



Youth Sector  
Engagement  
Group

YOUTH SECTOR ENGAGEMENT GROUP  
(Y-SEG)

2ND NATIONAL LEVEL MULTI  
SECTORAL STAKEHOLDERS DIALOGUE

Theme:

# FINANCING OPPORTUNITIES FOR YOUTH-LED BUSINESSES

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*Designed by Gaddiel Mensah Yamoah*



## **Youth Sector Engagement Group (Y -SEG)**

**2<sup>nd</sup>**

National Level Multi Sectoral Stakeholders Dialogue

*Theme:* **Financing Opportunities For Youth-Led Businesses**

# Executive Summary

Young entrepreneurs who initiate their start-ups are met with myriad of setbacks, the most prominent being access to affordable credit/finance. These challenges point to the need for innovative approaches to equip young people with the requisite skills and provide support for youth-led enterprises to grow. Additionally, there is a need to facilitate access to affordable finance for youth-led businesses. In the bid to achieve this, the role of government and the private sector cannot be overemphasized. The 2nd National Level Multi Sectoral Stakeholder Dialogue was organized to bring together relevant stakeholders to deliberate on how to create a responsive business environment and policy framework to ensure that young people who start or are running their businesses have access to finance to fund their enterprises.

The National Level Multi Sectoral Stakeholders' Dialogue is an annual event organized by the Youth Sector Engagement Group (Y-SEG). The aim of the dialogue is to create a platform to engage government, the private sector, development partners and young people on critical issues affecting youth development. The maiden edition of the *dialogue* held in 2017, focused on quality youth skills development and sustainability of youth-led enterprises. The second edition held on 26th February 2019 explored financial opportunities that exist both within Ghana and beyond and how youth-led businesses can benefit from such opportunities. Conversations at the programme were geared towards addressing issues such as:

- *Stakeholders' role in responding to financial difficulties faced by youth-led businesses.*
- *Exploring financial opportunities for young people in Ghana.*
- *Bridging the gap in the policy and business environment within the financial sector.*

This dialogue was divided into two main sessions. The first session comprised of two presentations; each followed by a question and answer session. The session began with a presentation by Matilda Frimpong from Ghana Investment Promotion Center on Unearthing Opportunities for Financial Inclusion for Youth-Led Businesses. She noted many financial opportunities that youth-led business can benefit from, these include Ghana Incentives inventory, Ghana startup capital fund, Anzisha Prize and the National Entrepreneurship Innovation Plan (NEIP). However, the key challenge that prevents youth-led businesses from getting access to these funds is lack of savings culture and financial illiteracy.

The second presentation delivered by Charles Mensah a Managing Partner of Trust Consult, centered on Improving Sustainability Outcomes for Youth-Led Businesses. His presentation highlighted how the three blocks of finance – personal funds; funds from friends and family; and funds from banks – have different impact on the sustainability of a business. He advised that to ensure financial sustainability of a business, the primary source of finance should be personal funds and not funds from banks. This is because funds from banks and other financial institutions have a high potency to collapse a startup business when used at an early stage.

The second session of the programme was made up three breakout panel discussions. The first panel explored the extent to which access to affordable finance can be improved for youth-led business in Ghana. The second panel focused on articulating the financial needs of youth-led business. The last panel discussed financial literacy for youth-led businesses and how these can be incorporated in a businesses to ensure sustainability. The breakout session was followed by presentations by representatives of the three groups to share key learnings from their discussion.



## Key Issues Emerging from the Dialogue

- Development of tailor-made youth-focused financial products. This call for a need to understand the operations of youth-led businesses.
- To build a sustainable financial system for youth-led businesses, the first point of call should be one's own savings (personal funding).
- Knowledge and application of financial modelling also facilitate access to finance for youth-led businesses in Ghana. Financial modelling and reporting provide firm with the basic data that funders require to meet the financial needs of youth-led businesses.
- Information asymmetry on sources of funding and the affordability of funds is another issue that came up strongly in terms of finance for youth-led business in Ghana.

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# 1.0 Proceedings of the National Level Multi-Sectoral Stakeholders Dialogue

## Welcome Address

Edem Agbe, the Managing Director of PDA gave the welcome address by acknowledging the presence of all participants for honouring the invitation to the dialogue. He continued by introducing the core mandate of Y-SEG and what the members of the group ultimately seeks to achieve. He indicated that Y-SEG is made up of eminent persons who have a strong passion for youth work-force development and work in their various capacities to champion the cause of young people in the country.

Edem highlighted that the platform has been created for policymakers, government agencies, the private sector, NGOs, and development practitioners to have conversations around how the cause of young people in Ghana can be championed collectively. He stated that the first dialogue held in 2017 at Alisa Hotel, which centred on Skills Development and Sustainable Youth-led Enterprises. The event also explored how the policy environment could be made responsive to the needs of young people. Hence resulting in ongoing conversations with the Association of Ghana Industries (AGI), to ascertain how indexes and mechanisms can be developed to track how the environment is helping young people in their various businesses. He further introduced the theme and underscored that it broadly focuses



*Fig. 1 Edem Agbe, the Managing Director of PDA welcoming participants*

on promoting affordable; youth-focused financial products which would ease youth-led businesses; and making access to finance seamless. He registered his concern about the spate at which most youth-led businesses usually fail in their third year of operations, attributing this heartbreaking problem to barriers including governance, harsh policy environment and financial challenges. He was however optimistic that the dialogue would help generate enough ideas and solutions to the challenges young people face in their businesses.

He concluded by entreating all young people at the dialogue to keenly participate and make their concerns known to facilitate collective generation of ideas for advocacy purposes.



## 2.0 Presentation On “Unearthing Opportunities For Youth Financial Inclusion”

*By: Matilda Frimpong*

Matilda Frimpong Assistant Investment Promotions Officer at the Ghana Investment Promotion Centre (GIPC) presented on the topic “*Unearthing opportunities for youth financial inclusion*”. Her presentation touched on some statistics depicting the savings culture among the youth, ways to foster personal development, as well as the opportunities available to help the youth to develop and grow their businesses. She highlighted that globally, young people access financial services at roughly half the rate of adults stating that according to the World Bank’s Global Findex database, youth are 40% less likely to save at banks and 60% less likely to have borrowed from formal financial institutions.



*Fig. 2 Matilda Frimpong Assistant Investment Promotions Officer at the Ghana Investment Promotion Centre (GIPC) presented on the topic “Unearthing opportunities for youth financial inclusion”.*

On the backdrop of financial literacy, she noted that the combination of poor financial literacy and lack of access to financial services pose a substantial risk to the economic future and financial stability of young people. Therefore, it is important for the youth to cultivate the habit of early savings, which is crucial for building capital for small business. Furthermore having a saving habit creating a financial opportunity for the youth to gain the business acumen they need to be successful entrepreneurs.

While acknowledging the efforts of the youth in self-development, she further noted that it was high time young people took advantage of the

problems in the country to generate pragmatic and realistic ideas to address them. Young people should be positioned to identify their talents and begin to develop them by taking initiatives that are more salable and would attract investment from the private sector.

She also made mention of initiatives introduced by Government of Ghana that focus on youth development and provide some form of job opportunities for young graduates. Some of these initiatives include the Nation Builders Corps (NABCO), National Entrepreneurship and Innovation Plan (NEIP) and a host of other initiatives geared towards youth skills development.

Additionally, she encouraged the youth to take advantage of some existing funding opportunities such as the African Leadership Academy, Anzisha prize, Tony Elumelu Entrepreneurship Programme Innovation Prize for Africa, the Agribusiness Africa Window amongst others.

She ended her presentation by acknowledging the great opportunities ensuing from the advent of the internet (Internet of Things – IoT) and entreated the youth to take advantage of that while developing their financial literacy and broaden their scope of accessing financial opportunities.

## 3.0 Presentation On “Improving Sustainability Outcomes For Youth Businesses”

*By Charles Mensah*

Mr Charles Mensah, managing partner for Trust Consult delivered a presentation on “Improving sustainability outcomes for youth businesses”. His presentation touched on the need to build sustainable businesses, and ways to ensure the sustainability of one’s business from the financial health standpoint.

Mr Mensah noted that the success of most businesses is dependent on the structural build of their funding. He therefore likened the sources of funding and business financial structure to a building with a foundation, pillars, and a roof (the three building block of a sound financial health). The foundation represents the initial funding for the business thus funds obtained through personal savings. The pillars of the building represents the financial support from friends and family members who can identify themselves with the business, whiles the roof represents the last resort of funding



*Fig. 3 Mr Charles Mensah, managing partner for Trust Consult presenting on “Improving sustainability outcomes for youth businesses”.*



from banks and other lending institutions. The rationale behind this approach is that in times of difficulties when the business loses the funds from the bank (the roof) the business (building) will still stand, while another bank can come in and finance the business (roof the building). On the other hand, if funding from a bank is the foundation of the building when a business loses that funding, it may lead to the collapse of the business in question.

He stated that it is financially imprudent for one to start a business with funding such as a loan facility from a financial institution or any funding institution. However, it is always advisable to start a business with your personal savings. People are willing to provide funding support when one can demonstrate credible financial records. Business funding structure must constitute 40 per cent of personal savings and 60 per cent from an external source including equities and friends/family support.



### 3.1 Emerging Issues/Questions and Answers

*Concerns were raised as to the need to develop a personal savings plan as part of the business module and the possible funding opportunities for Non-Governmental Organisations (NGOs). Responding to the concern, Mr Mensah indicated that developing a savings plan guarantees the sustainability of the business. It also bring with it the potential to expand the business. About funding opportunities for NGOs, he noted that an NGO must be registered first and the idea be sold to stakeholders. Once the stakeholders and donor partners buy into the idea they would be willing to provide financial support to the NGO.*

## 4.0 Address From The National Youth Authority

by Mr Mumuni Suleman



*Fig. 4 Mr. Mumuni Suleman, Director for Programme and Operations of National Youth Authority, addressed the participants, on behalf of the Chief Executive officer (CEO) of the National Youth Authority (NYA)*

Mr. Mumuni Suleman, Director for Programme and Operations of National Youth Authority, addressed the participants, on behalf of the Chief Executive officer (CEO) of the National Youth Authority (NYA), Mr Emmanuel Asigri. He began by providing the background of the authority. He said the authority was established in 1974 by NRCP 241 and later got a new Act in 2016 (Act 939). The mandate of the authority is to facilitate and coordinate the activities of groups that are into youth development and render services to empower young people.

He encouraged the youth to take advantage of the existing government initiatives for the youth

to develop themselves. The authority according to Mr Suleman has also introduced programs such as the Skills Toward Employment and Productivity (STEP) to help the youth develop skills in various fields. He noted that there are myriad of challenges in the country that young people can devise strategies to address them, and in so doing create employment for other young people and contribute to economic growth. He also challenged the youth to build and expand their social capital as it is one of the surest means of getting opportunities to develop. Furthermore, he noted that young entrepreneurs should as much as possible register their businesses, which can guarantee state and private sector support.



## 4.1 Emerging Issues/Questions and Answers

*Participants expressed their concern on the nature of the Ghanaian educational system that is primarily based on theory, and what the NYA is doing to make it more practical. He responded by providing a number of government policies which seek to make education more practical. Some of the measures according to Mr Suleman include the leadership and training sessions on skills development being organized by the Authority for youth across the country. There is also an agreement with the Council for Technical and Vocational Educational Training (COTVET) to focus on competency-based assessment that focuses on the competence of the individual in a particular field. In light of this, both technical and vocational schools would transition onto the competency-based model. The government is bringing all Technical and Vocational Education and Trainings (VET) under one umbrella to oversee the management of the institutions and make it more attractive to young people.*

*With regards to the review of the National Youth Policy, he pointed out that the processes are still ongoing and that stakeholders mapping has been completed nationwide and is now at the validation stage. He indicated that the Authority would continue to engage relevant stakeholders in that regard.*

## 5.0 Statement By Mr. Tsonam Cleanse Akpeloo



*Fig. 5 Mr. Tsonam Clense Akpeloo, a member of Association of Ghana Industries (AGI)*

Mr Tsonam Akpeloo, a member of Association of Ghana Industries (AGI) began his presentation by acknowledging some prominent members at the dialogue and encouraged all participants to take advantage of the ideas provided by these resource persons. He expressed his excitement with the YIEDIE project, which seeks to provide avenue for young entrepreneurs to nurture their business ideas. He emphasized that raising money to finance business remains a critical component in determining the success of businesses. It is therefore important to remain consistent and trustworthy as an entrepreneur, as it helps one attract financial support and increase their customer base. He

continued to provide some platforms that young entrepreneurs can subscribe to for business tips. He encouraged the youth to leverage on the use of the internet to gain knowledge in some key areas in entrepreneurship and innovation.



### 5.1 Emerging Funding and Support Resources for Youth-Led Businesses:

*The following are resources that came out from the dialogue for youth-led business to follow up on to augment their financial needs.*

- Ghana Incentive Inventory – Ghana Investment Promotion Center
- National Entrepreneurship and Innovation Plan – NEIP
- Ghana Startup Capital Fund
- Africa Leadership Academy
- Azesha Price
- Tony Elumelu Entrepreneurship
- Innovation Prize for Africa
- Agribusiness Africa Window
- Africa Enterprise Challenge Fund

## 6.0 Panel Discussions

### GROUP ONE

#### 6.1 TOPIC: Improving access to affordable financing opportunities for youth-led businesses



*Facilitator:*  
*John Armah*

*Panelists: Victoria Tuffour - Africa Aurora Business Network, Irene Danquah -British Council  
Nelson Amo - Innohub*

The discussions began with understanding the requirements of startup businesses. It was noted that startup businesses need to put together a business plan that would guide the operations and of the said business. The business plan should constitute the source of funding and financial projections in terms of income and expenditure; the level of demand of the product, as well as your customer base.

It was also revealed that there are several opportunities out there for young entrepreneurs to help them develop and grow their businesses: Angel Investors, Venture Capital, YIEDIE, MASO, Innohub, Ingressive Capital etc.

It is also imperative, for young entrepreneurs, to build trust with friends and family to help strengthen one's social capital and provide avenues to seamlessly receive funding support from significant others.

The discussion also outlined a number of resources that would be helpful to young entrepreneurs to access affordable funds and to build their capacities. An example is the Harvard Business Review (HBR), which provides tips on some basic requirements to be eligible for investment opportunities. The British Council also organizes training programmes for young people in business management and other important entrepreneurial skills.



# Panel Discussions

## GROUP TWO

### 6.2 TOPIC: Understanding the financial needs of youth-led businesses



*Facilitator:*

*Kafui Vera Mill Odoi*

*Panelists:*

*Maureen Odoi - Africa Aurora Business Network, Tsonam Cleanse Akpeloo - Association of Ghana Industries, Albert Opoku - HapaSpace*

The discussions started with defining youth as individuals between the ages of 16 and 35. Microenterprises are those that have an employee base not more than five (5) employees. Small businesses have between five (5) and nine (9) employees and most likely worth of about \$10,000. Medium-size businesses have between 10 and 29 employees and large-size businesses have more than 29 employees. It was also discussed that there is no gender discrimination in entrepreneurship. The discussions extended to identifying some of the issues/challenges that young people face in the course of doing business. Access to startup capital was identified as one of the pressing issues when it comes to financing startup businesses.

The panelists discussed that it is important for startups to know the resources they need and to look for the resources needed to run their businesses. Startup capital is not always about cash but can also be other material resources needed for the commencement of the business.

Secondly, young entrepreneurs need to manage the funds that come into the business. This can be done by having a bank account and ensuring that all transactions go through the bank so that you can monitor your cash flows. It was also highlighted that for one to attract funding there is the need to take accountability for actions and especially how money is managed.





Trust was underscored as one of the major impetus in accessing funds from stakeholders and also growing your customer base.

The floor was open for participants to bring on board some of the issues discussed in their respective businesses. One of the participants indicated that the tax regime in the country is a disincentive for young people to sustain their business. Participants were made to appreciate the fact that it is important for every entrepreneur to understand the tax regime in the country so they could manage the inflows and duly honour their tax obligations.

A participant inquired about how a startup entrepreneur can get money to pre-finance a contract. It was suggested that it would be advisable to get the funding from different sources. For instance based on trust and good relationship with a bank, banks can lend money to pre-finance a contract.

Another suggestion was that an initial deposit could be requested and subsequently the rest of the money will be given after completing the project. Participants were encouraged to form or join cooperatives and can request for funds to pre-finance the project through group savings.

# Panel Discussions

## GROUP THREE

### 6.3 TOPIC: Financial literacy for young people (Modelling and reporting)



*Facilitator:*  
*Zayan Imoro*

*Panelists: Daniel Amankwah-Aboagye - Fidelity Bank, Christian Lamptey - HFC Bofo*

The discussions focused on financial literacy. It was underscored that financial literacy skills has a lot of benefits for businesses especially for startups. For instance, financial literacy prevents a an enterprise from killing his/her business, helps in averting losses, helps know the feasibility of one's business and a host of other benefits that accompany financial literacy.

Again it was revealed that startups can capture their financial transactions by keeping credible records of the transactions, focusing on the inflows and the outflows. A number of platforms which provide tips on financial literacy were provided. They include Investopedia, money lover, moneywise etc.

The panelist conclude that it was important for young entrepreneurs to ensure fiscal discipline and live within their budget. The difference between

needs and wants was made clear to participants to guide their spending. Also, participants were advised to have an emergency fund which would cater for all miscellaneous and also make effective use of financial literacy apps. Lastly, participants were encouraged to have a retirement fund and be committed to ensuring its effectiveness.

Participants were made to understand that by the end of the discussion they will be able to define financial literacy from what they will learn from during the discussion. After the discussion session, participants of the groups based on their information from the discursion came up with a working definition of financial literacy. The participants agreed that in broad brush strokes financial literacy pertains to the understanding how money works.

## 7.0 Closing Remarks



Mrs Comfort Ocran, the Chairperson of Y-SEG expressed her profound appreciation to the organizers of the dialogue for their relentless efforts in organizing this worthwhile event to unearth some financial opportunities for youth-led businesses to grow, and ultimately help grow the economy. She underscored the relevance of the panel discussions which brought to bear the things stakeholders must pay attention to with regards to providing avenues for youth-led businesses. She lauded all partners and participants for their participation and reiterated that young entrepreneurs should take advantage of all the existing opportunities to grow their businesses.

# 8.0 Appendix

## CONCEPT NOTE

### 8.1 THEME: FINANCING OPPORTUNITIES FOR YOUTH-LED BUSINESSES. BACKGROUND TO THE PROGRAMME

The main aim of the national level multi-sectoral stakeholders' dialogue is to create a platform to engage government, the private sector, key development partners and the youth on critical issues affecting youth development. The maiden edition focused on quality youth skills development and sustainability of youth-led enterprises. This year, the dialogue will explore financial opportunities that exist both within the country and beyond and how youth-led businesses can benefit from such opportunities.

This year's programme is dubbed "*Financing Opportunities for Youth-Led Businesses*". The financial health of youth-led businesses, youth employment and sustainability of youth-led businesses will be in focus. The programme intends to enhance dialogue among key players in the financial services sector on issues affecting access and cost of finance for youth-led business. The programme also proposes to capture youth perspectives on financial constraints and explore effective solutions and opportunities.

The dialogue will interrogate the sources of credit constraints among youth-led businesses in Ghana. It will also throw a challenge to stakeholders in the financial sector to develop innovative solutions for the youth. Furthermore, the programme will help inform policies to address the credit constraint of youth-led businesses. Ultimately, outcomes from the dialogue will help promote and leverage relevant initiatives to achieve successful growth and sustainability of youth-led business in Ghana. The dialogue will serve as a platform to convene government representatives from the Ministry of Labor and Employment Relations; Ministry of Business Development; Association of Ghana Industries (AGI); Micro Finance and Savings and Loans Institution; Ministry of Finance and Economic Planning; traditional banks as well as other implementing agencies and members of the public sector. Key players in the private sector and young entrepreneurs in various sectors will be invited to share their experiences and insights on the theme.



## 9.1 THE RELEVANCE OF THE NATIONAL YOUTH MULTI-SECTORAL STAKEHOLDERS DIALOGUE

Ghana like many other African countries is projected to see a population increase over the next few years . The ever-increasing youth population has called for policies and interventions to address the challenge of youth unemployment and to take advantage of the opportunities presented by the youthful population. The past decade has witnessed an increase in youth-led businesses in Ghana. Majority of the entrepreneurial and innovative youth-led organisations in the country are found within the Small and Medium Size Enterprise (SME) sector .

Young entrepreneurs who initiate their start-ups are met with myriad setbacks, the most

prominent being access to affordable credit/finance. These challenges point to the need for innovative approaches to equip young people with the requisite skills and provide support for youth-led enterprises. Additionally, there is a need to facilitate access to affordable finance for youth-led businesses. In the bid to achieve this, the role of government and the private sector cannot be overemphasized. Hence the organization of multi-sector dialogue to deliberate on how to join forces to create a responsive business environment and policy framework to ensure that young people who start or are running their businesses have access to finance to fund their enterprises.



## 10.0 OBJECTIVES OF THE NATIONAL YOUTH MULTI-SECTORAL STAKEHOLDERS DIALOGUE

Conversations at the programme will be geared towards addressing the following issues:

- *Stakeholders' role in responding to the financial difficulties faced by youth-led businesses.*
- *Exploring financial opportunities for young people in Ghana.*
- *Bridging the gap in the policy and business environment within the financial sector.*
- *Offering solutions to address the challenges of youth start-ups and promote sustainability of enterprises.*

*Table 1.0: Programme Outline*

TIME	ITEM	RESPONSIBLE PERSON	
8:00am – 9:00am	Arrival and Registration/ Snack		
9:00am – 9:05am	Welcome Address/ Opening Statement	Edem Agbe	
9:05am – 9:15am	Address	National Youth Authority	
9:15 am – 9:30 am	Presentation	Charles Mensah	TOPIC: Improving sustainability outcomes for youth-led businesses
9:30 am – 9:45 am		Matilda Frimpong	TOPIC: Unearthing opportunities for Financial inclusion for youth
9:45am – 10:00am		Jorge Appiah	TOPIC: Promoting a friendly regulatory environment for youth-led businesses
10:00am – 10:20am	Keynote Address	Enyonam Dagadu	
10:20am – 10:50am	Panel Discussion	Moderator	
10:50am – 1:50am	Group Discussion I	Facilitator: John Armah	TOPIC: Improving access to affordable financing opportunities for youth-led businesses
		<u>Panelists:</u> Victoria Tuffuor, Irene Danquah and Nelson Amo	
	Group Discussion II	Facilitator: Kafui Vera Mill Odoi	TOPIC: Understanding the financial needs of youth-led businesses
		<u>Panelists:</u> Maureen Odoi, Tsonam Cleanse Akpeloo and Albert Opoku	
	Group Discussion III	Facilitator: Zayan Imoro	TOPIC: Financial literacy for young people (Modelling and reporting)
		<u>Panelists:</u> Daniel Amankwah-Aboagye, Josiah Eyison, Kwame Amporful and Christian Lamptey	
11:50am – 12:50pm	Harvesting Ideas	Presentation By Group Leads	
12:50pm – 1:00pm	Closing Remarks	Y-SEG Chairperson	
1:00pm		Lunch	



# 11.0 Brief for Panel Discussion I

## 11.1 Topic: Improving access to affordable financing opportunities for youth-led businesses

The ability of a business to access finance is crucial for its growth, increased profits and sustainability. The most common form of external lending for most businesses and entrepreneurs is bank loans. However, this source of funding is often not inaccessible to startups and youth-led businesses in Ghana. This is because the majority of these youth-led or young firms are considered as high risk and not creditworthy. In addition to this, youth are unable to access funding due to lack of information and understanding of alternative financial instruments. Furthermore, youth-led businesses that meet the requirements of financial institutions for loans also face the challenge of the high cost of lending.

In other parts of the world such as Asia, where there is a high presence of SMEs and youth-led business, there are varieties of financing opportunities available for businesses to acquire money to fund their operations. Such opportunities include venture capital funds, equity financing, crowdfunding among others.

The panel discussion is to elaborate on alternatives to the traditional sources of finance (debt financing) for youth-led businesses in Ghana to tap into to grow their businesses. The following questions will serve as a guide for discussing the topic under consideration.

- *What are the alternative financing schemes or market available in Ghana?*
- *What are the advantages and risks involved in using these alternative funding sources for youth-led businesses?*
- *What are some of the issues that have resulted in the inability of young firms to benefit from these alternative institutions?*
- *What are the regulatory bottlenecks that affect the use of such sources of funding by youth-led firms?*
- *How can young people access alternative affordable financing schemes?*

# 12.0 Brief for Panel Discussion II

## 12.1 Topic: Understanding the financing needs of youth-led businesses

The benefits that Small and Medium-Sized Enterprises (SMEs) contribute to the development of a country cannot be underrated. Majority of the youth-led businesses and startups are classified broadly under SMEs . In Ghana, of all registered businesses at the Registrar General's Department, SMEs constitute about 90%. It is widely believed that they contribute enormously to the overall Gross Domestic Product of the country – about 70% to GDP . Despite the important role of youth-led business, they are still confronted with several challenges that stifle their growth and development. The limited access to financing is the dominant challenge facing SMEs.

To give a clearer picture of the credit constraint faced by youth-led businesses and other new businesses mostly within the SME sector, about 64% of microenterprises, 42% of small enterprises and 21% of medium enterprises that apply for credit

from the banks have their applications rejected. On the other hand, only about 10% of large businesses have their loan applications declined. This gives an indication that large firms in the country are more likely to access finance than youth-led business.

This has adverse effects on the growth of SMEs especially because they form a huge part of the Ghanaian economy and has a great potential to address the poverty and unemployment in the country. This panel seeks to bring young entrepreneurs, startups and stakeholders in the financial sector together to have a discourse on how to meet the financial needs of youth-led businesses in Ghana. The outcome of this discourse will inform financial service providers to engender innovative financial products and models that meet the financial needs of youth-led business and new startups in the country.

The following will serve as guiding questions to the discussion.

- *What are the financial needs of youth-led business in the country and to what extent can financial service providers meet their needs?*
- *What is the reason behind youth-led businesses inability to access finance?*
- *How can youth-led businesses and financial institutions contribute to reducing the risk of leading to young entrepreneurs?*

## 13.0 Brief for Panel Discussion III

### 13.1 Topic: Financial literacy for young people (Modelling and reporting)

Financial literacy is a major factor that drives economic and financial stability which in turn influences the growth and development of businesses. Broadly, financial literacy is a union of knowledge that makes one capable to adequately manage the financial health of a business over its life. Thus it enables young people who have set up their businesses wield confidence and the capacity to handle their funds appropriately. Hence financial literacy affords the ability to make the right decisions with the objective of ensuring profit maximization and survival of the business.

Joo and Grable pointed out that the reason behind youth-led businesses making inappropriate, inadequate and ineffective financial decisions is a result of limited financial knowledge, complexities in financial transactions and lack of information on the variety of choices in financial products/ services to choose from. The financial illiteracy on the part of business owners has an impact on their knowledge and ability to access different sources of finance.

Some of the financial challenges that youth-led businesses face are a result of their limited financial literacy. Young people mostly start their business with an innovative idea that they have come up with. Many at times, they do not have the financial skills or go through financial training to acquaint themselves with needed financial skills to help them excel in their chosen line of business. In the informal sector of the Ghanaian economy, many of the businesses do not formally record their financial transactions. However, entrepreneurs wanting to grow their business need to feel confident about their financial grounding. Therefore there is the need to institute financial systems that will enable them to effectively track their financial inflow and outflows. This will help them stay on top of issues thus making them well positioned to make a good business decision from their financial standpoint. In furtherance to this, the panel will introduce youth-led businesses to financing models and other financial tools to help improve their financial health.

The following will serve as guiding questions to the discussion.

- *What are the benefits of being financially literate as an entrepreneur?*
- *What are the samples ways for which youth-led businesses can capture their financial transactions effectively for business growth and development?*
- *What are the available resources for financial literacy skills training for young entrepreneurs in Ghana?*
- *How can start-ups and youth-led businesses benefit from such resources?*

Table 1.2: Programme Outline

YOUTH FORWARD LEARNING PARTNERSHIP			
YOUTH SECTOR ENGAGEMENT GROUP (Y-SEG)			
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