



Economic outlook of Ghana

Overview

Ghana is one of the fastest growing economies in the world. It sits on the Atlantic ocean and is bordered by the Ivory Coast (Côte d'Ivoire) to the west, Burkina Faso to the north, Togo to the east, and the Gulf of Guinea to the south. Ghana has a stable multiparty constitutional democracy with a peaceful and predictable operating environment, serving as a key point to enter West Africa.

Economy

Ghana's macroeconomic performance improved in 2017 after a difficult 2016. The country's economy expanded for the fifth successive quarter in September 2017, at a rate almost double that of 2016.

While Ghana's domestic economy continues to revolve around agriculture, which accounts for more than a third of GDP and employs more than half of the workforce, mainly small landholders, the discovery of oil resources in 2010 has significantly increased the real gross domestic product (GDP), which grew by 9.3% in the third quarter of 2017.

The 2018 budget, which was read in November 2017, is termed 'From stabilisation to growth: putting Ghana back to work again' and is premised on consolidating the gains made during 2017 in stabilising the Ghanaian economy. The budget primarily focuses on the creation of a conducive business environment that allows for the economic engagement of all Ghanaians, promoting inclusive growth without compromising fiscal consolidation.

Investment climate

Attracting foreign direct investment (FDI) continues to be a priority for the Government of Ghana (GOG). Ghana is currently experiencing an infrastructure funding gap of at least USD 1.5 billion a year.

The GOG recognises that attracting FDI requires an enabling legal environment. It has no overall economic or industrial strategy that discriminates against foreign-owned businesses. The government passed laws to encourage foreign investment and replaced regulations perceived as unfriendly to investors. The 2013 GIPC Act regulates investments in almost every sector, except minerals and mining, oil and gas, and the industries within Free Zones. In general, GIPC has streamlined procedures and reduced delays. In some cases, a foreign investment may enjoy additional incentives if the project is deemed critical to the country's development.

Ghana has a solid tradition of investments in agriculture and agro-processing. The financial services and telecommunications sectors are fast gaining ground, providing dynamic and innovative services to the most diverse customers in the world. Further opportunities exist in manufacturing, ICT, and Tourism. Mineral deposits, including gold and diamonds, abound, and with the discovery of oil, Ghana's famous black star has never shone brighter.

Investment in the Agriculture sector

Despite the fact that close to 70% of Ghana's land area is used for farming, the country remains a net importer of agricultural products, including basic commodities, such as rice and wheat.

In May 2017 the African Development Bank (AfDB) announced new investment strategies on the continent to support farmers working with major cash crops, including cocoa. According to the World Bank's "Enabling the Business of Agriculture 2017" report, Ghana requires enhanced procedures for effective transport of perishable products. As laid out in the 2017 budget, the Ministry of Food and Agriculture plans to construct 54 new warehouse facilities for storage, while roads are being refurbished with the aim of increasing the efficiency of transportation of agricultural commodities. In addition, Ghana was among the 13 African countries to sign agreements with India to increase the supply of agricultural machinery and advance credit to farmers.

Investment in Infrastructure

Investment to deliver infrastructure is very viable and this shows how investment in construction has not been consumed yet, indicating that the construction of Ghana's infrastructure is not yet complete. With the booming real estate industry and high demand for infrastructure development, Ghana provides a wide range of possibilities for companies entering the market.

Most non-emergency government contracts for road construction are open to both local and international companies through a process of competitive bidding. There are many smaller local companies that would also be seeking a partnership for financial assistance, equipment and training.

Investment in Renewable Energy

The government has prioritised renewable energy onto the achievement of the 2020 national goals. The government is planning to install 200,000 solar systems to provide power to households, commercial as well as government facilities in urban and selected non-electrified communities.

To achieve such a goal, renewable energy capacity caps had targeted Utility-Scale Solar to provide 150mw with utility-scale wind also adding to the national grid about 150 to 250 megawatts (MW) of power. The African Development Bank has approved a \$15 million grant from its Sustainable Energy Fund for Africa (SEFA), to assist Ghana's renewable energy investment drive.

In a bid to create an enabling investment climate for renewable energy, the Government of Ghana put in place several policies and regulatory measures, including the Renewable Energy Act 2011.

| | 2015 | 2016 | 2017 |
|--------------------------------------|----------|----------|--------|
| FDI Inward flow (million USD) | 3,192 | 3,485 | 3,255 |
| FDI Stock (million USD) | 26,397.4 | 29,882.3 | 3,3137 |
| No. of Greenfield investments | 41 | 28 | 30 |
| FDI Stock (in % of GDP) | 70.6 | 69.1 | n/a |

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