

# GHANA

## Setting the Standard

**The country is poised for a major industrial takeoff that will transform its dependence on primary raw materials into a diversified and prosperous 21st century economy.**



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s the continent's second-largest producer of gold, Ghana is a jewel in Africa's crown: a fast-growing destination for investors seeking golden returns in a democratic and stable social and political environment. Strategically located in the heart of West Africa, the country of 24 million people made world headlines in July 2009 when it became the first sub-Saharan African nation to be visited by U.S. President Barack Obama.

In a speech made during his visit for talks with the similarly new-to-the-post Ghanaian President John Evans Atta Mills, President Obama said: "Ghana shows us a face of Africa that is too often overlooked by a world that sees only tragedy or the need for charity. The people of Ghana have worked hard to put democracy on a firmer footing, with peaceful transfers of power even in the wake of closely contested elections."

Growth has been fuelled by a wealth of precious natural resources such as diamonds and gold, together with the massive revenues generated by cocoa, timber, bauxite, and manganese exports. The recent discovery of an oil field, estimated to contain up to three billion barrels of oil, has sparked a race between industry giants that will further attract substantial foreign direct investment (FDI).

Official statistics show that in the second quarter of 2009, more than 80 new projects worth a total of U.S.\$112 million were registered—up 92% year-on-year. This positive trend was reflected in a 5% rise in GDP for 2009, with a similar climb expected for 2010 amid robust gold and cocoa export prices.

Led by Atta Mills since January 2009, Ghana is held in high esteem by developed countries and global businesses that regard the country as a beacon for democracy and transparency in Africa. It is also one of the most secure nations on the

continent, as well as one of the most transparent through a combination of strong legislation and legal frameworks and a zero-tolerance approach toward corruption.

### Fast-Track Investments

During his 2010 state of the nation address in February, President Atta Mills spoke of how his administration will develop a strong and diversified economy funded by the proceeds of oil and gas exports and revenues.

"We will invest in our human resources, in key infrastructure projects, in the development of the oil and gas sectors, and in the modernization of agriculture and related processing activities," he said. "We are fast-tracking investments in oil and gas infrastructure, such as a deep seaport with a dedicated oil services facility, and the rehabilitation of the western railway corridor. These flagship investments will create significant employment and support the growth of other industries."

President Mills said that the development of the gas sector will ensure a dependable electricity supply at internationally competitive tariffs and that a "reliable, cost-effective, and world-class communications infrastructure" will also be created.

"We will also fast-track the development of a road transport network that will meet the economic, social, and environmental needs of Ghana in the years ahead," he said. "Ghana is poised for a major industrial takeoff that will transform the economy from its over-dependence on primary raw materials to a diversified and prosperous 21st century nation. Our fiscal reforms sent a clear message of our determination to come to terms with the economic challenges."

Signalling the high levels of confidence and trust that leading global organizations have in Ghana, the World Bank announced

in March 2009 that it would provide Ghana with up to U.S.\$1.2 billion in interest-free loans over the next three years. Four months later, the International Monetary Fund (IMF) approved a U.S.\$602 million loan to soften budget imbalances caused by the global crisis. Sectors targeted for the loans include energy, agriculture, fisheries, transport, water and sanitation, and natural resource management, the latter a key component of Ghana's macroeconomic policy.

Ministers will also use the money to tackle poverty—which has already fallen sharply in the past few years—and invest in major new infrastructure linked to the commencement of oil operations that are slated to start in 2011. Revenues from the emerging oil sector are forecast to amount to as much as 7% of the country's annual GDP, with ministers using this windfall to reduce fiscal deficits and fund major new infrastructure works as Ghana looks to achieve middle-income status by 2020.

Referring to the World Bank and IMF loans, Kwabena Duffuor, Ghana's Minister of Finance and Economic Planning, said: "You don't get support like that if you don't have a real democracy. We want to build a competitive economy, reduce inflation, manage our debts, and achieve moderation in wage growth. Our currency has stabilized and we are focused on job creation through small and medium-sized enterprises (SMEs)."

The former Governor of the Bank of Ghana added: "The fact President Obama chose Ghana for his first visit to Africa is



**Kwabena Duffuor**  
Minister of Finance  
& Economic Planning



**George Aboagye**  
CEO  
GIPC



**Joe Abbey**  
Acting CEO  
TDC

very important to us and he made it clear that Ghana is a real democracy and a unique African country."

## Tempting Incentives

The success of the private sector will be pivotal to the country's future, with foreign investors offered a range of tempting incentives. In addition, Ghana, which is bordered by Burkina Faso, Togo, and Ivory Coast, benefits from good infrastructure and telecoms networks, competitive labor costs, high literacy rates, and English as the official language.

The leading promoter of "Africa's Golden Gateway" is the Ghana Investment Promotion Centre (GIPC), a hard-working government agency that encourages, promotes, and facilitates investments in all economic sectors except mining and petroleum. From its headquarters in Accra, the one-stop agency

## We are the team to beat!

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supports local and foreign investors in the manufacturing and service sectors seeking more value-creating operations, higher sustainable returns, and new business opportunities.

With many years of valuable experience and an excellent network of contacts, GIPC is able to direct investors towards lucrative commercial openings in a vast range of sectors including apparel and textiles, transport, financial services, furniture, electronics, and tourism.

### Good Governance and Democracy

As GIPC CEO George Aboagye notes, the U.S. president's visit heralded a new era as it changed the outlook and perception of Ghana at the governmental level. "For President Obama to showcase Ghana for its good governance and democracy not only demonstrates a new-found stability in Africa, but also that Africa has a role to play in resolving international and economic challenges," he says. "There are opportunities in abundance here and President Obama has opened our eyes as to who we really are and what we have to do to achieve our goals personally and with foreign partners."

Aboagye believes that, in time, President Obama's visit and the discovery of oil reserves will be seen as the springboard that launched Ghana into the global arena and opened the floodgates to FDI. He highlights increasing literacy rates as the reason for the move toward a service-oriented economy, and believes the housing, transport, agro-processing, energy, financial-services, and tourism sectors offer rich returns for investors. "We are looking at agro-processing, not only primary products, but also getting them processed to a secondary stage ready for export," he says.

Aboagye also sees lucrative openings in the construction of new infrastructure. "We need 500,000 new homes and need to boost our energy provision. We must also improve our railways and rehabilitate the ports," he says. "Ghana is going to change forever because of the oil find and its spin-off activities. We want to develop petrochemical, plastics, and pharmaceutical sectors, and need a massive infrastructure program."

Foreign investors enjoy strong legal protection in Ghana, with business laws conforming to international norms that cover the full spectrum of business activities such as copyrights, patents, and trademarks.

A member of the Economic Community of West African States (ECOWAS), Ghana has signed international conventions on industrial and intellectual property rights. This strong legal framework is supported by an independent court system that ensures equitable protection of rights.

Ghana enjoys quota-free access to lucrative North American and European markets and, thanks to its favorable location in one of the world's most populated areas, offers relatively easy access to a potential market of more than 250 million people.

GIPC chairman Ishmael Yamson, echoing the views of his colleague Aboagye, says he is encouraged at the progress his country is making in creating a balanced economy comprising modern regulations. "There are many opportunities here. We have a friendly investment climate that generates exceptionally high returns," he says. "Many multinational companies stay here because of our stability and growth in the center of West Africa. We are creating a balanced economy and will ensure oil sector profits reach far and wide so that everyone benefits."

Yamson believes that several years of close collaboration between the government and the private sector have enabled Ghana to reap the rewards of a development strategy that has created a competitive environment for private enterprise.

"A new investment code being discussed by the government will create a lot of flexibility for investors and dramatically change the way Ghana does business," he says. "You should be able to arrive in Ghana and establish your business within 24 hours. We should be audacious in our thinking and start transforming our dreams into actions."

**"Ghana is going to change forever because of the oil find and its spin-off activities."**

George Aboagye, CEO, Ghana Investment Promotion Centre

With a tropical climate and beautiful coastline, Ghana's tourism sector is also developing rapidly as growing numbers of visitors enjoy its many natural, historical, and cultural attractions. Opportunities for investment exist across the entire spectrum of tourism services and activities, such as provision of traditional hotel accommodations, beach and lake resort development—including water sports and game fishing—as well as adventure holidays and eco-tourism tours. In addition, Ghana has a unique range of ancient castles and forts that are considered national monuments.

Among the many new hotels catering to international guests is the luxury African Regent hotel in Accra's plush district. The hotel has more than 100 tastefully decorated rooms, an international restaurant, a large pool, and a modern gym. "We

are an international African hotel with a focus on quality, and we hope to open a second hotel in Ghana in the next three years," says general manager Jean Marie Alain Auckloo.

While the discovery of oil delighted ministers and business chiefs, it is not just below the country's surface that FDI opportunities are found, with Ghana's real estate sector expanding at a rapid pace. Hotels, business compounds, malls, and commercial properties are springing up across the country at a record rate as flows of investment reach new heights.

### Ghana's First Newtown

The city of Tema was developed by the government of Ghana in 1952 and the Tema Development Corporation (TDC) was created to plan, develop, and manage the reform. TDC has developed more than 20,000 properties in Tema, a port settlement on the Atlantic coast, not far from Accra.

Responsible for most of the city's skyline, TDC is now preparing for the redevelopment of Communities 1 and 4 Kaiser flats, which offer a great opportunity for investment. The company's philosophy has always been to develop the Tema area: to build roads, public buildings, and markets; prepare and execute housing schemes; and develop industrial and commercial sites.


In recent years, TDC's main activities have been focused on the construction of single-family homes, the management

of rental units, and planning, controlling, and leasing plots for private and large-scale real estate development. Already servicing both residential and commercial plots for lease by private individuals and organizations, the corporation plans to extend operations to cover the servicing of industrial plots on a large scale.


With a view to being a leader in the real estate development business, and providing housing and infrastructural facilities of the highest standard, TDC wants to make Tema one of the best urban settlements in Ghana.

The corporation's current housing delivery strategy has evolved from a policy of providing good quality and cost-effective housing with all amenities included. "The process begins by providing fully serviced plots before building the houses, thus creating the most ideal housing environment," says acting CEO Joe Abbey. "We also assure secured title deeds to our customers' land, with prompt consents for assignment and mortgages of properties acquired. We have settled on a few housing types, which reflect the range of customers' tastes and price ranges."

As more and more Ghanaians become part of the TDC family of homeowners, its portfolio continues to grow. TDC quite literally constructs communities, comprising all the public and private elements one would expect. "We started our site and service scheme in 1992. This puts in place the infrastructure—



**Volta River Authority**  
Spearheading Ghana's socio-economic development through sustainable energy supply



For nearly half a century, the Volta River Authority (VRA) has been responsible for supplying electricity to industrial, domestic, and commercial customers in Ghana. Starting with the generation of 588MW from the Akosombo hydro-dam, the VRA now has the capacity to supply 2,000MW of electricity from a hydro-thermal mix. VRA is strategically positioned to expand its thermal capacity to utilize natural gas and supply electrical power to the sub-region.

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water, roads, electricity, drains and sewerage systems, street lights, and telephone lines—before we give out the lots,” Abbey explains. “We also give a portion to individuals who want to build customized houses.”

The all-inclusive plan puts homeowners first in all of TDC’s developments. “We are at the latter stages of completing Community 25, a complex with homes ranging from U.S.\$90,198 to U.S.\$227,523,” says Abbey. “We will then move on to Communities 23 and 24.”

Retirees, expatriates, and tourists can also acquire customized housing from TDC, and there is growing demand for short-term tenancies. “Some Ghanaians visit and want a place to stay for two or three weeks,” says Abbey, adding that the building of such apartments will start in the next two years.

As Tema continues to expand, TDC aims to effectively control land earmarked for specific uses and collaborate with the Tema Municipal Assembly to ensure planning regulations are enforced. The company is now seeking strategic partners in order to make the redevelopment schemes of Communities 1, 2, and 4 a reality.

“We will pursue this program and work hard to get it done,” Abbey says. “A partnership with TDC in this area is a guaranteed sell. Over 55% of properties go to Ghanaians living abroad, the rest to people living locally.”

## Assuring a Sustainable Future

Ghana’s energy industry is one of the nation’s strongest assets, with its modern and reliable electricity networks and systems ensuring it avoids the power blackouts that blight other African countries.

Established in 1961, Volta River Authority (VRA) is a leading generator and supplier of electricity for industrial, commercial, and domestic use. The authority utilizes the hydroelectric potential of the dam on the Volta River and has built a nationwide grid transmission system to deliver and manage the power generated by its activities.

The VRA also safeguards the health and welfare of people in the many communities that live alongside the massive man-made lake, which is situated in the south-east area of the country. “Ghana is the regional leader in electricity consumption. More than 50% of the country has access to electricity, but that number is much lower in other parts of West Africa,” says VRA CEO, Kwaku Andoh Awotwi.

Awotwi, who took up the role in June 2009, attended Yale University in the U.S., and is, as such, one of the many highly-educated Ghanaians who studied overseas before returning home and using their skills to benefit their country.

He believes there are a number of sites along the Volta River and its tributaries that could be used to site hydroelectric installations through foreign funding. “We are actively seeking joint ventures and are also working with the government for financial assistance. We seek financially strong and experienced international companies with a proven track record that want to form a partnership and help us achieve mutual goals.”

Ghana’s free market economy is the ideal environment for innovation and enterprise, with its business-friendly policies and regulations ensuring that SMEs, as well as major international firms, can grow and expand.

With increasing numbers of banks and consulting companies prepared to loan money and expertise to new private sector enterprises, Ghana is creating employment opportunities for young people and the next generation of ambitious entrepreneurs. Guinness Ghana Breweries Ltd.—a major employer of local people—was formed through the merger of Guinness Ghana Breweries and Ghana Breweries Ltd., and is now the nation’s leading beverage producer.

Part of the global drinks giant Diageo, the company produces, sells, and distributes a broad portfolio of beers, alcoholic beverages, and soft drinks. A leading performer on Ghana’s stock exchange, Guinness Ghana Breweries Ltd. invests heavily in its 600-strong workforce through the constant training and development of its talented employees.

The company, which operates breweries in Accra and Kumasi, leads the industry in terms of responsible drinking, and promotes and finances various alcohol education programs.

As personal income levels in Ghana continue to climb, the company is well positioned to take advantage of the many growth opportunities sure to be created by increased spending on eateries and entertainment.

“The merger between two successful businesses gave us a formidable portfolio of top brands,” says Ekwunife Okoli, managing director of Guinness Ghana Breweries. “In West Africa, Guinness is recognized as an international company and brand, but it is very closely rooted in the people themselves, meaning Africans see Guinness as an African brand.”

**“We seek international partners to generate long-term relationships and win-win situations.”**

**Kwabena Duffuor, Ghana’s Minister of Finance**

The firm’s commitment to staff training and corporate social responsibility has helped it remain ahead of its competitors and set the standards for companies in many other industries. “We have set the benchmark for others to follow, which is vital in moving forward as a country,” Okoli says. “Safety standards are of the utmost importance. Through the presence of international companies, developing countries like Ghana learn how global enterprises invest and manage their businesses and train their staff.”

Finance Minister Duffuor welcomes such an open-minded approach. “This is the ideal time for U.S. investors to seek out the wide range of excellent investment opportunities,” he says. “President Obama has given us momentum and we are looking for international partners to generate long-term relationships and win-win situations.”

# GHANA

Africa's Golden Gateway to a safe and stable investment destination

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With many years' valuable experience and a proud record of success, Ghana Investment Promotion Centre (GIPC) holds the key to the many lucrative investment opportunities available in Africa's most dynamic and business-friendly country.

The Centre's team of highly-trained staff are dedicated to the creation of a stable and profitable investment climate throughout the many sectors of Ghana's fast-growing economy. GIPC stands at the forefront of these efforts to develop private sector enterprises in Ghana and relishes its role and responsibility as the leading promoter of "Africa's Golden Gateway" to the rest of the world.



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