



REQUEST FOR PROPOSALS # VCTF/PYF-008

PROPOSAL FOR THE FUND MANAGER ON THE PROPOSED YOUTH FUND

TERMS OF REFERENCE

About Venture Capital Trust Fund (“VCTF”)

Venture Capital Trust Fund was established by the VCTF Act 2004 (Act 680). VCTF is a government-backed private equity fund of fund which focuses on investing in private equity and venture capital funds dedicated to investing in Small and Medium Scale Enterprises (SMEs). The Trust Fund also deploys monies to support other activities and programmes promoting venture capital financing in Ghana. It aims to create a vibrant venture capital industry supporting various sectors of Ghana’s economy. To date, VCTF has invested in eleven (11) venture capital and private equity funds which has increased the availability of risk capital to SMEs. These are managed by local fund managers.

More information on VCTF is available on www.vctf.com.gh.

1. Background

Small and Medium-sized Enterprises (SMEs) play a significant role in Ghana's economy, contributing significantly to job creation, GDP growth, and poverty reduction. SMEs account for over 90% of businesses in Ghana and contribute about 70% of Ghana's GDP. They are diverse, spanning various sectors including agriculture, manufacturing, services, and trade. One of the most notable impacts of SMEs in Ghana is their contribution to job creation. These enterprises serve as vital sources of employment, particularly in urban and rural areas where formal employment opportunities may be limited. SMEs employ a significant portion of the Ghanaian workforce, providing jobs for both skilled and unskilled workers.

Moreover, SMEs foster innovation and entrepreneurship, driving economic growth and development. They often serve as breeding grounds for new ideas, products, and services, contributing to increased productivity and competitiveness within the economy. Additionally, SMEs promote inclusive growth by providing opportunities for women, youth, and marginalized groups to participate in economic activities.

Ghana is faced with 12% youth unemployment with more than 50% underemployment, which are both higher than overall Sub-Saharan African Countries (World Bank, 2020). Despite major investment by both the government and private sector in Ghana in tackling youth unemployment the problem persist as unemployment rate has risen to 24% in 2024.

Youth entrepreneurship has emerged as a crucial driver of economic development and social change in Ghana. With a large proportion of the population comprising young people, promoting youth entrepreneurship has become a priority for policymakers and development agencies. Youth entrepreneurship initiatives in Ghana have led to the creation of innovative startups and businesses across various sectors, including technology, agriculture, fashion, and creative industries. These ventures not only contribute to economic growth but also address social challenges, such as unemployment and poverty, by providing opportunities for young people to create their livelihoods. Furthermore, youth entrepreneurship fosters a culture of innovation and creativity, as young entrepreneurs often bring fresh perspectives and ideas to the table. They leverage technology and digital platforms to disrupt traditional industries and develop solutions to pressing societal issues and promotes social inclusion and empowerment, particularly for marginalized groups such as women and rural youth.



However, youth entrepreneurship in Ghana faces many challenges, including limited access to finance, inadequate infrastructure, regulatory barriers, and a lack of entrepreneurial skills and training. Addressing these challenges requires coordinated efforts from the government, private sector, civil society, and development partners to create an enabling environment for youth entrepreneurship to thrive. Empowering youth entrepreneurship is essential to unlocking the full potential of Youth SMEs and maximizing their contributions to Ghana's economic development.

In view of promoting Government's policy direction of reducing youth unemployment and improving youth entrepreneurship, the Trust Fund proposed the establishment of a Fund targeted at investing into Youth Entrepreneurships.

VCTF invites eligible Investment Managers to submit detailed proposal for the management of the proposed Fund.

2. Objectives and Scope

2.1 Objective

Venture Capital Trust Fund (VCTF or The Trust Fund) wishes to engage a fund manager who will be responsible for the day-to-day management and administration of the proposed Fund to be sponsored by VCTF. The successful fund manager will work with the sponsor to design a viable business model, implement fundraising, pipeline development and investment strategies and put in place the necessary processes, policies and procedures and successfully register, license and launch of the fund.

2.2 Scope of work

The successful Investment Manager will support VCTF in the design of the proposed fund (targeted at youth SMEs and entrepreneurs) and manage its day-to-day administration of the fund in accordance with the Fund document and applicable law.

The Fund manager will perform functions including but not limited to;

- to consider the recommendations of the Investment Committee and to identify, research and evaluate Investments and Disposals, including conducting any due diligence investigation of any Investments, and advise the Investment Committee of opportunities for such Investments and Disposals;
- to establish opportunities for and to negotiate the timing and all terms of Investments and Disposals which have been approved by the Investment Committee, prepare and approve investment agreements and/or shareholder agreements, subscribe for, purchase or otherwise acquire, sell, make or exchange Investments or Disposals independently or with other investors;
- to negotiate Investments or Disposals for the Company alone or Investments in a syndicate or as co-investor with other investors;
- to monitor the performance of and, where appropriate, nominate directors of Portfolio Entities, exercise all rights conferred upon the Company under the terms of any shareholders' agreement or investment agreement or otherwise in respect of a Portfolio Entity and liaise with, consult, assist or procure assistance to be given to Portfolio Entities and generally to take any action it reasonably considers appropriate for the protection of an Investment;

- to enter into, execute and perform such agreements in connection with Investments or proposed Investments and do all such other acts or things as it may reasonably deem necessary and/or advisable or incidental to the management of the Company;
- to lawfully market the fund through direct and indirect means and represent it at functions, conferences and events using marketing materials;
- to conduct discussions with potential investors in the fund

3. Invitation to tender

Please include the following in your proposal:

- A description of your firm's history, ownership and organisational structure. Include the details of relevant Business registration licences to perform fund management functions.
- A confirmation that you are licensed by SEC to offer the required services in Ghana or have a credible path to obtaining such regulatory approval.
- A summary of your team members' experience in managing a VC/PE fund including a brief background of the proposed team that will manage the Fund.
- A summary of any past/ongoing material litigation, regulatory, legal proceedings or sanctions in which your firm or its principals have been involved in the last five years.
- A rationale on the proposed structure of the fund and inputs based on market insights and investment strategy for profitable performance. Include the suggested name of the Fund.
- A plan to achieve a targeted fund size of not less than GHS 100m.
- A proposed fundraising approach, particularly from domestic institutional investors.
- A proposed governance structure for the Fund.
- A proposed approach, methodology, and timelines in setting up and managing the Fund.
- A proposal for the development of pipeline for the Fund
- Description of support required from VCTF to successfully set up and operationalise the Fund. (Be specific, if any.)
- A proposal for the management fee, carried interest and targeted fund returns.
- A description of the target impact to be made by the Fund. It should address impact areas such as jobs to be created/sustained, ESG, SDGs to be targeted, etc.)

4. Basis of award

VCFT will award the fund management contract to the best quality tender based on the following requirements and assessment criteria:

Mandatory requirements

The Team Members' must demonstrate experience in undertaking similar assignments of setting and/or managing a fund. The Team Leader(s) should provide proof of having undertaken similar assignments within the last seven (7) years.

The firm/individuals must have good knowledge of Ghana's public and private investment markets, business analysis and valuations and investment portfolio market.

Assessment criteria	Weighting
Investment strategy	45%
Fund management team (experience and credentials)	35%
Understanding/interpretation of the task set out in the TORs, methodology, and work plan. Consideration would be given to ability to raise additional funding.	20%
Total	100%

5. Contact

Questions or comments regarding these terms of reference should be directed to info@vctf.com.gh

Applicants are requested to submit copies of the following documents as evidence of the above:

- Incorporation documents
- Evidence of statutory compliance such as a tax and SSNIT clearance certificates
- Any other relevant documentation.
- Should have SEC license or in the process of securing one.

6. CONFIDENTIALITY OF INFORMATION AND LANGUAGE

All documents and data will be treated as confidential and use solely to facilitate the work in this RFP. The deliverables of this work shall be the responsibility of the applicant and will be aligned with all the aspects as outlined in these terms of reference.