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Press Release

Regional Entrepreneurship Freedom Index Recommendation in Light of Ghana's 2022 Budget Statement and Economic Policy

The Regional Entrepreneurship Freedom Index (REF Index) is an in-country study of entrepreneurship freedom within all the sixteen (16) regions in Ghana according to a set of indices affecting entrepreneurship. This includes trade freedom, freedom from government, monetary freedom, labour freedom, investment freedom among others.

The report of the study which was launched by the Africa Centre for Entrepreneurship and Youth Empowerment (ACEYE), an independent and non-partisan policy think tank reveals that on a scale of ten, only four out of the sixteen regions are above the red line (5.0 and above) indicating entrepreneurial freedom. The remaining twelve regions fall below the average with majority scoring very low marks, a sign of repressed entrepreneurship freedom.

The Eastern region emerged first with a score of (6.36) out 10, followed by Ashanti region (5.50), North East region (5.25) and Upper West region (5.25). However, Upper East, Bono and Oti regions recorded extremely low score of (2.77), (2.31) and (2.30) respectfully. This raises a major concern especially when the government is calling on youth to venture into entrepreneurship and the continent is championing a free trade among member states.

From the study, ACEYE puts forward the following 12 recommendations for government and policymakers as a road map for addressing the entrepreneurship gap in the country:

1. The government should standardize the licensing and regulatory requirements and constantly educate entrepreneurs on them.
 - i. The government must ensure all regional centers have established regulatory bodies to avoid overconcentration on a few bureaucratic and extortive institutions.

- ii. The government's digitization agenda must make each region autonomous in the delivery or issuing of permits/licensing or Certification
 - iii. The National Commission for Civic Education must liaise with various regulatory and licensing bodies to complement the government's efforts towards its entrepreneurial drive using cost-effective means to educate, inform, update and incorporate feedback from entrepreneurs as a participatory means to build inclusive institutions.
 - iv. Government must reduce the cost of registering a business by 50% among natives and foreigners.
 - v. Deregulate the registration of businesses by eliminating letters of consent from auditors to encourage the ease of acquiring business registration certificate.
2. Legal education must be freed to encourage innovations that could engender a more robust way of addressing challenges such as complexity of judicial processes and missing case dockets the judiciary is engulfed in. Government should provide resources, encourage judicial effectiveness and integrity.
 3. Banking services must be localized and accommodative of start-ups.
 - i. The banking act must be amended to ensure banks and other financial institutions can provide customized, value-centered packages that suit Small and Medium Enterprises at the regional level.
 4. The interest rate must be lowered for these regions.
 - i. The Bank of Ghana must reduce its monetary policy rate from 14.5% to the Universal Banks and other regulated financial institutions to at least 10% by the first quarter of 2022.
 - ii. The Central Bank must decrease the minimum capital of 400million cedis required to set up a bank to at least 300million cedis. This will help break the monopoly of profiteering by existing banks and encourage the creation of indigenous banks. This would also reduce the number of loan defaulters due to high-interest rates
 5. Local chiefs must set a target of having their area as litigation-free areas.
 6. The government should not waste monies on creating state enterprises in these regions.
 - i. These regions are already suffering from governments inactions and actions thus any attempt to build state enterprises in these regions contributes to the government's

- excesses. With a myriad of the problems stemming from the Indices, these “over-blown” ventures are most likely to run at a loss.
7. People must have confidence in the entrepreneurial ecosystem
 - i. Government must refrain from sudden interventions within the entrepreneurial space without careful considerations on how this adversely affects entrepreneurs. From our observation, people are unwilling to start businesses or invest since government proves to be a competitor instead of an enabler.
 8. Government must provide incentives to attract investors.
 - i. This could be in the form of tax holidays. Government must make a deliberate effort by limiting cash transfer programs for entrepreneurs, concentrate on an improved investment climate to attract private investors.
 9. Build capacity of chiefs to administer trade/business disputes.
 10. Ghana must build on its indigenous institution which has been the enabler of entrepreneurship before independence. The Chieftaincy Act must be amended to grant devolutionary powers to the overlords of the various regions or smaller economies to administer local business and trade disputes.
 11. Work closely with independent, Investigative bodies to investigate public and civil servants engaged with unexplained wealth. Parliament should ensure the Office of the Special Prosecutor is encouraged, supported, and compelled to prosecute culprits of such investigations or reports.
 12. Government must ensure confidence in security on major highways especially inter-regional routes. This should include periodic patrol team’s rollout and strategic positioning of law enforcement centres.

END

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