



The Landscape of Social Enterprise in Ghana

Emily Darko

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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?



- 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?

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

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?

- 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



Social enterprise vs CSR

- 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?

- 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



Social Enterprises in Ghana

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



Social Enterprises in Ghana

- 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

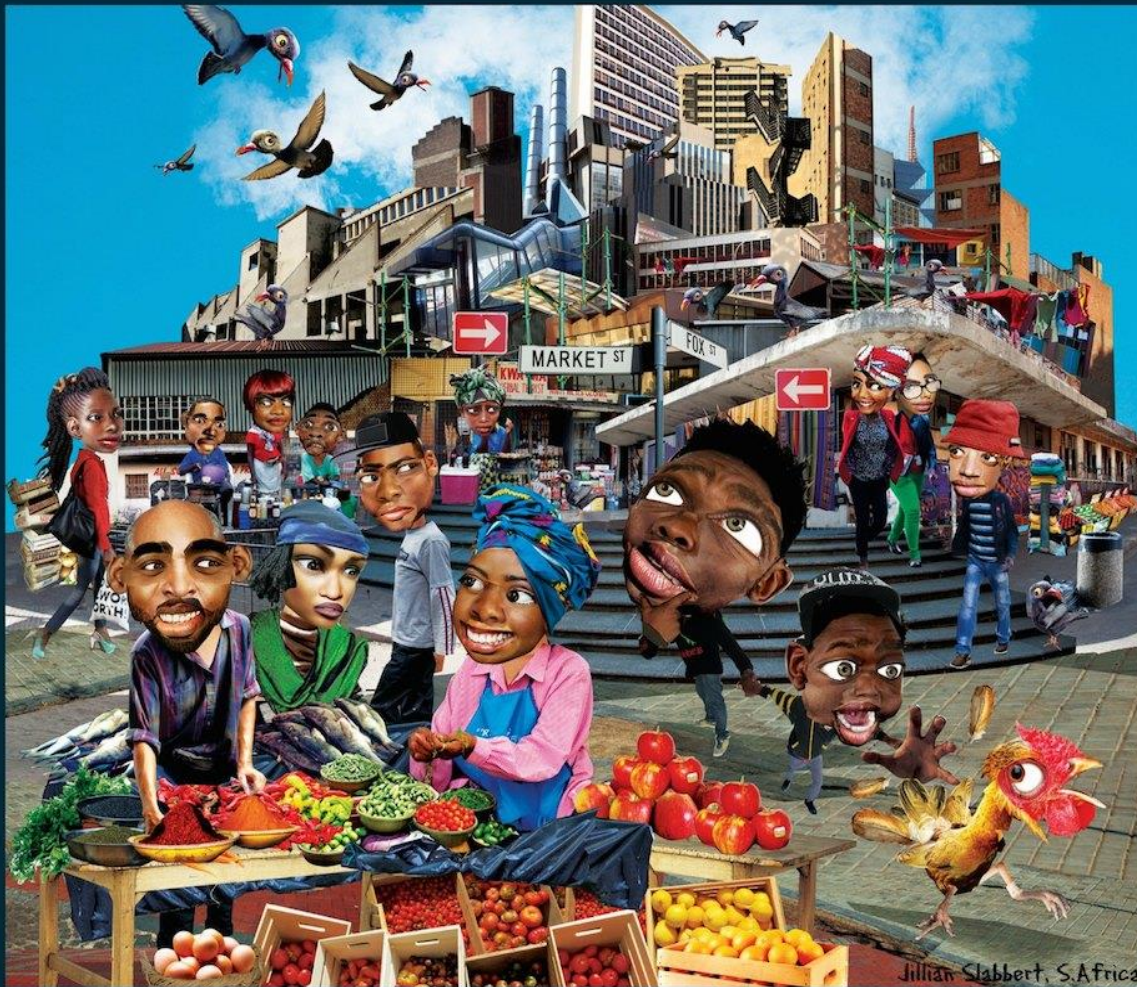





Market info by SMS for farmers

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







 The 2014
 Golden Baobab Prizes
 for African Illustrators



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

Making quality consumer goods from waste plastic and other materials

Photos courtesy of Trashy Bags and Alive & Kicking





Business models and legal status

- 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

- 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

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

- 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

- 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

- 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

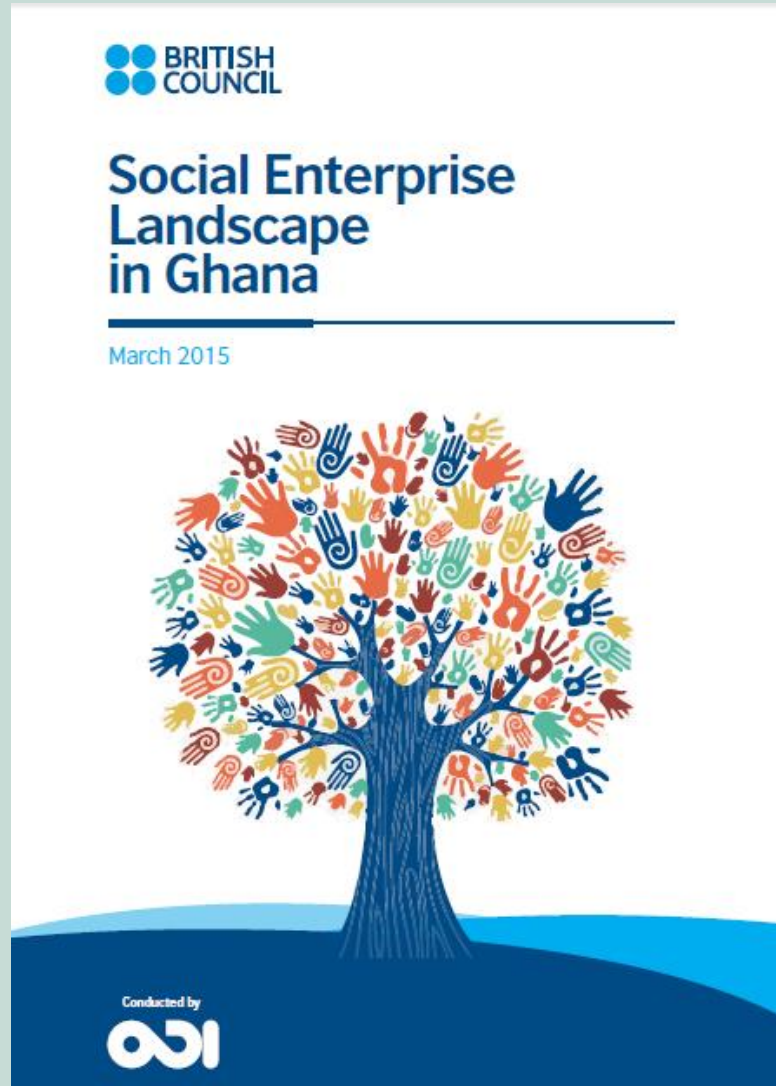


Next steps to build a social enterprise system in Ghana

- 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”

Read our report!





Shaping policy for development

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

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odi.org.uk
e.darko@odi.org.uk