

Invest in Ghana

Local Business Intelligence



Agribusiness ■ Manufacturing ■ Services

In partnership with:

Invest sustainably, choose your sector

Why local business intelligence?

With **company-level information** on key sectors, this profile complements the wealth of market intelligence on the investment readiness of a country, i.e. the United Nations Conference on Trade and Development's Investment Policy Reviews. It provides a snapshot of the investment readiness of Ghanaian companies grounded in unique survey data. Firm-level data of this nature are relatively underexplored by the investment community, but can be a useful tool to help investors make informed decisions. This can help developing countries attract investment and integrate into international production and distribution networks.

Selecting competitive sectors

This profile focuses on **three key sectors** – agribusiness, manufacturing and services – that have been prioritized in the long-term development strategy of Ghana. These sectors offer the possibility for investors to contribute to the Sustainable Development Goals while reaping good business returns.

- **Agribusiness:** Vast arable land, suitable climatic conditions and plentiful water resources make Ghana ideal for commercial farming of staple crops such as corn, yam and maize. Ghana is also one of the world's largest cocoa producers, with vast export potential and a well-established agricultural research network to improve production processes.
- **Manufacturing:** Years of robust growth (9.5% in 2017), together with the recently launched industrial transformation agenda, can support Ghana's ambition to increase its industrial capacity as well as the sector's contribution to gross domestic product (GDP). As home to one of the largest ports in West Africa, Ghana has a strategic position as a production location and commercial centre.
- **Services:** The Ghanaian services sector is growing and offers interesting investment opportunities. The country's stock market is one of the best performing in West Africa, and the banking sector remains profitable. Furthermore, Ghana registers a growing number of international tourists every year.



National ownership

The International Trade Centre, in **partnership** with the Ghana Export Promotion Authority and the Association of Ghana Industries, collected the data analysed and presented in these pages. This reflects efforts to strengthen information ecosystems.



Why invest in Sustainable Development Goals?

Investors can promote the long-term profitability of their portfolios by **investing in sustainable development**. This profile guides private sector investors on their journey to becoming stewards of sustainability, without sacrificing returns in the process.



'We need to step up our efforts in developing innovative financing and in mobilizing private investment. Without the private sector and the business community, the goals are simply not achievable.'

*António Guterres, Secretary-General,
United Nations*

Where can investment have the biggest impact?



Sectors covered and their contribution to SDGs



Source: See endnotes.¹

Ghana agribusiness

Many attributes make Ghana attractive for investment in agribusiness: vast arable land, suitable climatic conditions and generous water resources make it ideal for commercial farming of staple crops such as corn, yam and maize.² Key in agribusiness, the agricultural sector employs about 45% of the working population, accounting for nearly 20% of GDP in 2017 and 33% of total commodity exports in 2016.³

Agribusiness offers great potential for exports of cocoa-processing products

Ghana is the world's second-largest producer of cocoa⁴ and has considerable potential to improve gender equality through its cocoa bean exports.⁵ There is also enormous potential to process cocoa beans into cocoa paste and butter, and in cashew nut processing.⁶ Reduced export taxes, a programme to upgrade technology and management, and close attention to quality support the internationalization of the agribusiness sector.⁷ The consequences of this strategy are reflected in a thriving agribusiness sector that is helping to improve the incomes of small-scale food producers while providing opportunities for value addition and non-farm employment in the country.



More than 50% of firms have high access to water

Ghana has an adequate water supply, as confirmed by 52% of interviewed agribusiness firms rating access to water as high. Nonetheless, water management plays a central role in the growth potential of Ghanaian agribusiness. Recent investments have supported the introduction of irrigation technologies that tap the vast irrigation potential while increasing water-use efficiency to ensure access to clean water for all.



Over 80% of agribusiness exporters hold an internationally recognized certificate

The Ghanaian Export Marketing and Quality Awareness Project promotes exporters of non-traditional agribusiness products.⁸ One component of the project includes trainings to acquire certification, a key condition to access foreign markets.⁹ The important link between certification and export status is confirmed in the sample of interviewed firms: 81% of exporters hold at least one type of internationally recognized certificate, against 54% for non-exporters.

Skills match satisfies 63% of interviewed firms

Government efforts in access to education over the last decades have borne fruit, doubling the average schooling years from three to seven in 1970–2010.¹⁰ Several institutions that provide trainings cover the specific skill needs of the Ghanaian agribusiness sector. These include polytechnics and agricultural training institutions.¹¹ The survey results confirm this reality, with 63% of companies reporting that the skill set of their workers highly matches company needs.



Almost 50% of enterprises confirmed the high quality of transportation

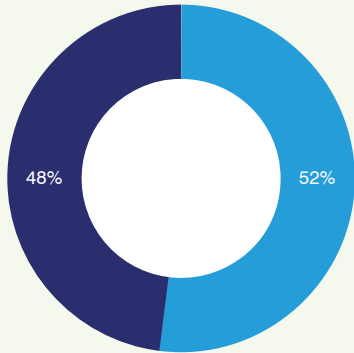
Sector-specific infrastructure, including storage facilities, electricity supply and transportation services, are in place or under development to support investment in the agribusiness sector.¹² For instance, the Government has undertaken projects to improve road networks in the northern regions and to link them to market centres. The short time and close sea shipping distance to European markets improves the competitiveness of quick-ripening Ghanaian produce, while reducing the carbon footprint of agricultural trade.¹³ A well-functioning transport infrastructure is the basis for logistics companies to provide good-quality services, which are rated highly by many of the Ghanaian agribusiness firms that were interviewed.



Government supports investment in priority sector agribusiness

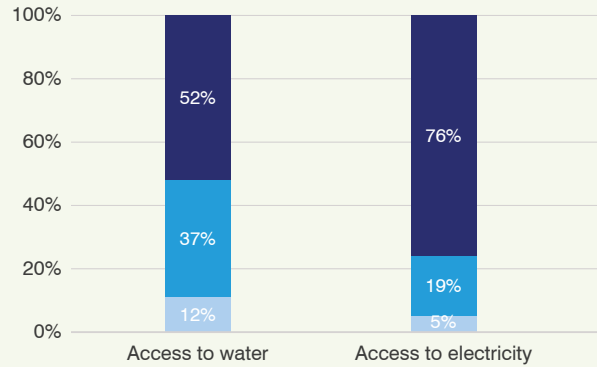
The Ghanaian Government provides incentives for investment, especially in agroprocessing, fish farming and non-traditional agribusiness export firms. These incentives include tax incentives, value-added tax refunds, subsidies and attractive investment deductions.¹⁴ For more details, visit www.gipcghana.com.

52% of surveyed agribusiness firms are part of a **value chain**



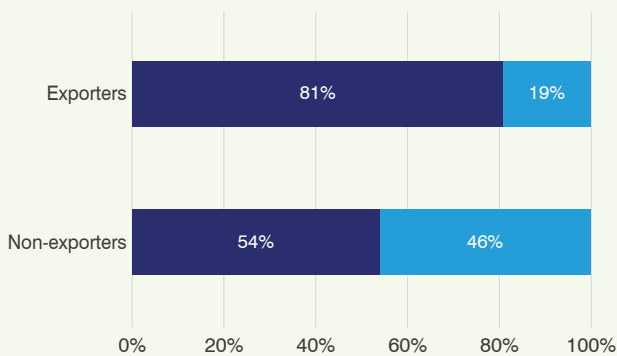
■ Part of value chain ■ Not part of value chain

More than 52% of all surveyed agribusiness firms have very good access to **electricity and water**



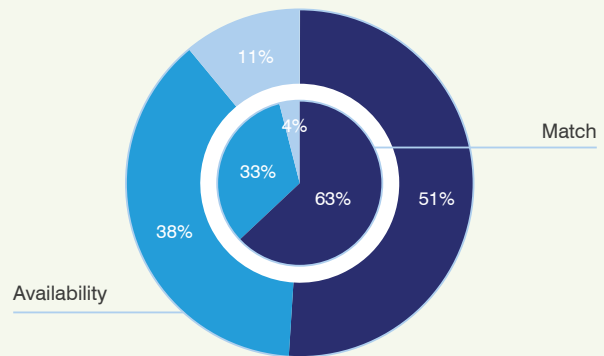
■ Low ■ Average ■ High

81% of all interviewed agribusiness exporters hold an internationally recognized **certificate**



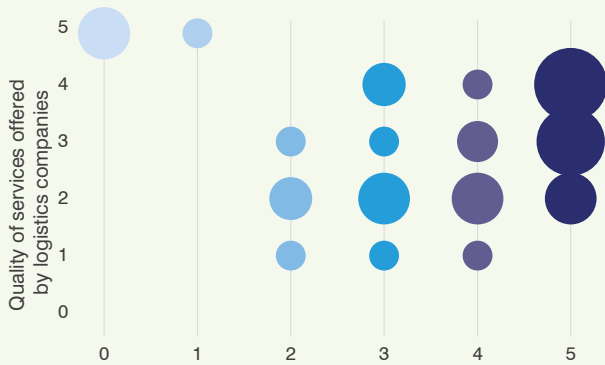
■ International certificate ■ No international certificate

63% of surveyed agribusiness firms consider the **skill set** of their workers to highly match their company needs



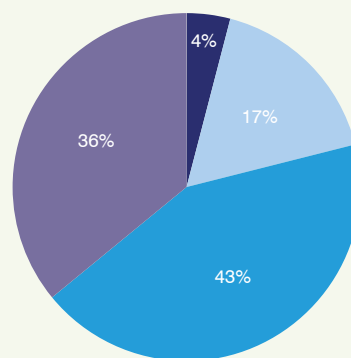
■ Low ■ Average ■ High

Logistics companies offer outstanding service quality (Scale 0-low; 5-high. Bubble size represents number of firms)



Cost of services offered by logistics companies

SMEs constitute 96% of firms surveyed in the agribusiness sector



■ Large ■ Medium ■ Small ■ Micro

Ghana manufacturing

Years of robust growth in the sector (up to 9.5% in 2017) mean that manufacturing now contributes \$6.4 billion to GDP, equivalent to 11% of Ghana's economy in 2017.¹⁵ This performance led the country to launch a multifaceted programme – the industrial transformation agenda – to increase its industrial capacity and reach the ambitious goal of raising the sector's contribution to GDP to 37% in 2020.¹⁶



Increasing export orientation to West African market

Centrally located in West Africa and home to one of the region's largest ports (Tema), Ghana is an attractive international hub that is helping to increase the exports of developing countries to the world. The growing demand for manufactured goods within the 350 million-strong market of the Economic Community of West African States confirms Ghana's strategic position as a production location and commercial centre. Survey findings confirm West African countries as top export destinations for the surveyed Ghanaian manufacturing firms.



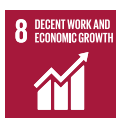
Focus on quality products helps 84% of manufacturing firms maintain competitive edge

Ghana's manufacturing industry produces high-quality goods, such as textiles, recycled plastic and other chemical products.¹⁷ A large majority of interviewed companies (84%) say they remain competitive by offering high-quality products. Of these firms, more than two-thirds (68%) hold at least one internationally recognized certificate, compared with 44% of companies whose competitive position is based on different strategies (low prices, high volumes, etc.). Many of these certificates ensure that firm growth goes hand-in-hand with the adoption of responsible environmental production processes.



Strong financial skills mean 70% of firms can present business plans to banks

Survey findings show that company managers in the Ghanaian manufacturing sector have good management and financial skills. Almost three-fourths of respondents reported a very



good ability to manage cash flows, and 70% say they are highly capable of presenting a business plan to a bank to obtain a loan. Supporting these competent entrepreneurs can foster economic growth and development in the society.

Manufacturing firms are satisfied with the services offered by patent institutions

Ghana complies with most of the international agreements, treaties and protocols related to intellectual property (IP) rights. The country launched its National Intellectual Property Policy and Strategy (NIPPS) in 2016, seeking to enhance its competitiveness by improving and increasing the use of intellectual property systems.¹⁸ While the IP system requires further improvement, NIPPS is starting to make a difference, as one-third of surveyed manufacturing enterprises hold at least one registered patent and say patent offices supply good-quality services.

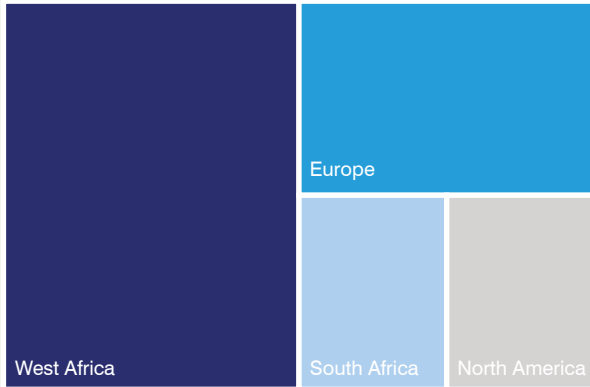
64% of surveyed firms are pleased with the quality of infrastructure

Ghana has a good transport system, according to 64% of surveyed manufacturing firms. This reflects the efforts of the Government to launch several ambitious programmes to improve the infrastructure network. The Government has announced plans to invest \$2.5 billion in infrastructure projects in 2019 to improve the road and rail network, enhance electricity supply and expand ports.¹⁹

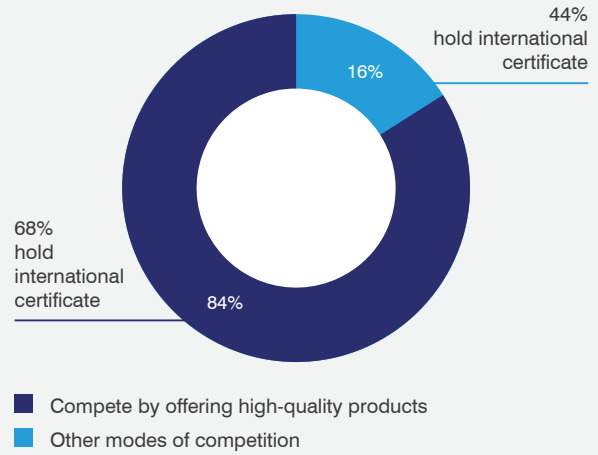
Government attracts investors in the manufacturing sector

The investment landscape of Ghana benefits from export-processing zones and industrial parks, which offer fiscal and non-fiscal incentives to domestic and foreign investors. In addition, investors can be granted free-zone status without locating their companies in the export-processing zones or industrial parks.

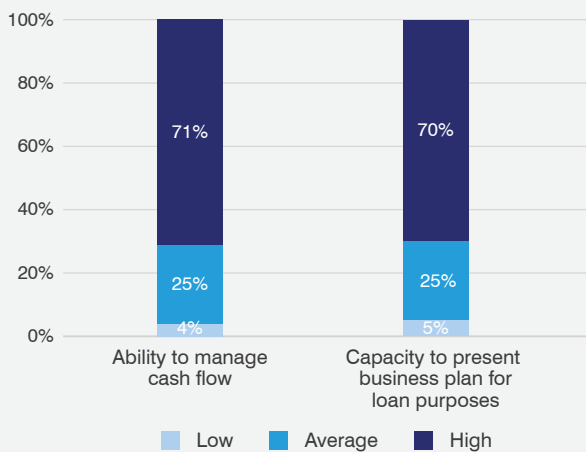
The main **export** destinations of surveyed manufacturing firms are in West Africa



Of the 84% manufacturing companies offering high-quality products, 68% own an international **certificate**

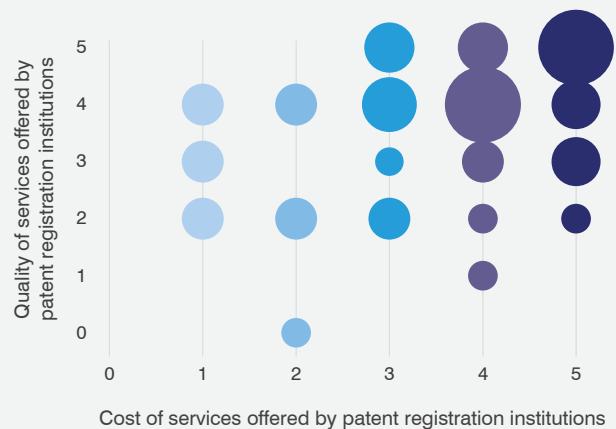


Around 70% of firms show high **financial literacy**

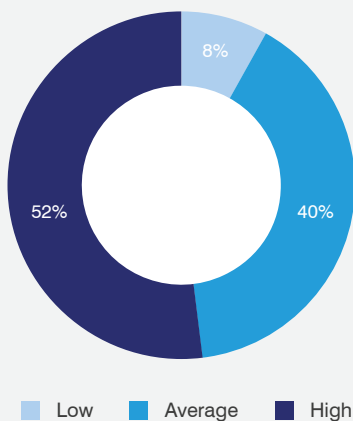


Patent registration institutions offer good-quality services

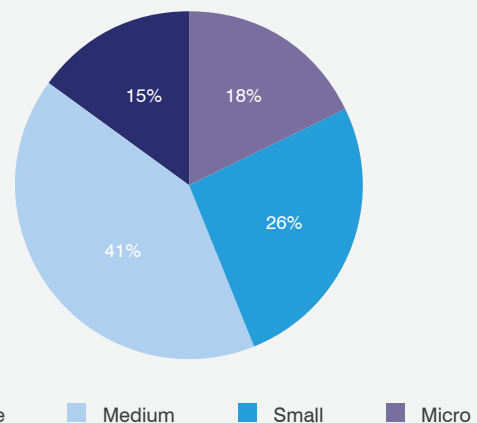
(Scale 0-low; 5-high. Bubble size represents number of firms)



More than half of manufacturing firms rate the quality of their **electricity** provider highly



SMEs represent 85% of surveyed firms in the manufacturing sector



Ghana services

The services sector, which accounts for almost half of Ghanaian GDP, employed 47.5% of Ghanaian workers in 2017.²⁰ This reflects the efforts made by the Government to encourage the development of the sector, which only accounted for 28.9% of GDP in 2005. Ghana Vision 2020 highlights financial services, tourism, transportation and information and communications technology services as the most important subsectors.²¹

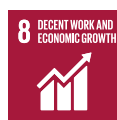
Ghana's growing tourism sector is the fourth most important source of foreign currency

Although dominated by commodities, Ghana's exports have also seen increasing services trade, with services exports reaching \$6.6 billion in 2017, compared with \$2.1 billion in 2014.²² Financial services and tourism lead services exports. The Ghanaian tourism sector is the fourth-highest earner of foreign currency, after high-value commodities gold, cocoa and oil.²³ The diversification of the economy and exports through services trade builds on the country's partnerships in the region and the world.



More than 70% of service firms report good skills match

Skills are essential in services. More than 70% of respondents confirm a high match between the skills of their employees and company needs. Despite a good education system and skills matching in some parts of the country, 15% of those between 15 and 24 years of age were unemployed in 2015.²⁴ To address this issue, the Government of Ghana has implemented a youth apprenticeship programme to provide free vocational training to youth.²⁵ The services sector is a significant employer of youth, with 75% of surveyed firms employing a young person under 25 years of age. Its continued expansion is helping to provide decent work to Ghanaian youth.



59% of service providers regularly offer new products or processes

To withstand competition, 59% of the surveyed service firms often improve their products or processes. This is especially true of tourism companies; 70% regularly make such improvements. This has generated a wide spectrum of tourism investment opportunities that are in line with the



evolving profile of today's travelers.²⁶ The sectoral offering includes options for the environmentally conscious tourist and investor, notably community-based ecotourism projects that help to protect and prevent the extinction of threatened species.²⁷

Over 80% of tourism service providers operate at high capacity and seek investment

The growing number of international travellers to Ghana makes the country a very attractive investment destination in the areas of tourist accommodations, transport service, travel agencies, leisure and sport.²⁸ The strong performance of the sector is reflected in the high capacity utilization reported by 85% of the interviewed tourism service providers.²⁹ This figure indicates that companies in this sector are ready to grow further – as confirmed by 86% of respondents reporting a need for loan-based investments to expand their business.

Over 60% of all surveyed firms advertise via a business website and online

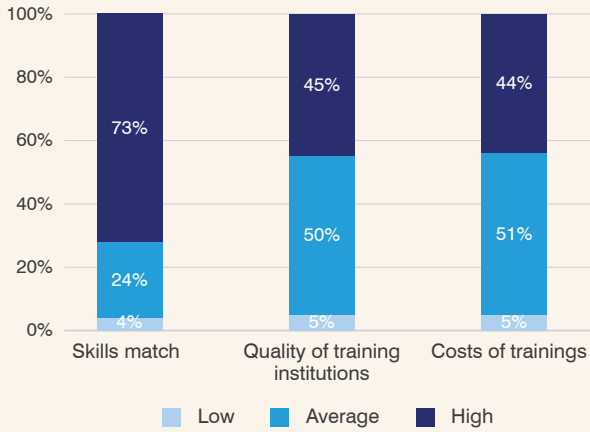
Ghana offers access to 3G networks in the main cities such as Accra, Cape Coast and Kumasi. About half of the surveyed services firms reported access to a high-quality internet connection. While this reflects the significant development and investment in the telecommunication sector since its liberalization in the mid-1990s, it also underscores the opportunity for further investments in the sector to improve access to the internet in the country. More than 60% of surveyed Ghanaian service companies said they used their own company website and the internet or social media as advertising strategies.



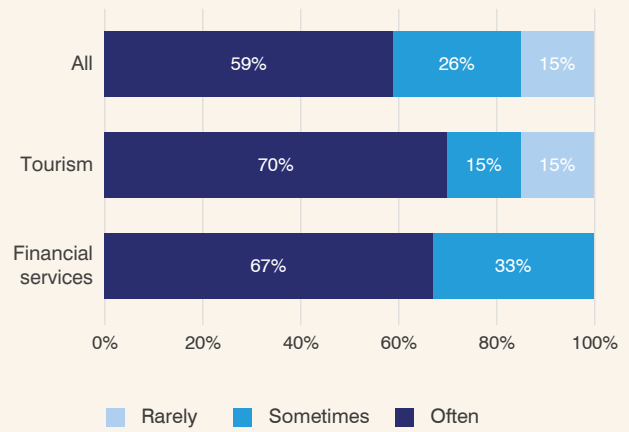
Public incentives encourage investors

Investors can enjoy the package of fiscal and non-fiscal incentives provided by the Ghanaian Government. For instance, companies in the tourism sector enjoy the following incentives: a reduced corporate tax rate of 22% as against the general rate of 25%, and a 10% concessionary rate on imported goods for tourist establishments. Visit the Ghanaian Investment Promotion Centre (www.gipcghana.com) for specific investment incentives.

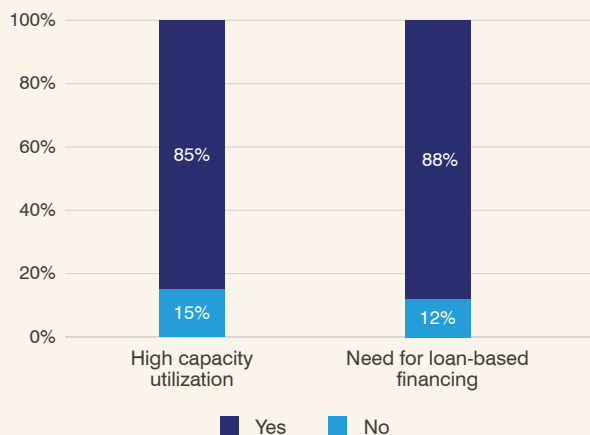
73% of surveyed firms rate **skills** match between employees and the company highly



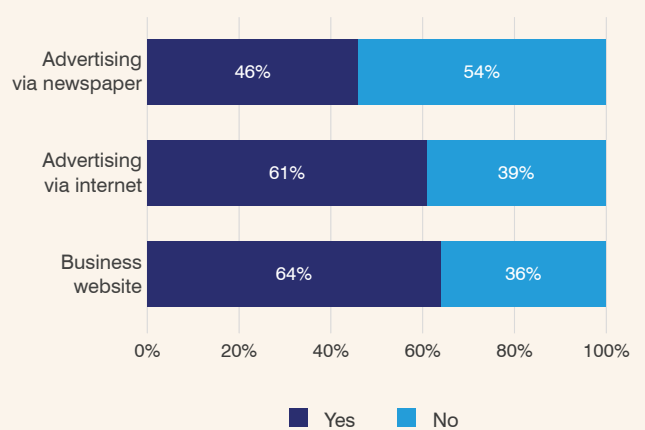
59% of surveyed service firms 'often' introduce **new or improved** products or processes



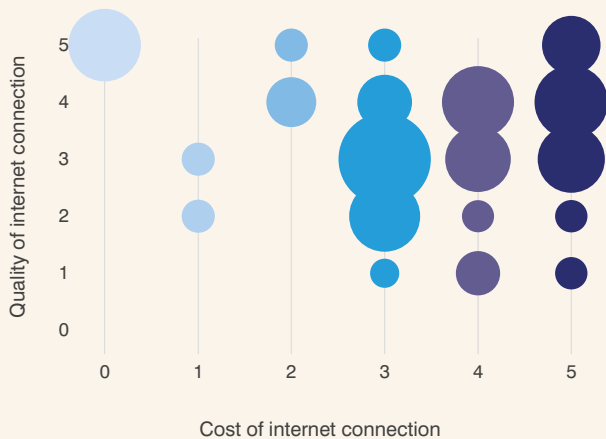
85% of all surveyed tourism firms confirm high **capacity utilization** and need for loan-based financing



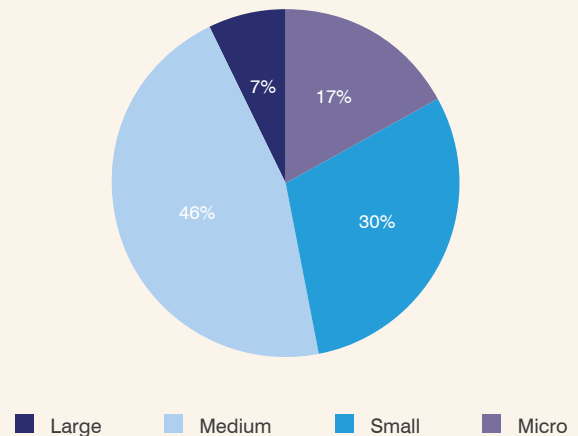
Over 60% of services firms use their own business **website** and **online advertisement** as outreach channels



About 50% of service companies rate the quality of internet highly



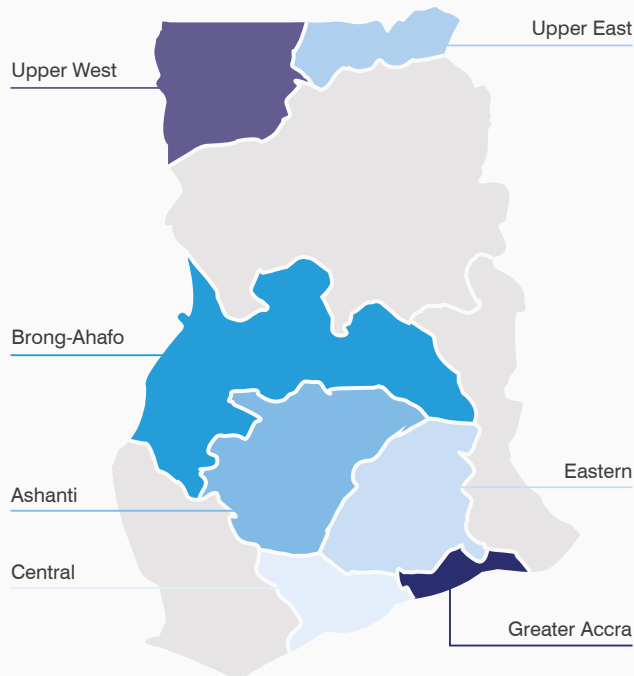
SMEs represent 93% of surveyed firms in the service sector



Key indicators

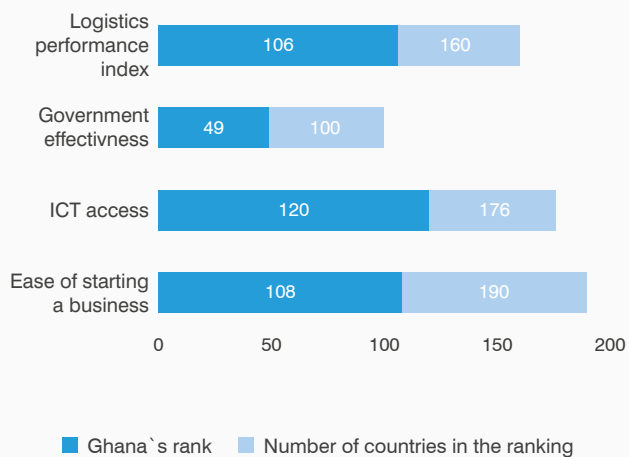
Capital	Accra
Area	239,567 km ²
Population, total	29.6 mm (2018)
Population growth	2.1 (annual %)
Language	English and 9 vernaculars
Working age population	58.1% (2017)
Literacy rate (15+ years)	Male: 78.0% (2010) Female: 65.3% (2010)
Human development index (HDI) value	0.592 (2018)
GDP (at current prices)	US\$ 58.9 bn (2017)
Real GDP growth	8.1% (annual %, 2018)
GDP per capita (at current prices)	US\$ 2046 (2017)
Currency	Ghanaian cedi (GHS)
Foreign Exchange control	No, however banks must submit reports of all payment transactions to the bank of Ghana
Accounting principles	International Financial Reporting Standards (IFRS)

Location of surveyed firms in Ghana
(darker colours correspond to higher densities)

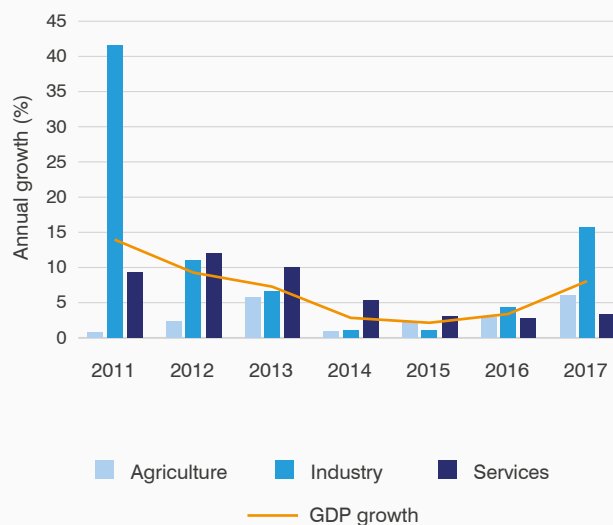


Ghana's rank in key business ecosystem indicators

(lower rank is better except for government effectiveness indicator, where higher rank is better)



Growth trends in Ghanaian economic sectors



Endnotes

- 1 Ghana's average performance by SDG (0 - worst outcome; 100 - target outcome). Figure adapted from 2018 SDG Index and Dashboards Report, Sustainable Development Solutions Network (SDSN) and the Bertelsmann Stiftung.
- 2 FAO Investment Centre (2014). Ghana: Irrigation market brief. Retrieved from <http://www.fao.org/3/a-i4158e.pdf>
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- 6 ITC. Export Potential Map – Ghana. Retrieved from <https://exportpotential.intracen.org>
- 7 World Bank (2013). Growing Africa: Unlocking the Potential of Agribusiness. Retrieved from <http://documents.worldbank.org/curated/en/327811467990084951/Main-report>
- 8 Ministry of Food & Agriculture (MoFA), Republic of Ghana website. Export Marketing & Quality Awareness. Retrieved from http://mofa.gov.gh/site/?page_id=729
- 9 *Ibid.*
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- 11 MoFA, Republic of Ghana (2018). Investment Guide for the Agriculture Sector in Ghana. Retrieved from <http://mofa.gov.gh/site/wp-content/uploads/2018/11/Final%20Draft%20Agric%20Invetment%20Guide%20%202018-10-19.pdf>
- 12 *Ibid.*
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- 15 Ghana Statistical Service. Revised 2015 Annual GDP Bulletin (September 2016); World Bank (2019). World Development Indicators database 2017.
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- 27 Ghana Tourism Authority website. Ecotourism. Retrieved from <http://www.ghana.travel/places-to-visit/ecotourism/>
- 28 Ghana Investment Promotion Centre website. Investment Opportunities. Retrieved from <https://www.gipcghana.com/invest-in-ghana/sectors/tourism>
- 29 Capacity utilization above 50% is defined as high capacity.
- 30 Ghana has 16 regions instead of 10 as of February 2019.
- 31 UNDESA's World Population Prospects 2017; World Development Indicators database, Logistics Performance Index, Worldwide Governance Indicators, and Doing Business, World Bank; World Economic Outlook database, International Monetary Fund; ICT Development Index, International Telecommunications Union.



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