical, quality product without a known sports brand is difficult. Similarly, Burro spent its first four years focusing on trials of building its own network of village-level, final-mile, direct-selling entrepreneurs, but has transitioned over the past two years to building channel development capabilities that leverage additional partners, including conventional retailers, civil-society organisations, financial institutions and NGOs. Although Burro talk to large national retailers, it feels that its customer base does not frequent petrol stations or large supermarket chains, which would potentially be more straightforward retail outlets with which to develop relationships. Alive and Kicking has faced similar challenges getting their product to market, and has recently received funding for a project to train people as sales representatives and distributors.

Marketing and public relations can also be challenging for social enterprises, where the concept is unfamiliar to the wider public, and when many social entrepreneurs are young – in a society that places considerable importance on age. Many young entrepreneurs use their friends to promote their businesses (Bay and Ramussen, 2010), and the research for this study revealed that tools such as Twitter and Facebook are used to raise enterprise profiles – but are less likely to help market goods and services within Ghana, particularly outside of urban areas, and among older, less educated and less well-off groups.

Service providers have different challenges – simply reaching some rural areas with their teams and equipment can be challenging, especially during rainy seasons – and to reach remote rural areas while being revenue-generating and commercially viable can mean that social enterprises are forced to be selective and limited about where they can operate (to a greater extent than grant-reliant NGOs, for example). While social enterprise staff can be highly motivated by

the impact of their work when they visit the field from offices in Accra or Kumasi, there is much less willingness to be based in remote areas permanently – and this may be a problem for several of the enterprises we spoke to as they wish to extend their operations in rural areas, where the need is often greatest.

Encouraging social innovation

Encouraging innovation is a challenge – there is a tendency for people to mimic other business ideas rather than explore ways of developing complementary businesses. There are alternatives – Bay and Ramussen (2010) give the example of Sydney who didn't get a job at Blue Skies after his national service there, but he decided to set up a distribution company to distribute Blue Skies products as he understood the supply chain and knew what gap existed and how to address it.

Encouraging critical thinking in education and increasing exposure to social enterprise concepts globally could help facilitate the generation of ideas. There is also a need to educate support organisations, which can sometimes become overexcited at particular enterprise models,

concepts or technologies and give them excessive – and unwarranted – attention. One social entrepreneur turned down funding from a donor wanting to work with a new and fashionable technology tool (raspberry pi) because she felt that this particular donor was captivated by the technology and wanted to roll it out across a far wider range than it was suited for, not understanding the needs of beneficiaries and that the technology was not suitable to all circumstances.

There is considerable focus being given to SME development²⁴ and youth entrepreneurship by government and a range of bilateral donors and foundations operating in Ghana at the moment. This offers an opportunity to engage such actors, educate them on the relevance of social enterprise to economic development and job-creation programmes. Various stakeholders who see themselves as commercially focused (e.g. UKTI, UK FCO) need to understand the commercial potential of social enterprise if they are to engage.

²⁴ E.g. the UK High Commissioner hosted an SME event in October at the UK residence



LESSONS FROM OTHER CONTEXTS

07

As the Dalberg papers on West Africa and Senegal (2011 and 2012, respectively) highlight, Senegal, Ghana and Nigeria are the main focus countries in West Africa for attention on social enterprise and social investment²⁵, with Nigeria seen as important because of the size of the economy and market, and Ghana because of economic and political stability. Language is a major barrier to engaging in Francophone

West Africa, and few support organisations and enterprises in Ghana are working with their Francophone neighbours. Acumen Fund is considering establishing Francophone and Anglophone West Africa offices (at present, their Accra office covers Ghana and Nigeria). Nascent social enterprise activity exists in the remainder of West Africa – Anglophone Sierra Leone and Liberia, and Lusophone Guinea-Bissau. However, it is likely that the Ebola crisis means little development is likely in the immediate future, although it may be important to rebuilding economies once the outbreak has been contained.

East Africa – the more advanced social enterprise environment of Kenya

Kenya is seen as a more established social enterprise scene than Ghana, with one of the study interviewees stating that his business idea drew on models he was aware of in Kenya. Kenya is a hub of activity on social enterprise, driven in no small part by the fact that Nairobi is a regional capital for development agencies and has a large expat and returnee population, as well as a vibrant NGO scene and private sector (Griffin-El and Darko, 2014). Ghana does not have the same regional status as Kenya – it is dwarfed population-wise and economically in the West Africa region by Nigeria. As in Kenya, the term social enterprise is relatively unfamiliar outside the social enterprise bubble, which has strong links to Accra: although many of the social enterprises spoken to for this study have operations outside the capital, almost all are either based in Accra or have fairly easy and frequent

access to the capital, which is unrepresentative of the population at large. However, political stability and greater ease of doing business in Ghana make it an attractive destination for impact investors, start-ups, returnees and support organisations.

Concerns about tax breaks for NGOs and social enterprises in Kenya (Griffin-El and Darko, 2014) are reflected in Ghana, where there is also a degree of distrust in the overall benefits of such subsidies in a context where there have been many examples of exploitation, particularly of funding opportunities, by self-serving individuals or entities posing as being socially beneficial.

As in Ghana, Kenyan SMEs and social enterprises are keen that the operating environment allows them to get on with work, with straightforward regulations for setting up social enterprises and clear information about regulatory requirements (Griffin-El and Darko, 2014). In Kenya, it was suggested that the private-sector body, KEPSA, could serve as an apex body for social enterprise (Griffin-El and Darko, 2014). Although we were unable to interview the equivalent body, PEF, in Ghana, no stakeholder mentioned it as a potential lead agency for social enterprise.

Social enterprises in Kenya seem to have engaged further with government than counterparts in Ghana – one social enterprise there is contracted by government to train doctors to use high-tech health equipment; another receives Ministry of Agriculture sponsorship for farmer event days for an insurance programme (Griffin-El and Darko, 2014).

²⁵ GIIN research on impact investing in Sub-Saharan Africa will only focus on Nigeria and Ghana in the West African region.

From the interviews conducted in Ghana, there was less interest in social enterprise-specific bodies, networking or co-ordination than found in a study of health and agriculture social enterprises in Kenya (Griffin-El and Darko, 2014). Ghanaian social enterprises, whether they self-identify as such or not, expressed that they are interested in relevant engagement opportunities, which would usually be closely linked to funding and investment opportunities, or to access to suppliers and publicity and marketing.

In Ghana as in Kenya, a lot of the organisations that offer potential support to social enterprises are agnostic about whether they are supporting SMEs or social enterprises; a few are socially focused and again agnostic about whether they are supporting NGOs or social enterprises achieving social change.

Global social enterprise learning: lessons from the UK

The UK has one of the most developed social enterprise scenes in the world, and the UK government – under different political parties – has promoted social enterprise for over a decade, using a range of tools. As such, there is much experience that that UK can share with other countries – not least to help them not make the same mistakes.

Many of the problems faced by the nascent social enterprise scene in Ghana – missing middle finance, issues of co-ordination of government support, poor understanding of the social enterprise concept for the public, but also elements in government – are also problems for the much longer-established social enterprise scene in the UK.

The following sections indicate some lessons that those developing the social enterprise ecosystem in Ghana might wish to consider.

Leadership for social enterprise

A significant reason why social enterprise gained traction in the UK is that it had champions within the senior echelons of government. Various stakeholders suggested that in Ghana, as in the UK, having individuals championing social enterprise would help the ecosystem to grow.

In the UK, one of the key instigators, Patricia Hewitt, has helped ensure that social enterprise remains on the agenda for the Ministry of Health, the department in which she first promoted it. Similarly, Sir Ronald Cohen's interest in social investment has been important in pushing social enterprise up the political agenda in the UK, as has the support it has received from Prime Minister David Cameron.

In the UK, social enterprise activity moved from what is now the Department for Business, Innovation and Skills (BIS) to Cabinet Office. Although Cabinet Office activities sit across government departments, meaning there is theoretical potential for social enterprise to be mainstreamed across government, stakeholders suggested that instead it has meant that social enterprise is not effectively embedded in departments that could offer the most benefit to social enterprise. Being in Cabinet Office means social enterprise activity is less connected with business, for example, and BIS does not systematically factor the requirements of social enterprise into programmes supporting local economic development and SME promotion.

The UK experience demonstrates the challenges of cross-government co-ordination in a developed-country context; expectations for government capacity to co-ordinate social enterprise support across departments in the context of numerous resource and governance constraints will need to be managed in Ghana where government is considerably more resource-constrained.

Social enterprise in the UK has received cross-party support, and this has been very important to continuing support for it. Stakeholders suggested that the Labour administration was slightly more focused on the social enterprise model and impact; the coalition government has focused more on social-impact investing – the financing rather than the delivery model. Government agencies in Ghana seem to replicate this focus, with activity around impact investing, but as far as the study team could tell, no specific interventions around the vehicles to receive impact investing and deliver social impact i.e. social enterprises.

The social enterprise bubble: generic or bespoke support?

According to one stakeholder, bespoke support to social enterprise has been shielded from the considerable cuts to generic business support in the UK in recent years. Support to social enterprise, according to him, is not integrated with mainstream business support so can be initially difficult for social entrepreneurs to know about and access – but once inside, there is a lot of support, effective referring between organisations and help navigating useful elements of mainstream business information and support.

While stakeholders felt that social enterprise would benefit from more effective mainstreaming into business policy making and SME support, it was also expressed that there is a need for social entrepreneurs to receive support from organisations that understand the specific challenges of operating double and triple bottom-line businesses – and that some mainstream business support cannot offer this.

Legal and regulatory factors

The UK has a range of options for legal registration, including the Community Interest Company (CIC) model, which one stakeholder said has been a significant factor in developing social enterprise. The CIC model suits certain types of venture and is seen to have been relatively successful, but it is not universally beneficial. There have been issues with certain forms of investment, for example, and many social enterprises still choose other legal forms.

A number of pieces of legislation support the social enterprise space in the UK – the recent Social Value Act is an example; while it did not go as far as to explicitly promote social enterprise in procurement processes, it builds in a social-impact component which, with support to access government contracts, offers important opportunities to social enterprises wishing to deliver goods and services to the public sector. As noted above, there are similar opportunities in Ghana for government and donors in particular to support social enterprise models to meet due diligence requirements to deliver goods and services through joint business and social-impact models.

The UK continues to grapple with legislation to promote social investment which safeguards impact while attracting investors; for example, social tax relief – and the extension of tax relief for investors in non-profit models that already existed for investors in for-profits. There is considerable scope in Ghana for further analysis of existing taxation structures and how they impact investment. GCII/VCTF work on impact investing begins this process from an investor perspective.

Perceptions of social enterprise

Even with the considerable support social enterprise has received from government, and the high profile of some UK social enterprise brands (such as the *Big Issue* and Jamie Oliver's Fifteen restaurant chain), there remains a lack of understanding of what social enterprise means in many quarters – including within government. A recent SME survey in the UK found that 24 per cent of SMEs perceive themselves as social enterprises, and five per cent meet the BIS definition of a social enterprise (BIS, 2013), many still crudely equate social enterprise with charity, and efficiency and sustainability with profit-making business.

It is important that social enterprise activity is documented in Ghana. Focus needs to be given to formal means of raising the profile of the sector – government, donors, investors – but also to building understanding across the population – through media, public engagement, and perhaps most importantly, increasing the brand presence in the Ghanaian market of social enterprises that are explicit about the social-impact component of their business models.





DEVELOPING THE SOCIAL ENTERPRISE ECOSYSTEM IN GHANA



There is a strong entrepreneurial culture in Ghana and a growing enterprise ecosystem. One interviewee suggested that for social enterprise to flourish, there is no need to reinvent the wheel, it's just that oil is needed to turn the wheel. Social enterprise-specific funds would help change perceptions.

Social enterprises want funders to understand the specific needs of their business models. Development partners need to adopt a business focus that marries the best practices from the private sector and in philanthropy. According to one stakeholder, giving things away is unsustainable, businesses can't grow on grants alone – it's the wrong mentality, it lacks discipline. Similarly, investors driven by financial returns but seeking to invest for impact need to be explicit about how they will value impact, as otherwise social enterprises will be reluctant to compromise their social enterprise business models.

Research to demonstrate social enterprise substance

There is a lot of 'noise' at the moment. [We] need to see what will become substantive – Stakeholder

As many social entrepreneurs are keen to build their brand presence, and to be open about the successes – and difficulties – they face, there is considerable logic to ensuring funding is available to support social enterprises themselves to document their progress and make this information public. This is achieved in part by reporting requirements of certain funders – although they must in turn make information public. It can also be facilitated through the documentation of social enterprise activity by the research community, in particular tertiary-education facilities in Ghana. The research uncovered a small number of dissertations and theses on the subject; there is likely to be a growth in such literature as people graduate from programmes such as the CIBT Social MBA. Students and academic institutions require minimal support to publish work that is potentially of wide value.

Defining social enterprise in Ghana

The concept of social enterprise is not universally nor consistently defined in Ghana. The primary assumption of many stakeholders interviewed was that social enterprise is almost synonymous with NGO activity. Any definition and understanding of social enterprise used in Ghana will benefit from being explicit that the commercial viability of a social enterprise is as important as its social mission.

I don't run away from the social enterprise label, but it is not one that I would embrace. I'm trying to make a billion dollars from the base of the pyramid while making a better life for them, earning their trust as consumers and accelerating investment. I've always approached what I do as a business – Social entrepreneur

The term social enterprise may be somewhat problematic in Ghana owing to the association with NGOs, to non-commercially viable entities or to easy-access to cash for conventional business models. Many entrepreneurs in Ghana refer to their models as mission-first, shared value²⁶ or hybrid' or a for-profit seeking to sell socially and environmentally beneficial products to the base of the pyramid. For the purposes of this study, the term social enterprise is synonymous with these terms. However, it should be noted that in order to develop the space for dual- or triple-purpose businesses (profit-social-environment), the term social enterprise in itself may be a barrier.

Not all social enterprises reviewed for this study define themselves as such, and the study has not explored whether organisations that did self-identify would meet the UK definition, for example.

²⁶ E.g. 8 Degrees North

Where there is limited or no incentive to self-identify, as in Ghana at present, few organisations do so. Many self-identifying social enterprises in Ghana are NGOs building in revenue generation (for-profit models often use other terms, see above).

The primary purpose of having a definition for social enterprise – or indeed any entity – is for legal and regulatory issues, which in turn can be important to providing bespoke financial and technical support. Unlike in Kenya (Griffin-EI and Darko, 2014) and Vietnam (Vu et al., 2014), there was little indication from interviewees for this study that a social enterprise definition in Ghana was needed to address regulatory or financial barriers. Although several social enterprises mentioned that they needed to find ways to work around the tax and legal structure, the main need identified in the study was to educate people more widely about the social enterprise concept – that social and environmental needs can be addressed through business models – rather than to promote a legal definition at this stage.

That said, almost all of the enterprises interviewed operate some form of hybrid model. As such, in order to establish an identity and support structures for social enterprises (as distinct from general businesses serving low-income customers, employing low-income staff or operating CSR programmes), the hybrid definition – provided in the introduction above – may be a useful tool.

Government, donor and corporate procurement opportunities

As in the UK, support for social enterprise to access government – and in the Ghanaian context – donor procurement opportunities could be important not only to building up the social enterprise ecosystem, but to improving service delivery through models which are both socially motivated and viable business entities driven by sustainable commercial models.

Older organisations tend to get funds more easily, have contacts and know how to write proposals – but are not necessarily best placed to take forward activities in innovative areas of the economy.

Local firms struggle to respond to local sourcing opportunities from government and from oil companies. Oil companies have been engaging with various partners to improve their local content, meaning the proportion of Ghanaian nationals involved directly in their operations or in their supply chain²⁷. Similarly, social enterprises require help to meet donor procurement opportunities. There is the potential to offer double-win benefits through using social enterprises to deliver development projects, increasing their business and allowing development agencies to contract commercially robust and sustainable entities that are not profit-maximising to their own ends.

Engaging with business as usual

Some interviewees raised concerns that focus on social enterprise distracts support to SME development, job creation and economic growth. It is important for social enterprises to be seen as part of this agenda – not a competing force, but a complementary one. It is right that the vast majority of business support organisations in Ghana are geared towards mainstream business – the majority of businesses are not built on social enterprise models. However, there is no harm to increasing understanding of the potential for business to have social impact throughout the private sector, and many for-profit, mainstream support organisations in Ghana increasingly recognise this. Successful social enterprises create jobs and economic growth; placing emphasis on effective business models and learning from enterprise and mainstream business are vital.

Social enterprises can also support mainstream businesses in their increasing quest to have genuine social impact through their core business activities. This could be through engagement in supply chains, sharing information about distribution and supplier engagement models, and shared thinking on employee engagement.

²⁷ As Ghana's oil reserves are offshore and began operating very quickly by industry standards, there is little job creation potential from drilling operations. Frustration at the lack of perceived benefit from oil and gas is being addressed by oil companies through attempting to up skill local companies to meet procurement requirements as suppliers. There is no evidence of social enterprise preference in this, but it represents another opportunity to demonstrate how shared-value business could be beneficial, for example to the oil company supply chain and to community relations.

❏ ***Social enterprise should not just be about making social work corporate, but social entrepreneurs can engage with corporations to help them redefine CSR – Social entrepreneur***

Social enterprises and support organisations, according to one long-established support organisation, should try to work with existing firms and entities and avoid starting from scratch.

Hybrid models and scale

Social enterprise models in Ghana are typically hybrid business forms, and in order to provide support to businesses that are distinct from mainstream SMEs, recognition and encouragement of such models will be important. Hybrid social enterprise forms can occupy niches that NGOs, the state and the mainstream private sector struggle to reach, and for this reason in particular they may merit particular support. Many social enterprises are small and experimental – this is an important phase of business development, but for impact, hybrid models need to be designed from the outset to scale, and funding and support needs to encourage enterprises and ideas with strong expansion potential – the ability to either go wide or go deep with what they do.



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Appendix 1: Methodology grid

Section	Research Question(s)	Method
Country Overview	What is the overall social/political/economic context in Ghana – to consider through the study	Lit review Key informant interviews
Perceptions/ definitions	How do different actors view social enterprise in Ghana? How do they view SE as a concept? How do they engage with social enterprise? What do they see as working/important/needing to change?	Interviews with stakeholders and social enterprises
Social enterprise profiles and social entrepreneurial activity in Ghana	What self-identifying social enterprises operate in Ghana and what is their profile? What non-identifying social enterprise-relevant activities exist, what is their profile?	Desk-review and interviews
Enabling environment	What are the regulatory factors affecting social enterprise? What is the financial context for social enterprises? Who invests, in what, why/why not? What enabling activity exists? What are the gaps, constraints and opportunities? Who are the relevant enabling environment actors and what roles are they and could they play?	Background lit review of regulation and government role, of financial actors and financing issues, and of non-financial enabling activities. Stakeholder interviews
Evidence from UK and elsewhere	What can Ghana learn from evidence in other social enterprise contexts? (particular focus on UK)	Background literature Stakeholder interviews
Successes, constraints, gaps and opportunities	What are the overall lessons from the study for enabling environment actors and social enterprises?	Analysis

Appendix 2: List of interviewees

Interviewee Name	Organisation
Alison Roadburg	iSpace
Alloysius Attah	Farmerline
Amma Baffoe	Meltwater Entrepreneurial School of Technology (MEST)
Andrew Ayiku	Catholic Institute for Business and Technology (CIBT)
Andy Thornton	8 Degrees North and AfriKids
Anna Armo-Himbson	National Board for Small Scale Industries (NBSSI)
Anthony Ebow Spio	Ashesi University
Anthony Owusu Ansah	GIMPA Centre for Impact Investment (GCII)
Ato Barnes	Canadian International Development Agency-Project Support Unit (CIDA PSU)
Chris Roe	Alive and Kicking
Dan Gregory	Social Enterprise UK
Daniel Mensah	UK Department for International Development (DFID)
David Aduama	Esoko
David Hutchful	Grameen Foundation
Deborah Ahenkorah	Golden Baobab
Dorinda Stewart-Kline	Upcountry Coffee
Edison Gbenga Ade	AgriPro
Elvira de Rooij	Goodget

Emmanuel Ako-Adjei	Korle Bu Vision Centre
Emmanuel Nyame	Start Up Cup
Emmanuel Sackey	Danish International Development Agency (DANIDA)
Gifty Blekpe	CARE
Guilia Tavalato	Reach for Change
Jib Hagan	C.A.R.E Computers for Developing Countries Limited
Josiah Kwesi Eyison	iSpace
Kofi Afful	GIMPA Centre for Impact Investment (GCII)
Kofi Afresah I. Nuhu	Ministry of Trade and Industry (MOTI)
Kwami Williams	MoringaConnect
Kweku Adu Mensah	Local Enterprise Skills Development Program(LESDEP)
Lauren Grimanis	Akaa Project
Lily Cudjoe	Devio Art Centre
Louis Dorval	MEST and VOTO mobile
Marian Ewurama Wiredu	IT4Teens/Smart Information Systems Company Limited
Martin Fodor	World Bank
Mohammed Pelpuo	Youth Enterprise Development Programme
Mohammed-Aminu Sanda	University of Ghana Business School(UGBS)
Nate Heller	Persistent Energy Ghana
Paula Woodman	British Council
Pearlyn Budu	VOTO Mobile
Percival Ampomah	Venture Capital Trust Fund(VCTF)
Pierre Brunache	mfriday
Prince Akpesey	Acumen Fund
Regina Agyare	Soronko Solutions
Sabastian Deh	Council for Technical and Vocational Education and Training (COTVET)
Samual Baba Adongo	TechnoServe
Samuel Gyabah	Samalex Solutions
Sara Nana Yeboah	Sangy Foundation
Serwah Quaynor	Autism Awareness Care and Training (AACT)
Sharon Ganney	UN Trade & Investment services (UKTI)
Simon Ingram-Hill	British Council
Stuart Gold	Trashy Bags
Susan Sabaa	Child Research Resource Centre
Tanya Williams	UK Foreign and Commonwealth Office (FCO)
Tom Fox	UnLtd
Victor Rutgers	China Europe International Business School (CEIBS)
Wayne Miranda	Growth Mosaic
William Senyo	Hub Accra and Slice Biz
Whit Alexander	Burro

Appendix 3: Legal instruments, actors and policies influencing social enterprise

Legal Instrument/Act/Policy	Ministry /Agency/Department	Year	Relevance to social enterprise		
			Indirect	Interme- diate	Direct
Communications Service Tax (AMENDMENT) ACT, 2013	Ghana Revenue Authority	2013			Ö
Coordinated Programme of Economic and Social Development Policy	Ministry of Trade and Industry	2010-2016			Ö
Private Sector Development Strategy	Ministry of Trade and Industry	2010-2015			Ö
High Impact Rapid Delivery (HIRD)	Ministry of Health	2007/08		Ö	
Ghana Poverty Reduction Strategy	Ministry of Finance and Economic Planning	2003-2005			Ö
Ghana Infrastructure Plan	National Development Planning and Commission	2012			Ö
Renewable Energy Act (Act 832)	Ministry of Energy	2011			Ö
Public Private Partnership (PPP) Policy	Ministry of Finance and Economic Planning	2011		Ö	
National Irrigation Policy Strategies and Regulatory Measures	Ministry of Food and Agriculture (MOFA)	2011		Ö	
Water Use Regulations	Ministry of Water Resources Works and Housing	2011			Ö
Ghana Bioenergy Policy	Energy commission	2010		Ö	
Local Content Policy	Ministry of Energy	2010		Ö	
National Science, Technology and Innovation Policy	Ministry of Science, Environment and Innovation	2010	Ö		
Environmental Sanitation Policy (Revised)	Ministry of Local Government and Rural Development	2010		Ö	
National Environmental Sanitation Strategic and Action Plan (NESSAP)	Ministry of Local Government and Rural Development	2010		Ö	
Ghana Shared Growth and Development Agenda	National Development Planning Commission (NDPC)	2010	Ö		
Livelihood Empowerment Against Poverty Program (LEAP)	Ministry of Gender and Social Protection	2010		Ö	
National Youth Policy of Ghana	Ministry of Youth and Sports	2010			Ö
Ghana Revenue Authority Act, 2009 Act 791	Ghana Revenue Authority	2010			Ö
SADA Act of 2010, ACT 805	Government of Ghana	2010			Ö
Ghana Medium Term Agriculture Sector Investment Plan (METASIP)	Ministry of Food and Agriculture	2009		Ö	
National Energy Policy	Ministry of Energy	2009	Ö		
National Energy Policy (Revised)	Ministry of Energy	2009	Ö		
Renewable Energy Policy Framework for Climate Change Mitigation	Energy Commission	2009		Ö	
ARB-APEX Bank (Act 749)	Bank of Ghana	2009		Ö	
Health Sector Gender Policy	Ministry of Health PPME(NAS unit)	2009		Ö	
Industrial Sector Support Program (ISSP)	Ministry of Trade Industry	2009			Ö
Draft Medium-Term National Development Policy Framework	National Development Planning Commission	2009	Ö		
Ghana Education Act (Act 778)	Ghana Education Service	2008		Ö	
Electricity Regulations LI 1937	Energy commission	2008			Ö
National Social Protection Strategy (NSPS): Investing in People	Ministry of Manpower Youth and Development (MMYE)	2008			Ö
National Pensions Act (Act 766)	Ministry of finance and Economic Planning	2008		Ö	

Communication Service Tax, 2008 (Act 754)	Ghana Revenue Authority	2008	Ö	
Electronic Communications Act, 2008 (Act 775)	Ministry of Communication	2008	Ö	
Social Development Fund Act of 2008 (Act 718)	Council for Tech. and Voc., Education and Training	2008	Ö	
Food and Agriculture Sector Development Policy (FASDEP II)	Ministry of Food and Agriculture	2007	Ö	
Health Related Millennium Development Goals	Ministry of Health	2007	Ö	
National Water Policy	Ministry of Water Resources Works and Housing	2007	Ö	
Early Childhood Care and Development Policy	Ministry of Gender and Social Protections	2007	Ö	
Ghana Microfinance Policy (GHAMP)	Ministry of Finance	2006	Ö	
Drilling License and Groundwater Development Regulation	Water Resources Commission	2006	Ö	
Energy Efficiency Standards and Labelling	Energy Commission	2005	Ö	
Health Sector ICT Policy and Strategy	Ministry of Health	2005	Ö	
Policy Guidelines on Traditional Medicine	Ministry of Health	2005	Ö	
Ghana Trade Policy	Ministry of Trade and Industry	2005	Ö	
National HIV/AIDS and STI Policy	Ghana AIDS Commission	2004	Ö	Ö
Venture Capital Trust Fund ACT 680	Government of Ghana	2004		
2003 Education Sector Strategic Plan	Ministry of Education	2003	Ö	
Local Government Act 2003 (Act 656)	Ministry of Local Government and Rural Development	2003	Ö	
Customs and Excise (Duties and Other Taxes) (Amendment) Act, 2013	Ghana Revenue Authority	2003	Ö	
Tax Identification Act 2002	Ghana Revenue Authority	2002	Ö	
National Gender and Children Policy	Ministry of Women and Children Affairs	2001	Ö	
Ghana Education Trust Fund Act (Act 581)	Ghana Education Service	2000	Ö	
Internal Revenue Act, 2000	Ghana Revenue Authority	2000	Ö	
Ghana Education Trust Fund Act, 2000 (Act 581)	Ghana Revenue Authority	2000	Ö	
Export Development and Agricultural Investment Fund Act 582	Ministry of Trade and Industry	2000	Ö	
National Land Policy	Ministry of Local Government and Rural Development	2000	Ö	
Community Water and Sanitation Agency (Act 564)	Ministry of Local Government and Rural Development	1998	Ö	
Social Investment Fund Act 179	Government of Ghana	1998	Ö	
Value Added Tax Act 546, 1998	Ghana Revenue Authority	1998	Ö	
Energy Commission Act (Act 541)	Energy commission	1997	Ö	
Water Resources Commission (Act 522)	Ministry of Water Resources Works and Housing	1996	Ö	
National Environmental Policy	Environmental Protection Agency	1995	Ö	
Environmental Protection Agency Act (Act 490)	Ministry of Science, Environment and Innovation	1994	Ö	
Electronic Communications Regulation, 2011 (L.I.1991)	Ministry of Communication	1991	Ö	
Irrigation Development Authority	Ministry of Food and Agriculture	1977	Ö	
The Companies Code, 1963 (Act 179)	Registrar General's Department	1963	Ö	
The Partnership Act, 1962 (Act 152)	Registrar General's Department	1962	Ö	
The Business Name Act, 1962 (Act 151)	Registrar General's Department	1958	Ö	

Appendix 4: Government funds and initiatives

Fund	Relevance to SE	Year of Establishment
Youth Entrepreneurship Support (YES)	Start-Up support	2014
Ghana Infrastructure Investment Fund (GIIF)	Infrastructure Development	2014
Enterprise Development Centres(EDC)	Enterprise/Business Development Services	2014
Local Enterprise and Skills Development Program (LESDEP)	Skills Development	2011
Savanah Accelerated Development Authority(SADA)	Focused On northern regional development	2010
Export Trade, Agriculture and Industry Development Fund (EDIF/EDAIF)	Agro-processing/Export/manufacturing	2000 and 2011
Ghana Youth Employment and Entrepreneurial Development Agency (NYEP/GYEEDA)	Youth Entrepreneurship Program	2004/2009
Social Development Fund (SDF)	SME support	2008
Microfinance and Small Loans Centre (MASLOC)	Boost local industry	2007
Venture Capital Trust Fund (VCTF)	Business Equity financing	2004
Presidential Special Initiatives) (PSI)	Specific Presidential Interventions	2004
Ghana Private Sector Development Facility (MPSD/ GPSDF)	Private Sector Development	2004
Ghana Investment Fund for Electronic Communications (GIFEC)	Support for Rural ICT Infrastructure	2004
Ghana Education Trust Fund (GET-Fund)	Education	2000
Social Investment Fund (SIF)	Micro-Finance Capitalisation	1998
Rural Enterprise Development (REP)	Rural Enterprise Development	1995
EMPRETEC	Enterprise Skills and Technology Support	1990
PAMSCAD	Financial assistance	1985
African Project Development Facility	Support African Entrepreneurs with Business Advisory Services	1986
GRATIS	Skills and Technology promotions within the SME space.	1987
Business Development Fund		n.d.





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