

Nana Addo Dankwa Akufo-Addo was elected in 2016 after a long career of political involvement.

High levels of investment have Ghana ready to play a significant role in the oil export market.

With new government initiatives the agriculture sector is poised to transform the economy.

the business year



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“The mobile market in Ghana still has growth potential and displayed stable signs of organic subscriber uptake in 2016.”

Ramy Hashem
Country Senior Officer,
Nokia Ghana

“This new government focuses on developing entrepreneurship in Ghana by increasing the number of factories, which directly increases employment.”

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Volkan Büyükbiçer
Country Manager, Karpowership
Ghana Company Limited



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“Our plan is to expand, be more focused on export processes, and consolidate our share of the market.”

Michel Ghajar
Operations Manager,
Takoradi Flour Mill

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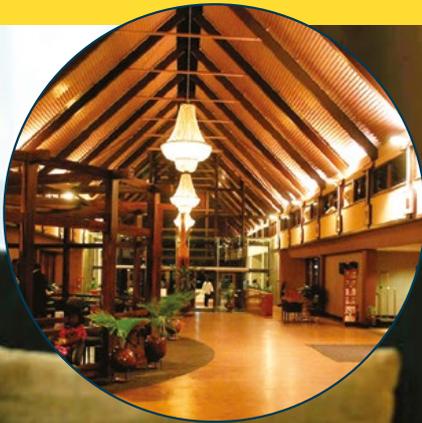


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GHANA
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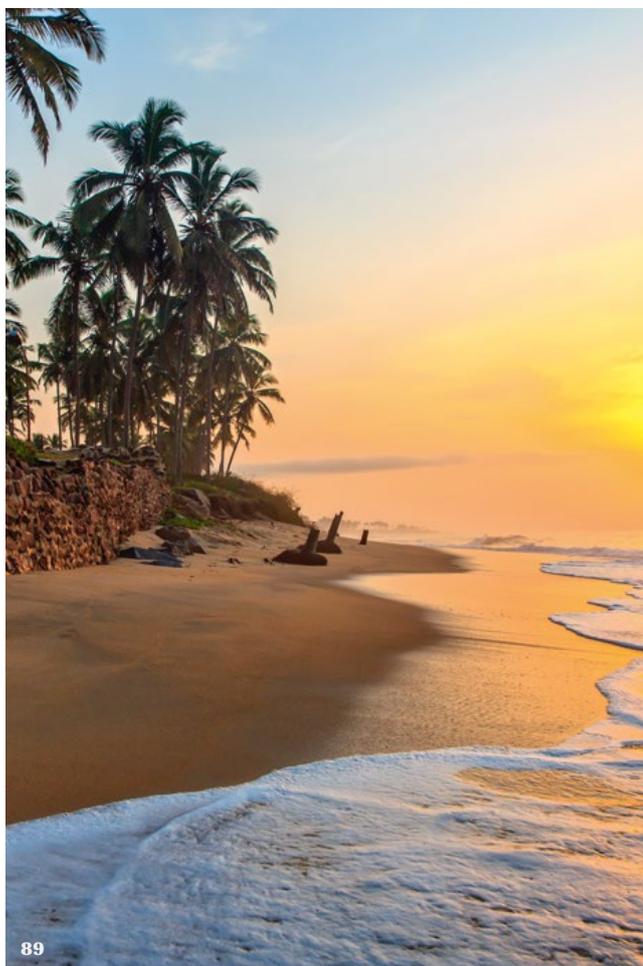
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Ghana recently enjoyed a peaceful transition of power, and while the mood is good the country has long-term economic issues that it must address.

Year in Review

Ghana's new president, Nana Akufo-Addo, has promised to cut waste across the public sector and tackle the country's budget deficit. The government hopes to bring the fiscal deficit to 6.3% of GDP by the end of the year, a target many analysis expect will be met. The country is currently considered at high risk for debt distress, and any additional, unforeseen economic roadblocks could result in a significantly negative impact on debts.

That said, 2017 was a good year for Ghana, with the economy expanding in the 6% region, supported mostly by a boost in oil production.

Other significant sectors include agriculture, which grew by 7.6% in 2016, compared to 5% the previous year; the World Bank cites successful harvests with crops and cocoa as well as fisheries. The services sector saw a decline in growth, from 6.6% in 2016 to 3.7% for 2017, with stagnation in the finance, information, and communication sectors to blame. Throughout the same period in 2017, all non-oil growth fell to 3.9% from 6.3% YoY.

The country's recent economic stabilization has benefitted to citizens throughout the country and has worked to improve living conditions considerably in rural areas. However, the country's informal economy is still a giant, especially in areas where infrastructure is not as advanced as the capital and major cities and where development is still needed. According to the Ghanaian paper Daily Guide, of the country's more than 25 million citizens, only about 1.5 million are taxpayers, and approximately 70% of the economy is deemed informal. One way of ensuring the country's long-term economic stability would be to reverse this dynamic and bring more citizens not only into the formal economy, but also to the realm of tax paying.

Ghana's aforementioned new president, sworn in in early 2017, represents Ghana's fifth peaceful transfer of power since 2000. Akufo-Addo has been quick out of the gate, making good on campaign promises by sending a huge trade delegation to China to secure a USD10-billion deal to extract bauxite in exchange for extensive rail and infrastructure development. Elsewhere, friction with Nigeria continued in regards to Nigerian import controls on Ghanaian products and the quality of private Ghanaian educational facilities servicing Nigerian students. On a more positive note, the countries' respective leaders met in the Ni-

gerian capital of Abuja in June 2017 to hold talks on a number of key bilateral issues, including but not limited to the July 2017 African Union (AU) Summit in Addis Ababa, ongoing negotiations regarding the Continental Free Trade Agreement (CFTA), and how to renew the Ghana-Nigeria Permanent Joint Commission for Cooperation.

Ghana has hedged much of its economic future on its oil resources. In a moment when some of the world's largest oil producers are looking to a future without oil, Ghana is bucking the trend and rededicating itself to oil production. Still fairly new to the petroleum industry, Ghana's production is small in absolute terms but has grown significantly in recent years. New offshore fields recently came on-line, and exploration is underway at a number of other sites. The recent fall in oil prices has led to a dip in revenue, but analysts are still optimistic about the future of the industry in Ghana, praising its well-constructed regulatory structure and social stability. The industry is projected to become the fourth largest in Sub-Saharan Africa by 2020, but the challenge facing Ghanaian officials will be to ensure that it develops in such a way that contributes to the welfare of the larger population.

Far from the oil fields, Ghana is also hoping that tourism can be a significant revenue earner down the line. Ghana has everything that people look for in a prospective African holiday; unfortunately, the numbers do not yet reflect the potential, so the government has embarked on a comprehensive marketing campaign to put the country on the map. The National Tourism Development Plan 2013-2027, the nation's first 15-year tourism plan, covers everything from hotel taxes to marketing. At the forefront of the plan is creating more jobs in the country. As the sector continues to grow, surplus labor will be required, and the government hopes that this demand will translate to close to 500,000 new jobs, both direct and indirect, by the end of the plan.

Ghana, as one of Africa's better democracy success stories, has a strong foundation to build on. Having come late to the oil game, it will be careful not to rely too heavily on the promise of the black stuff; yet like many developing markets, it needs to significantly boost formality if it is to build a strong, sustainable revenue base from which to invest in growth long term. ✘

GDP PER CAPITA (2016)

USD1,513

INFLATION (2017)

11.8%

SOURCE: THE WORLD BANK, STATISTA

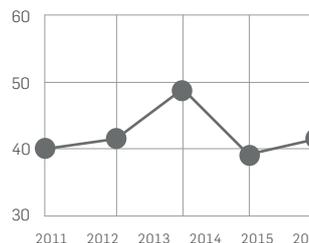
TRADE BALANCE (USD BN)

SOURCE: FOCUS ECONOMICS



GDP (USD BN)

SOURCE: THE WORLD BANK



THE BUSINESS YEAR IN GHANA

Ghana started 2017 with a new president, and it was anything but an uneventful 12 months. From celebrating 60 years of independence to the first-ever West African Airshow, there was plenty for observers to follow.

JANUARY 7, 2017

Nana Addo Dankwa Akufo-Addo takes the oath of office during a swearing-in ceremony in Accra, becoming the 15th President of the Republic of Ghana.

MARCH 3, 2017

Airtel and Tigo announce their merger will happen later in the year. The decision seeks to pose the new entity as a serious competitor to market-leader MTN, which holds over half of the market share.

MARCH 6, 2017

The country celebrates its **60th year of independence** from British colonial rule, which lasted 113 years.



SEPTEMBER 1, 2017

Free senior high school policy takes effect as the government maintains one of its main electoral campaign promises.



JULY 8, 2017

The **Ghana National Petroleum Corporation** discloses that it has commenced processes to relocate the company's operations to Takoradi in the Western region.

MAY 19, 2017

The **Ministry of Trade and Industry** receives its **150th proposal** from private players on partnering in the One District, One Factory flagship policy. Interest has come from both foreign and local investors, and includes business plans and feasibility studies.

SEPTEMBER 12, 2017

Capital requirements are announced, pushing banks to increase their stated capital, income surplus (typically termed retained earnings), statutory reserves, and capital reserves up to GHS400 million by December 2018.

SEPTEMBER 23, 2017

ITLOS issues its judgment concerning the maritime boundary between Ghana and Ivory Coast in the Atlantic Ocean in favor of Ghana.

OCTOBER 18, 2017

Digital Addressing System is launched as the government seeks to give the country an accurate database of addresses for the first time in its history.

NOVEMBER 27, 2017

The **Bank of Ghana** cuts its benchmark interest rate for the fourth time in the year, down to 20%, the lowest level since October 2014.



OCTOBER 24, 2017

Accra's Kotoka International Airport hosts the first-ever West African Airshow, connecting professionals across all areas of the aerospace industry with the African market.



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A profile of Nana Addo Dankwa Akufo-Addo, President of Ghana.

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Ghana seeks to lead a process of Pan-African empowerment.

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HE Muhammadu Buhari, President of the Federal Republic of Nigeria.

Diplomacy

REVIEW

Though tensions with Nigeria persisted in regards to Nigerian import controls on Ghanaian products and the quality of private Ghanaian educational facilities servicing Nigerian students, Ghana boosted trade and education deals with Germany, the US, Britain, and Denmark.

FRIENDS IN MANY PLACES

In January 2017, 72-year old human rights lawyer Nana Akufo-Addo was sworn in as Ghana's president in the country's fifth peaceful transfer of power since 2000, one of Africa's best records. Coming just a month after President Yahya Jammeh of The Gambia brought his country to the brink of civil war after refusing to step down after a December 2016 election, it was yet another feather in Ghana's electoral cap. It was also the beginning of a very active year for Ghanaian diplomacy in which strategic, cultural, and commercial ties with Nigeria, China, the US, Germany, the UK, and other European countries were strengthened.

As the two largest economies in West Africa, Ghana and Nigeria have much more to gain from closer economic collaboration than not. Yet as the Consul-General of Ghana in Lagos Isaac Essilfie has noted, while Nigerians have a huge foot in the Ghanaian market, particularly in banking and insurance, Ghanaian



Image: Reuters

Making good on his campaign promises, President Akufo-Addo sent a huge trade delegation to Beijing in June that resulted in a potential USD10 billion deal with China to extract bauxite in exchange for extensive rail and infrastructure development.

firms are constrained by Nigerian import restrictions on poultry, pork, beef, refined vegetable oils and fats, cane and beet sugar, cocoa butter, powder, cakes, noodles, fruit juice, mineral water, beer, sweet drinks, bagged cement, and a wide range of medicines.

Yet if Ghanaians have trouble accessing the Nigerian market, Nigerian students have been flocking by the thousands to study in Ghana's secondary educational facilities in the past few years. When complaints arose in Nigeria that some of these institutions failed to pass muster, the Ghanaian government was quick to revoke the charters of lackluster institutions.

On a more positive note, the countries' respective leaders met in the Nigerian capital of Abuja in June to hold talks on a number of key bilateral issues, including but not limited to the July 2017 African Union (AU) Summit in Addis Ababa, ongoing negotiations regarding the Continental Free Trade Agreement (CFTA), and how

to renew the Ghana-Nigeria Permanent Joint Commission for Cooperation. In addition to extending his best wishes for Nigerian President Muhammadu Buhari's swift recovery from an extended medical treatment in London, President Akufo-Addo expressed his gratitude to acting Nigerian President Yemi Osinbajo for receiving him during the holy month of Eid.

Though somewhat miffed at the trade imbalance with neighboring Nigeria, Ghana has still been pursuing an aggressive open-door policy vis-à-vis the rest of Africa in order to boost tourism, trade, and cultural ties alike. Already with a visa-free policy for members of the Economic Community of West African States (ECOWAS), in July 2016 it introduced 30-day visas on arrival for citizens of African Union (AU) countries, a club that includes all but Western Sahara. Ghana is one of 13 other states that have adopted this policy ahead of a broader future "AU-wide e-passport" agreement that hopes to bring about a "continent-wide zone of free movement."

BAUXITE FOR BEIJING

Ghana has also been aggressively strengthening its ties with the more distant but ultimately continental hegemon, Beijing, one of the first states to recognize Ghanaian independence in 1957 and a longstanding friend of Accra. At the invitation of the Chinese government, in June Vice President Dr Mahamudu Bawumia set off on a four-day official visit to China, the first since the New Patriotic Party took power in January. Meeting with senior Chinese leaders such as Yu Zhengsheng, a member of the Standing Committee of the Political Bureau of the CPC Central Committee, he was accompanied by a Ghanaian government delegation that included the ministers of trade, railways, transport, and roads and highways, a logical sampling of which sectors of the Ghanaian economy stand most to gain from Chinese investment.

But the bulk of this budding friendship centers first around bauxite. During the vice presidential mission, it was announced that Ghana had signed an agreement with China that could lead to a bauxite venture worth USD10 billion after the requisite railway infrastructure and alumina refineries are taken into account. Thought to possess some 960 million metric tons of bauxite deposits, economic advisor to the vice president Gideon Boako estimates Ghana possesses some USD460 billion worth of total bauxite reserves.

Whatever the reserves hold, Ghana already surpassed Australia as the world's single-largest producer of bauxite with some 827,000 tons in 2013 alone. Bauxite is used to produce alumina, which is then smelted into aluminum, a metal with dozens of critical applications in everything from beer kegs to airplane parts. As Boako reiterated, Ghana is hoping to leverage the proceeds of bauxite to fund the construction of thousands of kilometers of roads and railways, bridges, dams, and irrigation facilities. As part of the June agreement, Vice President Bawumia

confirmed, Chinese companies also agreed to assist in Ghana's railway, agriculture, energy, industrialization, and transportation sectors.

RENEWING OLD TIES WITH WESTERN POWERS

While UK Foreign Minister Boris Johnson made a surprisingly gaffeless state visit to Accra in February 2017 to discuss trade and various bilateral initiatives to boost Ghanaian living standards with President Akufo-Addo, Germany also continued to boost its ties with Accra. Its third-largest trading partner in Africa after Nigeria and South Africa, Germany celebrated 60 years of good ties with Ghana in September through a series of film screenings and cultural and media workshops. As German ambassador Christoph Retzlaff told Deutsche Welle, "Ghana is one of our key partners... has great democratic credentials... and acts as a stabilizing factor for the whole region of West Africa." Given the country's economic potential, he reiterated, Germany's biggest goal was for Ghana "to live up to its potential."

According to the German Federal Foreign Office, Ghana does very well in terms of democratic principles, adherence to the rule of law, good governance, the maintenance of domestic stability, and respect for human rights. This is why it came as little surprise that the two countries' bilateral trade grew from USD542 million in 2013 to USD633 million in 2015, about 51% of which emanated from Ghana. Building on its embassy's efforts to boost an entrepreneurial culture in Ghana, Germany launched a program to support Ghanaian start-ups to expand on the vocational training program it already had. As one Ghanaian cultural analyst told Deutsche Welle, "What is interesting for Ghanaians is the concept of German punctuality and consistency."

Though the US presence across Africa has been overshadowed by China in recent years, that did not stop the US Chamber of Commerce's Vice President of African Affairs and President of the US-Africa Business Center Scott Eisner from leading a business mission to Accra to meet with President Akufo-Addo, among others, in March 2017. At its maiden Investor Confidence Indicator for Africa (ICIFA), the US-Africa Business Centre placed Ghana in the top quartile in Africa in terms of the ease of doing business. Factors taken into consideration were security, development, the rule of law and good governance, media freedom, and human development, among others.

To cap off the year, in late November Queen Margarethe II of Denmark visited the country to officially apologize for her country's "shameful, dark" role in the international slave trade whilst Ghana, then known as the Gold Coast, was a Danish crown colony from 1750-1814. Meeting with Ghana's Foreign Minister Shirley Ayorkor Botchwey, the queen reiterated her country's dedication not only to "stemming the tide of irregular migration," but also to "tackling the root causes of mass migration" through technology and green growth. ✖

PROFILE



President Nana Addo Dankwa Akufo-Addo

Born March 29, 1944, in Swalaba, Accra, Nana Addo Dankwa Akufo-Addo was raised in Accra, Ghana's capital, in a family closely tied with political activism. Three of the Big Six founding fathers of Ghana were Nana's blood relatives: J.B. Danquah, grand uncle, William Ofori Atta, uncle, and Edward Akufo-Addo, who became the third Chief Justice and later ceremonial President of the Republic from 1970-72, was his father, whose residence in Accra used to be the headquarters of the country's first political party, the United Gold Coast Convention (UGCC).

After completing his primary education in Accra at the Government Boys School and later Rowe Road School, Akufo-Addo went on to the UK to study for his O-Level and A-Level examinations. He returned to Ghana in 1962 to teach at the Accra Academy before going to the University of Ghana in 1964, where he graduated as an economist. Finally, he went on to read law in the UK and was called to the English Bar (Middle Temple) in July 1971 and the Ghana Bar in 1975.

Akufo-Addo started his professional career in France, where he gained exposure to the dynamics of international corporate transactions working as a lawyer at Coudert Brothers.

He then returned home to Accra to continue with his legal career, co-founding one of the most prominent law firms in Ghana, the Akufo-Addo, Prempeh & Co., which has acted as a school of life for some of the most renowned lawyers at the Ghanaian bar today. Through his law practice, he spurred initiatives to protect the independence of the judiciary, the right of the citizen to demonstrate without police permit, and the right of equal access of all political parties to the state-owned media.

His devotion to the cause of human rights, rule of law, justice, freedom, and democracy pushed him to slowly gain prominence in the

Nana Addo Dankwa Akufo-Addo was elected in 2016 after a long career of political involvement. Now at the helm, he seeks socially responsible growth and a diversified economy.

Ghanaian political apparatus. Bringing with him a great wealth of experience in the private sector, Akufo-Addo became the General Secretary of the broad-based People's Movement for Freedom and Justice (PMFJ). The group is still today remembered for leading the "NO" campaign in the UNIGOV referendum of 1978, designed to solicit popular support for a one-party, military-led state, which eventually led to the downfall of the Acheampong military government on July 5, 1978, and the restoration of multiparty democratic rule to the country in 1979.

After a brief moment in exile in Europe, he came back to Ghana to establish the branches of the Danquah-Busia Memorial Club all over the country in grassroots style. These branches eventually transformed into local organs of the New Patriotic Party (NPP) prior to the elections of 1992, which heralded the reintroduction of democratic governance under the 4th Republic. Between 1996 and 2008, Akufo-Addo was elected three times as Member of Parliament for the Abuakwa South constituency in the Eastern region of Ghana. From 2001 to 2007, as Cabinet Minister, first as Attorney-General and Minister for Justice for two years, and later as Foreign Minister for five years, Akufo-Addo served in the government of President John Kufuor with distinction.

Following a long-time militancy in the NPP, Akufo-Addo's presidential ambitions soared in October 1998, when he competed for the presidential candidacy of the NPP and lost to John Kufuor, the man who eventually won the December 2000 presidential election and assumed office as President of Ghana in January 2001.

In 2007, Akufo-Addo resigned from the Kufuor government to contest for the position of presidential candidate of his party, the NPP, for the 2008 elections. Despite achieving 49.13% of the votes cast in the first round, in the run-off he ended up losing to John Atta Mills by the smallest margin in Ghana's, and, indeed, Africa's political history. Akufo-Addo again contested in the 2012 national elections against the NDC candidate, the late Mills' successor as president, John Mahama, and lost for a second time. In 2016, he was at last elected President of Ghana in the December 7 elections, after obtaining 53.85% of the total valid votes cast, as announced by the Electoral Commission.

At the forefront of his political platform, Akufo-Addo seeks to bring, in his own words, "growth that is socially responsible, diversified, spread geographically, and that comes from genuine value addition." This broader goal will be achieved via the increased participation of the private sector and the implementation of major infrastructural and social investments aimed at tapping into the huge potential of the agriculture and manufacturing sector, while reforming secondary education. ✖

At the forefront of his political platform, Akufo-Addo seeks to bring, in his own words, "growth that is socially responsible, diversified, spread geographically, and that comes from genuine value addition."

Marking the 60th year of independence from British rule, Ghana seeks to lead a process of Pan-African empowerment through which the continent gradually gains economic autonomy. The history, political stability, and endemic nature of Ghanaians prove why their country is in the best position to do so.

NEITHER VICTIM NOR PAWN

“WE BELIEVE it is time Africa comes of age and holds its rightful place on the world stage. This Africa will be neither a victim nor a pawn.” In 2017, exactly 60 years after Ghana’s independence, President Nana Akufo-Addo boldly reasserted in front of the 72nd UN General Assembly the path ahead for the continent. While the times of direct colonial rule are over, economic autonomy from the Western world is still a very distant target for most African countries. Surely, the process toward legitimacy is no walk in the woods, but the fact that this renewed desire of autonomy came from the President of Ghana should not surprise. If there had to be a country leading the way of advocating self-consciousness and autonomy for Africa, odds would be disproportionately in favor of Ghana for three reasons.

The first reason is historical. Since its establishment, the country has embraced neutrality and autonomy. Indeed, previously known as the Gold Coast, Ghana was the first Sub-Saharan African country to gain independence thanks to Ghana’s first President, Dr. Kwame Nkrumah, and his Pan-African ethos. Popularly acclaimed as a national hero, Nkrumah successfully formed the first government in 1957, rejecting any affiliation with either the US or Soviet Union at a time where it was almost impossible not to pick a side. Ghana proved not only able to interrupt its ties with the British rule, but also to resist outside pressures to align itself with a particular ideology.

The second reason for which Ghana should be seen as the natural leader of an African awakening is the speed with which it gained a stable political environment.

Independence and non-alignment came with their own hurdles to overcome. Since 1957, Ghana witnessed four military coups, three of which were marked by blood and violence. However, democratic institutions and rule of law require time to spread and gain so-

lidity, and Ghana’s case proved to be an outlier even in this realm. As the first president recognized, Ghana took a little over 30 years to achieve democratic stability and has enjoyed 25 years under a multi-party democracy brought to power through regular elections. For a country celebrating 60 years, these numbers are remarkable.

The third and last reason lies in the nature of its people. Despite being made up of different clans that live in a defined territory, Ghanaians all share an inherent openness and poise that makes the country the most similar to Western standards in Africa in terms of its social and political environment, with the exception of South Africa. This has had its significant advantages for ease of doing business. Its aforementioned low political risk and strategic position at the heart of a market of 350 million individuals offer an unmatched competitive advantage.

With the country’s past and present in his mind, President Akufo-Addo commemorated 60 years of independence conscious that a lot still has to be done to empower Ghanaians and Africans. Foreign companies are constantly two steps ahead of local competitors in contract tenders and bids. Yet, the process of spurring development of local content and gaining full economic autonomy has to be gradual and diplomatic. The first step should be renovating and growing confidence and trust among foreign players. The several official visits of European leaders in 2017 have thus been crucial to avoid capital flows and attract capital. Second, Ghana needs to bear its own financial responsibilities, committing to the non-renewal of the IMF aid program and strengthening its macroeconomic indicators, especially in terms of inflation. If Ghana follows these two guidelines, Akufo Addo’s words at the UN General Assembly will be charged with much more than just a symbolic value. ✖





gateway to AFRICA

TBY talks to *Ameenah Gurib-Fakim*, President of Republic of Mauritius, on targeting the African continent, reversing the continent's brain drain, and the importance of educating the youth.

What measures is your government taking to further improve its investment climate?

Mauritius has been diversifying its economy since the 1990s, and one of the areas we have identified is the financial sector. We positioned Mauritius squarely as a gateway for Africa into Asia investment. There is a great deal of potential in the African continent and we aim to seamlessly move into the African market. We have signed several FTAs and both the government and the private sector are investing massively in West, East, and Southern Africa. Our strategy is to look more into Africa, also bearing in mind that Mauritius can also become the gateway for Asia to come into Africa.

Will tourism play a strong part in diversifying Mauritius' economy?

Tourism is one of the pillars on which our economy is firing, though surprisingly tourism does not exceed 10% of Mauritius' economy. In fact, other services play a much more important role. Tourism is a product that we have to diversify and make as interesting as possible because the average tourist wants more than the sun and sea. We are going for aqua, green, and cultural tourism; we are diversifying the product. Through this, we hope to increase the number of tourists we currently receive.

What are some possible ways to stop the brain drain from Africa?

Mobility and migration have been ongoing since time immemorial. We have to see how we can promote brain circulation and, better still, brain gain. To do this, we must provide an ecosystem where bright Africans can come and work, and this ecosystem has to be better than the one they are used to. The challenge is on us to ensure we create ecosystems so we can retain them. However, as long as there is brain circulation we will be satisfied.

How can the youth bulge that Africa faces be a threat to countries in the region?

The youth bulge can be a boon; however, it can also be

a bane if we do not channel this energy into the appropriate sectors where we create jobs. We have 11 million graduates joining the job market every year and Africa will need to produce enough jobs for them. This threat can be turned around provided we start thinking about it now. Our education system can prepare our youths for jobs necessary for the future. We need to be prepared so that the potential of our younger generations can be realized and used to transform the continent.

What can other African countries learn from Mauritius to help them open up to business and the world?

We should not be prescriptive, but lead by example. For any economy, there is no Mauritian miracle. We provide a social security net and free healthcare for people. However, more importantly, we guarantee full education. This has been a key ingredient. Around 30% of Mauritius' GDP goes to these three categories. This is not an expense, but an investment because if we do not safeguard the interests of the people by educating them and providing them with healthcare, then we will not get a performing population. We also have elections every five years and the population demands ever-greater accountability. Governance issues come to the fore and

corruption has to be tackled. The business community, investors, and tourists who come here have to feel safe.

What is your top priority for Mauritius in 2018?

One initiative we have taken over the course of 2017 is to build up the country's education ecosystem. We are working to improve the indicators so that we become an intelligent island that is innovative and agile in the way we take decisions. If we get bogged down in a great deal of bureaucracy, things will not work. It is about changing mindsets and continuing to ensure that girls receive the best education. We have to keep on building on the things we have started. ✖

30% of Mauritius' GDP goes to social security, education, and healthcare

40% of India's FDI flow goes through Mauritius

BIO

Ameenah Gurib-Fakim is a Mauritian biodiversity scientist and the current President of Mauritius. She obtained her PhD in organic chemistry from Exeter University and began her professional career at the University of Mauritius. She is the Managing Director of CIDP Research & Innovation, and became President in 2015.

Dancers take part in a welcoming ceremony for President Macron of France at Independence Square in Accra, November 30, 2017.





GREAT strides

HE Muhammadu Buhari, President of the Federal Republic of Nigeria, on President Akufo-Addo's successes in office, Ghana's numerous achievements thus far, and the importance of strong bilateral relations.

On behalf of the government and people of the Federal Republic of Nigeria I was honored by the special invitation extended to me by His Excellency, President Nana Addo Dankwa Akufo-Addo, on the auspicious occasion of the celebration of the 61st Independence Anniversary of the Republic of Ghana. I was delighted at the warm reception accorded to me and my entourage since our arrival in the beautiful city of Accra. I would like to pay special tribute to all leaders of the Republic right from the era of the late first President, Dr. Kwame Nkrumah, to date. We must acknowledge their various contributions.

In the words of Kwame Nkrumah, "those who would judge us merely by the heights we have achieved would do well to remember the depths from which we started." No words can sum it up better, as we are all familiar with our colonial era journey and its ups and downs. My tribute also goes to all those who have paid the supreme sacrifices in the cause of nation building.

May I extend my personal congratulations to President Akufo-Addo on his successful one year in office with special note on the strides recorded by his administration within a space of just 365 days.

From Nigeria, I have watched Ghana's achievements closely, ranging from its ingenious approach to creating jobs for the teem-

ing youths through various initiatives, including the re-positioning of agriculture for modern farming, "Farming for Jobs and Food;" Senior High School (SHS) free education; the One District, One Factory and One Village, One Dam projects; as well as the improvement being recorded in the republic's macroeconomic indicators. All these efforts, I am aware, have helped Ghana become an excellent destination for FDI just like Nigeria.

My tributes to the president and people of Ghana would not be complete without acknowledging efforts at tackling corruption, which has eaten into the fabrics of our societies. I congratulate both the government and the parliament for the quick passage of the Office of the Special Prosecutor Act and its signing into law. Ghana can be assured that it has a good partner in me as I look forward to any form of collaboration between Nigeria and Ghana in tackling the menace of endemic corruption. Given all these public policies, it becomes reassuring that with the right leadership, Africa's drives to eradicate poverty and to entrench democracy is on course.

Nigeria and Ghana share close cultural and historic ties, which have continued to shape our bilateral relations. Once again, I note with pride that our common colonial experience, as well as parallel

socio-economic and political development and the patriotic vision of our leaders have helped greatly in shaping this unique relationship not only in West Africa sub-region but in our collaborative actions internationally. It is therefore my strong desire that we owe it as a duty to ensure that our good peoples continue to live in each other's countries unhindered. Our newly rejuvenated Permanent Joint Commission for Cooperation has already provided us with a great platform in resolving any differences while focusing on our main developmental objectives.

Permit me to put on record Ghana's untiring efforts in brokering peace in Togo, by bringing all the warring parties to the negotiation table. I am appealing to the opposing parties in Togo to please come together and resolve their differences so that Togo will move forward. In the same vein, I wish Nigeria and Ghana to continue to provide the impetus in realizing the objectives and ideals of the founding fathers of the Economic Community of West African States (ECOWAS), to ensure security, peace, and development in our region.

On behalf of the government and people of Nigeria, I join other well-wishers in congratulating the government and the good people of Ghana. Long live the Republic of Ghana; long live the Federal Republic of Nigeria. ✖

BIO

Muhammadu Buhari became President of Nigeria on May 29, 2015. He joined the Nigerian army in 1961 and was Head of State from December 1983 to August 1985. During this time in office, his government worked to re-balance public finances and strengthen the country's economy. While at the rank of Colonel Buhari gained a master's in strategic studies from the United States Army War College (USAWC) in 1980, before becoming General Commanding Officer in August 1980. As the candidate for the All Progressives Party, Buhari won the 2015 presidential election on a platform of anti-corruption and improved security.

Alassane Ouattara,
President of the
Republic of Côte
d'Ivoire, on the strong
ties between his
country and Ghana.



FRIENDS *for life*

It was in the square of independence in 1961 that the late President Kwame Nkrumah, father of the independence of Ghana and pioneer of pan-Africanism, lit for the first time the eternal flame, sending to the Ghanaian people and Africa a message of hope for a united Africa, master of its own destiny.

I would like to seize this opportunity to reiterate to both President Nana Akufo-Addo and Vice-President Bawumia my warmest congratulations for their brilliant victory in the presidential elections of December 7, 2016. The people of Ghana have expressed their trust and confidence in them and shown their support for their vision and ambition for Ghana. Their well-known leadership, political commitment, and love for Ghana and Africa will enable them to successfully meet the legitimate aspirations of the people of Ghana. I am very

pleased to acknowledge the very good collaboration we have had with the previous President and which has enabled us to make significant progress in strengthening the economic and socio-cultural cooperation between our two countries. I am particularly pleased for the work achieved together toward the consolidation of peace, security, and integration in our sub-region.

The transparent and peaceful elections, as well as the smooth transitions of power we are witnessing today, demonstrate that Ghana has definitely opted for democracy and peace. This election is undoubtedly contributing to reinforcing the image of West Africa and Africa to the world. I humbly exhort the people of Ghana to preserve political maturity, the sense of discipline, and the love of peace. These important ideas are the foundations of sustainable economic development. Indeed, without democracy there is no peace, and without peace there is no sustainable economic progress. Ghana, just like Côte d'Ivoire, aspires to economic

emergence in the very near future. To meet this challenge and achieve this goal, Ghana needs a climate of peace and social cohesion. Over the years, Ghana has shown solidarity with Côte d'Ivoire on many occasions. Indeed, Ghana has welcomed, for many years, thousands of refugees from Côte d'Ivoire. In addition, Ghana has contributed a large contingence of troops to UN operations in Côte d'Ivoire. I would like once again to thank the political leaders of Ghana for their support, assistance, and solidarity. ✕

BIO

Alassane Ouattara was born in 1942 and has been president since 2010. He is an economist by profession and has experience at both the IMV and Central Bank of West African States. He also served as prime minister, from 1990 to 1993.



18

Ghana has almost everything at its fingertips; it just needs capital and the right initiatives.

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TBY talks to Subhi Accad, CEO of Accad Group.

22

With excellent prospects and opportunities, Ghana is in fact an untapped market in general.

Economy

REVIEW

Though Ghana's economy is stable, certain threats loom. But with a robust workforce and much to offer, a few adjustments and new policies may turn the country into West Africa's economic powerhouse.

A NEW BEGINNING

In January 2017, following a peaceful election one month prior, Ghana swore in President Nana Dankwa Akufo-Addo of the opposition party. While the country will see a new set of political goals mark the agenda, Ghana's economic woes, many significant, remain the same. Though he has been in office only a year, the president has promised to cut waste across the public sector and reduce the country's budget deficit.

The beginning of 2017 started out much better for the country than 2016, which saw a considerable fiscal drop. Ghana's fiscal debt for the first half of 2017 was 2.7%, well within range to achieve its goal of 3.5% of GDP, according to the World Bank. Despite the government making cuts to both capital and recurring expenditures, overall revenue failed to meet targets and was nearly 15% below target. The World Bank reports that the country's total debt increased from just over USD29 billion, or 73.1% of GDP, at the end of 2016, to USD31.7 billion, or



Image: Anton Ivanov

While the country's economy is relatively comfortable and secure, Ghana still has long-term economic issues it must address. For 2017, GDP is expected to grow by 6.1%, supported mostly by a boost in oil production.

68.1% of GDP, in 2017.

March 2017 marked Ghana's third quarter of economic expansion in a row, with growth at 6.6% compared to 4.4% from the previous year. The industrial sector played a prominent role in this economic expansion; growing at 11.5%, the industrial sector was the highest-grossing sector. This is coming from just 1.8% growth in 2016. Other significant sectors include agriculture, which grew by 7.6%, compared to 5% the previous year; the World Bank cites successful harvests with crops and cocoa as well as fisheries. The services sector saw a decline in growth, from 6.6% in 2016 to 3.7% for 2017, with stagnation in the finance, information, and communication sectors to blame. Throughout the same period in 2017, all non-oil growth fell to 3.9% from 6.3% YoY.

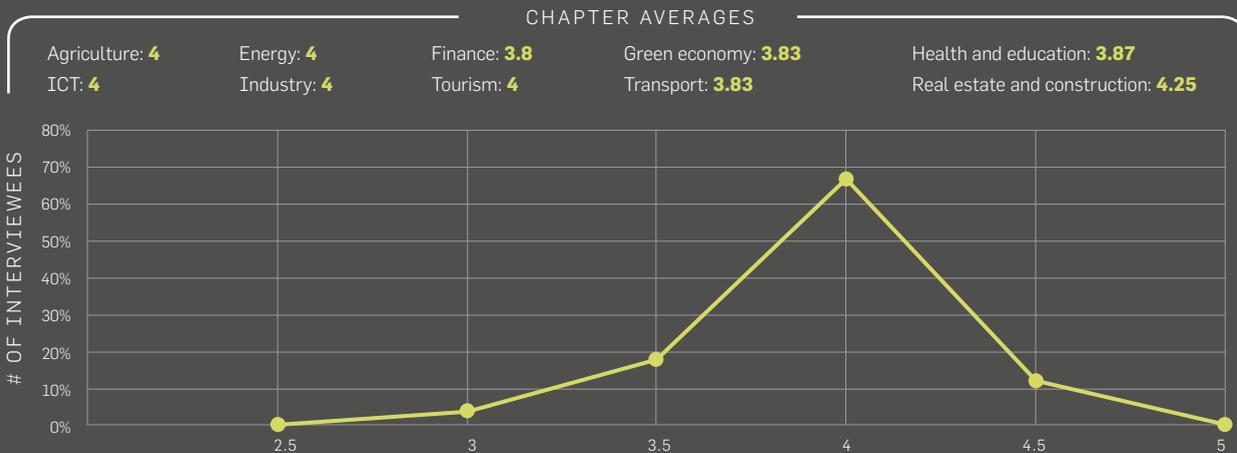
Neither massive growth nor stagnation for the country has resulted in a relatively moderate inflation rate, which has allowed the central bank, the Bank of Ghana, to drop its policy rate. As of August 2017, the

TBY ANALYTICS GHANA 2018

TBY Analytics reviews all interviews conducted for *The Business Year: Ghana 2018* and examines trends and sentiment among the country's business leaders.

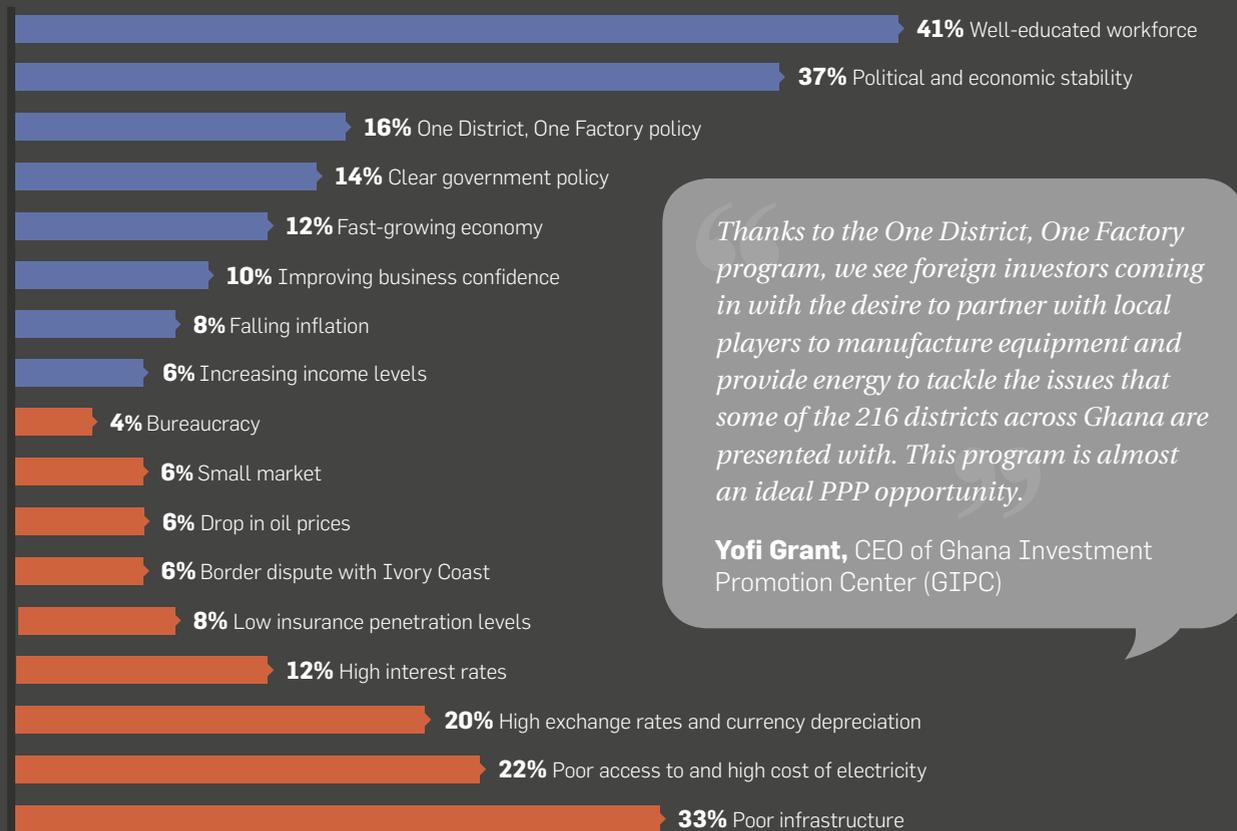
BUSINESS CONFIDENCE INDEX

Through interviews with business leaders across Ghana's economy, TBY Analytics has reviewed business confidence among our interviewees for the year ahead from 1 (very negative, expecting large losses) to 5 (very positive, expecting high growth). **The average business confidence rating is 3.94.**



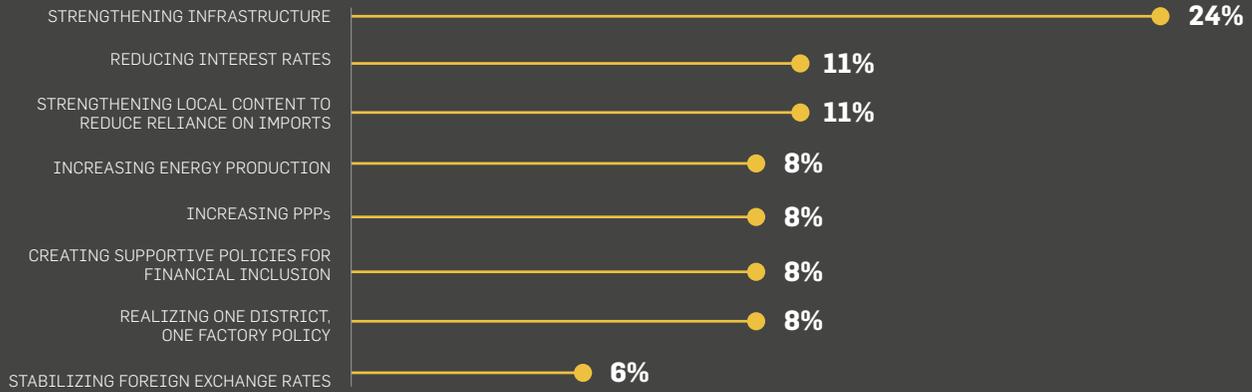
ADVANTAGES AND CHALLENGES

The graph below indicates the most commonly mentioned **advantages** and **challenges** of doing business in Ghana:



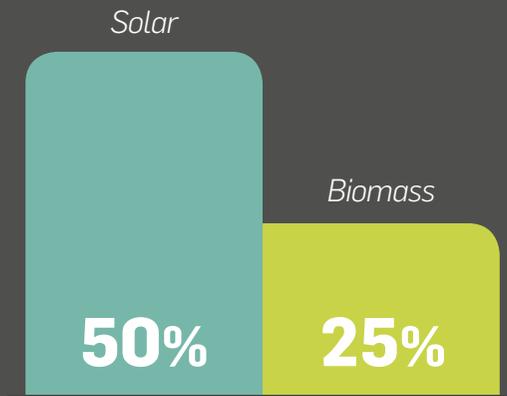
GOVERNMENT ACTIONS

76% of our interviewees mentioned specific government action that would strengthen their sector, with the most commonly mentioned below:



GREEN ECONOMY

According to our interviewees in the green economy chapter, the top renewable technologies to invest in are:

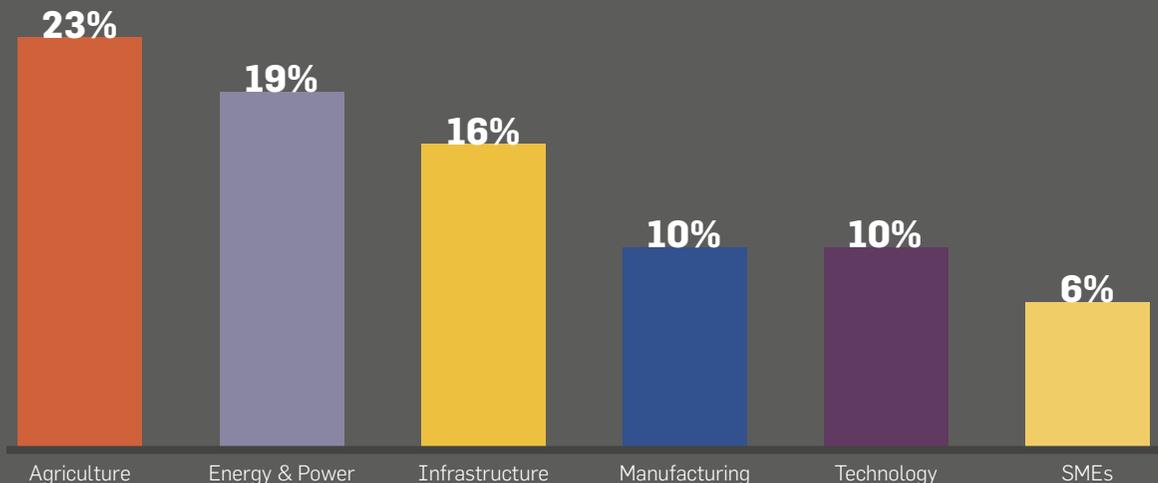


“We came to Ghana because we saw the opportunity five or six years ago. We have global biomass experience and can help the government form policies and make strategies to promote more biomass as the capacity is available.”

Pragnesh Mishra
Country Manager of Abellon Clean Energy

FDI NEED

63% of interviewees told us which sectors are in need of substantial FDI:



FOCUS ON INDUSTRY

The president's One District, One Factory campaign pledge has been a foundational pillar of the new administration's economic policy, so this year TBY Analytics is paying particular attention to the ambitions and challenges among our interviewees in the industrial sector.

INDUSTRY AND ECOWAS

43% of interviewees in the industry chapter told us they plan to export to the wider ECOWAS region. Ivory Coast was the most frequently mentioned export destination in ECOWAS.

While **14%** of interviewees revealed that although their ambition is to export within ECOWAS, there are significant barriers in the customs process that prevent them from doing so.

57% of interviewees mentioned some of the barriers to export:

- *Poor transport and logistics routes*
- *Bottlenecks at customs*
- *Language barriers*

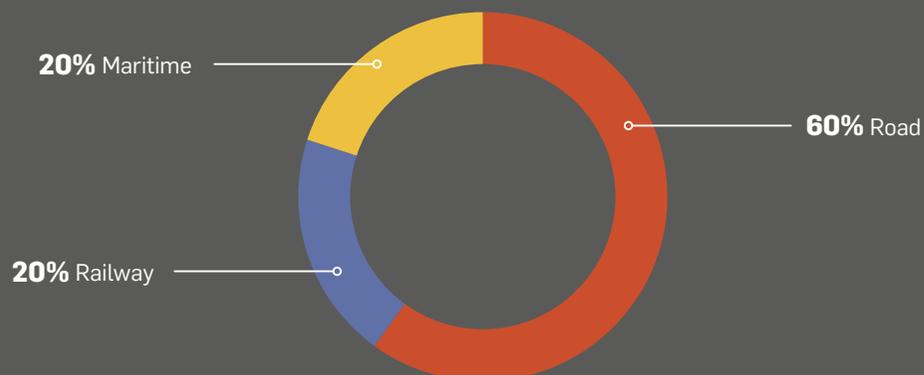
INDUSTRY AND COST OF ELECTRICITY

57% of interviewees mentioned strategies they are implementing to overcome the high cost of electricity. Those strategies are:

- 1** Investing in on-site solar generation
- 2** Introducing hybrid power generating facilities
- 3** Reducing other operational expenses by investing in more efficient technologies

INDUSTRY AND TRANSPORT INFRASTRUCTURE

57% of interviewees discussed the transport and logistics infrastructural developments they would most welcome.



Some interviewees noted that **security** is an underreported issue, and wanted both more online security measures as well as stronger policing and respect for rule of law.

INDUSTRY AND INTERNATIONAL PARTNERS

43% of interviewees in the industry sector told us that they are open to and looking for partnerships

ICT

57% of interviewees highlighted the infrastructure developments that would increase internet coverage in Ghana. The most commonly mentioned developments they would like to see are:

- Emphasis on improving logistics to remote regions
- More investment in better technology
- Embrace of fiber
- Preemptive investment in cloud infrastructure

71.5% of interviewees seek partnerships and joint ventures for their projects.

BANKING

85.7% of interviewees in the banking sector told us which segments they have targeted historically. The most common are:



28.5% of interviewees support the Bank of Ghana policy to increase capital requirements because it:

- Forces shareholders and managers to introduce good governance
- Emphasizes transparency to increase confidence in Ghana's finance sector
- Reduces systemic risk in the industry
- Promotes better human resource development

We also have our staple corporate banking business, where we are the bank of choice for large multinationals and domestic companies. We are digitizing the ability of our clients to receive payments locally and internationally using digital platforms, which makes us the global leaders in foreign exchange trading, fixed income trading, and structured products.

Alhassan Andani, CEO of Stanbic Bank Capital

YoY inflation rate was 12.3%, a minute increase from July's record of 11.9%, but in line with an overall decrease beginning in September 2016. Seizing the opportunity, the Bank of Ghana in July reduced the policy rate by 450 basis points to 21.5%.

The 91-day treasury bill rate saw a drop to 12.1% in June, from 16.81% in December 2016, while the 182-day treasury bill rate fell to 13.28% from 18.5% during the same period. Overall, broad money increased by nearly 24% through the first five months of 2017, compared to 16.8% the previous year. Outstanding credit to the private sector saw an increase to 16.2% in May 2017, up from 10.1% from the same period in 2016.

With the continued stabilization of the Ghanaian cedi, exports saw increased improvements and the reserve buffer grew. As of June 2017, the trade balance produced a surplus of approximately USD430 million, equal to just over 3% of GDP, growing from a 3.3% deficit just one year prior. Cocoa, gold, and oil were responsible for much of the growth in earnings. January witnessed a significant decline in the value of the cedi, but since then increased reserves and better liquidity have increased value for the currency. Ghana's gross international reserves reached USD5.9 billion, worth 3.4 months of imports, as of June 2017, with growth from December 2016 equaling USD1 billion, according to the World Bank.

While the country's economy is relatively comfortable and secure, Ghana still has long-term economic issues it must address. For 2017, GDP is expected to grow to 6.1%, supported mostly by a boost in oil production. Additionally, gold production is expected to remain at its current high output, and cocoa production is anticipated to surpass 900,000 tons. Despite the strong performance of cocoa and gold, overall non-oil growth is not expected to surpass 4.3%, according to the World Bank. By 2018, inflation is forecasted to drop to within the ideal range of 6-10%, which in turn will allow for even greater easing of monetary policy and lower interest rates, which will hopefully drive private investment.

The government hopes to bring the fiscal deficit to 6.3% of GDP by the end of the year, a target many analysis expect will be met. If successful, this could help bring down debt stock from 73.4% to 70.5% by the end of the year. The country is currently considered at high risk for debt distress, and any additional, unforeseen economic roadblocks could result in a significantly negative impact on debts. The cost of financing both domestic and foreign markets

still remains quite high for Ghana.

For the medium term, the government's ability to maintain stability in the economy will determine the country's economic performance, with fiscal consolidation a central aspect. The country's leadership has shown a drive to take on fiscal consolidation. Additionally, the country is set to see increased financing cost both at home and abroad, as the nation's debt grows and international interest rates continue to grow. Hampering the country's efforts to greater economic stabilization are other factors, such as rapidly increasing demands for energy that is unreliable and costly, high youth unemployment rates, and little progress made on debts taken out by state-owned organizations.

In order to better understand how the country has built its large export market, TBY sat down with Gifty Kekeli Klenam, the CEO of the Ghana Export Promotion Agency (GEPA). According to Klenam, GEPA works closely with international institutions that look at the quality standards of Ghanaian production. "All these standards are stringent and require the right certifications to ensure we produce high-quality seedlings, which is key in developing these products," Klenam said. "If we get it wrong from the beginning, we get it wrong all the way through. We are thus taking all the measures with the right institutions and bodies to ensure the quality of these products right from the seed stage."

The country's recent economic stabilization has brought benefit to citizens throughout the country and has worked to improve living conditions considerably in rural areas. However, the country's informal economy is still a giant, especially in areas where infrastructure is not as advanced as the capital and major cities and where development is still needed. According to the Ghanaian paper Daily Guide, of the country's more than 25 million citizens, only about 1.5 million are taxpayers, and approximately 70% of the economy is deemed informal. One way of ensuring the country's long-term economic stability would be to reverse this dynamic and bring more citizens not only into the formal economy, but also to the realm of tax paying.

According to a report by the African Development Bank, some 90% of companies in the country are MSMEs that have fewer than 20 employees, showing the significance of the informal economy. This is where the majority of Ghanaians are employed, considering only 8.5% of the country's workforce is formally employed. The country's MSMEs are where most of its exports are made. ✖



SANGU DELLE
CEO, *Golden Palm Investments*

What is needed from the government to facilitate business relationships?

It needs to focus on the macro fundamentals of the economy to make sure we rein in inflation, control our fiscal deficit, and control our country balance sheet. Banks in Ghana are not drawn to the business sector when they have 20% risk-free government debt as an alternative. The high interest rates stem from the high level of inflation. If the government is constantly borrowing, this crowds out private borrowing. Additional steps should be taken concerning currency stability.

What opportunities do the current regulatory and economic environment create in Ghana?

The government has stated at a policy level its intention to support local industrialization, and thus any industry with a relative competitive advantage should benefit from the expected changes. There is a real opportunity for growth in value-added processing, where we have the local raw material readily available. Some of our portfolio companies are in the processing space, and we are weighing these opportunities to ensure we understand them fully. However, depending heavily on government policy means one cannot plan 20 years ahead. We have to think rather short term in political cycles.

PROMOTION

Ghana has almost everything at its fingertips; it just needs capital and the right initiatives to make the best use of the available opportunities.



GIFTLY KEKELI
KLENAM
*CEO, Ghana Export
Promotion Authority
(GEPA)*

G EPA is a government institution that develops export-related activities under the trade and industry mandate. Our target is to develop non-traditional value-added exports. We are looking at the service industry where we have to market in terms of education, health services, tourism, and creative arts. Export development has been neglected in the past 15 years and this has cost the nation badly. In 2017, we earned export returns of USD2.4 billion, and when we took over, we made a bold statement declaring we wanted to develop exports to the tune of USD10 billion. When we set high targets, it helps us consider the unthinkable and think outside the box to ensure we achieve those goals. We have changed the vision and focus to concentrate on developing value-added and sustainable products. We are done with just exporting raw goods. Our president has also said value addition is key, and we have set out on this task by focusing on value-added products such as cocoa, gold, cashews, soy beans, gold, timber, mango, pineapples, coconuts, cassava, and more. Each product and every aspect of the value chain will be an industry of its own, including farming, transportation from farm to factory, support industries, packaging, marketing, and more. Such a value chain can create many jobs, which is the vision.



NANA APPIAGYEI
DANKAWOSO
*President, Ghana
National Chamber of
Commerce and Industry*

T he chamber has been in existence for the past 250 years, and since 1968, it has been the leader of the private sector and the engine of growth. The government alone cannot bring about development, and the chamber was established to bring all business people together to advise the government on how to provide an inviting atmosphere for businesses to thrive. Doing business in this region is fairly expensive. Since we do not have trains or ships that operate on these routes, we rely greatly on air and overland transport, making it expensive. The police and customs extort money from people, which delays the delivery of goods and services; therefore, we need to create borderless systems to ensure that services are updated and the best practices are employed. We hope to get funds for investment and development. We also receive support from various countries that have ports to give concessions to such businesses. At the African Prosperity Conference, we finalized a common free trade agreement (CFG) that will result in free movement of goods and services within the region. This will increase exports and reduce imports. When it is done, there will be less pressure on the dollar and it will reduce inflation and corruption. We are looking at a technology called kaizen, which helps one utilize resources.



YOFI GRANT
*CEO, Ghana
Investment Promotion
Center (GIPC)*

O ur mandate to drive investment in Ghana covers the full spectrum; however, the government has set priority sectors, for example energy, infrastructure, agri-processing and agricultural production, tourism, and ICT. These are all foundation sectors for the direction we expect the Ghanaian economy to grow in, from aid to trade and from the export of raw materials and resources into value-added and production. Thus, we have to look at some of the foundation investments that are needed, such as energy. Without energy, we have no business trying to industrialize. Industrialization and manufacturing also require a certain supporting infrastructure in terms of access, transportation, and the logistics value chain. We also focus on integrated rail, road, air, and water transport. There is also a need to invest heavily in agriculture. In 2016, our total food imports were in the region of USD2.2 billion, while we have significant amounts of arable land that is lying fallow. If even half that money was invested in Ghana, we would move from being a net importer to a net exporter. As a result of the One District, One Factory program, we see foreign investors coming in with the desire to partner with local players to manufacture equipment and provide energy to tackle the issues across the 216 districts in Ghana. This program is almost an ideal PPP opportunity.

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INTERVIEW

TBY talks to **Subhi Accad**, CEO of Accad Group, on key areas of opportunities in the sector, government measures to support the industry, and the problems with financing in Ghana.



revolution IN INDUSTRY

Challenges
include gray
imports and
second-hand cars

Global shift
toward electric
cars

Advocating for
reduced interest
rates

What are the major opportunities for diversification in the Ghanaian economy?

There are several opportunities in Ghana, including in our sector. The global trend is shifting toward electrification and other options; however, electric vehicles are the near future and the trends of the last few years have determined the speed at which we will evolve. Countries like China

have decided that, in the medium term, a large percentage of their cars will be electric, securing many exports. India is following suit because of pollution, while Europe has already started. Before, manufacturers were somewhat reluctant about this; however, if we do not follow the decisions of large governments such as China, India, the US, and Europe, we will find ourselves trailing behind. There is a significant opportunity for manufacturers of spare parts to enter our area because of the new business facilities and industrial parks that the government wants to construct here with the One District, One Factory incentive.

What measures do you expect from the government to boost the car industry in Ghana?

We are moving rapidly and will see a great revolution in the car industry. This will have a large impact on us, though our speed will depend on government decisions. If the Ghanaian government decides to lift duties and VAT on electric cars, then many people can start buying electric cars. That is a step forward. The new technology cars are powerful and can reach a higher horsepower. The battery life and length of time to recharge is being rapidly developed. In the southern hemisphere, we will be a few years behind depending on the government's decisions. There are many facilities that the government is willing to give out for investors. Electricity is an issue, though

this is being solved in terms of the cost. We pay USD0.27 per kW and the target is USD0.10, and we will have to see how that can be reached. To create a successful industry, we need to create excellent and cost-effective infrastructure.

What is the impact of the banking system on trade in Ghana?

We look into bringing in a new product that is affordable and has a warranty. We are still studying how best to introduce that into the market and, to do so, we need the proper financing through banks and interest rates. To solve this issue, the government has reduced the interest on treasury bills. Secondly, the banking system with the new capitalization will make people understand that we have to wake up and start practicing retail banking. All our neighbors such as Togo, Mali, and Ivory Coast have much lower interest rates. If the same was applied in Ghana, we would be many times larger; therefore, this is a major problem.

What are your expectations for the Accad Group and the Ghanaian economy in 2018?

For the Accad Group, the whole system has to move quickly. Unfortunately, the biggest issue for us in 2017 was the government's decision not to purchase vehicles for governmental institutions. There were some ongoing tenders, though nothing has materialized yet. The largest customer has always been the government followed by

construction companies, and those two institutions did nothing in 2017. This is a major issue and we need things to start moving immediately to be able to continue. There is a great deal of interest in investment, though. The more delays there are, the more we will be affected; hence, there has to be a different approach to banking for the car industry. The government has to put a stop to gray imports to protect companies. We are working with Nissan, Volkswagen, and Porsche and are spending large sums of money on training, communication, and marketing. Second-hand sales have to be reduced as well, as the fuel bills are higher and cars are not roadworthy, causing more accidents on the roads and pollution. ✕

BIO

Subhi Accad is the Group CEO for Auto Parts Ltd, the authorized importer for Nissan cars in Ghana and also Mercury, Mariner, and Quicksilver boats. He doubles as CEO for Universal Motors Ltd, authorized importers for Volkswagen and Porsche in Ghana. He is a Board Director of Operation Smile, a nonprofit volunteer medical organization that provides free reconstructive facial surgery. He has been the Honorary Consul of Mexico since 2009.

A well-crafted package of policies aimed at increasing the role of the private sector has put Ghana on the path to unprecedented growth, cutting down its dependency on imports and transforming the country to an added-value economy.

BACK ON TRACK

IN JANUARY 2018, a report by the World Bank claimed Ghana is set to become the fastest-growing economy in the world in the upcoming year, with a projected GDP growth of 8.3%. This number is even more impressive if one looks at the 3.3% growth of 2016. While there is still much to be done, the country can finally count on renewed investment confidence that only two years ago would have been improbable to say the least.

There are two factors in understanding this history-making comeback. The first one looks at the renewed growth of the oil and gas sector. The resurgence of commodity exports played a significant role in switching the Ghanaian economic engine back on. Floating production storage and offloading (FSPO) units increased production, and the oil from Sankofa and TEN fields contributed to a growth of over 188%.

Nonetheless, without oil, Ghana's economy is still worth GHS43.3 billion, and this figure is growing. Moreover, although oil prices are bound to rise again, they will unlikely stabilize at the levels witnessed a couple of years ago. This leads to the second factor that is contributing to Ghana's growth and its position as a top destination for FDI.

Truth is, policy matters, and good policies matter even more. The country's December 2016 elections led to the transfer of political power to the New Patriotic Party, which seems to have realized the urgency, not just the need, to find alternative sources of revenue to drive growth in all parts of the country.

Capitalizing on the relative tranquil political environment and making the country an attractive place for engineers, entrepreneurs, and financiers thus became the end goal toward which the whole political class should strive. The impressive 9.3% growth in the last quarter of 2017 was a broader result of 19.3% growth in the industry sector, 5.6% in services, and 3.4% in agriculture. The bulwark of this process is represented by a comprehensive plan of industrialization that seeks to reduce the country's vulnerable dependence on the export of a few primary products and import of high-valued manufactured goods.

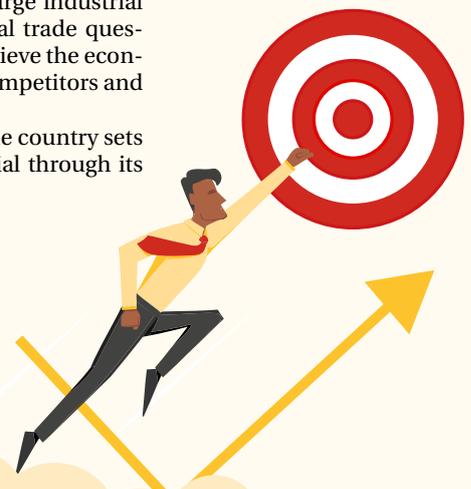
Transforming an ambitious target into con-

crete results is no easy task; however, the budgets for 2017 and 2018 have been two major steps in the right direction. In the hopes that private players will follow suit, the government drafted a record number of policy proposals and initiatives that, if closely monitored, will allow Ghana to reduce unemployment and grow its productivity at the same time. Among them, the new National Industrial Revitalization Program, with a stimulus package for industry and target to create 350,000 jobs; the National Entrepreneurship and Innovation Plan to accelerate job creation; the flagship "One District, One Factory" proposal, which aims to promote industrialization across the whole country; and the five-year Planting for Food and Jobs initiative, seeking to tap the huge potential in the agribusiness sector while ensuring food security.

While these are all much-needed and important short-term programs and policies, efforts should be made in setting up a permanent legal framework to ensure the viability of public-private partnerships in the long run. Only an attractive tax scheme and prospects of operational freedom will bring firms to deploy vast quantities of capital and human resources. Additionally, business-friendly legal frameworks will continue attracting foreign investors and businesses.

Though, the government would be wise to balance protecting local labor and opening up to foreign competition. These large industrial developments will raise a crucial trade question, as they will take time to achieve the economies of scale of their foreign competitors and reach sustainable profitability.

Hopes are high in Ghana as the country sets out to realize its growth potential through its diversification endeavors. ✖



FORUM

WHY GHANA?

With excellent prospects and opportunities, Ghana is, in fact, an untapped market in general.



VOLKAN
BÜYÜKBİÇER
*Country Manager,
Karpowership Ghana
Company Limited*

We came to Ghana in November 2015 when the country lacked a reliable and consistent supply of electricity, even though the existing installed capacity of the power plants was far below total demand. Therefore, the government of Ghana and ECG decided to deploy our first Powership with an installed capacity of 235MW, followed by our recent 470MW Powership, which is currently undergoing requisite commissioning procedures. We are 100% focused on maintaining an efficient supply of power to Ghana and its people at a low cost. Karpowership is operational in four countries: Indonesia, Lebanon, Mozambique, and Ghana. Each country has its specific needs, advantages and disadvantages. Ghana is a democratic country with a peaceful and stable political setting that creates an enabling environment for foreign investors. Companies wanting to do business in Ghana must always be reliable and trustworthy. Additionally, the Ghanaian people are hospitable and human relations are important in Ghana. In the big picture, these are positive attributes that influence management issues and not just the operation of making business developments so operation wise this is extremely effective.



RAMY HASHEM
*Country Senior Officer,
Nokia Ghana*

Nokia has actively been operating in the country for the last 19 years, first as Alcatel-Lucent and then for the last three years as Nokia. Ghana is a growing market for Nokia, with ultra-broadband access and IP networking at the top of our priority list for the country and the region. Our business in the country is strongly aligned to position us as a market leader that competes from a position of strength from all perspectives—from our technology portfolio and geographical reach to our operational plans. The mobile market in Ghana still has growth potential and displayed stable signs of organic subscriber uptake in 2016, performing in line with market researchers' forecasts. We anticipate the market to grow in the coming years. The broadband internet market is underserved as customers' expectations of speed and reliability are not yet matched with suitable offers they can afford. Projects such as the Google-backed CSquared open access network and nascent fiber-to-the-home deployments from major operators should foster the sector. Introducing new technologies will improve ICT infrastructure and provide the means to extend internet broadband connectivity nationwide.



MARK DOUGLAS
*Country Manager,
Dizengoff Ghana*

One of our top priorities is to put Dizengoff back on the business map. Our key focus is to ensure that we are visible in the marketplace and that people are aware of what Dizengoff offers. We are not just a product-based business but also a solution-based one. Ghana's competitive advantage starts with an educated and willing workforce. The infrastructure can deal with growth over the next few years, though it needs some investment. The stability of the currency over the next few years would be a big plus. Our proximity to North America, South America, and Europe is of great advantage. If shipping lanes had to open up directly to Ghana, rather than around the tip of Africa it would be of great benefit to us. There only needs to be a realization of the existing opportunities for the Ghanaian economy to flourish. The northern region at the moment is untapped. Because of the logistical issues of getting to that region, it has been largely circumvented, with the focus having been on the Greater Accra region as well as Kumasi. We have also concentrated on supporting neighboring countries, despite linguistic and logistic challenges.



LYNDA ODORO
CEO, Hollard

It has been two years since Ghana joined the Hollard family. Hollard has a presence in seven African countries and six others. The impact on people and operations has been the most remarkable. Our new purpose statement and values have led to a change in culture and created a more energized and determined people. The organization has been made flat resulting in the creation of a more relaxed work environment. We had to invest a fair amount of resources to create brand awareness. There is more work to be done in this regard as Hollard is a well-known and respected brand in Southern Africa. We currently have business in Tamale, Kumasi, Tema, and Takoradi. We work with all the brokers in Ghana as our credible partners whilst we maintain our salesforce, the Hollard2U. The use of mobile phone platforms in distribution of insurance will be the next big thing in Ghana. E-insurance, with self-service portals and online payment of insurance premiums, will also be big. This will help increase insurance penetration. Bancassurance business will continue to grow to offer that one-stop financial services experience to clients.



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TBY talks to Dr. Ernest Addison,
Governor of the Bank of Ghana.

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TBY talks to Henry Oroh,
Managing Director & CEO of
Zenith Bank Ghana.

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TBY talks to Justice Yaw Ofori,
Commissioner of Insurance
& CEO at the National
Commission of Insurance (NIC).

Finance

REVIEW

Regulatory efficiency permitting, the financial sector stands to piggyback on potentially broader economic advances ahead.

CONDITIONS TO IMPROVE

The Ghanaian financial sector's trajectory mirrors broad economic moves to galvanize national growth. The Ghana Investment Promotion Centre (GIPC) Bill of 2013 sought to boost local competitiveness per se to meet changing economic dynamics. Oil production, estimated to reach about 200,000bpd in 2018, stands to resonate across the financial spectrum from insurance to banking, and ultimately the capital markets.

BANKING

Ghana's GDP breakdown favors the services sector, including finance, printing at 54% in 2016. And as millennials boost the middle class, the financial services industry must respond.

SOLID FOUNDATIONS

Ghana's economy grew by 6.6% and 9% in 1Q and 2Q2017, respectively. Relative economic stability, too, reflected in the banking sector's 2016 return on equity, which shed just 0.5% in contrast to



Image: Nataly Reinch

The financial sector's trajectory mirrors broad economic moves to galvanize national growth.

the hefty 28.5% fall of 2015. The Bank of Ghana (BoG) champions a risk-based capital management model for the financial ecosystem. This results in sound financial institutions and secure investors and depositors of long-term positive economic impact. To improve the quality of risk management, corporate governance, and internal control practices in the banks, BoG is contemplating Basel II/III Capital Framework introduction. A dynamic period ahead is foreseen, as BoG requires the banking system to raise close to USD2 billion in additional risk capital. This, Ben Ahiaglo, Executive Director of SAS Finance Group, argues, and perhaps accelerated by buoyant business confidence, "will trigger activity in mergers and acquisitions and the entry of international and pan-African banking groups and financial investors." BoG formally introduced the Universal Banking Business License (UBBL) with stipulated minimum requirements in 2003 to encourage competition. Banks are required to

hold 9% of their local currency and FX deposit base with BoG as primary reserves and 35% in cedi-denominated assets as secondary reserves. Currently, the minimum capital requirement for a bank is GHS120 million.

SKEWED CREDIT

2016 saw most banks adopt risk-averse lending practices to counter non-performing loans (NPLs). Earnings from loans and advances claimed 56% of the industry total, down from 64% in 2015. And reflecting persistent economic realities, while agriculture accounts for 20% GDP, its informal nature curbs related bank lending, prompting the rise in alternative platforms, such as mobile. The high cost of capital has also dented credit to the manufacturing sector, while more conducive demographics continue to favor the construction industry, where the perception is that it has a relatively low default risk. That being said, credit facilities are regularly backed by landed properties and the domiciliation of proceeds from the rental of the property or government projects. Total related loans and advances exceeded GHS2.3 billion in 2016 (2015: GHS2 billion). Encouragingly, BoG's confidence survey of October 2017 indicates improved business and consumer confidence in the economy, which bodes well for sector activity.

For 3Q2017, bank credit to the private sector grew YoY, albeit at a slacker pace, up 9.4%, which the latest BoG credit conditions survey explains as reflecting a system-wide tightened credit stance. As of October in fact, the banking sector boasted liquidity and solvency, despite a stubborn NPL ratio, down to 21.6% at end-October from 21.9% in August 2017. Total assets climbed 20.5% YoY in October to GHS88.9 billion, down from the previous year's 23.7% march for the same period. Growth chiefly reflected a YoY rise in deposits of 18.2%. Encouragingly, the sector's capital adequacy ratio (CAR) averaged 15% at end-September 2017 and greatly exceeded the stipulated 10% requirement.

FRESH BLOOD

In 2016, BoG doled out new universal banking licenses to four entities: Sovereign Bank, a full service bank, incorporated in October 2015; Premium Bank, the erstwhile City Investments Company Limited; OmniBank, the former Union Savings and Loans; and specialist mortgage finance institution Ghana Home Loans, formerly operating as a non-bank financial institution, but as of 3Q2016 became a full service bank. These arrivals elevated the sector total to 33 licensed banks as of end-2016, of which 16 are locally owned and 17 foreign controlled. Subsequently, an additional two universal banking licenses were given to Construction Bank and Beige Capital. In 2016, total sector assets rose 28% from 2015. Yet some sector players argue that the field is already too crowded, urging a moratorium on further licenses in a nation of 26 million people.

INCLUSION

In a bullish move in late 2017, Vice President Dr. Mahamudu Bawumia declared that in 2018 all Ghanaians would receive a bank account to pave the way for a digital economy. How this will pan out is anyone's guess at this stage. Thus far, while around 20% of adult Ghanaians have a mobile money account, half of those lack a bank account. Digitalization, too, widens banking reach, while reducing operational expense. Legislation has addressed public concerns, and the Deposit Protection Bill of July 2016 safeguards depositors from "unforeseen circumstances." Meanwhile, the Banks and Specialized Deposit-Taking Institutions Act of the same year enables better oversight over non-bank financial institutions, while advancing financial consumer protection. Indeed, a Financial Inclusion Technical Committee launched in August 2016 has formulated a strategy to meet the ambitious national target of full financial inclusion by 2020.

CAPITAL MARKETS

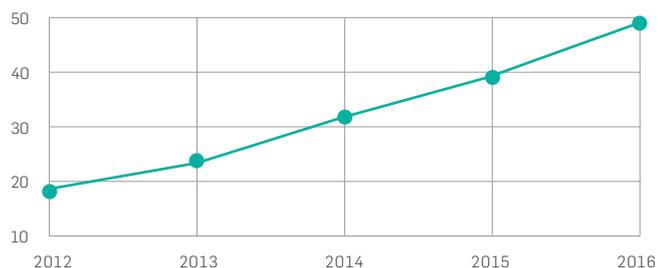
The Ghana Stock Exchange (GSE), established on November 26, 1990, is regulated by the Securities Industry Law 1993. A limited equities playing field sees around 30 listed stocks serviced by 10 brokerage firms. The GSE Composite Index shed 15.33% for 2016, dragged southward by a grim outing for listed banks. The MCap of listed securities at YE2016 was GHS52.7 billion, down 7.75% YoY from GHS57.1 billion. The dilemma, according to Ahiaglo, is that, "Multinationals such as MTN Ghana, Vodafone Ghana, and Nestlé, the largest corporates in the country, are not listed on the GSE (while) the local subsidiaries of Nigerian banks here, such as GT Bank, one of the largest on the continent, are listed in Nigeria but not in Ghana." Predictably, investors veer toward treasury bonds amid a dearth of activity. The bourse has for some years contemplated a Ghana Commodity Exchange (GCX). The resulting public-private-partnership initiative seeks to transform a largely agricultural economy into a diversified one, not least in the advent of oil discovery.

INSURANCE

From a low base, Ghana's insurance has seen yearly average growth of 36.7% and is poised to support the national savings and investment environment for individuals and corporates. Penetration, at around 2%, remains below the African average of 3.5%. Moreover, systemic "leakage is another problem," says National Insurance Commission (NIC) Commissioner Justice Yaw Ofori. "For example, about 36% of Ghanaians have some form of insurance, while around 30% of all vehicles on the roads are not insured." The Insurance Industry rests upon the Insurance Act 2006, ACT 724, which grants greater regulatory weight to NIC. The act prohibited composite insurance companies, whereby those active in life and non-life branches had to form separate firms by December 2007, spiking competition. Further legislation, long in the making, may materialize in 2018. ✘

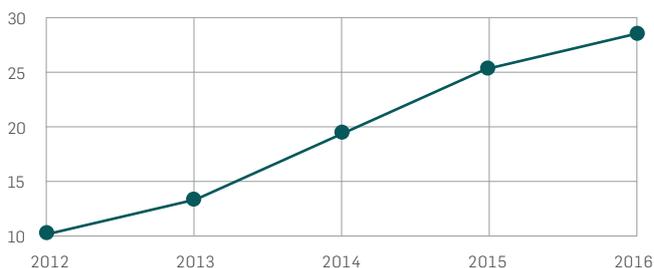
TOTAL INDUSTRY DEPOSITS (GHS BILLION)

SOURCE: PWC



TOTAL INDUSTRY LOANS & ADVANCES (GHS BILLION)

SOURCE: PWC





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