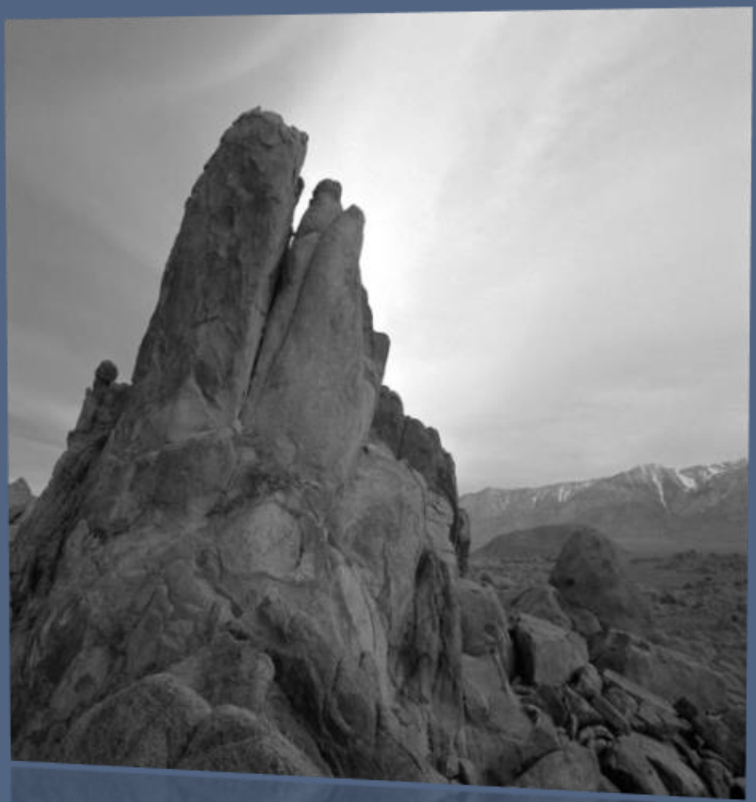

ANALYSIS OF IMPACT INVESTING POLICIES IN GHANA

MARCH,2020

Executive Summary

Pollution, natural resource exhaustion, income inequality, and increasing healthcare costs are new problems requiring attention across the globe. In this regard, impact investing has emerged as an innovative cross-sector arrangement to support the work of the impact sector while still generating financial revenue. In this process, impact investors provide capital to impact-purpose organizations (SPOs), with objective of creating both financial and impact returns.

Investment with an objective to create measurable social or environmental gain in addition to financial return has received increasing attention over the years. This includes policymakers drawn by both the promise of leveraging private capital to support public purpose and the opportunity to make better use of scarce resources to support important social benefits. A robust government policy provide a useful tool for assessing impact investing as the availability of capital from asset investors is closely tied to the public policy environment. A viable policy also encourage investment by supporting private capital for investment in underserved communities or by creating investment opportunities that subsidize business enterprises delivering defined social benefits.

The study undertakes policy analysis on social impact investing. The objective was;

1. To undertake policy analysis to understand some key policy changes that are necessary for the growth of impact investing and development of any national impact-investment fund.
2. Review of relevant policies to identify potential areas of policy change required. Some of the policies and legislation reviewed in

Ghana context include Ghana Venture Capital Trust Fund, Public Procurement Act, The Companies Act, MSME Policy, The Securities Industry Act and Pension Act.

The evidence supporting the role of social impact investing in fostering the socio-economic development of nations are evolving continuously. However, the policies and legal framework concerning the creation and management of social impact investing are yet to be crafted in Ghana.

The analysis reveals policy development efforts by developed countries. However, there is scattered and inadequate social impact policy framework in Ghana. Hence, the study recommends the following sex criteria as foundation for development of robust policy framework for impact investment in Ghana;

a) Targeting
b) Transparency
c) Coordination
d) Engagement
e) Commitment
f) Implementation.

1.0. INTRODUCTION

During the past decade, efforts have been made to build a formal impact investing industry at a global level. Market infrastructures, networks, platforms, and methods to measure impact impacts have been established .In addition, academic research has provided empirical evidence that impact investing has been successfully implemented in a wide range of forms (Ormiston, et al, 2015). The emergence of impact bonds has also actively included public capital in the practice of impact investing. Across the globe, there are currently 89 impact bonds being implemented and capital amounting to USD 322 million has been raised for the projects (Impact Finance UK, 2017).

Geographically, the major actors in the impact investing market are based in Europe and North America (Jackson, 2013). However, According to British Council (2015) Ghana is receiving a lot of attention from the impact investing community. Despite the attention and support, more commitment is needed to stimulate the development of impact investing in Ghana.

The review of policies and regulatory and legal framework on impact investing is aimed at achieving this.

2.0. IMPACT INVESTMENT

Impact investment is the use of money to generate both impact and financial returns, offering a way to help impact organizations access suitable financing and improve their ability to deliver impact. In other words, GIIN (2017) defines impact investments as "investments made into companies, organizations, and funds with the intention to generate impact and environmental impact alongside a financial return. Impact investment can be used to finance the day-to-day delivery of a specific programme, such as upfront funding to deliver an outcomes-based contract, or it can be used to help enterprises realize their mission over the long term by helping them develop their strategy and service model and expand their operations. It demonstrates how finance can be

harnessed to make progress across the private, public and impact sectors and, perhaps most notably, in the areas where they intersect.
Likewise, impact investors are defined as those having the following three characteristics:

a. Expectation of financial return: Expectation of a positive financial return over the life of the investment.
b. Intention to create impact: Stated intention to create positive impact or environmental impact.
c. Commitment to measure impact: Commitment to measure and track impact and/or environmental impact.

According to a BCG and Young Foundation paper in 2011, the key criteria of impact investment should be that impact returns are clearly defined *a priori* and are not an incidental side effect of a commercial deal and that the investor expects a financial return of at least a repayment of capital (Brown and Norman, 2011)

3.0. GLOBAL PERSPECTIVE ON IMPACT POLICY AND REGULATORY FRAMEWORK

3.1. Big Society Capital

Big Society Capital (BSC) was established as an independent financial institution by UK Government to develop and shape a sustainable social investment market in which social sector organizations can access the capital they need to increase their positive impact on society. BSC was launched in 2012 and is the first social investment bank in the world. BSC is a 'social investment wholesaler' that provides finance to social investment finance intermediaries (SIFIs). These are organizations, provide appropriate and affordable finance and support to frontline charities, social enterprises and voluntary organizations.

BSC seeks to achieve its objectives by addressing key market failures in the social investment market, ultimately increasing the social impact achieved by frontline social sector organizations.
The five key areas of activity include supporting or providing: capitalization and balance sheet growth; risk and working capital; sustainability and organizational growth; market mechanisms and infrastructure; advice, skills and information.
BSC was funded from GBP 400 million in dormant bank accounts and with GBP 200 million from the four major banks namely Barclays, HSBC, Lloyds, and Royal Bank of Scotland). Most of BSC's GBP 600 million in capital is for investment in social finance investment intermediaries. BSC seeks to achieve financial sustainability over the long term.

3.2.Global Impact Investing Network

The Global Impact Investing Network (GIIN) is a nonprofit organization dedicated to increasing the scale and effectiveness of impact investing. The GIIN was initiated in 2007, when the Rockefeller Foundation gathered a small group of investors to discuss the needs of the emergent impact investing industry. In 2008, a group of investors from around the globe met to discuss what it would take for the impact investing industry to be able to solve more social and environmental challenges with greater efficiency. A year later, the GIIN was formally established as an independent organization.
The GIIN addresses systemic barriers to effective impact investing by building critical infrastructure and developing activities, education, and research that attract more investment capital to poverty alleviation and environmental solutions. Specific initiatives include outreach, network membership, the Investors Council, online global directory of impact investment vehicles and IRIS.
The Impact Reporting and Investment Standards (IRIS) is a set of metrics that can be used to describe an organization's social, environmental, and financial performance. IRIS is designed to address a major barrier to the growth of the

impact investing industry - the lack of transparency, credibility, and consistency in how organizations and investors define, measure, and track their performance.

3.3.Social Impact Bonds

Social Impact Bonds (SIBs) are a form of an outcomes-based contract in which public sector commissioners commit to pay for significant improvement in social outcomes (such as a reduction in offending rates, or in the number of people being admitted to hospital) for a defined population. SIBs are an innovative way of attracting new investment around such outcomes-based contracts that benefit individuals and communities.

With the Social Impact Bond, private investment is used to pay for interventions, which are delivered by service providers with a proven record of accomplishment. Financial returns to investors are made by the public sector based on improved social outcomes. If outcomes do not improve, then investors do not recover their investment.

SIBs provide up front funding for prevention and early intervention services and remove the risk that interventions do not deliver outcomes from the public sector. The public sector pays if and only if the intervention is successful. By this, SIBs enable a re-allocation of risk between the two sectors.

The SIB model has spread across UK and other countries, including the United States and Australia. The SIBs focus on a range of social issues including, criminal justice (UK, US and Australia), child/family support (UK, US and Australia), homelessness (UK, US), employment (UK, US and Israel) and health (Israel and UK). These and many other new models are currently being developed in a growing number of countries. An adaptation of the SIB model has been created for developing countries called Development Impact Bonds (DIBs). These financial instruments provide new sources of financing from private investors to improve development outcomes. Public sector entities, including the governments of developing countries and donors engaged in those countries, face similar societal problems to the ones that the SIB model tries to address in developed countries. DIBs therefore seek to improve the effectiveness of traditional donor-funded projects by shifting the focus on to implementation quality and the delivery of successful results by introducing private sector actors who may be better-positioned than the public sector to take on risks associated with innovation

3.4.London Social Stock Exchange

The London Social Stock Exchange was established in 2013 with the aim to become an FSA-authorized and regulated investment exchange for trading in securities of social enterprises and other social purpose businesses (HM Government 2013a).

The London SSE seeks to connect socially focused businesses with investors looking to generate social or environmental change as well as financial return from their investment. This is done by providing investors with information to identify and compare organizations that deliver value to society and the environment. The London SSE seeks to have a transparent, independent and rigorous admission process to ensure that the companies listed adhere to a clear set of values, standards and disclosures.

Impact investing policies, legal and regulatory framework exist in different shapes and forms in different countries across the globe. The table below provides summary of some of the policies.

Country	Policy Intervention	Policy Type	Purpose
Kenya	Microfinance Act	Regulation	Establishes regulatory oversight and capital adequacy requirements for deposit-taking microfinance institutions
India	Priority Sector Lending	Regulation	Regulation requiring a fixed percentage of lending in underserved and target markets
China	National High-Tech R&D (863) Program	Public Investment	To promotes innovation through public investment in high-technology research and development in renewable energy and other areas
Japan	Tokyo Cap and Trade Program	Regulation	Sets a cap on large-building carbon emissions in Tokyo, and designs a trading system and guidelines for emission reduction
Malaysia	Corporate Impact Responsibility Disclosure	Regulation	Requirement for publicly listed companies to annually report on their corporate impact responsibility activities
Australia	National Rental Affordability Scheme	Tax Credit	Tax credit for investment in affordable housing
South Africa	Broad-Based Black Economic Empowerment	Regulation	Law promoting broad economic inclusion
European Union	Joint European Support for Sustainable Investment in City	Public-Private Partnership	Capital and guarantees promoting collaborative sustainable development in Europe’s urban areas

	Areas (JESSICA)		
Germany	Feed-in Tariffs (StrEG and EEG)	Subsidy	Subsidy to support the development of renewable energy
Netherlands	Green Funds Scheme	Tax Credit	Tax incentives to support environmentally friendly projects
United Kingdom	Community Interest Companies	Regulation	Corporate form for impact enterprise, bridging traditional businesses and charities
Brazil	Clean Development Mechanism (CDM)	Regulation	Creates a mechanism based on tradable emissions reduction permits for financing low-carbon development projects in emerging markets
Peru	Multi-fondos	Regulation	Provides greater flexibility for domestic pension funds to invest in SMEs through private markets
United States	Energy Star Program	Disclosure	Certification program identifying energy-efficient products and facilities
United States	CDFI Fund Program	Public Investment	Supports community development financial institutions through direct financial and technical assistance
United States	New Markets Tax Credit	Tax Credit	To provides tax relief to investors in exchange for qualified investments in low-income community businesses and development projects

Table 1: Global Social Impact Perspectives

3.5. Social Impact Investing ;UK and USA Policy Analysis

United Kingdom

The United Kingdom has been a pioneer in social impact investing. In 2000, a taskforce was formed at request of HM Treasury to investigate how entrepreneurship could be applied to combine financial and social returns. The process stimulated discussions and led to a series of actions by the public, private and NGO sectors Community development finance organizations played a key role and charity banks became more active.

Charity was identified as important and seen as being strategic and important to government as service providers. A fund was created by government to help social enterprises win government contracts in an attempt to help them become more sustainable. For example Sir Ronald Cohen, provided leadership and vision helping to launch new initiatives and encourage experiments and innovation in the market. This included the creation of Bridges Ventures, Social Finance and Big Society Capital.

The UK Cabinet Office has established a Centre for Social Impact Bonds that promotes the development of Social Impact Bonds as well as experience sharing about models and approaches. They are taking the learnings from these experiences and feeding them back into the current thinking and development of the Social Impact Bond market. Social Impact Bonds are perhaps the most pure form of public private partnerships in this field and represent an opportunity to change the way government approaches social problems.

In 2013 Social Stock Exchange (SSE) was established in London to connect publicly listed social impact businesses with investors seeking to generate positive impact alongside a financial return. The London Stock Exchange Group, City of London Corporation, Big Society Capital and the Rockefeller Foundation (HM Government, 2013c) support the SSE.

The government of UK has played a key role in creating market infrastructure with the creation of BSC and the provision of tax incentives. There is leadership and support from government across the political spectrum to address these issues and grow the market. The Social Investment and Finance team within the UK Cabinet Office has listened and partnered with players in the social investment ecosystem to identify and address market gaps. This has resulted in the support and development of a broad set of initiatives geared towards further developing the market.

In 2014, social investment tax relief policy was implemented which gives individuals who invest in qualifying social organizations a reduction of 30% of that investment in their income tax bill for that year. According to HM Government (2013a), the aim behind the tax relief is to encourage private investment in social enterprise. In 2002, the Community Investment Tax Relief (CITR) scheme was devised to encourage private investment into Community Development Financial Institutions (CDFIs). UK has several other tax incentive schemes for investments in higher-risk ventures (HM Government, 2013b), including the Enterprise Investment Scheme (EIS), the Seed Enterprise Investment Scheme (SEIS) and the Venture Capital Trust (VCT)

United States of America

Arguably, social investment initially developed in the United States through community investing, which is the provision of financial services to underserved communities and includes banks, credit unions, loan funds, and venture capital funds (Freireich and Fulton, 2009). The Community Reinvestment Act, which was passed in 1977, played a critical role in creating the community development finance industry that has led to significant investment into previously underserved neighborhoods (Freireich and Fulton, 2009). Interest in socially responsible investment (SRI) began growing in the1980s. This, coupled with the growth of social entrepreneurship in the 1990s, grew into an interest on the part of investors as well as philanthropists in investing with impact.

President Obama set up an Office of Social Innovation and Civic Participation (SICP) to spur collaboration to make greater and more lasting progress in addressing social challenges. SICP was set to focused on strengthening and supporting the social sector by developing policies and programs that can accelerate economic recovery and create stronger communities.

In 2013, the National Impact Initiative (NII) was established to expand the use of impact investing as an element of the Administration's strategies for economic growth and global development (Saltuk et al, 2014). Likewise, the Small Business Administration (SBA), which is active in support funds for small firms and new ventures, has increased the amount available for investment in the SBIC Early Stage Investment Fund. According to HM Government (2013c), the SBA has also raised the amount of SBIC leverage that impact investing funds can receive.

The United States has established tax incentives policy for social investing. This includes the New Markets Tax Credits which provides a credit against United States federal income taxes to taxpayers who make qualified equity investments (investments where substantially all of the equity investment is used to provide loans to, or make investments in, low-income communities). The program was authorized by the Community Renewal Tax Relief Act, (HM Government, 2012).

4.0. REVIEW OF POLICY AND REGULATORY FRAMEWORK OF IMPACT INVESTING IN GHANA

4.1. Venture capital Trust Act,Act 680,2004

In 2004, Parliament of Ghana passed the Venture Capital Trust Fund Act (Act 680), as a strategic initiative to address the perennial lack of access to long-term funding for Ghanaian SME businesses. Key issues on impact investment are;

- The Venture Capital Trust Fund Act was accompanied by guidelines published in 2006 established a fund of funds that invest in local SME venture capital funds;
- Seeks to regulate a subset of SME funds that have impact investment focus . VCTF fund venture capital financing companies (VCFC) which are incorporated in Ghana as a limited liability company under the Companies Act, 1963 (Act 179).
- In order to qualify for financing under the Act, the VCFC must also invest in SMEs in the form of equity and quasi equity instruments; and be managed

by an investment adviser licensed by the Securities and Exchange Commission (SEC).

- The VCFCs act as intermediaries between SMEs requiring funds for viable business projects and the Trust Fund.
- VCFCs are encouraged to invest in all sectors of the economy, but are precluded from investing in businesses that engage in direct imports to sell. The current maximum funding limit is 20% of total capitalization of a VCFC and a minimum of US$25,000.
- The Fund animated a small group of women 'angel investors'[9] to begin identifying and making initial investments in women-owned SMEs.
- In 2011 VCTF established the Ghanaian Angel Investor Network (GAIN) to formally organize wealthy individuals to invest in and mentor entrepreneurs.

4.2. Parliament of Ghana passed the National Pensions Act, Act 766,2008

In 2008, Parliament of Ghana passed the National Pensions Act (Act 766) to provide pension benefits to ensure retirement income security for workers, ensure that every worker receives retirement and related benefits as and when due, and establish a uniform set of rules, regulations and standards for the administration and payment of retirement and related benefits for workers in the public and the private sector. The key impact investment issues are;

- Establishes a contributory three- tier pension scheme with a Pension Regulatory Authority.
- The Act provide for investment policy for the Trust to invest the pension fund assets in units of an investment approved by the Board of Trustees.
- The Act also permit external investments but is subject to the existing Bank of Ghana foreign exchange rules, the Board of Trustees in consultation with the Minister for Finance may invest pension fund assets outside the country except that the amount to be invested externally shall not

exceed a percentage of the total funds available for investment determined by the Authority.

4.3. Public Procurement Act, Act 663 ,2003.

The Act established a body of Authority to harmonize the processes of public procurement in the public service to secure a judicious, economic and efficient use of state resources in public procurement and ensure that public procurement is carried out in a fair, transparent and non-discriminatory, environmentally and socially sustainable manner.

The Authority provide role of;

a. Make proposals for the formulation of policies on procurement;
b. Ensure policy implementation and human resource development for public procurement;
c. Develop rules, instructions, other regulatory documentation on public procurement and formats for public procurement documentation;
d. Monitor and supervise public procurement and ensure compliance with statutory requirements;
e. Have the right to obtain information concerning public procurement from contracting authorities;
f. Establish and implement an information system relating to public procurement;
g. Publish by the end of each month as Public Procurement Bulletin which shall contain information germane to public
h. Procurement, including proposed procurement notices, notices of invitation to tender and contract award information;
i. Assess the operations of the public procurement processes and submit proposals *to the Board* for improvement of the processes;
j. Present annual reports to the Minister on the public procurement processes;

k. Facilitate the training of public officials involved in public procurement at various levels; develop, promote and support training and professional
l. Development of persons engaged in public procurement, and ensure adherence by the trained persons to ethical standards;
m. Advise Government including Metropolitan, Municipal and District Assemblies*1* on issues relating to public procurement;
n. Organize and participate in the administrative review procedures;
o. Plan and co-ordinate technical assistance in the field of public procurement;
p. Maintain a register of procurement entities and members of and secretaries to tender committees of public procurement entities; and
q. Assist the local business community to become competitive and efficient suppliers.

The Public procurement was established for government institutions excluding private institutions. These institutions include; central management agencies, ministries, departments and agencies, subvented agencies, governance institutions, state owned enterprises to the extent that they utilize public funds, public universities, public schools, colleges and hospitals, Bank of Ghana and financial institutions including public trusts, pension funds, insurance companies and building societies which are wholly owned by the Republic or in which the Republic has a majority interest, institutions established by government for the general welfare of the public or community, statutory funds, Commissions and other bodies established by government for a special purpose; and the phases of contract administration as specified in the Contract Administration Manuals.
The Act does not attract impact investors through public procurement process

4.4. Micro, Small and Medium Enterprise(MSME) Policies

Successive governments have tried to come out with a policies to improve t operations of MSMEs in Ghana. In 1981, the Government of Ghana set up the

National Board for Small Scale Industries (NBSSI) by an Act of Parliament, Act 434. However,there were no specific clause to aimed at impact investment although MSMEs mostly solve social issues/needs by adopting business principles. In the 1990s, the Cottage Industries and Rural Housing Department and the Ghana Enterprise Development Corporation (specifically dedicated to all Ghanaian owned enterprises in Ghana including Micro, Small and Medium Enterprises) were subsumed under the NBSSI as part of efforts to defragment MSME support initiatives in Ghana.

The NBSSI has historically been a strong proponent of the Ghanaian MSME sector. However, the organization has not kept pace with the growth and evolution of the Ghanaian economy

Despite the NBSSI's best efforts, there are several challenges that still confront the sector.

Currently, various stakeholders made up of Government Ministries, Departments and Agencies, Private Sector Associations, NGOs and Development Partners are involved in the development of programmes aimed at supporting the MSME sector in Ghana. These institutions are mostly ill equipped in terms of equipment, personnel and operational funds, and therefore, unable to discharge their mandated responsibilities to create the desired enabling environment for the sector.

Despite various interventions aimed at improving the business environment, the legal and regulatory framework is bureaucratic, costly and centralized. These characteristics of the legal and regulatory environment affect all sizes of businesses adversely. Furthermore, MSMEs are constrained in this environment in comparison to larger businesses due to the correspondingly heavy cost of compliance arising from their size. As a result, most of these enterprises have failed to formalize and micro enterprises have been unable to grow and graduate into Small and Medium Enterprises.

4.5. Taxation Systems

The tax system in Ghana is also unfavorable for MSMEs development. There are too many taxation lines administered by different authorities including Ghana Revenue Authority and the Local Government Authorities. Furthermore, owners of this enterprise are ignorant of the tax administration and the cost of complying with tax regulations is considered very high. Whereas taxation of businesses is a necessity for national economic development, the present tax system imposes a major burden on MSMEs.

4.6. Ghana Investment Promotion Centre Act, 2013(Act 865)

Ghana Investment Promotion Centre is responsible for the encouragement and promotion of investments in Ghana, to provide for the creation of an attractive incentive framework and a transparent, predictable, and facilitating environment for investments in Ghana and for related matters.

Ghana Investment Promotion Centre as part of it mandate, is require to;

a) Formulate investment promotion policies and plans, promotional incentives and marketing strategies to attract foreign and local investments in advanced technology industries and skill-intensive services which enjoy good export market prospects;
b) Initiate and support measures that will enhance the investment climate in Ghana for both Ghanaian and non-Ghanaian enterprises;
c) Initiate, organize and participate in promotional activities such as exhibitions, conferences and seminars for the stimulation of investments, to present Ghana as an ideal investment destination;
d) collect, collate, analyze and disseminate information about investment opportunities and sources of investment capital, incentives available to investors, the investment climate and advise upon request on the availability, choice or suitability of partners in joint venture projects;
e) Register, monitor and keep records of all enterprises in Ghana;
f) Register and keep records of all technology transfer agreements;

g) Identify specific projects, prepare project profiles on investments and joint venture opportunities in Ghana, and attract interested investors for participation in those projects; and

h) Bring about harmonization in investment policy formulation through coordination of the activities of all other institutions and agencies.

Under the Act an enterprise registered by the Centre is entitled to the benefits and incentives that are applicable to an enterprise of a similar nature under the Internal Revenue Act, 2000 (Act 592), Value Added Tax Act, 1998, (Act 546) and under Chapters 82, 84, 85 and 98 of the Customs Harmonized Commodity and Tariff Code Schedule to the Customs, Excise and Preventive Service (Management) Act, 1993 (P.N.D.C.L. 330). The board of GIPC is expected to specify priority areas of investment and their applicable benefits and incentives; and negotiate specific incentive packages for strategic investments in addition to the incentives available to any enterprise under the tax, customs and any other laws.

As part of investment policy, Ghana provides deferent types of incentives for investors. These include;

1. Tax holiday (from start of operations)

a) Real estate: Rental income from residential and commercial premises for the first 5 years after construction. Income accruing to a company engaged in the construction, sale or letting of residential premises during the first 5 years of start-up of operations.

b) Rural banks: 10 years.

c) Agriculture and agro-industry: Cocoa farmers and cocoa producers: income exempted; cattle ranching: 10 years; tree crops (e.g. coffee, oil palm, shea butter, rubber and coconut): 5 years.

d) Air and sea transport (non-resident): Income exempted. The President may exempt any persons or class of persons from all or any provision of the Act subject to the approval of Parliament.

e) Value addition to local raw materials: Manufacturing enterprises that use local raw materials enjoy a 3- year tax holiday.

2. Capital allowances (vary by sector): Accelerated depreciation on machinery and equipment 5 percent for all sectors of the economy except banking, finance, insurance, mining and petroleum; and 20 per cent for building and real estate services.

3. Locational incentives (tax rebate): Manufacturing industries located in regional capitals other than Accra and Tema will enjoy a 25 per cent rebate. All other manufacturing industries located outside regional capitals shall enjoy a 50 per cent rebate.

4. Corporate tax rate: The tax rate in all sectors except income from non-traditional exports and hotels.

5. Exemption from income tax: An exemption will apply for the provision of accommodation for employees on farms, as well as building, timber, mining and construction sites.

6. Loss carry-over: All sectors are allow five years.

The relevant legislation provisions includes Income Tax (Amendment) Act, 2015, Act 896, Income Tax Decree, 1975 (as amended) and Free Zones Act, 1995, Act. 504.

4.7. Public-Private Partnership (PPP)

PPP is a type of partnership between public and private entities in the design, finance and management of public infrastructure and services. In 1990s it was assumed that the private sector is more efficient in delivering goods and services than the public sector. This assertion influenced successive governments' engagement with the private sector in the course of governance in Ghana.

Furthermore, governments' engagement with the private sector took a dramatic turn in 2001 when a Ministry was created for Private Sector

Development, enabling the government to successfully and completely partner the private sector to ensure development. A policy guideline for Public-Private Partnership was developed in 2004 to officially integrate the two sectors into the development process.

In 2011, National Policy on Public Private Partnership to provide clearly developed guidelines for all aspects of PPP projects in the country was launched . The National Policy on PPP provided guidelines on how PPP projects are to be developed and implemented; starting from the project identification level to monitoring and evaluation .In 2015, the PPP Bill was approved by Cabinet and laid before Parliament for consideration. There will be two main legal frameworks that bind and regulate all PPP-related activities in Ghana. These include the National Policy on Public-Private Partnerships (2011) and the Ghana PPP Bill (2013) which is currently awaiting passage into an Act.

The National Policy on PPP (2011) was adopted to provide the initial framework for a better organization and implementation of PPP in the country and has four main categories including conceptualization and operationalization; roles and responsibilities; the various phases of the PPP process, and finally the management of PPP contracts. Like the National Policy on PPP, the Memorandum to the Ghana PPP Bill stipulates the purpose: to provide institutional support to help galvanize private sector participation in the provision of public infrastructure and services through PPP arrangements. The Bill further aims to set standards under which PPP could be effectively practiced in Ghana and also complement Government's effort to improve quality, affordability and timely execution of projects that come under the partnerships between the government of Ghana and the private sector.

4.8.The Companies Act, 1963 (Act179)

The Act provides for potentially six (6) types of companies. These are; Private company limited by shares, Private companies limited by guarantee , Unlimited private company, Public company limited by shares, Public company limited by guarantee and Private Unlimited liability company**.** Where the company is a profit making venture for distribution to members then it must be a company with shares. These can be grouped into limited liability and unlimited liability companies.

In Ghana, both limited and unlimited companies can be public companies. A private company is defined under section 9 by its Regulations;

a. It restricts the right to transfer its shares if any,
b. Limits the total number of its members and debenture holders to 50. This does not include persons who are bona fide employees of the company and persons who were formerly bona fide employees of the company but continue to be members or debenture holders.
c. It prohibits the company from making any invitation to the public to deposit money for fixed periods or payable at call/ whether bearing or not bearing interest; and
d. It prohibits the company from making any invitation to the public to acquire any shares or debentures of the company.

In section l4 of Act 179 registration of the company's regulations should be done at the Registry, thus, the Registrar General's Department after the Ghana Revenue Authority (Internal Revenue Service Division) has provided the unregistered company with Tax Identification Number (TIN), forms are picked from the Registrar General's Department for registration. Included in the forms is the standard Regulations which may be amended subject to the provisions in the Companies Act

Under the Act, anyone or more persons may form an incorporated company. A company may be formed by delivering to the Registrar for registration, a copy of the proposed regulations of the company. The regulations of a company shall state the following: the name of the company, the nature of business or businesses which the company is authorized to carry on, or the nature of the object or objects for which it is established, that the company has all the powers of a natural person, of full capacity and the names of the first directors of the company.

It is provided in the case of companies limited by shares or guarantee that the regulations shall further state that the liability of its members is limited, and in the case of a company, limited by shares the regulations shall state the number of shares with which the company is to be registered.

It is provided that in the case of a company limited by shares the last word of the name of the company shall be "Limited". It is further provided that a company shall not be registered by a name which in the opinion of the registrar is misleading or undesirable.

The regulations of the company are to be signed by one or more subscribers in the presence of, and to be attested by at least one witness. In the case of a company limited by shares, the subscribers shall write opposite their names, the number of shares they have taken and the cash price payable for them; it is required that each subscriber shall take at least one share.

4.9. Securities Industry Act, Act 929,2016 and SEC Private Funds Management Guidelines

The law provides for the establishment of Securities and Exchange Commision,regulation of stock exchanges and capital market players and regulation of same.

Although the law does not cover operation and management of private equity and venture capital funds, subsequent policy guidelines provides guidelines on same.

It regulates the operation of collective investment schemes, management of investment funds by third parties and licensing of investment advisors and other capital markets professionals.

However, the law does not provide adequate provision on impact investment management and impact investing in general.

5.0. POLICY AND REGULATORYFRAMEWORK GAP

a) An extant review of the existing policies and legal framework in Ghana, there is lack of a comprehensive policy and legal framework for impact investment and its broader determinants. Although, impact investing has been regarded as a socially good endeavor, it requires definition in Ghanaian context and thorough elaborations. There are no clear-cut guidelines of how to enhance and regulate the impact investing activities in Ghana.

b) There are scattered, piece-meal fashioned policy and legal consideration for impact investing and impact enterprise ecosystem in Ghanaian economy as compare to countries like United Kingdom, United State of America and Australia, which have established institutional and legal framework. It requires the codification of the relevant laws and regulations on impact investment.

In the UK ,for instance,public procurement is regarded as important source of impact enterprise custom, which is backed by law for passing of the Impact Value Act, 2013, which requires public bodies to consider choosing providers based on the impact value created in an area and not on cost alone. The Ghanaian Public Procurement Act,Act 663,2003 as amended, does not make provision for impact enterprise.. The primary objective of the Act is to harmonize the processes of public procurement in the public service to secure a judicious, economic and efficient use of state resources and other secondary concerns such as promotion of local industry. However, the Act is not clear about MSME participation even though its participation is referenced in the Act. These inadequacies in the Ghana procurement policy in promoting MSME and impact investing in public procurement may affect negatively in attracting and retaining impact investors. Moreover, incentives exist for investments aimed at addressing development challenges; however, there is no policy or legal framework that provide incentive for impact investors in Ghana unlike many other advanced countries.

c. Policy to Measure Impact Investment: There is no policy or legal or regulatory framework to measure impact investments in Ghana .All the existing policies and legal framework are silent on how impact investment could be measured so that they can take advantage of any package, if any.

6.0. RECOMMENDATION AND CONCLUSION

Industry best practice requires that impact investment policies /framework are assessed based on six (6) key indicators of targeting, transparency, coordination, engagement, commitment and implementation.

Using these criteria the existing policies, regulatory and legal framework in Ghana are assessed based on these six (6) indicators and recommendations provided

Criteria	Policy	Recommendation
Targeting	Venture Capital Trust Fund	Even though VCTF was established to target SME financing but a comprehensive policy framework is needed for viable impact investing. Not all SMEs are impact focus and such impact must be measured but the Act is silent on that although it offers tax incentives to venture capital Financing Companies
Transparency	No clear policy to enforce	Transparency ensures that investors have sufficient, detailed data to make informed decisions about resource allocation and investment. Government should establish a policy that mandates disclosure directly applicable to investment decisions such as corporate impact responsibility activities. This policy will have effect on impact investing Market.
	Public-Private Partnership Policy Venture Capital Trust Fund	The more a policy is contextually appropriate, the more likely it is to be effective. In this regard, there is need for a single robust policy framework that will coordinate impact investing for supply side, demand side and a robust market for exchange. This will catalyze a viable impact investing opportunity.

Coordination	Pension Trust Fund	
Engagement	Venture Capital Trust Fund	Though the policy has met some initial targets, it has yet to accomplish ultimate objective for development and promotion for impact investors. There is need for creation of new class of viable institution to facilitate engagement investors.
Commitment	Public-Private Partnership Policy National Micro, Small And Medium Enterprises (MSME) Policy	Although there is availability of draft policy. However, robust regulatory framework needed to be pass to solve the challenges bedeviled with these sectors to attract impact investors.
Implementation	Security and Exchange Commission Regulations Security industry Act	The environment in which impact investing policy operates is inherently complex. Therefore, there a need for government to establish an agency that will supervise the implementation of impact policies The Security Industry Act ,2016 and its accompanying draft policies requires venture capital and other funds to be registered and regulated but does not focus on how impact funds specifically .

6.2.Conclusion

a. The legal recognition of Social Enterprise is must advocate as far as policy framework of Social Enterprise is concerned. The formal recognition as a sector would help in clarifying the Social Enterprise definition and missions; in opening up opportunities for fiscal incentives/relief; in providing access to public resources and support; in developing measures for social impact evaluation etc. depending upon their core activity, the stage of development as well as their internal capacities. This could be achieved through enactment of certain sector specific new acts or amendment of existing Acts.

b. As social investment would be competing with their commercial counterparts, some national protective measures/shields by national regulatory authorities could help to protect SEs from competitions from the well-established private sector. For the sake of scaling their social impacts and to pierce more national developmental areas, the authorities can regulate the Social Enterprise in order to promote fair competitions within them and provide them with access to pertinent markets.

c.The Pension Act should be amend to update the law to require pension scheme trustees to consider the impacts on their investments in area of social impact investing. Alongside the trustees should have a policy on how they will take account of members' views, such as on social impact, when investing the savings. There should be clarify regulations to strengthen trustees' stewardship duties, as the owners of the firms in which they invest.

d. The government should consider to established Impact Investment Trust Fund separately from Ghana Venture Capital Trust Fund as other jurisdictions have done since impact investing is key for development to achieved sustainable development goal

Government should provide Social Investment Tax Relief (SITR) for social investors. This will helps social enterprises and charities raise investment from individual investors by offering those investors income tax relief on loans or equity investment into those charities and social enterprises.

e.The Ghanaian Public Procurement Act, 2003 should make provision for social enterprise to improve its operations as in the case of other jurisdictions like UK.

THE END