



# The Landscape of Social Enterprise in Ghana

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We set out to learn:

- What social enterprises operate in Ghana and what they are doing
- Who is helping them and how
- What challenges are faced by social enterprises in Ghana
- Opportunities to build the Ghanaian social enterprise ecosystem
- How people in Ghana perceive and define social enterprise
- How best the British Council can support social enterprise in Ghana

We did this by:

- Reviewing available information about social enterprises in Ghana, and related literature on enterprise and private sector development, social impact investment and social development
  - Conducting interviews with a wide range of stakeholders
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## What is a social enterprise?

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- Social enterprises seek **social** and/or **environmental impact** as their **primary purpose**
- They can be **for-profit, non-profit or both**
- They seek to be **financially sustainable**
- They **re-invest profits** (all, or a proportion) back into the business, or into social/environmental causes



## What is a social enterprise?

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Typically, a social enterprise business model significantly modifies its commercial orientation to achieve social/environmental impact:

- Sharing financial surplus with customers as co-owners
- Reducing financial surplus by paying above-market premiums or guaranteed prices
- Cross-subsidizing business activities or customers
- Seeking long-term partial subsidy (from government or donor) to achieve social purpose



# Defining social enterprise for this study - reviewing a spectrum to understand social enterprise concept in Ghana

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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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## Why does social enterprise matter for Ghana?

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- State, market and NGO failures mean – lack of access to regular incomes and basic social services: health, education, clean water and sanitation
- Social enterprises reach customers, suppliers and producers that NGOs, traditional business and the state doesn't
- Social enterprises can identify paths to more inclusive economic growth and social development – they can shift value chains and sub-sector activities to increase returns to people that Ghana's growth and development has, so far, left behind



- Term 'social enterprise' not well known in Ghana
- Social enterprise is associated with charity – not business models
- CSR is more familiar
- Inclusive business is becoming more common
- The distinction between social enterprise 'impact first' models and socially beneficial business activities is not well understood

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



## Where have social enterprises come from in Ghana?

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- During structural adjustment in the 1980s, economic change led to public sector job losses and an increased role for private sector
  - The economy is growing fast, but many Ghanaians are still poor and lack access to basic social services such as healthcare and education
  - There are many NGOs but they struggle to be sustainable
  - Cooperatives like Kuapa Kokoo show ways to empower members sustainably improve livelihoods
  - Strong social emphasis on providing support to extended family extends to business and voluntary practices
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**“I think about 60% of social enterprise activity in Ghana is influenced by returnees”**

**Social enterprise is benefiting from a diaspora brain gain!**

**There is a big opportunity to reach out to the wider community in Ghana to engage in social enterprise**

# Social enterprise in Ghana - findings



We spoke to 24 social enterprises for the study

They operate lots of sectors, including:

- Agriculture
- Education and skills
- Health
- Clean tech and energy
- Water and sanitation
- Justice
- Creative industries

Between them, they have created **531** jobs

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## Social Enterprises in Ghana

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- Most social enterprises were based in Accra, but worked in regions outside Greater Accra
- Start-up and early stage funding often comes from personal networks – friends, family, savings, university business awards and fellowship schemes
- Over half were set up to be social enterprises from the start

## STEM and IT training for marginalised girls



## Livelihood, therapy and life skills for young people with autism

Photos courtesy of Soronko Solutions and AACT





Market info by SMS for farmers

## Improved use of, and higher value from sales of super-crop moringa





The 2014  
Golden Baobab Prizes  
for African Illustrators

Picture courtesy of Golden Baobab

African fiction for African children!



Home-grown footballs that provide funding for health through sport programmes

Making quality consumer goods from waste plastic and other materials





## Business models and legal status

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- Social enterprises in Ghana have two options when registering:
    - For profit (sole prop, partnership or limited liability)
    - Non profit (cooperative, company limited by guarantee)
  - For profit = difficulty accessing grants
  - Non profit – difficult accessing equity, risk of being seen as a charity
  - So some social enterprises register as both!
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- Social enterprises, especially early stage, may not pay competitive wages – but offer their staff satisfying jobs plus training and experience
- Finding social enterprise skills sets is a challenge
- Jobs in social enterprise can be highly rewarding, but many don't want challenging postings in rural locations – where the needs are highest
- Southern bias



## Scaling up and replicating success

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- Some of social enterprises had clear plans to scale up
- Many expressed willingness to share learnings with peers, and to replicate their ideas in Ghana and beyond
- Successful social enterprises are receiving offers of support, and realise they need to grow at a manageable pace



Upcountry Coffee, a coffee processing enterprise that wants to scale but faces barriers to meet existing demand

# **Social enterprise support organisations in Ghana**



## Support Organisations

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29 support organisations interviewed for the study which included:

- Social investors
- Academic institutions
- Government agencies
- Donors
- Foundations
- Accelerators and Incubators

And other organisations providing:

- Workspaces
- Technical assistance
- Mentoring providers

**“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. The work I do now has meaning.”**

**Social Investment Fund  
employee**

Growth Mosaic supports small and growing businesses to access and manage investment – some of their portfolio are hybrid-model social enterprises



Reach for Change hold an annual social enterprise competition to provide stipends and mentoring support to social enterprises. They also ran a TV social enterprise business contest – Game Changers with Viasat in 2014.



# Business Development and Technical Support

# Co-working spaces for start ups



Some have explicit focus on the social impact of the businesses they house and support

**“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 support such as social enterprise workshops, smaller expert working sessions, focus on practical training and peer-to-peer learning may be more successful”**



## Support for social enterprises

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- The public sector provides services, the private sector provides job – why should hybrid social enterprises receive bespoke support?
  - They address needs amongst the poorest that the public sector lacks the resources to address, and the private sector lacks the commercial viability to
  - Hybrid social enterprises are in many ways like conventional start-ups and MSMEs – but because they don't prioritise maximizing profit, they may need:
    - different types of finance
    - government understanding about how they pay tax and register, and
    - support with building businesses that have robust social and financial credentials



## Social impact investment

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- Social investment are forms of finance which seek social/environmental returns, as well as potentially requiring financial returns, from their investments. Some social investors provide returnable capital – debt and equity (money for a share of the business). Some provide grants. Several provide forms of technical assistance and mentoring alongside finance, to help reduce the risk of the investment – to help the social venture to sustain and grow
  - A growing number of funds investing in start-up and social impact activities in Ghana, for example **Acumen Fund** – which uses philanthropic capital to invest in social enterprises and **Slice Biz**, a diaspora investment fund, providing equity to start-ups.
  - A strong flow of early-stage social enterprises is vital to building a portfolio of investable ventures, because many will fail – as in traditional business
  - Lack of investment readiness, and even grant support readiness, is a major constraint for social enterprises to attract capital
  - Once a social enterprise becomes more established, finding suitable investors can be a problem: *“we want someone that cares about money, but cares about impact more” Social entrepreneur*
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## Challenges to be overcome

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- Access to appropriate finance
- Access to communities and to markets for engagement, empowerment and distribution of goods and services
- Easier regulatory processes and access to work with, and for, government
- Understanding of social enterprise – and raising business skill levels among social entrepreneurs



## Next steps to build a social enterprise system in Ghana

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- Government support is crucial:
  - Add social value clause to procurement laws
  - Build existing MSME support and make sure it is relevant and accessible to social enterprise
  - Improve access to government ministries for social enterprises, to collaborate more effectively
- Voices for social enterprise – such as business associations, coalitions
- Social entrepreneurship education across schools and universities

**“Some really fantastic things (are) going on but often off the grid, not getting support. One thing social enterprises need to do is raise their profile”**



# Social Enterprise Landscape in Ghana

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Conducted by



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**Shaping policy for development**

**<http://www.odi.org/odi-on/3043-social-enterprise>**

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