

Doing Business in

# Ghana



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# Preface

We are pleased to present you with our publication *Doing Business in Ghana* which presents a succinct guide for investors coming into the country, and a glimpse of Ghana for the local entrepreneur and our international clients.

As an investor, you are interested in clear and concise information. You have in this document current information that will be of interest to anyone who wants to invest in a growing economy, like ours. In this guide, the potential investor is given specifics about Ghana's infrastructure, political and economic climate, potential areas of interest for investors, business start-ups in Ghana, including helpful information ranging from procedures to follow to permits that are required, as well as information on ways to obtain them. There is also an important section on the Ghana tax system which includes many tax incentives the Government of Ghana extends to investors.

We hope you enjoy reading our guide and find it most useful. If you have any questions please contact us at [info@kpmg.com.gh](mailto:info@kpmg.com.gh). We also encourage you to visit our website: [www.kpmg.com.gh](http://www.kpmg.com.gh) where you will find all this information and much more.

KPMG  
13 Yiyiwa Drive  
Abelenkpe  
P.O. Box GP 242  
Accra

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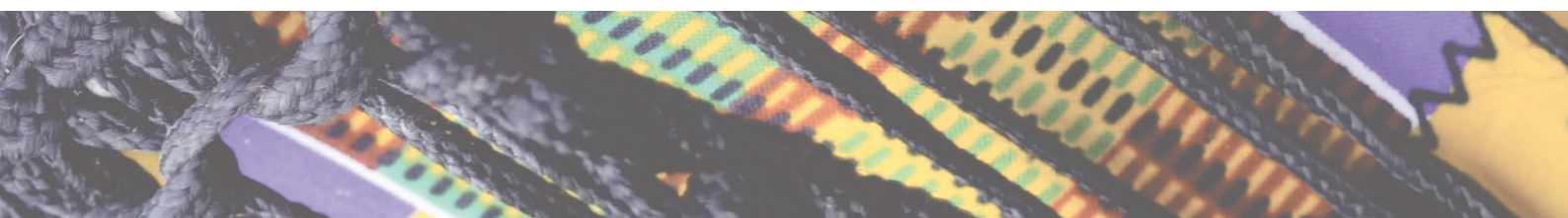
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# Ghana in Brief



Official name:	Republic of Ghana
Capital:	Accra
Form of government:	Multi party democracy
Head of State and government:	Prof. John Evans Atta Mills
Location:	West Africa with Gulf of Guinea coastline of 539km
Area total:	239,460 sq km; land: 230,940 sq km; water: 8,520 sq km
Natural resources:	Gold, timber, industrial diamonds, bauxite, manganese, fish, rubber, hydropower, petroleum, silver, salt, limestone
Population (2010 Provisional Census Results)	24.6 million; Religions: Christian 68.8% (Pentecostal/Charismatic 24.1%, Protestant 18.6%, Catholic 15.1%, other 11%), Muslim 15.9%, traditional 8.5%, other 0.7%, none 6.1% (2000 census)
Official language:	English
Climate: Tropical:	Warm and comparatively dry along southeast coast; hot and humid in southwest; hot and dry in north
Terrain:	Mostly low plains with dissected plateau in south-central area
GDP (Projected - 2011 Budget Statement):	12.3%
Exchange Rate:	US\$1: GH¢1.96
Time Zone:	GMT





# About **Ghana**



Ghana lies at the heart of a region which has been leading sub-Saharan African culture since the first millennium BC in metal-working, mining, sculpture and agriculture. In 1951, the Gold Coast became the first British colony in Africa to achieve self-government, and upon attaining political independence in 1957, it became known as Ghana.

### Location

Modern Ghana takes its name from the ancient kingdom of Ghana which was situated some 800 km, (500 miles) to the north of present-day Accra, which flourished up to the eleventh century AD. Ghana lies on Latitude 5 degrees, 36 minutes north and Longitude 0 degrees, 10 minutes east. To the west of Ghana lies Côte d'Ivoire, to the east Togo, to the north Burkina Faso and to the south is the Gulf of Guinea. The Greenwich Meridian passes through Tema near Accra making Ghana geographically the closest to the center of the world, that is, the notional point of intersection between the equator and longitude zero degree (0 degree) which is located in the Atlantic Ocean at about 614km from Accra.

### Climate

The climate is mainly tropical. There are two main seasons; the wet and the dry seasons. Northern Ghana experiences its rainy season from March to November while the south, including the capital Accra, experiences the season from April to mid-November.

### Vegetation

Ghana has tropical vegetation of dense tropical rain forest in the southern middle belt. The vegetal cover is ever-green forest with semi deciduous forest at the northern and southern fringes. Towards the north is savannah grassland and towards the coast is the coastal savannah. There are a few mountains and several hills rising to a height of 900 meters and above. Mount Afadzato is the highest mountain and lies 1,500 meters above sea level.

### Drainage

The country is drained by a large number of streams and rivers. The Volta and its tributaries drain more than two-thirds of the country. All the major rivers in the country flow into the Gulf of Guinea directly or as tributaries to other major rivers. The Akosombo Dam, which was built on the Volta River in 1965, provides hydro-electricity for Ghana and some of its neighboring countries.

The Volta Lake formed after damming the river is navigable for a distance of about 400 km and motorized vessels now ply its waters carrying passengers and goods from the south of the country to the north and vice versa. There are several rivers in the country and the most important is the Volta dammed at Akosombo, Akuse and Bui (situated on the Black Volta) for hydro-electric power generation plants.

Other rivers are the Pra, Ankobra and Tano. Among the smaller rivers are the Densu and Ayensu which provide Winneba and parts of the capital, Accra, with pipe-borne water. The largest natural lake in the country is Bosomtwi with a total area of 48 square kilometres and reaches depths of 72 meters in some parts.

### Population

Ghana has a population of about 24.65 million people and is one of the most populous countries in West Africa, second only to Nigeria. Since achieving political independence in 1957, its population has nearly tripled in size, from about 6 million to 24.6 million in 2010, and is expected to increase to 27 million by 2020.

The past rapid growth of Ghana's population is an outcome of high fertility, which until recently remained fairly constant, and declining mortality. This combination of high fertility and declining mortality is also the cause for the young age structure of the Ghanaian population with 43 percent under 15 years of age and over 65 years. However, Ghana's age structure is changing, a consequence of falling fertility.

It is estimated that the declining proportion of children and the increasing share of the working age group, between now and 2020 the number of children under 15 (now nearly eight million) will remain virtually constant while the 15 to 64 year age group will nearly double to 18 million. It is estimated that there will also be a substantial increase in the elderly population (65 and over), to over one million, but their share of the total population will still be small.

## Ethnic Groups

Ghana is home to more than 100 different ethnic groups. The official language is English; however, most Ghanaians also speak at least one local language.

The ethnic groups in Ghana are the Akan (the Fante, Akyem, Ashanti, Kwahu, Akuapem, Nzema, Bono, Akwamu, Ahanta and others) 49.3 %; Mole-Dagbani 15.2%; Ewe 11.7 %; Ga-Dangme ( Ga and Dangme) 7.3%; Guan 4%; Gurma 3.6%; Gurunsi 2.6%; Mande-Busanga 1 %; other tribes 1.4%; other (Hausa, Zabarema, Fulani) 1.8% (2000 census). The religious distribution is as follows: Christian 68.8% (Pentecostal/Charismatic 24.1%, Protestant 18.6%, Catholic 15.1%, other 11%), Muslim 15.9%, traditional 8.5%, and other 0.7%, none 6.1% (2000 census).

## Education

Ghana has approximately 18,530 primary schools, 8,850 junior secondary schools, 900 senior secondary schools, 28 training colleges, 20 technical institutions, four diploma-awarding institutions, six public universities and over forty private universities. Most Ghanaians have relatively easy access to primary and secondary education. Ghana's spending on education has varied between 28 and 40 percent of its annual budget in the past decade. All teaching is done in English, Ghana's official language.

Ghana has a six-year primary education system beginning at the age of six. Under the educational reforms implemented in 1987, after the six year primary education, the students pass on to a three-year junior secondary system, all making up the basic education and this is followed by a three year senior high school system.

At the end of the third year of Junior High School, (JHS), there is a Basic Education Certificate Examination (BECE). Those continuing must complete the three-year Senior High School (SHS) program and take the West African Senior Secondary Certificate Examination (WASSCE) to enter university.

## Government

The system of government practiced in Ghana is parliamentary democracy with separation of powers among the Executive, the Legislature and the Judiciary guaranteed under the constitution. The press enjoys a great deal of freedom which has nurtured it into one of the most vibrant in Africa. The 1992 constitution provides checks and balances which limit the powers of each of

the Legislature, the Executive and the Judiciary.

The constitution also provides a Council of State, made up of experienced elders with proven character, to advise the President on national issues. The constitution has also established a number of autonomous institutions such as the Commission for Human Rights and Administrative Justice (CHRAJ), the Electoral Commission (EC) and Economic and Organized Crime office (EOCO). These institutions are there to facilitate good governance.

The Government is elected by universal suffrage. There have been five democratically elected presidents and parliaments since 1992 and the next presidential and parliamentary elections are due in December 2012.

Ghana has 10 Administrative regions and 169 district assemblies. Decentralization of governmental powers to the District Assemblies has been vigorously pursued for some time now and the process still continues.

Ghana is considered a beacon of hope for black Africa as it continues to champion the course of good governance as well as pursuing sound economic management.

## Judiciary

The legal system is based on the English common law, and customary law of Ghana. The court system is made up of the Supreme Court of Ghana, Court of Appeal, and the High Court of Justice which constitute the superior courts. Below these are the Circuit Courts, District Courts, and family tribunals which constitute the lower courts. The traditional rulers also settle disputes among their subjects but such decisions do not constitute judgment of a court of competent jurisdiction. The 1992 Constitution which is the basic law of the land guarantees an independent judiciary. The tribunals which use to be part of the court system are being phased out.

## Membership with other organizations

Ghana is a member of the South Atlantic Peace Cooperation zone, The Commonwealth of Nations, the Economic Community of West African States, the African Union, and an Associate Member of La Francophonie.

In 2000, Ghana was one of the 189 countries that signed up to the 2015 Millennium Development Goals Declaration by the United Nations. Ghana has made substantial progress towards reaching a number of these goals such as eradicating extreme poverty, achieving universal primary education and reducing maternal mortality.

# The **Economy**



Late in 2010, Ghana was upgraded to a lower middle income economy status. With vast reserves of natural resources, Ghana has twice the per capita output of the poorer countries in West Africa and is one of the world's top gold and cocoa producers. Other exports such as petroleum oil, timber, electricity, diamond, bauxite, manganese and individual remittances are major sources of foreign exchange earnings. World Bank projections indicate that Ghana, which began exporting oil in 2011, will have the fastest growth rate on the continent estimated at 13.4% in 2011 and 10.4% in 2012 (World Bank Global Economic prospects 2011).

Agriculture has long been an important sector of the economy, employing about 50% of the labor force and contributing around 43% of GDP in 2007. Cocoa is the major export crop, followed by timber and non-traditional products such as horticulture, fish/seafoods and pine-apple.

Cocoa, timber and other tree crops are grown in the southern forest belt of the Ashanti, Brong-Ahafo, Eastern and Western regions. Most of the cocoa crop is exported as beans, although there are some cocoa-processing plants, and more are under construction.

The Ghanaian economy revolves around the services sector, which accounted for approximately 50% of GDP in 2010 and employs majority of Ghanaians.

Ghana's labour force in 2010 was estimated at 10.5 million people. The economy continues to rely heavily

on agriculture which accounts for 30.2% of GDP and provides employment for 56% of the work force mainly small landholders.

### The Macroeconomic Environment

Ghana's macroeconomic performance has been positive in recent times. This level of performance has been stimulated by the prevalence of relative peace coupled with private sector competitiveness; human resource development; good governance and civic responsibility. The sound macro-economic management along with high prices for gold and cocoa helped sustain GDP growth in 2008 and 2009.

For 2010, GDP growth was 4.1%, and the economy continues on its path of recovery, mainly backed by government's expenditure in infrastructure and FDIs. The Government Statistician put provisional per capita GDP for 2010 at GH¢1,872.07 (\$1,318.36) compared with GH¢1,069.89 (\$753) under the old series, moving the country into the lower middle income bracket. The new series places Ghana as the third largest in ranking of GDP per person in the ECOWAS sub-region behind Cape Verde and Nigeria, and 21st in Africa.

On sectoral performance, the share of the agricultural sector in GDP under the new series saw agriculture, the dominant sector, now making up to 30.2% of the economy, lagging behind the services sector, which accounts for 51%. The industrial sector accounts for 18.6%. (Source: GNA 5 November 2010).

The economy is seeing significant progress which is underlined by the relative political stability and macroeconomic reforms. The improvement in the economy has brought about an influx of foreign investments of various forms as well as a gradual increase in middle-class professionals.

### Summary of macroeconomic indicators

#### Employment

According to the latest population census (2010) Ghana's population is estimated at 24.65 million. Constituted in this is an economically active population of about 10.33 million. (Source: IMF, World Economic Outlook Database). The current minimum wage stands at GH¢ 4.48 per day and took effect from 9 February 2012.

Government has embarked on a wage policy reform by

Summary of Macro Economic Factors	2006	2007	2008	2009	2010
Gross Domestic Product (GDP)					
GDP at constant prices (GH¢)	18,705	19,913	21,592	22,598	24,094
GDP at current prices (GH¢)	18,705	23,154	30,179	36,867	44,799
GDP real growth		6.5	8.4	4.7	6.6
Sectoral Growths					
Services (%)		7.7	8	6.8	8.2
Agriculture (%)		-1.7	7.4	7.6	4.8
Industry (%)		6.1	15.1	4.5	6
Population (million)	22.4	22.9	23.3	23.8	24.6

which all civil and public servants were expected to have been fully migrated by the end of June 2011 to the Single Spine Pay Policy. However, the process is still ongoing and a number of civil servants are yet to be migrated on to the scheme. The single spine pay policy, implemented by the Fair Wages and Salaries Commission, is a unified salary structure that places all public sector employees on one vertical structure, making sure that, jobs within the same job value range are placed within the same pay range. It is hoped that the policy would help to make the public services pay competitive for the attraction and retention of highly-skilled labor force.

Ghana has a strong and vibrant labor movement that is very effective in articulating the demands of workers. The various sectors of the economy are represented by sector labor unions that are affiliated to the national umbrella labor union called the Trades Union Congress (TUC). It is the TUC that negotiates with the Ghana government and employers association over wages on behalf of the workers.

## Foreign Direct Investment

According to UNCTAD (World Investment Report 26 July 2011), Ghana was the 7th largest recipient of foreign direct investments (FDIs) in Africa at the end of 2010. Investors brought into the country, an amount of \$2.5 billion, representing about 5% of total FDI inflows to developing countries.

In the first quarter of 2012, the Ghana Investment Promotion Centre recorded a total of 95 new projects with a total estimated value of US\$1.18 billion. The

estimated value represents an increase of 67.98% compared to the value recorded in the same quarter of 2011.

The FDI component of the estimated value of the newly registered projects was US\$979.85 million. This is a significant increase of about 178% over the recorded FDI value in the corresponding quarter of 2011. The USA with an FDI value of US\$407.21 million ranks first and China remains the top source of FDI to Ghana in terms of the number of projects (Ghana Investment Promotion Press Release 10 May 2012)<sup>2</sup>.

## Inflation and Interest Rates

Inflation has been on a downward trend since it peaked at 20.7% in June 2009. This fall in inflation, according to the Monetary Policy Committee of the Bank of Ghana, has been driven by both non-food and food inflation.

Inflation as at May 2012 was 9.3%. A single digit inflation rate of 9.44 % was achieved at the end of August 2010, which led to a corresponding drop in the prime rate by the Bank of Ghana to 13.5%. By February 2011, inflation which was at 8.58% in December of 2010 has fallen further to 8.39% as of July 2011.

The cedi has slipped against the dollar by 19% and has been fluctuating against major currencies since the beginning of 2012. It is currently experiencing some depreciation against major trading currencies, and the

<sup>1</sup>.The United States as one of Ghana's major trading partners has an active American Chamber of Commerce in Accra.

exchange rate is GH¢1.96: US\$1. Expectations are that the local currency will appreciate against the major foreign currencies and this would improve foreign exchange risk for companies in Ghana.

## Infrastructure

### Transport

Road transport is by far the dominant carrier of freight and passengers in Ghana's land transport system. It carries over 95% of all passenger and freight traffic. Most communities, including the rural areas are accessible by road transport. The roads are classified under three categories: trunk roads, urban roads, and feeder roads. The Ghana Highway Authority, established in 1974 is tasked with developing and maintaining the country's trunk road network totaling 13,367 km, which makes up 33% of Ghana's total road network of 40,186 km. The railway connects Accra, Kumasi, and Takoradi, and the major mining areas, to the sea ports. The railway network also provides passenger services from the interior of Ghana to the main sea ports at Tema (near Accra) and Takoradi. There is a commuter line which links Accra and Tema.

The main waterways include the Volta, Ankobra, and Tano Rivers, which provide 168 kilometers (104 miles) of year-round navigation, and Lake Volta, which provides 1,125 kilometers (699 miles) of arterial and feeder waterways. The two seaports of Ghana at Tema and Takoradi handle most of the country's imports and exports. The turnaround time for ships at Ghanaian ports is now one of the quickest in West Africa and the tonnage managed has also increased significantly.

There are six airports in Accra, Kumasi, Takoradi, Sunyani, Tamale, and Wa. The international airport, Kotoka is in Accra. A number of major international airlines that fly there regularly include British Airways, Delta, KLM, Brussels Airways, Lufthansa, Alitalia, South African, Air Namibia, Air Maroc, and Egypt Air Emirates. Three airlines, Citylink, Starbow and Antrak connect Accra to Tamale, Kumasi and Takoradi.

### Energy

Hydroelectricity is the primary source of Ghana's power. It is generated at the Akosombo and Kpong power plants. The \$700-million, Bui hydroelectric project located on the Black Volta would have a generation capacity of 400 MW when completed. There are thermal facilities located at Tema and Takoradi. In addition to increasing the domestic electricity supply, power generated from Bui could be exported to Burkina Faso, Mali and Cote d'Ivoire in addition to current exports of power to Benin and Togo.

The Electricity Company of Ghana (ECG) is responsible for electricity distribution to the Ashanti, Western, Central, Eastern, Greater Accra and Volta regions. The Volta River Authority (VRA) is responsible for generation and for the distribution of electricity in the Brong Ahafo, Northern, Upper East and Upper West regions. When the West Africa Gas Pipeline (WAGP) is completed, VRA plans to convert oil-fired facilities at Takoradi and Tema to natural gas.

### Mobile Telephones

Mobile telephony is one of the fastest growing industries in Ghana. There are six current operational service providers which include MTN (Scancom), Tigo (Millicom), Airtel (Bharti Airtel), Vodafone, Expresso and Globacom. There are over 12 million mobile phone subscribers. The introduction of 3 Generation services has led to an increase in the range of services provided by cellular operators.

### Television and Radio Stations

There are 143 FM radio stations and 10 television broadcast stations. There are also cable TV channels.

2. In the area of investment, Britain remains the main source of FDI inflows (excluding mining) in terms of value of investment, accounting for about 37% of total FDI to Ghana between 1994 and 2009, followed by the United States, the United Arab Emirates, Nigeria, Malaysia and China in that order. China, however, leads in the number of registered projects with 415 projects mainly in manufacturing and general trade. India comes next with 388 projects, mainly in the area of manufacturing, followed by Lebanon with 291 projects.

Ghana's economic co-operation with the East, particularly China, has grown remarkably in recent times. Over the past decade aid inflows to Ghana from China have increased considerably. The largest single aid inflow has been in the energy sector and involved USD 562 million for the construction of the Bui hydroelectric dam. Other significant aid from China includes a USD 99 million interest-free loan for the construction of landing sites for fishing communities and a USD 30 million concessional loan for the first phase of a national fiber optic and e-government project extended in 2007 and 2008.

India is one of the top five foreign direct investors in Ghana. In 2010 Indian investments in Ghana included over 46 projects with an estimated total value of USD 277 million. Indian investments are found mostly in the agricultural and manufacturing sectors of the economy. In addition, within the health sector, Ghanaian pharmaceutical companies manufacture drugs in collaboration with Indian firms. In 2010 the Indian Bank of Baroda opened a branch in Ghana. Ghana's information and communications technology (ICT) sector also has a significant Indian presence. The Electronic and Computer Software Export Promotion Council of India regularly invites Ghanaians to its exhibitions in India to share ideas on new technologies. Furthermore, under its Technical and Economic Cooperation (ITEC) program, India awards annual scholarships to Ghanaians for both graduate and post-graduate programs in ICT.

# Markets for **Investors**





The domestic market in Ghana is relatively small but is growing. There is a regional market provided by the 15 members of the Economic Community of West African States (ECOWAS) though integration of the individual countries is yet to be achieved. The free trade among the ECOWAS member countries creates an opportunity for an expanded market for players in the sub-region.

The government, sponsored by the World Bank is also striving to make Ghana the gateway to West Africa by positioning the country as a hub for import, export, storage, assembly, distribution, and manufacturing, transshipment of goods, services and passengers.

The key institutions in Ghana that play various roles in facilitating the activities of investors include the following:

- The Ghana Immigration Service (GIS)
- The Ghana Ports and Harbors Authority (GHAPPOHA)
- Ghana Investment and Promotion Council (GIPC)
- Free Trade Zones Board
- Ghana Revenue Authority (GRA)

Ghana is not eligible under the European Union's Everything but Arms Initiative as it is not a Least Developed Country. However, it is an ACP country and enjoys the preferences the European Union affords other ACP countries (this is now being revised under an Economic Partnership Agreement). It also qualifies under the generalized system of preferences which gives it preferential access not only to the European Union but to other rich markets as well.

## Export Earnings

Ghana earned \$3.8 billion from merchandise exports, per the preliminary estimates of total exports for the first three months of 2012. The earnings represent a year-on-year growth of 22.8 percent and the growth in export earnings was driven by gold, cocoa beans and crude oil. Exports of gold amounted to \$1.5 billion, cocoa beans \$939.8 million and crude oil \$689.6 million. Other exports, including non-traditional exports, amounted to \$675.2 million during this period.

Giving a breakdown, the Bank of Ghana comments that total non-oil imports amounted to \$3.6 billion of which capital imports was \$781.2 million, intermediate imports \$1.7 billion, consumption imports \$775.8 million and others US\$251.8 million.

However, the Bank reports that total merchandise imports provisionally amounted to \$4 billion in the first quarter of 2012, representing a year-on-year growth of 19.8 per cent. Oil imports, including crude, gas and refined products amounted to \$457.2 million compared with \$692.2 million for the same period of 2011.

## Export Partners

Ghana exports were worth 3,339 million USD in the third quarter of 2011. Historically, from 2003 until 2011, Ghana's exports averaged 1,272.8700 million USD reaching an all time high of 3,345.0000 million USD in June of 2011 and a record low of 265.1000 million USD in March of 2003. Ghana's main exports are gold, petroleum, cocoa beans and timber products. Others include tuna, aluminum, manganese ore, diamonds and horticulture. It's main exports partners are the Netherlands, Burkina Faso, South Africa and United Kingdom (First Group Website. 2012 Trading Economics).

## Imports

Ghana imports were worth 4,046 million USD in the third quarter of 2011. Historically, from 2003 until 2011, Ghana's imports averaged 1,937.70 million USD reaching an all time high of 4,120.00 million USD in June of 2011 and a record low of 692.80 million USD in March of 2003. Ghana imports are mostly industrial supplies, capital and consumer goods and foodstuffs. Our main import partners are China, United States, Belgium, United Kingdom, South Africa and France.

## International Reserves

The Gross International Reserves of Bank of Ghana (BoG) declined to \$4.3 billion as at June 2012 from \$5.4 billion in December 2011. This is equivalent to 2.5 months

imports cover of goods and services.

For the first quarter of 2012, the Balance of Payments recorded a deficit of \$1.3 billion, compared to a deficit of only \$154.2 million in the same period of 2011. Provisional data from Bank of Ghana for the first five months of 2012 showed that total revenue and grants recorded a year-on-year growth of 34.5 per cent, amounting to GH¢5.1 billion.

Total tax revenue was GH¢4.4 billion, 46.3 per cent higher than the out-turn of GH¢3.0 billion recorded during the corresponding period in 2011. Total merchandise exports were \$6.6 billion over the first five months of 2012, representing a year-on-year growth of 24.6 per cent. There were higher receipts from gold, cocoa beans and crude oil exports as commodity prices increased during the period.

Export receipts from gold amounted to \$2.7 billion, cocoa beans were \$1.6 billion, while crude oil was \$1.2 billion during the period. Other exports, including non-traditional products, amounted to \$768.2 million. Total merchandise imports were \$7.5 billion during the five months, indicating a growth of 27.9 per cent on a year-on-year basis. (Bank of Ghana).

# Sector **Information**



## Agriculture, Agro-processing, Forestry and Fishing

### Ministry of Food and Agriculture

P.O. Box M37

Ministries

Accra

Tel: +233 302 687223

Email: [info@mofa.gov.gh](mailto:info@mofa.gov.gh)

Website: [www.mofa.gov.gh](http://www.mofa.gov.gh)

### Ghana Investment Promotion Centre

Post: P. O. Box M193, Accra-Ghana

Tel: +233 302 665 125-9

Fax: +233 302 663 801/663655

Email: [info@gipcghana.com](mailto:info@gipcghana.com)

As Ghana's most important economic sector employing more than half the population, agriculture in Ghana is an unexploited investment opportunity. The major strengths of this sector include a diversity of commodities, well-endowed drainage basin, a well-established agricultural research system and relative proximity to the European market. Ghana has a big share of the African quota of the EU market in fruits and vegetables export.

Ghana has a total land area of 23.9 million hectares with 57 percent suitable for agricultural purposes. Agriculture's contribution to GDP over the years has shown a steady reduction and the growth rate of the sector does not show any clear trend (GIPC). However, there are indications that Ghana has the potential for agricultural business to develop into a multi-billion dollar industry. Cocoa is the main export crop and demand for the crop is growing as China now imports 80-90 percent of Ghana's total cocoa production. Ghana is the second largest exporter of cocoa in the world. Agricultural crops, including yams, grains, cocoa, oil palms, kola nuts, and timber, form the base of Ghana's economy. Leading processed agricultural export products include processed tuna, cut fresh pineapples, other prepared fish and tomato paste.

The country may be classified into three main agriculture zones. The forest vegetation zone: consists of parts of Western, Eastern, Ashanti, Brong-Ahafo and Volta Regions. The northern savannah vegetation zone: the Upper East, Upper West and Northern Region; the coastal savannah: includes the Central, Greater Accra and parts of Volta Region.

The northern savannah zone is the largest agriculture zone. Most of the nation's supply of rice, millet, sorghum, yam, tomatoes, cattle, sheep, goats and cotton are grown in the region. In recent times, mango and ostrich commercial farms are also gaining footholds in the northern zone.

The coastal savannah is known for rice, maize, cassava, vegetables, sugar cane, mangoes and coconut, as well as livestock. Sweet potato and soya bean crops thrive in this area under irrigation. The lower part of this zone is drained by River Volta. Together with other streams and lagoons, these water resources present opportunities for fish farming or aquaculture

In the forest zone where there is abundant rainfall, cocoa, coffee, oil palm, cashew, and rubber as well as plantain, banana and citrus crops are grown.

Major stakeholders and government are looking for ways to partner with investors outside the country to improve agri-business through modern technology, to ensure food security in meeting international requirements. An added advantage is that over two thirds of the land in Ghana is fertile, and needs little or no fertilizers/chemical to grow crops in large quantities.

### Investment Opportunities

- Provision of agricultural inputs such as improved seeds and agrochemicals including fertilizers, pesticides and herbicides. Veterinary drugs, vaccines and chemicals; animal feed and feed ingredients are also required.
- Opportunities exist in the processing of agricultural products such as cereals (maize, rice, millet) starchy crops (yam, cassava, Sweet potato, plantain), legumes (carrots, cabbage, garden eggs, tomato), fruits (pineapple, pawpaw, banana, mango), industrial crops (rubber, sugarcane, cotton, oil palm, coconut, cocoa, coffee), livestock (cattle, pigs, poultry, sheep) and fisheries (tuna, tilapia, catfish). Rearing of silk worm for the production of raw silk.
- Dairy products: processing of the products as well as the supply of machinery to establish hatcheries for day-old chicks.
- Floriculture offers a lot of opportunities as Ghana's climate and topography make the country suitable for the cultivation of a number of exotic flowers. Species such as heliconia, caribea, celosia, curcuma, gladioli, hibiscus, roses, ornamental palms and ferns perform well under natural conditions. There is potential in the

national, regional and European Union markets

- Processing of farm produce such as to add value, reduce post-harvest losses, promote price stability and expand demand for local agricultural produce. For example, with the canning of tomatoes, and processing fruits into fruit juices.
- Developing irrigable land through irrigation is another key area. While Ghana has a potential irrigable area of 346,000 hectares, only 10,000 hectares have been developed.
- Technological and support services also require investment. Key areas are in the supply and installation of cold chain equipment, packaging and factory building technology
- In the distribution field, companies are required to provide post-production services in transport, packaging and cold vans.
- There are further opportunities in standards, training and certification; capacity building for management and market-oriented enterprises; market intelligence research and in the development of agricultural finance and insurance.
- Investment opportunities exist in the production of agricultural inputs such as fertilizers, pesticides and fungicides.
- Technology and services in the agricultural sector which include irrigation, heavy equipment hiring (i.e. hiring of tractors, ploughs, harrows and combine harvesters etc) provide investment opportunities.
- Investment opportunity also exists in the storage industry. Inadequate and inappropriate storage facilities are constraints to agricultural production thereby contributing to high post-harvest losses and low returns for farmers and processors.

## Banking and Finance

### Bank of Ghana

Head Office

One Thorpe Road

P.O. Box GP 2674

Accra

Tel:+233-30-2666174 - 6

+233-30-2666361 - 5

+233-30-2666902 - 8

+233-30-2666921 – 5

Email:bogsecretary@bog.gov.gh

In line with the country's goal of achieving middle income status by 2015, Ghana has been undergoing a process of financial sector restructuring and transformation as an integral part of its Vision 2015 strategy.

Prior to 2003, the Bank of Ghana operated a three-pillar banking model with all banks licensed as either development, merchant and commercial banking. In February 2003, the Bank of Ghana introduced Universal Banking which allowed the banks to undertake commercial, development, merchant or investment banking without requiring separate licenses. This has leveled the playing field, and opened up the banking system to competition, product innovation and entry.

To operate under the Universal Banking License(UBL), existing banks must have a minimum net worth of GH¢7.0 million (excluding statutory reserves), and new banks should have a paid-up capital of GH¢7.0 million. Banks are required to hold 9% of the cedi and forex deposit base with BOG on daily basis as primary reserves and 35% of their deposit base in cedi denominated assets as secondary reserves.

The Government of Ghana Index-Linked Bonds (GGILBs) was introduced in 2001, which as part of the reserve requirements converted Government of Ghana (GoG) short-term liabilities into long-term loans. BoG requires banks to hold 15% of their total deposits in GGILBs. The GGILB is now being phased out by the new 2nd and 3rd year fixed or floating bonds.

Currently, there are 26 banks operating in the formal banking sector. They are regulated by the Bank of Ghana, Ghana's central bank.

Liberalizing entry and encouraging foreign banks and investors in the financial services industry has increased competition in the banking industry as well as the introduction of strong business practices, technology, products, and risk management systems.

The current licensing policy of the Bank of Ghana is to limit entry of foreign banks to truly internationally active financial institutions.

### Minimum Capital Requirement

The Bank of Ghana has proposed an increase in the minimum capital requirements of banks from GH¢7.0 million to GH¢60 million. The proposed minimum capital requirements for deposit taking non-banking financial institutions (NBFIs) and finance houses is an increase from GH¢1 million to between GH¢5-8 million.

Banks and deposit taking NBIFs were expected to submit

capitalization plans by the end of June 2008. Submission of capitalization plans would guarantee continued access to the settlement and primary dealership systems. After December 2008, participation in the settlement system will be restricted to institutions that have met the capital requirements.

To ensure an orderly consolidation, the banking system would allow for lower tier banks after December 2008. Banks that do not meet the capital requirements will belong to the lower tier. Banks and NBFIs granted licenses or provisional licenses within the last six months to date are required to meet the new capital requirements within two years from the date of operation. New licenses for banks, deposit-taking NBFIs and Finance Houses would henceforth only be issued to banks that meet the new minimum capital requirements. The Bank of Ghana intends to continue with its current policy of issuing bank licenses only to internationally active banks.

## National Switch

The Bank of Ghana has established a National Switch (e-ZWICH) to allow the establishment of a common platform for all payment transactions in the country. This would result in the integration of all existing bank switches and allow banks that do not have switches (e.g. ARB Apex Bank) to join the common switch at significantly reduced costs. It would also allow the interoperability of all ATMs and the settlement of payment transactions by customers of different banks at Points of Sale (POS).

The national Switch has the capability to deal with transactions that take place online (in places with telecommunications) and offline (i.e. where telecommunications are not present, e.g. in some rural areas). This is a major departure from existing systems and has been made possible by the Universal Electronic Payments (UEPS) technology.

## Bills of Exchange Act

Ghana is essentially a cash-based economy with embedded high transaction costs. In recognition of this, the Bank of Ghana is undertaking reforms in the legal, institutional, and infrastructural framework of the payment system to make the Ghanaian financial system modern and competitive. A draft bill known as the Bills and Cheques Bill is now before Parliament and is expected to replace the Bills of Exchange Act when

passed. The draft bill provides for electronic presentment of cheques and amends various sections of the Bills of Exchange Act to bring it in line with current business trends and practices.

## National Biometric Switch

The Bank of Ghana has introduced a National Biometric Smartcard (The E-ZWICH card). This is expected to address the shortcomings of existing debit cards which cater for only a small fraction of the population because of its features of accessibility; low transaction costs; limited infrastructure needs; personal safety; security; convenience; and simplicity.

## Automatic Clearing House

The Bank of Ghana is introducing Codeline Cheque Truncation to allow very fast cheque clearing as well as the Automated Clearing House (ACH) for the clearing of electronic debits and credits. The process of direct debit does not exist presently in Ghana because of the absence of an ACH.

## Central Securities Depository

The Bank of Ghana has established a Central Securities Depository (CSD). The CSD makes it possible for records of ownership of individual securities to be maintained centrally as well as at the respective primary dealers. This should reduce the risks to investors that arise from possible poor record-keeping or any dealer malfeasance.

## Ghana Interbank Payment and Settlement System

The Ghana Interbank Payments and Settlement System (GHIPSS) is a limited liability company set up to bring all the various aspects of the payments system infrastructure under a single entity. This is to allow more efficient and coherent management and oversight. The business of GHIPSS includes the following:

- National Switch and Smart Card Services
- Cheque Clearing
- Codeline Cheque Truncation
- Real Time Gross Settlement System (RTGS)
- Central Securities Depository(CSD)
- Automated Clearing House (ACH)

All banks are required to be members of GHIPSS either directly or through member banks. This means that all banks have to be members of the national switch and smartcard, ACH, RTGS, etc.

## Credit Reporting Act

The Credit Reporting Act (Act 726) has been enacted in 2007 to enhance credit risk management by the banking system. The purpose of the Act is to provide a legal and regulatory framework for credit reporting in Ghana. As at the end of 2009, two credit bureaus had been licensed to begin operation.

## Other Key Issues

Several bills have already been passed or are in the process of being prepared. These include the Anti-Money Laundering Bill, the Credit Union Bill, the Insurance Bill, and a new Insolvency Bill (Bankruptcy law). Work is also ongoing regarding the Borrowers and Lenders bill and a new Non-Bank Financial Intermediaries (NBFIs) bill which were expected to be passed in 2008. These reforms when implemented would represent a major transformation of the financial services sector. The Passage of the Banking Amendment Act, 2007 resulted in the issue of the first offshore banking license to Barclays Bank.

## Capital Markets

Investor confidence in Ghana's capital market has been on the rise over the past decade. Currently, there are about 27 listed companies, 10 brokerage firms, 5 mutual funds and 1 unit trust company on the Ghana Stock Exchange (GSE). A level playing ground has been set by the Securities and Exchange Commission (SEC) to protect the interest of investors and all other parties.

## Demutualization

The objective to demutualize the Ghana Stock Exchange (GSE) stems from the current structural constraints that are faced by the GSE as a non-profit organization.

Demutualizing GSE is aimed at fostering greater diversity of ownership which will allow for an enhanced public representation in the governance of the Exchange as well as remain competitive and responsive to the demands of its market constituents.

The strategic plan for the demutualization of the GSE was completed in 2009 and the final report was submitted to GSE for review and finalization.

## Automation

Activities towards automation commenced in 2007. In this light, the GSE Securities Depository Company Limited was incorporated and commenced operation

in November 2008. About 37,000 accounts had been opened in the depository as at the end of 2009 and migration of shares is still ongoing.

With the GSE now resourced, ATS, the Electronic Clearing/Settlement and the Depository system which went live in November 2008, dealers now have access to trading from the Exchange's Trading Floor; the offices of Dealers; and through a secured internet facility at any location.

The automation of the trading platform has huge prospect in enhancing the liquidity on the market as well as improve trading on the Exchange. Also it is expected that the automation system will also enhance the bond market which is gradually gathering momentum as well as GSE's move to develop a program that will help lure SMEs to list on the Exchange.

## Energy Sector

Ministry of Energy  
P. O. Box T40  
Stadium Post Office  
Accra-Ghana

Energy Commission  
Location  
FREMA House Plot 40, Spintex Rd.  
P.M. B. Ministries, Accra - Ghana  
Telephone: (+233) 302 813 756/7  
E-mail: info@energycom.gov.gh

The energy sector plays a pivotal role in the development agenda of the country. With the advent of the post-colonial era, the energy sector was envisioned to be a major driving force in the transformation of the economy from one largely sustained on the wheels of subsistence farming to one that is fully industrialized. This began with the construction of the hydro-electric dam at Akosombo, a major initiative by the then CPP government which opened up the economy and the energy sector in particular to the exploitation of the power-generating potential of the country. Subsequently, other forms of energy have been tapped including renewable, nuclear energy and fossil fuels.

In this light, government's overall goal for the sector has been to develop and sustain an efficient and viable energy sector that provides secure, safe and reliable supply of energy to meet Ghana's development needs in a competitive manner. This is to assure a universal access and choice of modern energy forms to all

Ghanaians without exception thereby contributing significantly to national revenue and economic growth by becoming a net exporter of oil and power by 2012 and 2013 respectively.

Thus, Ghana's energy sector can be classified into power and petroleum sub-sectors.

## Power Generation

Traditionally, wood fuel continues to provide a significant source of energy to many households in Ghana, consisting of about 70% of Ghana's energy consumption. This consumption level has engendered the creation of sustainable energy development in the country through proper management and the use of an alternative to wood charcoal through the use of bamboo. However, Ghana's power supply sources are mainly from hydro-electricity, thermal from light crude oil and a small percentage of photo-voltaic solar.

The objective of the Government is to achieve a target of 5,000 MW of installed power generation capacity by 2015. This level of capacity would enable Ghana to supply adequate electric power to meet the growth in national electricity demand and also for export to our neighboring countries.

In this light, Government's outlook for 2010 is focused on upgrading the transmission and distribution systems while scaling up rural electrification to help ensure increasing access to electricity by household and industry (2010 Budget Statement).

## Hydropower

Ghana has made significant strides in maximizing its hydropower potential which is pegged at about 4,000 megawatts. Aside of the construction works on the 400 megawatts Bui Hydroelectric Project, the Government of Ghana has also signed a Memorandum of Understanding (MOU) with the Brazilian Government for the development of Juale River and Pwalugu hydro power plants at the cost of US\$555 million with a generating capacity of 87MW and 48 MW respectively. The construction of the hydro-dams forms part of the planned system generation expansion under the Energy Commission's Strategic National Energy Plan-SNEP covering the period between 2006 and 2020. This also includes the construction of the 93MW Hemang hydroelectric power dam which is expected to be completed by 2015.

Upon completion of all the power plants under construction, the country's total installed power

generation capacity would reach 3,500 megawatts by 2013. Currently, electricity consumption in the country is estimated at 7,095 billion kilowatt hours (kWh), while production capacity is pegged at 6,489 billion kWh. The demand for power consumption in the country is expected to grow at 7.6% over the next five years.

The policy objectives of the expansion program are to ensure security of electricity supply, minimum negative environmental impacts in electricity supply and to ensure universal access to affordable electricity service.

## Renewables

Ghana has a huge potential for electricity generation from renewable energy sources such as solar, wind, biomass and small hydro. To maximize this, steps are being taken by Government to provide the necessary legal basis for the rapid development of renewable energy in the national energy mix by establishing a Renewable Energy Law as part of meeting the objective of security of supply of energy. Also, a combination of technical and regulatory instruments will be enshrined in the law to compel utility companies to procure a predetermined percentage of their electricity supplies from renewable energy sources. To consolidate its search for strategic energy solutions, government facilitated the preparation of a training manual for Solar PV testing, installation and maintenance.

To further build capacity, Government also facilitated the development of training and testing materials and testing facilities in Tamale Polytechnic and Kwame Nkrumah University of Science and Technology (KNUST) for human resource development in Solar PV.

In addition, Government played a major role in the signing of a protocol on off-grid solar electrification for security outposts, schools and health centers. An operational manual for providing matching grants to support renewable services by the private sector was also developed and Solar PV systems installed in 75 rural health posts.

Going forward, the Government of Ghana envisions to further promote renewable energy technologies (solar, wind and mini hydro), solar electrification project in schools, security service and health centers. In addition, Government will continue training on solar PV systems as well as implement grid-connected solar PV and wind systems, rehabilitate grid-connected solar system and develop licensing and monitoring framework for the electricity industry.



## Thermal Power

The inclusion of thermal power in Ghana's energy mix has been further boosted with two new plants in Tema. The 126 megawatts Tema Thermal 1 Power Project (TT1PP) is now fully operational after being commissioned in 2009. Other ongoing activities include the installation of 49.5 megawatts Tema Thermal 2 Power Project (TT2PP) which is 95% complete. This adds to TAPCO-Takoradi I (330MW) and TICO-Takoradi II (220KW).

In January 2010, expansion works commenced on the Takoradi Thermal Power Plant at Aboadze in the Shama District of the Western Region. The 132-megawatt capacity combined cycle plant will consist of four gas turbines, four heat recovery steam generators and two steam turbines. The gas turbines will run on light oil, diesel oil and natural gas.

Also, a Memorandum of Understanding has been concluded with TAQA to carry out the expansion of the Takoradi International Company (TICO) power plant from 220 MW simple-cycle plant to a combined-cycle plant of 330 MW.

The 80 megawatt Mines Reserve Power Plant, which was constructed at a cost of more than US\$45 million in June 2007, has been made available to the VRA to supplement any energy generation shortfalls in the country. This was previously used by four mining companies (Newmont Ghana Limited, Goldfields Ghana, AngloGold-Ashanti, and Golden Star Resources) only in load-shedding situations.

The 126MW Emergency Diesel Power Units which were purchased by Government were largely unused owing to high cost of operation. Additionally, work is soon to commence on the 132MW combined-cycle power project which will be sited near the VRA Thermal Power Plant in Aboadze.

## Osagyefo Power Barge

The refurbished Osagyefo Power Barge adds to energy generation mix of the country. This was carried out by Balkan Energy Company LLC, a US-based Energy Company which partnered the Government of Ghana to operationalize the Osagyefo power barge. Balkan Energy entered into a 20-year agreement with the government of Ghana to run the barge and it is expected that Balkan Energy would convert the barge into a combined cycle power plant with an incremental capacity of 60MW at a cost of about \$100 million. The company would also pay the Government of Ghana a yearly lease of \$10 million

from the beginning of the 6th year to the 12th year. The agreement will be reviewed every five years.

This project aims to augment the Akosombo and Kpong Hydro-electric Power Plants as well as the Aboadze Power Plant and a few others as a means to address the power challenges of the country. The barge, which is expected to generate 185 megawatts of power, is a dual fired unit which can operate on diesel as well as natural gas.

## Private Sector Initiatives in the Energy Sector

The current regime of power production is receiving an active involvement of Independent Power Producers (IPP). The Asogli Power Plant, for instance, which is a full private sector financed power plant of 200 MW capacity, has been completed and awaiting the availability of natural gas to commence operation. On the expansion of Tema Thermal Power Plant, VRA has concluded an agreement with Tema Osonor Power Company, an Independent Power Producer (IPP) to expand the plant by 126 MW and ultimately into a combined-cycle facility with a total capacity of about 330 MW.

Beyond the existing plants, a total of 1,611.5 MW of capacity is currently under construction by Government and Independent Power Producers while other plans have been initiated to increase power generation capacity in the country.

## Upstream Oil and Gas Prospects

Ghana's oil and gas prospects are significant. It is believed that Ghana's oil and gas resources stretches across the country's shoreline from the west (Cape Three Points) to the east (Keta). Similarly, the Voltain Basin, which covers over 40% of the country's land mass, is believed to have oil and gas reserves. This Voltain Basin is yet to be fully explored and will be given priority attention during the medium period.

Recent appraisals completed on three of the discoveries in the Jubilee Field, which is made up of two blocs, indicate that the field contains expected recoverable reserves of about 800 million barrels of light crude oil, with an upside potential of about 3 billion barrels.

The Jubilee Field will be developed in phases with the aim of ensuring that gas is not flared. The first oil production was started in 2011 and is driven by a production philosophy of maximizing the value of the resource. Tullow oil an operator of the Jubilee Field

projected production of 120 barrels per day will be reached in early 2013. Up till May 2012, the field had produced 33 million barrels of oil.

The discoveries have elicited great interests in Ghana's oil and Gas prospects. Currently, there are eleven Petroleum Agreements operating in the country at different stages of exploration or development. Several other prospective oil companies have expressed interest to explore Ghana's sedimentary basins.

Government intends to accelerate the process of acquisition of blocks in the Ghana sedimentary basins in order to fully and speedily delineate the country's oil and gas potential.

## Downstream Developments

It is the Government of Ghana's intention to ensure increased local refining capacity to meet both domestic demand and exports. Currently, about 60% of domestic demand can be met by the Tema Oil Refinery (TOR). To bring refining capacity to acceptable levels, there is the need to expand the capacity of TOR and also improve its operations. About US\$300 million is needed to be invested in TOR to increase its capacity by about 100,000 barrels per stream day from its current level of 45,000 BSPD.

About US\$683.5 million is to be injected into the operations of the Bulk Oil Storage and Transportation Company Limited (BOST), in the medium term period up to 2015, to improve bulk transportation of petroleum products especially to the northern parts of the country. Government intends to encourage the Oil Marketing Companies (OMCs) to increase the number of petroleum products service stations to ensure improved access to petroleum products in the country. The current administration of Premix fuel is being reviewed.

Government will continue to encourage the development of bio-fuels, as an alternative transportation fuel.

## Institutional Development: Establishment of Petroleum Regulatory Authority

The draft Bill to regulate the upstream petroleum industry is being reviewed with the view to reducing redundancies and further giving effect to the intention to consolidate the activities of the numerous regulatory agencies existing in the energy sector. It is believed that a smaller number of regulatory agencies is needed to manage

the sector in order to ensure efficient and coordinated operation and enforcement of regulations.

## Investments in the Energy Sector

It is estimated that, about US\$9.0 Billion is required in the next five years to finance the numerous initiatives in the energy sector, including oil and gas activities which alone require over US\$5.5 Billion. While Government will continue to inject funding into the sector, when available, a major policy shift is to encourage the energy sector institutions to raise a substantial portion of their capital investment requirements on their own without recourse to Government. Government has therefore requested the sector agencies, particularly VRA, Ghana Grid Company (GRIDCO), Electricity Company of Ghana (ECG) and Tema Oil Refinery, to raise financing from commercial loans and other private sector financing arrangements and also via the Ghana Stock Exchange.

## Information Communication and Technology (ICT)

### Sector Overview

The ICT Industry comprises telecommunications operators, internet service providers, VSAT data operators, software manufacturers, broadcast institutions, ICT education providers, internet cafés, etc. Generally, the Ministry of Communications and the National Communications Authority (NCA) oversee activities in the sector which have established the necessary legal and regulatory framework which guarantees the safety of investments in the ICT industry. Accra lies at the heart of the ICT industry as it hosts the headquarters and branches of the ICT companies associated infrastructure and support companies.

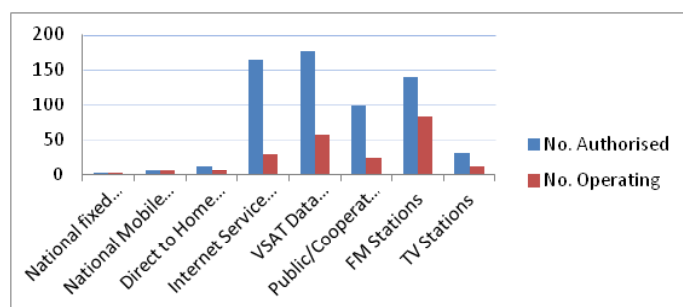
Ghana has been recognized as an attractive destination for Business Processing Outsourcing (BPO) and was ranked the No. 1 destination in Sub-Saharan Africa (ahead of Mauritius and Senegal) and No. 15 globally out of 50 countries by the 2009 A.T. Kearney Global Services Location Index (GSLI).

The infrastructural base of the sector includes licensed gateway operators, SAT-3 Access, Private Licensed VSAT Systems, Fixed Wired Line Networks, Wireless Mobile Operators, Public telephones systems, Telecentres, Dedicated Transmission Networks, Public Distribution Networks (cable, TV, DSL, etc), Internet Service Providers, Internet Backbone Connectivity throughout

the Country and Public Access Point and Broadcasting Systems. As an initiative to support emerging technologies, the Ministry of Communications is also facilitating the establishment of Science and Technology Parks.

## The Market

As at December 2011, the telecommunications sub-sector had 2 fixed line operators plus 6 mobile cellular operators authorized to operate. Out of 165 Internet Services Providers (ISPs) authorized, 29 were in operation. The Sector also witnessed 13 DTH satellite Service providers, 176 Data Operators, 99 Public/Corporate Data operators, 140 FM stations and 32 TV Stations having authorizations to operate with 8, 29, 25, 84 and 13 of them respectively actually being in operation.



No. of authorized operators  
Source: GIPC

## Market Trends

Ghana is set to be a major player in the African ICT sector in the next five years, according to a survey conducted by the Africa Business Panel. The survey ranks Ghana at number 4 on the continent after South Africa, Nigeria and Kenya.

The market continues to grow aggressively in all segments, particularly in the telephony sector with mobile penetration rate increasing rapidly. Internet usage has also increased though connectivity is expensive.

## 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 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.

There is also a lack of ICT facilities and Infrastructure on a broad scale across the nation. Investments are needed in the provision of software for the country, extension of the broadband network to reach the whole country and to provide computer access to rural students.

Technological and other support related services such as the supply of quality telecommunications equipment, ICT Equipment and Office and Network Equipment present opportunities to an investor. There are also opportunities in the following areas:

- Education in the area of software development, networking, VSAT, telecommunication and IT Engineering
- Provision of Business Solutions (software and networking services)
- Business Processing Outsourcing
- Supply of High-Tech Telecommunication Equipment
- Back Office Operations ( especially for the Financial Institutions)
- Provision of Broadband Facilities and Services
- Internet Service Provision Service
- 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

## Real Estate Development

Real Estate and Construction  
Ministry of Water Resources, Works and Housing  
P. O. Box M43, Ministries  
Accra, Ghana  
Tel.: +233 302 673701  
Fax: +233 302 673882  
Email: [info@water-mwrwh.com](mailto:info@water-mwrwh.com)  
Website: [www.water-mwrwh.com](http://www.water-mwrwh.com)

Ghana Real Estate Developers Association  
Post: P. O. Box TF 113  
Trade Fair Site  
Accra - Ghana  
Tel.: +233 302 782 531, +233 24 4318288,  
Email: [info@gredaghana.org](mailto:info@gredaghana.org)  
Website: [www.gredaghana.org](http://www.gredaghana.org)

The Ghanaian real estate market has seen significant

expansion due to the rapid growth of the Ghanaian economy and the influx of foreign investors into the country. Demand for various types of properties is on the increase and there are high prospects for companies already operating in the industry as well as those seeking to enter the industry. Immense opportunities exist in the construction of residential houses, industrial and commercial houses as well as shopping centers, hotels and hostels for tertiary institutions.

## Industry Structure

The real estate industry consists of residential, commercial, industrial and recreational properties. Commercial properties include hotels, office buildings, conference facilities, and retail space. The industry is currently dominated by residential and commercial properties with the residential property market being the most active. The industrial property market is significantly smaller in size than the commercial property market, while recreational properties are the smallest segment. The residential and commercial markets are dominated by private companies, which control over 90% of property holdings.

## Residential Properties

Formal housing supply has traditionally been the role of the Government of Ghana through major competitive providers like State Housing Corporation (SHC), Tema Development Corporation (TDC) and Social Security and National Insurance Trust (SSNIT). SHC and SSNIT have concentrated on providing blocks of flats in regional capitals such as Accra, Cape Coast and Takoradi. TDC is basically involved in site servicing and facilitating residential development.

In seeking to boost housing supply, the Government of Ghana is pursuing various programs such as the affordable housing program initiated in 2005, to build over 100,000 thousand units of affordable housing through Private, Public Partnerships (PPP) across the country. Government's efforts are being complemented by individual households and real estate developers that are providing residential housing to meet the high demand.

The government has also entered into a public-private partnership arrangement with HFC Bank Limited to construct 200,000 low-income housing units nation-wide over the next five years.

## Affordable Housing Project

The demand for housing units is mostly concentrated

within the Accra-Tema metropolis. The development of new housing estates is being spearheaded by the Ghana Real Estate Developers Association (GREDA), an umbrella organization of loosely associated private real estate developers. The top five GREDA companies that account for roughly 75% of the group's residential property development are Regimanuel Gray, Parakuo Estates, NTHC Properties Ltd, ACP Estates Ltd, and Manet Housing Company Ltd.

The priority of the government in the housing sector is the provision of affordable houses for the middle and lower income earners who form a greater percentage of those in need of houses. This policy is evidenced by the 2011 National Budget which abolished the five (5) years tax exemption hitherto granted to those in the real estate development and now limiting it to only those who partner with the Ministry of Works and Housing to provide affordable houses.

## Commercial Properties

Demand for commercial properties in Ghana has increased substantially over the past decade due to the growing presence of foreign and multinational companies seeking investment opportunities in the country. Estate developers are actively building multi-purpose commercial properties to meet the ever-growing demand.

Many owners of residential property in prime areas of Accra are converting or remodeling their properties into new commercial developments. Prime commercial areas and streets in Accra are Accra Central Business District, Airport Commercial Area, Asylum Down, Osu, Kwame Nkrumah Avenue, Kojo-Thompson Road, Independence Avenue, Spintex Road, Liberation Road, Ring Road Central, and Cantonments Road (Oxford Street). There is also demand for property in Takoradi in the Western Region as interested stakeholders in the oil industry seek accommodation for residential and office purposes.

## Industrial Properties

The development of the industrial property market in Ghana has been slow as there is a decline in manufacturing and an increase in importation of finished products into the country. The industrial property market consists mainly of factories and warehouses for rent or sale and is restricted to the North and South Industrial areas in Kaneshie, Spintex Industrial area, and Tema Industrial area.

## Recreational Properties

Recreational developments are built by private entrepreneurs interested in running the complex themselves. The Government of Ghana also owns cultural properties in all the regions to promote tourism. Predominant amongst these properties are the Accra Art Centre and the Centers for National Culture.

## Construction Finance

With the stable economic environment, there is now easy access to debt finance for construction in Ghana. Financial institutions involved in construction finance have no standardized lending conditions for applicants. Each development is considered on its own merit and depending on the risks associated with the project, the institution grants the terms of lending. Barclays Bank Ghana, National Investment Bank, Bank of Africa and HFC Bank are some of the banks offering construction finance in Ghana.

## Home Purchase Finance (Mortgage Market)

The stable macroeconomic environment in Ghana has resulted in the gradually growth in the mortgage market in the country. Funds are now available at competitive cost and pricing, enabling people to afford decent housing. Most prominent mortgage lenders in the country include HFC Bank and Ghana Home Loans, although other universal banks like Fidelity Bank, Barclays Bank, UBA and Ecobank are also offering such products.

## Tourism

Ghana Tourism Authority  
Head Office  
No. 2 2nd Avenue  
South Ridge  
P.O. Box GP3106  
Accra

Tel: +233 302 682601/682607/682608  
Fax: +233 302 682510

Ghana is fast becoming a leading destination for tourists in Africa and tourism is rated as one of the highest foreign exchange earners in the country. Efforts are under way by the government through the Ministry of Tourism and the Ghana Tourist Board to develop and support the effective management of the industry to become a major source of foreign exchange and revenue

for the development of the country.

The country boasts of historical sites, including forts and castles, cultural monuments, craft villages, beautiful nature parks and gardens, and sandy beaches that make it a unique destination for the international tourists to Africa. Ghana's greatest asset is its people who are renowned the world over for their warmth, cheerfulness, and hospitality.

## Festivals

Each year, festivals and durbars are held in various parts of Ghana, to celebrate the heritage and culture of the people. Several rites and rituals are performed and most of the celebrations are attended by entire villages and are strictly observed by the traditional elders of the respective ethnic groups. Some major festivals include Akwasidae by the Ashantis, Homowo by the Gas, Hogbetsotso by the Ewes, Damba by the Northerners and Aboakyir by the people of Winneba.

## Forts and Castles

Forts and castles dotted along Ghana's coastlines were built and occupied at different times by the traders from Europe, Portugal, Spain, Denmark, Sweden, Holland, Germany and date back to the 15th Century. Most of the castles and forts have been restored and are open to the public. The major ones include Cape Coast and Elmina Castles in the Central Region, Christianborg and Fort Castle in Accra.

## Museums and other Attractions

Ghana is home to various art and craft centers and museums. Among the attractions are the National Museum which has a display of exhibits that reflect the heritage of the country, the National Theatre with its distinct modern architecture, the Independence Square, the Kwame Nkrumah Mausoleum which is the final resting place of the first president of Ghana, Dr. Kwame Nkrumah, the Accra International Conference Centre, Ghana Academy of Arts and Science and the National Archives of Ghana.

## Beaches and Lake Resorts

Ghana faces the Atlantic Ocean and has hundreds of kilometers of fascinating beaches in the Greater Accra, Central, Volta and Western Regions. Most beaches in the country are open to the general public and with their tropical climate and beautiful environmental conditions,

they are ideal for tourists to relax. Major beach destinations include Labadi Beach, Coco Beach and the Kokrobite Beach, in Accra; Winneba Beach, Elmina Beach, Anomabo Beach and Gomoa Fetteh Beach in the Central region, Busua Pleasure beach, Princess town Beach and Miami Beach in the Western region; Keta Beach in the Volta region and Ada Beach in the Greater Accra region. Some of the popular beach resorts in Ghana are Coconut Grove Beach Resort, Biriwa Beach resort, Next Door Beach Resort, White Sands Beach Resort, Tills No 1 Beach resort and Ada Manta Paradise Beach resort.

### National Parks and Gardens

Ghana boasts of a number of national parks and gardens which are a store of spectacular wildlife and exotic plant life. The most visited ones which include The Kakum National Park in Cape Coast has a canopy walkway for obtaining a delightful view of the surrounding tropical rainforest, elephants, monkeys and other tropical species. The Aburi Gardens on the Akwapim ridge in the Eastern region is a peaceful and fascinating place with a diverse range of plant species. The Mole National Park at Damongo in the Northern Region provides an adventurous environment for visitors. It is home to a large number of different elephants, antelopes, waterbucks, hartebeests, buffalo, amphibians, reptiles and bird species, Digya National Park on the central shores of the Volta Lake, is largely savannah woodland and it is home to mammals including elephant, buffalo, water buck, hartebeest, bush pig, baboons, crocodiles and five other species of monkeys.

### Other Tourist Attractions

Other popular tourist attractions include Boabeng-Fiema Monkey Sanctuary in the Brong Ahafo region with more than 500 mona and 200 geoffrey's pied columbus monkeys which live with the people of the area, Tafi Monkey Sanctuary, in the Volta region, where the tropical forest is home to endangered, playful mona and patas monkeys.

One of the frequently visited tourist attractions in Ghana is the Larabanga Mosque in Tamale. It is believed to be one of the oldest mosques in West Africa and is the oldest mosque in Ghana.

### Lodges and Hotels

Ghana has several forms of accommodation, ranging from five star hotels to homestays. These are of good quality and can be located in all capitals, districts and

towns in the country. Five star, four star and three star hotels can be located in the Airport area, Osu, Roman Ridge, Labadi and Central Accra. Accommodation facilities of international standards can be found at popular beach destinations such as Ada Foah, Gomoa Fetteh, Elmina, Axim and Busua.

### Water Falls

Ghana has scenic waterfalls in attractive rural and forest settings along the coastal regions of the country. These waterfalls are covered by green vegetation and provide scenes of the beauty of nature. Some of the waterfalls have cages forming at their sides while other falls consist of series of falls and provide ideal ground for picnics. There are also seasonal waterfalls at Alambo and Likpe Todome in the Volta region. Some popular waterfalls in Ghana and their location are listed below:

Name of Waterfall	Location
Tagbo Falls	Volta Region
Tsatsadu Falls	Volta Region
Boti Falls	Eastern Region
Begoro Waterfalls	Eastern Region
Fuller Falls	Brong Ahafo Region
Kintampo Waterfalls	Brong Ahafo Region
Tsenku Waterfalls	Eastern Region
Wli Falls	Volta Region

*Popular waterfalls in Ghana and their location*

# Potential of the **10 regions**



## The Ashanti Region

The dominant economic activity in the region is agriculture. Other activities undertaken include mining, timber processing and industry. Cocoa is the most important export crop grown in the region and cotton production is concentrated in the savanna and transitional zones mainly around Ejura, Nsuta, Kwamang and Afrancho. Bast fibre is produced in significant quantities at Mampong, Ejura, Kofiase, Adidwan, Aframso and Amanten. Oil palm is grown all over the southern sector of the forest zone with concentrations in the Amansie, Asante-Akim, Adansi and Ejisu - Juaben districts. Food crops grown include maize, plantain, cocoyam, cassava, yam, groundnuts and vegetables.

Gold, which is the next major foreign exchange earner after cocoa, is mined at Obuasi which is the largest and richest gold mine in the country. Although it has been mined for several years, it is still believed to have large reserves. Other deposits are found at Konongo-Benemase, Attonsu, Kwakwakwa, Ntronang, Bilpraw and Akrokerry- Mampamhwe. There are deposits of bauxite at Nyinahin and diamonds and clay in various parts of the region.

## The Eastern Region

The dominant economic activity in this region is agriculture. Other activities undertaken include petty trading, inland fishing and mining. Crop and livestock production are the main activities found in most rural communities of the region. There are also commercial farms producing pineapples, colanut, cocoa, coffee and oil palm for large-scale for export. Towns and villages dotted along the Volta Lake undertake canoe fishing for a living.

Industrial establishments are located in various towns in the region. The factories produce pharmaceutical products, lumber, poultry feeds, alcoholic beverages, furniture, textiles and other hardwares.

Diamond is mined at Akwatia in the Birim South district. Diamond mining at Akwatia attracted many settlers to Oda, Akwatia and the surrounding villages, a situation, which has contributed to the rapid development of the area. The consolidated Diamond Mines at Akwatia has become a tourist attraction.

## The Brong Ahafo Region

Agriculture is the main economic activity in the region. The region has a total cultivable land area of 30,400

square kilometers out of which 3,706 square kilometers is planted with cocoa. About 71% of the region's population is concentrated in farming. Crops grown include plantain, oil palm, maize and oranges.

Industrialization is expanding with the extension of hydro-electric power to the region. Presently, notable industries include: Mim Timber Company and Scanstyle Limited both based at Mim, which produce semi-processed wood products for export; Wenchi Tomato Factory; a stone quarry at Buoku; brick and tile factories at Adantia and Tanoso; and numerous sawmills scattered all over the region

## The Central Region

The economy of the Central Region rests largely on a small-holder, more or less traditional agriculture, inland and small-scale fisheries and related activities along the coast.

The United Nations Development Program's (UNDP) assistance was sought to accelerate the development of the region and this led to a proposal for Tourism (as lead sector), urban & rural environment and enterprise development.

The tourism development component involves investments in various areas of tourism development including conservation of the region's vast cultural and historical assets and sites, i.e. conservation and rehabilitation of forts, castles and monuments, the establishment of a unique game park at Kakum and Assin Attandanso that will conserve the tropical rain forest environment and rare wildlife conservation for tourism and travel industry development.

The development program includes the rehabilitation of Elmina / Mumford Jetty and boat sanctuary, improved facilities for fish handling, curing and processing, a marine stock research centre at the University of Cape Coast (UCC) and the construction of ice-making and freezing facilities. Promotion of fishing and export of exotic fish products and pilot scheme for shrimp, lobster and squid farming are also aspects of the UNESCO assisted development scheme.

Other projects include expansion of tree crop farming (fruits for export and to support tourism industry, agro-forestry), creation of farmers services companies and small-holder salt production scheme.

The urban/rural renewal component covers improvements



to coastal and tourism towns and general rehabilitation of basic services including waste management. Those under enterprise development component involve support for the region's Intermediate Technology Transfer Unit (ITTU) to support the expansion of the informal sector's chain of micro-entrepreneurs, small-scale salt and allied chemical production, Kaolin and allied products, small-scale gold mining and the establishment of palm oil/kernel refinery.

Consequent to the approval of these proposals, the Government and the UNDP have signed the projects document and implementation of the development plan will soon take off.

## The Greater Accra Region

The location of Accra and Tema in the region has made Greater Accra the industrial center of the country. The region boasts of more than 200 major manufacturing industrial establishments employing some 22,060 persons. Most of these establishments including an oil refinery are located in Accra and Tema. For this reason, the region consumes about 46.5% out of the total electricity generated in the whole country. Accra and Tema also are the largest market area for the country's manufactured products.

The location of the country's largest port at Tema, the relatively well developed infrastructure and good industrial atmosphere within Accra and Tema have undoubtedly helped to increase the growth of industrial establishments in the region.

Fishing plays a major part in the region's economy. There are about 30,000 fishermen in the region a third of the total number of fishermen in the country. Among the main fishing villages are Ada, Loi, Pute, Azianya, Accra, Teshie, Nungua, Tema, Kpone, Prampram, Bortianor, Ningo and Ahwiam. The commonest fish in the region are trigger, sole spade, cassava, burrito, sardine and seabream.

Fishing is controlled by the small-scale canoe fishermen, notwithstanding the construction of the fishing harbor in Tema and the emergence of such big fishing establishments as Mankoadze, State Fishing Corporation, Ocean Fisheries, Kaleawo Enterprise and Afko Fisheries.

Farming is a major economic activity of the rural areas of the region. Apart from the small-scale farms held by individual families, there are some 20 commercial crop farms and 25 livestock farms. The main crops grown in the region are cassava, maize, groundnuts, vegetables,

beans, cowpeas, coconut, pineapples, onions and shallots.

The region is among the few in the country where livestock is reared because the vegetation is mainly grassland and less infested by tsetse flies. Cattle is, therefore, reared in settlements around Agortor, Dawa, Afienya, Moble, Gbecheli, Katamanso, etc, in the central part of the region. There are, however, a few commercial ranches like the Bank of Ghana Cattle Ranch at Shai Hills and Sam & Sam Farms. The breed mostly reared is West African short-horn type which is small, hardy, resistant to ticks and drought, but takes six years to reach maturity. The rest of the livestock farming are mostly poultry, sheep and goats.

## The Northern Region

Farming is the main occupation of about 70% of the people in the region. Among the crops grown are maize, rice, sorghum, yams, tomatoes and cotton and tree crops such as sheanut, and kapok. Rice is cultivated mainly in Walewale, Tamale, Damongo, Salaga and Yendi. Groundnut is cultivated extensively around Tamale, Bimbilla, Yendi and Walewale. Guinea corn is also grown extensively in the region. The cultivation of rice and groundnut is mostly done on commercial basis. Livestock rearing in the region forms an important part of the economic activity of the area. Industry is agro-based in the form of processing agricultural produce such as groundnuts into edible oil and sheanut into shea-butter. Several rice mills operate in the area. Non-agro industries are minimal in the region, mainly due to the poor mineral resource base of the area.

Feasibility studies indicate the availability of high quality limestone deposits at Bog-Da near Gambaga and Buipe which can be used in the manufacture of Portland cement. Sheini in the Zabzugu-Tatale District is also noted to have iron ore deposits. There are also substantial deposits of clay at Kukuo, Yong, Nabari, Kpaligu and Bewna. Bricks made from this clay are said to be suitable for the climatic conditions of the north.

Places of interest abound in the Northern Region and so are many customary and cultural practices. The Regional Centre for National Culture at Tamale and its craft shops, as well as the weaving industry at Jekarayili are some of the attractions for tourists. Handicrafts are a popular occupation of the people. Weaving, carving, tanning and pottery are still done using age-old traditional methods. The waterfalls of Dung and Nankpanduri are year-long attractions while the Greenwich Meridian runs through

Yendi. The Mole –Game Reserve and the Larbanga Mosque are some of the tourist attractions in the region.

## The Upper East Region

The region is predominantly agricultural with about 70% of the economically active population engaged in livestock rearing, farming or fishing. Food crops cultivated are rice, millet, sorghum and groundnuts. Areas with the greatest potential for agricultural development are the Gbedemblisi and Wiesi valleys. The valleys are the “rice bowl” of the region with high potential also for the cultivation of cotton, groundnuts and legumes.

The region has two big irrigation projects located at Tono and Vea with developed areas covering 2,490 hectares and 850 hectares respectively. Crops grown include paddy rice, tomatoes, onions, millet, groundnuts, sorghum and maize. There are other 172 dams and dugouts scattered over the region.

Having predominantly savanna vegetation, the region possesses the basic natural requirements for livestock and poultry production. The region produces about 25% of the nation’s cattle herd and a sizeable percentage of sheep and goats.

The three major manufacturing establishments in the region are the Tomato Canning Factory at Pwalugu, the Meat Processing Factory at Zuarungu and the Rice Mill in Bolgatanga. There is also a stone quarry at Pwalugu and a granite and marble factory at Tongo. On a smaller scale, the inhabitants undertake smock weaving, leatherwork, pottery, and sheabutter and groundnut oil extraction.

## The Upper West Region

Over 80 % of the population is engaged in subsistence agriculture with staples such as guinea-corn, millet, rice, yams, beans, groundnuts, and cowpea.

At present, about 80% of total production is consumed locally while guinea-corn and beans are exported to other parts of the country. Cotton and sheanut mainly produced by the peasant farmers constitute the major cash crops of the region. The Upper West Region alone produces 40% of the nation’s total cotton output whilst in the sheanut industry; this region and the Northern Region are the major producers of shea butter with over 22 purchasing centers. The savannah vegetation which is congenial to animal husbandry places the region in a good position to produce cattle, goats, sheep and poultry.

There are a number of local industries such as pottery, shea butter processing, groundnut oil extraction, soap-making, cloth and smock weaving.

## The Volta Region

The economy of the region depends on agriculture which provides employment for over 60% of the inhabitants. The major food crops are cassava, maize, rice and yam. The region leads in the production of cassava and is the third largest producer of maize, next to Brong-Ahafo and Ashanti. It is second to the Northern Region in yam production, while remaining unrivalled in the production of shallots.

Commercial crops are cocoa, coffee, cotton, sugar-cane, citrus fruits and pineapple. The region contributes 13% of Ghana’s marine catch and 75 % of fresh water catch. Special catches for which the region is famous are anchovies, shrimps and oysters.

## The Western Region

About 51.1% of the population in the region is engaged in the agricultural sector where the soil types are suitable for a wide range of crops notably cocoa, coffee, rubber, oil palm, citrus, coconut, rice, cocoyam, plantain, cassava and vegetables. The region is the leading producer of cocoa in the country. Another agricultural activity in the region is fishing, with an average annual total catch of about 49 metric tons. Locating the oil rig off Cape Three Points and the embargo on fishing within the confines of the rig may have adverse effects on the fishing industry.

The concentration of high forest in the region is the basis for the corresponding high production of timber and timber products. Indeed, the region is the leader in the timber industry, producing about 42% of Ghana’s annual output.

The region is one of the three most industrialized, the other two being Greater Accra and Ashanti. The industrial capacity of the region is due to the two strong industrial centers, namely Sekondi-Takoradi and the mining areas around Tarkwa and Prestea.

The major industrial establishments, with only a few exceptions process agricultural, forest and mineral products. Most of the industries derive a greater part of the raw materials from the region, with a small portion coming from outside.

Prominent among the lines of production of the industries are cocoa and tobacco products, edible and

industrial palm oil, paper products, rubber tire and tubes, cement, flour, aluminum products, furniture and corrugated iron sheets.

The recent discovery of oil off the coast of Ghana has made Takoradi the fastest growing city in Ghana.

# Investment and Legal **Framework**



## Why Do Business in Ghana?

The government is committed to implementing policies that reduce the general cost of doing business in Ghana and to promote investor confidence in the country. With a stable multi-party government that is committed to market liberalization, Ghana has been ranked as one of the most attractive locations for doing business in Africa. Other factors that make Ghana a competitive investment destination include:

- A sound macroeconomic environment
- Immediate access to all markets of the Economic Community of West African States (ECOWAS)
- 100% foreign ownership is permitted
- On-going privatization in key economic sectors
- On-going infrastructure development
- Expanding stock market
- Competitive labor force
- Availability of skilled and trainable labor
- Quota-Free access to USA & European Union markets.
- Export-free zones where goods traded with other countries are exempt from customs duties and laws
- Fast developing financial infrastructure
- High degree of personal safety and
- Warm and friendly people

## Starting a Business in Ghana- Process, Time and Cost

### Domestic Laws

Laws governing the establishment of business in Ghana are in accordance with the provisions made in the following legal legislation:

- The Companies Code, 1963 (Act 179)
- The Partnership Act, 1962 (Act 152)
- The Business Name Act, 1962 (Act 151)

The investor, whether a Ghanaian or a foreigner, who wants to establish a resident business entity has to register with the Registrar General's Department (RGD) under one of the Acts named above except where the entity is to operate in the country as a representative of non-resident business entity. In that case it does not go through the process of incorporation under Act 179 but simply submits the required documents to the Registrar who registers them in the register of External Companies.

### Investment Legislation

The legal framework for investment in Ghana is regulated by different agencies in the economy. These are:

- Registrar General's Department
- Ghana Investment Promotion Council (GIPC)
- Ghana Immigration Service (GIS)
- Ghana Revenue Authority (GRA)
- Environmental Protection Agency (EPA)
- Ghana Free Zones Board
- Petroleum Commission

### Investment Procedures

The first step for an investor wishing to invest in Ghana is to register with the Registrar General's Department. The department charges a fee of 0.5% of the company's stated capital. The official processing time lies between three to five days, after which the company will receive the certificate of incorporation and certificate to commence business.

After incorporation, companies that are partly or fully owned by foreigners have to register with the GIPC. Registration is completed after companies have met the minimum equity requirements depending on their structure.

The required equity can be brought into Ghana either in money or kind (goods, plant and machinery, vehicles or other tangible assets). Money can be brought in cash or transferred into the account of the incorporated company at a Ghanaian commercial bank. The bank must confirm the transfer to the Bank of Ghana, which subsequently informs the GIPC. Documents relating to equity in kind such as bill of lading, invoices and others which are confirmed by the Customs Division of GRA must be presented to GIPC.

### Registrar General's Department

The Registrar General's Department is the organization that registers all companies, societies and institutions in Ghana and issues certificates of incorporation and commencement of business to newly formed companies.

### Ghana Investment Promotion Centre (GIPC)

Ghana Investment Promotion Centre was set up to initiate and maintain a favorable environment for both Ghanaian and foreign investment in Ghana. The GIPC was established under the GIPC Act as the government agency responsible for overseeing investments in all sectors of the economy except mining, petroleum, free zones and portfolio investments. Investments in the mining and petroleum sectors are licensed by the

Minerals Commission and the Ministry of Mines and Energy respectively while that for Export Processing Zone and portfolio investments are administered by the Ghana Free Zones Board and Ghana Stock Exchange respectively.

## Ghana Immigration Service

Ghana Immigration Service is the governmental authority that grants work and/or residence permit. It also handles re-entry visas, extension of visitor's permit and visa on arrival to visitors in Ghana where there is no Ghanaian Embassy or consulate abroad.

## Ghana Revenue Authority (GRA)

The Internal Revenue Service, Value Added Service (VAT) and the Customs Excise and Preventive Service which were separate revenue agencies, until about the last quarter of 2010 have been merged to form a single entity, the Ghana Revenue Authority (GRA). The Ghana Revenue Authority has three divisions: Domestic Tax Revenue Division, Customs Division, and the Support Services Division.

The Customs Division is responsible for collecting customs duties and excise whereas the Domestic Tax Revenue Division takes care of income tax and VAT/NHIL. The Support Services Division is responsible for all internal functions such as finance and administration, legal, human resource etc. Each of the three divisions is headed by a Commissioner who reports to the Commissioner-General.

Any investor in Ghana will necessarily have to register at one of the GRA offices to pay one tax type or another.

## Environmental Protection Agency (EPA)

Environmental Protection Agency is in charge of issuing the necessary environmental permits to companies operating in environment sensitive areas of various fields. The investor will often be required to submit an environmental impact assessment report.

## Free Zones Act

Any investor who will be producing to export at least 70% of total output can take advantage of the Free Zones Act to get located within the Free Zone Enclaves at Tema or Sekondi. Boankra in the Ashanti region is being developed as a third free zone enclave. This will be after going through the registration processes already described above and then making an application to the

Free Zones Board to be a free zone enterprises. Some of the privileges for free zone enterprises are the exemption from tax of import into the free zone as well as duty and other taxes on exports to foreign countries by free zone enterprises. Free zone enterprises are exempt from corporate tax for a period of 10 years, and thereafter the corporate tax shall not exceed a maximum of 8% of the profit.

Depending on the field of operation of the company, additional registration may be necessary with other regulatory bodies.

Ghana Investment Promotion Center keeps track of all investments in the country while the Free Zones Act regulates enterprises that export at least 70% of their produce and have been registered as free zone enterprises.

## Petroleum Commission

This is a body set up by the Petroleum Commission Act, Act 821, to regulate and manage the utilization of petroleum resources and to co-ordinate the policies in relation to them.

Among others, the Petroleum Commission is to:

- Recommend to the Minister national policies related to petroleum activities
- Monitor petroleum activities and carry out the necessary inspection and audit related to the activities
- Receive applications and issue permits for specific petroleum activities as required under petroleum laws and regulations
- Promote local content and local participation in petroleum activities as prescribed in the Petroleum Exploration and Production Act 1984(PNDCL 84) and other applicable laws and regulations to strengthen national development.etc

## Ghana National Petroleum Corporation (GNPC)

The Ghana National Petroleum Corporation was established by the Ghana National Petroleum Corporation Act, 1983(PNDCL 64)

### The Mandate

GNPC was established as a state-owned entity and given legal backing "to undertake the exploration, development, production and disposal of petroleum."The PNDC Law 84 establishes the legal framework governing

the contractual relationship between the State, GNPC and the prospective investor in upstream petroleum operations.

The corporation was established with the following objects:

- To accelerate the promotion of petroleum exploration activities to ensure early commercial discovery and production
- To undertake the appraisal of existing petroleum discoveries to ensure production to meet national requirements
- To ensure that Ghana obtains the greatest possible benefits from the development of its petroleum resources
- To obtain the effective transfer to Ghana of appropriate technology relating to petroleum operations
- To ensure the training of citizens of Ghana and the development of national capabilities in all aspects of petroleum operations; and
- To ensure that petroleum operations are conducted in such a manner as to prevent adverse effects on the environment, resources and people of Ghana.

With establishment of the Petroleum Commission, GNPC ceases to exercise any advisory functions in relation to the regulation and management of the utilization of petroleum resources and the coordination of policy in relation to that function.

## Expatriates

Foreign investors are given expatriate quota depending on the equity capital each invested in the business. However there is an opportunity to apply for an increase in the number of the expatriate staff depending on one's circumstances. After registration with the GIPC, companies can apply for residence permit for their permanent expatriate staff.

## Investment Incentives and Guarantees

Investment incentives are used by governments to attract investors to sectors of the economy that require stimulation to grow. Some geographical areas of the country may also be targeted for investment in order to generate employment. Such incentives are found in various legislations such the GIPC Act, Free Zones Act, and the Petroleum and Mining Laws. Investment incentives can also be found in the revenue laws.

The GIPC Act protects the businesses of investors from nationalization or appropriation by any government. Where such step is to be taken, it can only be done by law and should be in the national interest. In such a case, adequate compensation will be paid. No individual can also be compelled to cede his interest in any investment to any other person. Transfer of profits, interest or dividends arising from any investment are also guaranteed by the GIPC Act.

Paid Up Capital and Related Quota of Expatriate Staff	
Paid Up Capital Required (US\$)	Quota of Expatriate Staff
10,000- 100,000	1
100,000- 500,000	2
500,000+	4

# Ghana's Tax **System**





## Ghana Revenue Authority

The tax types in Ghana that investors will encounter are Corporate Tax, Withholding Tax, Capital Gains Tax, Value Added Tax/NHIL, Employment Tax, Dividend Tax and Excise and CST.

### Corporate Tax

Income tax incentives are provided under the Internal Revenue Act, 2000 (Act 592), as amended. Depending on the sector and location in which it operates, it is liable to pay tax at rates lower than the general corporate tax rates.

### Withholding tax

All companies are obliged to withhold tax from specific payments to other persons. The Withholding Tax is on contract payments in excess of GH¢500. The rate varies from 5% to 15% depending on whether the person is resident or a non-resident, and on the type of transaction.

### Capital Gains Tax

Capital gains tax of 15% is payable on gains from the realization (disposal) of chargeable assets. This includes business and business assets, buildings, lands, rights or interests in stocks or shares, or other assets declared as taxable for capital gains tax purposes. Gains from agricultural land and securities of companies listed on the Ghana Stock Exchange are nontaxable. However, the following are exemption from capital gain tax:

- Gains with a scrap value of GH¢50
- Gains derived by a company out of a merger, amalgamation or re-organization where there is continuity of underlying ownership in the asset of at least 25%
- Gains resulting from transfers of ownership of asset to close relatives or to former spouses as part of a divorce settlement or separation agreement and
- Gains used to acquire asset of the same nature within one year.

### Value Added tax /National Health Insurance Levy

The Value Added Tax Service (VAT Service) is responsible for the collection of VAT and National Insurance Levy (NHIL). However, the Customs, Excise and Preventive Service (CEPS), collects the tax on behalf of the VAT Service on imported goods.

A VAT rate of 12.5% and NHIL rate of 2.5 % (15%) is chargeable on all transactions that attract the tax.

Companies and exporters obliged to pay VAT must register with the VAT Service. Registered companies are obliged to file a tax return and pay VAT every month.

Goods and services exempted from VAT include:

- Food produced in Ghana and brought in its raw state
- Petrol, diesel and kerosene
- Equipment for agriculture and fishing
- Housing (ownership and rental)
- Transport

### Customs Duty

Agricultural and industrial plant, machinery and equipment imported for investment purposes are exempted from customs import duty. All import duty-exempted goods however, attract processing and/or other related fees or levies ranging between 0.5% and 1.0%, with the exception of goods imported specifically for the educational, health and agricultural sectors.

Commercial buses with seating capacity of above thirty passengers, workshop vans, breakdown vehicles, mobile showrooms, ambulances, hearse and motor bikes are also exempted from the payment of import duty.

However, certain types of vehicles attract both import duty and Value Added Tax and National Health Insurance Levy at a combined rate of 15%, except ambulances.

### Domestic Tax Taxation of Individuals

Individuals pay tax on their income at the graduated rate from 0 through 5%, 10%, 17.5% and 25%. Any income above the 17.5% band is taxed at 25%. Sole Proprietorships and partners of partnerships also pay tax at the graduated rate.

Individuals enjoy tax reliefs such as child education relief, old age relief, aged dependant relief, marriage or responsibility relief, and disable relief. Individuals who have life insurance policy get relief for the premium paid for the policy. Those who pay social security and national insurance trust contribution get relief for the amount contributed. Employers also get relief for the additional contribution they make on behalf of their employees.

The income tax of Ghana is based on the source principle and that explains why persons are taxed on income derived from Ghana or accrued in Ghana. In addition to the source rule the individual should be resident in Ghana to have income received in Ghana or brought into Ghana, taxable in Ghana.

For purposes of payment of assessment of annual income tax, an individual is resident in Ghana where she/he has lived in Ghana for at least 183 days in any 12 month period. This residence criterion is varied in the case of foreign employees who come into the country as employees for less than the 183 days.

## A. Corporate Tax

Resident companies in Ghana pay corporate tax at 25% on their profits. By the Internal Revenue Act, (ACT592) a company is a resident company in Ghana for a year of assessment if it is either incorporated under the laws of Ghana, or has its management and control exercised in Ghana at any time during the year of assessment.

Corporate Tax Rates	
General	25%
Hotels	20%
Tax Rate for Non-traditional exports, Rural Banks after 10year tax holiday, and Free Zone Enterprises	8%
Tax rate for income of financial institutions from loans granted for farming enterprise	20%
Petroleum Operations	Not Exceeding 50%

After tax holidays, agro processing enterprises and manufacturers of cocoa by-products attract different corporate tax rates depending on their location as shown below:

- Accra and Tema- 20%
- Other Regional capitals except Northern, Upper East and Upper West- 10%
- Northern, Upper East and Upper West- 0%
- Outside Other Regional Capitals- 0%

## B. Tax Incentives

Tax holidays

Companies operating in different sectors of the economy are granted tax holidays as shown below.

Tax Holidays	
Free Zone Enterprise	First ten years of operation.
Enterprises that pre-finance real estate	First ten years of operation
Tree Crops	First ten years from 1st harvest
Livestock, Fish and Cash Crops	First five years from commencement
Cattle	First ten years from commencement
Agro-Processing Business established after 1/1/2004	First five years
Production of Cocoa By-Products from cocoa waste or substandard cocoa beans	First five years
Companies processing waste including recycling of plastic and polythene material for agriculture or commercial purposes.	First seven years

## Location Incentives

Companies operating in the manufacturing sector are entitled to tax rebates, depending on their location. The income tax rebate allowable to manufacturing business operating in regional capitals other than Accra and Tema is 25% of the applicable income tax rate of income while those in other locations other than Accra and Tema is 50% of the applicable tax rate.

## Capital Allowances

Capital allowances are granted for depreciable assets owned by a person at the end of its basis period. The asset pooling system is used in the computation of capital allowance. Based on this system the assets are grouped into six classes of depreciable assets. Each class of assets has its own depreciation rate. Classes two and four assets are depreciated on a reducing balance basis. Classes three, five and six are depreciated on straight line basis.

Capital Allowances		
Class	Qualifying Assets	Depreciation Rate
1	Computers and data handling equipment	40%
2	Motor vehicles, construction & earth-moving equipment, heavy duty trucks, manufacturing plant and equipment, capital expenditure on long term crop planting	30%
3	Mineral and petroleum exploration and production rights, building and structures used in connection with 2(i) above, plant and machinery used in mining or petroleum operations	20% on straight line basis
4	Railroad cars, locomotives and equipment; water transportation vessels and equipment; aircraft; office furniture fixtures and equipment	20%
5	Building structures and works of a permanent nature	10%
6	Intangible assets	
Petroleum Capital Allowances	Life of asset/10%	

Taxpayers are obliged to notify the Commissioner of Internal Revenue of any new assets acquired within one month after the assets have been put to use in the business. Unutilized capital allowances can be carried forward indefinitely but cannot be transferred either separately or together with a depreciable asset i.e. upon the sale or transfer of the asset.

### **Carry Forward Losses**

Losses from farming, mining, and manufacturing mainly for export, agro – processing, tourism and ICT (Software Development) can be carried forward for five years.

### **Insurance Against Non-Commercial Risks**

Ghana is a signatory to the World Bank’s Multilateral Investment Guarantee Agency (MIGA) Convention. This Convention guarantees coverage (insurance) against non-commercial risks such as transfer restrictions, breach of contract, expropriation, war and civil disobedience.

### **International Agreements**

These international agreements are signed to promote business transactions between Ghana and the other parties to the agreements.

### **Double Taxation Agreements**

Ghana has signed double taxation agreements (DTAs) with some countries to facilitate cross-border trade and investment and create an enabling environment for foreign direct investment in flows to Ghana and the respective countries. Currently, it has such agreements with France, The United Kingdom (UK), Belgium, Italy, Germany, South Africa, Switzerland and the Netherlands.

### **Investment Promotion and Protection Agreements**

Ghana has signed Bilateral Investment Protection Treaties with twenty one countries. Currently, countries with whom the agreements have been signed and ratified are UK, China, The Netherlands, Denmark, Germany, The Swiss Confederation and Malaysia. The countries with whom agreements have been signed but awaiting ratification are La Cote d’Ivoire, Egypt, The United States of America (US), France, Zambia, Cuba, Yugoslavia, Mauritania, Guinea, South Africa, Benin, India and Burkina Faso.

Countries with agreements pending are South Korea, Canada, Pakistan, Ethiopia, Israel, Turkey, Jamaica, Nigeria, Belgium, Indonesia, Philippines, Mauritania, The Czech Republic, Australia, Singapore, Morocco, Togo, Finland and Spain.

### **African Growth Opportunities Act (AGOA).**

Ghana has signed up to AGOA as a means to promote trade and investment between her and the US. The Government of Ghana initiated measures to encourage farmers and local exporters to take advantage of the opportunities offered by AGOA. One of such initiatives was the President’s Special Initiative (PSI) for cassava industrial starch, textiles, garment and apparel production for export. Small-scale businesses were resourced and trained to link up with the PSI companies to produce directly for the US.

Ghana’s main export to the US consist’s of forest products, agricultural products, energy-related products, minerals and metals, textiles and apparels, chemicals and related products, footwear, machinery, transportation equipment, and manufactured goods and electrical products. Exports are gradually increasing after it had declined in 2008 mainly due to the global economic recession.

### **Financial Services Free Zone Export**

In line with government’s vision to boost economic growth through the private sector, it set up the Free Zones Program in 1996 to promote processing and manufacturing of goods through the establishment of Export Processing Zones (EPZs). Two export processing zones (one in Tema near Accra and the other in Sekondi near Takoradi, the capital of the Western Region) has been established by the government of Ghana. A third one in Boankra in the Ashanti Region is being developed. The Ghana Free Zones Board (GFZB) was established under the Free Zone Act 504 (1995), to promote, facilitate, monitor and regulate investments under the program.

Every company can apply for a status of a single free zone company, provided it sells 30% of its products to the local market and exports 70%.

## Incentives

Companies in the Free Zone are totally exempted from payment of duties and levies on all imports for production and exports from free zones. There is also an exemption of income tax for the first ten years of operation and thereafter income tax rate is capped at 8 %. Furthermore, they are not required to obtain import licenses and are totally exempted from payment of withholding taxes from dividends and are relieved from double taxation for foreign investors and employees.

## Import and Export Rules

### Exports

Procedures and requirements for exporting goods from Ghana depends on the kind of goods exported. Exports are categorized into traditional and non- traditional exports. Traditional exports include cocoa, timber, gold, minerals and electricity. Non- traditional exports include agricultural products, fish, aluminium products and textiles. Exporters are required to register their companies with the Registrar General's Department and GIPC to obtain a number.

Exporters are also obliged to complete foreign exchange forms from the Bank of Ghana, Customs Entry forms and certificate of origin from CEPS. Permits or certificates must also be obtained from relevant institutions like the Ghana Standards Board.

Prohibited exports are narcotics, parrots and Ghanaian currency in excess of GH¢ 5,000. There are also restrictions on the export of antiques, precious minerals and live plants. Permits to export these must be obtained from the relevant regulatory agencies such as the Museums and Monuments Boards, Precious Minerals Marketing Corporations and Ministry of Agriculture respectively. General documents required for exports include:

- Original Bill of Lading/Airway Bill
- Attested Invoice (Customs # C.61)
- Packing List
- Import Declaration and Valuation Report (FCVR)
- Tax Clearance Certificate (Domestic Tax Division of Ghana Revenue Authority)
- Taxpayers Identification Number (TIN)
- Permit and License from Relevant Institutions

## Imports

In Ghana, all imported goods attract an import duty and import VAT. (See Domestic Tax System for details). Goods like aircraft and aircraft parts, advertising materials, infant food and machines or plant for agricultural purpose are exempted from import duty.

Prohibited imports are narcotics, animals and dangerous weapons. These are only allowed if the competent Ghanaian authorities have issued the necessary permits or certificates. For drugs, permit must be obtained from the Ministry of Health; for animals, Ministry of Food and Agriculture and for weapons, from the Ministry of Interior.

Three additional fees and levies are paid on imported goods. These are an inspection fee of 0.5% of the value of the imported goods, a 1% ECOWAS levy, and a 0.5% fee for the financing of the Ghanaian Export Development and Investment Fund (EDIF).

## Duty Drawback

This gives an exporter the opportunity to receive a refund on import duties after he has re-exported previously imported products (Same-state drawback) or import duties paid on raw materials used in the production of finished goods and exported (Material drawback). The drawback process commences when goods have been duly re-exported and a Ghana Customs export document endorsed by the Customs authorities in both the exporting and importing countries or a "landing certificate" from the importing country (when required) is produced. An application form must be accompanied with the following documents:

- Certified copies of the import documents
- Import duty payment receipts (certified copies)
- Drawback Debenture Form (Form C3)
- Statement of Composition Form (Form C2A) in case of Material drawback

There is a twelve-month time frame beginning from the date of the first export within which the duty drawback can be claimed. It is advised that claims are put in quarterly. The Government of Ghana has established an escrow account with the Bank of Ghana into which monies are paid for the purpose of satisfying the duty drawback needs of exporters.

## Temporary Importation of Goods

Certain goods imported into Ghana can be conditionally relieved from the payment of import duties. Such goods must be imported for a specific purpose and must be intended for re-exportation within three months, either in the state in which it was imported or after having undergone specific processing or repair. Conditions to be met for the tax relief on temporary importation of goods include:

- Goods must be declared at importation that they are imported only temporarily and will be subsequently re-exported
- A Form C59 must be filled
- A cash deposit or a bond to cover the potential duty and tax liabilities (if any) must be given
- Goods must be exported within three months or such further period as the Customs Officer may allow
- Goods must not be disposed of in the country without prior permission of the Commissioner

## List of Items that Fall Under The Temporary Importation Regime

1. Commercial travelers samples
2. Goods for local exhibition or entertainment and stage properties.
3. Goods imported solely for repairs or renovation
4. Motor vehicles including trailers or cycles without engines and their accessories.
5. Touring propaganda material, which are not prohibited
6. Any goods imported by a tourist and intended for his use, convenience or comfort while in the country but not for his consumption while in the country.

