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INVESTMENT
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The Marriott Hotel, Accra

Ghana in a nutshell



Ghana is a growing middle-income country in West Africa with an estimated population of 29.6 million as of 2018, growing at approximately 2.2% per annum. Its GDP growth forecast at January 2018 was 8.3%, making it one of the fastest-growing economies not only in West Africa but in the world.

LOCATION

Ghana is a coastal sub-Saharan country. It is bordered by Burkina Faso to the north and north-west, Togo to the east, Côte d'Ivoire to the west, and the Gulf of Guinea to the south. The equator is only 750km south of Ghana and the Greenwich Meridian runs through the port city of Tema, 30km east of Accra, the capital city. The country's land mass is approximately 238,500sq km.

CAPITAL

Accra, the largest city in the country, is the political centre of the Republic of Ghana, as well as the financial, manufacturing and commercial heart. The Greater Accra Metropolitan Area (GAMA) has a population of 4.6 million people, with an estimated annual urban growth rate of 3.4%.

CLIMATE

Ghana has a tropical climate, with annual mean temperatures ranging from 26°C to 29°C. The coastal region has two rainy

CAPITAL CITY Accra
COMMERCIAL LANGUAGE English
CURRENCY 1 US\$ = 4.78 GHC
POPULATION 29.6 million (2018 estimate)
FORM OF GOVERNMENT Presidential democracy
EXECUTIVE President, Cabinet
OFFICIAL LANGUAGE English
Climate Tropical
RELIGION Christian (69%) Muslim (13%) Animist (18%)
GDP GROWTH PROJECTION FOR 2018 8.3% (World Bank)

seasons and the northern part of the country only one. In December/January a dry, dusty wind blows south from the Sahara desert, signalling the start of what is known as harmattan season, when visibility is poor due to dust particles in the air.

PEOPLE

Population density is 124 persons per square kilometre. Life expectancy at birth was 63 years in 2016. The average annual income of Ghana's citizens is US\$1,390. There are over 70 ethnic groups in Ghana (nine of them major), speaking around 80 languages.

LANGUAGE AND RELIGION

English is the official language of Ghana and is the language of instruction in the country's schools. Nine other vernaculars are taught at basic school level. The literacy rate is estimated at 76.6% (UNESCO 2015).

GOVERNMENT

Ghana was the first country in sub-Saharan Africa to gain post-colonial independence from British rule on 6 March 1957. From 1966 to 1992, the country went through a series of civilian and military regimes with different ideologies and development policies.

In 1992, the current democratic pluralism was established with a new constitution that guarantees customary freedoms and liberties to individuals, institutions and entities on the platform of the rule of law, and a legislature currently consisting of 275 members.

The fundamental tenet for economic and social development is a private-sector-led market economy with targeted interventions by the state in areas that will benefit from state mitigation of non-commercial risks, and where strategic, commercial development risk exists.

The current president, Nana Addo Dankwa Akufo-Addo, was handed power in January 2016 by incumbent John Dramani Mahama, after tightly run elections. After his four-year term, he is able to contest again in 2020 for another term, according to Ghana's 1992 constitution. The current vice president is Mahamudu Bawumia. ■ **TG**



President Nana Akufo-Addo welcomes investors to Ghana

Ghana continues to be one of the best places in Africa to do business, says the country's president, describing it as one of the continent's 'leading lights'.

President Nana Addo Dankwa Akufo-Addo says Ghana attracts global names in business because of the country's "conducive social, political and economic environment" which make it an ideal place for business to thrive.

"Our government is bent on bringing greater dignity and wealth to millions of Ghanaians by participating in the global market place, not on the basis of the exports of raw materials, but on the basis of things produced," he says. "We want to build a Ghana beyond aid! I believe very strongly that Ghana is on the cusp of a new, bold beginning, which will repudiate the recent culture of failure. I have the firm conviction that the private sector's role in the development and transformation of Ghana's economy is crucial."

As a dynamic middle-income country in West Africa, Ghana can boast of many accolades. Stable, productive and innovative, Ghana regularly comes out on top in global economic growth estimates, as well dominating peace and ease-of-doing-business indexes in the sub-region. The current government hopes to capitalise on these attributes to increase investment in crucial sectors.

In addition, the president states that an "ambitious but achievable reform programme to improve the investment climate for both local and international investors" is being pursued to lower the cost of doing business and make the country even more business-friendly.

Ghana is already ahead of its West African counterparts as the most attractive business destination in the region, surpassing both Nigeria and Côte d'Ivoire as the top place to do business, according to the 2018 *Doing Business* report. Resolving insolvency, increasing access to electricity and improving the ease of trading across borders all helped to boost Ghana higher in the rankings last year.

The Ghana Investment Promotion Centre (GIPC), which is responsible for attracting and monitoring investment across Ghana's various sectors, also won the award the Best Investment Promotion Agency (IPA) in West and Central Africa for the second time at the 2017 at the Annual Investment Meeting (AIM) Awards in Dubai, UAE.

President Akufo-Addo says that although delighted to receive such recognition, the government is "even happier to see investments and re-investments in Ghana as a result of ongoing reforms".

Ghana has traditionally attracted investment to the agricultural and agro-processing sector, but the financial services and telecommunications sectors increasingly offer exciting prospects to investors, according to the president.

Wide-ranging rehabilitation of the country's infrastructure is taking place, with substantial investment being made to transform the country's road and rail services. The long-term economic benefits of strong agricultural and industrial sectors are also being recognised through the passage of new policies and increased financial commitment to both sectors.

"Infrastructural development is also a key challenge of Ghana's economy, like many other economies in Africa, and this government has embarked on an aggressive public-private-partnership program to attract investment in the development of both the country's road and railway infrastructure," says President Akufo-Addo, when referring to the country's vital infrastructure.

"I hope that with a solid private sector participation, a modern railway network can be developed with strong production centre linkages and with the potential to connect to Burkina Faso to the north, Côte d'Ivoire to the west and Togo, to the east. Foreign technology is welcome in this area," he adds.

Traditional sectors such as mining and Ghana's relatively new oil industry also continue to offer lucrative investment prospects, according to the president, who says that "Ghana's famous black star has never shone brighter." ■ **TG**

Setting up a business in Ghana

The Ghana Investment Promotion Centre (GIPC) provides the following easy-to-follow procedure for setting up a business in Ghana.

PROCEDURE

STEP 1

REGISTRATION WITH REGISTRAR GENERAL'S DEPARTMENT

Incorporate a company at the Registrar General's Department (RGD) and obtain:

- Certificate of Incorporation with TIN number
- Company Regulation
- Certificate to Commence Business

STEP 2

MINIMUM EQUITY CONTRIBUTION

Foreign investors are required to comply with the GIPC Act 2013 (Act 865) regarding minimum equity requirements either in cash or in capital goods relevant to the investment, or a combination of both by way of equity participation, as follows:

- US\$200,000 for JV with Ghanaian partner having not less than 10% equity participation.
- US\$500,000 for 100% foreign ownership
- US\$1,000,000 for Trading Activity with a minimum of 20 skilled Ghanaians employed by such an Enterprise.

** There is no minimum equity requirement for foreigners interested in the following sectors: manufacturing, export trading and portfolio investment.*

- i. Bank Account: Open two corporate accounts (foreign and local) with a local bank of your choice.
- ii. By Bank Transfer – Effect a bank to bank transfer of minimum foreign equity requirement, which will be converted into local currency (Ghana Cedis). This transaction should be confirmed to the Bank of Ghana by the investor's local authorised dealer bank. Bank of Ghana in turn confirms this transaction to GIPC for the company's registration purposes.
- iii. Equity in kind (Capital Goods) – In the case of equity in kind, in the form of imported machinery, equipment and goods, all documents covering such imports should be in the name of the registered company and evidenced by the following, which should be submitted to the GIPC for registration purposes:
 - a. Bill of Lading / Airway Bill (original document)
 - b. Destination (Ghana) Inspection Certificate
 - c. Custom Bill of Entry (original document)
 - d. Import Declaration Form (IDF)
 - e. Certified/Final Invoices
 - f. Evidence of Capitalisation – Form 6 from the Registrar General's Dept

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International rankings

Ghana consistently ranks among the highest placed African countries in international reports on governance and attractiveness of the business environment.

INDEX/REPORT	RANK
Ease of Doing Business Rank 2018 (World Bank)	No. 1 in West Africa
Democracy index 2016 (IEU)	2nd in West Africa 5th in sub-Saharan Africa
World Investment Report (WIR) 2017	2nd highest recipient of FDI in West Africa in 2016
Global Information Technology 2016 (World Economic Forum)	2nd in West Africa
Global Competitiveness Index 2016-2017	No. 3 in West Africa
RMB Global Market Research 2017	4th Best place to invest in Africa
Mo Ibrahim Index of African Governance (IIAG) 2016	8th out of 54 countries in Africa overall
African Attractiveness Index (AAI 2016 by Ernst & Young)	No. 1 Most resilient economy in W/Africa

STEP 3

REGISTRATION WITH GIPC

The investor then registers with the GIPC (after paying the relevant fees) for the process to be completed. This procedure takes five working days, provided the registration forms and all supporting documents are in order.

**Requirement for Renewal: Section 24(3) of the GIPC Act, 2013(Act 865) permits renewal with the Centre every two years.*

STEP 4

REGISTRATION WITH GHANA REVENUE AUTHORITY (GRA)

All enterprises must register directly with the Ghana Revenue Authority (GRA) for purposes of statutory tax e.g. taxes, rebates and exemptions.

STEP 5

ENVIRONMENTAL IMPACT ASSESSMENT CERTIFICATE

Applicable enterprises must register and obtain an environmental permit from the Environmental Protection Agency (EPA).

Please note: Registration with other relevant Agencies – comply with regulatory requirements within the various sectors of operations.

INCENTIVES FOR INVESTING IN GHANA

CUSTOM DUTY EXEMPTIONS FOR CAPITAL GOODS AND EQUIPMENT

Enterprises are free to implement their projects by importing the relevant plant, machinery and equipment. Zero-rated and concessionary duty items can be cleared automatically and directly through the

SERVICES

- Incorporations
- Registrations
- Corporate governance advisory
- Regulatory compliance
- Company secretarial
- Background checks
- Property title research
- Corporate filings
- Liquidations
- Notarization
- Document/assets verification
- Work/residence permit

ABOUT US

At n. dowuona corporate services, we combine international experience with local knowledge to ensure the success of your business.

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accra, ghana

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Customs Division of the Ghana Revenue Authority (GRA).

AUTOMATIC IMMIGRANT QUOTAS DEPENDING ON PAID-UP CAPITAL

All wholly Ghanaian-owned enterprises and enterprises with foreign participation seeking immigrant quota facilities in respect of expatriate personnel (experts) for their businesses should satisfy the relevant minimum capital requirements specified under Section 35 of Act 865. Immigrant quota request is by a letter to GIPC with the following documentation:

- Cover letter addressed to the CEO (letter to indicate name of expatriate and position in the company)
- Resume or curriculum vitae of the expatriate
- Copy of biodata page of passport

- Copy of employment contract

Minimum Quota Threshold (paid-up capital):

- 1 person US\$50,000-250,000
- 2 persons US\$250,000-500,000
- 3 persons US\$500,000-700,000
- 4 persons US\$ 700,000

SOME GUARANTEES FOR ENTERPRISES

- Bring in freely convertible currency through authorised dealer banks
- Repatriation of dividends and profits after tax
- Payments in respect of loan servicing for foreign loans
- Fees for technology transfer
- Remittance of proceeds in the sale or liquidation of investment
- Guarantee against Expropriation

Ghana leads West Africa for ease of doing business



Ghana ranked 120 out of 190 economies across the world and first in West Africa in the World Bank's 2018 *Doing Business* report.

Doing Business measures economies on a scale of 0 to 100 for 11 indicators relevant to ease of doing business, with 0 representing the lowest performance over time in each category and 100 the best.

The best performance is termed "the frontier" and a country's score indicates its "distance to the frontier" (DTF).

For example, a score of 75 means an economy is

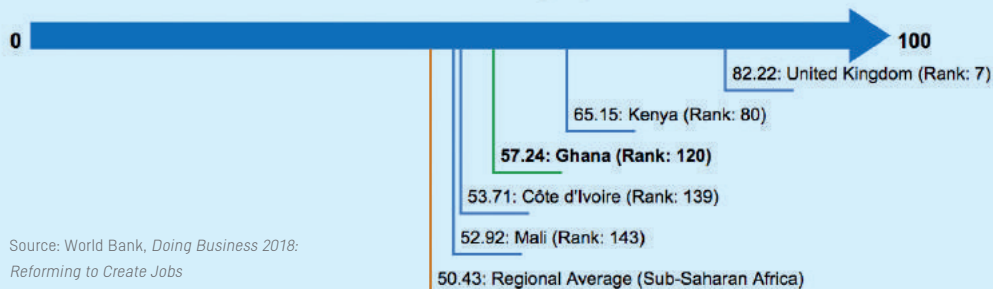
25 percentage points away from the frontier.

This score enables *Doing Business* to ascribe countries a ranking for each indicator. For example, Ghana's DTF score for the Getting Credit indicator was 65, ranking it number 55 among the 190 economies surveyed.

Doing Business also combines the scores to give countries an aggregate score and ranking.

Ghana's 2018 ranking at number 120 placed it ahead of Côte d'Ivoire, Senegal, Nigeria and Gambia in West Africa.

DB 2018 Distance to Frontier (DTF)



Source: World Bank, *Doing Business* 2018: *Reforming to Create Jobs*

Interview with Mr. Yofi Grant, CEO of Ghana Investment Promotion Centre (GIPC)

Can you tell us about the highlights and challenges of 2017?

Looking back, 2017 was a good part of the learning curve; understanding what was expected of us in the context of the political economy and the objectives of the presidency. What are the long-term visions? How do we achieve them? What do we need to do?

Last year, the government inherited a very strained economy with absolutely no fiscal space. Clearly, the plan was to move away from building our economy through taxation. So, there was the need to actually go out and seek investors. We had a target of US\$5 billion of foreign direct investment (FDI) and we achieved US\$4.9 billion, which was quite close to that target.

We've moved beyond that. We've done country branding, we've travelled all over the place to spread the name of Ghana. On the back of that too was a strong effort by the Ministry of Finance to stabilise the economy through fiscal consolidation, but also to set the economy for irreversible and sustainable growth. And I am happy to say that, at the end of 2017, we trumped our own growth prospects. We were expected to grow at 7.9% but we grew at 8.5%.

Many other things happened: government brought down debt to gross domestic product (GDP) from 73% to 68%; we brought down the deficit from 9% to just above 6% (and we're looking to drive it to 5%); there is a positive trade balance for the first time in many years; we saw interest rates coming down; and we've seen inflation drop down to single digits in the last quarter. So, many positive things have happened and, as a result of that, there are also opportunities in the market for investment.

We have some very aggressive plans. First, to improve the infrastructure to ensure that there is sufficient energy to supply to a growing economy that is industrialis-

AT THE END OF 2017, WE TRUMPED OUR OWN GROWTH PROSPECTS. WE WERE EXPECTED TO GROW AT 7.9% BUT WE GREW AT 8.5%

ing. As you know, the intention is to move away from an export-led economy, moving away from exporting our raw materials and resources, to adding value to them and operating at the higher value end, but also doing a bit of processing nationwide. That is why we have policies like the One District, One Factory policy and the Planting for Food and Jobs (PFJ) policy to increase agricultural production.

We are also looking to stabilise our energy to achieve affordable, stable and reliable energy to support an industrialisation programme, whilst still focusing on developing the infrastructure of railways, road, air and sea as a means of transportation and opening up the country to the West African sub-region.

How do you feel that this current administration uniquely fosters a more positive environment for GIPC to achieve its goals?

I think it comes straight from the presidency. There's a vision the president has and he has actually communicated it very well.

First of all, we need to take control of our own matters. He proclaimed an Africa that is moving from aid to trade, which is very significant and instructive as to how we should conduct our economies.

Clearly, there are two areas he is focused on; agriculture and industrialisation. Those are the two areas that could change the fortunes of the continent. Africa has 30% of the world's resources. Most of those resources are needed by the developed countries. But we stand to get better value if we start the processing here.

And I think that has been communicated through the policies, percolated down through government and, as a result, we have seen that the economy has stabilised. The recent bond issue showed that we are doing the right things and if we continue to do the right things, we will be where we expect to be.

Last year you were less than 2% away from your US\$5 billion FDI target. This year you have doubled the target to US\$10 billion, so is it fair to say are confident of GIPC's performance in 2018?

We are looking at investment into railway and also into an integrated bauxite aluminium industry, the Accra Metro and the Accra marina project, which is a 240-acre development along the coastline of Accra.

The railway is worth about US\$21 billion. The integrated aluminium industry is somewhere in the range of US\$10 billion. If

we focus on these things alone, we will go beyond the US\$10 billion target.

But the thing is not to just hit the target. The aim is to create sustainable, irreversible growth in the economy, so we will pursue the FDI that will enable that to happen.

Is GIPC targeting specific countries and regions for investment?

Yes and no. What we are targeting are investors. Insofar as they've expressed interest, then we consider them. In the railway sector, for example, we have interest from Chinese, Canadian, Indian and Ghanaian investors. We will talk to all these people and get the best value for money.

Is there stronger interest from local investors?

Absolutely. A lot more young Ghanaians have come to us looking for investment opportunities and then partnering with foreign investors to come into the market and that is very encouraging because one of the things that GIPC has always wanted to encourage is partnership and linkages into the global supply and value chains of foreign direct investors. We think that's a very good way of growing local enterprise.

What competitive advantages does Ghana have over neighbouring countries which have similar conditions?

One of the things that stands out is our political stability and our peaceful nature. Ghanaians are known to be very friendly and very accommodating. We are an English-speaking country with very good, deep roots in many of the countries we have traditionally traded with over the past 200 years. So, we are already established in the global economy.

But we are also amenable to forming new friends. Our roadshow for our bond took us to Asia where we visited Singapore, Japan, Hong Kong and China. But we are also looking at the Gulf Cooperation Council (GCC) as a possible partner in development because they share common historical trends.

However, the most exciting thing for me is that we are in the middle of the world. And we are right in the middle of West Africa too. Ghana is squarely positioned to be a hub for West Africa. And under the vision of the presidency to create the best business environment in Ghana, we are enacting the necessary reforms to let that happen – that is the unique selling propo-

**HOW DO WE
GROW OUR
ECONOMIES SO
THAT THERE IS
CLEAR DEBT
SUSTAIN-
ABILITY?
IF WE HAVE
THAT, IT DOES
NOT MATTER
HOW MUCH
WE BORROW**

sition that Ghana has. We are also resource rich. We have bauxite, gold, diamond, iron ore, oil and gas and, I've recently been told there is lithium and, possibly, uranium. However, we need to leverage these for the development of our economy.

Do you think Ghana's rich resources mean that it has to be more shrewd about who it does business with?

Absolutely. Africa needs to conduct its relations and rewrite its contracts better than before and not allow for exploitation of its resources. Ghana and Ivory Coast control 65% of the world's cocoa bean production. But if you look at chocolate, which is worth more than US\$100 billion a year, we have less than 5% of that market. That's not to mention the liquor, paste and other products. So, why don't we process most of the cocoa that we produce here so that we are at the higher end of the value chain of cocoa?

What do you think that has previously prevented Ghana from adding such value to its products in the past?

Leadership, but also the Guggisburg economic model which we inherited at the time of independence, so we were exporting our gold, our cocoa, our timber and diamonds (without processing them). That has hurt us a bit and it's about time that we also industrialise and get to the higher value end of supply chains.

We've spoken about what you have achieved so far with Ghana, but can you share some of your own achievements with us?

I find it very difficult to talk about myself! But since being here I have won four awards, GIPC itself has won two awards for being the best investment promotion agency in Africa, first at the Annual Investment Meeting (AIM) in Dubai and, recently, from CFI.co (*Capital Finance International* journal). And, personally, I have won a couple of awards for public service and entrepreneurship, so I think it shows I must be doing something right, and maybe I should do a lot more of that!

But for me, the exciting thing is not the awards, it's that you can have a positive impact on the lives of a lot of people, especially young people. Give them direction to be more entrepreneurial, give them opportunity to build businesses and create jobs, and that is how we develop a nation.



How can Ghana harness development to move beyond relying on aid?

The buzzword at recent World Bank meetings was debt. The feeling is that Africa is over-burdened with debt. But for me it is not a problem if African economies can show that they have debt sustainability. Debt sustainability is the key, not whether you have borrowed or not. And I think many of the economies are growing to the point where they can sustain their debt, and therefore that is where the attention should be; how do we grow our economies so that there is clear debt sustainability? If we have that, it does not matter how much we borrow. And if we borrow for the right purpose and we can actually create growth in our economies, then that works well. It is when you borrow to pay recurrent expenditure that is not revenue-generating that the problem comes. But I think many African countries are moving away from that.

**Mr. Yofi Grant,
CEO of Ghana
Investment
Promotion Centre
(GIPC)**

Developed nations have a lot of debt. If you look at the United States, they have huge debt. If you go to many other countries in the world, they also have huge debt. They believe that it is OK, because they believe that they can sustain the debt, so why not Africa too?

If you look at the growth rates (of African countries) now, they are way beyond the growth rates of developed markets. By 2050, African will account for one quarter of the world's total population. But if it continues to grow at 5% per annum, it will probably be the biggest economy in the world.

Attention on Africa is rising more and more because people recognise that this is a continent that offers a lot of opportunity for continuous global growth.

Once we get our politics right and once we get governance right, I think Africa will be the region to watch. ■TG



GEPA

GHANA EXPORT PROMOTION AUTHORITY



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- Showcase your company through the online exporter directory
- Subscribe to email alerts

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Q & A WITH THE GHANA EXPORT PROMOTION AUTHORITY

WHAT IS THE AUTHORITY'S MANDATE?

The Ghana Export Promotion Authority (GEPA) was established in 1969 by an Act of Parliament as the national export trade support institution responsible for the development and promotion of Ghana's exports.

WHAT IS GEPA'S OVERALL ROLE IN THE LOCAL ECONOMY?

The overall relevance of GEPA in Ghana's economy is to develop and promote Ghanaian exports to generate foreign exchange for the country by:

- Identifying exportable products to be developed for exports.
- Training exporters on export quality standards.
- Linking exporters to international buyers.
- Providing statistics on exports which assists Government in planning and developing policies.

CAN YOU MENTION YOUR MAJOR PROJECTS?

- The GEPA in 2017 supported cashew farmers with a total of GHC1.6 million. This support helped procure seedlings, herbicides, insecticide and other farm inputs to some cashew farmers.
- GEPA extended various support to pineapple farmers in Ekumfi in the Central Region.
- GEPA also supported the manufactured garment and textile sector to establish an association to help them achieve their objectives of contributing significantly to the economy under the AGOA dispensation and also create jobs for the youth in the country.
- 60,000 and 15,000 high-yielding, disease-resistant coconut seedlings were supplied to Western Region Coconut Farmers Association of Ghana (COFAG) and the Central Region Coconut Producers and Exporters of Ghana (COPEA) respectively for planting by their members as part of the revitalisation of the coconut sector.
- GEPA provided support to the Yam Development Council (YDC) to 250,000

IN 2017 GEPA SUPPORTED CASHEW FARMERS WITH A TOTAL OF GHC1.6 MILLION. THIS SUPPORT HELPED PROCURE SEEDLINGS, HERBICIDES, INSECTICIDE AND OTHER FARM INPUTS

quality seed yams for distribution to yam farmers who will in turn produce ware yams for export by members of the Ghana Root Crops and Tubers Exporters Union.

- Funding support provided to the Oil Palm Research Institute (OPRI) to spray oil palm plantations in the Juaben Area to contain the infestation of leaf miner disease on its plantations and those of their out-growers.
- 2,246,000 smooth cayenne pineapple suckers procured and distributed to 10 out-growers of Bomarts Farms, HPW Limited, Blue Skies Limited and Ekumfi Fruit Juice Processing as part of ongoing planting material support to the pineapple sector.
- A cocoa processing company participated in 2018 SIAL Food event in Montreal Canada from April 28 to May 2 2018 to register Ghana's presence on the big platform for buyers and suppliers.
- 45 women assisted to register successfully on ITC's SheTrades platform. GEPA assisted them to participate in online trainings and webinars. 15 women travelled to Liverpool for the event in June 2018. One Ghanaian company won an investment pitch contest and the rest received various awards.

WHAT ARE THE OPPORTUNITIES FOR FOREIGN INVESTORS?

- Agro processing. This includes fruit processing.
- Cold chain facilities such as cold vans.
- Large-scale plantation farming of crops such as cashew, oil palm, pineapple, and vegetables.

WHAT ARE YOUR FUTURE PLANS?

- Promoting exports of processed rather value-added products.
- Dedicated vessels to transport fresh produce and other products to destination markets.
- Public-private sector investments in warehousing facilities in key target markets to consolidate made-in-Ghana products for easy distribution. ■ **TG**

The lifblood of development



Ghana's embattled energy sector has shown some signs of stability in 2018, potentially helping shore up economic growth and foster a more conducive business environment. As Ghana grows, the country's demand for power – commercial, domestic and industrial – continues to increase, creating not only new challenges for the sector, but fresh opportunities for private sector involvement.

Rapid urban expansion and industrialisation have meant the demand for electrical power outstrips supply and consumption of oil and gas is growing by 10% to 15% per year. The importance of energy, therefore, cannot be underplayed, with the sector, including the petroleum sub-sector, accounting for 18.2% of Ghana's GDP.

The 2010 National Energy Policy, coupled with Ghana's oil find in commercial quantities in the same year, has positioned Ghana not only to finally provide sufficient energy for its growing population and industries, but to eventually make the country a net exporter of both power and fuel. Ghana is poised to overcome its energy challenges if it can harness its natural gas reserves and renewable energy sources to generate electricity, according to a USAID power report on Ghana published in March 2018.

The Akosombo dam on the Volta River produces power for domestic and industrial use

President Nana Addo Dankwa Akufo-Addo has also pledged universal access to electricity by the end of his term in office in 2020 and is committed to industrialising the nation, to which energy is key. Already, Ghana has been remarkably successful in extending its national grid into the rural areas, according to the World Bank. The Ministry of Energy says about 83.4% of communities with more than 500 people already have access to grid electricity. What remains is to bring electricity to communities living on islands in Lake Volta and other isolated lakeside locations.

The government's 14-year Strategic National Energy Plan (SNEP) 2006-20 continues to develop a reliable energy sector that will provide stable and sustainable energy for all communities and for the country's continuing economic development as it slowly emerges from a period of erratic power supply. The objective is to increase installed generation capacity from the current 4,674MW to 5,000MW by 2020.

In addition to government efforts, private sector involvement – both domestic and foreign – in the energy sector is crucial in improving power generation and accessibility, as well as expanding the sector into alternative and sustainable power generation methods such as thermal, solar and wind.

Power Sub-Sector

Severe electricity supply challenges in the past ten years have cost Ghana an average of US\$2.1 million per day in loss of production, according to a 2017 report published by the Centre for Global Development (CDG). Even though actual generation capacity has more than doubled over the period, increasing from 1,730MW in 2006 to 3,795MW in 2016, losses occur due to old and inefficient power distribution equipment as well as failure to collect revenue from consumers. Other factors are heavy dependence on thermal and hydro sources for electricity generation and an inefficient tariff structure which makes it difficult for utility companies to recover the cost of producing electricity, according to the CDG.

To achieve universal access by 2020, which would require an annual electrification rate of about 4.83%, Ghana needs to restructure its tariffs, expand its prepaid metering system and embrace alternative energy sources.

Ghana has traditionally relied on hydro-power plants for electricity, which accounts for 69% of the power used in the industrial and service sectors. The Akosombo dam, which was built in 1965 to provide electricity for the aluminium industry, now produces power for domestic and industrial use along with three other dams. It is controlled by the Volta River Authority (VRA) which produces 75% of Ghana's power. But continuing low levels of rainfall, which are set to worsen due to climate change, make hydroelectric power increasingly unreliable. This aggravates the power situation as demand for electricity continues to outpace supply. A few thermal plants are used to regulate the peak load, but these facilities have also faced generation challenges due to infrastructural damage and inadequate gas supply via the West African Gas Pipeline.

The focus of government is to expand energy production to meet the needs of consumers of electricity and ensure the extension of electricity to all areas of the country, as well as to develop the newly discovered oil and gas sector to meet demand for power.

In addition, identifying and developing renewable energy sources is crucial in boosting energy supply in Ghana. There has also been significant encouragement in the use of LPG as a substitute for wood fuel (charcoal), as part of the programme

**IDENTIFYING
AND
DEVELOPING
RENEWABLE
ENERGY
SOURCES IS
CRUCIAL IN
BOOSTING
ENERGY
SUPPLY IN
GHANA**

to preserve national forests and halt the advancement of desertification and climate change.

Petroleum Sub-Sector

Ghana's petroleum sector involves upstream and downstream activities. The upstream activities include the exploration, development, production, procurement and refining of crude oil and the downstream activities include production, distribution and marketing of petroleum products and premixing of petroleum products for industrial uses, including fishing.

Distribution of petroleum products in Ghana is dominated by multinational oil marketing companies (OMCs). Following the deregulation policy of the government, the OMCs have increased in number to include local Ghanaian content. The products are retailed through gas stations which are either owned by the OMCs or private individuals. There are 138 accredited OMCs in good standing for business in Ghana. The private sector, including the OMCs and others, source and supply finished products through an open competitive tendering system.

Renewable Energy

The renewable energy sector is gradually growing to help increase power generation output. The government is committed to increasing the use of renewables to provide power in Ghana. The Renewable Energy Act, 2011 (Act 832) exists to enable Ghana to achieve a sustainable renewable energy mix and reduce dependence on other more expensive and unreliable sources of generation.

There are several challenges facing the renewable energy sub-sector, including the low application of renewables (small hydro, modern biomass, wind, solar and bio-fuels) in the national energy mix and over-dependence on and inefficient use of wood fuel resources. Government aims for modern renewables to account for 10% of electricity generation by 2020 and for demand on wood fuels to reduce from 72% to 50% in the same year. It also wants to promote development and use of other biomass technologies including biogas, biofuels, gasification and waste-to-energy.

Research has found that, driven by the growing affordability of LED colour TVs and other appliances (reflecting consumer aspirations for modern energy services), rural households in off-grid areas are will-

ing to pay for quality solar energy services (World Bank, 2016). Potential for solar energy production lies in the northern region and the northern parts of Brong-Ahafo and Volta Regions, where there are very high radiation levels, with monthly averages of between 4.4 and 6.5 kWh/m²/day. Despite this abundance, solar power is still contributes very little to energy production in Ghana.

In addition to solar, Ghana has about 2,000MW of raw potential for wind energy. It is currently reliably projected that over 300MW installed capacity of wind farm could be established at the coast to generate over 500GWh to supplement the nation's energy supply.

Government Agencies

The Ministry of Energy is the government entity in charge of energy policy formulation, monitoring and evaluation of the sector and its energy sector agencies. It was formerly split into the Ministries of Petroleum and Power in 2014 and in 2017 reverted to being the Ministry of Energy when the current President Nana Addo Dankwa Akufo-Addo announced a merger of the sector ministries to bring about a sharper focus on the generation, supply and efficiency of power to match economic growth.

The ministry is also responsible for the implementation of the National Electrification Scheme (NES) which seeks to extend the reach of electricity to all communities in the long term.

However, to achieve universal electricity access, Ghana must provide power to more than 200 islands and lake communities in remote areas, according to the World Bank. This requires investment in approximately 200 to 300 mini power grids to bring the utility to these populations.

Investment Opportunities

As part of the strategies to achieve the objectives in the National Energy Strategic Plan, the government, through the Ministry of Energy, is encouraging public-private sector partnership by securing private sector investment partnerships for re-capitalisation of the energy supply system.

Investment opportunities exist for the development of a viable local industry for the production of components and systems locally, to meet future spare-parts requirements of future investments thereby making savings and ensuring sustainability.



Investment opportunities in the sector include:

1. *Energy service companies to provide energy services in these areas:*
 - Energy Audits & Energy Management Strategies
 - Power Factor Correction
 - Electrical Load Management
 - Boiler Efficiency/Heat Recovery
 - Monitoring and Targeting Energy Management
 - Tariff Analysis
 - Refrigeration and Air Conditioning Systems
 - Compressed Air Systems
 - Kilns and Furnaces
 - Fuel Substitution
2. *Energy manufacturing companies to supply energy-monitoring equipment to better meet the increased requests for power monitoring and tariff analysis from industry in the country.*
3. *Companies to provide an alternative decentralised sustainable energy system that can easily be deployed in remote and deprived communities into the overall national energy mix.*
4. *Companies to provide solar vaccine refrigerators for the preservation of vaccines for child immunisation programmes in remote and off-grid parts of the country.*
5. *Provision of solar energy systems to schools in off-grid communities.*

Hydro-power supplies 69% of the electricity used in Ghana's industrial and service sectors

THE GOVERNMENT, THROUGH THE MINISTRY OF ENERGY, IS ENCOURAGING PUBLIC-PRIVATE SECTOR PARTNERSHIP

6. *New, higher quality and cost competitive energy services to the poor, for cooking, transport, water heating and other home appliances.*

Investment opportunities in the demand sector include:

- Penetration of rural electrification by decentralised renewable energy complementation
- Penetration of solar energy in hotels, restaurants and institutional kitchens using solar water heaters
- Increased LPG penetration
- Improved efficiency cook-stove penetration

- Penetration of biogas for cooking in hotels, restaurants and institutional kitchens
- Increase the penetration of modern energy into agriculture for increased agricultural production, to help achieve the nation's food supply security objectives
- Substitution of diesel with bio-diesel in agricultural mechanisation
- Drying of exportable farm produce such as pepper with solar dryers
- Displacing the use of diesel for irrigation with grid electricity and mechanical wind pumps
- Large-scale commercial poultry farmers to meet at least 10% of their electricity needs from biogas, using the droppings from the birds. ■ **TG**

Energy needs urgent attention on three fronts

Given the economy's vulnerability to energy supply risk, the issues including the sector revenue gap, as well as risks from gas supply bottlenecks of the electricity sector will require immediate solutions.



Three important and pressing issues in the sector are:

Revenue shortfall and debt stock amount to US\$1.4 billion of net external debt by end-December 2016 caused by inefficiencies such as system losses and poor collections. The Government increased the electricity tariff by 57% in December 2015, which ended up reducing customer demand – indicating that the tariffs are at the limit of affordability and that important adjustments need to be made on the revenue management side to address operational losses.

Expected excess power generation capacity: To address the power shortfall, emergency power projects were contracted mostly without a competitive process. The contracted emergency capacity together with other Independent Power Producers (IPPs) resulted in more Power Purchase Agreements

(PPAs) being entered into than necessary, vastly exceeding the power generation gap in Ghana. While a number of the projects have now been halted, or delayed, up to 1,900MW of excess capacity project are currently still proceeding as planned and, if not stopped or delayed, could cost the sector up to US\$700 million per year in unnecessary capacity payments by 2018.

Risk of Sankofa gas being stranded:

The Sankofa Gas Project being supported by the World Bank is expected to help resolve the gas supply shortfall, but Ghana currently does not have an interconnected gas transportation system, which would link most of the thermal power generation capacity from Tema to the domestic offshore oil and gas fields situated in Western Ghana. If Sankofa gas cannot be transported from West to East, there will be

significant financial consequences, including: (i) capacity payments on thermal generation plants (790MW) continuing to be idle in the east around Tema; and (ii) non-utilisation of Sankofa gas while incurring capacity charges annually.

The World Bank is currently supporting a number of reforms to comprehensively address the challenges in the energy sector. In the meantime, Government has moved to establish cost-reflective tariffs, reform the power utilities, and implement Revenue Allocation Mechanism at the ECG in which the Public Utilities Regulatory Commission (PURC) will ensure that ECG revenue goes directly into an escrow account and is then allocated based on an agreed tier of creditors.

Source: World Bank, *Third Economic Ghana Update: Agriculture as an Engine of Growth and Jobs Creation*.

Harnessing oil and gas for development

Rising oil prices and rapidly expanding oil and gas production are set to make Ghana the world's fastest-growing economy in the world in 2018, with an estimated growth rate of 8.3%, according to World Bank predictions.

In 2017, the booming oil and gas sector helped the country achieve a growth rate of 8.5%, more than double the 3.6% growth rate of 2016, which was the country's lowest in 22 years.

As new oil comes on line after five years of successful oil production since 2010, Ghana's predicted growth rate is almost double that of the global growth estimate for 2018. Oil production alone grew by 80.4% in Ghana in 2017.

In addition to oil, gas production from the World-Bank-supported Sankofa gas fields, which started in July this year, could fulfil almost half of Ghana's energy needs for 15 years by fuelling the country's thermal power plants, providing crucial energy stability for industrial and economic growth.

In the medium-term, the development of Ghana's oil and gas will be a major factor in the transformation of the economy provided that management of revenues is transparent and efficient.



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Overview

Currently, there are four major oil and gas fields in the country: the Jubilee field where FPSO Nkrumah (Floating Production, Storage and Offloading) is located, the sub-commercial producing Saltpond field, the Tweneboa-Enyenra-Ntomme (TEN) field and Sankofa-Gye-Nyame fields. In addition, 23 post-Jubilee discoveries (between 2008 and 2014) have been made offshore Ghana on six different blocks in the Tano/Cape three points basin which have resulted in over 80% exploration success rate.

Growth and Development

Ghana's oil and gas industry is growing at a steady pace and though the country is still considered a small hydrocarbons producer, new output from TEN and Sankofa fields, as well as increasing production from the country's flagship Jubilee field, will significantly boost Ghana's oil and gas production by 2020. The industry has rebounded significantly since 2016 when crude oil prices, output and revenues fell far short of their predictions.

To harness the transformative effect oil and gas can have on the country's fortunes, the government aims to effectively link it to other sectors for broader economic development.

It also aims to strengthen the regulatory environment with relevant laws, including the Petroleum Production and Exploration Law. Local content development, employment creation, protection of the environment, and transparency in revenue management are also key in creating sustainable development off the back of oil and gas.

**THE INDUSTRY
HAS
REBOUNDED
SIGNIFICANTLY
SINCE 2016
WHEN CRUDE
OIL PRICES,
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FELL FAR
SHORT OF
PREDICTIONS**

Ghana hopes to use oil and gas as a driver for broader economic growth by making sure natural gas is made available for electricity generation to make up for any current shortfall, after which it should be prioritised for industrial value creation.

Revenue from the oil and gas sector can also be invested into agriculture and industry, the development of which is key to sustained development.

For example, Ghana has the potential to develop a petrochemical industry if it can accelerate the development of complementary resources, such as salt.

The development of the oil and gas industry is expected to reverse the country's over reliance on the exports of raw commodities by ensuring value addition in the industry and effective linkages across the sector. The priority strategies to be implemented include:

- ensuring value addition to local goods and services to maximise their use in oil and gas industry;
- promoting the establishment of petroleum and gas-based industries and other industries that depend on the utilisation of the by-products of oil and gas industry;
- expanding the national oil and gas upstream, midstream and downstream infrastructure in collaboration with the private sector within the PPP framework;
- accelerating development of complementary resources such as salt; and leveraging the oil and gas industry to support the development of new industries such as petrochemicals, aluminium, glass, brick and tiles, etc.



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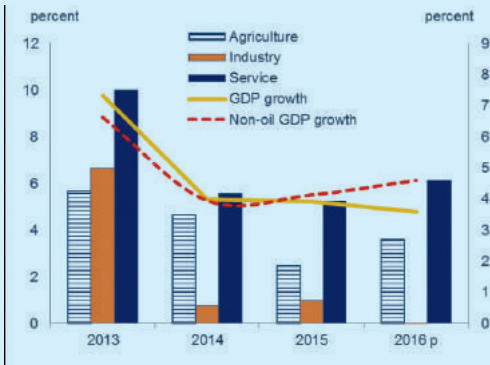


Oil production set to peak

In 2018 and 2019, oil production is set to recover and reach its highest production levels, according to projections.

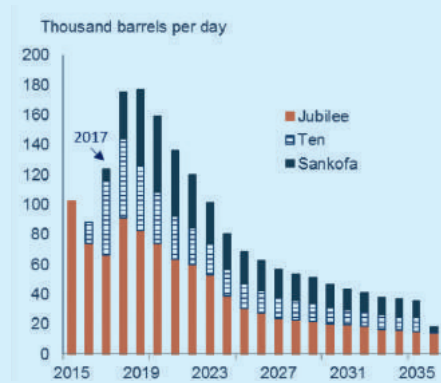
Ghana's economy slowed, from 3.9% in 2015 to 3.5 %in 2016, largely due to contraction in the industry sector. Specifically, the slowdown was driven by production problems in the oil sector and weak oil prices (Figure 1). While the new oil field, TEN, became operational in early August 2016, production from the Jubilee field has been well below expectations due to technical difficulties that arose in late March 2016. As a result, annual oil production only reached 88,000 barrels per day in 2016, down from 102,000 barrels per day in 2015 (Figure 2). Given weaker oil prices, the sector's value added contribution to growth was negative.

Figure 1: Economic Growth by Sector
(% change, year-on-year)



Projected figures for 2016
Source: Ghana Statistical Services

Figure 2: Ghana's Oil Production Projections



Source: Ghana Ministry of Finance

Investment Opportunities

- From the beginning, the sector has attracted major, international oil companies who were instrumental in the exploration and development of Ghana's oil and gas fields.
- In an oil industry that is just over a decade old, there is substantial investment opportunity, especially since indigenous companies may not yet have enough industry expertise and experience in this relatively new sector.

Upstream petroleum opportunities include:

- Geophysical (site surveys, seismic data acquisition, processing and interpretation)
- Basin modelling
- Geological studies
- Sedimentology
- Geochemistry
- Geochemical studies
- Geographical studies

- Equipment supply and / or leasing (boats, barges, aircraft, etc.)
- Supply of casings for boreholes

Drilling products and service opportunities include:

- Land drilling rigs, swamp drilling rigs, petroleum engineering and consultancy services
- Offshore drilling rigs (jack-ups, semi-submersible rigs, submersible rigs, etc.)
- Offshore rig towing services, rig move / positioning services
- Drilling mud, chemicals, mud logging and mud logging services
- Drilling site preparation, well control and blow-out prevention
- Under-water inspection, sand control, fish and fishing tools
- Dry-dock facilities for offshore supply vessels, tugboats, and offshore rigs
- Measurement while drilling (MWD) and logging while drilling (LWD) services
- Casing and high pressure pumping,



tubing services, tools and cased-hole electrical logging

- Directional drilling and survey as well as drilling and work over
- Surface and bottom hole sampling and tubing conveyed perforation (TCP)
- Fluid filtration, solid control and laboratory and pilling services as well as PVT analysis
- Mechanical wire line services and petro-physical and reservoir data services
- Coil tubing and electrical line and production logging
- Oil field waste management, jetty and shore support services and rig-less work over services
- Well production testing, wellhead maintenance and well completion services
- Supply of drilling materials and equipment (drill bits, drill pipes, drill collars, cone bits, etc.)

The following opportunities exist in production support services:

- Wire line services and pipeline laying / inspection
- Production chemical supplies and management
- Engineering design, procurement / construction of production facilities
- Corrosion engineering and environmental engineering services
- Blow out central services and flow line construction
- Oil expand terminal design and construction and crude oil lifting
- Fire fighting system design and installation and 2/3 phase meter supplies
- Supply and maintenance of safety equipment
- Gas valve supplies and installation

Reservoir presents opportunities in:

- Consultancy services
- Simulation
- Economic analysis
- Complete field study

Downstream opportunities in the refining, storage, marketing, distribution and transport of petroleum products include:

- Technical partnership
- Field development contractor financing
- Gas utilisation
- Refineries maintenance
- Pipeline / depots construction and maintenance
- Petroleum products haulage
- Petroleum products marketing
- Petrochemicals
- Gas development /conversion
- Butanisation project
- Fertiliser plants
- Vehicular fuels
- Methanol / MTBE plants

Opportunities in the gas sector include:

- Production, transmission, distribution of natural gas – independent ownership
- Natural Gas Liquids (NGLs) – liquid fuel or fractionated into their components, LPG, natural gasoline etc.
- Natural gas-fired equipment
- Independent power plant (IPP)
- Industrial market, commercial market and residential market
- Domestic natural gas sales and distribution
- Compressed natural gas as automotive fuel, gas to liquid conversion (GTL), methanol, etc.
- Ammonia/fertiliser plants ■ **TG**



Driving inclusive development

GHANA HAS A VERY SOPHISTICATED financial services sector, buoyed by an innovative and aggressive private sector, while the central bank provides regulation and oversight designed to allow maximum competition and growth. This has attracted global players, even as local players also provide strong competition.

Ghana's dynamic financial sector – comprising banking, insurance and capital markets – has developed significantly over the past decade. Government's forward-thinking regulation, alongside private-sector innovation, has created a favourable environment for growth and investment, putting Ghana on track to be a major financial hub in the sub-region, as well as a global competitor.

Since 2009, the mobile money revolution has made it possible for significant numbers of those without bank accounts to carry out monetary transactions, while Ghana's numerous microfinance institutions make it possible for those same individuals to access financial services such as loans. Changes in the sector have led, over the years, to inclusion. In the insurance industry, mobile microinsurance has given people on low incomes the ability to manage risk in their lives through affordable

products.

In capital markets, the Ghana Stock Exchange (GSE), which started trading in 1990, ended 2017 as the best-performing stock market in Africa (in dollar terms) and only second to the Malawi Stock Exchange in local currency, according to Databank.

Under the government's Financial Sector Strategic Plan (FINSSP), which was adopted in 2003, Ghana continues to build on a buoyant sector which is fully integrated with the global financial system and supported by a transparent regulatory system.

After the global financial crisis lasting from 2007 to 2009, various regulations have been put in place not only in Ghana, but worldwide, to protect financial sectors from illegal activities. This has led to the creation of an advanced Ghanaian financial industry which has, over the decades, undergone rapid growth and transformation.

However, developing Ghana's financial sector has not been without its challenges, particularly in the banking sector, which dominates the industry. In July 2018, the Bank of Ghana (BoG), the country's central bank which has overall regulatory authority over the sector, demanded that all commercial banks needed a minimum of GHC400m in capital by December 2018 or have their licences revoked. This followed the collapse of two banks which failed to meet the minimum capital requirement of GHC120m. In August 2018, the government revoked the licences of five banks at risk of collapse and consolidated them into a state-run bank, signalling that some



GHANA IS ONE OF THE BEST PERFORMING STOCK MARKETS NOT ONLY IN THE SUB-REGION, BUT ACROSS THE CONTINENT, AND LOOKS SET TO CONTINUE THIS UPWARD TREND

reform of the sector is needed, despite its stable image and reputation as a driver of economic growth.

Further investment from experienced players, both domestic and foreign, will be key in strengthening and growing the sector.

The Market Banking

Ghana has a long-established history in banking. Since the time of Post Office accounts, the sector has evolved – and continues to do so – making Ghana a thriving financial hub in the sub-region, with increasing numbers of local and Pan-African banks.

As of August 2018, there were 31 licensed banks in-county and 484 microfinance companies registered with the BoG.

Overall, the banking sector remains profitable, even though some weaknesses persist, according to the World Bank economic report on Ghana published in February 2018.

However, following significant improvements in the financial system, there is no doubt that the sector is now in better shape to play the effective role of harnessing financial resources for sustainable economic growth of the country. For example, the Banking Act 673 (2004), amended to Banking (Amendment) Act 738 (2007), has made way for the establishment of the International Financial Services Centre (IFSC) by the government. This is set to increase the competitiveness of the Ghanaian financial sector. The operating institutions include both foreign and local major banks, rural and community banks (RCBs), savings and loans companies (SLCs) and other finance and leasing companies.

Despite the collapse and consolidation of some banks this year and in 2017, as well as some weakness in the regulatory environment (and competition from mobile banking and microfinance), the outlook for banking, and the sector as a whole, is good, with plenty of opportunity for investment.

Insurance

An expanding middle-class population which understands the benefits of insurance, and

stringent regulation of the sector by the National Insurance Commission (NIC), have contributed to growth in the insurance industry. Microinsurance products, which cater to low-income earners, will hopefully ensure future expansion of the sector.

Ghana's positive economic growth prospects, stable government and a thriving oil and gas industry have also attracted foreign players to the sector by way of mergers and acquisitions.

Competition in the insurance sector has grown with the entry of new institutions, increase in the minimum capital requirement from GHC1million to GHC15million, and the introduction of innovative insurance products such as bancassurance, microinsurance and the enforcement of the compulsory insurance of commercial buildings.

Despite these recent developments, insurance penetration is still below its 2% targeted benchmark. However, insurance penetration increased from 1.17% in December 2015 to 1.29% in June 2017. The non-life insurance sector continues to dominate the insurance sector in terms of gross premium income.

However, the life insurance sector continues to register relatively higher growth largely due to growth in life savings products, bancassurance and the separation of life and non-life companies. In all, the asset base and the capital position of the insurance industry have improved.

Overall, the Ghanaian insurance industry is a vibrant and growing sector with significant potential to contribute to economic growth, if developed and regulated accordingly.

Capital Markets

Ghana is one of the best-performing stock markets not only in the sub-region, but across the continent, and looks set to continue this upward trend. The Ghana Stock Exchange (GSE) and the Ghana Alternative Market (GAX) are the two exchanges in Ghana. Both are operated by the GSE.

The GSE is the main exchange and was established in 1989. It started trading in 1990. It is aimed at more established and capitalised companies and the listed companies are regulated in accordance with the listing rules and other directives issued by the GSE. The Securities and Exchange Commission (SEC) also exercises supervisory jurisdiction over the GSE and the listed companies in accordance with the

Securities Industry Act, 2016 (Act 929) (Securities Act).

The following foreign companies are currently listed on the GSE:

- Tullow Oil Plc.
- Trust Bank (Gambia)
- Golden Star Resources Limited
- Ecobank Transnational Incorporated

Established in 2013, the GAX is the GSE's alternative market for start-ups and existing small and medium enterprises. The GAX has shortened listing procedures, reduced listing requirements (such as the minimum capital and minimum number of public shareholders) and incentives (such as waiver of regulatory fees and access to a listing fund) to attract the intended market. The companies listed on the GAX are regulated in accordance with the rules and other directives issued by the GSE. The SEC has supervisory jurisdiction over the GAX-listed companies in accordance with the Securities Act.

Investment Opportunities

There is high demand for financial services in Ghana, as evidenced by the consistent high growth of companies in the sector. The relatively underdeveloped state of the financial services sector in neighbouring countries provides an opportunity for financial service firms in Ghana to supply services in those countries.

- Credit Reference Bureaux

Investment opportunities also exist for financial institutions to acquire licences for the operation of credit reference bureaux in the country. The Credit Report Act, which became law in June 2007 (Act 726), provides a legal and regulatory framework for credit reporting in Ghana to the banks.

The availability of credit information is generally accepted to be crucial for the development and maintenance of an effective financial sector. The lack of a credit information system therefore increases the risks of lending, and causes financial institutions to provide less credit.

As of December 2016, the number of licensed credit bureaux numbered three, namely; XDS Data Limited, Hudson Price Data Solutions and Dun & Bradstreet Credit Bureau Limited. These credit bureaux use data validation tools and credit reports to assess the credit worthiness and risk profiles of potential borrowers. There

THERE IS HIGH DEMAND FOR FINANCIAL SERVICES IN GHANA, AS EVIDENCED BY THE CONSISTENT HIGH GROWTH OF COMPANIES IN THE SECTOR

has been a growing interest by financial institutions in the credit bureaus and this is reflected in the steady increase in the number of searches by financial institutions from 948,360 in 2014 to 2,060,049 in 2017, representing an increase of 117.22%.

- Oil
Ghana's discovery and exploration of oil in commercial quantities (estimated at 3 billion barrels) has provided enormous opportunities for the banking and financial sector to develop appropriate products to support the industry. All equipment and facilities in the oil industry have to be insured and the downstream activities of the industry will also require significant financing.

General investment opportunities exist for the following range of companies:

- Universal banks
- Development banks
- Insurance companies
- Reinsurance companies
- Mortgage finance institutions
- Leasing companies
- Venture capital companies
- Hire purchase companies
- Export finance companies
- Investment banks
- Mutual funds
- Investment trusts
- Savings and loans companies
- Specialised finance houses

The industry's competitive advantages include:

- Availability of skilled professionals in the financial sector
- Improved academic and training institutions
- Increasing deployment of ICT infrastructure to enhance competitiveness and efficiency of operations
- A relatively developed legal and regulatory environment compared to neighbouring West African countries
- New financial instruments (e.g. asset-backed securities, dollar-denominated bonds and inflation-indexed bonds)
- Improved regulation and supervision of financial institutions, e.g. revamping of the National Insurance Commission, establishment of Securities and Exchange Commission
- Introduction of off-shore banking has opened new channels in business and options in the sector ■ **TG**



Banking resilient in the face of challenges

The overall banking sector remains profitable, even though some weaknesses persist. Returns on assets and returns on equity for the first half of 2017 were at 2.4% and 17.7%, respectively (Table 1).

However, a recent Asset Quality Review (AQR) indicated provisioning and capital shortfalls as the BoG required some banks to reclassify loans, increase provisions, and implement recapitalisation plans. Some banks exceeded single obligor limits, with capital erosion following the AQR, generating further pressures.

Some banks have accessed the BoG's emergency liquidity facility for more than the three-

month maximum stipulated in the regulations. This has been attributed to the weak economy and problems in the energy sector with significant adverse impact on the banking system, as indicated by the high level of non-performing loans (NPLs).

The ratio of NPLs increased from 12% in December 2014 to 21.2% in June 2017 with some individual banks having even higher NPL ratios. The private sector, being the largest recipient of outstanding credit balances, also accounted for the greater proportion of banks' NPLs.

The share of NPLs attributable to the commerce and finance

sector (the sector accounting for the largest share of NPLs) declined from 42.4% in June 2016 to 36.8% in June 2017. The agriculture, forestry and fishing sector was, however, the sector with the highest proportion of its loans (39.3%) classified as non-performing as at end-June 2017. It was followed closely by the commerce and finance sector with a sectoral NPL ratio of 30.3% (Table 2).

Source: World Bank, *Recent Economic Developments and Outlook 2017*

Table 1: Banking Sector Financial Soundness Indicators 2010 to 2017 (June)

	2010	2011	2012	2013	2014	2015	2016	June 2017
Capital								
Regulatory capital to risk weighted assets	19.1	17.4	18.6	18.5	17.7	17.8	17.8	14.8
Regulatory Tier 1 capital to risk-weighted assets	18.6	15.5	16.4	14.7	15.2	14.6	14.4	12.9
Asset Quality								
Nonperforming loans net of loan-loss provision to capital	29.2	10.4	9.4	8.3	11.2	14.7	15.8	17.9
Nonperforming loans to total gross loans	17.6	14.1	13.2	12.0	12.0	14.7	17.3	21.2
Earnings								
Return on assets	2.7	2.8	3.6	4.5	4.6	3.3	2.5	2.4
Return on equity	28.6	27.2	34.6	42.5	44.5	31.6	27.1	17.7
Liquidity								
Liquid asset to total assets	25.3	27.8	24.1	21.7	26.2	26.4	27.2	25.4
Liquid asset to short-term liabilities	32.9	35.3	30.7	28.2	34.4	34.2	35.1	32.5
Liquid assets/total deposits	37.3	38.4	33.6	33.7	43.6	40.6	42.8	40.4

Source: Bank of Ghana.

Table 2: Non-Performing Loans: June 2016 to June 2017

	Jun-16		Apr-17		Jun-17	
	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs	Share in Total Credit	Share in NPLs
a. Public Sector	12.6	12.7	13.7	2.5	13.1	5.1
i. Government	1.9	1.4	1.4	1.0	1.6	1.0
ii. Public Institutions	2.6	2.0	5.0	0.1	4.3	0.1
iii. Public Enterprises	8.0	9.2	7.4	1.4	7.2	4.0
b. Private Sector	87.4	87.3	86.3	97.	86.9	94.9
i. Private Enterprises	70.0	80.9	70.8	91.4	71.2	89.3
a/w Foreign	9.2	7.9	8.5	12.5	8.9	12.1
Indigenous	60.8	73.0	62.3	78.9	62.3	77.2
ii. Households	14.9	6.0	14.2	5.6	14.3	5.1
iii. Others	2.5	0.4	1.3	0.5	1.4	0.5

Source: Bank of Ghana.

THE SHARE OF NPLS ATTRIBUTABLE TO THE COMMERCE AND FINANCE SECTOR DECLINED FROM 42.4% IN JUNE 2016 TO 36.8% IN JUNE 2017

Building Ghana's backbone



As a rapidly growing economy experiencing aggressive urbanisation, Ghana needs infrastructure which can support its dynamic pace of development.

While expanding urban centres need to be supported with better physical infrastructure, rural areas need to be linked to these very centres to help drive prosperity for all. Infrastructure also needs to be resilient to natural hazards and the impact of climate change, such as increased risk from floods, which Ghana has experienced to disastrous effect.

Annual spending of over US\$1.5 billion for the decade leading to 2023 is needed to bridge the current infrastructure gap, according to a 2013 World Bank report.

PRIVATE INVESTMENT AND EXPERTISE IS CRUCIAL IN IMPROVING GHANA'S UTILITIES, TRANSPORT AND ICT

With this in mind, government encouragement of private investment and expertise is crucial in improving Ghana's utilities, transport and information and communications technology (ICT). It is estimated that 65% per cent of the Ghanaian population will live in urban centres by 2030, according to the World Bank. This will put extreme pressure on Ghana's already struggling infrastructure if the government, through

policy and investment, cannot drastically revamp the country's roads, railways, ICT and water and sanitation. Policies such as One District, One Factory, which aims to bring industry and, in turn, jobs to all regions of Ghana, require better infrastructure to see real gains from proposed industrial expansion such as this.

Ghana's telecoms, air and port services have witnessed improving performance over the past two decades, thereby helping the country to maintain somewhat steady growth. And crucial infrastructure, such as the road network, have also witnessed tremendous expansion over the same period. Performance in the railway sector has, however, been met with challenges, but private-sector investment is being aggressively pursued to make up the shortfall.

Moreover, Ghana's receptiveness to public-private partnerships (PPPs) and its drive to constantly improve and invest in the country's infrastructure has created a highly favourable environment for private involvement across all areas of development in the sector.

Abundant natural resources, a stable political environment, a strong legal framework and a growing economy are all positive factors in attracting both foreign and domestic capital to expand and improve ports, roads, rail, aviation, utilities and ICT.

Developments and Opportunities

Whilst public investment in infrastructure has increased, the country is also actively engaged in involving the private sector to meet growing demand through the PPP initiative. The policies of the Ghanaian government seek to encourage investments in domestic infrastructure from both local and foreign private capital in the following areas:

ICT

The Ministry of Communication plans to pursue the construction of an offshore fibre-optic network in the Western corridor in the medium term. When completed, the project will connect offshore platforms to parent companies on the mainland, as well as provide telecommunication and oil and gas content to the oil industry.

Meanwhile, construction of the 780km Eastern Corridor fibre-optic project linking Ho to Bawku, and from Yendi to Tamale, is on-going. While the Yendi to Tamale link is completed and ready to use, the other links' completion ranges from 30% to 90%.

There is huge opportunity to invest in Ghana's ICT sector as there is a general lack of facilities and infrastructure on a broad scale despite high demand. Investments are needed in the provision of software, extension of the broadband network to reach the entire country and to provide computer access to rural students.

The sector requires service providers in connecting international voice calls to the local public network. Internet service providers (ISPs) are also required to offer low-cost internet access to the public. And broadcasting operators are needed to establish radio and television broadcasting in the country.

Technological and other support-related services such as the supply of quality telecommunications equipment, ICT equipment and office and network equipment are also in demand.

Further information can be found in the ICT sector of this guide.

Aviation

Rising air traffic between Ghana, West Africa and the rest of the world, especially Europe, makes the country well-placed to be an air transport hub for the West African region.

As a result, significant work has been carried out at Kotoka International Airport (KIA) to expand the arrival hall and increase the number of boarding gates from three to five to accommodate growing passenger traffic. This year, the airport's third terminal was completed and is expected to handle 5 million passengers a year, with an expansion potential of up to 6.5 million passengers.

Funding has also been secured for the second phase of the Kumasi Airport to cover the construction of a new terminal building, extension of a new runway and other ancillary facilities. When completed, medium to large aircraft can be accommodated.

Construction of an airport terminal building, air-traffic control tower and fire-fighting facilities at Tamale airport is expected to commence this year. The new US\$25 million Ho Airport was completed in 2018 and is almost ready for use.

Opportunities in the aviation sector exist for the following:

- Air transport operators for domestic and sub-regional services
- Development of regional airports



Rail

Ghana's railway has a total track length of 1300km and operates a route length of 947km, accounting for only 2% of passenger and freight traffic. The network forms a triangle that links Accra, Kumasi and Takoradi. It essentially connects the major mining areas to the sea ports, further development of which would have a positive economic impact in this sector and others.

As part of the process for revamping the sub-sector, a Railway Master Plan to guide development was devised, through which government is actively seeking private sector participation in the development and rehabilitation of the rail network. Therefore, opportunities exist in upgrading and expanding the network, not only for freight, but to provide affordable and far-reaching passenger transport.

This year it was announced that South African company Transnet International Holdings will be supplying 110 wagons to the Ghana Railway Company Limited, as well as 22 coaches and eight locomotives, two of which will be for passenger transport.

Energy

Significant and sustained investment is needed to boost Ghana's energy sector to provide clean, sustainable and reliable energy to its people and industries. Aggressive urban expansion and government's ambitious industrial plans mean that Ghana's need for energy is greater than ever. However, the country's hydroelectric dams and thermal power plants, as well as its outdated equipment, have struggled to keep pace with growth, leading to sustained periods of blackouts which negatively affect economic advancement.

Therefore, boundless opportunities exist in the provision of alternative, clean and affordable energy.

In an example of public-private partnership, Filipino power company Manila Electric Co. (Meralco) announced mid-2018 that it expects to be running the electricity distribution business of the state-owned Electricity Company of Ghana (ECG) by 2019.

Further partnership and investment is needed in the following areas:

- Electricity generation and transmission
- Refineries, storage facilities and pipelines for petroleum and gas

- Renewable energy facilities
- Investment is needed to provide electrical services in the construction of the physical facilities including street lighting, improved coverage / access and service efficiency.

Roads & Transport

Ghana's roads account for 98% of freight and 95% of passenger traffic, making the road transport system an integral part of development and economic advancement. Rail and lake transportation are not well placed to absorb large volumes of passengers or freight.

Therefore, greater coordination between road, rail, marine and air are needed to create a comprehensive and modern transport network which will increase Ghana's productivity and reduce poverty. Additionally, there is an immediate need for a more efficient mass transport system, especially an affordable and reliable public bus network, which will ease congestion and connect communities.

Given the crucial role of Ghana's overloaded road system, the Ministry of Roads and Highways will undertake routine maintenance on over 40,000 kilometres of the country's roads this year. And in mid-2017 the World Bank pledged US\$150 million in support of Ghana's Northern roads network to support agribusiness and improve the socio-economic fortunes of rural communities.

There are investment opportunities in the following areas:

- Construction, maintenance and services provision for roads
- Scheduled bus systems in the mass transport sector
- Rail upgrading and passenger rail transport on chosen corridors
- Lake transportation
- Air transport for domestic and sub-regional services
- Development of regional airports
- Upgrading of existing trunk roads

Water & Sanitation

Only around half of Ghana's population (51%) have access to improved water, but the Ghana Water Company Limited (GWCL) still cannot meet the demand for clean water, with the volume of water being sold each day fulfilling less than half of the country's daily needs.

The water supply and sanitation sector



The challenge of building strong and safe cities

The Greater Accra Metropolitan Area (GAMA) is one of the fastest-growing city regions in West Africa. The metro area is home to 4.6 million people; more than 16% of Ghana's 2016 total population. The regional economy accounts for about 25% of the national Gross Domestic Product, dominates formal and informal urban employment, and is the least poor region in the country).

However, the unprecedented population growth and unplanned spatial expansion have exceeded the capacity of the city to keep up. GAMA faces housing shortages, urban sprawl, and informal settlements unconnected to essential city services and infrastructure; traffic congestion can slow the city to a halt. These challenges make the city susceptible to natural and man-made disasters including floods, sea-level rise, fire, disease outbreaks, and building collapse. The effects of climate change will exacerbate these vulnerabilities, increasing the frequency and intensity of floods and driving rural-urban migration because of drought in the northern parts of the country.

The June 2015 floods demonstrated the urgent need for urban resilience in the Accra region. Continuous rainfall led to a devastating flood that affected 52,622 people. Beyond the toll on human life, damages to housing, transport, water and sanitation totalled US\$55 million, while the rebuilding costs were estimated at US\$105 million.

As a result, the Ministry of Environment, Science and Technology and the Ministry of Local Governments and Rural Development requested support from the World Bank to better understand the risks facing GAMA and to develop a strategic action plan for resilience in the metropolitan area.

Source, World Bank: *World Bank, Enhancing Urban Resilience in the Greater Accra Metropolitan Area.*

From the Desk of CEO of B5 Plus Ltd., Mukesh V Thakwani



THE INITIATION OF A SCHOOL IN GHANA – DPS INTERNATIONAL GHANA – IS YET ANOTHER DREAM COME TRUE FOR ME.

It is my honour to share my feelings passionately about my steel industry, B5 Plus Ltd, and DPS International School, Ghana, the school initiated by me as the proprietor and Director in the year 2010. These are the two great establishments that have made my dreams come true by creating enormous opportunities for people and students.

Being a lover of sports and games right from my childhood, I would always hold the sports icons as my role models. The true essence of the words of the great Brazilian former football player Pele gave me the coveted wisdom and moulded my life. "Success is not an accident. It is hard work, perseverance, learning, studying, sacrifice and most of all, love of what you are doing or learning to do."

Believing in myself and in my persevering nature, I set to work to make my dream a reality. Within a short span of a decade, B5 Plus Ltd has emerged as a prominent steel industry all over West Africa, with over 2,000 staff, and has drawn plaudits from institutions across the globe.

I'm very proud to say that we were honoured by the AGI for Best Corporate Social Responsibility in 2015 and Best Metal, Building & Construction sector in 2017. We won the Hall of Fame award as the best company in steel and metal products for the year 2014. We received the Ghana Expatriate Business Awards in 2017 for being the top Expatriate Metal and Steel Company.

The initiation of a school in Ghana – DPS International Ghana – is yet another dream come true for me.

The B5 Plus Care Foundation and the DPSI Care Foundation are the two charity foundations launched under my enthusiastic initiative to help the underprivileged children of Ghana in the areas of free education, free medical treatment and other basic necessities.

I dedicate my accomplishments to the wonderful team of people who work for me with a common objective of "Work Together and Prosper Together". ■TG



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in Ghana faces many challenges, including intermittent supply, limited or no access to sanitation, high water losses and low water pressure.

The population's demand for water by 2020 has been projected to be 5.13 billion cubic metres, which is 13% of Ghana's natural water resources i.e. rivers or lakes. This means that if water bodies are protected and preserved, as well as distribution of the resource controlled, Ghana should have enough water for its growing population. However, high population growth, unmanaged expansion of major urban centres and degradation of the country's water bodies mean there are significant challenges in the water and sanitation sector.

Investment is needed to extend coverage, rehabilitate and maintain existing infrastructure and provide point sources (boreholes/hand-dug wells). Small towns pipe schemes and rain harvest plants are also needed to increase access to water. There is also huge potential for irrigation, which is currently underutilised.

Maritime transport

Ghana has made significant progress in modernising its two main seaports, Tema and Takoradi, over the past two decades and could become a major maritime hub for West Africa.

Tema port, with two quays and 12 multi-purpose berths, is the biggest port and major operations include the import of commodities such as heavy machinery, containerised cargo etc. Takoradi port,

which has undergone major rehabilitation in the past two decades, and currently handles about 60% of Ghana's total exports, facilitates the export trade, with emphasis on commodities such as cocoa, timber, manganese and bauxite.

While Takoradi serves the offshore gas and oil fields, Tema is becoming an outlet for Ghana's landlocked neighbours, including Burkina Faso, Niger and Mali.

The ports are constantly struggling to keep up with the increasing trade flows, so a new, centrally located inland port is being constructed at Boankra, near Kumasi, in the heart of the country. This is expected to be an important transit point for goods coming from Northern Ghana.

Inland water bodies are largely underdeveloped in terms of providing passenger and cargo transport, and therefore opportunity exists to develop waterways to link isolated communities.

Specific investment opportunities exist in:

- Improvement of minor ports
- Port expansion projects
- Construction of green field ports

Infrastructural development is one of the government's priority areas and it therefore recognises the need to mobilise private sector financing to support this through PPPs. Private sector participation in financing, managing and operating Ghana's infrastructure assets has been identified as key by the GIPC to help the country achieve its goals. ■TG

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- Schneider electric
- MK accessories and cable management
- Nexans Alcatel cables
- Furse earthing and lightning protection
- Thorn lighting
- Belotti automatic voltage regulators

BAE has undertaken several large projects in Ghana. Some of the projects executed are Achimota Retail Shop, National Communication Authority (NCA) Tower, 34 Court Room Complex, ICON House, SSNIT Emporium, West Hills Mall, Nester Square, etc

Due to continuous expansion, the company now has two main operational units, the Project Business unit and the Consumer Business and Retail unit.

The Project Business Unit provides electrical engineering and contracting services which includes design, installation, testing and commissioning.

The Consumer Business and Retail Unit is in charge of supplying and distributing quality electrical products which include lighting fittings and installation accessories.

With staff strength of approximately 200 employees including professionals of various disciplines, BAE is looking to expand its operations beyond the boundaries of Ghana to other African countries.

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Building for a brighter future

Rapid population growth and urbanisation are putting increasing demand on Ghana's real estate sector which, in recent years, has seen significant growth in the face of challenges.

With a vibrant middle-income economy, an increasing young population to drive future demand, and a sophisticated and well-educated professional class, the rising demand for all types of property development largely outstrips local supply.

According to the Ghana Statistical Service (GSS), the construction sector contributed about \$3.8bn to GDP in 2014 at current prices, which represented 12.7% of total GDP and a 26.9% increase on its total contribution of \$2.9 billion in 2013. This makes it the fastest growing sector and the most influential in achieving rapid economic growth in Ghana. Ghana's economy has, as a beneficiary, maintained an average GDP growth rate of 6.8%, owing to the performance of burgeoning sectors such as real estate and construction.

However, rapid population growth and urbanisation, especially in Africa and Asia, are putting pressure on housing delivery systems, which are often informal or rely on the state. By 2030, Africa will have more than 50% of its population living in cities and these numbers are especially relevant in rapidly growing countries such as Ghana, where the population is increasing at 2.2% annually.

Until recently, this sector was considered a greenfield in terms of regulation and policy framework. However, with its growing significance and contribution to the country's economy, the government is taking keener interest in ensuring smoother operations and fair participation.

Private investors, already dominant the real estate market, are being offered incentives and guarantees to help keep building Ghana's property sector in residential, commercial and public property arenas.

Supply and Demand

While luxury housing estates and apartment buildings continue to spring up even as demand for high-end units slows, the challenge will be for Ghana to supply

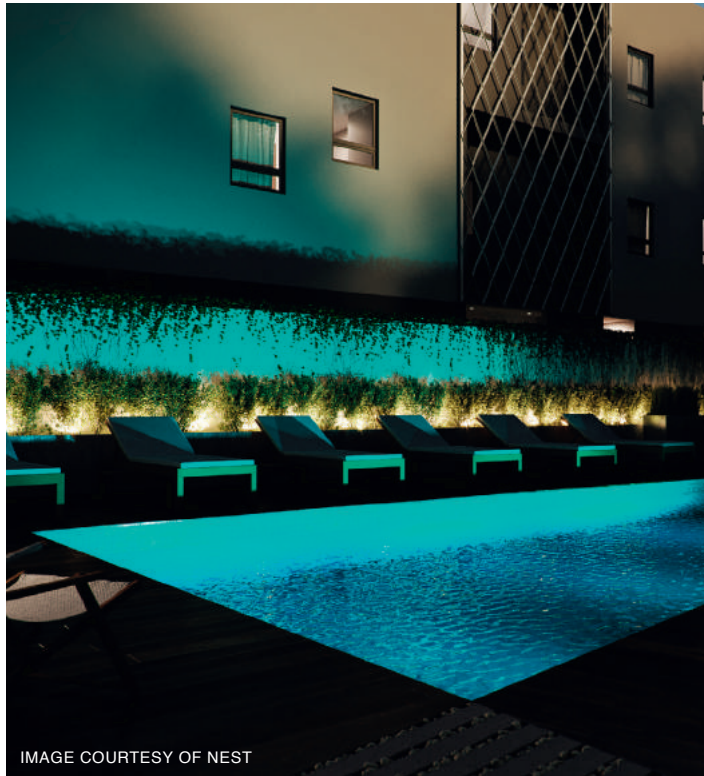


IMAGE COURTESY OF NEST

affordable housing to low-income earners. Ghana's current housing deficit is estimated at about 1.7 million units, with 100,000 units needed annually to meet a rapidly increasing population growth rate.

Given the shortage of homes, particularly in urban centres, the rental market in Accra, for example, is relatively large with 37.5% of all households renting, compared to 22% for the rest of Ghana. The residential rental market is the most active, registering an estimated 90,000 transactions annually over the past decade, with an estimated value of about US\$1.7 billion.

Only about 40.4% of households in Accra and 57.4% in the rest of Ghana claim ownership of their homes.

Overview

Ghana's property development industry is

Luxury housing is springing up, but the challenge will be to supply affordable housing to low-income earners

mainly dominated by three distinct stakeholders: public institutions, commercial developers and private entrepreneurs / investors. The activities of these three groups are most facilitated by private investment capital, loans from financial institutions and the primary mortgage market, which has demonstrated enormous growth potential even in its early stages of development.

The private property industry controls over 90% of Ghana's real estate; government participation is minimal in the private sector. The Tema Development Corporation (TDC), State Housing Corporation (SHC) and the Social Security and National Insurance Trust (SSNIT) are the only public-sector-controlled agencies involved in the property market.

Therefore, the Ghana Real Estate Developers Association (GREDA), an organisation of private real estate developers, has played a crucial role in property development in Ghana.

Residential Properties

Since the shift in policy focus by the government in the 1990s from direct state provision towards active private sector participation in housing production, financing and production of building materials, the development of residential property has boomed.

Individuals continue to build homes and even further invest in building houses which they rent, lease or sell for high profits. However, the housing deficit of an

ever-growing urban population has not abated, primarily in major cities such as Accra, Tema and Kumasi, due to high rural-urban migration and the young, rising middle-class who seek to own their homes and achieve high, disposable incomes to acquire them.

Though major real-estate companies continue to produce and sell housing units to both individuals and families, there is still serious demand for more housing options, from affordable to high-end.

Commercial Facilities

The positive outlook of Ghana's economy and the increased participation of multinational companies and expatriate workers has boosted the property development and tourism sectors greatly. Demand for luxury hotel facilities and services has led to the entrance of major hotel management brands in Ghana.

Since then, construction of hotels, retail centres and malls, business centres, office and mixed-use facilities has experienced rapid growth. Burgeoning financial, oil and gas, education and technology sectors have been responsible for spikes in housing demand over the past five years.

There is also increasing demand for office space for entrepreneurs, start-up companies and investing multinational companies starting local operations in Ghana. Warehousing has become a hot commodity with more and bigger manufacturing set-ups establishing West African operations in Ghana.



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Public/Social Infrastructure

Property development and construction companies have, in recent years, broken into the large technical and infrastructural projects across major sectors, from public housing units to roads, bridges, tank farms, school facilities, industrial warehousing, telecommunication apparatus, energy and mining construction, among others.

As most of these companies exhibit professionalism and competence in such projects, most government institutions and agencies, large multinationals and local development agencies have found it cost-effective and prudent to contract such companies to execute small-to-large projects with sizeable budgets.

Significant hurdles to developing what is a relatively new sector still exist, despite the boundless opportunities for investment:

- Astronomical hikes in prime lands and housing prices in the cities could make new housing unaffordable for families and businesses
- Consistently high inflation means high cost of land, raw materials and labour

will make future development projects less attractive

- Lack of coordination between state agencies and regulatory bodies in streamlining activities of land acquisition and ownership, development, rental, land owners, tenancy
- Financing options for middle-to-low-income individuals to own residential units are minimal. Local mortgage market is limited while cost of long-term financing development projects are high and unattractive
- Lack of detailed, precise and quality data or information on housing and the property market in Ghana
- Consistently high inflation means high cost of land, raw materials and labour which will make future development projects less attractive
- Affordable, low-cost housing could become unprofitable and unattractive for private sector players due to high interest rates, inflation and risks involved in providing housing for low-end of the housing market

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Opportunities

There is huge scope for investment in Ghana's real estate sector. Strong sector growth over the past five years shows a good return on investments and demand for all types of property development. Interventions by successive governments have shown recognition of challenges in the sector, such as lack of financing options, and a commitment to finding sustainable solutions. The government actively encourages participation by the private sector.

Opportunities exist in the following areas:

- Innovative building solutions are needed in low-income, densely populated areas to reduce urban housing pressure
- The mortgage market needs to be developed to accommodate low cost of building through affordable housing schemes and projects
- A rapidly growing middle-class provides a ready market for reasonably priced housing
- The huge housing deficit presents an

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Investments and Guarantees

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- Free transferability of capital, profits, dividends and payment in respect of foreign loans contracted
- Insurance against non-commercial risks – Ghana is a signatory to the World Bank's Multilateral Investment Guarantee Agency (MIGA) Convention
- Double Taxation Agreements (DTAs) – to rationalise tax obligations of investors in order to prevent double taxation, DTAs have been signed and ratified with several countries ■ **TG**



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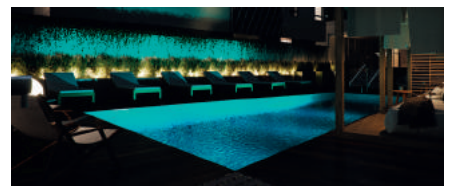
In the last seven years Nest has developed and sold over 11,000m² of premium residential homes in affluent areas in Accra, offering a great living experience in tranquil and secure compounds.



THE HAMLET

The Hamlet is centrally placed off switch back road in Affluent Cantonnments, offering proximity and easy access to the CBD, international schools, hospitals Super Markets, etc.

This Luxury residential Gated community of 20 Town homes has a private road access with individual private gardens per home and communal amenities – Pool, Gym, Landscaped gardens.



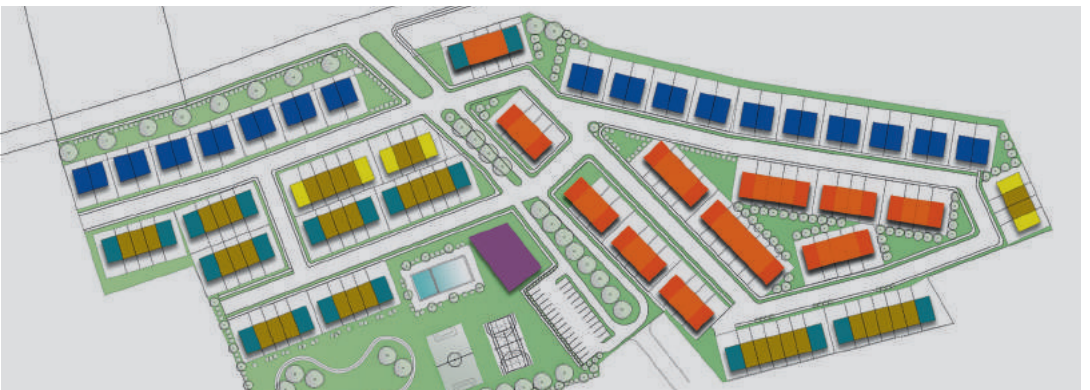
GIFFARD PARK

Giffard Park (GP) is Located off Giffard Road which is the main highway separating East cantonments and La. This location is a Five minutes drive from affluent cantonments and offers unique proximity to Shopping centers, Schools, hospitals etc.

GP will offer 149 homes in an excellent location with practical and reasonable pricing, to cater for Mid-Level professionals, who are keen to significantly reduce their commute to work while maintaining a great living experience for their families.



GP is a themed residential development in Accra. It spans large green cultured areas, driveways and lanes with commercial and communal services - Convenience shops, Tennis courts, Swimming pools, Astro turf football grounds etc. The architecture is minimalistic with emphasis on green and sustainable homes using solar powered back up power systems.





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Vital for growth



Shortcomings in public health delivery in Ghana over the years have paved the way for a burgeoning private healthcare sector, ranging from small clinics to modern, state-of-the-art medical facilities. The corresponding pharmaceutical industry, although largely import-based, is also thriving.

Even though a healthy population is a key, long-term driver for economic growth, in Ghana healthcare as an industry is under-researched and under-exploited.

However, lack of analysis of the sector does not mean lack of opportunity. For decades, laboratories and other private health facilities have not only been plugging the gap, but leading the way in some areas of Ghana's healthcare delivery, and will continue to do so.

Ghana made strides in reducing under-5s mortality, maternal mortality and deaths due to HIV/Aids (and related tuberculosis), as well as malaria deaths, between 1990 and 2013 due to the impact of Millennium Development Goals (MDGs), according to World Health Organisation (WHO) data.

Ghana's wholesale pharmaceutical market was estimated at US\$522m in 2014

Vaccination rates are also generally high, according to figures from the World Bank, with 89% of children aged between 12 and 23 months receiving immunisation for measles in 2016 compared to 61% in 1990. The under-5s mortality rate more than halved between 1990 and 2016 and life expectancy increased from 57 years to 63 years during the same period.

However, Ghana still has progress to make in some areas, especially in maternal mortality and under-5s malaria deaths.

Evolving Needs

Ghana's health needs are ever-evolving. Obesity is steadily rising in both developed and developing nations and high blood pressure, or hypertension, is an important health problem in Ghana, even in the poorest rural communities, according to a 2010 report in the journal *BMC Public Health* on epidemic hypertension.

Ghana's president, Nana Addo Dankwa Akufo-Addo, has pledged to rehabilitate the health sector, not just by making physical improvements such as building new hospitals, but by investing in the health delivery workforce. The president also wants to revive the VAT-funded National Health Insurance Scheme (NHIS), which was conceived by former president John Agyekum Kufuor.

Over the last five years, the government's total public spending on education and health has represented, on average, eight percent of the central government budget, according to the World Bank. However, the international banking organisation says the share devoted to public health is low by international standards.

Investment Opportunities

Investment opportunities available in the health sector are in:

- Hospitals and clinics
- Health centres
- Maternity homes
- Laboratories
- Chemical shops
- Hospital equipment
- Research and development facilities
- Drugs and pharmaceuticals
- Preventive products, e.g. condoms, mosquito nets. ■ **TG**

Medlab Ghana Ltd: Setting the standard for healthcare

Interview with Dr. Rosemary Keatley, M.D. of Medlab Ghana Ltd

Dr. Rosemary Keatley is a pioneer in the field of laboratory diagnostics in Ghana. She is Ghana's first female gynaecologist and the managing director of Medlab Ghana Ltd, the first ever Ghanaian lab to attain international accreditation. Dr. Keatley has changed the face of lab testing in the country. Trained as a doctor in Cambridge (UK) she also has a BSc in physiology from Newcastle University (UK) and a post-doctoral fellowship from Stanford University in the United States. She completed her residency in OB/GYN in Washington DC.

Dr. Keatley has over 30 years of experience in medicine and remains at the helm of Medlab as it gears up to rebrand to its long-time diagnostic partner, SYNLAB. She spoke to *Top Guide* about the medical sector in Ghana and what the future holds for Medlab as it embraces cutting-edge testing technology and large-scale expansion.

Dr. Keatley, you studied abroad and returned to Ghana in 1994. How has the medical sector changed since the 1990s?

When I returned to Ghana, the healthcare sector was slow and had been deteriorating for 10 years. At that time, the Centre for Disease Control (CDC), based in Atlanta, established that nearly 80% of laboratory results being given to patients were unreliable. Medlab was set up to offer an alternative. We made sure to keep our services affordable and that made us accessible by all Ghanaian doctors and patients.

Since inception, Medlab has supported our doctors in ways that were not possible before. It has allowed many of our doctors to offer specialised services in Ghana and help curb the medical brain drain, as well as cutting back on the outflow of medical tourism patients.

Looking back, I think Medlab has made a significant impact on the medical care we are now accustomed to in Ghana.



GHANAIS WANTS GOOD HEALTH JUST LIKE EVERYONE ELSE. THEY'VE HEARD OF THESE LIFE-CHANGING MEDICATIONS AND TESTS AND THEY WANT THE SAME.

In 2015, Medlab became part of SYNLAB. What is next for Medlab?

SYNLAB is Europe's number one medical diagnostic company, currently operating in more than 35 countries across four continents, with more than 1,000 medically trained personnel. By late 2019, Medlab Ghana will align with the global brand as we complete our rebrand. One reason for joining SYNLAB was that laboratories, like many other industries, are consolidating. The pace of new developments and discoveries in the medical field is also accelerating exponentially, and we need to be a part of that to ensure Ghanaians receive the best in healthcare service delivery.

Being part of a renowned health-care group such as SYNLAB has many advantages. This past June, I met with our European colleagues to review a number of innovative test solutions that we will be bringing to Ghana. We have developed a customised new-born screening test profile that will add additional value for our clients in Ghana. I have added haemoglobin electrophoresis to identify babies who are sickle-cell positive or have thalassaemia. We are also introducing the latest technology for molecular or DNA testing of infectious diseases such as HIV, hepatitis, chlamydia, and HPV, the leading cause of cervical cancer. We are committed to patient education and working with public institutions to build partnerships that collectively build a stronger healthcare system in Ghana.

Since so many areas of medicine are untapped in Ghana, do you think there is a lot of opportunity for investment in the medical sector?

Definitely. Medlab is a pioneer in this space and since we constructed our primary facility in Accra, people have realised there are many opportunities for good investment returns in medicine. Ghanaians watch TV, they've travelled abroad, and they want good health just like everyone else. They've heard of these life-changing medications and tests and they want the same.

Since 2010, the number of labs in Ghana have tripled and the National Health Insurance Scheme (NHIS), if it works properly, will be able to sustain those industries.

How vital is the health sector to the health of the economy and the growth of Ghana?

It is extremely important. The poor are working hard and can't afford to get sick. They need an accurate diagnosis and the correct treatment to help them to get back to work. Ghana is looking for investments all over the world. One of the first things investors look at is the standard of healthcare. Healthcare is important to ensure economic growth, productivity and output of a nation and its citizens. When people fall sick they are unable to work leading to loss of earnings for themselves and businesses.

What do you think has kept you at the forefront of the field for the past 30 years?

It is our passion for excellence. We have invested in talented people who are building a stronger healthcare system with us. We strive to innovate and to constantly learn and push our capabilities. I've found that

some people, once they get their degree, they think they've finished. But I encourage learning and indeed have made it mandatory to stay at the forefront of medical developments. We have consultants who regularly come to Ghana to train and teach our staff. It's very important and unfortunately also very expensive, but it is the only way we can ensure that we remain at the forefront of the industry. And this investment in learning and quality pays off. Just the other day, I had a meeting with a doctor who said to me that all doctors know that even when tests are sent to other labs, if there is any doubt about the accuracy of the result, then there is only one laboratory to go to and that is Medlab. I think that's a great accolade and it makes me proud to be a part of that.

Can you tell us more about the recent Ecowas Quality Award that Medlab won?

It was the first ever Quality Awards instituted by Ecowas. Quality is integral to economic development. Ghana has numerous trade policies in place that allow African countries to export to the EU, but most of the time, our exports are turned down because of quality issues. It is imperative that we inculcate a quality mentality in Africa.

You were the first laboratory in Ghana to be accredited under ISO 15189 in 2008. How has being ISO accredited benefited your business?

We saw that there were no regulations or oversight of the functioning of labs in the country. We decided early on to ensure we meet the standards set by external accreditation bodies based in Europe.

Meeting ISO standards can be tough in our environment. Being ISO accredited, we are able to assure our clients here and abroad of giving reliable, reproducible and quality results. This is how we express our passion for quality and innovative medicine. It has allowed us to work with multinationals such as Pfizer, IOM (International Organisation for Migration) and IFCC (International Federation of Clinical Chemistry) to name a few.

We have been able to participate in ground-breaking research studies, the most recent being the Reference Range Project run by the IFCC. Our focus on these standards also ensures that we attract the top graduates and quality personnel, a critical element of our business.

**In 2019, Medlab Ghana Ltd will officially change its name to SYNLAB. ■TG*

Harnessing technology for growth



Information communication technology (ICT) is at the heart of achieving robust and inclusive economic development in Ghana. Where traditional infrastructure fails to connect communities, mobile telecommunications and internet access can bridge that gap, bringing information and economic advancement to the most isolated areas.

Despite the country's relatively small size, Ghana is one of the largest mobile markets on the continent, according to a March 2018 report by e-commerce company Jumia. Furthermore, it has one of the highest mobile broadband penetration rates in sub-Saharan Africa. Fourth generation (4G) connectivity and new in-country cable networks have also contributed to significant development in the sector.

Catalysts for growth in the mobile internet market can be attributed to telecoms companies expanding their coverage, government commitment to expansion and regulation, a demand for social media, availability of cheap smart phones and dynamic growth in the e-commerce industry, with rising numbers of online retail platforms available.

Furthermore, mobile phones have revolutionised the way Ghanaians pay for goods and services, with over 981 million mobile

The government aims to provide universal access to ICT, particularly to women and youth

money transactions totalling over GHC31 billion (US\$6.8 billion) carried out in 2017 alone, according to a Bank of Ghana (BoG) report released at the start of 2018.

Improvements in the mobile money sub-sector create an effective, inclusive payment ecosystem for the unbanked population in Africa, which is just one example of how ICT can be influential in other sectors and drive broader economic growth.

The tech revolution in Ghana has seen the spread of tech start-ups, with the number of tech hubs in-country doubling between 2016 and 2018, placing Ghana second only to Nigeria in the number of hubs in West Africa, according to research carried out at the start of 2018 by mobile operator industry body GSMA.

Alongside innovation and investment, government support of the sector has been crucial in its advancement. As one of the first African countries to introduce widespread liberalisation in basic telecommunications services in 1994, Ghana took an important step forward in embracing the potential of competitive markets to generate growth in the sector. Through the ICT for Accelerated Development (ICT4AD) policy, a long-term strategy for growing and harnessing the economic power of ICT, government aims to provide universal access to ICT, particularly to women and the youth, which will further drive demand for services.

Investment Opportunities

There are considerable investment opportunities in the ICT sector. The sector requires service providers in connecting international voice calls to the local public network. Internet Service Providers (ISPs) are also needed to offer low-cost internet access to the public. Further investment is needed in:

- ICT facilities and infrastructure on a broad scale across the nation
- Provision of software for the country
- Extension of the broadband network across the entire country.
- Technological and other support-related services, such as the supply of quality telecommunications equipment, ICT equipment and office and network equipment ■ **TG**

GCNet: Key partner to government in providing e-solutions for Ghana

WHO IS GCNET?

GCNet is a joint venture and recognised as a model Public Private Partnership with integrity, professionalism and continuous improvement in Ghana. Incorporated on November 13, 2000 GCNet is mandated to deliver an ICT infrastructure that provides electronic platforms for easing trade processes with system availability nationwide to foster trade development and improve revenue mobilisation for the benefit of the country and its citizenry.

GCNet recognises that providing tailored e-solutions to government and its agencies in Ghana to automate its processes has a direct impact on creating a competitive environment for trade facilitation while enhancing revenue mobilisation for accelerated national development.

Apart from provision of automating services for trade facilitation and revenue mobilisation, GCNet has deployed the Total Revenue Integrated Processing Systems – TRIPS – for enhanced revenue mobilisation in the domestic space and the e-Registrar for business registration and processing of annual company returns in an innovative manner in Ghana.

INNOVATIONS

GCNet has been at the forefront of rolling out innovative e-solutions in Ghana. One such is the Letter of Commitment (LOC) which enables the Central Bank and Commercial Banks to track foreign exchange payments for imports and foreign exchange earnings from exports, saving Ghana more than \$5bn in exports value following its introduction from July 2016 to June 2017.

The Ghana Single Window App is an information tool to facilitate access to trade related data in the trading community. This app enables one to track the status of shipments, arrivals and departure of flights and vessels, airway bills or the bill of lading information, know about the customs exchange rate, a currency converter, HS codes and tax rates and search engine for appropriate electronic import declaration forms documents and their status among



GCNET IS MANDATED TO DELIVER AN ICT INFRASTRUCTURE THAT PROVIDES ELECTRONIC PLATFORMS FOR EASING TRADE PROCESSES WITH SYSTEM AVAILABILITY NATIONWIDE

others. The mobile application is currently on Google Play store or Apple store for free download and use.

GCNet has also deployed the e-Registrar portal which allows online business registration with the issuance of an electronic Certificate, e-shop and e-payment platforms. The e-certificate and e-payment functions on the e-Registrar portal are supported by a number of services online, including the e-Shop which allows company searches, reservation of company names and the booking of marriage ceremonies amongst others. The deployment of the e-registrar has reduced significantly the time it takes to register businesses and companies.

Another innovation is the paperless exemption module on the eMDA portal. This enables Ministries Departments and Agencies (MDAs) and their clients to process applications for duty and tax exemptions electronically in the end to end port clearance chain without the use of any form of paper.

INVESTMENTS

Continuous Product Development

In keeping with the fast pace of changes in technology and our culture of continuous business improvement, GCNet has invested in the IBM Analytics tool and an upgrade of GCMS II to III. The GCMS III is very responsive in terms of its ability to run on any device be it mobile or desktop, improved look and feel, data entry, improved security, screen layout and menu regrouped which has enriched the user experience. GCNet continues to invest in capacity training, infrastructure and software to greatly enhance the user experience. All these investments have added value to policy decisions taken by the Ghana Revenue Authority.

Capacity Building and Infrastructure Support

As an innovator and leader in the provision of e-Solutions to Governments, GCNet has installed and operates state of the art Tier III Data Centre across strategic locations across the country as part of its deep commitment to ensure data integrity, business continuity and security in the space in which it operates.

The Data Centres cater for the over 97 Customs sites and 67 Tax offices of the Ghana Revenue Authority across the length and breadth of the country. These investments in building IT infrastructure and capacity are consistent with our mission to provide ICT based solutions that foster Trade Development and Facilitation, promote business competitiveness and ensure effective mobilisation of revenue for Government. To date, GCNet has invested some \$80m in the business.

OPERATIONAL IMPACT

There has been a significant increase in the domestic tax revenue collection processed through TRIPS of GHC15.7 billion in 2017, representing a 32% increase over the same period in 2016 with the collection of GHC12 billion. This has been largely the result of the strategic geographical roll out of the 67 tax offices currently using TRIPS.

The Registrar General's Department (RGD) has witnessed significant improve-

ments in turnaround time for business registrations, revenue and online transactions through the deployment of the e-Registrar.

CORPORATE SOCIAL RESPONSIBILITY – CSR

Capacity Building and Infrastructure Development

GCNet has given back to the people and communities of Ghana through its CSR initiatives. This includes capacity building and infrastructure support for its diverse stakeholders in the trade facilitation and revenue mobilisation space.

Health

In the area of health GCNet supported the Mother and Child Unit at the Komfo Anokye Teaching Hospital in Kumasi which has improved mortality of new borns in line with the United Nations Sustainable Development Goals. Additionally, GCNet supports the Ghana Heart Foundation.

Education

GCNet also supports the provision of an ICT Centre (Tamale) which supports ICT Education in Tamale and its environs. In addition GCNet provides computer and accessories for deprived communities and schools in Ghana thereby improving universal education for all by 2020.

CERTIFICATION

GCNet as a repository of government data continues to leverage on many international certification regimes including ISO 27001 for information security management and ISO 9000 for quality management to further ensure security standards and compliance. GCNet went through a successful re-certification of ISO 27001:2013 for its GeGov operation and ISO 9001:2015 for the TradeNet Business. The company accordingly received the ISO 27001:2013 certificate for its TradeNet business after a successful certification audit. The company continues to strive for international standards in all its business operation.

AWARDS

GCNet won a number of awards in 2017, including Trade Facilitation Company of the Year, Best e-Solutions Provider for the Public Sector, Best ICT Company in Ghana, Best Digital Innovative Finance Product (Letter of Commitment) and Public Sector ICT Provider of the Year. These awards reflect the confidence in GCNet of our stakeholders and the general public. ■TG



A delegation from the Ghana Ports and Harbours Authority visits the offices of GCNet

Diversifying mineral resources for wealth



Ghana is endowed with natural resources such as gold and other minerals. The mining sector is buoyant, ripe for investment and its products are a significant driver of growth alongside other top-earning commodities such as oil and cocoa. Ghana was one of the first countries in West Africa to start mining gold and it has a significant economic impact.

Other minerals in the mining sector include manganese, bauxite, diamond, granite, limestone/dolomite and gravels. Mining started as a traditional small-scale industry (known locally as *galamsey*) in Ghana which has grown to industrial levels over the decades. However, more diversification away from gold is needed to sustain growth in the sector, which is also a major source of employment.

In 2017, gold was a major economic

driver. However, volatilities in commodities such as gold remain a major source of risk to the economy, despite their reputation as high-value exports. Nonetheless, gold output was positive in 2017 and was a main earner for the economy.

Emphasis on investment promotion has been a major objective of the industry with a shift to a comprehensive vision that facilitates greater exploitation of all of Ghana's industrial minerals.

Sector Developments

The Ministry of Lands and Natural Resources has developed the Minerals and Mining Policy of Ghana to promote diversification to lesser known minerals, and linkages between the mining sector and other sectors of the economy. The policy is expected to increase local content participation, among others.

THERE IS A SHIFT TOWARDS A COMPREHENSIVE VISION THAT FACILITATES GREATER EXPLOITATION OF ALL OF GHANA'S INDUSTRIAL MINERALS

IMAGE COURTESY
OF GOLD FIELDS



Additionally, the Ghana Geological Survey Authority Act, 2016 (Act 928) was passed by parliament to enhance new mineral discoveries throughout the country and diversify the country's mineral resource base from the traditional minerals.

Regulation of Investment

Ghana's Minerals and Mining Act 2006 (Act 703) added significant aspects to the country's commercial law. Expenditure on exploration and development may be capitalised in accordance with regulated amortisation provision for tax relief (see below under Investment incentives in mining).

Opportunities

Investment opportunities in the industry are in the areas of exploitation or production and industrial processes include:

- The production of industrial minerals for local and international consumption
- Applications / processing of industrial minerals in the areas of construction, ceramics, paints, electronics, filtration, plastics, glass, detergents and paper

Companies are needed to:

- Set up refinery facilities to serve the local industry for value-added products;
- Exploit and produce solar salt. Potential exists for the utilisation of part of the salt to produce caustic soda which is a raw material for the soap and detergent industry. The chlorine co-product can also be used as water treatment chemical
- Produce clinker for the mining industry. Demand for clinker is estimated at over one million metric tons per annum
- Exploit the extensive deposit of granite to produce high quality floor tiles
- Produce dimension stones for the building industry
- Supply salt for the local market

Engineering and services

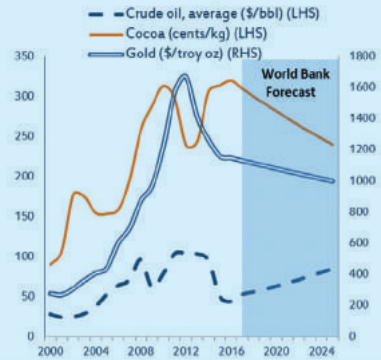
- Service companies to provide support services, including contract drilling, assay laboratories, contract mining and geological consultancies to mining companies in the country
- Companies to set up manufacturing plants and machinery for the industry
- Companies to set up downstream production facilities to manufacture key input for the mining industry. Examples, mill balls, drill bits, cyanide and activated carbon

The price of gold



Gold prices are set to dip from a high in 2012 to much lower levels from 2020 onwards.

International Prices for Gold, Oil and Cocoa, Recent and Projected, 2000-2025



Source: World Bank, World Bank Commodities Price Forecast (nominal US dollars) January 20, 2017.

Investment incentives in mining

Specific incentives to the sector include:

- Depreciation 75% of the capital expenditure incurred in the first year of investment and 50% of the declining balance in subsequent years
- Investment allowance of 5% in the first year only
- Losses in each financial year not exceeding the value of the capital allowance for the year may be carried forward. Capitalisation of all pre-production expenses approved by the authorities when the holder starts development of commercial mining.

The holder of a mining lease is also granted the following benefits:

- Exemption of staff from out of Ghana payments of income tax relating to furnishing accommodation at a mine
- Immigration quota for expatriate personnel free from any tax imposed by government for the transfer of foreign currency out of Ghana
- Exemption from the selective alien employment under the selective alien employment decree. ■TG

Tapping the potential of agriculture to drive growth

Agricultural development in Ghana is one of the most important factors in combating poverty and achieving prosperity across all sections of society.

Growth in the agricultural sector is two to four times more effective than any other sector in raising incomes in poor communities, according to the World Bank. And although the sector's share of gross domestic product (GDP) has decreased in recent years, it continues to be vital to growth, still accounting for around one-fifth of GDP.

The World Bank's *Third Ghana Economic Update* proposes that, with the right reforms, agriculture can be a "significant driver of growth and employment".

Small-scale producers dominate the sector and account for about 80% of overall agricultural production, including both crops and livestock.

The share of the agricultural sector in total GDP fell from 30.4% in 2010 to 18.9% in 2016, according to figures from the Ghana Statistical Service (GSS) published in 2017.

In 2016, the agricultural sector expanded marginally to a growth rate of 3.0%, compared to 2.8% in 2015. Crops accounted for 14.6% of nominal GDP, with cocoa being the dominant crop, according to the GSS report.

The effects of climate change on the sector cannot be ignored, specifically the high rainfall and extreme drought experienced by the Northern region. This adds an additional challenge to transforming Ghana's agricultural sector.

However, government's commitment to investing in technologies and establishing new policies to protect and support the industry are promising. President Nana Addo Dankwa Akufo-Addo has also pledged to revolutionise agricultural



through the Planting for Food and Jobs (PFJ) policy to create more than 750,000 jobs and motivate farmers to grow staple crops such as maize, millet and beans.

As a tropical country with three main agricultural zones (the forest vegetation zone and the coastal and northern savannah zones), producing a wide variety of crops and able to sustain a range of livestock, Ghana is well-positioned to become a leading agricultural producer.

However, with a number of crops and segments performing well below capacity, there is significant opportunity for greater investment from the private sector.

Overview

Ghana is one of the world's largest cocoa producers and the crop is Ghana's largest agricultural export, with production standing at around 800,000 tonnes annually. As in most cocoa-producing countries, Ghanaian cocoa is grown by small-holder farmers.

In 2018, the Ghana Cocoa Board (COCOBOD) announced that it expected to boost cocoa production from around 800,000 to 1 million metric tonnes from ahead of its five-year production target because innovations in the industry are yielding results. Other leading exports are fresh and tinned tuna, shea nuts, cashew, fish, yams, banana and pineapples.

The cocoa industry in Ghana is vital to the strength of the formal economy and it employs 1.5 million people in production and transport. In recent years, the government has encouraged



A woman cleans ginger to sell at Agbogbloshie market in Accra

the development of the non-traditional agricultural sector in order to diversify the country's export base. It has also implemented policies that add value to Ghana's raw agricultural products like cocoa, as well as cotton and oil palm among others. In recent times, intensive efforts have been made by government to process some of these products. For example, the volume of cocoa beans processed locally has doubled in the last decade.

Ghana's primary cash crops include: cocoa, beans, palm oil, pineapples, cotton, tomatoes, bananas, citrus fruits, coconuts, tobacco, cashew and fresh vegetables.

Ghana's production of cotton is concentrated in the three northern regions and provides income to a large sector of the peasant farmer population.

Tomato is the most important vegetable in Ghana and a primary cash crop; annual production has doubled over the last 30 years.

Coconut and cashew production in Ghana is mainly a smallholder activity, while citrus fruits, grape, ginger, mangoes, banana, avocados, guava, and pineapples are cultivated on a large scale. Annual production of citrus and pineapple is estimated at over 20,000 and over 60,000 metric tonnes respectively.

Attractions

Agribusiness in Ghana is attractive for a number of reasons:

- Diversity of commodities due to diverse agro-ecological zones; this allows for easy diversification of farm production systems
- A well-endowed network of water bodies which can be tapped for irrigation
- Comparative advantage in the production of roots and tubers can be built on to enhance food security and increase agricultural trade
- A well-established agricultural research system (e.g. CRIG, CSIR, agricultural colleges and universities) has contributed successfully to crop improvement (e.g. cassava, maize, rice, cowpea, etc.)
- Relative proximity to Europe (six hours direct flight) as an export destination compared to competitors in Southern Africa and Central and South America
- A flourishing horticultural sector with a knowledgeable private sector (e.g. established associations such as the Ghana horticultural and vegetable growers association)

- Relatively cheaper fresh agricultural products for processing

The government is keen to make Ghana a leading agro-industrial nation and is therefore implementing programmes such as the Ghana Commercial Agriculture Project (GCAP) and West African Agricultural Productivity Programme (WAAPP) to increase agricultural productivity and investment. Many agricultural businesses are tax-exempt for the first five to 10 years of operations.

Incentives and Benefits

- There are exemptions of import duties on imported plant, machinery or equipment and agro inputs such as fertilisers, weedicides and pesticides
- Five-year tax holiday for the cultivation of horticultural crops, cash crops, fish farming, poultry and farming livestock other than cattle
- Ten-year tax holiday in the case of cattle farming/ranching
- Ten-year tax holiday in the case of farming tree crops (e.g. coffee, oil palm, shea-butter and coconut)
- Agro-processing companies established in Ghana will enjoy a five-year tax holiday from the date of commencement of business. After the initial five-year tax holiday period, agro-processing companies that use local agricultural raw materials as their main inputs shall have corporate tax rates fixed according to their location (Accra and Tema – 25%; all other regional capitals – 25%; outside regional capitals – 25%)
- Timber processing companies have corporate tax rates based on their locations (Accra and Tema – 25%; all other regional capitals – 18.75%; located outside regional capitals – 12.50%)
- Companies producing cocoa by-products from cocoa waste also enjoy a five-year tax holiday from date of commercial production
- Companies engaged in the processing of waste products enjoy seven-year tax holiday from date of commercial production.
- Cocoa farmers / producers' incomes are exempted indefinitely from taxes
- The law also permits farming losses to be carried forward for five years of assessment
- The Ghana Investment Promotion Centre Act 865 also provides for automatic quota incentives and benefits ■ **TG**

Gold Fields in Ghana – 25 years of providing leadership in sustainable gold mining

The investment decision of Gold Fields to take over management and acquire assets of the State Gold Mining Company (Tarkwa Gold Mine) in 1993 marked the beginning of private sector participation in Ghana's mining sector under the Fourth Republic. As part of its long-term vision, Gold Fields immediately started exploration and commissioned feasibility studies into surface mining, as it was then clear that Tarkwa's underground potential was not economically viable.

Tarkwa's surface mining started in 1998. To consolidate its presence in Ghana and reaffirm its commitment to the country's development, Gold Fields made additional investment with the acquisition of majority (71.1%) ownership in the Damang mine in 2002. The full acquisition was done in 2011 with the purchase of the remaining (18.9%) ownership.

Gold Fields is a leading contributor to the national economy. During the period of its operations, statutory payments to government, in terms of corporate taxes and royalties, have amounted to US\$1.2 billion. Dividends of about US\$1 billion have been declared and paid to shareholders, with the Government of Ghana earning about US\$100 million on account of its 10% free-carried interest (ownership) in the company's operations in Ghana. The Tarkwa and Damang mines have won awards and recognition from the Ghana Revenue Authority and Ghana Investment Promotion Centre, (GIPC) for their volume of tax payment, tax compliance, and contribution to national fiscal stability.

Gold Fields' leadership role is also manifest in its drive for the socio-economic development of host communities. By setting up the Gold Fields Ghana Foundation in 2004, the company became the first in the mining industry to establish a formal and structured mechanism for funding community development projects and programmes. The Foundation has, over the years, invested over US\$44 million in host



**THE GOLD
FIELDS
FOUNDATION
HAS, OVER
THE YEARS,
INVESTED
OVER US\$44
MILLION
IN HOST
COMMUNITIES**

communities. Gold Fields also provided US\$15 million sponsorship to the national football team, the Black Stars, to aid its qualification and participation in the 2006 and 2010 FIFA World Cup tournaments.

In helping to address employment, Gold Fields directly and through contractors and vendors, creates job opportunities for thousands of Ghanaians who, in turn, positively impact the livelihoods of tens of thousands more. The Tarkwa and Damang mines, for example, directly and indirectly employ about 7,000 Ghanaians annually. These employees, who support over 70,000 additional livelihoods every year, also contribute directly to the national economy through taxes. During the period that Gold Fields has been operating in Ghana, more than US\$250 million has been paid to the government as employees' income tax deductions from the two operations.

Local content remains a key business imperative, and while the Tarkwa and Damang mines continue to explore opportunities to increase the procurement of goods and services in-country, a greater effort is being made to procure more from local communities. Both mines are actively pursuing and driving this through the entire value chain, with the participation of their contractors and vendors. ■TG



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ZAINA LODGE is renowned for Ultimate Bush Luxury, Superb Cuisine and Spectacular views strategically located in the Mole National Park. During the latter part of 2018, Zaina Lodge has introduced a variety of new, exciting and innovative product offerings to include Bush Conferencing, Experiential "Bush-Buzz" Edu-Eco Programmes, a smorgasbord of Bush Banqueting Concepts, a host of Community Tour Activities, a herd of innovative Safari Packages, a Personalized Massage Service, and last but not least a Curio Shop.

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Investing in our people, our communities and our nation.

For **25 years**, Gold Fields has contributed over US\$1.3 billion in corporate taxes and royalties, as well as over US\$98 million in dividend payments to the Government of Ghana.

Over the years, we have invested over US\$44 million in our host communities through the Gold Fields Foundation, providing;

- Educational support through sponsorships, bursaries and school infrastructure
- Support to farmers in crop and livestock production
- Infrastructure such as roads, bridges, and access to the national grid
- Improved access to quality healthcare
- Enhanced access to potable water and
- Support for microenterprises.

We look forward to many more years of sustainable and responsible mining, and delivering measurable value in Ghana.



GOLD FIELDS
25 YEARS OF SUSTAINABLE
GOLD MINING IN GHANA
1993-2018

Exploiting potential for growth



Ghana attracts growing numbers of tourists to its sandy shores and rapidly growing cities, making the tourism sector one of the fastest growing industries in the country. It was the fourth highest foreign exchange earner for Ghana in 2016. In the same year, tourist arrivals into Ghana also continued to increase, hitting 1.2 million.

In 2018, Kotoka International Airport, the country's major airport situated in the capital, added a third terminal to cope with steadily rising passenger traffic. The USA, UK, Germany, France and the Netherlands are the top five countries from which tourists visit Ghana.

As a result of positive growth, government has shown increased commitment to the sector. In its 2017 budget, the government stated that the Mole National Park, the Accra Eco-Park, the Shai-Hills Resource Reserve and the Kakum National Park will

be the focus of eco-tourism development, of which there is huge untapped potential.

There is also a drive to attract international brands to the hospitality industry by making such companies assess the full available incentives and exemptions that they can benefit from. The Ghana Tourism Authority (GTA) is the main government body which regulates the sector.

In order to protect Ghana's natural beauty and important history, Ghana's tourism policy states that the type of tourism to be promoted shall be non-mass and shall respect and conserve the natural, cultural, historical, ecological and environmental heritage of the country.

Overview

As a tropical country, Ghana has several unique attractions that make it appealing to continental and international visitors, including: 539km of white, sandy beaches; 33

Ghana's Cape Coast offers many attractions for tourists



forts and castles; 28 eco-tourist sites with wildlife viewing; cultural tourism by way of over 70 annual festivals; and national parks, such as wildlife safari park Mole National Park, where elephants and other tropical animals can be seen.

Ghana also attracts high numbers of business visitors as well as visitors coming to Ghana to connect with friends and family.

Investment Opportunities

Continued private investment is crucial for continuing growth of the sector. Rising numbers of visitors create opportunity in the following areas:

- **Tourist Accommodation:** There is a demand for accommodation of all types ranging from luxury hotels to budget hostels and eco-lodges ad campsites.
- **Motel and Highway Rest Stops:** More small and medium-scale rest stops for travellers are needed along the country's major routes.
- **Tourist Information Shops:** These are in

The canopy walkway in Kakum National Park provides treetop views of the rainforest

high demand in major tourist centres, especially in Accra, Kumasi, Cape Coast, Elmina and at border entry points.

- **Tourist Transport Services:** Inadequate tourist and air taxi services provide significant opportunity for investment given the growing demand from business visitors and holidaymakers. More tourist coaches, buses, limousines and cross-country vehicles for trekking and safari are also needed. The Volta Lake also needs a better passenger service as well as boats for cruise excursions.
- **Tourist Travel Services:** Tour guide operators, tour handlers, large-scale tour operations involving buses and travel agencies are all needed in larger numbers (with the exception, perhaps, of travel agencies given the current number, although an enterprising new entrant would stimulate further competition).
- **Tourism Financial Services:** To facilitate greater tourist spending, the sector needs more credit card agents to facilitate credit card payments, more foreign exchange bureaux and tourism rental services.
- **Tourism Medical Services:** There is growing demand for various types of health services for visitors, including tourism insurance companies and an ambulance service for tourists, especially to service remote tourist sites.
- **Food and Entertainment:** Given that spending on food and drinks is a major outlay for tourists, more quality restaurants and bars are needed, as well as clubs and amusement parks.
- **Leisure & Sports:** So far sight-seeing has dominated Ghana's tourism sector, but there is scope to develop sporting activities such as yachting, sailing, surfing and golf.
- **Shopping:** Although shopping accounts for around significant tourist spending, there is still scope for more malls, supermarkets and shopping arcades.
- **Meeting Facilities:** Multi-purpose convention/conference/exhibition centres are needed to facilitate business.

Sources of Funding

There are many sources, both domestic and foreign, that potential investors can explore to fund their tourism activities. As well as Ghana's banks, stock exchange and investment funds, investors can look to organisations such as the World Bank, UNESCO World Heritage Centre Funding and the European Union. ■ **TG**



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A Ghanaian success story

Interview with Mr. Tang Hong

Owner of the Tang Palace Hotel and chairman of the Ghana Association of Chinese Societies, Mr. Tang Hong, spoke to *Top Guide* about his 20 years of doing business in Ghana and about his plans to build a hotel empire across Africa. As China and Ghana increasingly forge strong links across all sectors from industry to transport, he spoke to us about the unique and long-standing relationship between the two countries and about his own personal achievements in Ghana.

How long have you been doing business in Ghana?

I came to Ghana in 1995 and I started my own business in 1997. Initially, I worked for a Chinese company and they sent me to Ghana to market for them. In 1997 I left the company and set up my own company. After spending two years in Ghana I realised it was a good place; people were kind and the market was not very competitive. There were a lot of opportunities and when power was handed over peacefully in the year 2000, I saw there was hope for Ghana. Western countries wanted to invest in Ghana and there were a lot of resources. Also, the population was less at that time. When I came to Ghana there was a population of 23 million – now it's close to 30 million.

In Ghana, we have a lot of resources – that is the most important thing for investment. Firstly, you look at the population, then you look at the resources and thirdly, you ask, "Is the country stable?" Once a country has a lot of resources like oil, gold, bauxite, manganese, iron ore investment is good.

How have business conditions changed between the nineties and now?

The business environment has changed completely. Laws have been amended in so many ways, but the country can still encourage a lot of people who want to invest more here, especially in the industrial sector. The hotel sector is a good area to

WHETHER YOU DO BUSINESS IN GHANA OR IN CHINA, YOU CAN LOSE MONEY. BUT IN GHANA, THE RETURNS CAN BE HIGHER

invest in, also industry, but not trading, for example. At the time I came to Ghana, the government still encouraged people to do trading because there were not too many companies importing goods from outside, unlike now.

When I came to Ghana, there were no large trading companies. At the time, trading between Ghana and China was \$30 million to \$40 million but now it is \$6.6 billion – it has increased almost 200 times.

Back then, I couldn't even have imagined building a hotel like Tang Palace. It seemed impossible.

Do you believe that Ghana is a place where you can become a self-made success if you have the right motivation?

Yes, but it may not come quickly. You have to get used to the system and know the culture of Ghana. You make mistakes, business may go up and down, but it's normal. If you find that business is good, just go for it; try it for six months or one year. But you must be patient – nothing can come easily. I just started a new business and I have to be patient. With the Tang Palace Hotel, it is the same thing and I had to be patient for the first year but in the second year, it started picking up. If you keep the quality high, customers will always come back again.

Repeat business is very important. In the hotel business, customers write reviews, so service must be consistent.

I also have a new betting business. We are developing a mobile betting app and setting up a more shops. It will take a few years to pick up, but I have good shop locations and it's a good business.

What's your advice to investors who want to do business in Ghana?

Determination and patience are very important. Sometimes you can plan everything from A-Z – and sometimes you cannot. You have to look at the environment you are operating in and change accordingly. For example, we, the Chinese, have our own culture and when we came to Ghana we realised it's completely different



Mr. Tang Hong, owner of the Tang Palace Hotel and chairman of the Ghana Association of Chinese Societies

here! So, we had to change our attitude to business.

As the current chairman of the Ghana Association of Chinese Societies, how do you advise potential investors?

Companies and individuals coming from China to Ghana for business contact me and the association to facilitate them to invest properly in Ghana. I always advise them not to do anything illegally. If you want to make good money, it is better to do everything legally. It's not worth it to cross the line. If any Chinese person comes to Ghana and wants to start a business, I am happy to help them. If they have any issue, they can come to me, whether immigration issues, police issues or to do with tax; I can give them advice.

The Ghana Association of Chinese Societies has an executive meeting every month and when we get together, we discuss a lot of issues and try to resolve them accordingly.

What would you say is your biggest achievement in your business career in Ghana?

I have achieved many things. The main thing is that I do what I plan. I have a trading company, I planned to have an auto company and I did it. The first step was the tyre business, from the tyre business I expanded to spare parts, from spare parts to vehicles, then from vehicles to heavy duty machines. Then there is the trading business, which has increased 200-fold. And I'm so happy with the hotel.

What is the next chapter for Tang Palace Hotel?

I have bought the land opposite Tang Palace for almost \$7 million dollars and I plan to build a bigger hotel. We have hired a professional company to design the new hotel for me, but it will be similar to the Tang Palace and probably a five-star hotel. If everything is going well, I want to set up 20 hotels in Africa. That is my dream. It can be done. It is not difficult if you have the money. If every year you make \$20 or \$30 million and the profit margin is good, and if you have a partner like the China-Africa Fund to support you, you can do it.

How can the Chinese community help to build the Ghanaian economy?

There are Chinese government companies doing a lot of investment in Ghana and doing projects in the country, and providing financial support. They give billions of dollars in loans to Ghana and the projects are executed by the Chinese, which is good because they can do a good job at a very reasonable profit, which is good for Ghana, as a developing nation. If a government company invests in a project, it can invest \$300 or \$400 million, while a private company can maybe only invest \$10 or \$20 million.

As the president of the Ghana Association of Chinese Societies, we always talk to people to try to encourage them to come to Ghana; it is peaceful and you can make money, even if it is not as much as you would make in China. But in Ghana you can get a better margin. And whether you do business in Ghana or in China, you can lose money – the risk is the same. But in Ghana, the returns can be higher and in China there is more competition.

As a successful, foreign businessman in Ghana, what is your advice to investors?

You must know the customs and the people. And don't be afraid – Ghana is a peaceful country. Not everything will go smoothly, but it is normal. Just be alert and deal with people carefully. And when you identify an area of business that you think is good, do some marketing and surveying. And once you've made the decision to go ahead, don't hesitate and just do it. If you don't do it, how will you know? You have to be bold. There is still more opportunity in Africa than anywhere else, so I'm happy I'm here. ■ **TG**



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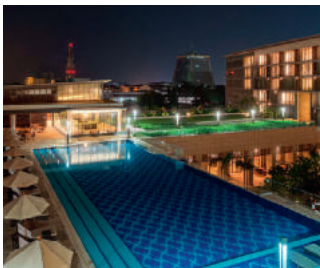
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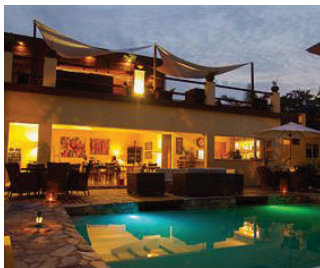
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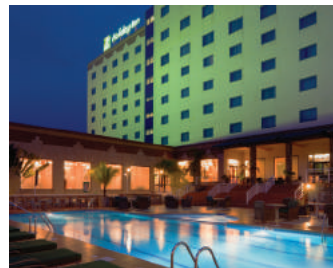
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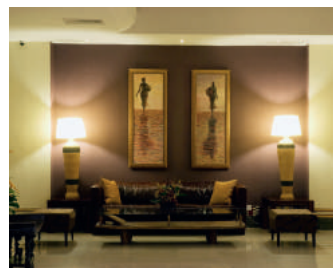
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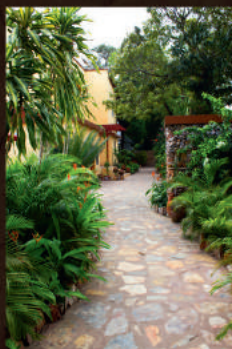
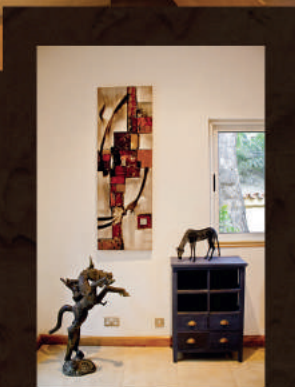
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