

# STATE OF AGRIBUSINESS SOCIAL ENTERPRISE IN GHANA



# **STATE OF AGRIBUSINESS**

## SOCIAL ENTERPRISES IN GHANA

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## **Contact Sheet**

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# ABBREVIATIONS

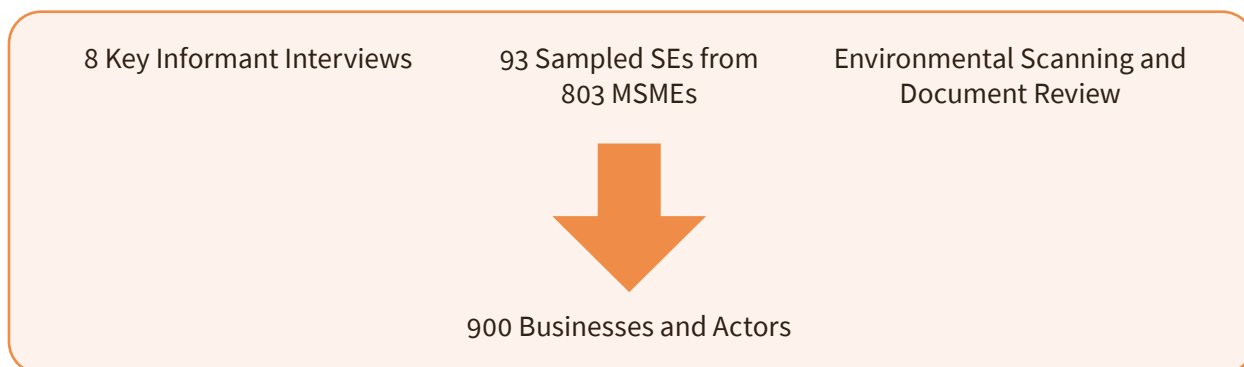
AGRA	Alliance for a Green Revolution in Africa
CAADP	Comprehensive African Agriculture Development Programme
CPESDP	Coordinated Programme of Economic and Social Development Policy
FARA	Forum for Agricultural Research in Africa
FASDEP II	Food and Agriculture Sector Development Policy II
FAO	Food and Agriculture Organization
GEM	Global Entrepreneurship Monitor
GDP	Gross Domestic Product
GIPC	Ghana Investment Promotion Center
GCX	Ghana Commodity Exchange
GEPA	Ghana Export Promotion Authority
GAD	Gender and Agriculture Development Strategy
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IFJ	Investing for Food and Jobs
SE	Social Enterprise
SME	Small and Medium-sized Enterprises
SSA	Sub Saharan Africa
SEG	Social Enterprise Ghana
SNV	Stichting Nederlandse Vrijwilligers
GSIA	Ghana Security Industry Association
MSMES	Micro Medium and Small Enterprises
MOFA	Ministry of Food and Agriculture
MMDAS	Ministries, Departments and Agencies
MASLOC	Microfinance and Small Loans Centre
NGOS	Non-Governmental Organizations
NGP	National Gender Policy
TCP	Tree Crops Policy
NBSSI	National Board for Small Scale Industries
OFSP	Orange Flesh Sweet Potato
USAID	United States Agency for International Development
YIAP	Youth in Agriculture Programme

# EXECUTIVE SUMMARY

A Social Enterprise (SE) is defined in the context of the Objectives, Governance, Entrepreneurship, and Measurable impact that the business generates.

The study used key informant interviews, environmental scanning and document review as the primary methods.

Below is the sampling size used:



Different tools were adopted to accommodate the diverse nature and objectives of the study.

- Key informant interviews were conducted in person and virtually.
- Initial discussions were held with seven private businesses to explore opportunities in agribusiness.
- A review of Agribusiness and SE Policies was conducted
- A review of previous research in the world, Africa, and Ghana was conducted.
- The data collection tools were structured on ten key themes.

## Number of Social Enterprises in Ghana

Based on the study, there are an estimated 115,500 social enterprises in Ghana as of December 2022, with details as follows:

### NUMBER OF SOCIAL ENTERPRISES IN GHANA

Social Enterprise in Ghana	<b>115,500</b>
Prevalent rate of social enterprise based on MSMEs	<b>5.5%</b>
Estimated MSMEs in Ghana	<b>2,100,000</b>

Source: NBSSI, SME Support Services Strategy (2015-2020)

## Contribution of SEs in Ghana

The contribution of Social Enterprises in Ghana is shown below:

### CONTRIBUTION OF SEs IN GHANA

Estimated number of direct jobs created by SEs	<b>808,500</b>
Contribution to GDP (based on 2021 GDP, USD\$ 77.59bn)	<b>3.35%</b>
Workforce in Ghana	<b>13.4 million</b>
Annual Turnover (USD\$ 2.6 BN).	<b>GHS 23.1 BN</b>
Percentage contribution to employment in Ghana	<b>3.4%</b>

## Primary Focus of SEs in Ghana

The primary focus of Social Enterprises established in Ghana are:

### PRIMARY FOCUS

● Creating Employment	<b>34%</b>
● Selling a Product	<b>26%</b>
● Improving a Particular Community	<b>20%</b>
● Improving Health and Well-Being	<b>11%</b>
● Addressing Financial Exclusion	<b>9%</b>

Many Social Enterprises in Ghana exist to create employment opportunities.

It is estimated that close to 115,500 Social Enterprises are operating in Ghana. This number is expected to grow rapidly. An estimated 63,294 SEs are involved in agribusiness; this makes up 54.8% of all social enterprises in Ghana.

In addition, 443,051 direct employment has been created by social enterprises in the agribusiness subsector, with over 70% of the employees being youth, of which 45% are females.

Furthermore, the agribusiness social enterprise subsector is estimated to contribute 1.84% to the GDP in Ghana, which is estimated at USD\$ 1.43 billion.

## Objectives of the Agribusiness Social Enterprises

The study revealed that the main objective of most agribusiness social entrepreneurs is to create employment, as shown in table 1;

**Table 1:** Focus of Social Enterprise in Ghana

Objective	Percentage (%)
Employment	16.2%
Food security	13.5%
Farmer and community support	13.1%
Women support	10.4%
Environmental protection	10.0%
Vulnerable people	7.7%
Support to the local community	6.5%
Recycle waste	6.5%
Promote health and wellbeing	5.4%
Support disabled people	3.1%
Support MSMEs	2.7%
Informal sector	2.3%
Promote education and literacy	1.9%
Migrant workers	0.8%

## Beneficiaries of Agribusiness Social Enterprises

Local communities and women are the primary beneficiaries of agribusiness social enterprises established in Ghana.

● Local Community	<b>20.9%</b>
● Women	<b>20.4%</b>
● Employees on SEs	<b>13.3%</b>
● Assistance to young people	<b>12.2%</b>
● Religious Groups	<b>11.7%</b>
● Underserved Regions & Communities	<b>8.7%</b>
● Persons With Disability	<b>7.7%</b>

Over twenty-six percent (26.7%) of agribusiness social enterprises are engaged in export with a potential to generate USD\$ 10.2 billion in export revenue. One key challenge for agribusiness

entrepreneurs is that Ghana’s legal and regulatory regime does not recognize social enterprises. Other challenges affecting the sector have been catalogued below:

○ High staff turnover	<b>1.4%</b>
● Government regulations and administrative burdens	<b>1.8%</b>
● Time Pressure	<b>1.8%</b>
● Shortage of business skills	<b>3.7%</b>
● Recruiting staff or volunteers	<b>4.6%</b>
● Government regulations and administrative burdens	<b>6.4%</b>
● Availability of suitable premises	<b>7.8%</b>
● Getting appropriate technology	<b>10.1%</b>
● Lack of access to business and advisory support	<b>11.0%</b>
● Cash flow	<b>13.8%</b>
● Cost of Farm Inputs	<b>15.1%</b>
● Legal Status in the country	<b>22.5%</b>

Entrepreneurs in the agribusiness social sector thus recommended that practical training in entrepreneurship be provided by the Ministry of Food and Agriculture and other related stakeholders. Other needs of the sector are outlined below:

Training in Agribusiness at the local level, not academic	<b>23.6%</b>
Social Enterprise Innovation Fund to drive investment	<b>17.9%</b>
Policy on Social Enterprise and Registration	<b>17.1%</b>
Resource Agribusiness Department in MoFA for Growth	<b>15.4%</b>
Academic Training on Agribusiness from the ‘Culture’ Mentality	<b>10.6%</b>
Yearly research to quantify Agribusiness and Social Enterprises	<b>9.8%</b>
Agribusiness Challenge Fund	<b>5.7%</b>

# CHAPTER ONE

## STATE OF SOCIAL ENTERPRISES IN GHANA

### 1.1 Definition and Concept of Social Enterprise

There are three key attributes that generally define a Social Enterprise. These are the objectives, entrepreneurship and governance of the business.

The objective should be to produce goods for public benefit centred on social needs.

The social objective should, in turn, be sufficient to motivate entrepreneurial ventures, and these ventures should be able to achieve economic independence and sustainability of the business. Finally, for a business to qualify as SE, it should have inclusive and participatory governance because the focus is on the interest of the parties and beneficiaries involved and not the single interest of the owners or shareholders. The British Council, in the context of their research carried out for social enterprises in Sub-Saharan Africa (SSA), defined social enterprise as a business that combines entrepreneurial activity with a social purpose. Its main aim is to have a social impact rather than maximize profit for owners or shareholders.

The European Union's definition of social enterprises combines entrepreneurial activity with a social purpose. The main objective is to have a social impact rather than maximize profits for owners or shareholders. It is an organization or business which generates a minimum of 25% of its income through trade instead of grants or donations; and prioritizes social and/or environmental impact above or equal to financial profit.

In Canada, there is no unified definition for a social enterprise; therefore, it falls into a wide spectrum of business models. A social enterprise does not have a specific corporate form; it includes "non-profit organizations" or "registered charities" that operate revenue-generating businesses. Furthermore, it encompasses organizations that operate as "for-profit" businesses with a social goal.

Despite these definitions based on the three key attributes of objectives, entrepreneurship and governance, there is no official definition of SEs in Ghana due to the fact that there is no policy to regulate social enterprise activities in Ghana.

However, there is a draft policy in Ghana which defines a Social Enterprise as an organization that applies business strategy and practices to achieve social and environmental goals (Draft SE Policy, 2021). The organization should be able to produce measurable social and environmental impact first before profit considerations.

Thus, the social enterprise concept can be summarized per Figure 1.

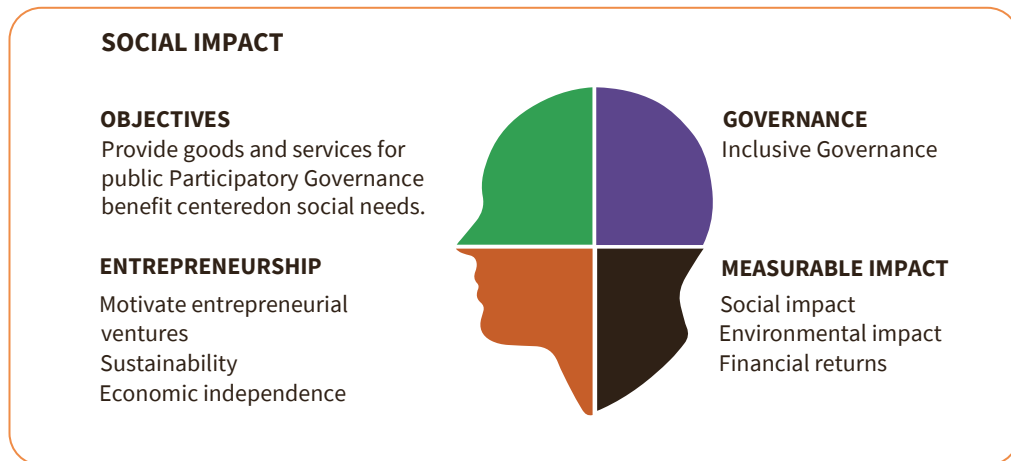


Figure 1: The Concept of Social Enterprise

## 1.2 Review of Studies on Social Enterprise

It is estimated that there are approximately 11 million Social Enterprises across the world. Social Enterprises across the world take on a variety of legal forms. They range from operating globally to local impacts, and they work across all sectors of the economy: agriculture, heritage, education, health, food, arts, etc.

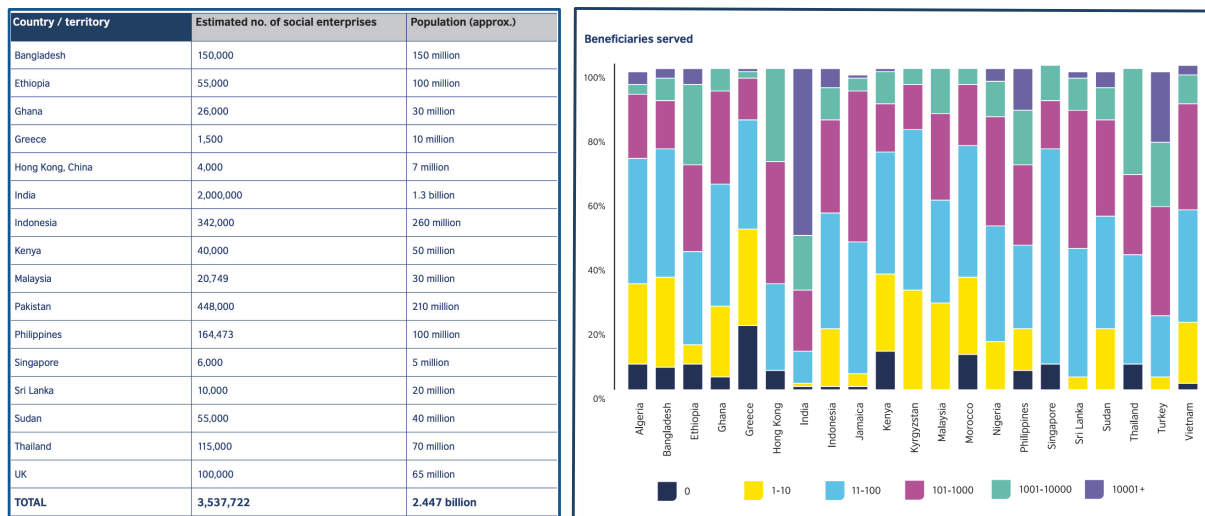


Figure 2: Social Enterprises in the world adopted from the British Council Study (2022) on SEs in SSA.

A study by The British Council (2022) compared and summarized the global state of Social Enterprises, drawing on survey data gathered from thousands of organizations across the world. The report noted that across the globe, governments have been making headway in developing policies and strategies to support the development of social enterprises, specialist units or offices, legislations, incentives, awards, and many more. The study further reports exponential growth and development of support networks for these enterprises, creating more opportunities for innovations in the social enterprise space.

Below is a pictorial description of the state of Social Enterprises worldwide:

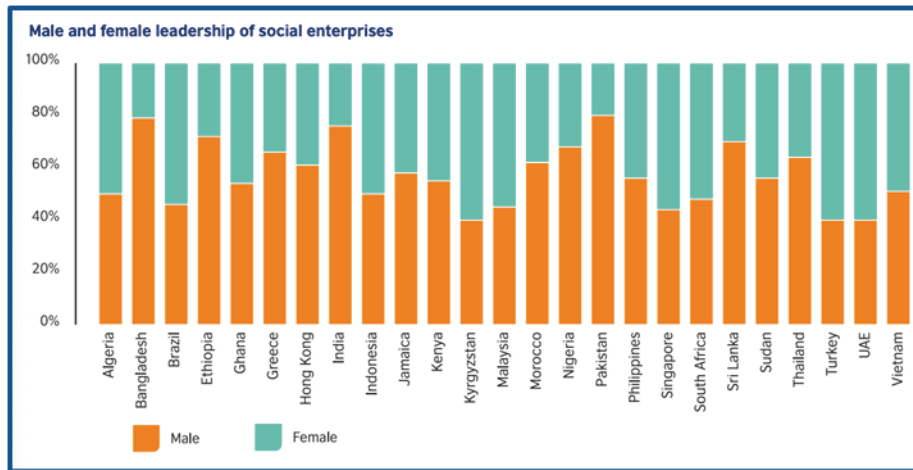


Figure 3: Social Enterprise ownership by gender, age and profitability.

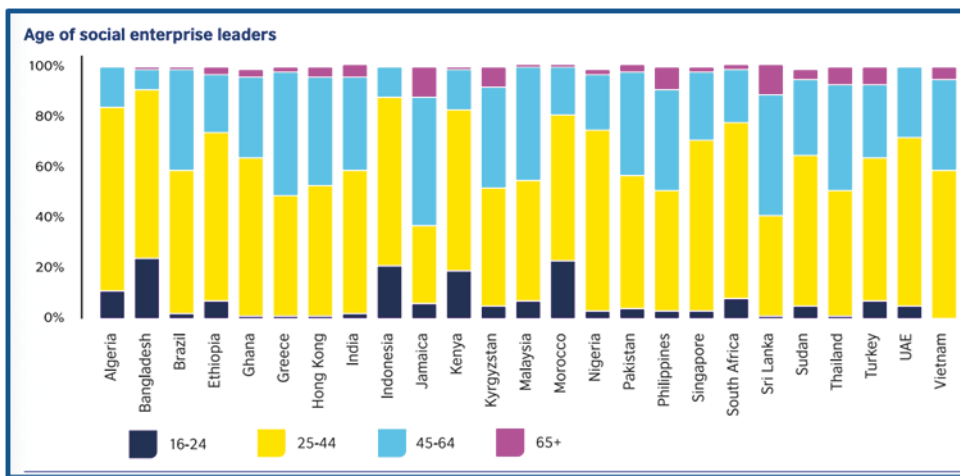


Figure 4(a): Age of Social Enterprise Leaders

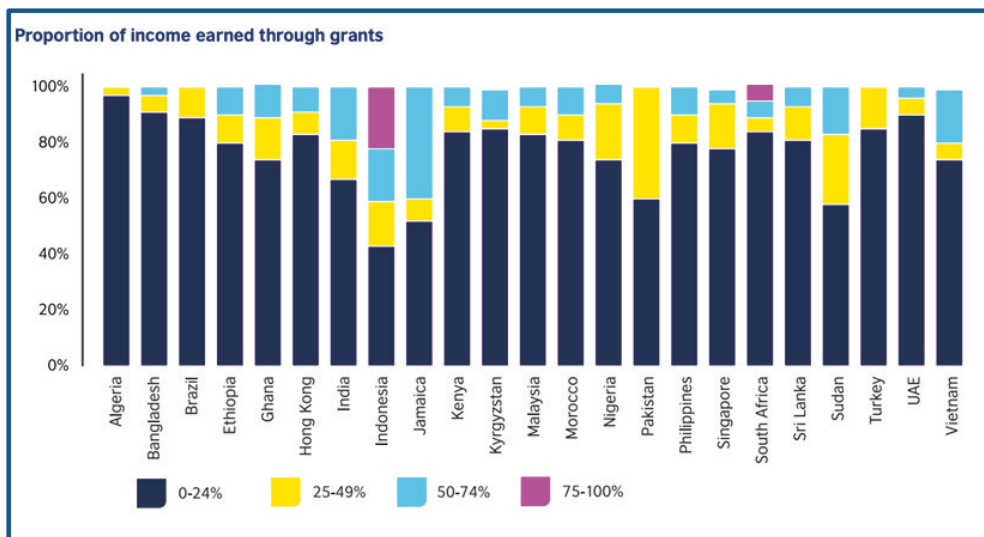
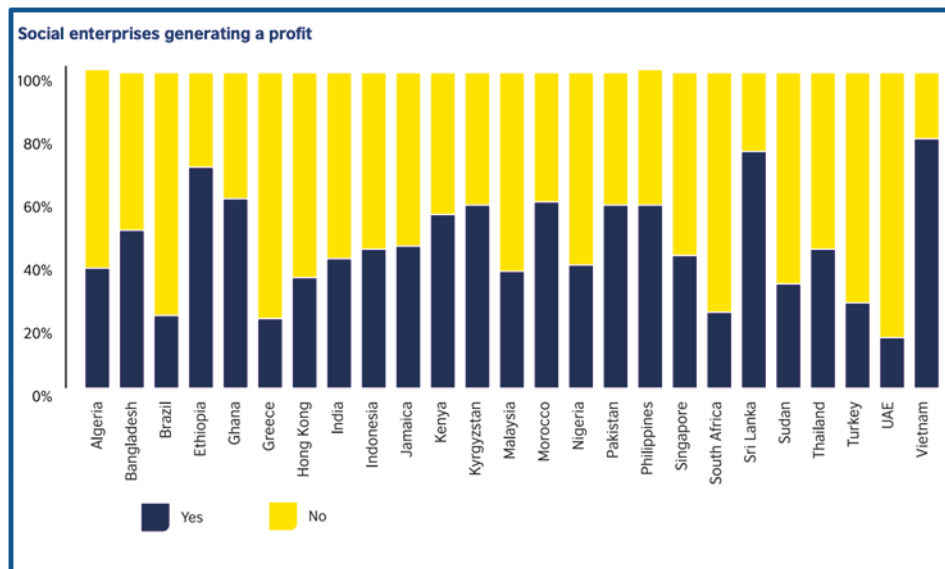


Figure 4(b): Proportion of Income earned through Grants





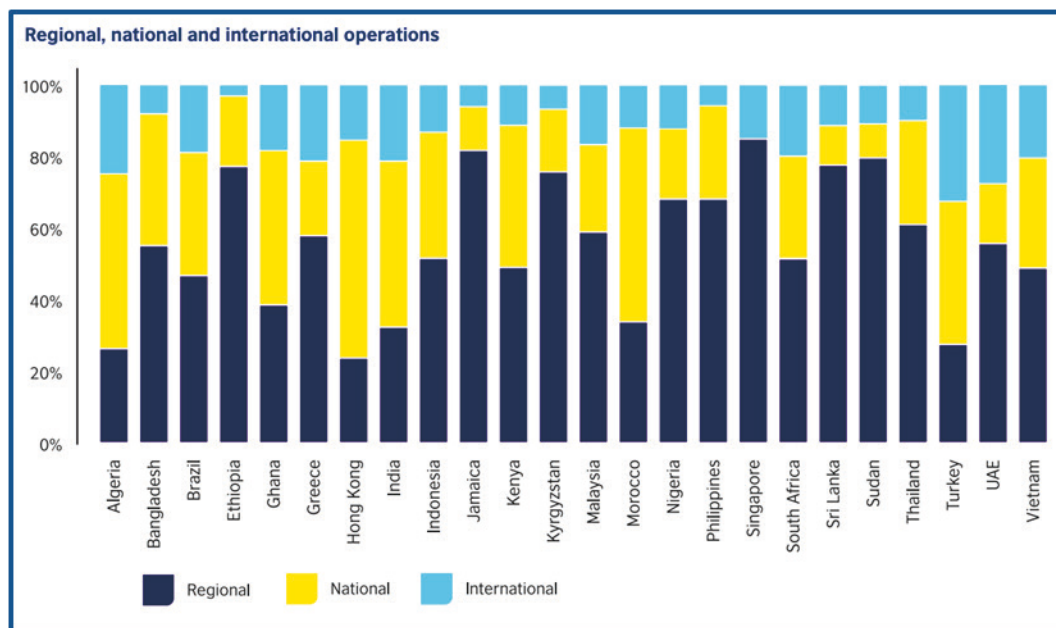
**Figure 4(c):** Social Enterprises generating a Profit

### 1.2.1 Social Enterprises and Job Creation in the Sub-Saharan Africa

Social Enterprises in Sub-Sahara Africa (SSA) are addressing the challenges in job creation in three ways:

- **Education:** Social Enterprises provide education by running schools or working with young people to give them the skills they need to gain and create decent jobs, especially working with vulnerable and marginalized people.
- **Employment opportunities:** Social Enterprises create jobs by providing employment or self-employment opportunities often for people that are normally excluded from the labor market and are fairer than profit-based businesses.
- **SME Support:** Social Enterprises also support individuals to start enterprises that in turn create jobs even if they are profit-first, and they support existing businesses, including smallholder farmers, and work to improve the quality and quantity of jobs they provide.

The Global Entrepreneurship Monitor (GEM) estimates the number of people running social enterprises at 35 million representing about 3.5% of all businesses. It further estimates that 38% of the 35 million social enterprises are in SSA.



**Figure 5:** Social Enterprise and Job Creation

According to a study undertaken by The British Council (2015) across selected countries in Africa, including Ghana, the number of jobs directly created by social enterprises in Africa is estimated to be between 28 million to 41 million. The study provided further details as follows:

- 35% of SEs specifically aim at supporting vulnerable people.
- 49% of SE respondents said that if they had not employed their workers, those workers would either be unemployed or working in worse conditions and for less pay.
- 44% aim to improve a particular community, and 73% deliberately employ people from poorer communities.
- 41% of SEs have women in charge of affairs.
- 50% of SEs indicated that their staff receive over five (5) days of training and development annually.
- SEs in SSA do not always pay a minimum wage to their employees. Only 57% of SEs paid their highest-paid workers enough to be above the defined minimum wage of that country.

REGION	COUNTRY	WORKING AGE POPULATION 2020 <sup>1</sup>	NUMBER OF SOCIAL ENTERPRISES 2020	DIRECT JOBS IN SE 2020	DIRECT JOBS IN SE 2030	DIRECT JOBS ADDED
WEST AFRICA	Côte d'Ivoire	14.7m	9.1k	33k	42.4k	9.5k
	Ghana	18.5m	97.5k	413.3k	508.8k	95.5k
	Nigeria	110.9m	1,291k	1,452k	1,884k	432.1k
	Senegal	9.1m	16.5k	78.8k	104.9k	26.1k
NORTH AFRICA	Egypt	62.1m	134.6k	1,188k	1,421k	233.3k
	Morocco	24.2m	49.2k	155.3k	170k	14.7k
	Tunisia	7.9m	33k	48.1k	50.9k	2.8k
EAST AFRICA	Ethiopia	64.9m	27.9k	42.7k	55.6k	12.9k
	Kenya	31.7m	85.6k	345.1k	444k	98.8k
	Rwanda	7.4m	4.3k	18.3k	23.3k	5k
	Uganda	23.8m	27.4k	62.3k	86.1k	23.7k
SOUTHERN AFRICA	South Africa	39.0m	141.5k	589.9k	666.6k	76.7k
	TOTAL	781.1m	1.92m	4.43m	5.46m	1.03m

**Figure 6:** Minimum wages paid to employees in SSA

### 1.2.2 Studies on Social Enterprises in Ghana

Another study undertaken by the British Council (2015) on the State of Social Enterprise in Ghana observed the following:

- 19.5% of SEs do not have full-time employees, whilst 4% of profit-first businesses do not employ full-time employees.
- The main objective of two-thirds of the population of SEs in Ghana was to create employment opportunities and the other one-third focused on selling goods.
- A few SEs reported that they are set up to respond to social or financial exclusion.
- SEs in Ghana are micro ventures since the average turnover is about GHS 80,000, which should increase to GHS 800 000 in order to be considered as an SME.

### 1.3 Contribution of Social Enterprises in Ghana

According to the Ghana Enterprise Agency's SME Support Services Strategy (2015-2020), out of the estimated 2.1 million businesses in the Ghanaian Micro Medium and Small Enterprise (MSME) sector, 1.7 million can be classified under the micro enterprise category. These micro enterprises employ roughly 2.5 million people (or 30% of all MSME employees), implying an average of 1-2 jobs created per micro enterprise.

At the next level up, the small enterprise category makes up 15% of all SMEs, with about 320,000 businesses, accounting for 23% of all MSME jobs (1.9 million employees). This implies an approximate average of six jobs created per small enterprise.

Finally, at the top of the pyramid, about 85,000 medium enterprises make up 4% of all SMEs but contribute 47% of the total MSME employment. This implies an average of 46 jobs created per medium enterprise.

The number of social enterprise in Ghana is estimated to be **115,500** in Ghana as at December 2022. This constitutes social enterprise prevalence rate of 5.5% of the Ghanaian MSME sector.

It is estimated that social enterprises have created 808,500 jobs directly, which constitutes **3.4%** of the total employment in the country based on an estimated 13.4 million workforce in the country. On average, each social enterprise creates employment opportunities for four (4) to six (6) people with 80% of them being youth.

**Table 2:** Number of Social Enterprises in Ghana and Prevalent Rate

Social Enterprises in Ghana as at 2022	<b>115,500</b>
Prevalent rate of Social Enterprise-based MSMEs	<b>5.5%</b>
Estimated MSMEs in Ghana	<b>2,100,000</b>

In addition, the SE sector contributes approximately GHS 23.1 billion (USD\$ 2.6 billion) to the Ghanaian economy representing 3.35% of the Gross Domestic Product (GDP) of Ghana based on the 2021 GDP of USD\$ 77.59 billion.

Based on previous studies, it means the social enterprise sector grew by an average of 8.4% annually and creates an average of 80,000 jobs annually of which more than 80% are for the youth.

The contribution of SEs in Ghana is outlined below:

#### CONTRIBUTION OF SEs IN GHANA

- Estimated number of direct jobs created by SEs **808,500**
- Contribution to GDP (based on 2021 GDP, USD\$ 77.59 bn) **3.35%**
- Workforce in Ghana **13.4 million**
- Annual turnover (USD\$ 2.6 bn) **GHS 23.1 BN**
- Percentage contribution to employment in Ghana **3.4%**

## 1.4 Agribusiness Social Enterprises in Ghana

An estimated number of sixty-seven thousand, nine hundred and fourteen (67,914) Social Enterprises are engaged in agribusiness in Ghana. Agribusiness Social Enterprises constitute 54.8% of total Social Enterprises in Ghana. In other words, 3.23% of MSMEs in Ghana are Agribusiness Social Enterprises.

Agribusiness Social Enterprises in Ghana have created an estimated 253,176 jobs where, with over 70% of its employees being youth of which 45% are female.

Social Enterprise agribusinesses in Ghana contribute an estimated GHS 12.66 billion (USD\$ 1.43 billion) to the country's economy, accounting for 1.84% of Ghana's GDP.

# CHAPTER TWO

## FINDINGS FROM THE SURVEY

### 2.0 Background

A survey was conducted from October, 2022 to January, 2023 in all sixteen (16) regions of Ghana. A total of 803 businesses took part in the survey. Social enterprise inclusion criteria were used. Ninety-three (93) respondents were classified as social enterprises for the purposes of this study. Those not selected do not meet the three key criteria of social or environmental objective, which are: entrepreneurial drive to move the project into a business; revenue generation to sustain the business impact, and these business objectives should proceed profitability.

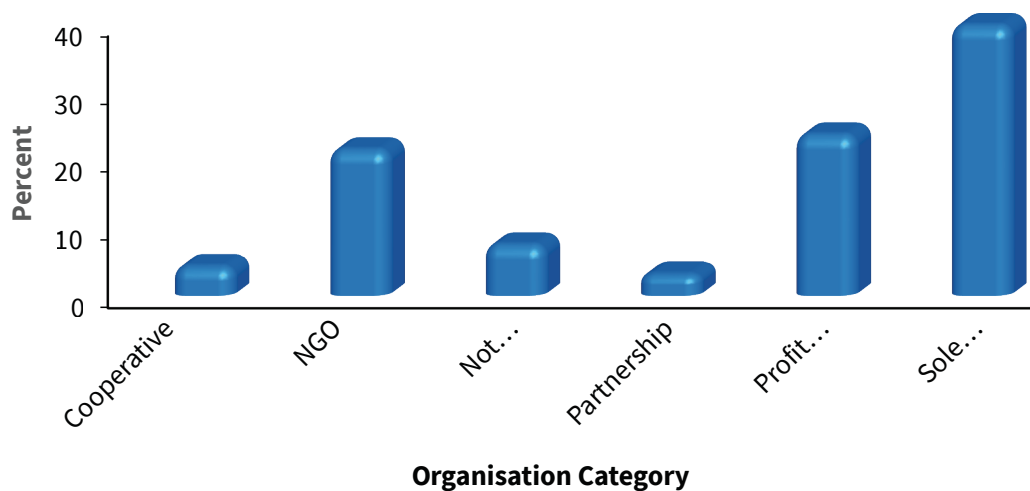


### 2.1 Registration of Social Enterprises in Ghana

Social Enterprise activity in Ghana is growing. To enhance our understanding of this sector, we surveyed 93 social enterprises in the country. Here are the key findings from this research.

**Table 4:** Registration and years of SEs in Ghana

Organization registered	Number	Percentage
Cooperative	4	4.3
NGO	20	21.5
Not registered	7	7.5
Partnership	3	3.2
Profit institutions	22	23.7
Sole Proprietorship	37	39.8
<b>TOTAL</b>	<b>93</b>	<b>100</b>
<b>Number of Years Operation</b>		
Mean	5.80	
Std. deviation	5.096	
Minimum	1	
Maximum		33



**Figure 7:** Registration of SEs in Ghana

There is no distinct legal framework or registration process for Social Enterprises under Ghanaian Law. Different enterprises register as entities that they believe best suits their purpose but regard themselves as Social Enterprises based on their mission and vision. This is one of the issues that made it difficult to identify Social Enterprises. The majority of Social Enterprises in Ghana representing 39.8% are registered as sole proprietorships with 23.7% registered as limited liability companies and 21.5% as non-governmental organizations (NGOs).

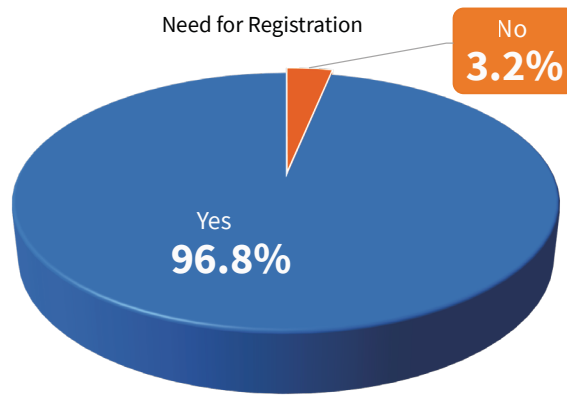
A significant number of SE businesses (7.5%) are not registered, 4.3% are registered as cooperatives and 3.2% are registered as partnerships. The registered sole proprietorships and the businesses not registered are mostly located outside the Greater Accra Region.

## 2.2 Ghana's Social Enterprise Landscape

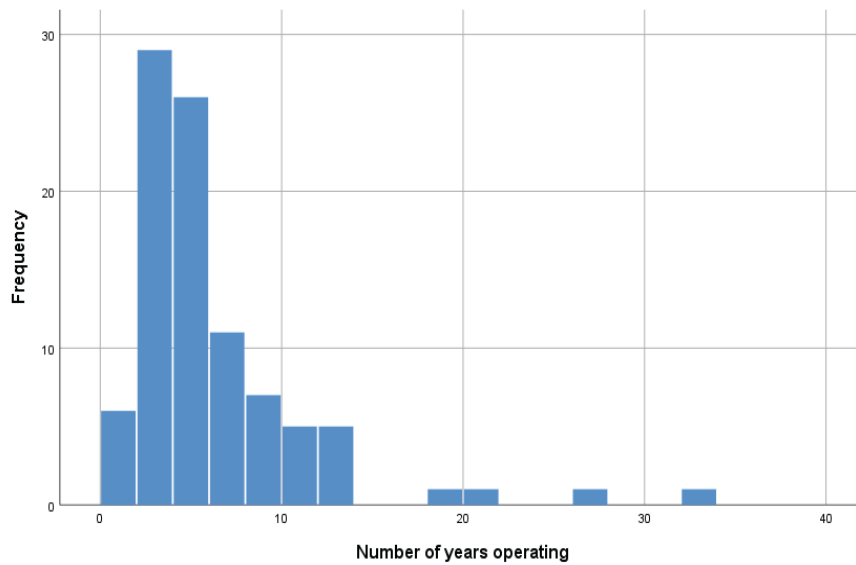
Ghanaian Social Enterprises are young and so are their leaders. Sixty percent (60%) started operations in 2016. Over 50% of the leaders are aged under 40, with 43% of their leadership coming from vulnerable and marginalized groups.

Social Enterprises in Ghana are still at a young stage with a mean age of 6 years in operation. The least number of years of operation is one year, and the longest years of operation being 33 years. Majority of the SEs have been in operation for an average of five (5) years.

Over ninety-six percent (96.8%) of the Social Enterprises are of the opinion that the Company's Act and relevant laws or policies should have made provision for the registration of SEs so that Social Enterprises could be easily recognized by their registration.

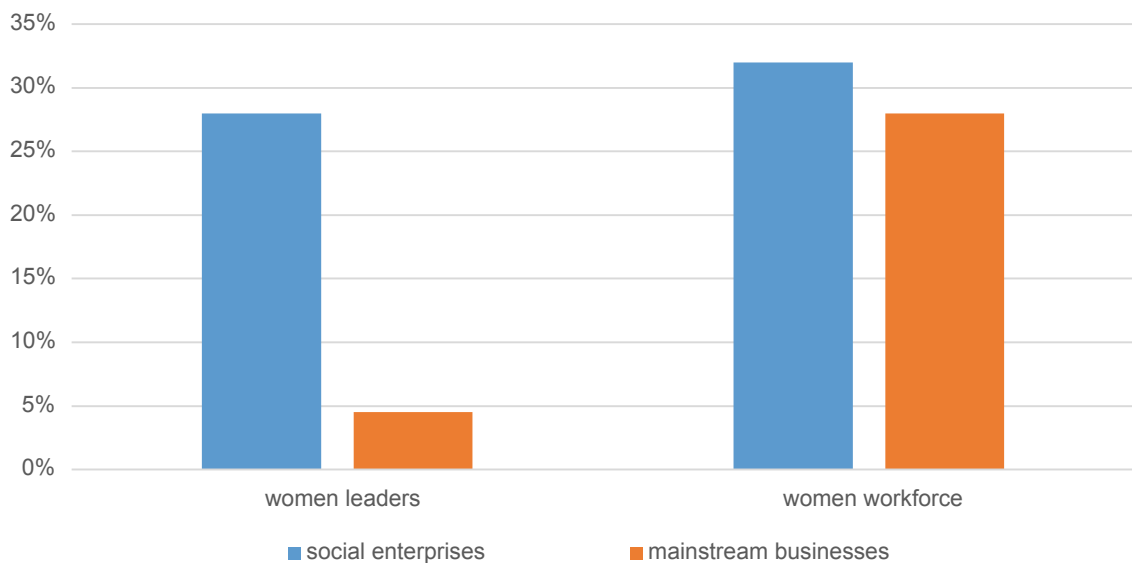


**Figure 8:** SEs need for registration



**Figure 9:** Years of operation of SEs

Women lead 44.1% of Ghanaian Social Enterprises, which is a significantly higher proportion than in mainstream businesses. Women also make up a higher percentage of the Social Enterprise workforce (54.3%) compared to the general workforce (Figure 9).



**Figure 10:** Women in SEs

## 2.3 Geographical Distribution and Growth of Social Enterprises in Ghana

Social Enterprise businesses are spread throughout the country in all the 16 regions. However, 40% operate in Greater Accra, followed by the Ashanti Region (22%), Eastern Region (18%) and Central Region (18%) comprising 17 businesses each. Sixteen (16) businesses representing 17% operate in the Northern Region, followed by 13 businesses (14%) in the Volta Region, and 12 businesses representing 13% in the Western Region. Eleven (11) SEs representing 12% are in the Oti Region, 11 (12%) are in the Bono East Region, and 10 (11%) in the Upper East region. The North East, Upper West, and Savannah Regions each have 9 businesses (representing 10% each), whilst 8 businesses (9%) each are in the Western North and Bono Regions. The region with the least number of businesses in Ghana is the Ahafo Region, (which has 6 businesses represented by 6%).

Four (4) businesses representing 4% of the businesses operate internationally.

## 2.4 Regional Distribution of Social Enterprises

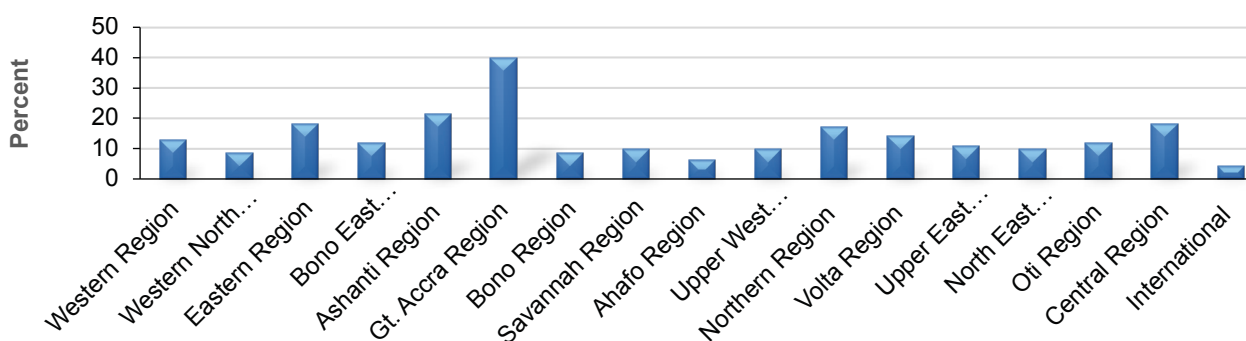


Figure 11: Regional distribution of SEs.

Most (70%) Social Enterprises operate in one region while 20% operate in more than two regions and 5% operate in all sixteen regions.

Most of the SEs (51.6%) are at the early stage, 8.6% are at the growth stage and 31.2% are at the start-up stage. In addition, 3.2 % of the social enterprises are at the stagnation stage so there is virtually no growth or comparatively less growth relative to investment in them.

Significantly, over half of SEs in Ghana are at their growth stage and with the required resources they can contribute significantly to the growth of the economy.

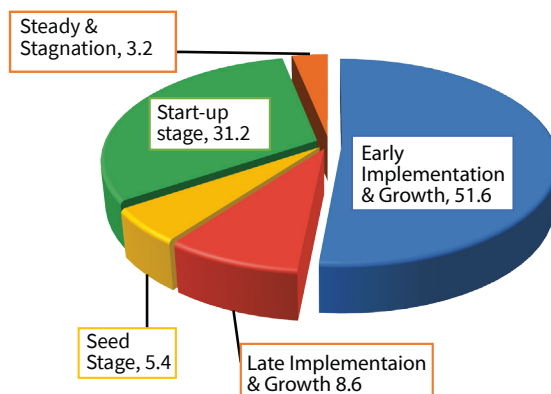


Figure 12: stage of SEs.



## 2.5 Sectors of Operation of Social Enterprises in Ghana

More than half of the Social Enterprises (54.8%) operate in the Agribusiness sector. Over nine percent (9.7%) operate in the capacity development and training sector. Also, eight businesses (8.6%) operate in Food and Beverage, six businesses (6.5%) operate in the manufacturing sector, four businesses (4.3%) operate in the Education Sector, three businesses (3.2%) operate in Livelihood and Employment, two businesses (2.2%) operate in Technology, two businesses (2.2%) operate in Environment and Sustainability, two businesses (2.2%) operate in Consulting Services and two businesses (2.2%) operate in the Childcare sector. The business sectors with the least numbers were Healthcare, Infrastructure Development, Retail and Social Care/Social Welfare which had one business each, represented by 1%.

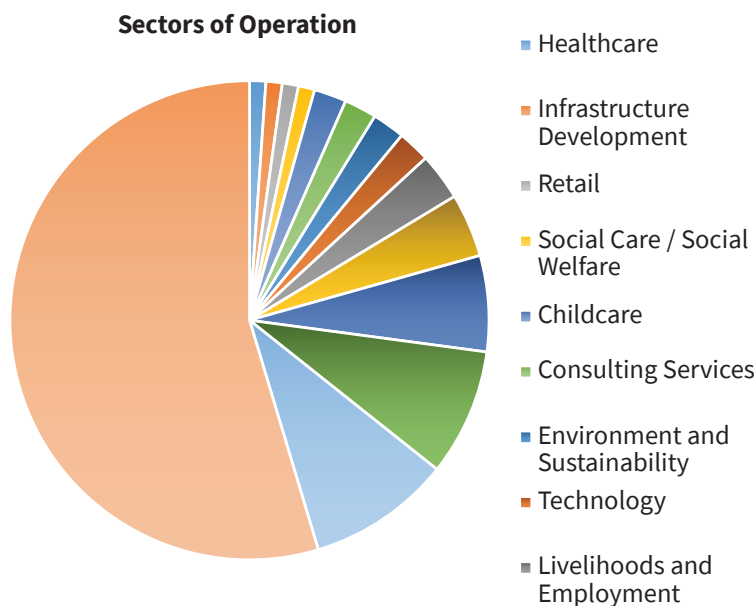


Figure 13: SEs Sectors of operation

## 2.6 Focus of SEs in Ghana

The focus of SEs may be on profit first, social/environmental impact, or jointly on both profit and impact. Of the Social Enterprise businesses surveyed, 57 of them (61.3%) place emphasis jointly on profit and social/environmental impact.

Twenty-nine (29) businesses (31.2%) place emphasis on social/environmental impact first and 7 businesses (7.5%) place emphasis on profit first before the impact.

Female-led Social Enterprises and social enterprises established in the last five years tend to focus on social/environmental impact before profit with the impact more likely to be on the environment.

Older SEs tend to focus on profit first before social/environmental impact.

**Table 4:** Focus of SEs in Ghana

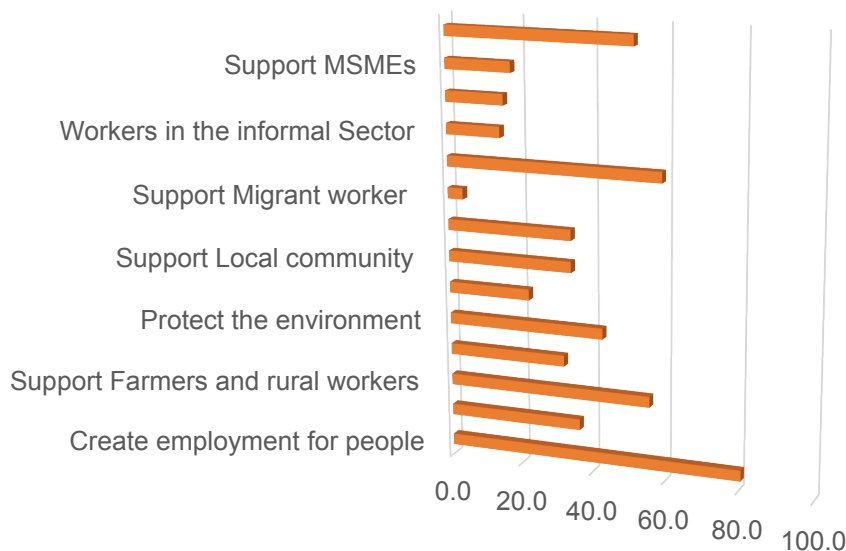
Organizations place emphasis on profit first, social/environmental mission, or both jointly		
Organization	Number	Percentage
Both jointly	57	61.3
Profit first	7	7.5
Social / Environmental	29	31.2
Total	<b>93</b>	<b>100</b>

The survey investigated the overall objectives of social enterprises, with the aim to find out their mission or goals. Identifying the main objective or mission is important to help gauge the approaches taken by Social Enterprises to deliver social impact.

Many of the sampled Social Enterprises focus principally on job creation. This is most probably heightened by strong encouragement from government and development partners towards this objective.

Seventy-five (75) businesses representing 80.6% have a mission or goal to create employment for the people.

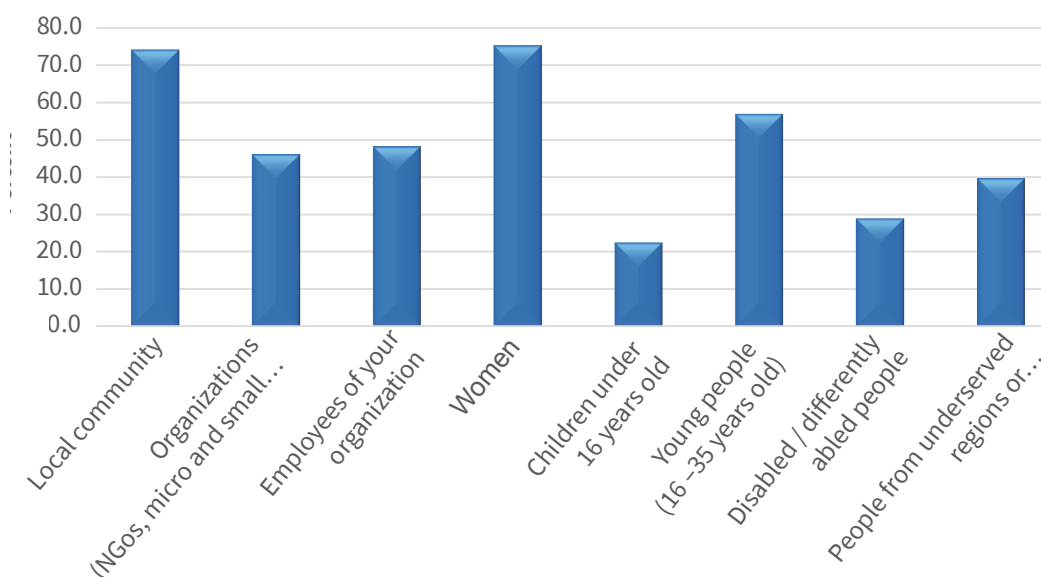
Other reasons are to support women, to support farmers and rural workers, food security, protect the environment, support vulnerable people, support the local community, manage and recycle waste, and promote the health and well-being of the people (Figure 13).



**Figure 14:** Employment creation by SEs

On the group of people the enterprise considers to benefit from their organization’s core business activities, forty-one businesses (59.4%) confirm that local communities benefit directly from Agribusiness. Forty businesses admitted that women benefit more from the business, 26 businesses (57.8%) think employees benefit the most from their organizations. Twenty-four

businesses (45.3%) confirmed that young people merit more in the organization. Twenty-three businesses (53.5%) say groups such as religious groups benefit. Seventeen businesses (45.9%) said people from underserved regions or communities benefitted the most. Fifteen businesses (55.6%) benefitted people living with disabilities. Ten businesses (47.6%) benefit young people (16-35 years old) directly through Agribusiness.

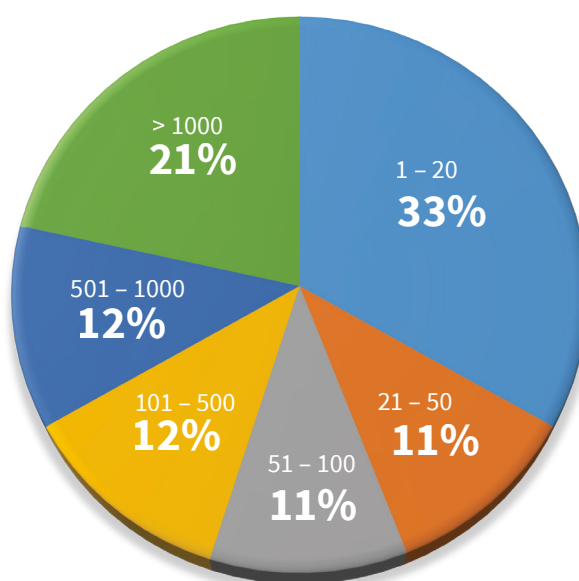


**Figure 15:** SE sectors of operation in Ghana.

Respondents were asked to identify their beneficiaries in specific categories. The highest proportion of beneficiaries were women; followed by members of a local community (26 %); followed by young people of 16 years to 35 years and employees.

We noted that female-led Social Enterprises mostly support their local community and women but male-led Social Enterprises tend to focus on young people and community members.

Women were the most commonly cited beneficiary group across all regions and different gender leaders of the Social Enterprises.



**Figure 16:** Beneficiaries who have received support from SEs

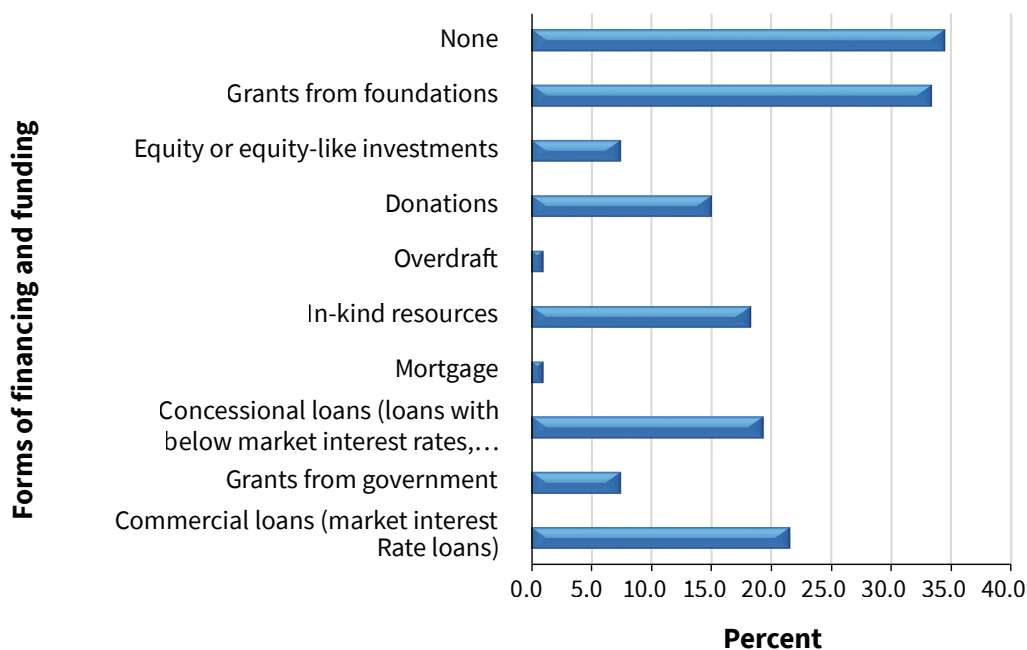
The survey further revealed that Social Enterprises had supported a total of 94,184 people over the past year, an average of 1,012 per Social Enterprise entity.

## 2.7 Funding

The survey sought to investigate the forms of funding received by the organizations in the last five (5) years. The findings reveal that most of the businesses (44%) surveyed have not received any form of external funding in the form of loan, equity or grant over the last five years.

Of those who had received funding, the most frequently reported source of funding was grants from foundations. Thirty-one (31) businesses (33.3%) indicated that they received funding from grants from foundations.

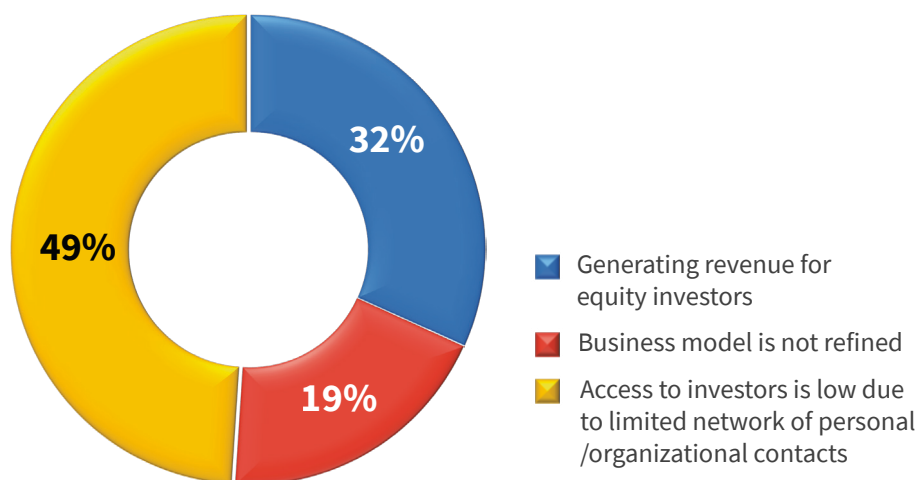
Also, 20 businesses (21.5%) said they borrowed from financial institutions in the form of commercial loans, specifically market interest rate loans; 19.4% also received concessional loans (loans with below market interest rates, including from friends and family), 18.3% had received ‘in-kind’ resources; another 15.1% had received donations; seven businesses (7.5%) had received funding via government grants; 7.55% had received equity or equity-like investments; one business (1.1%) had received funding from mortgage and lastly, one other business (1.1%) had received overdraft, all in the last five years.



**Figure 17:** Sources of SE financing

Forty-Nine percent (49%) of the businesses said access to investors is low due to a limited network of personal/organizational contacts available for investors to contact and present their businesses to, for investors to become aware of and make decisions on.

Thirty-two percent (32%) have challenges in generating revenue for equity and quasi-investors. These agribusinesses are not able to generate adequate revenue to attract equity and quasi-equity investors and 19% indicated that their business model is not refined or uncomplicated enough for financial institutions to easily understand and finance.



**Figure 18:** Reasons for SEs limited access to investors

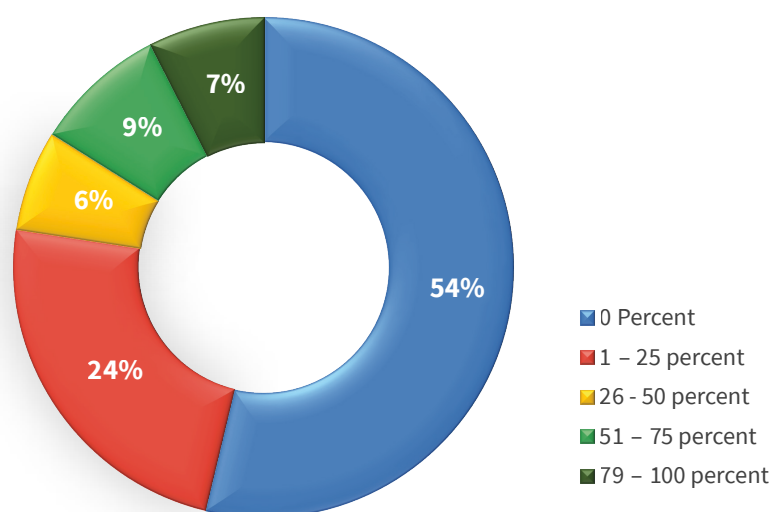
### 2.7.1 Proportion of Total Income from Grants

The survey further investigated the proportion of the organizations' income that came from grants.

Over fifty percent (54%) of businesses have not received any grant in the past five years. This means that they had financed their businesses largely from other commercial sources or the owner's capital. Twenty-two (22) businesses representing 23.7% have had up to 25% of their total income coming from grants.

Over eight percent (8.6%) of SE businesses had 51-75% of their total income from grants; seven businesses (7.5%) had 79-100% of their total income from grants, and six businesses (6.5%) had 26-50% of their total income from grants. The implications of these findings is that less than 25% of SE businesses have over 25% of their income coming from grants with only 7% of them receiving 79-100% of their income from grants.

It is worth noting that although the Social Enterprise sectors are in their early stages they are being driven by commercial capital as a result, they use their business' practices to tackle social and environmental problems.



**Figure 19:** Proportion of total income

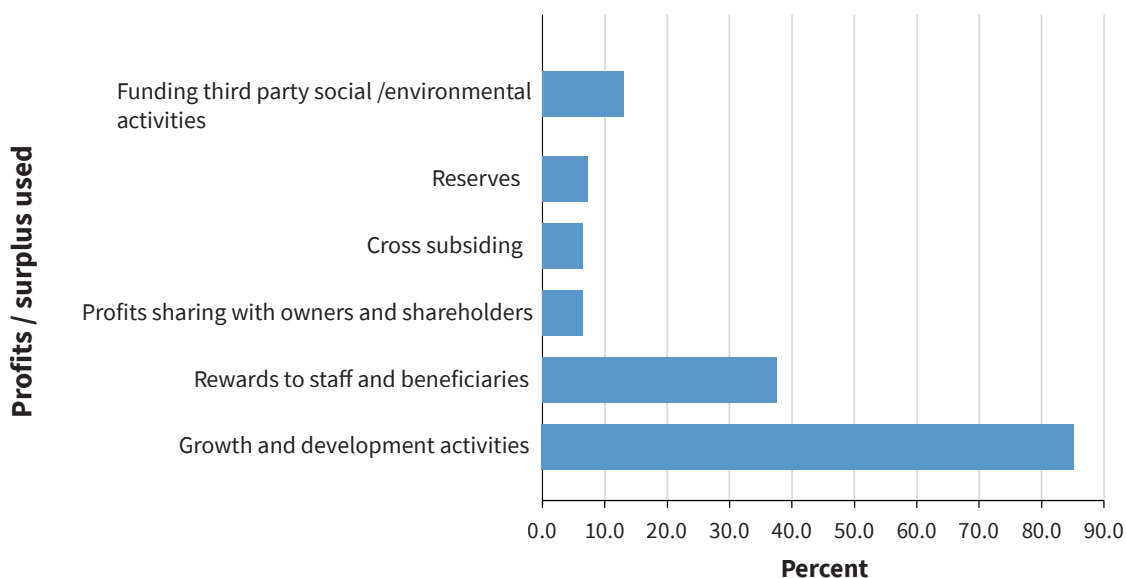
It is interesting to find out how organizations use their profits or income surplus they made. Social Enterprises in Ghana use most (45%) of their profit or income surplus to focus on growth and developmental activities.

Over seventeen percent (17%) use their profit to reward their staff and beneficiaries. 11.8% share the profit with owners and shareholders whiles 11.8% use it to fund third-party social/ environmental activities.

In addition, 7.8% push their profit into reserves and another 5.9% use it as cross-subsidy with profits gained.

As the organizations largely do not receive grants as their main source of funding, it is understandable that growth and expansion will be funded by ploughing back income surplus or profit.

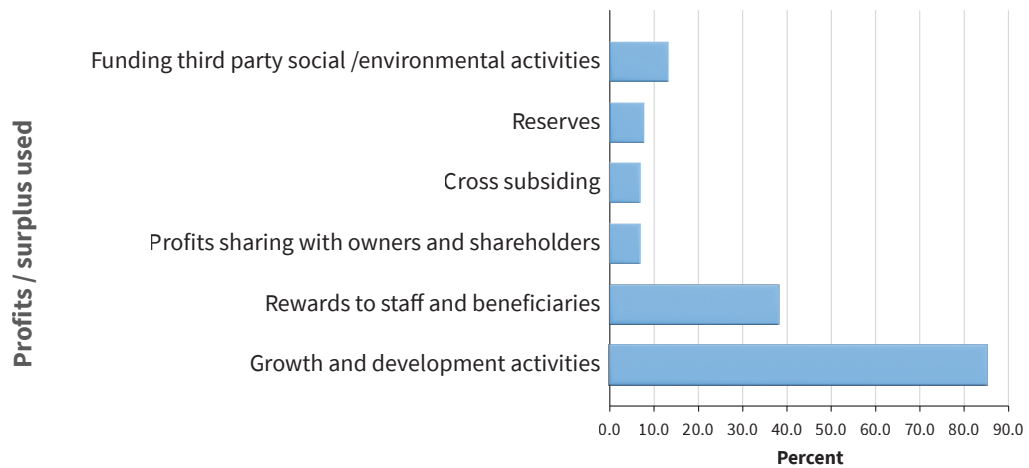
Most of the businesses (87%) that plough back their profit/surplus are located in Greater Accra Region and this may be due to the prospects that the shareholders/owners foresee high demand for their goods and services. Since they have limited funding opportunities, they have to rely on their surplus to fund such expansions to meet increasing demand.



**Figure 20:** Profit or income surplus used on growth.

### 2.7.2 Use of Profit / Surplus

Female-led Social Enterprises in the Greater Accra region mostly base their growth strategy on expanding into new geographic areas than on attracting investment. By contrast, male-led Social Enterprises in the Greater Accra Region plan for growth by attracting new customers and clients and developing new products and services.



**Figure 21:** Profits or Surplus used

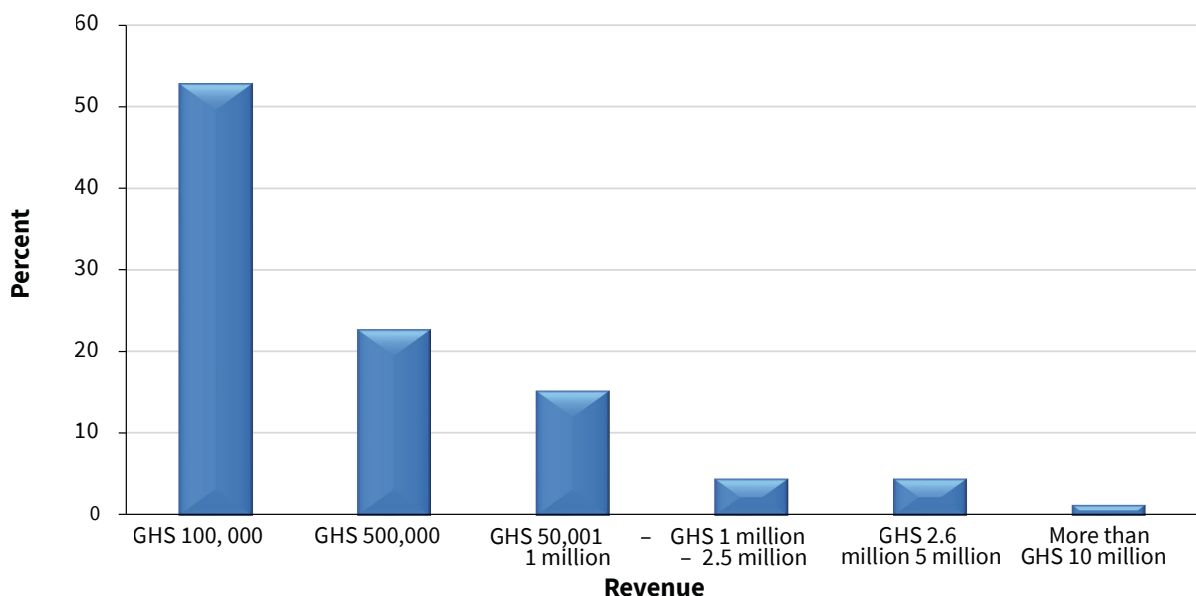
### 2.7.3 Annual Turnover and Profitability

The surveyed Social Enterprises' annual turnover was approximately GHS 70 million (USD\$ 5.6 million) for 2022, with average turnover ranging from GHS 100,000 to over GHS 10 million.

The annual turnover of most of the businesses (69.7%) are below one hundred thousand Ghana cedis (GHS 100,000). Over twelve percent (12.1%) of the SEs recorded an annual turnover of between GHS 100,000 to GHS 500,000; while 9.1% had an estimated revenue of GHS 50,001 to GHS 1 million.

A little over six percent (6.1%) recorded revenues between GHS 1 million and 2.5 million and only 3.0% had estimated revenue of between GHS 2.6 million and 5 million.

This confirms that Social Enterprises in Ghana are mostly MSMEs in terms of annual turnover and the number of people they employ.

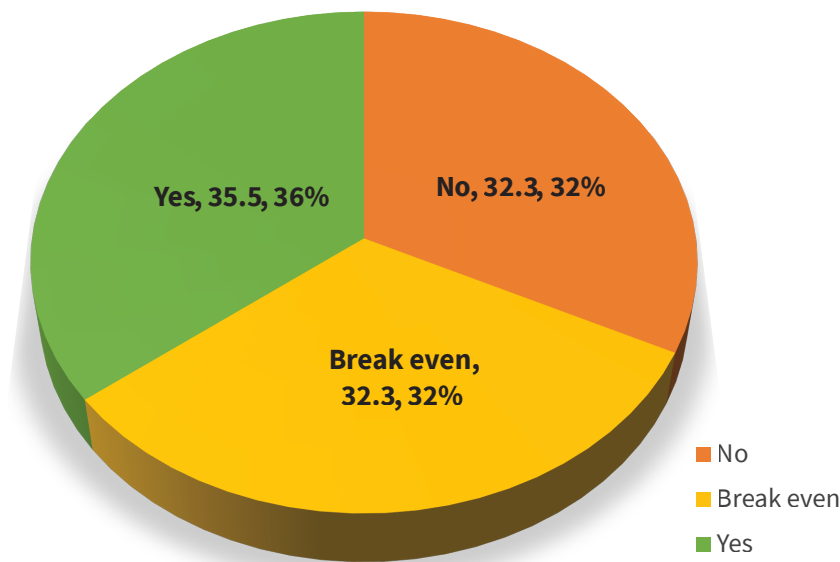


**Figure 22:** Annual turnover

Around sixty-seven percent (66.8%) of the businesses surveyed either recorded profit or a breakeven while 33.3% recorded losses in the reporting year.

Most of the Social Enterprises surveyed (35.5%) are making profits although profit-making is not their main objective and most of them plough back the profit for expansion and growth of the businesses.

More than a quarter of the businesses (32.3%) either break even or recorded losses in the past year. In other words, 65% of the surveyed SEs either make profits or break even. Since the majority of businesses use their profit for expansion and growth of the business, it could be implied that the prospect for growth of Social Enterprises is positive.



**Figure 23:** SEs Profit /breaking even

## 2.8 Employment and Leadership

The Social Enterprises surveyed have 2,100 employees in all, with the majority (54.37%) being female. Forty-one percent (41%) are full-time employees with almost half (49.3%) of the full-time employees being women.

Twenty-three percent (23%) of the employees are volunteers with the majority (59%) of them being international volunteers brought in to provide services within the period of 1 week to six months. Forty-nine percent (49%) of the surveyed Social Enterprises receive volunteers.

Female-led Social Enterprises hire a higher proportion of female staff than male-led Social Enterprises and have lower numbers of staff.



The part-time or temporary staff of the surveyed SEs were 46.6%, with women 474 of them being women.

**Table 5:** *Employment statistics of SEs in Ghana.*

<b>Employment Statistics</b>				
	<b>Mean</b>	<b>Std. Deviation</b>	<b>Minimum</b>	<b>Maximum</b>
Number of paid full-time employees do you currently employ	9.24	20.5	1	180
Number of current part-time employees	8.05	11.7	1	60
Number of current full-time female employees	4.43	5.5	1	40
Number of current female part-time employees	5.51	8.6	1	56

## 2.9 Leadership of Social Enterprises

A majority (44.1%) of the leaders of Social Enterprises have undergraduate degree qualifications with 37.6% being postgraduate degree holders. Over 15% of the leaders have a diploma; 2.2% have high school qualifications and 1.1% of the leaders have no formal education.

Fifty-two businesses (55.9%) have male leaders and 41 businesses (44.1%) have females as their organizational leaders.

Social Enterprise leaders in Ghana are young with 60.3% of leaders within the age range of 18-40 years. Over forty percent (44.1%) are aged between 30-40 years, 23.7% are within the age range of 41- 50, while 11.8% have their leaders within the age range of 26-30 years and 10.8% of the leaders aged 51-60. Leaders above age 60 constituted 5.4%.

Men who run the Social Enterprises are proportionately older than the women and those aged less than forty years (67%) are mostly in Greater Accra, Ashanti, and Central Regions.

Forty-three percent (43%) of the leaders of the surveyed Social Enterprises are from marginalized or vulnerable groups such as women and people living with a disability.

## 2.10 Plan for Growth for SEs and Priorities

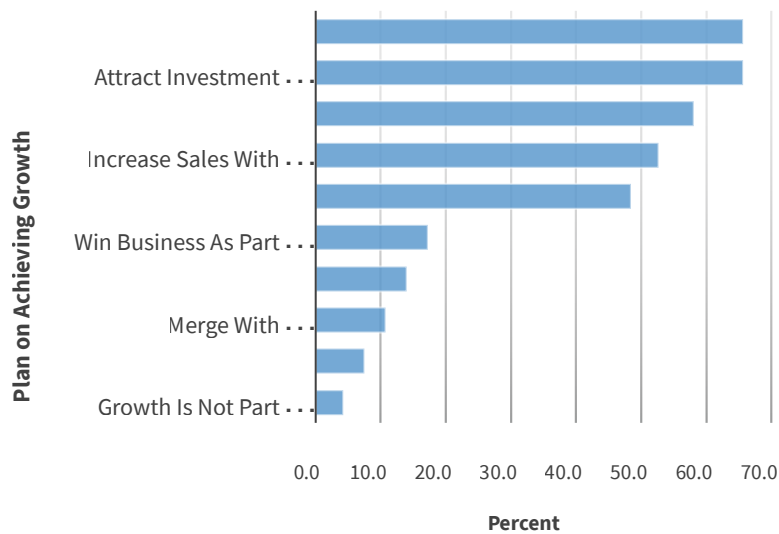
To be able to achieve growth over the next five years, 37.6% of the Social Enterprises plan to attract investment to expand and grow in the next five years. Another 17.6% of businesses plan to attract new customers or clients as their growth strategy. Over 30.9% intend to expand through increased sales with existing customers.

Other means through which some Social Enterprises intend to expand and grow are as follows:

- To expand into new geographical areas.

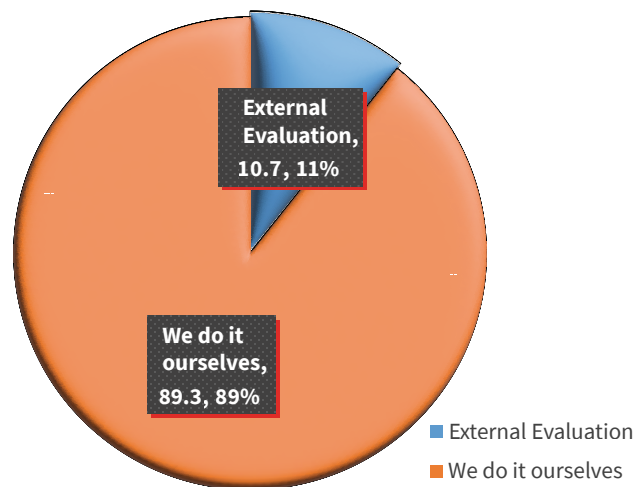
- Develop and launch new products and services on achieving growth.
- Complement to win business as part of a consortium.
- Replicate or franchise to expand growth.
- Supporting merger with other organizations in order to grow.
- Acquisition of other organization as a tool for achieving growth over a period of five years.

However, 3% of the Social Enterprises surveyed do not have growth as part of their plan for the next five years. According to them, they want to concentrate and consolidate their positions before they plan for growth and expansion.

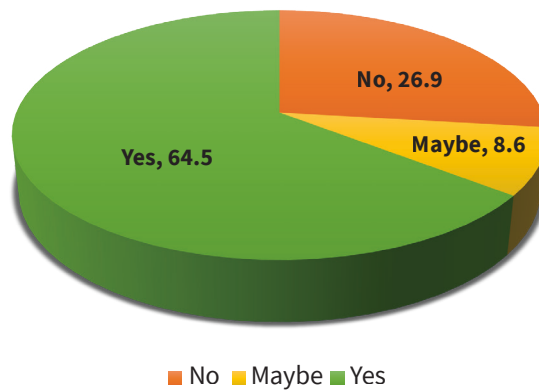


**Figure 24:** Growth plan

On evaluating their impact, 64.5% SEs confirmed that they measure their impact, of which 89.3% of the SEs indicated that they do evaluation but they do it themselves whiles 10.7% engages an external institution or person to do the evaluation for them.



**Figure 25:** Impact by SEs



**Figure 26:** Impact by SEs (%)

## 2.11 Impact of COVID 19 on Social Enterprises

Social Enterprises were asked if COVID 19 has affected them in any way. The majority of them indicated that COVID 19 had not affected their lives because they followed the safety protocols and no case of COVID 19 has been recorded among their staff. The study revealed that COVID 19 has impacted both positively and negatively on the business operations of actors. Those who indicated that COVID 19 has affected them assigned the following reasons:

- Wearing of nose mask was uncomfortable
- Restriction of movement affected their products and services
- They could not interact with their friends
- Children were not going to school
- High cost of living due to COVID 19.

Twenty percent (20%) of the respondents indicated that COVID 19 impacted them positively. The impacts mentioned include the following:

- Explored new models of delivering services to customers: e.g., online and virtual services
- Improved Personal Hygiene Observance: e.g. washing of hands
- Use of online and alternative channels for training and meetings: e.g. Zoom, Google Classroom, Skype, Meet, etc.
- Awareness of alternative health care solutions: e.g., Tele medicine, local herbs and efficacy, food and medicine.
- Learning Curve: e.g., IT and BC, Cost management, Traceability Studies

Eighty percent (80%) of respondents implicated that covid 19 affected them negatively in the following ways: affected finances (90%), staff employment, customers (80%), management of the organization and donors/financier support.

The negative impact of covid 19 on the finances of surveyed SEs include inadequate financial support from donors and other organizations; low revenue due to less patronage of program; high rates of commercial funding; and an overall lack of sources of funding.

Additionally, COVID 19 affected employees of the surveyed SEs in the following ways:

- Some of the workers or staff have been laid off.
- Some workers or staff have become ‘multitasking’
- Delay in payment of salaries
- Staff working on a shift system
- Reduction of staff salaries

### Effect on their customers

- Restricted some aspects of their work in terms of reaching out to children and some communities they work in.
- Buying of goods and services at a high rate.
- Not able to get quantities and quality of goods and services.
- Delay in payment for service.
- Some staff and volunteers have been laid off due to inadequate funds to pay salaries and allowances.
- It has slowed down the ability to run the business.
- Delay in releasing funds for certain purposes.

### Impact of COVID 19 on Ghanaian Social Enterprise

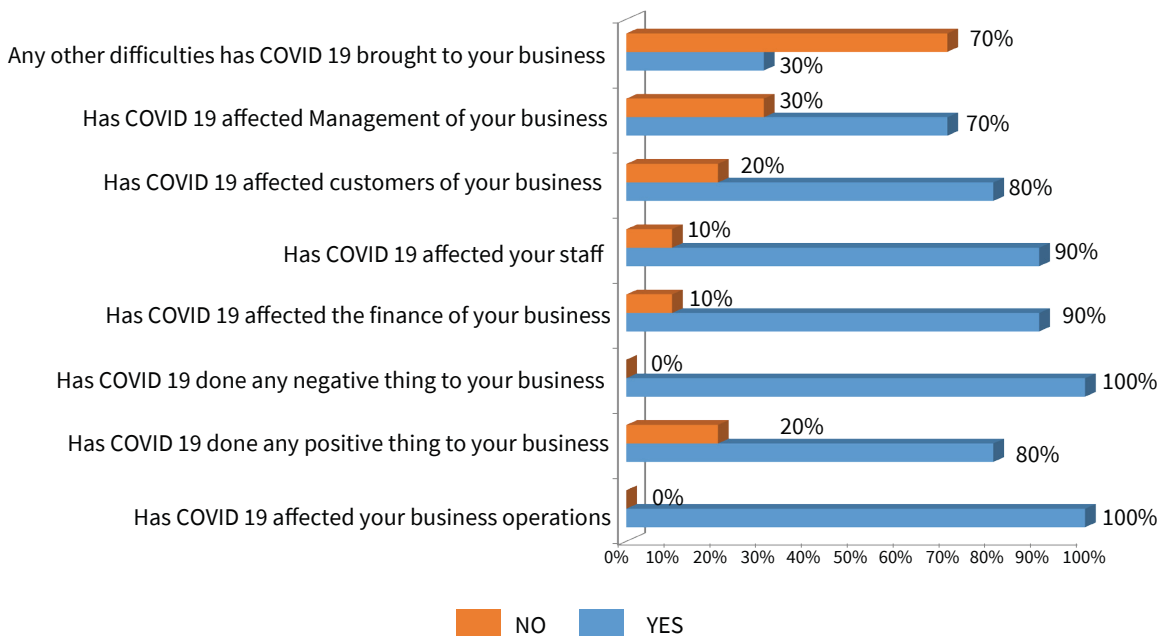


Figure 27: Impact of COVID 19 on Ghanaian SEs

# CHAPTER THREE

## AGRIBUSINESS SOCIAL ENTERPRISE

### 3.0 Agribusiness

The term agribusiness refers to economic activity that is connected to farm production; crop production, processing, transportation and distribution. Agribusiness is a combination of the words “agriculture” and “business”. Companies that are part of the agribusiness industry encompass all aspects of food production. Consumer taste dictates what products are grown or raised. In order for businesses to stay afloat they must be able to accommodate their production to domestic demand or export surplus abroad. The inability to do either usually results in the closure of the business.

### 3.1 The State of Agribusiness and Agriculture in the World

Agriculture value added went by 78% between 2000 to 2020 to around USD 3.6 trillion .Agriculture now contributes 4% to global GDP since 2000. The global workforce employed in agriculture has decreased from 40% (1,043 million) to 27% (866 million). Production of primary crops has increased by 52% (9.3 billion tonnes) and four crops account for about half of global primary production: sugar cane, maize, wheat and rice.

Vegetable oil production has increased by 125% driven by a sharp increase in palm oil. Meat production saw a 45% increase (337 million tonnes) in 2020 compared to production volumes in 2000, with chicken accounting for more than half of that increase. Cereals were the most traded commodity by quantity in 2020; the Americas and Europe are the largest exporters and Asia is the largest importer.

Availability of agricultural land and forests saw a decline between 2000 and 2020, with agricultural land declining by 134 million hectares—the size of Peru and forest area has declined by 99 million hectares (about the size of Egypt).

Globally, the prevalence of moderate to severe food insecurity is slightly higher for women than for men; the largest difference is found in Latin America and the Caribbean. Dietary energy supply has increased on all continents, most significantly in Asia. Additionally, despite the rise in hunger, there is also a simultaneous increase in obesity; it has increased in all regions, and almost 30% of adults in Northern America, Europe, and Oceania are obese. (FAO Statistical Year book, 2022)

The major challenges to the development of the agribusiness ecosystem in Africa appear to be climate change, soil health, water for irrigation, and biodiversity loss. Agriculture is the backbone of many economies in Africa and it accounts for 25% of economic output. According to the World Bank and the International Monetary Fund, growth in Sub-Saharan Africa is expected to remain below 4% in 2022 and 2023. Africa has 60% of the world’s arable land and it has the potential to meet not only its own needs but also those of the rest of the world. Agriculture remains one of the most important sectors of the economy; it provides a majority of employment opportunities and accounts for 14% of the GDP of Sub-Saharan Africa.

## 3.2 Agribusiness in Ghana

Agriculture contributes 20% of the Ghana's GDP and it is the largest employing sector; 60% of the population employed. Ghana has a total land area of 238,537sq km and 65% of this land area is dedicated to agriculture, and less than 2% being irrigated. Ghana is the fastest growing economy in West Africa with a GDP of 41.81Bn. Ghana's top **exports** since 2016 have been crude petroleum (2.66B), gold (2.39B), cocoa beans (2.27B), cocoa paste (382M), and cocoa butter (252M).

The top imports were refined petroleum (\$2.18B), crude petroleum (\$546M), and gold (\$428 M), rice (\$328M) and packaged medicaments (\$297M) (Agritech West Africa,2023)

The World Bank estimates that Africa's farmers and agribusinesses could create a trillion-dollar food market by 2030 if they can expand their access to more capital, electricity, better technology and irrigated land to grow high value nutritious foods.

In 2019 the value of Ghana's agriculture sector was US\$11.5 billion. There was a GDP growth rate of 17.5%. One of Ghana's strongest agricultural assets is the diversity of commodities, well-endowed drainage basin, and a relative proximity to the European market.

Ghana's agricultural land is estimated at 13.5 million hectares; 50% is currently under cultivation and 222,978 hectares under irrigation.

### 3.2.1 Agribusiness Agencies and Partners in Ghana

- The Youth in Agriculture Programme (YIAP) is a Government of Ghana initiative for the agricultural sector. The goal is to motivate the youth to engage in and appreciate farming/food production as a commercial venture and ultimately take up farming as a long-term vocation.
- Farm Radio International is an organization that operates through the radio, spreading information and collecting data on farmers throughout Ghana. The organization has led a range of projects based on climate change, innovative e-extension methods and residential construction. It is estimated to have a potential audience of 32 million people.
- Social Farm Ghana is an agribusiness social enterprise that connects smallholder and commercial farmers to farmlands and water bodies thereby forming in-grower cooperative schemes where farmers access mechanized services, inputs, training and markets. Their vision is to be a major player in sustainable agribusiness empowering women and youth.

## 3.3 Survey on Agribusiness Social Enterprise in Ghana

The surveyed agribusiness Social Enterprises will require between GHS 100 million to GHS 160 million (USD 12 million) investment to expand their operations.

An average of GHS 3 million (USD\$ 240,000) is required by the Agribusiness Social Enterprises surveyed. Twenty-seven percent (27.5%) estimate an investment requirement of GHS 500,000. Twelve businesses (12) representing (23.5%) of the Social Enterprise Agribusinesses surveyed require investment between GHS 50,001 to GHS 1 million.

Another group (21.6%) estimate an investment requirement of GHS 5 million to GHS 10 million to expand their operations. It was also noted that six (6) Agribusiness Social Enterprise businesses would require GHS 2.6 million to GHS 5 million for their expansion activities and only 3 businesses had their required investment to be more than GHS 10 million representing 5.9%. Three (3) other businesses representing 5.9% of the surveyed Agribusiness Social Enterprises require investments below GHS 100,000 in the next five years.

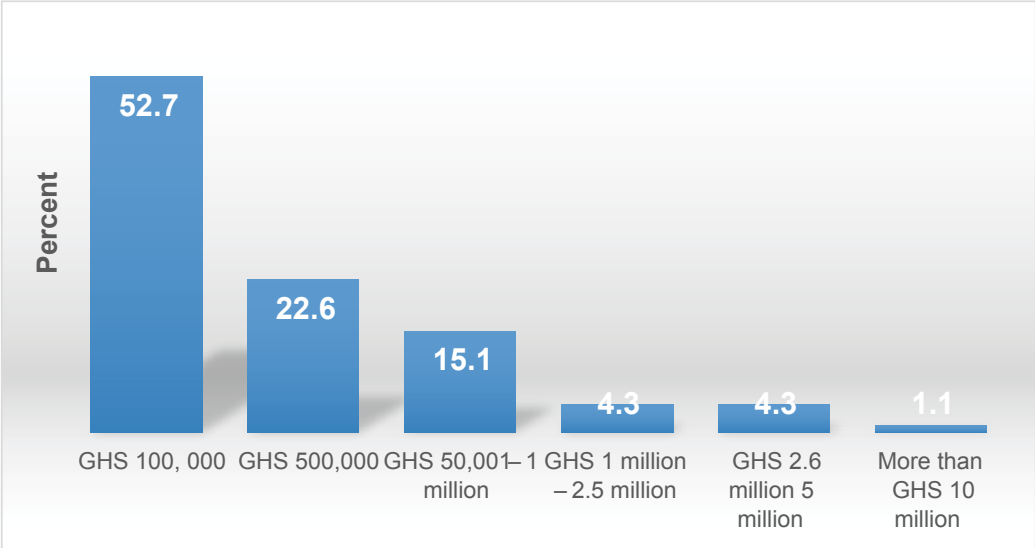


Figure 28: Estimated investment (%)

### AGRIBUSINESS EMPLOYMENT STATISTICS

o Number of full -time paid employees	356
o Number of current part-time employees	430
o Number of current full-time female employees	184
o Number of current female part-time employees	312
o Organization employing volunteers	101
o Number of volunteers employed	206

### ESTIMATED REVENUE FROM EXPORT

Below GHS 100,000	69.7%
GHS 500,000	12.1%
GHS 50,001 - 1 million	9.1%
GHS 1 million - 2.5 million	6.1%
GHS 2.6 million - 5 million	3.0%

### 3.3.1 Export Potential

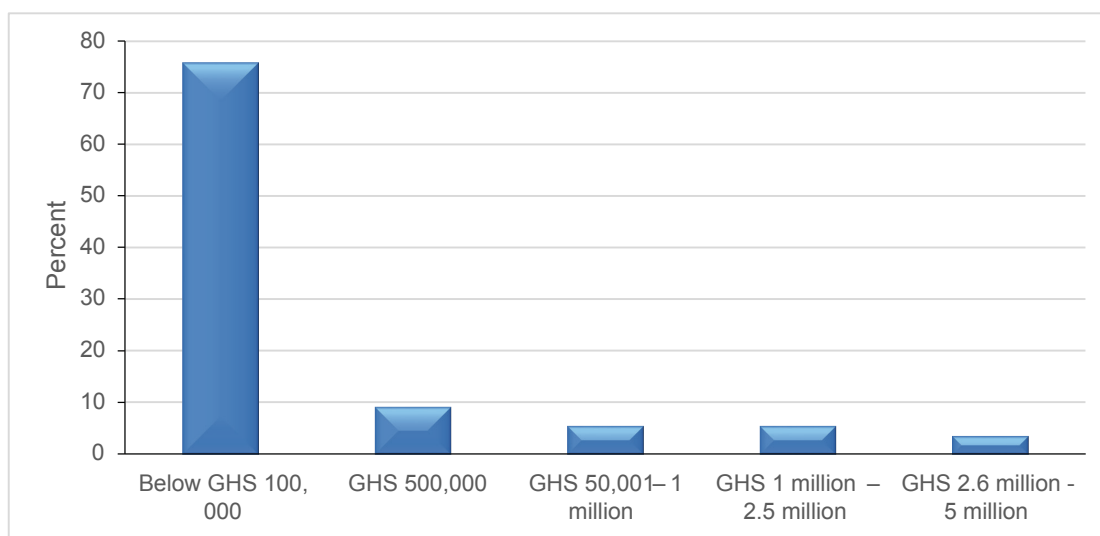
Sixty-three (63) businesses representing 73.3% do not export any of their products but only produce them for local consumption. However, 26.7% of the surveyed businesses export some or all of their products; 70% of these exporters are located in the Greater Accra Region, 15% in

the Eastern Region with Ashanti and Central regions sharing the rest. The major markets for their exports are the Netherlands, USA, China and some African markets.

It was noted that male-led businesses are likely to export more (58%) than female-led businesses.

The surveyed Agribusiness Social Enterprise earned an estimated USD\$ 2.1 million (GHS 27.1 million) last year from exports alone.

Forty-one (41) businesses (75.9%) earned revenue below GHS 100,000, while five businesses (9.3%) earned GHS 500,000. Three businesses (5.6%) earned an estimated GHS 50,001–GHS 1 million, three organizations (5.6%) earned between GHS 1 million–GHS 2.5 million, and two businesses (3.7%) also made an estimated revenue of GHS 2.6 million–GHS 5 million in 2022 from export.

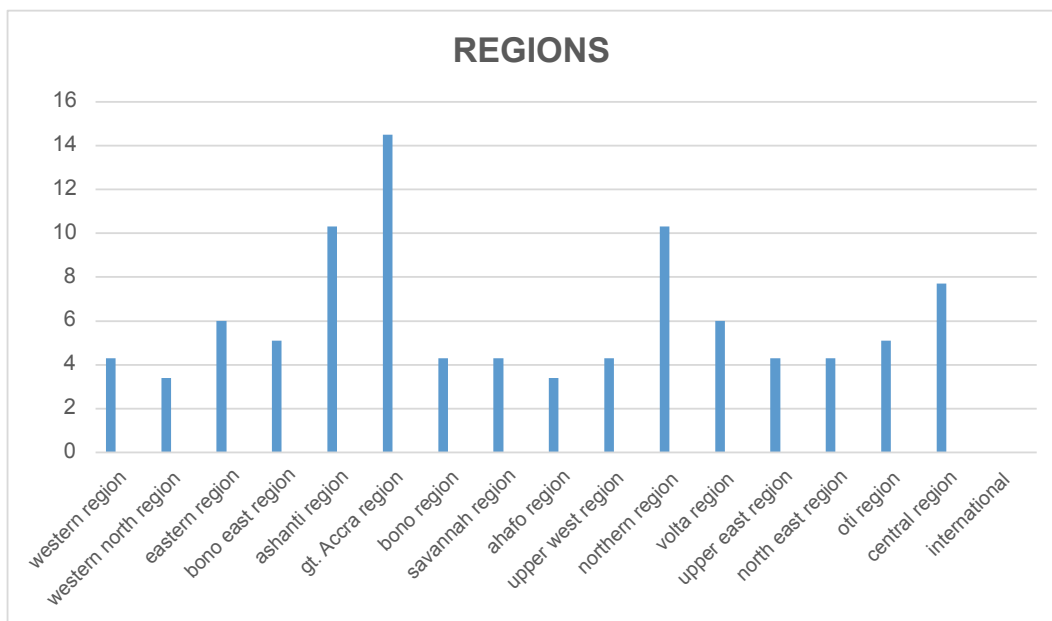


**Figure 29:** Export revenue

### 3.3.2 Regional Distribution and Sectors of Agribusiness Social Enterprises

The survey results indicated that Greater Accra hosts the largest number of agribusinesses (17 businesses represented by 14.5%), followed by the Ashanti and Northern regions which host 12 businesses each, represented by 10.3%. Also, nine (7.7%) agribusinesses operate in the Central Region. The Eastern and Volta Regions host seven (6.0%) each. Six agribusinesses (5.1%) each operate in the Oti and Bono East Regions, followed by the North East, Upper East, Upper West, Savannah, Bono, and the Western Regions which had five businesses (5%) each. Four businesses (3.4%) each operate in the Western North and Ahafo Regions, whilst three agribusinesses (2.6%) operate internationally.

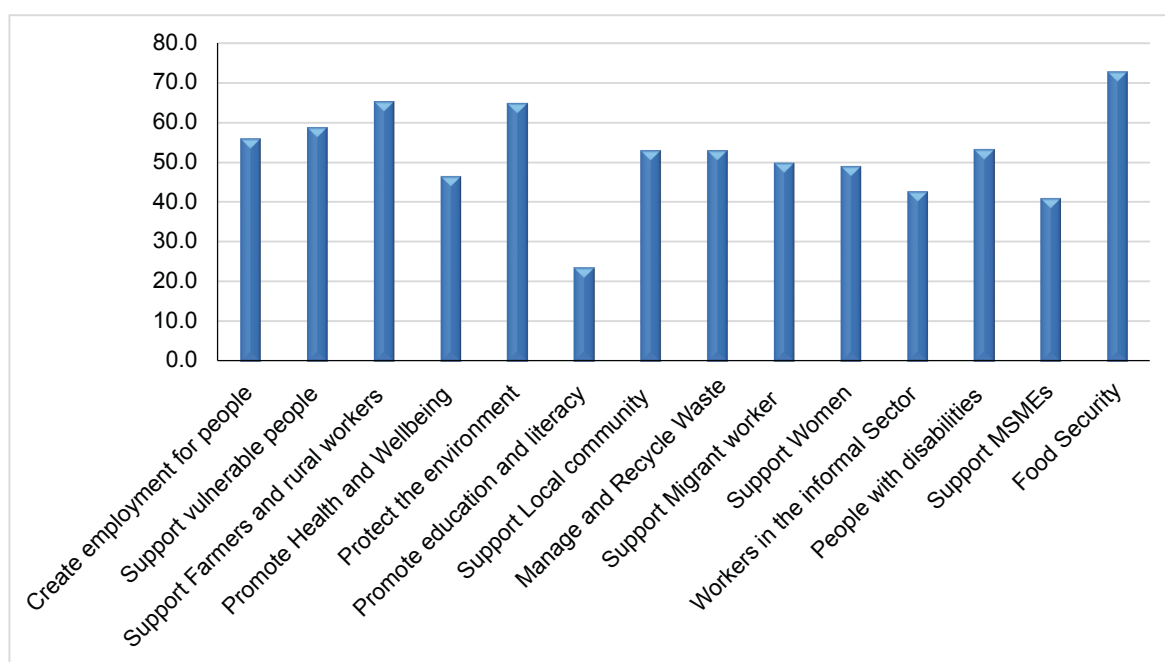




**Figure 30:** Regional distribution of agribusiness social enterprises

Forty-two businesses (16.2%) were mainly noted for creating employment for people while 35 businesses (13.5%) operated in food security-related businesses. Thirty-four businesses (13.1%) support farmers and rural communities, twenty-seven businesses (10.4%) function in support of women, twenty-six businesses (10.0%) work to protect the environment and twenty businesses (7.7%) support vulnerable people. It was also discovered that 17 businesses (6.5%) support the local community, 17 businesses (6.5%) manage and recycle waste, and 14 businesses (5.4%) promote health and well-being.

Furthermore, eight businesses (3.1%) support people with disabilities and seven businesses (2.7%) support MSMEs. Six businesses (2.3%) also operate with workers in the informal sector, five businesses (1.9%) promote education and literacy and two businesses (0.8%) support migrant workers.



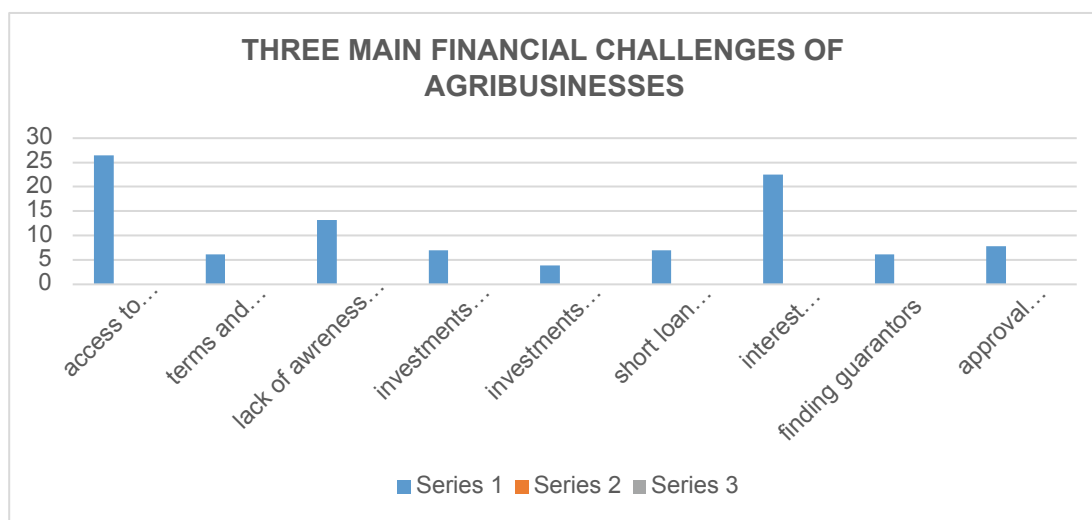
**Figure 31:** Agribusiness concentration

### 3.3.3 Major Financial Challenges of Agribusinesses

The main challenges of Agribusiness are outlined below:

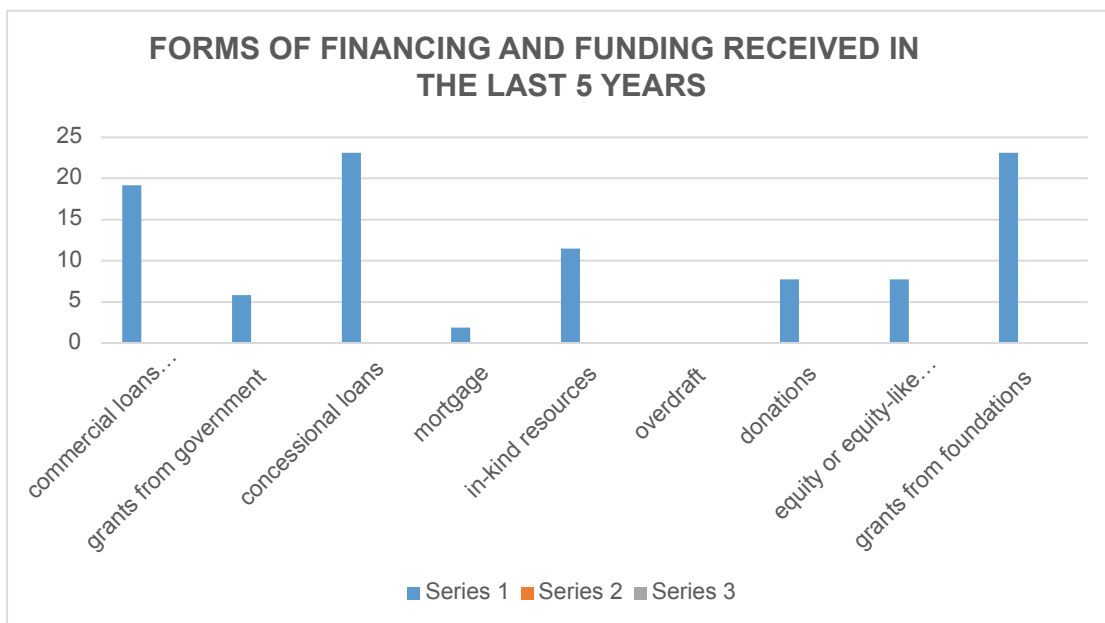
- o Low access to investors 26.4%
- o High Interest rate and cost of capital 22.5%
- o Lack of awareness of social enterprise businesses 13.2%
- o Difficult approval of procedures 7.8%
- o Approval of procedures 7.0%
- o Investments available are too small 7.0%
- o Difficulty in finding guarantors 6.2%
- o Terms and conditions are too difficult to understand 6.2%
- o Investments available are too large 3.9%

On challenges related to finance, 34 businesses (26.4%) indicated that they have low access to investors; 29 businesses (22.5%) cited high interest rates and cost of capital as their main challenges; 17 businesses (13.2%) lacked awareness of social enterprise businesses; 10 businesses (7.8%) saw the approval of procedures as a challenge to their finances; nine businesses (7.0%) have a challenge in short loan repayment periods; nine businesses (7.0%) believe investments available are too small; eight businesses (6.2%) approved funding guarantors as a challenge to finances; 8 businesses (6.2%) believed that the terms and conditions are too difficult to understand; 5 businesses (3.9%) claimed the investments available are too large.



**Figure 32:** Financial challenges of agribusinesses

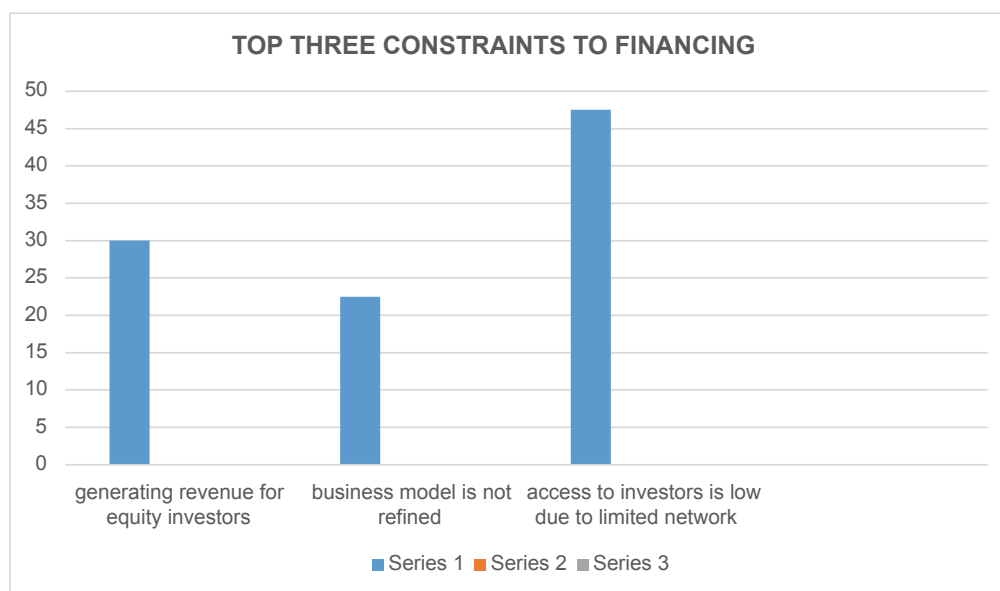
Within the past five years, 12 businesses (23.1%) had received funding from grants from other foundations; 12 businesses (23.1%) had received concessional loans and 10 businesses (19.2%) had received commercial loans. Six businesses (11.5%) received in-kind resources, four businesses (7.7%) received funding from equity or equity-like investments, and another four businesses (7.7%) received donations. Three businesses (5.8%) received funds from government grants and one business (1.9%) received funding through a mortgage facility. None of the businesses surveyed received funding through overdraft facility.



**Figure 33:** Forms of financing and funding

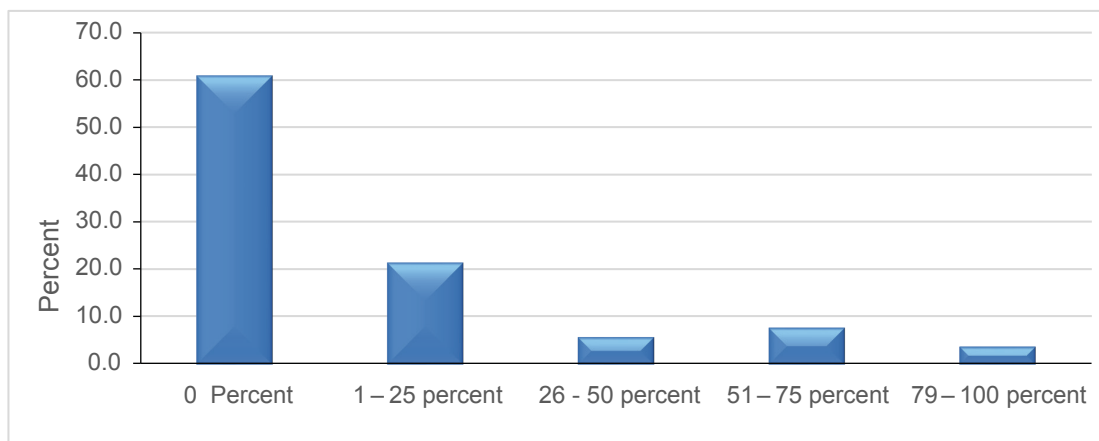
### 3.3.4 Top Three Constraints to Financing

According to 38 agribusinesses (47.5%), access to investors is low due to a limited network of personal/organizational contacts; 24 agribusinesses indicated that they have limitations in generating revenue for equity investors; and 18 businesses (22.5%) indicated that their business model is not refined.



**Figure 34:** Constraints to financing

The survey further revealed that 31 businesses (60.8%) made no income in the last 5 years, while 11 businesses (21.6%) made 1–25% total income as a result of grants. Four organizations (7.8%) had 51–75% of their income from grants and three businesses (5.9%) also had 26–50% of their income from grants. Lastly, two businesses (3.9%) recorded a proportion of 79–100% in the last 5 years from grants.

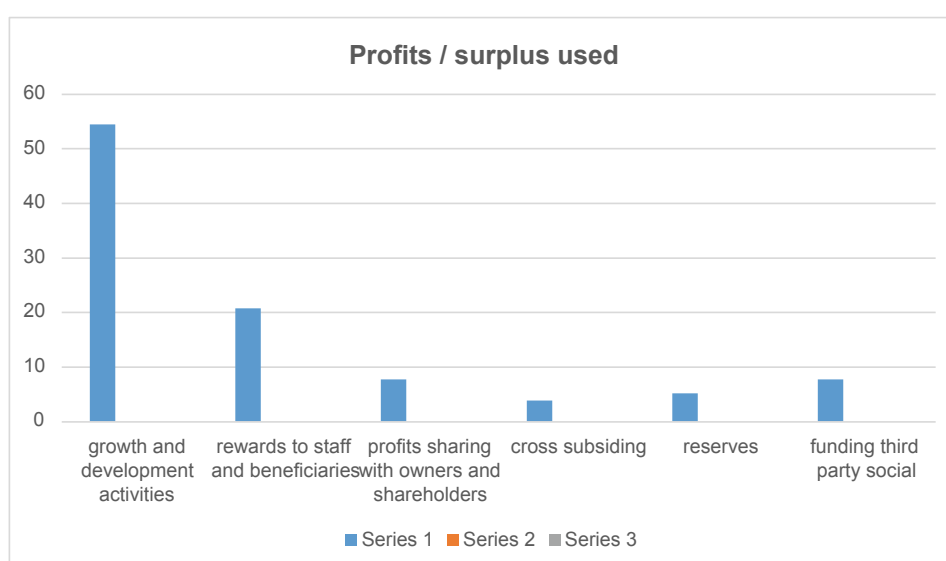


**Figure 35:** Agribusiness proportion of total income

### PROFITS / SURPLUS USED

● Growth and development activities	54.5%
● Reward to staff and beneficiaries.	20.8%
● Profit sharing with owners and shareholders	7.8%
● Funding third party social/environmental activities	7.8%
● Reserves	5.2%
● Cross-subsiding	3.9%

The profits made by 42 businesses (54.5%) were channeled into growth and developmental activities. Sixteen of such businesses (20.8%) rewarded profits to staff and beneficiaries, six businesses (7.8%) shared their profits with the owners and shareholders, whilst six businesses (7.8%) also used their profits to fund third-party social/environmental activities. Four organizations (5.2%) pushed their profits into reserves and three businesses (3.9%) did a cross subsidizing with the profits gained.

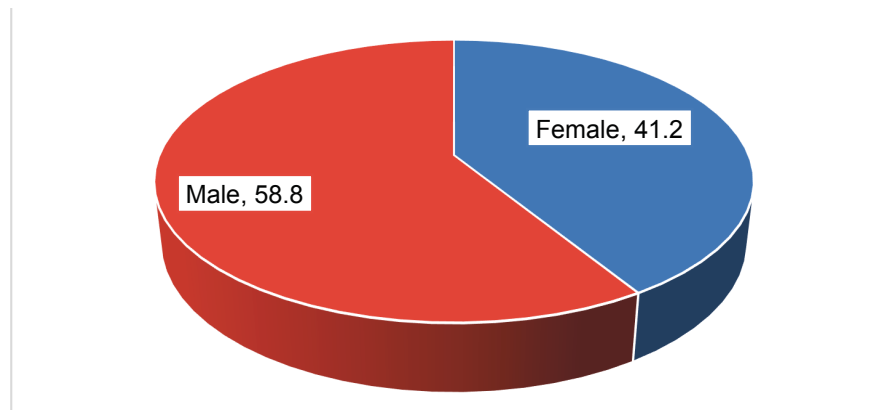


**Figure 36:** Profits and surplus used

### 3.3.5 Agribusiness Leaders' Background

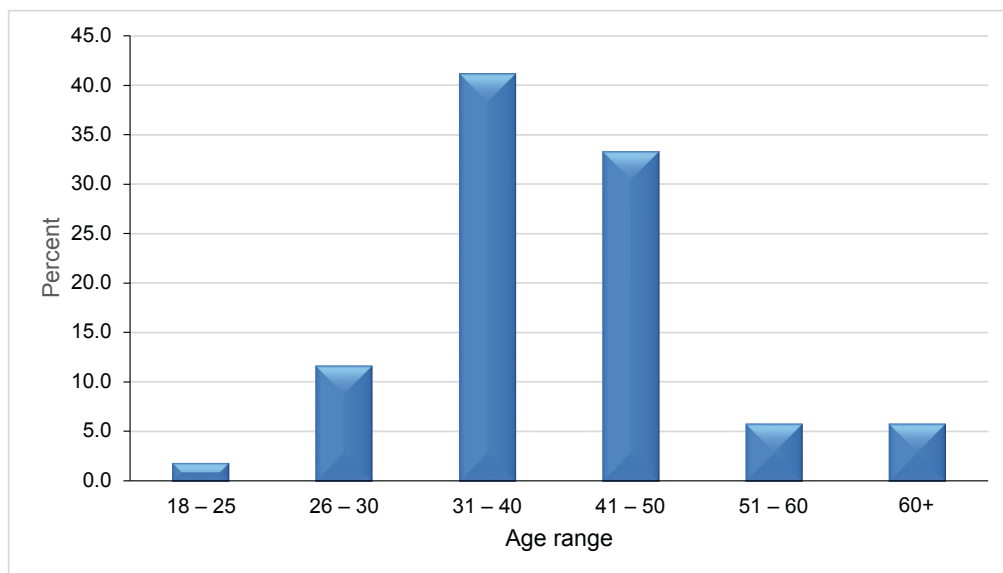
Thirty (30) businesses (58.8%) have males as organizational leaders and 21 businesses (41.2%) have females as leaders.

Twenty-four (24) businesses (47.1%) have degree holders as leaders in their organizations, 18 businesses (35.5%) have postgraduates as leaders and nine businesses (17.6%) have leaders with a diploma.



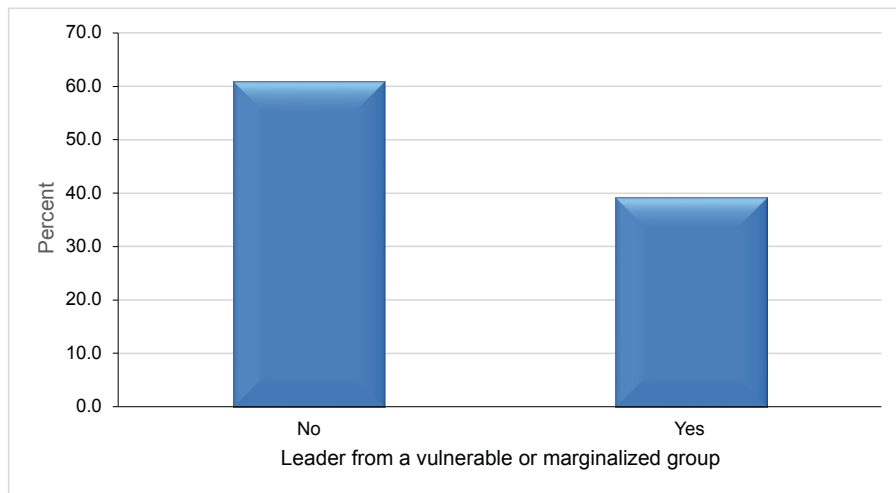
**Figure 37:** Gender distribution of agribusiness and other social enterprise

Furthermore, 21 businesses (41.2%) had the ages of their leaders ranging from 31–40. 17 businesses (33.3%) had their leaders between the ages 41–50. Also, six businesses (11.8%) had leaders between the ages of 26–30. Three organizations (5.9%) had their leaders aged 51–60 and another three businesses (5.9%) had their leaders aged 60+.



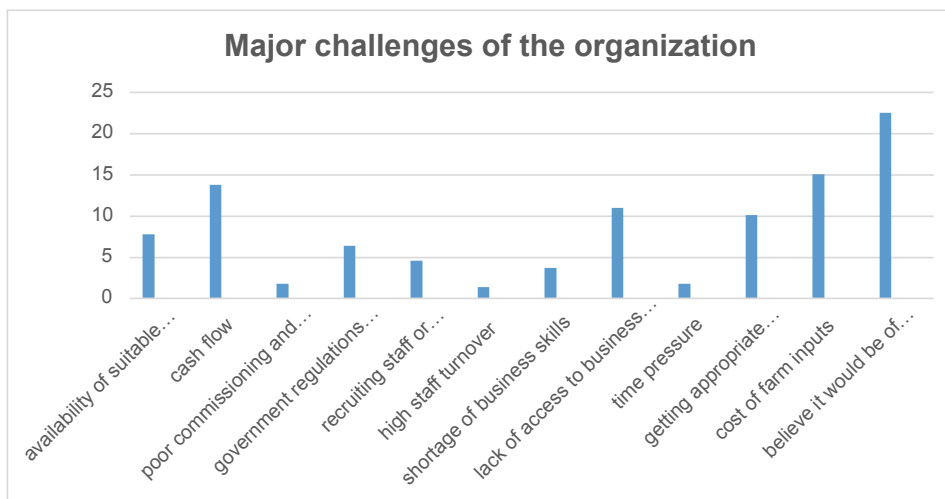
**Figure 38:** Age range of leaders of agribusinesses and other social enterprises

Meanwhile, 20 (39.2%) of the businesses surveyed had their leaders coming from a marginalized group/society, whilst the leaders of the remaining 60.8% (31 businesses) were not from a marginalized background.



**Figure 39:** Agribusiness and other social enterprise leaders from a vulnerable or marginalized group

### 3.3.6 Challenges and Priorities of Agribusinesses and Social Enterprises



**Figure 40:** Organization’s major challenges

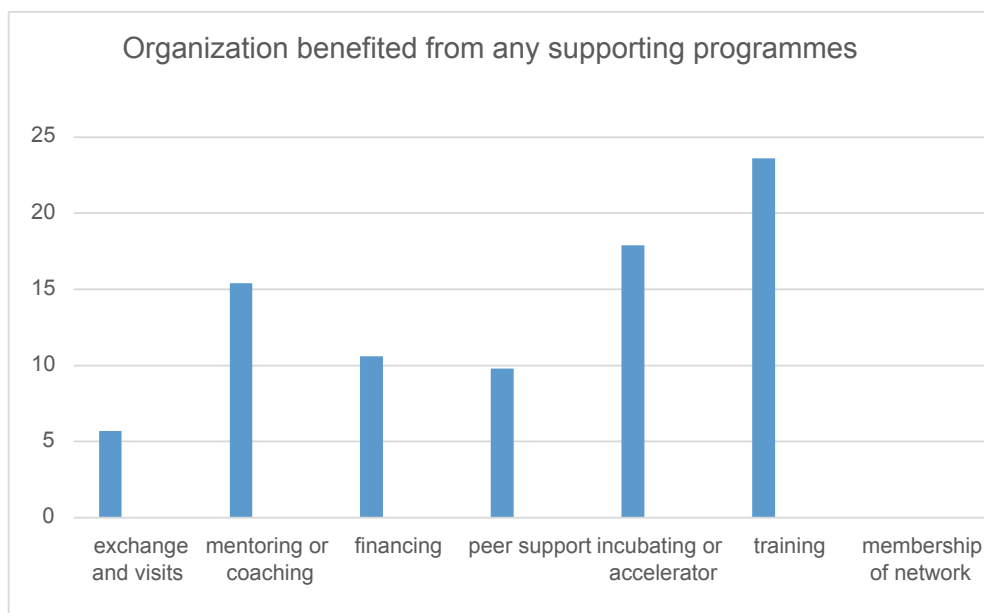
Forty-nine businesses (22.5%) stated that their challenges in agribusiness will be reduced if they have a specific social enterprise legal status. Thirty-three businesses (15.1%) believe the cost of farm inputs is challenging, while 30 businesses (13.8%) saw cash flow as a major challenge. Twenty-four businesses (11.0%) also acknowledged the lack of access to business support and advice as a challenge. Twenty-two businesses (10.1%) cited access to appropriate technology as a challenge and 17 businesses (7.8%) saw the unavailability of suitable premises as a challenge. Fourteen businesses (6.4%) admitted government regulations and administrative burdens are a challenge in agribusiness, while 10 businesses (4.6%) said recruiting staff or volunteers was a challenge. Eight businesses (3.7%) agreed that shortage of business skills was a challenge and four companies (1.8%) saw poor commissioning and procurement of public services as a challenge. Four businesses (1.8%) agreed that time pressure is a major challenge, while three businesses (1.4%) indicated a high staff turnover as their challenge in the agribusiness.

### 3.3.7 Agribusiness SEs Plan for Achieving Growth

○ Attract investment to expand	<b>19.6%</b>
○ Increase existing sales with customers.	<b>16.8%</b>
○ Expand into new geographic areas	<b>16.2%</b>
○ Develop and launch new products and services	<b>13.4%</b>
○ Win businesses as part of their consortium	<b>3.9%</b>
○ Replicate or franchises	<b>3.4%</b>
○ Merge	<b>2.8%</b>
○ Acquire another organization	<b>2.8%</b>
○ No plans	<b>1.7%</b>

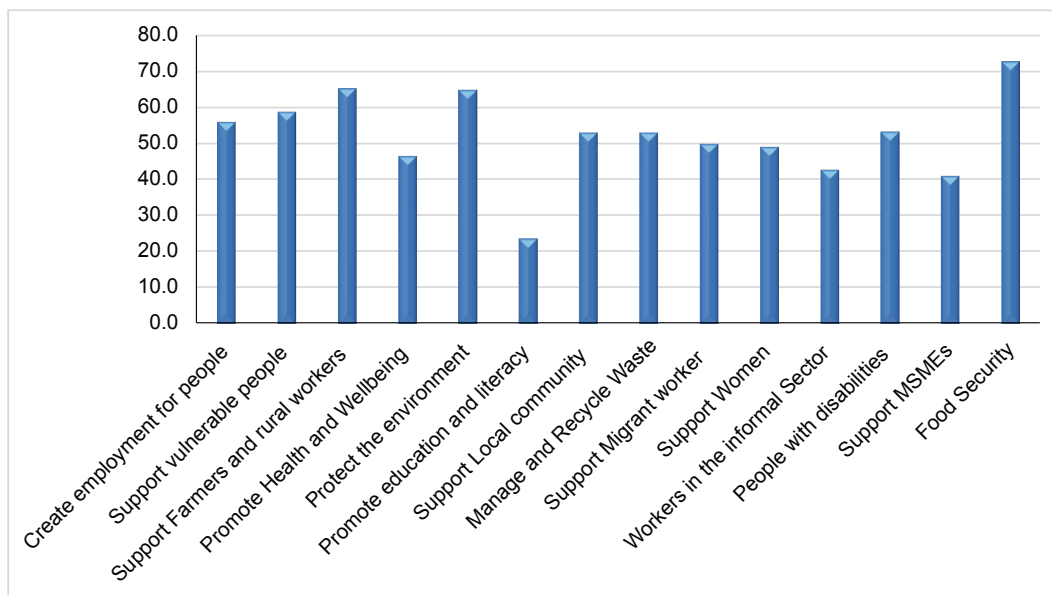
In achieving growth over the next five years, 35 organizations (19.6%) plan to attract investment to expand and 35 others (19.6%) intend to attract new customers or clients. Also, 30 businesses (16.8%) plan to increase sales with existing customers. Twenty-nine business organizations (16.2%) also intend to expand into new geographical areas. Furthermore, 24 businesses (13.4%) plan to develop and launch new products and services to achieve growth, while seven businesses (3.9%) intend to win businesses as part of their consortium. Six organizations (3.4%) on the other hand intend to replicate or franchise as part of their growth plan, while five businesses representing 2.8% intend to merge with other organizations to grow. Five businesses (2.8%) also want to acquire another organization as a strategy for achieving growth over five-year period. Three businesses (1.7%), however, have no plans for growth in the next five years.

### 3.3.8 Agribusinesses and SEs Benefits from Support Programs



**Figure 41:** Organization’s programs benefit

Out of the businesses surveyed, 29 (23.6%) have ever benefited from training programs, and 22 (17.9%) have benefited from incubation or accelerator programs. Twenty-one businesses (17.1%) have benefited from membership in a network or professional/industry associations. Some 19 organizations (15.4%) benefited from mentoring or coaching programs, while 13 businesses (10.6%) benefited from financing as a support program. Twelve (9.8%) organizations benefited from peer support and seven businesses (5.7%) benefited from exchange and visit programs.



**Figure 42:** Agribusiness concentration

### 3.4 Recommendations

The following are recommended based on the Study;

- 1. Policy on Social Enterprise:** There is an urgent need for a policy on Social enterprise in Ghana to drive employment, increase investment in the sector and enhance its contribution from the current 3.35% to the GDP.
- 2. Registration of Social Enterprises at Registrar General’s Department:** There should be an amendment to the Companies Act 2019, Act 992 to allow companies whose objectives are social enterprise-oriented/based to register as such. This will prevent them from registering as a company limited by guarantee, which most of them end up doing, but does not reflect the true objectives of such companies.
- 3. Social Enterprise and Innovation Fund:** The Ministry of Trade and Industry and the Ministry of Finance ought to support Social Enterprise Ghana to set up a Social Enterprise and Innovation Fund to solve the twin challenge of funding for social enterprises and to serve as an incentive for innovation of social enterprises to solve the numerous social and environmental challenges such as climate change, unemployment, waste management, and food security. The proposed fund can support agribusiness which requires an investment of not less than USD\$ 5 billion in the next five years to generate close to USD\$ 10 billion in the same period.
- 4. Invest in research in Agribusiness:** It is recommended that the private sector and government should intentionally support research in agribusiness in the areas of



agribusiness technology, financing, and economic issues to understand the sector and generate relevant data for decision-making and inform actors and decision-makers. Such research should look at the entire value chain of agribusiness from production, processing, distribution, inputs, etc. Such research will provide data to inform investors and drive investment and growth. It is further recommended that the Agribusiness Unit of the Ministry of Food and Agriculture should be better resourced to drive this together with the Ghana Statistical Service, Research institutions, and Higher Educational Institutions (HEIs).

5. **Training should focus on Agribusiness:** Over the years academic training in HEIs has focused on agriculture. The 'Agriculture' approach generally trains the student in agriculture as 'culture' (way of life), produce to feed themselves and sell the surplus rather than as a business (agriculture as a business). Such training generally does not have a focus which is generally the purpose of education as against training which is specific and tailor-made. The training in agricultural institutions should have a focus to train students in agribusiness and include modern technology based on research in the agricultural value chain.
6. **Social Enterprise Ghana as Self-Regulating Institution:** Social Enterprise Ghana (SEG) should work with the appropriate ministries towards becoming a self-regulating institution such as Ghana Stock Exchange and what Ghana Security Industry Association (GSIA) is working towards. Such status will help SEG to certify its members and draw companies and individuals operating in the Social Enterprise sector to obtain registration with SEG.

# CHAPTER FOUR

## POLICIES TO DRIVE INVESTMENT IN AGRIBUSINESS IN GHANA

### 4.0 Background

According to the World Bank's Report titled 'Growing Africa: Unlocking the Potential of Agribusiness' (the World Bank, 2019), Africa's farmers and agribusinesses could create a trillion-dollar food market by 2030 if they can expand their access to more capital, electricity, better technology and irrigated land to grow high-value nutritious foods. These projections indicate that agriculture offers the greatest prospects for a three-fold increase in the GDP of Ghana.

Ghana is currently the world's second largest cocoa producer with an annual production of between 800,000 and 900,000 tons of beans. Earnings from the export of cocoa beans and cocoa-related products amounted to US\$2.2 billion in 2018 and the same is projected for the year 2019. Both Ghana and neighboring Cote D'Ivoire supply 60% of global cocoa exports. Other tree crops identified as having potential for revenue generation include cashew and shea nut, which according to the Ghana Export Promotion Authority (GEPA) generated some US\$378 million and US\$90 million respectively in 2018.

In the year 2020, the Ghana Investment Promotion Center (GIPC) registered one agricultural project worth US\$ 6,469, 000 as compared to 2015's registered projects (i.e. in 2015 GIPC registered two agricultural projects worth US\$ 2,520,000). Additionally, from 2008 to 2016, the GIPC registered 110 projects worth US\$ 1,303 billion.

In the area of marketing, the Ghana Commodity Exchange (GCX) established in November 2018, facilitated a regulated market that links buyers and sellers of commodities to trade, while ensuring quality, timeliness and swift payments. Commodities currently traded on the Exchange include maize, soya bean, sesame, sorghum and rice. Feasibility studies to expand regional trade and commence future trade by 2021 are all underway by the Exchange. With the expansion of the Exchange's activities, a gaping opportunity is presented for private investments in warehousing, logistics and tech solutions to support the activities of the commodity exchange.

### 4.1 Agribusiness Policies and framework in Ghana

#### 4.1.1 Investing for Food and Jobs (IFJ)

An agenda for transforming Ghana's agriculture is the current medium-term plan for the agricultural sector which is aligned with the Comprehensive African Agriculture Development Programme (CAADP). The main thrust of the plan is to ensure that the government's objective of modernizing the agri-food system to transform the economy is attained.

### 4.1.2 Planting for Food and Jobs

The Ministry of Food and Agriculture is currently implementing the “Planting for Food and Jobs” campaign in the agricultural sector to increase productivity in addition to the production of selected value chains and creating jobs in the agricultural and related sectors. The agriculture sector has experienced local production deficits in rice and soya beans and some horticulture crops such as tomatoes, onions and sweet pepper which are met through imports. The Planting for Food and Jobs Campaign is focusing on value chains namely maize, rice, soya bean, sorghum, cowpea, cassava, orange flesh sweet potato (OFSP), groundnut, and vegetables. The Planting for Food and Jobs Campaign has five (5) pillars namely:

- i. Improving access to seeds
- ii. Improving access to fertilizers
- iii. Extension services
- iv. Marketing
- v. E-Agriculture platform.

### 4.1.3 The Coordinated Programme of Economic and Social Development Policy (CPESDP)

The CPESDP Agenda for Jobs is the overarching national medium-term development policy framework and poverty reduction strategy of Ghana whose main target is to put the economy on the path to achieving a per capita income of at least US \$3,500 by 2024 as well as attaining the Sustainable Development Goals (SDGs). The emphasis of the agriculture-related strategy in the CPESDP is related to the fact that agriculture is the pre-dominant occupation among rural folks in Ghana, the majority of which are women. To ensure they are not marginalized in the sector, the CPESDP promotes women’s empowerment by:

- i. putting measures in place to ensure men and women have equal access to land.
- ii. Re-introducing and enforcing administrative directives on the reservation of 30% of poverty alleviation funds of MMDAs to service women enterprises.
- iii. Ensuring that at least 50% of MASLOC funds continue to be allocated to women.

### 4.1.4 The National Gender Policy (NGP)

The NGP is aimed at addressing the gender inequality of opportunities and women’s empowerment. It also intends to mainstream gender concerns into national development processes to improve the social, legal, civic, political, economic and socio-cultural conditions of women and men. Therefore, within this national policy framework, all sectors are to develop gender policies using the overarching national gender policy as a guide. This will enable the achievement of the NGP’s aim of accelerating efforts and commitment of the government to empower women to have livelihood access to economic opportunities and decent work to improve earnings while addressing disparities in education, socio-economic and cultural issues, health, agriculture, trade and related matters.

### 4.1.5 The Food and Agriculture Sector Development Policy II (FASDEP II)

The MoFA developed the FASDEP II, the prevailing national policy for Ghana's agriculture sector in 2008, to provide a framework to promote sustainable agriculture and thriving agribusiness for all. FASDEP II strategies for gender mainstreaming are to prioritize a key gender-mainstreaming program annually for implementation of Gender and Agriculture Development Strategy (GADS), strengthen institutional capacity for effective gender mainstreaming and advocate affirmative action in recruitment and training in MoFA. The other strategies are to ensure the collection, use and maintenance of gender-disaggregated data at all levels and to promote systematic and regular gender analysis of agricultural programs to ensure they do not increase the workload of poor women and men farmers.

### 4.1.6 Tree Crops Policy (TCP)

The formulation of the Tree Crops Policy (TCP) in Ghana takes into account the major policy and strategy documents developed and currently being implemented in the sector. The Policy is to provide a comprehensive and holistic approach for the sustainable development of the tree crops sub-sector and for proper targeting of support to tree crop value-chains.

The TCP has prioritized six major strategic objectives to promote the sustainable growth and development of the tree crops sub-sector in Ghana. These are to:

- i. Support increased production and productivity.
- ii. Promote investment and increase processing capacities.
- iii. Improve marketing through value-chain development.
- iv. Promote sustainable practices for environmental protection.
- v. Support research and development.
- vi. Improve coordination and management.

### 4.1.7 Seed Policy

The production of certified seeds and planting materials for sale to farmers in Ghana is a private sector-driven activity in which direct public sector seed production and marketing has been terminated, and the onus shifted to small and medium-scale seed enterprises, including small-scale farmers and commercial firms, produce and sell seeds and planting materials. In this privatized seed market, small and medium-scale seed growers and dealers are registered and trained annually in the production and marketing of seeds in Ghana. To guide, promote and facilitate the accelerated development of the seed industry, Ghana has developed a comprehensive Seed Policy, which is very informative and educative and captures the interest of the whole spectrum of actors along the agriculture value chain in the seed industry.

The main objective of the Seed Policy is to support the development and establishment of a well-coordinated comprehensive and sustainable private sector-driven seed industry through systematic and strategic approaches that continuously create and supply new and improved varieties for use by farmers. The Seed Policy supports successful, seed production, certification, marketing and seed security systems, which form the basis for food security and support the

overall development of the agriculture sector. The Policy also provides implementation guidelines to guide the general approach to implementing the policy.

#### 4.1.8 Agricultural Extension Policy

The Agricultural Extension Policy sets out to address the specific needs of farmers, especially the rural poor, in an effort to reduce poverty, to ensure that farmers adopt environmentally sustainable methods, raise agricultural productivity, and create an enabling environment for private sector participation in the funding and delivery of extension services. The extension policy has nine objectives:

- i. Promote farmer-driven extension and research to ensure that services provided are relevant to farmers' needs
- ii. Empower farmers through the formation and development of FBOs, including marketing and agro-processing associations and co-operatives, in collaboration with the department of co-operatives.
- iii. Promote the best agricultural practices.
- iv. Improve the efficiency and cost-effectiveness of publicly funded extension service.
- v. Broaden extension services delivery.
- vi. Ensure that appropriate institutional structures are developed at all implementation levels to operate the new Agricultural Extension Policy. Therefore, MoFA will make the roles and responsibilities of staff at the various levels (national, regional, and districts) more operational as defined by the decentralization policy.
- vii. Implement an effective monitoring and evaluation system for agricultural extension services.
- viii. Undertake a broad-based human resource development program by ensuring continuous capacity building of agricultural development workers.
- ix. Drive the national agricultural extension system to respond to the emerging and underserved issues of the HIV /aids pandemic, environmental degradation, and poverty reduction.

#### 4.1.9 Livestock Development Policy

Ghana's agro-ecology, climatic conditions and land availability make livestock production suitable.

The Rearing for Food and Jobs, another module of the Planting for Food and Jobs initiative, was introduced by the government in 2019. It is aimed at increasing domestic production and reducing the importation of livestock products, contributing to employment creation and improving the livelihoods of value chain actors. However, livestock production has still not kept pace with the increasing consumer demand for meat and animal products.

Ghana's agro-ecology, climatic conditions, and land availability make livestock production suitable. However, livestock production has not kept pace with the increasing consumer demand for meat and animal products.

#### **4.1.10 The National Fisheries and Aquaculture Development Policy**

The National Fisheries and Aquaculture Development Policy developed in 2008 was the first comprehensive policy document on aquaculture development in Ghana and serves as a blue print.

The policy aims at developing the full potential of the fisheries sub-sector.

The development of the Policy is in line with the Food and Agriculture Organization (FAO) Code of conduct for Responsible Fisheries, which also serves as a guide for integrated rural development and coastal area management. The policy is structured around four strategic areas of focus:

- (a) Management of fisheries, conservation of aquatic resources and protection of their natural environment.
- (b) Promotion of value addition in the fisheries sector and the improvement of livelihoods in the fishing communities.
- (c) Sustainable development of aquaculture.

#### **4.1.11 Ghana Export Promotion Authority (GEPa)**

The GEPa was established in 1969 by Act 396 to facilitate, develop and promote Ghanaian exports.

It performs these functions through several mechanisms including:

- Coordinating public and private sector bodies engaged in trade, carrying out advocacy services for bodies engaged in exports
- Developing the trade capacity of exporters through workshops and similar interventions.

Identifying and promoting products with export potential, and, organizing linkage events with the international market players. All investors targeting the export market should register with the GEPa to comply with procedures for export documentation and its other regulations and to benefit from its programs, including support, facilitation and advisory services. For example, the GEPa advises that the exporter must check the background of the buyer or importer, with its assistance as necessary.

Also, a transaction of a secured export order should contain the essential facts about the desired merchandise.

# APPENDIX I

## GHANA COUNTRY CONTEXT

### Ghana's Population Census

#### 2021 CENSUS: THE FACTS AND FIGURES

**30.8** million people



**15.6**  
million  
females  
50.7%

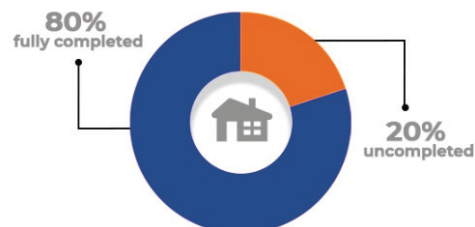


**15.2**  
million  
males  
49.3%

**8.3** million  
households



**10.6** million  
structures counted



Data source: Ghana Statistical Service [2021 PHC Report]



[Citi973](#) [@Citi973](#) [@Citi973fm](#) [www.citinewsroom.com](http://www.citinewsroom.com)

Figure A1: Ghana's population census

## Political Climate

The 1992 elections transformed the Ghanaian political landscape from a military government to a democratically elected government. The success story of the democratisation and stabilisation of the Ghanaian political system since then has won the respect of the international community and generated a lot of goodwill among investors.

The stable political environment prevailing in the country is an important prerequisite for private investments. Coupled with the government's strong inclination towards private capital, the relatively stable political climate guarantees sustainable returns on investments. Government policy in general has been geared towards creating and strengthening the institutional framework,

the provision of infrastructure, good investment codes and capacity building among others, with the view of creating a good investment climate has been an area of focus.

By providing safety for investments, the combination of democracy and a stable political system as exists in Ghana now, significantly minimises the political risks associated with foreign direct investments in developing countries. Currently, Ghana has a good rating as a politically safe haven for private capital in the sub-Saharan African region and developing countries globally.

## **Demography of Ghana**

The 2021 Population and Housing Census (PHC) puts Ghana's population figure at 30.8 million. The population has increased by 6.1 million from the 24.7 million recorded in 2010. This is however, a 2.1% growth rate, but the slowest since independence. With this, Ghana's population is expected to double within 33 years, with an estimated population of over 50 million by 2050.

Per the data, there are 400,000 more women in Ghana than men. Overall, women make up 50.7% of the population while men make up 49.3%. The ratio of 97 men for 100 women in 2021 represented a slight increase over the ratio of 95 recorded in 2010. This has been the trend for the last four Censuses. The 1960 census is the only post-independence census that recorded more men than women (102 men to 100 women). Since then, sex ratios have declined until the uptick observed in 2021.

Greater Accra overtakes Ashanti as most populous region. The Greater Accra Region is now the most populous region in Ghana, overtaking the Ashanti Region, which has been the most populous region since 1970. Ashanti Region closely follows as the second most populous region. However, the Greater Accra and Ashanti regions both have a population size of 5.4 million each.

Ahafo Region replaces Upper West as the least populous region. The Ahafo Region is the least populous region, taking the place of the Upper West, which had been the least populous in all the previous post-independence censuses. The Savannah and North East Regions are the second and third least populous regions respectively.

## **State of the economy**

Ghana's rapid economic growth was halted by the COVID-19 pandemic, the March 2020 lockdown, and a sharp decline in commodity exports.

Ghana Statistical Service reported that Ghana's GDP grew by 5.4 percent in 2021, compared to the 0.5 percent growth recorded in 2020.

In 2021, the share of agriculture in Ghana's gross domestic product was 19.71 percent, industry contributed approximately 28.26 percent and the services sector contributed about 45.93 percent.

There is a high demand for imported food products, especially intermediate, and consumer-ready products, due to limited selection of products provided by the underdeveloped domestic agricultural and food-processing sector.

Ghana remains a major importer of food products, with imports of agricultural and related products estimated to have reached \$1.9 billion in 2021.



Food imports mostly comprise bulk, intermediate, and consumer-oriented commodities such as rice, wheat, soybean meal, and poultry.

### AGRICULTURAL GDP (%) BY SUB-SECTORS

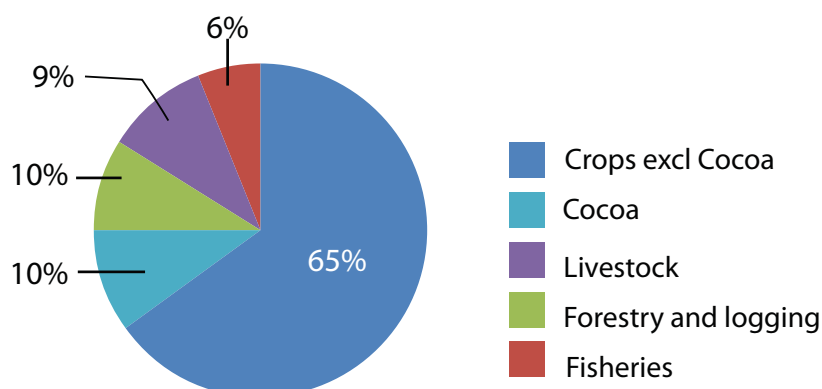


Figure A2: Agriculture GDP by sub -sectors

## Sector GDP statistics

### Agricultural Households

- Agricultural Households 2,585,531
- Agricultural Households Population 11,340,947
- Ghanaian 11,273,218 (99.4%)
- Non-Ghanaian 67,729 (0.6%)

### Agricultural holders (15 years or older)

- Agricultural Holders 2,158,697
- Ghanaians 2,144,571 (99.3%)
- Non-Ghanaians 14,126 (0.7%)
- Youth (15-35yrs) 519,788 (24.1%)

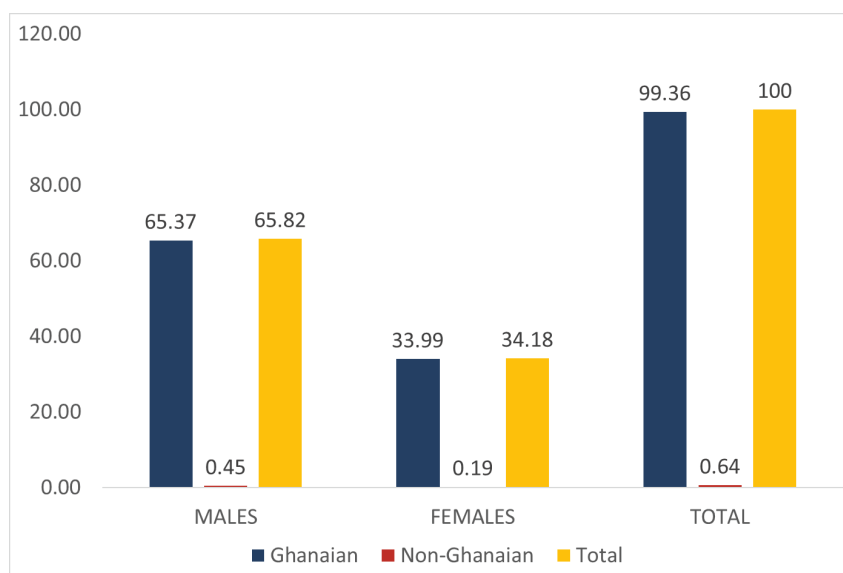
### Educational level of agricultural holders (15 years or older)

CATEGORY	NUMBER	PERCENTAGE (%)
No Schooling	930,186	43.1
Basic Level	950,903	44.4
Secondary Level	170,016	8.1
Tertiary Level	103,592	4.8

## Number of persons (15 years or older) engaged in agricultural activities

NATIONALITY	MALES	FEMALES	TOTAL
Ghanaian	1,985,436	1,032,385	3,017,821
Non-Ghanaian	13,793	5,767	19,560
<b>Total</b>	<b>1,999,229</b>	<b>1,038,152</b>	<b>3,037,381</b>

## Percentage (%) of persons (15 years or older) engaged in agricultural activities by sex



**Figure A3:** Percentage of persons engaged in agricultural activities by gender

## Educational level of persons (15 years or older) engaged in agricultural activities

CATEGORY	NUMBER	PERCENTAGE (%)
Never	1,283,786	42.3
Basic Level	1,348,866	44.4
Secondary Level	268,131	8.8
Tertiary Level	136,598	4.5

## Percentage of youth (15-35 years) engaged in agriculture

Total	3,037,381	(100%)
Youth	902,174	(29.7%)

## Gender of youth (15-35 years) engaged in agricultural activities

Total	902,174	(100.0%)
Female	300,488	(33.3%)
Male	601,686	(66.7%)

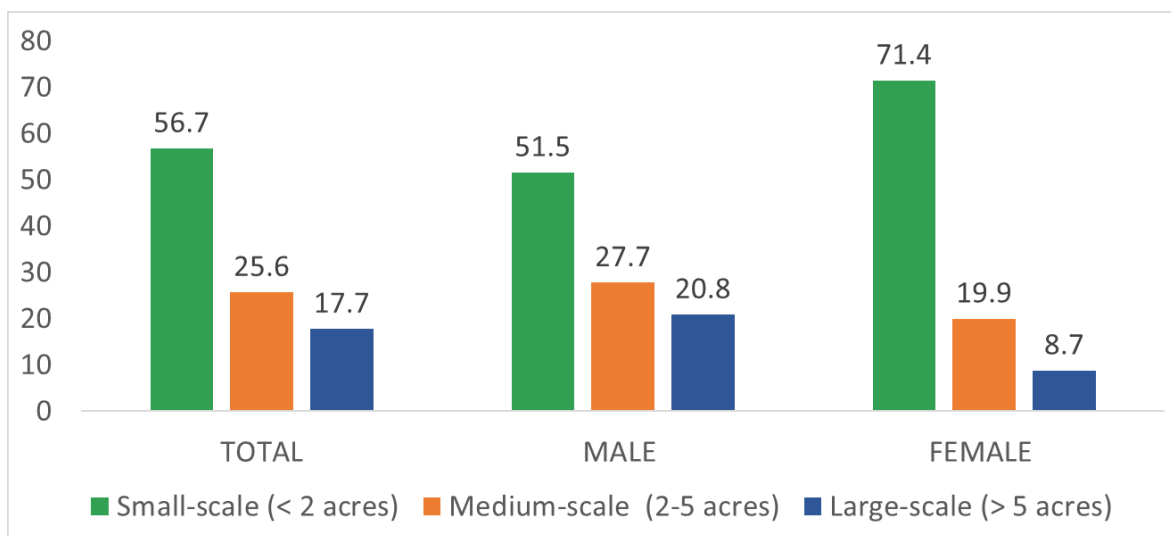
## Number of persons (15 years or older) engaged in agricultural activity by nationality

ACTIVITY TYPE	GHANAIAN	NON-GHANAIAN	TOTALS
Arable crops	2,353,426	6,976	2,360,402
Tree crops	1,190,585	2,405	1,192,990
Livestock	442,124	2,621	444,745
Aquaculture	2,006	9	2,015
Forest Trees	16,324	36	16,360
Bee-keeping	1,222	6	1,228
Capture Fisheries	59,412	136	59,548
<b>Total</b>	<b>3,028,319</b>	<b>9,062</b>	<b>3,037,381</b>

## Number of farms (parcels) by sizes

SIZE OF FARM (PARCEL)	TOTAL	MALE	FEMALE
Small-scale (< 2 acres)	1,775,461	1,209,120	566,341
Medium-scale (2-5 acres)	801,761	644,267	157,494
Large-scale (> 5 acres)	553,270	484,375	68,895
<b>Total Number of Farms</b>	<b>3,130,492</b>	<b>2,337,762</b>	<b>792,730</b>

## Percentage of farms (parcels) by sizes



**Figure A4:** Percentage of farms by sizes

## Agriculture Sector

Agriculture contributes 19.7% of Ghana's current GDP, accounts for over 30% of export earnings and serves as a major source of inputs to the manufacturing industry.

In 2019, 33.5% of the labor force in Ghana was absorbed by the agriculture sector.

Agriculture is the second largest employer in the economy but the smallest sector in comparison to services and industry.

The agriculture value added which is the net output of the sector from 2018 is 11.98 billion USD.

Ghana has a total land area of 238,539 km<sup>2</sup> of which 57% of it representing about 136,000 km<sup>2</sup> is classified as “agricultural land area.”

58,000 km<sup>2</sup> (24.4 %) is under cultivation and 11,000 hectares under irrigation.

Ghana’s agriculture is predominately smallholder farmers (80%), traditional and rain-fed.

The agriculture sector is usually divided into 4 subsectors, which are crops (including cocoa), livestock, forestry and logging & fishing.

Ghana’s main agricultural commodities include Cocoa (beans), yam, cassava, plantain, maize, groundnuts, cocoyam, rice, oil palm, tomatoes, pepper, oranges, onions, sorghum and pineapples.

The extension officer-to-farmer ratio stands at 1:706 as compared to the FAO standard of 1:500.

Ghana is a net importer of agricultural products, importing mainly consumer-ready commodities such as rice, wheat, sugar and poultry.

There are many development programs in the agriculture sector, and a fair amount of money is invested by different NGOs and development partners in order to enhance productivity and grow the capacity of farmers.

Among the strong players in this arena are GIZ, USAID, DANIDA, SNV, World Bank, African Development Bank, AGRA, FARA and AFAP.

## **Opportunities in the sector**

Climate resilient/adaptable technology in all areas – Due to the changing climate situation it is becoming very difficult for farmers who rely on rainfall to predict planting seasons hence all forms of climate resilient or adaptable technology in agriculture are welcomed.

Poultry feed and fish feed preparation machines – Most farmers prefer to prepare their own feed per the recipe they consider best for the livestock but are not able to do so in large quantities hence would prefer to have the machinery to prepare feed onsite.

Cocoa bean preparation for export and processing for the local confectionary sector – Cocoa farmers go through a tedious natural process to get their beans up to standard for export.

## **Investment climate**

Over the past years, the Government of Ghana has initiated specific policies to lay a firmer foundation for private sector development. Some policies initiated to achieve this include the following:

## Promulgation of a new and transparent investment law

Promulgation of banks and Special Deposits Institutions Act, Securities Industry Act, the GIPC Act and Ghana hosting the Africa Continental Free Trade Area headquarters.

Availability of a Stock Exchange and other proposals to create capital markets that will ensure competitive dealings in shares and bonds.

Progressive institutional development is evidenced by the establishment of export-free zones and factory-specific port processing zones for existing firms, as well as emerging bank and non-bank financial institutions.

The pursuit of prudent fiscal and monetary policies that have led to a consistent reduction in the cost of borrowing.

Ongoing donor and government support for infrastructure development of electricity and water supplies, transport and communications.

Quota-free access to the United States of America and European Union Markets.

Strong private sector advocacy groups such as the private Enterprise Foundation, the Private Sector Advisory Group and the Association of Ghana Industries.

A strategic location for communication facilities in terms of international commerce

## Distribution of Agricultural Activities

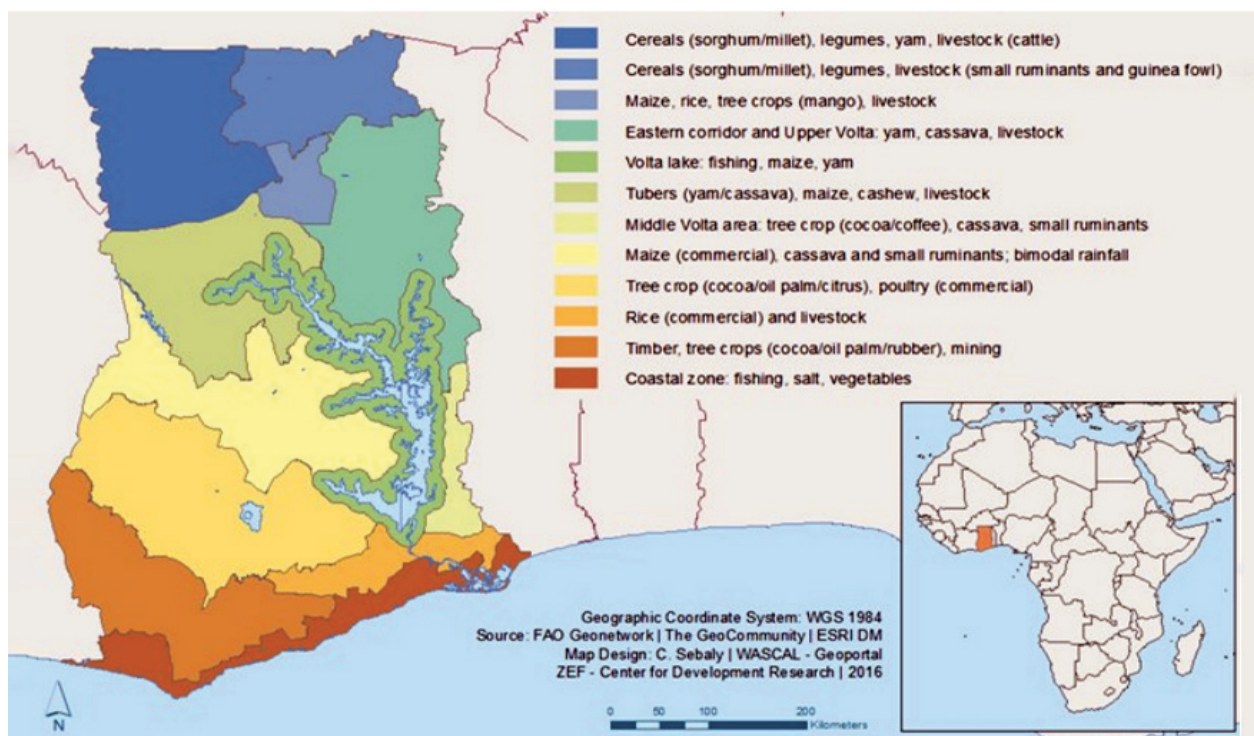


Figure A4: Distribution of agricultural activities

## Methodology

To determine the job creation potential of Social Enterprises in Ghana, existing survey data on employment in the MSME and various sectors were used. Social Enterprise rates were used as a basis to determine job creation using extrapolation. Data collected by the British Council, which surveyed 90-200 Social Enterprises in four African countries (Ghana, Tunisia, Ethiopia and Kenya), asking specifically for the number of employees. This information was used to create an average for each Social Enterprise. In addition, data collected by Siemens Stiftung on potential of Social Enterprise to provide employment opportunities in 12 African countries, 2020-2030 using similar approach was also adopted.

**Table A1: Number of SMEs in selected countries**

Ghana	1,777,209	7,535,365	4.24	Total number of jobs in SMEs/ Job creation per SME	Korea Development Institute (2003): Building the foundation for the development of SMEs in Ghana. Working age population (2019) & employment rate (2019): World Bank Open Data.	Average of Job Creation per SME
Kenya	1,560,500	6,291,887	4.03	World Bank (2017): MSME Finance Gap; Assessment of the Shortfalls and Opportunities in Financing Micro, Small, and Medium Enterprises in Emerging Markets.	Viffa Consult (2018): Kenyan SME Finance Survey. Working age population (2017) & employment rate (2017): World Bank Open Data.	Total number of jobs in SMEs/Total number of SMEs
Morocco	1,410,000	4,448,902	3.16	World Bank (2017): MSME Finance Gap; Assessment of the Shortfalls and Opportunities in Financing Micro, Small, and Medium Enterprises in Emerging Markets.	African Development Bank Group (2013): Catalyzing Job Creation and Growth Through MSME Development in the Deauville Partnership Countries. Working age population (2017) & employment rate (2017): World Bank Open Data.	Total number of jobs in SMEs/Total number of SMEs
Nigeria	36,994,578	41,586,410	1.12	World Bank (2017): MSME Finance Gap; Assessment of the Shortfalls and Opportunities in Financing Micro, Small, and Medium Enterprises in Emerging Markets.	Premium Times (2020): Small, medium enterprises account for 84 per cent of jobs in Nigeria. Working age population (2017) & employment rate (2017): World Bank Open Data.	Total number of jobs in SMEs/Total number of SMEs

**Table A2: Number of SMEs in focus countries**

	TOTAL NUMBER OF SMEs	TOTAL NUMBER OF JOBS IN SMEs	JOB CREATION PER SME	SOURCE TOTAL NUMBER OF SMEs	SOURCE TOTAL NUMBER OF JOBS IN SMEs	SOURCE JOB CREATION PER SME
Cote d'Ivoire	203,491	735,000	3.61	World Bank (2017): MSME Finance Gap: Assessment of the Shortfalls and Opportunities in Financing Micro, Small, and Medium Enterprises in Emerging Markets.	Dutch Good Growth Fund (DGGF): Ivory Coast. Key Challenges for the "Missing Middle".	Total number of jobs in SMEs/Total number of SMEs
Egypt	2,453,567	21,648,750	8.82	World Bank (2017): MSME Finance Gap: Assessment of the Shortfalls and Opportunities in Financing Micro, Small and Medium Enterprises in Emerging Markets.	Number of SMEs: Oxford Business Group (2020): SMEs key to sustainable growth of Egypt's industry. Workforce: Ahram Online (2019): Egypt's labor force reached 28.9 million in 2018, 90% employment rate: CAPMAS.	Total number of jobs in SMEs/Total number of SMEs
Ethiopia	800,000	1,223,700	8.96	ADA asbl & First Consult PLC (2017) Ada Micro-finance Page 4	Ethiopian Economic Association (2015): Small and Micro Enterprises (SMEs) Development in Ethiopia. Policies, Performances, Constraints and Prospects	Total number of jobs in SMEs/Total number of SMEs



**Table A3: Number of SMEs in focus countries**

	Total number of SMEs	Total number of jobs in SMEs	Job creation per SME	Source Total Number of SMEs	Source Total number of jobs in SMEs	Source Job creation per SME
Rwanda	123,496	523,623	4.24	World Bank (2017): MSME Finance Gap: Assessment of the Shortfalls and Opportunities in Financing Micro, Small, and Medium Enterprises in Emerging Markets.	Total number of SMEs * Job creation per SME	Average of Job Creation per SME
Senegal	300,000	1,437,255	4.79	GIZ (2016): Promoting the competitiveness and growth of small and medium-sized enterprises and capacity development in the microfinance sector.	GIZ (2016): Promoting the competitiveness and growth of small and medium-sized enterprises and capacity development in the microfinance sector. Working age population (2016) & employment rate (2016): World Bank Open Data.	Total number of jobs in SMEs/Total number of SMEs
South Africa	2,182,283	9,100,000	4.17	Bureau for Economic Research (2016): The small, medium and micro enterprise sector of South Africa.	Clockwork (2020): An overview of the SME Landscape in South Africa.	Total number of jobs in SMEs/Total number of SMEs
Tunisia	601,416	877,500	1.46	World Bank (2017): MSME Finance Gap: Assessment of the Shortfalls and Opportunities in Financing Micro, Small and Medium Enterprises in Emerging Markets.	African Development Bank Group (2013): Catalyzing Job Creation and Growth Through MSME Development in the Deauville Partnership Countries.	Total number of jobs in SMEs/Total number of SMEs
Uganda	1,100,000	2,500,000	2.27	Fortune of Africa (2020): <a href="https://fortuneofafrica.com/ug/micro-small-and-medium-enterprisesmsmes-in-uganda/">https://fortuneofafrica.com/ug/micro-small-and-medium-enterprisesmsmes-in-uganda/</a>	Uganda Investment Authority (2016): SMEs Driving the Economy.	Total number of jobs in SMEs/Total number of SMEs

## Estimated number of SMEs in Ghana

Estimate number of SMEs as a proxy to estimate the number of SEs in Ghana. Document review using content analysis was used. Ghana Statistical Service Labour Force Reports, Ghana MSME Policy, Ghana Enterprise Agency records and publications such as SME Competitiveness in Ghana, Oxford Business Group, Ghana Year Book, 2021 and 2022 and the Africa Development Bank provided a good basis for the calculation of Social Enterprises.

The number of MSMEs in the country was multiplied by the so-called Social Enterprise factor.

The basis for Social Enterprise Factor is a Global Social Enterprise prevalence rate in relation to the number of SMEs in a country. Per available data, Ghana's Social Enterprise factor is 5.5% of the number of MSMEs in the country (Siemen Stiftun, 2020). The country's maturity factor is determined by financial ecosystem, technical support ecosystem and enabling environment which are ranked as weak, medium or strong. Ghana's ecosystem is considered to be medium.

Having applied the Social Enterprise factor to the number of MSMEs in Ghana, the number of Social Enterprises was estimated.

The average number of jobs created by MSMEs was a basis for determining the jobs created by Social Enterprises but compared with the filed data obtained. The resulting average numbers were multiplied with the number of Social Enterprises to calculate the number of jobs by Social Enterprises in Ghana.

**Table A4: Number of SMEs in selected countries**

Country	Annual Growth of Employment Rate
Côte d'Ivoire	2.55%
Egypt	1.81%
Ethiopia	2.67%
Ghana	2.10%
Kenya	2.55%
Morocco	0.91%
Nigeria	2.64%
Rwanda	2.44%
Senegal	2.90%
South Africa	1.23%
Tunisia	0.57%
Uganda	3.28%

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