

DOING BUSINESS IN GHANA

Overview

Ghana, officially the Republic of Ghana, is a country located in West Africa, spanning land mass of 238,535 km² and with a population of 30.3 million¹. Ghana is a market-based economy with a GDP of 65.56 billion USD. Ghana has relatively few policy-based barriers to trade and investment compared to countries in the sub-region. It is a multiparty democracy with an independent judiciary, press freedom and freedom of speech.

GDP per capita (USD)	Economic Growth (GDP, annual variation in %)	Inflation Rate (CPI, annual variation in %)	Policy Interest Rate (%)	Exports (USD billion)	Imports (USD billion)	External Debt (% of GDP)
2,202	6.7	7.2	16.00	17.1	13.2	63.7

The largest sector in Ghana is the services sector, which currently contributes about 46% of GDP. The **Service Sector** in Ghana consists mainly of the following:

- Financial & Insurance activities
- Trade, repair of vehicles, households goods
- Hotels & restaurant
- Public administration & defense, social security
- Information and communication
- Transport and storage
- Real Estate
- Education
- Health and Social work

The Industry sector contributes to between 34% of GDP with industrial activity mainly including mining, manufacturing, quarrying, energy production, water & Sewage and construction. The main challenges to the industrial sector are:

- Erratic power supply/high cost of energy
- High inflation and exchange rate volatility
- High Cost of setting up a business/ High taxes/multiplicity of taxes/high port charges affecting the importation of machinery and raw materials
- Difficult access to capital/high cost of capital
- Trade liberalization leading to unfair competition and dumping mainly from China
- Infrastructural challenges

The agriculture sector accounts for 19% of Ghana's GDP but employs more than half of the workforce, mainly as smallholder farmers practicing low-tech agriculture. Ghana's main agricultural products are starchy staples like cassava, cocoyam, potatoes and plantain; grains like maize, rice and millet; and vegetables like tomatoes, okra, garden eggs, pepper and cabbage. Ghana also produces cash crops such as cocoa, oil palms, and cashew.

¹ 2018 estimate

Trading with Ghana

Gold, cocoa beans, oil and individual remittances from Ghanaians working abroad are the major sources of foreign exchange. Ghana is the second largest producer of cocoa in the world and largest producer of gold in Africa (8th in the world). Efforts are being made to promote tourism as a major foreign exchange earner and Ghana's oil industry presents an increasing opportunity for foreign exchange earnings.

Since the commencement of oil production in Ghana in 2010, economic growth has been significantly influenced by oil production and prices on the world market. Ghana has made 25 more oil discoveries after the first one in 2007.

Ghana is the host country for the secretariat of the newly created African Continental Free Trade Area (AfCTA). The purpose of AfCTA is to accelerate intra-African trade and boost Africa's trading position in the global market by strengthening Africa's common voice and policy space in global trade negotiations.

Ghana is also a signatory to the Ecowas free trade and market integration treaty which seeks to remove trade barriers and the harmonization of trade policies amongst West African countries.

Trade Balance

The top export destinations are India, China, Switzerland, UAE (99.6% of Ghana's exports to the UAE is gold), South Africa and Netherlands. Imports are mainly from China, U.S.A., U.K., India, Nigeria and Netherlands. Ghana's top imports are refined and crude petroleum, cement, rice, frozen fish, packaged medicaments, cars and delivery trucks. Ghana is strategically located to be a gateway to the West African sub-region and a number of land-locked countries in West Africa rely on the ports in Ghana to import cargo. It has two main seaports in Tema (Greater Accra Region) and Takoradi (Western Region).

Ghana also has well-established Free Zones Enclaves with incentives to facilitate this kind of trade activity.

Trade Regulations

All food, allopathic medicines, cosmetics and household chemicals, tobacco and substances of abuse, herbal products, biologics and medical devices must be certified by the FDA - Food and Drugs Authority (www.fdaghana.gov.gh) before importation into the country. The FDA must also certify the premises for production of food, drugs, labeling, clinical trials, safety monitoring. Additionally the FDA must approve all advertisement of the items it regulates.

The [Ghana Standards Authority](#) (GSA) also provides certification for the above products and for all other products services not covered by the FDA. For instance, the GSA provides certification for conductors, concrete products, pumps etc. Obviously, the functions of these two organizations sometimes overlap and it is not uncommon to see products on the market that display the certification mark of both.

Ghana's ports operates paperless port system where import process flow is done via an online system which captures all relevant import information into a database to make importation smooth and corruption free.

Investing in Ghana

Over the last half-decade, Ghana has taken steps to simplify the process of registering a business and reduce the cost and time it takes to set up a business. [The Registrar General's Department](#)- Registration forms and regulations are available [online](#) and of course, we are here to assist in the process if needed. All the associated fees for registering a business are available [here](#).

Kindly note: Although significant progress has been made in fighting red tape and corruption, challenges remain. Therefore, contact the mission for clarification if asked to pay unauthorized fees.

[The Ghana Investment Promotion Centre](#)- Foreign investors are also required to register their investments with the Ghana Investment Promotion Center. It is possible to conduct business registration with the Registrar General's Department through the GIPC. The new GIPC Act sets out the rules and regulations for foreign participation in the Ghanaian economy. It stipulates the following;

- Foreign-local joint venture must have a minimum of US\$200,000 foreign capital.
- Wholly owned foreign business registering in Ghana must have a minimum of US\$500,000 foreign capital.
- Foreigners seeking to venture into the business of general trading must have a minimum of US\$1,000,000 stated capital.

The full list of financial requirements for registering an investment with the GIPC is available [here](#).

Important economic regulations and international agreements

- Ghana Free Zones Act: This act establishes the Ghana Free Zones Authority, which is charged with positioning Ghana as a gateway to West Africa by providing investors with free zones incentives. Download the Act [here](#).
- Ghana Investment Promotion Center Act: This act establishes the Ghana Investment Promotion Center, which is tasked to encourage and promote investments in Ghana, to provide for the creation of an alternative incentive framework and a transparent, predictable and facilitating environment for investment. Download the full act [here](#).
- Ghana Customs Harmonized Tariff Schedules: A complete guide to import tariffs for goods entering into Ghana. Download [here](#).
- ECOWAS (Economic Community of West African States) Common External Tariffs and other Schedules: A complete guide to tariff charges on goods moving across ECOWAS borders. Download [here](#).

Areas for Potentially High-Rewards for Israeli businesses

- **Agriculture:** The agricultural sector has the potential to be a cornerstone of the Ghanaian economy but the fact that Ghana is still a net importer of food despite abundant land, water and human resources point to the lack of investment and technology in agriculture. Government has recognized the importance of agriculture to the economy and is seeking to boost the agricultural sector through programs like "[One District One Factory](#)", "[Planting for Food and Jobs](#)", and the "Akufo-Addo Program for Economic Transformation". Opportunities also exist for Israel companies to participate in the agricultural sector through donor-funded projects such as the USAID-Fin GAP project.

- **Water and Sanitation:** In urban areas, treated water reaches only 60% of residents whereas only 53% of rural residents have access meanwhile 50% of all treated water is lost to leakages or illegal tapping. This summarizes Ghana's water challenge and the huge opportunity it presents to Israeli companies with superior technology in water treatment and management. The major challenge is that a significant portion of Ghana's budget for water and sanitation projects is funded by donors who have an influence on the direction of contracts. Secondly, water projects are seen as a social service by government, which makes it difficult to employ the PPP approach in structuring the financial structure.
- **Health sector:** The Ministry of Health is responsible for regulating the entire health sector through policy formulation, coordination and implementation. The government through the Ministry of Health and the Ghana Health Services provides most healthcare. Faith-based organizations provide a significant share of health care services. One of the main challenges facing healthcare delivery in Ghana is the equity gap in geographical access to health services. In the urban areas there is good access to healthcare but in rural community's patients often have to be transported over long distances to reach a health post or clinic. Another challenge is the lack of sustainable financing for healthcare delivery as well as low efficiency in governance and management of health systems. There may be opportunities to significantly improve access to and quality of healthcare services using digital solutions.
- **Renewable Energy:** At present, renewable energy accounts for only 1% of installed capacity despite the huge potential of Ghana to harness more energy from the sun, wind and waves. Government has plans to increase the contribution of renewable energy to 10% although challenges posed by the fixed Feed-In-Tariff (FIT) rate continue to hinder investment. Government has also hinted of a program to install off-grid RE capacity in rural areas – a project that could create opportunities for Israeli companies in the sector.
- **Cyber security:** As Ghana continues to digitize its economy and as cyber applications become an integral part of the operations of national infrastructure, organizations and ordinary citizens, investments are needed in cyber security to safeguard the economy and security of the state. There are currently several projects and initiatives underway in Ghana that present opportunities for Israeli businesses.
- **Infrastructure:** Decades of under-investment, a growing economy and demographic changes have left Ghana with a huge infrastructure deficit estimated to be in the region of US\$30 billion. The Governments of Ghana and development partners invest a total of US\$1.2 billion annually in infrastructure development although the World Bank estimates this is inadequate. Still, the significant expenditure on building roads, seaports and harbors, interchanges, airports, hospitals and other large public infrastructure presents juicy opportunities for contractors and integrators. Some significant infrastructure projects in the last 5 years include: Tema Port Expansion Project (US\$1.5 billion), Kwame Nkrumah Interchange Project (Euro74 million), Kotoka International Airport Expansion Project (US\$274 million), Kasoa Interchange Project (US\$160 million), University of Ghana Medical Center Phase 1 – US\$217 million and Ridge Hospital Project (US\$500 million). Finding an appropriate financing structure for these projects remains an important hurdle to closing deals.

Ghana in the Corona Era

Ghana is experiencing the Corona Virus pandemic like everywhere else in the world. Ghana currently lies number two in African countries who have conducted more tests. The Government has facilitated the local production of PPEs and hand sanitizers and is enforcing strict social distancing protocols to help curb the spread of the virus. The pandemic has affected Ghana's main exports that is Cocoa, gold and oil but businesses are expected to receive financial support from the government to help bring back the economy to normalcy.

For any further information, please feel free to contact us on social media pages and our team:

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