

MAS 151

Business in Ghana

BUSINESS INVESTMENT OPPORTUNITIES

Introduction

✚ Ghana is regarded as one of the robust economies in the West African Sub-region.

- ✚ The economy continues to expand, and Ghana is among Africa's 10 fastest-growing economies since 2017.
- ✚ Ghana has established the necessary legal and regulatory framework which guarantees safe and secure investment destination in the sub-region
- ✚ Ghana has won the bid to host the secretariat of the African Continental Free Trade Area (AfCTA).

INTERNATIONAL RANKINGS	
Ease of Doing Business Rank 2019 (World Bank)	- 1 st in West Africa, - 11 th in Sub-Saharan Africa
African Attractiveness Index	- No. 1 Most Resilient Economy in West Africa
Global Competitiveness Index 2019 (by the World Economic Forum) Annual Growth Rate	- 1 st in West Africa, - 11 th in Sub-Saharan Africa
Ibrahim Index of African Governance (IIAG) 2017	- 8 th out of 54 countries in Africa, - 6 th out of 54 countries for Safety and Rule of Law, - 11 th out of 54 countries for Human Development
World Investment Report (2019)	- 2 nd Highest recipient of FDI in West Africa
RMB Global Market Research 2019	- 4 th Best Place to invest in Africa

GIPC 2019 Ghana Economic Facts Dashboard

Investment opportunities by sectors

Investment opportunities are available in the various sectors of the economy;

✦ Agricultural

✦ Communication

✦ Infrastructural

✦ Property Development

✦ Manufacturing

✦ Energy

✦ Financial

Agricultural Sector

✚ The modernisation of the agricultural sector remains a major government policy.

✚ The government aims at shifting from subsistence agriculture alongside larger commercial enterprises engaged in agro-processing and other agricultural production.

✚ Short medium and long-term investment opportunities

have been identified through analysis based on;

1. Market potential for growth
2. Ghana's competitiveness in production
3. Investor interest
4. Potential social impact and
5. Contribution to the development of Ghana

Category	Crop Types
Cereals & Grains	Maize, soya, rice and sorghum
Fruits	Banana, pineapple, mango, orange and pawpaw
Vegetables	Pepper, tomatoes, carrots, lettuce, cabbage, green pepper
Tubers	Yam and cassava

Investment Opportunity	Investment Scope	Proposed Production Areas
Production of fresh pineapples	<ul style="list-style-type: none"> ✦ Large-scale production and cultivation of fresh pineapples for domestic and international markets. ✦ Production of into juice concentrate for foreign and local markets. ✦ drying facilities to produce dried pineapples for export to European Union, and the U.S. A. 	Accra plains, Aburi-Nsawam and Awutu areas.
Establishment of commercial pack houses	<ul style="list-style-type: none"> ✦ Commercial pack houses for handling of fruits and vegetables are required in farming areas and marketing centres across the country. ✦ Minimise postharvest losses of perishable products in the country. 	Accra Plains, SADA Zone, the Aburi-Nsawam axis and the Awutu areas
Production of soya beans	<ul style="list-style-type: none"> ✦ Large-scale production of soya beans and its derivatives (e.g., soyabean oil and soyabean cake) in the agro-processing industry. 	Brong Ahafo or Northern part of Ghana.

Agriculture Sector

Investment Opportunity		Investment Scope	Proposed Production Areas
Production of maize	✦	Large scale irrigation for the cultivation of maize for the human and animal consumption.	All ecological zones of Ghana
Production and processing of tomatoes	✦	Large-scale cultivation of fresh tomatoes.	Brong Ahafo, Eastern, Western, Volta, Ashanti, Greater Accra and parts of Central and Northern regions
	✦	Seed breeding and seed multiplication centers in different ecological zones.	
	✦	Storage terminals for fresh tomato packaging for the local market.	
Establishment of hatcheries and poultry farms	✦	Drying facilities for dried tomatoes for export to European Union and U.S.A	Eastern, Volta, Western, Brong Ahafo, Central, Ashanti and Greater Accra Regions
	✦	Modern hatcheries and poultry farms to increase the scale of production of poultry products.	
	✦	Reduce frozen chicken imports from Europe, Brazil, China, and USA into the country.	
Tilapia production using cage culture technique	✦	Processing facilities for processing poultry for the local and export markets.	Along the Volta River and other potential fish farming areas.
	✦	As local demand for tilapia exceeds supply, large-scale for establishment of tilapia farms is urgent.	
	✦	Establishment of cold storage facilities and operation of cold trucks for distribution of tilapia.	

Agriculture Sector

Agriculture Sector (Cocoa)

Investment Opportunity	Investment Scope	Proposed Production Areas
Production of cocoa shower gel, shea butter-based soap and pomade	✚ Introduction of modern processing equipment and techniques and packaging equipment for the large-scale production by-products from cocoa.	Cocoa growing areas including Ashanti, Brong Ahafo, Eastern, Volta, Central and Western Regions.
Production of cocoa gin and brandy	✚ Establishment of modern processing factories at the districts or identified large cocoa plantations.	Cocoa growing areas including Ashanti, Brong Ahafo, Eastern, Volta, Central, and Western Regions.
Production of jute bags	✚ Commercial scale production of quality jute sacks for the storing of cocoa beans for the export and domestic markets.	Ashanti, Brong Ahafo, Eastern, central and Western Regions.
Provision of support services	<ul style="list-style-type: none"> ✚ Companies to provide post-production services (transport, packaging and storage facilities). ✚ Companies to provide distribution of improved seedlings and agro-chemicals (fertilizers, pesticides, weedicides). ✚ Companies to provide financial lending and insurance packages. 	Ashanti, Brong Ahafo, Eastern, Central, Volta, Greater Accra and Western Regions.

Manufacturing Sector

- ✦ The manufacturing sector forms a sub-sector of the industrial sector
- ✦ According to the 2003 first industrial census;
 - ✦ 55% of the establishments were micro-businesses, employing less than 4 persons.
 - ✦ 40% were small businesses, employing between 5 and 19 persons.

Manufacturing Sector

- ✦ 5% were medium businesses, employing 20–99 persons.
- ✦ 1% were large Light Manufacturing employing 100 or more persons.
- ✦ The manufacturing industry has two main sub-sectors namely;

A. Heavy Manufacturing Sub-sector

B. Light Manufacturing Sub-sector

Manufacturing Sector

A. Heavy Manufacturing sub-sector

I. Metal production

1. The aluminium sector

- ✚ Mining of bauxite and production of aluminium and aluminium products for local and international markets.
- ✚ The main raw materials for the aluminium industry are located at Awaso, Nyinahin, Kibi, and Mount Ejuanema.

Manufacturing Sector

✚ There exists **15–20 medium-sized companies** that manufacture roofing sheets and about **150 small enterprises** that produce a wide range of kitchen utensils in the country.

2. Iron and steel

✚ Investment is need for establishment of **iron and steel companies** to produce iron and steel related products including wires, bolts and nuts.

✚ There exist some companies, which manufacture rebar from scraps. Example; *Tema Steel Company Limited*.

FINANCIAL OTABIL

Manufacturing Sector

II. Chemicals Sub-sector: the sub-sector produces petrochemicals, fertilizers, paints, gases and pharmaceuticals and dyes.

✦ Investment is needed for the introduction of modern technology in this areas;

✦ polymers ----- polyethylene, polyvinyl chloride, man-made fibres, and nylon.

✦ Petrochemicals-----fertilizers, pesticides, natural gas, crude oil, paints, synthetic fibres and rubbers.

✦ Consumer chemicals----soaps, detergents and cosmetics

Manufacturing Sector

✦ Life science products----pharmaceuticals, diagnostics and animal health products and vitamins.

III Construction sub-sector: Establishment of companies to support the government infrastructural projects.

✦ Foreign firms dominate the industry because local construction companies are mostly medium or small scale.

✦ Investors may target;

✦ **heavy construction** -----civil projects such as dams, sewer systems, roads, railways and infrastructure.

Manufacturing Sector

✚ **commercial buildings**-----apartments, offices, retail, hotels, schools and public buildings.

✚ residential buildings

IV Cement & Quarrying sub-sector: Demand for cement and stones has increased due to the rapid growth of the construction sector.

✚ The sector has been de-monopolised leading to the production and importation of produce and importation of bulk cement for rebagging and distribution in Ghana.

Manufacturing Sector

✦ Investment opportunity exists in the **quarry sector for precast products and quarry aggregates.**

✦ **Quarry products** include pavement blocks, building blocks of sandcrete, dust, concrete and rock mixes.

B. Light Manufacturing

I. Pharmaceuticals sub-sector: Ghana has a robust pharmaceutical manufacturing industry in the sub-region.

Manufacturing Sector

✦ Approximately 30% of drugs is produced locally and 70% imported products.

✦ Introduction of **modern technologies** for the production and distribution of pharmaceutical products in Ghana and the subregion is a wealthy venture to undertake.

II. Wood Processing Sub-sector:

✦ Investment opportunities exist in the following product areas:

✦ Finished and semi-finished furniture and components;

Manufacturing Sector

- ✦ Mouldings and machined wood
- ✦ Floor and deck blanks, strips and blocks
- ✦ Door, window, and cabinet frames and panels
- ✦ Dowels and tool handles
- ✦ Peeled and sliced veneers
- ✦ Kiln dried rough or machined lumber.

III Textiles sub-sector includes vertically integrated mills, horizontal weaving factories and the traditional textile manufacturing firms involved in spinning, hand-weaving and fabric-processing.

Manufacturing Sector

- ✦ Investors should consider the following products for local and exports;
 - ✦ Cotton yarn
 - ✦ Cotton fabric
 - ✦ Printed fabric
 - ✦ Polyester fabric
 - ✦ Blankets
 - ✦ Bed sheets

Energy Sector

- ✦ It is the government policy to increase the energy resources to become a **net exporter of power and fuel**.
- ✦ In addition to Akosombo, other energies sources such as **thermal, solar and windmills** have been added to the sector.
- ✦ The energy sector can be classified into two main sub-sectors namely: A. Petroleum

B. Power.

Energy Sector

✦ **A. Petroleum sub-sector:** Investment opportunities exist in both the **upstream** and **downstream** sub-sectors.

✦ **Upstream activities** include exploration, development, production, procurement and refining of crude oil and gas.

‡ **Downstream activities** include distribution, and marketing of petroleum products.

‡ **B. Power sub-sector:** Collaborations with appropriate government agencies for the generation, transmission and distribution of electrical materials and energy for industrial, commercial and domestic use.

Energy Sector

✦ Investment opportunities is available for companies to provide the following services;

- ✦ Energy Audits & Energy Management Strategies
- ✦ Power Factor Correction
- ✦ Electrical Load Management

-
- ✦ Heat Recovery
 - ✦ Monitoring and Targeting Energy Management
 - ✦ Tariff Analysis
 - ✦ Fuel Substitution

Banks in Ghana

The banks operating or issued with universal banking license as at June 2020 are presented in the table below.

Bank	Year bank commenced business	Majority ownership	Number of branches
Absa Bank Ghana Limited	1917	Foreign	54
Access Bank (Ghana) Plc	2009	Foreign	53
ADB Bank Limited	1965	Local	83
Bank of Africa Ghana Limited	1997	Foreign	25
CALBank Limited	1990	Local	31
Consolidated Bank Ghana Limited	2018	Local	106
Ecobank Ghana Limited	1990	Foreign	67
FBNBank Ghana Limited	1996	Foreign	19
First National Bank Ghana Limited	2015	Foreign	11
Fidelity Bank Ghana Limited	2006	Local	69
First Atlantic Bank Limited	1994	Foreign	37
GCB Bank Limited	1953	Local	185
Guaranty Trust Bank (Ghana) Limited	2004	Foreign	32
National Investment Bank Limited	1963	Local	48
OmniBSIC Bank Ghana Limited	2019	Local	46
Prudential Bank Limited	1993	Local	41
Republic Bank Ghana Limited	1990	Foreign	42
Société Générale Ghana Limited	1975	Foreign	42
Stanbic Bank Ghana Limited	1999	Foreign	38
Standard Chartered Bank Ghana Limited	1896	Foreign	21
United Bank for Africa (Ghana) Limited	2005	Foreign	28
Universal Merchant Bank Ghana Limited	1972	Local	36
Zenith Bank Ghana Limited	2005	Foreign	28

(PCW 2020: Ghana banking survey report 2020)

Financial sector

✚ Banking sector dominates the financial sector though other sectors such as **insurance, pension and capital market** have emerged in recent times.

✚ The Bank of Ghana has engaged in massive cleanups to enhance the robustness and efficiency of the banking industry.

Financial Sector

- ✦ The robustness of the financial sector and high demand for financial services provide high level of investment opportunities.
- ✦ Investment opportunities exist for new financial institutions such as banks, savings & loans, and insurance.
- ✦ Investment opportunities exist for the establishment of financial institutions to operate **credit reference bureau (CRB)** in the country.
- ✦ Establishment of specific banking and financial institutions to develop appropriate products to support the oil and agricultural industries

Financial Sector

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
- † Specialized finance houses

Communication Sector

- ✦ Communication Technology Sector remains a critical sector for development of Ghana.
- ✦ Sub-sectors of the communication industry include;
 - ✦ Mobile Network Operators,
 - ✦ Fixed Network Operators,
 - ✦ Broadband Wireless Access,
 - ✦ Television Stations,
 - ✦ FM stations,
 - ✦ Tower Infrastructure Companies,
 - ✦ International Submarine

Cables, + Domestic Fibre

Operators.

Communication Sector

- + Considerable investment opportunities exist in the information, communication and technology sector,
- + The sector requires service providers in connecting international voice calls to the local public network.
- + Internet Service Providers are also required to offer internet access to the public especially the rural areas at less cost and broadcasting operators to establish Radio and Television broadcasting in the country.

✦ Companies are needed to supply quality telecommunications equipment, ICT equipment and office and network equipment.

✦ Investment in facilities and infrastructure to expand broadband network to cover the whole country, especially in the rural areas.

Communication Sector

There are also opportunities in the following areas:

✦ Education in the area of software development, networking, VSAT, telecommunication and IT Engineering

✦ Production of Business Solution (software and networking services)

✦ Business Processing Outsourcing

✦ Supply of High-Tech Telecommunication Equipment.

✦ Financial Institutions Office Operations

✦ Provision of Broadband Facilities and Services

✦ Internet Service Provision

✦ Transaction Processing

✦ Manufacturing, assembling and supply of computers and accessories

✦ VSAT services

✦ E-commerce and Legal Database Services

✦ Logistics Management Services and Medical Transcription Services

Infrastructural Sector

✦ Infrastructural sector consists of the ports, roads, rail, aviation, electricity, water supply, transportation, telecommunications subsectors.

✦ Investment opportunity exist in the infrastructural sector;

✦ Roads and Transport

✚ Energy sector

✚ Water supply and sanitation

✚ Ports

Sub-sector	Investment opportunity
Roads and Transport	<ul style="list-style-type: none"> ✦ Major investment opportunities for the roads and railways segments in the areas of construction, maintenance and services. ✦ In mass transportation – scheduled bus system ✦ Rail upgrades and passenger rail transport on chosen corridors ✦ Lake transportation systems ✦ Air transport operators for domestic and sub-regional services ✦ Development of regional airports ✦ Hiring and selling heavy equipment
Energy Sector	<ul style="list-style-type: none"> ✦ Electricity generation and transmission ✦ Refineries, storage facilities and pipelines for petroleum and gas ✦ Renewable energy facilities ✦ Provision of electrical services for the construction of the physical facilities including street lighting, improved coverage/access and service efficiency.
Water Supply and Sanitation:	<ul style="list-style-type: none"> ✦ The water supply and sanitation infrastructure is insufficient, especially in rural areas. Major investments are 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.
Ports	<ul style="list-style-type: none"> ✦ Improvement of Minor Ports ✦ Port expansion projects ✦ Construction of green field ports

Investment Opportunities in the Infrastructural sector

Property Development

✚ Ghana's property development industry is divided into three (3) areas:

✚ The Public Sector Real Estate Development

✚ Emerging Private Sector Real Estates Development ✚ Private individuals

Property Development

✚ Potential investment opportunities exist in the following areas;

✚ Residential (low-cost housing, high rise luxury apartments,

retirement villages)

✚ Industrial (light industrial parks, warehousing facilities)

✚ Commercial (regional shopping centres/malls, office accommodation, storage, children playing grounds)

✚ Production and marketing of construction equipment and building materials

Potential Sources of Funds

Investment can solicit for funds from the local and international financial

sources. Examples are;

- ✚ Licensed Commercial Banks
- ✚ Rural Community Banks
- ✚ Ghana EXIM Bank
- ✚ Non-financial institutions
- ✚ The Ghana Stock Exchange
- ✚ Ghana Venture Capital Fund
- ✚ Micro-finance Institutions
- ✚ Family, partners, friends and relatives

✚ International development finance institution (e.g., International Finance Corporation (IFC), ECOWAS Bank for Investment and Development (EBID) and African Development Bank

Ghana's Competitive Advantage

Ghana has a favourable business environment outlook and unique attraction to investors.

- ✦ A stable political environment
- ✦ Economic stability
- ✦ Improved physical infrastructure
- ✦ Access to the large ECOWAS market

✦ Proximity to European Union and USA markets

✦ Availability of skilled, trainable and unskilled labour

✦ Strong and fast developing financial infrastructure

- ✚ Access to land and natural resources
- ✚ High degree of personal safety.
- ✚ Hospitable and warm people

- ✚ Graduated and reasonable corporate taxes (e.g., corporate tax rate of 25%)
- ✚ Location incentives

Investment Incentives/Guarantee

There are several benefits in doing business in Ghana

- ✚ Customs duty exemptions
- ✚ Tax holidays

✚ Repatriation of capital,
dividends and net profit

✚ Insurance against
noncommercial risks – Ghana is

a signatory to the World Bank's
Multilateral Investment Guarantee
Agency (MIGA) Convention.

Business Support During COVID-19

✚ On 12 March 2020, first two cases of COVID-19 were announced
by the government.

✚ On 21 March 2020, the Imposition of Restrictions Act, 2020, (Act 1012) was enacted to enforce COVID-19 protocols.

✚ Three weeks of lockdown was imposed on Greater Accra, Tema and Greater Kumasi Metropolitan Areas on 30 March 2020.

Business Support During COVID-19

✚ The emergence of COVID-19 and the restriction brought about severe challenges to business.

✦ Some fiscal policy measures proposed by the government to support businesses include;

✦ US\$ 100 million financial commitment/fund to help manage the socio-economic impact of COVID-19.

✦ Securing the World Bank Development Policy Operation (DPO) of GHS 1.716 billion.

(PCW 2020 :Ghana banking survey report 2020)

Business Support During COVID-19

✚ Securing the International Monetary Fund Rapid Credit Facility of GHS 3.0 billion.

✚ Securing syndicated facility of GHS 3 billion from commercial banks in Ghana to support industry, especially pharmaceutical, hospitality, service and manufacturing sectors

✚ Withdrawal from the Ghana Heritage Fund to undertake urgent expenditures in relation to the COVID-19 pandemic.

Business Support During COVID-19

✚ Reduction of Communication Service Tax (CST) from 9% to 5%.

✚ Government announced the establishment of GHS 2 billion Guarantee Facility to support all sectors of business and job retention.

✚ Deferment of the duration for the payment of loans by Bank of Ghana

Business Support During COVID-19

Other relief packages and measures include;

✚ National Board for Small Scale Industries (NBSSI) advanced loans to support micro, small and medium scale businesses.

✚ Government announced absorption of water bills of all Ghanaians from April to December 2020.

(PCW 2020 :Ghana banking survey report 2020)

Business Support During COVID-19

✚ Provided insurance packages to health personnel and allied professionals

✚ Absorbing the full electricity cost of the poorest consumers and

50% reduction of lower income consumers

✦ Establishment of Unemployment Insurance Scheme.

✦ Creation of a GHS 100 million Fund for Labour and Faith-based organisations for retraining and skills development.