

Speech: Country Director of DFID

Ghana's speech at EDGECon 2017

Honourable Minister of State for Business Development Mr. Chair – Chief Executive Officer of the Private Enterprise Foundation Country Director of TechnoServe Distinguished representatives of Government Chief Executive Officers and other representatives of private sector institutions Members of the Press Corps, Ladies and Gentlemen.

A very good morning to you all. It is a pleasure to deliver the opening remarks to launch the 2017 Enhancing Development of Ghanaian Entrepreneurs conference series – EDGECon 2017.

As the recently appointed Country Director for the UK's Department for International Development in Ghana, I am honoured to be joining you to attend an event with such a well-chosen focus – Enterprise Growth and Jobs.

EDGECon was conceptualised by the UK Government and Technoserve in 2015 as part of the Enhancing Growth in New Enterprises (or ENGINE) programme.

EDGECon has the objective of bringing together a network of entrepreneurs, Government, financial institutions and business development service providers to find common solutions to entrepreneurship development challenges.

Ladies and Gentlemen, This morning we will hear positive stories of how entrepreneurs have grown their businesses. These stories will highlight the real opportunity that exists to transform Ghana's economy.

I arrived in Ghana only 2 months ago, but I've been struck by the sheer entrepreneurial spirit in evidence here. In my travels around Ghana, whether in Accra or Tamale, I have come across many hard working Ghanaians operating small corner shops, table top businesses and small enterprises. Ghana is in fact one of the top ten countries in Africa in terms of the likelihood of young people starting a business.

Despite this, we know small businesses in Ghana face many challenges and often fail to grow their businesses. The entrepreneurs who will speak this morning will highlight some of these challenges: the high cost of energy, regulatory challenges, business acumen and, unsurprisingly, the high cost of finance.

These challenges are contributing factors to why enterprises in Ghana are failing to grow and scale their business ideas. In this regard the theme of the conference Scaling Businesses in Ghana: Finding needles in the haystack is apt.

In Ghana, Small and Medium Enterprises (SMEs) make up the bulk – around 70% – of the private sector. SMEs are critical to Ghana's sustainable economic development story. SMEs have the potential to create the jobs that could transform the lives of the growing number of young people in Ghana entering

the job market with limited employment opportunities. It's also in the broader development interest of Ghana for these enterprises to be successful so they can contribute to government's domestic tax resources for development.

And whilst Ghana has achieved good growth over the last decade, this growth has been skewed towards extractives and related services. Manufacturing is declining as a proportion of the economy. Ghana's economy is characterised by a few successful very large companies, and lots of very small firms stuck mainly in small scale ventures. It is this low success rate of transformation from micro firms to larger scale companies that concerns the conference today.

Honourable Minister, We are appreciative that the Government is actively addressing these challenges. We note the ambitious plans your government has outlined for SME development, industrialisation for jobs initiatives and improving the enabling environment through rapid regulatory reforms.

We are also keenly following ongoing reforms in the energy sector as well as steps taken to stabilise the economy which will in the long-term help reduce the cost of finance and energy in Ghana.

Ladies and Gentlemen, Before I hand over to the Honourable Minister who will further outline Government's plans for SME development, I would like to talk briefly about the UK's partnership with Ghana on private sector development.

Advancing economic development is a hallmark of building Global Britain. DFID's Economic Development Strategy, published at the beginning of the year, recognises the critical role of the private sector in creating jobs, supporting economic transformation and contributing to income growth and therefore poverty reduction.

In Ghana, DFID is focussed on supporting Ghana to stimulate investment, improve the ease of doing business, mobilise Ghana's own domestic resources and move beyond aid.

Our ENGINE programme, delivered by TechnoServe, and launched in 2014 is helping small businesses to scale. Our support has helped 421 small businesses to develop and implement their business ideas resulting in over 250% revenue growth of these firms who in turn have created 1,203 new jobs.

Many of the ENGINE entrepreneurs are now exporting products – ranging from indigenous beauty products like Black Soap and Shea butter based cosmetics, to environmentally friendly bamboo bicycle frames – across Africa and into Europe and North America.

To help achieve these successes, ENGINE has partnered a range of institutions including the Private Enterprise Federation, Barclays Bank, Kwame Nkrumah University of Science and Technology Business School, Fidelity Bank, Ghana Food and Drugs Authority and the Young Leaders Africa Initiative.

Tomorrow the British High Commissioner will be handing out awards to 82 competitively selected entrepreneurs who will receive business development

support under the ENGINE programme in 2017.

We anticipate that by the time ENGINE ends in 2018, 500 SMEs will have been helped to overcome barriers to growth and build competitive businesses in Ghana with firms supported growing by 400% and creating 1,770 new jobs.

DFID is also working with the Government of Ghana to improve the business enabling environment for businesses here in Ghana through the Business Enabling Environment Programme (BEEP), recognising that the policy and regulatory environment for doing business is also important for business growth.

BEEP is helping Government streamline business regulation making it easier and less costly for businesses to comply with these. For example the programme is helping Government undertake tax, customs, business registration and licensing reforms.

A third DFID programme focuses on the North. Ghana's growing economy, and rapid urbanisation in the south, has led to a significant reduction in poverty, however there is high level of poverty in the Northern Region. The three northern regions combined account for more than half of those living in extreme poverty (52.7%). Through our Market Development in Northern Ghana (MADE) programme we are working to link smallholder farmers to markets in sectors like rice, groundnuts and vegetables.

And we want to do more. DFID is currently developing a new Economic Development programme to support job creation in line with the Government's ambitious industrialisation strategy. More details will be announced over the next few months.

To conclude The size of the challenge – and the opportunity to support budding entrepreneurs in Ghana – is huge. The UK Government can help, by supporting events like EDGECon and programmes like ENGINE – but it's not our role to do this alone. We believe that the core role of entrepreneurship development lies with the private sector – through the banks, business development networks, with the Government providing a sound enabling environment and the regulatory framework for businesses to operate.

Ladies and Gentlemen, I wish you all the best in your deliberations during the next two days and I hope together we can identify innovative solutions to the challenges that entrepreneurs face in increasing investment and jobs and catalysing economic transformation in Ghana.

Thank you.