

# INVESTMENT OPPORTUNITIES IN GHANA

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## Cotton and Textile



Production of improved varieties of cotton for export and local consumption, establishment of ginneries, farm to plant transport services, storage and handling facilities, production of chemicals including natural dyes, industrial starch, caustic soda, hydrochlorides and other finishing chemicals as well as production of textiles. Cotton production has been selected as one of the special Presidential Initiatives.

Ghana possesses a rich tradition in weaving fabrics from cotton elements that dates back centuries. Its heritage includes the widely celebrated Kente cloth of the Ashanti and Ewe peoples, hand-woven in bright colours with traditional symbols and geometric designs.

Today, Ghana's textiles industry includes vertically integrated mills, horizontal weaving factories and the traditional textile trade involving spinning, hand-weaving and fabric processing.

## Agro-Processing



Establishment of manufacturing industries to add value to local agricultural and fishery products, especially **cassava** into **industrial starch** etc, cocoa beans into cocoa products, fruits into fruit juices, purees etc, rice into fragrant rice, flour etc. The scope for export of these products to regional and international markets is quite significant. Production of cassava and industrial starch is under the special Presidential Initiatives.

The food and agricultural industry plays a major role in Ghana's economy. From 1990 to 1999, the agricultural sector contributed an average of 41.3% to gross domestic product

and 12.2% of national tax revenue. In 1999 alone, it recorded total foreign exchange earnings of \$2.1 billion and employed 54.3% of the workforce.

Major food crops in Ghana generally consist of cereals and starchy foods. Cereals include maize, rice, millet, guinea corn and sorghum, while starchy crops include cassava, yam, cocoyam (taro) and plantain. This profile focuses on maize, rice, cassava, yams and plantains.

Farming is predominantly on a smallholder basis in Ghana, although some large farms and plantations produce rice and maize. There is also food processing on a semi-large scale, including flour (made from cassava, rice and maize); dried cassava and gari; and value-added products such as Cerelac® prepared by Nestle.

### **Opportunities currently exist in the following areas of Ghana's food industry:**

#### **PRODUCTION**

Maize, rice, plantain, cassava, yam and other non-traditional foods including cocoyam.

#### **PROCESSING**

Maize oil, maize flour, rice flour, fragrance rice, ground rice, dried cassava, cassava starch, cassava flour, cassava tapioca and finished food products such as macaroni, pasta, noodles and maize powder meals.

#### **TECHNOLOGY AND SERVICES**

Irrigation; Heavy equipment hiring such as tractors, ploughs, harrows and combine harvesters; Production of inputs such as fertilisers, pesticides, and fungicides;

#### **Manufacturing and supply**

spares; Distribution and storage.

### **Cash Crops**



Agriculture is the main driving force behind Ghana's economy, accounting for approximately 42 percent of the country's GDP and employing 54 per cent of its work force. In recent years, the government has encouraged the development of the non-traditional agricultural sector in order to diversify the country's export base. Special emphasis is placed on horticultural production in recognition of

Ghana's natural and competitive advantages in this area. In addition to possessing the largest fresh water lake in West Africa, the Volta, each of Ghana's six agro ecological zones is suitable for the production of specific crops.

**Opportunities in Ghana's cash crop industry exist in the following areas:**

**FRESH AND PROCESSED FRUITS**

- Fresh and canned pineapples;
- Papayas, mangoes and other exotic fruits;
- Pineapple and exotic fruit juices.

**FRESH AND PROCESSED VEGETABLES**

- Tomatoes and tomato paste;
- Chillies and hot sauces;
- Squash and cucurbits;
- Frozen vegetables;
- Asian vegetables.

**SPECIAL COMMODITIES**

- Conventional, organic and specialty coffees;
- Conventional and organic cocoa and derivative products;
- Cotton lint.
- OILS
- Palm oil;
- Cottonseed oil.

**Ethnic Beauty Products**



Production of universal and ethnic cosmetics such as hair and skin care products, using local raw materials which are in abundance e.g. soya bean oil, shea butter, sunflower seed and sunflower oil, coconut oil, palm kernel or babasu oil etc.

## Floriculture



An industry in its nascent stages, Floriculture offers a lot of opportunities as Ghana's climate, topography and other natural characteristics make it a conducive location for the cultivation of a myriad of exotic flowers. Species like heliconia, caribea, celosia, curcuma, gladioli, hibiscus, roses, ornamental palms and ferns perform well under natural condition. Cold storage facilities, green house construction, irrigation equipment and construction of small dams, as well as packaging materials, all provide opportunities. There are five cargo airlines (Swiss, Lufthansa, Ghana Airways, KLM and Race Cargo) operating flights (average of 14 daily) to Europe with very competitive costs (costs (\$0.74 -\$1.25 1kg)). Ghana also has comparative advantage in its proximity to the main EU markets, with flights to London and Amsterdam averaging only six hours.

The unique combination of altitude, proximity to the equator providing long days of sunlight, ample water supply, storage facilities, and affordable air freight to European markets makes Ghana an ideal location for floral production.

## Financial Services



The financial services industry encompasses a broad range of organizations that deal with the management of money. In Ghana, the financial services industry is categorized into three main sectors:

- Banking and Finance (including Non-Bank Financial Services and Forex Bureau)
- Insurance and
- Financial market/capital markets

The Government of Ghana has shown strong commitment to financial sector development, in particular with the Cabinets approval in 2003 of the Financial Sector Strategic Plan (FINSSP) which aims at broadening and deepening the financial sector. Improved governance in the financial markets remains an important focus for the continued reform agenda.

Through the implementation of the FINSSP the Government of Ghana intends to

promote the evolution of a financial sector which is appropriate for the needs of a country moving towards middle income status. The vision is one of a financial sector which is responsive to the needs of the 21<sup>st</sup> century, particularly given the prospect of greater international and regional competition and opportunity for Ghanaian financial market participants.

Consistent with the Government's vision, the project has an underlying theme of establishing an enabling environment supported by effective regulations, with an objective that all savers and investors will have the benefit of regulatory oversight. As a "second generation" financial sector reform program, it is accepted that the basic institutions required for effective provision of financial services are largely in place; the objective is rather to allow them to operate more efficiently.

The Banking Act 2004 amended to Banking Act 2007 has made way for the establishment of the International Financial Services Centre (IFSC) by the government. This is set to increase the competitiveness of the Ghanaian financial sector. Under the IFSC, Barclays Bank has been given the license to operate the first Offshore Bank in the sub region. More than 37% of bank branches are located in the Greater Accra region.

Following significant improvements in the financial system, there is no doubt that the sector is now in a better shape to play the effective role of harnessing financial resources for sustainable economic growth of the country.

The operating institutions include both foreign and local major banks, Rural and Community Banks (RCBs), Savings and Loans Companies (SLCs) and other finance and leasing companies. The number of institutions existing in the various categories at the end of April 2008 was as follows:

<b><u>Organization</u></b>	<b><u>Number</u></b>
Banks	28
Rural and Community Banks	128
Non-Bank Financial Institutions	44
Forex Bureau	273
Insurance Companies	17
Re-insurance Companies	2
Insurance Brokers	35
GSE Listed Companies	35
GSE Licensed Stockbrokers	16

## **Fine and Custom Jewellery**



With a tradition dating back to the 5th century B. C, Ghana has always had a vibrant goldsmithing and jewel-making industry. As a major producer of gold and diamonds, vast opportunities exist in the production of fine jewellery, custom jewellery and accessories and services.

Today, this tradition is evident in the local jewellery industry of over one thousand indigenous artisans. Several medium-size companies, employing between 5 and 20 bench jewellers, are based in the cities of Accra and Kumasi. The industry also boasts of a Jewellery College located at the Weija Industrial and Commercial Estates in Accra, and the Metal Products Department of the Kwame Nkrumah University of Science and Technology that turns out skilled artisans each year.

**Investment opportunities exist in the following areas of the jewellery sector:**

### **FINE JEWELLERY**

Fine handcrafted jewellery production;  
Machine-made fine jewellery production;  
Machine-made chains;  
Findings and accessories;  
Gemstones production;  
Diamond cutting and polishing;  
Gold coins, medallions and souvenirs.

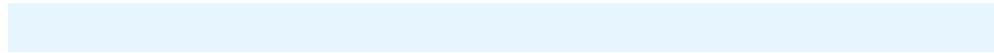
### **CUSTOM JEWELLERY**

Base metal jewellery production;  
Plastic jewellery production;  
Textiles and wood jewellery production;  
Electro-foray and gilding plants.

### **ACCESSORIES AND SERVICES**

Assay and stamping office;  
Jewellery tools and equipment;

Display and packaging.



## Transport Services



Identified as one of government's priority areas to be developed under its medium term plan, transport services offer exciting opportunities especially in **mass transportation** – scheduled bus system, rail upgrades and passenger rail transport on chosen corridors, lake transport system (exports and imports to and from land locked neighbours of Burkina Faso, Mali and Niger), air transport operators for domestic and subregional services, as well as, upgrading of existing trunk roads under BOT, BOO, BAT, BLT etc. systems.

Road transport is the predominant mode of transport in Ghana, accounting for the vast majority of freight and passenger travel. Ghana's road construction boom followed the country's independence in 1957. The roads network at that time, though significant, was not wellmaintained. It began to deteriorate in the 1970s until the commencement of the structural adjustment programme in 1983. By the 1990's, Ghana had experienced marked improvement in its roads network that has led to its emergence as a hub linking the entire West African trading zone. The privatisation of many of Ghana's transport and logistics enterprises has also led to greater efficiency in these areas.

### **ROADS CONSTRUCTION AND MAINTENANCE**

The cost of roads construction and maintenance are borne by the government while private contractors assume the task of implementation. Major opportunities in the sector are in the form of contracts between the MRT and local and international engineering firms via competitive bidding. The exception is where emergency works are concerned, in which case selective tendering is employed. Eligibility for bidding on public road construction and rehabilitation projects requires the registration of prospective contractors with the Ministry. Donor groups such as the World Bank, African Development Bank, JICA, USAID, DANIDA, DFID and GTZ often underwrite roads projects tendered by the MRT.

### **TRANSPORTATION SERVICES**

Entry into the public transportation field is unrestricted. Most services are offered by private operators and competition is keen despite the presence of two state-owned firms, City Express Bus Company Ltd and the Omnibus Services Authority. Both companies are

un-subsidized and presently on the government's divestiture list. Another company, STC, has already been divested and now operates trucking services between the main urban centers.

### **AUTOMOBILE SALES & SERVICE**

Another growth area is that of vehicle sales and after-sales service, with companies like PHC motors, Silver Star, Vodi Technik and Mechanical Lloyds all operating dealerships with service centers in Ghana. In addition to car and truck sales, a number of firms also deal in modern vehicle diagnostic systems. Hundreds of independent dealers also serve the second-hand automobile market



### **Seafood Processing**



Ghana's 550km of coastline and 8,520 square km of water surface area provide an abundance of marine life (particularly tuna), aquaculture and inland fish species. Opportunities exist in harvesting and processing of tuna and various marine and aquaculture species as well as establishment of aquaculture (fish farms).

The seafood sector is quickly emerging as one of Ghana's most important industries. The various segments of the industry – processing, transport, storage, and marketing – provide jobs, incomes and a steady food supply. The industry has led to the growth of cluster industries such as boat construction, boating supplies, and fishing equipment. Processed seafood exports need to be increased

### **Opportunities**

Major opportunities exist in the harvesting and processing of tuna and various aquaculture species, as well as the inland cultivation of tilapia and perch. In addition, local seafood enterprises are seeking ventures with foreign partners

to upgrade current operations and increase output, including the introduction of modern vessels; advanced tracking, capture, processing and packaging equipment; accessories such as block/flake/crushed ice machines; and increasing cold storage capacity.



## Property Development



Construction of **residential houses** (low cost housing, high rise quality apartments, retirement villages); **Industrial houses** (light industrial parks, warehousing facilities) and **Commercial houses** (regional and local shopping centers/malls, office accommodation, storage etc.) as well as provision of construction equipment and building materials.

Ghana's property market is dominated by residential and commercial development. The residential market is the most active, registering an estimated 85,000 transactions per annum over the past decade. Commercial property is the second largest segment in the market and includes office accommodations and retail space. The industrial segment is significantly smaller in size than the commercial market, while recreational and civic/cultural property development is virtually non-existent.

### **Opportunities currently exist in the following areas of the industry:**

#### **RESIDENTIAL PROPERTY**

While the housing supply rate has increased since 1990, current estimates point to a notable production shortfall of new residences in Accra. Several projects currently under various stages of implementation include the Dunkonah, Kasoa and TDC Community 20 schemes:

Dunkonah Housing Project: 15,000 units

Kasoa Housing Project: 7,000 units

TDC Community 20 Project: 3,400 units

While infrastructure works for Dunkonah have been completed, unit construction has not yet begun. Housing at the TDC Community 20 scheme is approximately 50% complete, while work at Kasoa has not yet commenced.

## COMMERCIAL PROPERTY

Several areas in the Accra-Tema corridor have been zoned as industrial sites, although these are yet to be sold or let. Actual development may be carried out by commercial developers or individual lessees.

Other opportunities include construction and renovation/rehabilitation of properties for office leasing, retail, shipping, storage and other enterprises in the greater Accra area.

## Tourism



One of the fastest growing sectors in the economy, tourism holds a lot of attractions for investors. Opportunities include provision of hotel accommodation in the 3 – 5 star range in Accra and the regional capitals; conversion of the numerous forts and castles on the Atlantic Coast into inns; Beach, lake and river resort development (including water sport and game fishing); development of lodges and national parks; development of modern convention/event facilities for large social gatherings in main cities; provision of complete adventure/ecotour packages for domestic and subregional markets; and rest stops on key excursion routes.

Ghana's tourism sector is expected to grow at an average rate of 4.1% per annum over the next two decades, driven largely by the country's unique historical, cultural and natural attractions. Centrally located on the Gulf of Guinea in West Africa, Ghana has a total land area of about 238,540 square km and a 540 km picturesque coastline. In addition to being home to many historical landmarks and natural attractions, Ghana enjoys the unique status of most frequent initial point of entry for Westerners visiting Africa for the first time.

Indicators showing the growth of the tourism sector underscore the need for accommodations and other facilities to service the growing number of visitors to Ghana. Currently, Ghana has less than 1,800 rooms in the 2-5 star category. These include 224 five-star rooms, 514 four-star rooms, and 567 three-star rooms. Demand projections for 2- 5 star rooms are 4,480 (2000),

6,385 (2005) and 8,250 (2010). The National Tourism Development Plan also calls for visitor facilities in 8 designated tourism centers, 7 tourist gateways, 75 tourist stopovers and a network of excursion routes, all focusing on and linking the major attractions throughout the country.

**Specific opportunities include:**

**HOTELS**

Development of mid- and upper-scale hotels in Accra and nine regional capitals;  
Accommodation for the Accra International Conference Centre.

**RESORTS**

Lake resorts on Dodi Island on the Volta system and the Bosumtwi;  
Marinas at Sogakope and Ada on the lower Volta system and Keta Lagoon;  
Beach resorts at the Marine Drive, Prampram – New Ningo (Greater Accra), Gomoa-Feteh, Winneba and Brenu- Akyinim (Central Region), Busua, Cape Three Points and Miamia (Western Region).

**LODGES**

Mountain retreats at Amedzofe (Volta Region) and Kloyo (Eastern Region);  
Visitor facilities within Mole and Kakum National Parks, Wli waterfalls, and selected sites in Tagbo (Volta Region), Kintampo (Brong Ahafo Region), and Paga (Upper East).

**OTHER**

Rest stops on key excursion routes.

**Ceramics**



Provision of structural ceramics (including burnt bricks, tiles and murals), traditional ceramics (flower vases, pots, candle holders and lamps), crockery (plates, tea and coffee pots, cups, mugs), electrical products (insulators, plugs and capacitors), sanitary items (sinks, baths and wash basins) and clinical items (dental fixtures, fillers and bone joints).

**Opportunities in the ceramics industry exist in the following product areas:**

- Structural ceramics, including burnt bricks, tiles, and murals;
- Traditional ceramics such as flower vases, pots, candle holders and lamps;
- Crockery, including plates, tea and coffee pots, cups, mugs, etc.;
- Electrical products, including insulators, plugs, and capacitors;
- Sanitary items including sinks, baths, and wash basins;
- Clinical items, such as dental fixtures, fillers, and bone joints;

**Furniture and Wood Processing**



Ghanaian timber is highly valued for its durability and aesthetic appearance. It is used in the manufacture of products such as floorings, furniture, carvings, toys, mouldings, rafters, sea defense walls, wall cladding piers, and railway sleepers, among other items.

Ghana, previously known as the Gold Coast, has supplied Europe with timber in log form (mostly mahogany) as far back as 1833. The practice continued until 1945, when pit-sawing was introduced in Ghana and the country began exporting manufactured lumber. In the 1950s and 60s, exports of sawn lumber had grown significantly and began to include veneer sheets and plywood.

It is estimated that there are 400,000 hectares of land currently available within Ghana's degraded forest reserves that can be converted to commercial forest plantations. In addition, there exist a large number of exhausted cocoa farms and degraded areas outside reserve areas that are also suitable for plantation development.

Ghana's wood processors are currently seeking ventures with international partners in order to upgrade current plant and equipment, improve management practices, and increase the range of products offered. Opportunities for investment exist in the following product areas:

- Finished and semi-finished furniture and components;
- Mouldings and machined wood;
- Floor and deck blanks, strips and blocks;
- Door, window, and cabinet frames and panels;
- Dowels and tool handles;
- Peeled and sliced veneers;
- Kiln dried rough or machined lumber.

### **Information Technology/Electronics**



Establishment of centres of excellence for production of electrical and electronic products; manufacture and assembly of computer equipment; electronic commerce, Information network operation, medical transcription, legal databases, logistics management, insurance claim processing, back office operations etc.

The electrical and electronic goods sector covers all items needed for the generation, transmission, distribution and utilization of electricity. Ghana's electrical system peak load has been increasing at an average of 10% annually over the past ten years. While this rate is considered high, in absolute terms Ghana's total load remains smaller than that of many small, industrialized countries. Demand for power is driven largely by Ghana's economic growth, which is estimated at around 4% annually. In addition to increased commercial and industrial activity, demand is also driven by construction of new homes and purchases of electrical appliances and consumer goods

Ghana's economic growth has led to the rapid growth in power utilization and increasing demand for materials used in the construction of electrical networks. The greater availability of power throughout the country has also led to new opportunities in the manufacture and distribution of various electronic materials and components in the following categories:

#### **ELECTRICAL MATERIALS**

- Aluminum rods;
- Enameled wire;
- Ceramic insulators;

- Other power supply materials.

## ELECTRONIC EQUIPMENT

- Distribution transformers;
- Traffic signals and controllers;
- Back-up systems and generators.

## TELECOMMUNICATIONS

- Overhead line gear;
- Standing line telephone services;
- Cellular telephones and services;
- Internet services.

## CONSUMER ELECTRONICS

- Televisions, radios, video recorders, stereos and stereo components;
- Air conditioners and fans;
- Refrigerators, kitchen appliances;
- Other household appliances.

## Apparel



Opportunities in this sector have been enhanced with Ghana's receipt of its visa protocol under the African Growth and Opportunities Act (AGOA). Production and export of large-scale apparel and clothing especially Afro-centric clothing for niche markets in the United States and Europe look particularly attractive. Other areas are export of hand-woven indigenous textiles and manufacturing of upscale designer wear for mainstream overseas markets. Ghana's 'Kente' cloth is globally recognized and admired. This sector is under the Presidential Special Initiative.

**Opportunities currently exist in the following areas of Ghana’s apparel industry:**

- Cotton production and processing
- Production of haberdashery, sewing accessories, and other raw materials;
- Cotton-based textile production;
- Large-scale apparel and clothing manufacturing;
- Production and export of Afro-centric clothing for niche markets in the US and Europe;
- Export of hand-woven indigenous textiles;
- Manufacture of upscale designer wear for mainstream overseas markets.

**Hand Tools**



While there exists a strong demand for steel and related products in Ghana and the subregion, there are no major producers in West Africa. This is in spite of widespread availability of natural resources and trained personnel. For instance, Opon-Mansi, in Ghana is estimated to have an ore reserve of 174.4 million long tons. Industrial steel, agricultural implements like spades, shovel, forks, mattocks, pricks, hoes, shears scythes etc. are in great demand as well as construction/industrial tools like screwdrivers, hammers, anvils, handsaws, blades etc.

The hand tools industry in Ghana includes those used in agriculture, such as machetes, spades, shovels, axes and shears, as well as those utilized in construction including saws, spanners, wrenches, hammers, chisels, vices and clamps.

With agriculture comprising over 40 percent of Ghana’s annual GDP and employing 54 percent of its workforce, agricultural tools and implements are the most widely used in Ghana. In addition, there has been increasing demand for hand tools used in construction and industry. This has been driven by steady growth in sectors such as manufacturing which grew an average 3.6%

annually from 1995-1999

**Investment opportunities in the hand tools sector exist in the following areas:**

#### BASIC MATERIALS

- Industrial use steel .

#### AGRICULTURAL IMPLEMENTS

- Spade and shovels;
- Forks, mattocks, picks, hoes and rakes;
- Shears;
- Scythes;
- Axes, bill hooks and similar hewing tools.

#### CONSTRUCTION / INDUSTRIAL TOOLS

- Screwdrivers;
- Hammers;
- Anvils, portable forges and grinding wheels;
- Hand saws and blades;
- Drilling and threading tools;
- Planes, chisels, gouges and similar wood-cutting tools;
- Vices, clamps, wrenches, spanners, pliers and tweezers;
- Pipe-cutters, bolt croppers, perforating punches and similar tools.