

# GHANA

## General information

|                    |                                  |
|--------------------|----------------------------------|
| Capital city:      | Accra                            |
| Surface area:      | 239,000 km <sup>2</sup>          |
| Official language: | English                          |
| Population:        | 26,778,409 (Jan. 2015)           |
| Head of State:     | H.E. Nana Addo Dankwa Akufo-Addo |

## Economic overview

| Annual change of real GDP (percent) |      |      |      | Inflation: Annual Change in Consumer Prices (percent) |      |      |      |
|-------------------------------------|------|------|------|---|------|------|------|
| 2014                                | 2015 | 2016 | 2017 | 2014  | 2015 | 2016 | 2017 |
| 4.0                                 | 3.4  | 5.9  | 8.2  | 15.5  | 16.5 | 13.2 | 10.8 |

Source: World Bank, 2016

In 2015, Ghana's GDP was estimated at USD 38.62 billion, corresponding to a GDP per capita of approximately USD 1,474 according to IMF economic outlook report. The 'Ease of Doing Business' report by the World Bank released in 2015, ranked Ghana 70 out of 189 countries. Ghana will record a growth rate of 4.5% as projected by the IMF World Economic Outlook Report. The report indicates Ghana as the best place to do business in the ECOWAS subregion.

The GDHS report of 2014 by the Ghana Statistical Service indicates Agriculture employs about 45% of the population and contributes to roughly 22% of GDP, while the service sector contributes 52% to GDP and employs approximately 40% of the population. Manufacturing and industry accounts for 27% of GDP and employs 15% of the population. There is a small capital intensive mining sector and a growing informal sector. With its newly acquired status as an oil producing nation, expected revenues from crude oil are projected to be an important growth factor in the economy. Estimated oil reserves have jumped to almost 700 million barrels. Today, output averages around 110,000 barrels a day. This, in the long run, is good for the economy

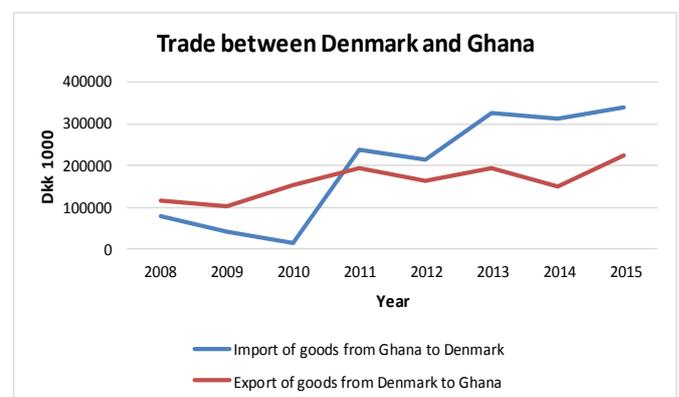
The provisional growth rate of Ghana for 2015 was forecast at 4.1% but ended the with a GDP of 3.4% according to Global Economic Prospects (January 2016), but it is expected to make a rebound with a growth rate of about 5.9% by the close of 2016. This expected rebound is largely attributed to the strict adherence of macroeconomic measures taken by the government.

According to Ghana Investment and Promotion Center, persistent challenges in the power sector evident in declining supply of electricity, unfavourable external sector weighed down on domestic production as general economic activities slowed down in 2015. However, the improvement in the supply of electricity is expected to improve industry performance. The year 2015 ended with a budget deficit of 7.3%, deficit attributed to over bloated public sector pay-

roll and interest payment as well as continuous decline in prices of major exports (Budget Statement, 2016). Debt sustainability also remains an issue with debt to GDP ratio of 70% according to the IMF economic outlook report, 2016. Given the numerous challenges facing the economy, the Government sought support from the IMF which approved a 3 year (2015-2017) USD 918 million credit facility in April, 2015. The facility aims to restore debt sustainability and macroeconomic stability to foster a return to high growth and job creation, while protecting social spending. There has been major improvements in financial securities investments by the government of Ghana following the issuance of 3 major bonds opened to both local and international investors. These includes; a 3-year bond issued in May 2015 with an indicative value of GHS 502 million, a 5-year bond issued in June 2015 with a value of GHS 516 and a 5-year bond issued in March 2016 with an indicative value of GHS 746 million.

## International Trade

Ghana's total imports per the World Bank's records, was estimated as USD 14.57 billion and exports as USD13.22 billion in 2015. The EU (28 countries) accounted for 28.7% of the total imports and 24.0% of the total exports. Total imports from Denmark was estimated to a total of DKK 337.7million equivalent to USD 50.29 million for 2015. Denmark and Ghana share a long standing relationship of trade and commercial cooperation. In recent years, imports of goods from Ghana to Denmark have exceeded exports of goods from Denmark to Ghana. The significant categories of Danish export to Ghana are machinery and transport equipment, chemicals, pharmaceutical, food products, services and technical knowhow. The major Danish imports from Ghana are cocoa, oil seeds, fruit and biomass. The Danish Business Community in Ghana consist of 35 Danish and affiliated companies. Figures from the Ghana Investment Promotion Centre (GIPC) indicate that a total of 50 Danish companies have been registered by the center since 1994 with a total estimated investment of USD 55.4 million.



Source: Statistics Denmark, 2016



### Economic Partnership Agreement (EPA)

Ghana offers access to the market of the Economic Community of West African States (ECOWAS) which has an estimated population of 250 million people. The new Economic Partnership Agreement (EPA) between the EU and ECOWAS, once signed, is expected to gradually transform the relationship between Ghana and the EU from one of dependency to one of mutual trade partners in the long run. Once signed, the EPA will be applied asymmetrically, with the EU fully opening up its market and ECOWAS only over time, while retaining the right to protect a share of its sensitive industries from European competition.

### Local Content and Related Issues

The Ghana Local Content and Local Participation Bill 2013 was passed in November 2013 by the government of Ghana. Under this bill Ghana is committed to exploiting of the country's oil and gas endowment sustainably as well as managing oil and gas revenue judiciously for the overall benefit and welfare of all Ghanaians, including future generations. Attracting increased local value-added investments in the oil and gas sector, creating job opportunities in the oil and gas and related industries, and indigenizing knowledge, expertise and technology in the oil and gas and related industries. There is increasing encouragement of local ownership as well as partnership of business in all the other sectors. These approaches will lead to the creation of a self-sustaining and resilient economy.

### Business Competitiveness

Ghana falls back to position 119 out of 140 in global competitiveness as reported in January 2016 'Global Competitiveness Report' by the World Bank, largely due to the economic challenges that Ghana faced in 2015. However, the country's financial and goods markets are relatively well developed scoring 62<sup>nd</sup> and 67<sup>th</sup>, respectively. Educational standards at all levels still trail international benchmarks and the country is not sufficiently tapping into new technologies to improve efficiency (The Global Competitive Report, 2016). Ghana credit ratings in 2016 by Fitch, S&P, and Moody's resulted in classifications of Ghana as a B, B and B3 nation respectively which led to the downgrading of Denmark's Official Export Credit Agency (EKF) credit facilities to Ghana.

### Demographic Overview

As a result of significant urbanization and rising middle-class income, Ghanaian consumption patterns have changed towards a higher demand for goods and services contributing to the overall well-being of society and a change of lifestyle in the large youth population. In 2014, an estimated 52.7% of the population dwells in urban areas according to Ghana Statistical Service. An indicator of the increasing wealth of the population is the declining amount of people living in poverty, down from 51.7% in 1991/92 to 24.2% in 2012/13. The increase in the number of internet users over the last decade could indicate the rapid growing purchasing power of the Ghanaian population. Another strong indicator is what Ghanaians spend their disposable income on. This gives a clear signal to market demand for various products and services and an opportunity of investment.

### Specific Sector Highlight (Construction)

The construction industry offers a greater opportunity for investment. As the country prepares for economic take off, there is a huge infrastructural deficit that represent a stifling factor. For instance, according to the 2012 sector profile estimated by the Ghana Statistical Service, Ghanaians would need 5.7 million new rooms by 2020.

### Green Investment

The government of Ghana is committed to increasing energy efficiency practice in residential, commercial and industrial applications and 10% contribution of renewable energy in the electricity generation mix by 2020. Some of the identified high impact opportunities areas includes mini-grid renewable energy electrification for off-grid communities, solar home systems for smaller/dispersed communities, solar for ICT in remote communities and solar for remote/river bank health facilities (National Energy Commission, 2015).

According to the USAID 2015 report on sanitation in Ghana, one-third of the rural population lacks access to safe drinking water and only 11% have adequate sanitation. In response, the USAID/Ghana is increasing first-time access to clean water and sanitation in the country.

### Corruption

The Global Corruption Perception Index released by Transparency International, ranked Ghana 56 out of 168 countries, 5-position improvement from the previous year, where Ghana ranked 61 out of 175 countries. Ghana however maintained its 7th position on the African continent. However, the perceived corruption index released Afro Barometer report, which captures only 30 African countries, states that about 71 percent of people living in Ghana say corruption has increased over the last twelve months.

### Political Stability and Safety

Ghana, since the introduction of constitutional democracy in 1992, has been a stable democracy, and change of government between the two dominant parties, National Democratic Congress (NDC) and the New Patriotic Party (NPP) have generally been smooth. These year's election was generally free, fair and peaceful with the main opposition party leader, Nana Addo Dankwa Akufo-Addo, emerging as the winner with overwhelming majority vote. As usual there was a peaceful transition process to consolidate Ghana's democracy. Ghana is widely regarded as a rapidly maturing African democracy, with peaceful elections and transitions of power since the multi-party system was introduced in 1992.

The degree of wealth inequality is also a risk factor but, despite these issues, violent protests are uncommon and the threat to short-term stability is limited, according to the Business Monitor International, 2015. Ghana has experienced strong economic growth over the past 20 years, evidenced by its transition to lower middle-income status in 2010.