

Tapping women's entrepreneurship in Ghana

Access to credit, technology vital for breaking into manufacturing

By **Efem Dovi**

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It has been a very long journey," says Leticia Osafo-Addo while making her regular morning inspection of her factory. "I thought about giving up several times and going back to nursing." She is the chief executive of Processed Foods and Spices Company, a medium-scale business in Tema, an industrial zone just east of Ghana's capital, that will soon be set to produce nearly US\$90,000 worth of goods per month.

challenging process marred by debt, frustration and government inaction. The biggest hurdle was securing capital. Interest rates, sometimes as high as 50 per cent, made bank credit impossible. In 2001, she landed in debt due to delayed payment from her biggest client, the Ghana Armed Forces. But that year also proved to be a turning point. The Ghana Investments Promotion Centre facilitated the acquisition of 51 per cent of her company by an Austrian soup-making firm, increasing its value and thus enabling it to secure loans

capacity and sometimes obstructive government policies.

According to World Bank estimates, most businesses in Ghana, which account for 70 per cent of employment in the country, fall within the categories of "micro," "small" and "medium" enterprises. They range from farming activities, agribusiness, light manufacturing such as textiles and garments, and arts and crafts. However, due to neglect, this sector has suffered greatly over several decades, contributing to a nationwide shift from productive entrepreneurship to petty trading.

A look around supermarket shelves and village market stalls shows one of the reasons. Thanks to trade liberalization, cheap imports of every product, from tomato puree and fruit juice to toothpicks and clothing, can be easily bought, providing stiff competition for local businesses.

Most businesswomen in Ghana are stuck at the "micro" level, unable to expand because they lack credit and new technologies.

Because of such challenges, says Ms. Christy Banya, a programme analyst with the UN Development Programme (UNDP), the government should take firm action. "Local businesses need to be protected."

She also notes that the banks appear more willing to give loans to importers of cheap products than to

local manufacturers. The importers sell their produce quickly, at higher returns. But home-grown businesses require more time to turn a profit and to repay their loans, so the financial institutions shy away from them.

As in Ms. Osafo-Addo's case, the challenge of finding much-needed capital has stalled the growth of Lucia Quachey's clothing manufacturing company. Using her own resources, Ms. Quachey had built up her small-scale export business, but the sharp devaluation of Ghana's currency in the 1980s contributed to a dip in her profits. Replacing obsolete machines, hiring labour and investing in raw materials



Panos / Swan Toffin

Ms. Osafo-Addo is now one of thousands of women business owners in Ghana. But her journey to success began 23 years ago. She started off in her kitchen by making just 10 jars of black pepper sauce for friends. The chili sauce, popular in Ghana, is known as *shito*. Ms. Osafo-Addo's was a success and demand for it grew. She sought and found additional training, including an integrated capacity-building programme initiated by the UN Conference on Trade and Development (UNCTAD) for promoting sustainable small- and medium-enterprises.

Moving the business out of her kitchen and into formal premises proved a long,

from two government ministries. That in turn meant she could refurbish a rented industrial site, and the factory opened in January 2006.

Stuck at the bottom

Ms. Osafo-Addo's story of success is unusual. But her struggle is common to many of Ghana's women entrepreneurs. About 80 per cent of women-owned businesses are stuck at the "micro" level. They are unable to expand because they lack properly coordinated support, cheap and long-term credit and sufficient access to new technologies. They face poor infrastructure, low ca-

all require capital she is unable to obtain because of high interest rates and other factors.

Currently, commercial bank interest rates hover between 20 and 25 per cent. Moreover, banks want collateral, which many women do not have, either because of social factors or the seasonal nature of their businesses. Says Ms. Quachey, who is also president of the Ghana Association of Women Entrepreneurs (GAWE) and general secretary of the African Federation of Women Entrepreneurs: "You need technology, long-term loans to invest in equipment and working capital that will enable you to use those machines, make money and then be able to pay back the loan." However, she adds, successive governments have failed to pay adequate attention to these factors. A recent survey by the Ministry of Trade and Industry revealed that few women-owned businesses in Ghana are able to access new technologies.

Ghanaian women generally do not face problems in starting businesses on a subsistence basis. The difficulty has always been in developing them beyond that level, to graduate in scale from micro to small. This is where help is most needed. In an effort to address the issue, the government recently launched the Venture Capital Trust Fund to help invest in small- and medium-scale enterprises, known as SMEs.

Social handicaps

But women's business groups worry that their members might not be able to tap into the fund. "At the end of the day, only big businesses will be able to access these funds, because the information doesn't flow to the ground, where the majority of the women are illiterate," says Ms. Quachey. "Resources may be available, but they may not be accessible to women at all, because culturally and socially, women are handicapped." She cites women's multiple roles. They are expected to look after the home and family, which impedes their progress in vocations outside the home.

In addition, Ghana's prevailing social norms affect the ability of women-owned businesses to function as bigger, male-dominated businesses do. Many deals are

conducted in hotels after business hours. In a country where women are still largely regarded as home-makers, the question frequently pops up: "What is a married woman doing in a hotel with some men?"

Ms. Quachey also cites prevalent "old boyism" in business circles. These are overwhelmingly male-dominated, and there are simply too few women at the top to encourage other women to strive to break in.

Ms. Gifty Boahene, chief executive officer of Fairgreen Ltd., an information technology company, believes that times are changing and that perceptions of women doing business outside the home will change as well. But she adds: "We are not there yet. I have seen married women who had to go out of their way to introduce their male business colleagues to their husbands," to reassure the husbands that their relationships were strictly professional. Other marriages simply fall apart.

Targetting women

Several attempts have been made by the government and its development partners to promote SMEs, but most initiatives have been general and do not specifically target women-owned businesses. Where the programmes do focus on women, the attention has been focused mostly at the subsistence and micro levels, in the context of other developmental concerns.

GAWE is advocating programmes specifically aimed at helping women-owned businesses to grow, with at least 40 per cent of resources specifically targeted towards firms owned by women.

Ghana's political history has not been encouraging for entrepreneurship in general. Decades of military rule in the 1970s and 1980s drove away many local and foreign entrepreneurs. Now, with a stable political atmosphere and the goodwill that the country enjoys with the international community, industry activists are hoping the government will implement policies to encourage business growth. Such an approach could help create a shift from subsistence to micro businesses, from small to medium and from medium to large. This would in turn provide many opportunities for women-owned busi-

nesses to grow and flourish.

A wind of change may already be blowing in favour of women-owned businesses. The Ministry of Women and Children's Affairs has a new scheme, the Women Business Support Programme, 2005-2010, which is aimed at selecting women-owned manufacturing businesses for receipt of long-term support.

In April 2006, UNDP is starting a four-year development project for micro, small and medium enterprises. It will focus on complementing micro finance with business development services, including capacity-building and advice. About 60 per cent of the resources will go into sectors in which women predominate. Where necessary, the project may guarantee loans to these businesses.

Market reforms

The government, with donor support, is also implementing a programme of market reforms through a private-sector development strategy that runs to 2009. The goal is to achieve widespread private-sector growth throughout the country by enhancing competitiveness and reducing the risk of doing business in Ghana. Under the programme, a number of institutional reforms are underway within the legal, financial and public sectors.

Mr. John-Hawkins Aseidu, deputy director at the Ministry of Private Sector Development, said that although these reforms do not specifically target women-owned businesses, their nature should eventually promote women's entrepreneurship. For example, the operation of the Registrar General's department has been decentralized and its capacity enhanced, so the registration of new businesses should be speeded up.

"Establishing practical and workable legislation is an essential part of assisting and encouraging women to consider starting and running their own business," said Mr. Patrick S. Frederick, head of a UK-based business consulting agency and co-founder of the African-Caribbean Business Network, who was quoted in a local magazine. "This is a hugely under-tapped resource that should be addressed and not overlooked." ■