

UK-Ghana Chamber of Commerce (UKGCC)

2023 Business Environment and Competitiveness Survey

January 2024



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Foreword



Foreword

It is with great pleasure that I introduce the findings of the UKGCC 2023, 5th Business Environment and Competitiveness Survey Report. The UK–Ghana Chamber of Commerce remains a long-standing advocate for business environment reforms aimed at reducing cost of business, minimising risks and fostering growth in private sector investment in Ghana.

The business environment and competitiveness survey has been a cornerstone of our advocacy efforts, providing crucial insights into the economic landscape and offering an in-depth understanding of the challenges and opportunities faced by businesses in our community, as well as providing invaluable insights into the factors that influence Ghana's economic trajectory.

The recognition of our 2022 UKGCC business climate survey report at a joint World Bank-EU event on business climate in Ghana highlights the credibility and influence of our work and positions us as a key resource for valuable insights into the micro-economic landscape in Ghana, especially for the private sector. The increased participation in this year's survey, from a diverse pool of 696 participants, from small enterprises to large corporations across 16 industries, underscores the collective commitment to shaping a resilient and thriving business landscape.

As we scrutinise the findings, it is important to recognise the expectations businesses harbour for government reforms. Lower corruption, improved transparency, safety and security of investments, and tax cuts are at the forefront of the desired changes. Government's role in creating an environment conducive to business growth cannot be overstated, and the insights from this survey provide clear signposts for prioritising reform initiatives.

I would like to thank all the participating businesses, individuals and experts for their invaluable contribution to this report. This report would not have been possible without the invaluable partnership of PwC Ghana, and so we extend our sincere thanks to them, for their unwavering commitment to excellence and for bringing their wealth of experience to this collaborative endeavour. Our appreciation also goes to Maverick Research for their dedication and diligence throughout the survey process.

In closing, this report is not merely a collection of statistics; it reflects the challenges and triumphs faced by businesses in Ghana. May the findings herein inform strategic decisions, spark meaningful dialogue, and inspire collaborative efforts as we navigate the currents of change in Ghana's business climate.

Anthony Pile MBE



**Chairman
UKGCC**



PwC's remarks

This is the third time running that PwC has been involved—as survey consultants to UKGCC—in the annual UKGCC Business Environment and Competitiveness Survey, and we are pleased for the opportunity extended to us. As noted before, our support to this effort aligns with our purpose to build trust and solve important problems. This year, the survey respondents increased from 306 to 696. This represents a 127% increase, and illustrates the growing interest in the survey, increasing its power as a tool to bring Government's attention to the matters dearest to the heart of business and investors. That noted, this report is a treasure trove of insights into business's pain points which Government should focus on alleviating.

Ghana is in a difficult place. Over the past three years, our economy has been buffeted by external events, which are beyond the control of Government and businesses alike—COVID-19, global financial crisis, and the Russian-Ukraine war which spawned global supply chain hiccups that amplified the economic and business difficulties already triggered by the global financial crisis. However, beyond these external events, Ghana's own responses to the effects of these international incidents have contributed to the current difficult environment businesses operate in.

It is heart-warming to note that businesses note that there is no lack to key inputs required for their operations—availability of telecom facilities, labour, water and power were among the top five business components with a good rating. In prior year surveys, availability/ access to land, logistics, and supportive legal and regulatory systems made it into the top five business components that businesses rated favourably. However, in comparing to the business environment that pertained five years ago, survey respondents flagged cost of and access to capital, political stability, corruption, as well as good quality infrastructure as having suffered the most decline. On the other hand, the availability of telecom facilities, advanced technology, power, and training centres, as well as a supportive taxation policy were rated “the most improved” factors in the tapestry of factors that constitute the country's business environment.

It is without pleasure that we note that business still highlights corruption and the lack of transparency in public governance as a major hindrance in availing an enabling business environment for business and investment to thrive in. Indeed, lower corruption and improved transparency ranked foremost in the main reforms businesses expect of Government by way of reforms to enhance the business environment and its competitiveness. Others are assuring the safety and security of investments—this ranks first among the top five factors influencing business expansion decisions—, tax cuts, investment incentives, and better and accessible infrastructure.

There is no doubt that Government is aware of the role that business plays in its quest to bring about socio-economic development. Indeed, the introduction of the Mutual Prosperity Dialogue is testament to this awareness and acknowledgement. We hope that, in the spirit of transparency, this report is considered objectively by Government, and working with UKGCC, considers what interventions can be implemented in the medium-to-long term to help improve the business environment. As PwC, we are ready and happy to avail our expertise and experience in any way that is considered of value.

As always, we wish you happy reading... interrogate the findings... ask more questions... seek answers... together, let's find solutions!



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Executive summary



Executive summary

The main goal of the UK-Ghana Chamber of Commerce (UKGCC) is to see Ghana become a significant economic partner to the UK as an export partner, import source and investment destination. This can be achieved through knowledge sharing, building stronger networks and developing key relationships with the governments of both countries.

Corruption remains a primary concern for business in 2023—indeed, it has remained so over prior years. Additionally, Government's support of international trade and the availability of good quality transport infrastructure—two business components critical to the countries' economic partnership and international trade and investment goals—ranked second and third, respectively, on the [worst business components list](#). This is a major issue that has the potential to adversely affect the ability of businesses to take advantage of AfCFTA and other opportunities on the global market. The availability of telecom facilities, however, remains regarded as one of the advantageous aspects of the Ghanaian business environment. Indeed, there is the perception among survey respondents that [telecom facilities and advanced technology have persistently seen the greatest improvements](#). With technology advancing rapidly globally and telecom infrastructure having a huge role to ensure such progress is maintained, it is important that the requisite enabling environment is created to encourage increased investments in telecom infrastructure.

Survey respondents flagged [cost of capital as the one element in the business environment that has deteriorated the most over the last five years](#). Though the proportion of survey respondents with this view in 2023 is smaller compared to 2021 (i.e. 33% vs 45%), it constituted a third of respondents. The reasons for increased cost of capital (esp. short-term debt) have been copiously documented publicly with a key explanation being a tight monetary policy needed to rein in consumer inflation. Still, and rightfully, businesses are anxious that policy rates might not fall early or quickly enough, amplifying the business risks they must deal with.

[Cost of land showed up in the 2023 survey as the most expensive cost](#) identified by businesses in 2023 with almost three-quarters of survey respondents sharing this view. This is quite curious as this did not make it to the top five most expensive business costs in the 2022 survey. Higher land costs could present barriers to initial investments and expansions. Government has, at different times, noted plans to establish land banks. The intention is to facilitate investments. These plans should be executed expeditiously to help address the challenges associated with lands being held in fragmented parcels..

Executive summary

Cost of labour—unskilled and skilled—remains affordable to most businesses that participated in the 2023 survey. These factors of production have remained relatively inexpensive to businesses that participate in this annual. This might be a major attraction for multi-national businesses that continue to operate in Ghana. Indeed, a comparison of businesses' views of most affordable business costs over the years would suggest that there was a general improvement in mood from 2022 to 2023. For instance, while less than a third of survey respondents considered skilled labour to be relatively cheap in 2022, this rose to 46%. The perception that the business environment in Ghana lags other countries deepened strikingly in this year's survey—72% compared to 47% (2022) and 40% (2021). Although Ghana is ranked second on the BMI Trade and Investment Risk Index for West Africa (held the top position in 2022), respondents' perceptions of Ghana's business environment seem to have slumped in 2023. Possibly, the macroeconomic challenges that businesses had to deal with in 2022 contributed to this view. There is a general view that other countries in the sub-region are not struggling as much as Ghana in the aftermath of COVID-19, the Russian-Ukraine war and the supply chain disruptions it spawned. The fact that Government needed an IMF bailout the approval and disbursement pace of which was not as fast as the economy's managers promised also soured business expectations. Still, the IMF facility provides Government with an opportunity to restore investor confidence.

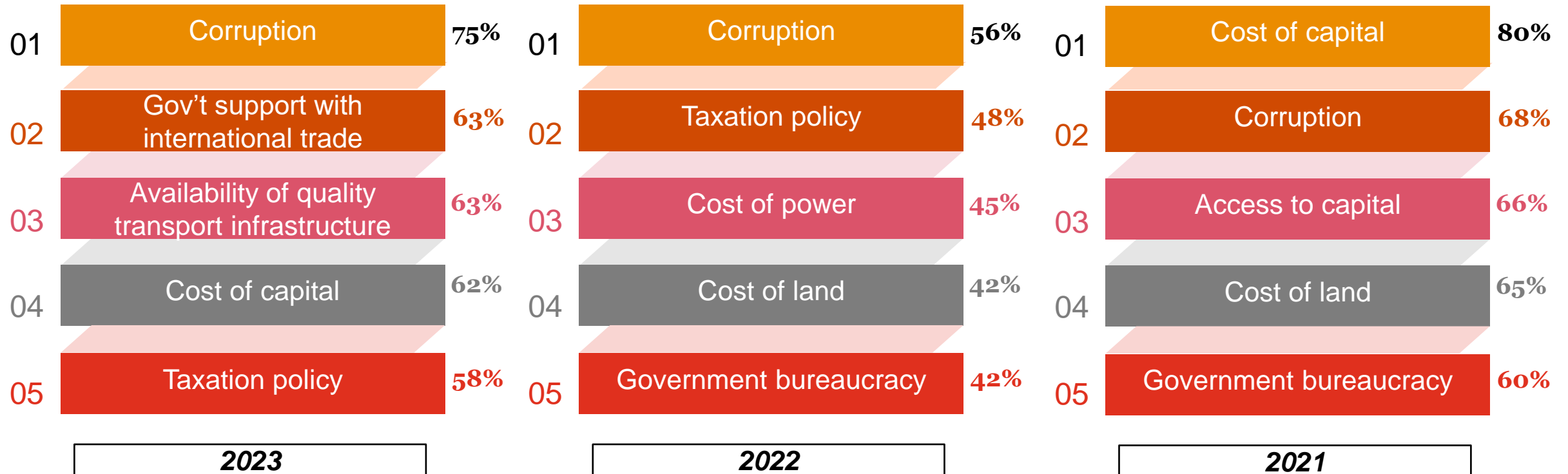
Interestingly, more than a third of businesses that participated in the survey say they are not leveraging the opportunity platform inherent in AfCFTA despite having the requisite capacity. There are suggestions that there is insufficient support from Government in the promotion of “made in Ghana”. Additionally, port administrative challenges result in long and expensive cargo clearing procedures. Since 2021, survey respondents have consistently emphasised the importance of the security of their investments and low corruption in making business expansion decisions. In 2023, availability of capital and talent, as well as expanding markets have joined these in businesses' considerations for expansion. With an austere macroeconomic environment contributing to capital and talent flight, Government urgently needs to implement initiatives that help to alleviate the burden on businesses that take deliberate steps to retain capital and develop their workforce.

In summary, the overall perspective of business of the quality of Ghana's business environment and its competitiveness relative to prior years and other countries deteriorated in 2023. By no means, the difficult macroeconomic environment—and perhaps the implementation of the Domestic Debt Exchange Programme (DDEP)—is a major factor. Government has, repeatedly, noted its expectations for burden-sharing. Its success at lowering perceptions of corruption as well as assuring the safety and security of investments will help to assuage the raw sentiments of business. Advocacy efforts should therefore focus on achieving this in 2024.

Executive summary

Rating of business components (poor rating)

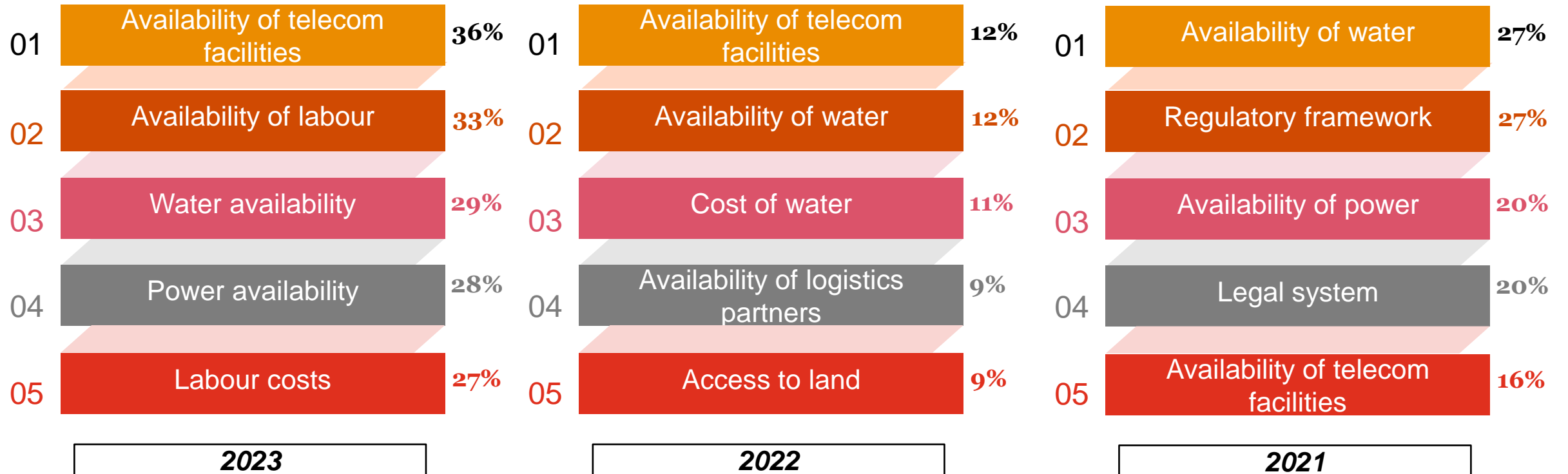
Corruption, which was the topmost poorly rated component in 2022 continues to be the component that requires the most attention this year. Respondents also believe government support with marketing in international is essential – this may be necessary to improve the benefits of the AfCFTA to local businesses



Executive summary

Rating of business components (good rating)

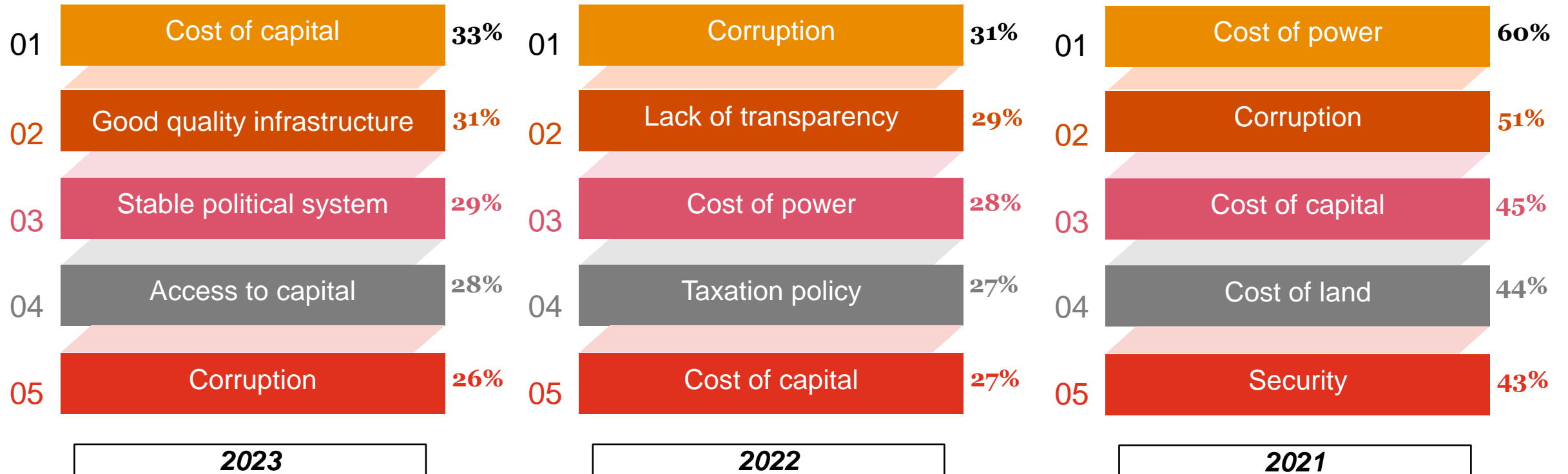
Availability of telecom facilities appears to be the best rated business component over the years and 2023 is no different. Respondents list the availability of labour, water and power as having been good throughout the year. Labour costs also appear to be good for businesses this year. It is good to note that the availability of telecom facilities, water and power have consistently been rated positively for the last three years.



Executive summary

Business component changes over the last 5 years (most declined)

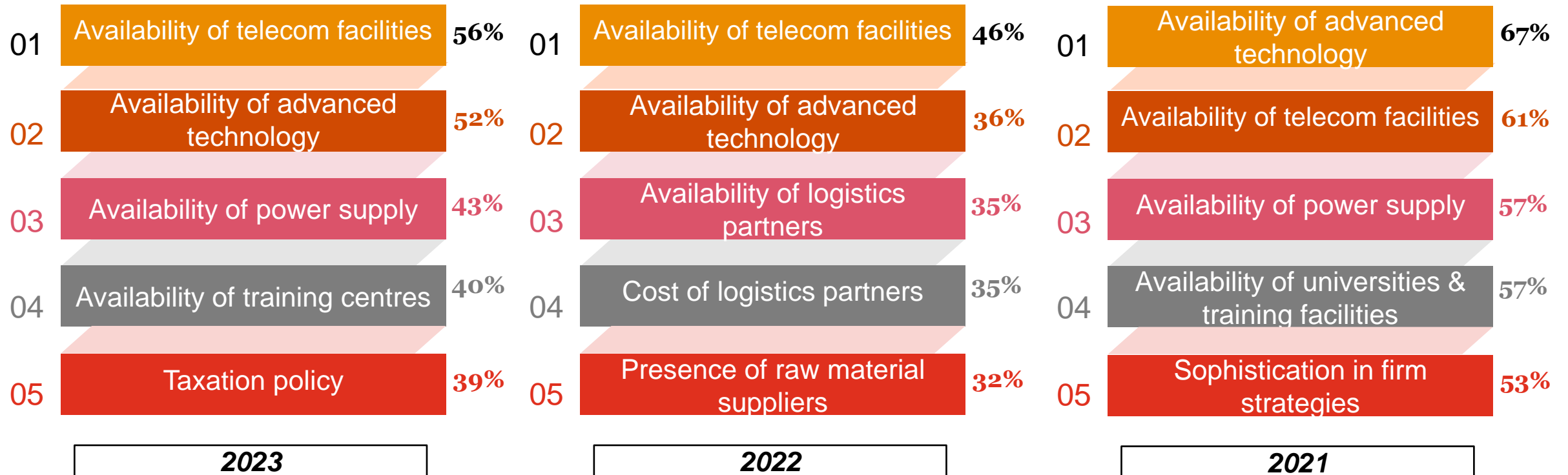
Unlike 2022, the business component that was rated as most declined was the cost of capital – which was the fifth rated then. Good quality infrastructure, a stable political system and access to capital were also rated as having declined over the past 5 years in Ghana. It appears corruption had also declined over the period despite it not being the worst declined according to respondents.



Executive summary

Business component changes over the last 5 years (most improved)

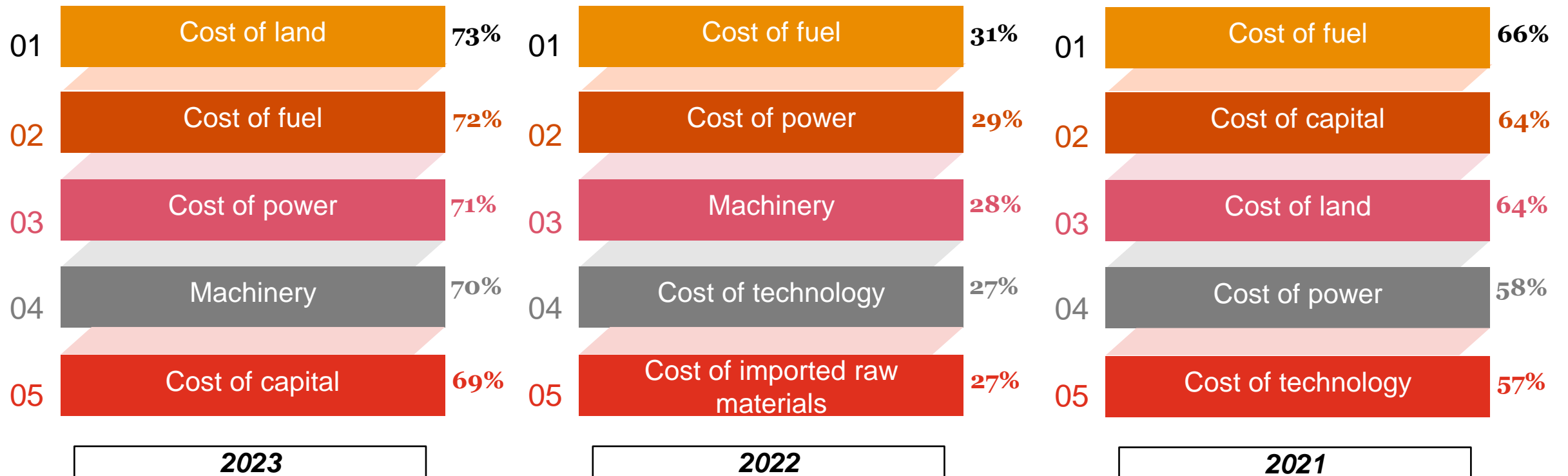
The availability of advanced technology and telecom facilities seem to have improved the most over the last 5 years. Like 2021, the availability of power supply and training facilities are listed as having improved the most over the last 5 years. ~39% of respondents also believe the tax policy of the country has improved over the same period which is a good step for easing the pressures on businesses.



Executive summary

Costs of business (most expensive)

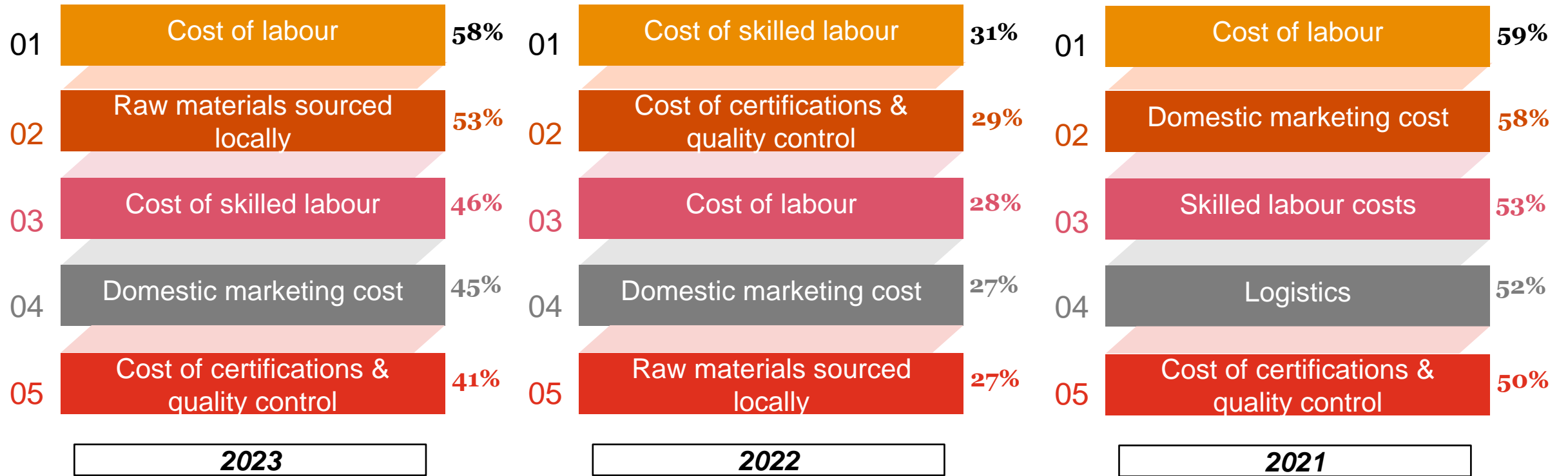
Cost of fuel was previously the most expensive business cost, however, respondents this year suggested that the cost of land exceeds fuel costs. Cost of power, machinery and the cost of capital continue to be a part of the top five most expensive business costs.



Executive summary

Costs of business (most affordable)

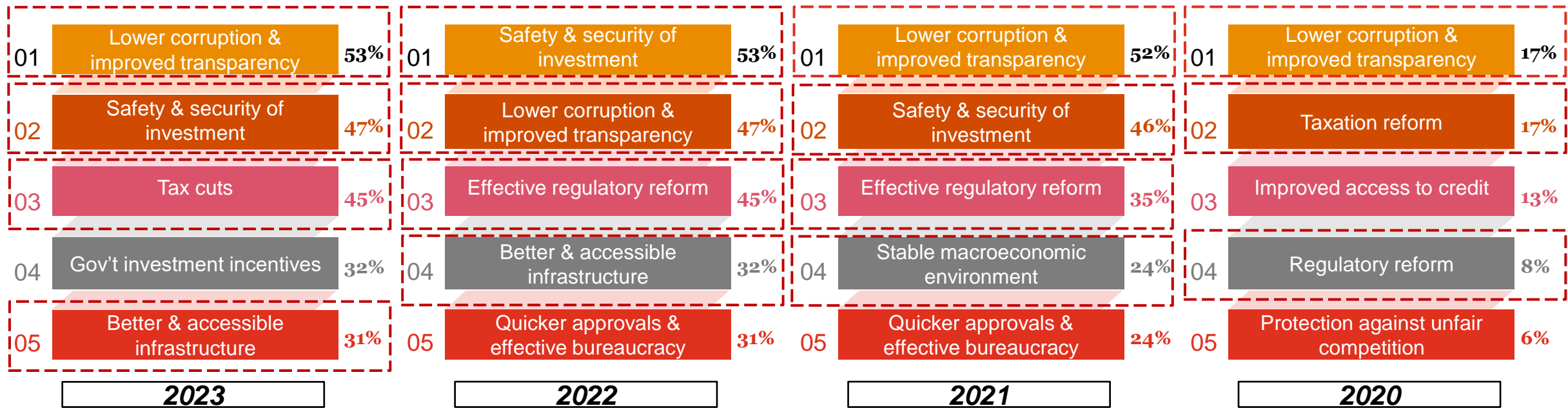
Cost of general labour and locally sourced raw materials appear to have reduced from respondents' perspectives. Cost of skilled labour, domestic marketing costs and cost of certifications and quality control remain among the most affordable business costs. Over the past three surveys conducted, it seems similar costs have been classified as being affordable giving some credibility to responses received.



Executive summary

Main reforms expected from the government

Lower corruption and improved transparency continues to be top on respondents ask of the government with the safety & security of investment and tax cuts closely following. Ultimately, respondents expect better and accessible infrastructure and government investment incentives that will enable their businesses to thrive going forward.

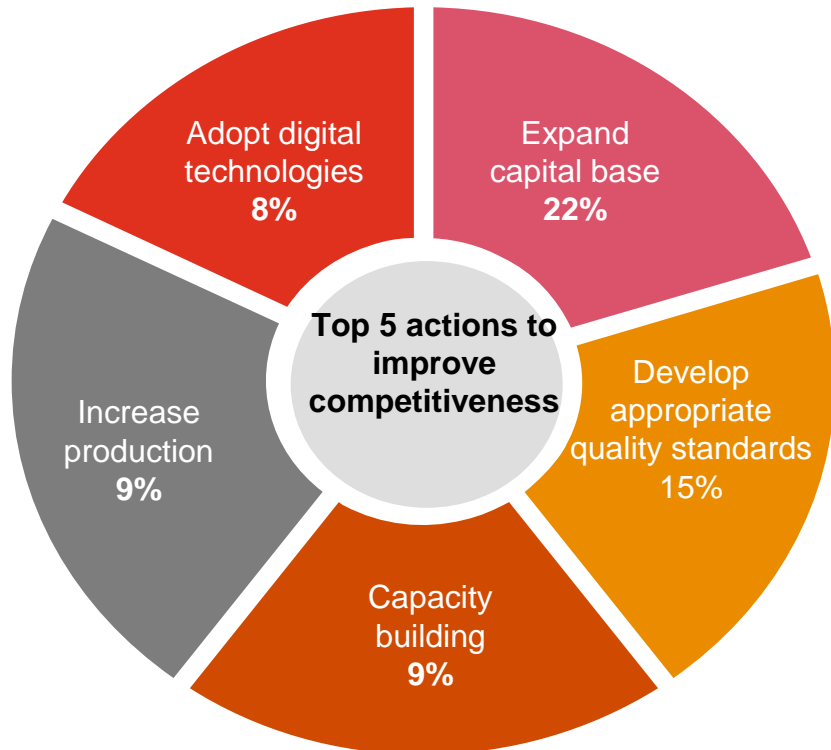
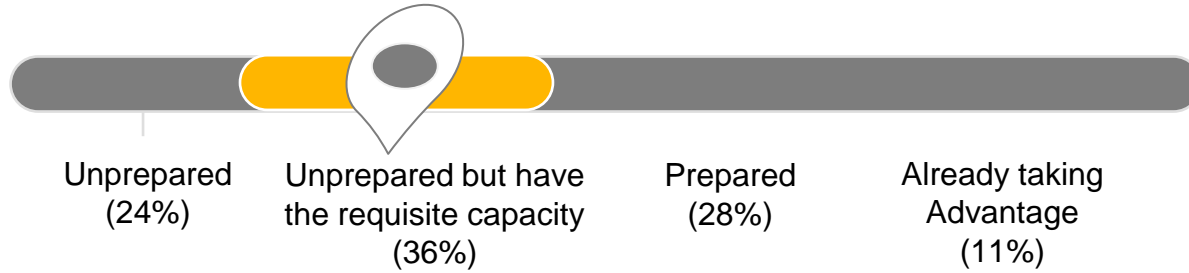


Key

 Requires advocacy focus

Executive summary

Are businesses prepared for AfCFTA as an opportunity?



Top 5 influencing business expansion decisions

	2023	2022	2021		
#1: Safety and security of investments	50%	46%	45%	38%	32%
#2: Low corruption and increased transparency	74%	70%	5%	18%	6%
#3: Retaining and developing talent	70%	46%	11%	33%	11%
#4: Expanding market					
#5: Availability of capital					

For 2021 and 2022, the third and fourth factors considered by businesses in making expansion decisions were:

- Lower regulations and supportive government policies; 41% (2021) and 38% (2022)
- Better infrastructure and communication facilities; 39% (2021) and 27% (2022)

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About the
survey



About the survey

The survey was conducted among member companies of the UK–Ghana Chamber of Commerce and other companies. The survey was taken by 696 respondents – an increase from the 306 businesses that participated in the prior survey of 2022. Respondents represented 16 industries and ranged from small to large companies.

Unlike the 2022 survey, majority of respondents were from the Greater Accra region (~79% as against ~25% in 2022) with the Ashanti region following with ~6%. Respondents represented 15 out of Ghana’s 16 regions..

Majority of respondents this year had a turnover of below \$0.5 million while companies with revenues of over \$10 million were least represented. In 2022, most respondents were from companies with revenue figures between \$0.5 million and \$1 million.

Much like previous trends, most respondents were from companies offering services to their consumers. Product based and companies with blended operations also had a similar distribution to the previous year.

Fig. 1.1: Company Location

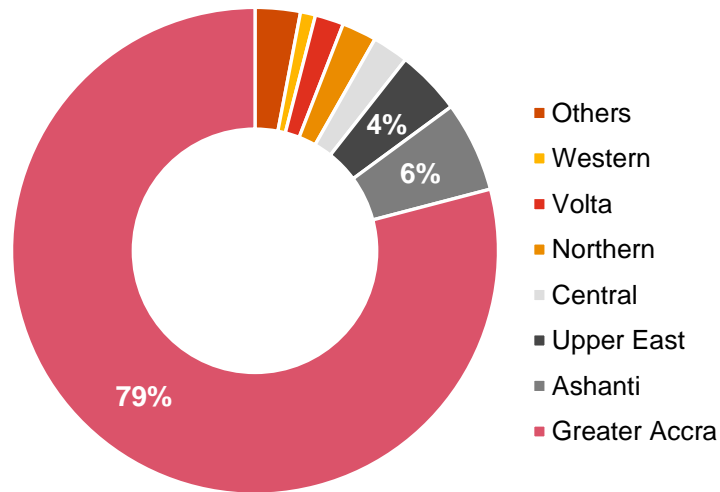


Fig. 1.2: Turnover in 2022

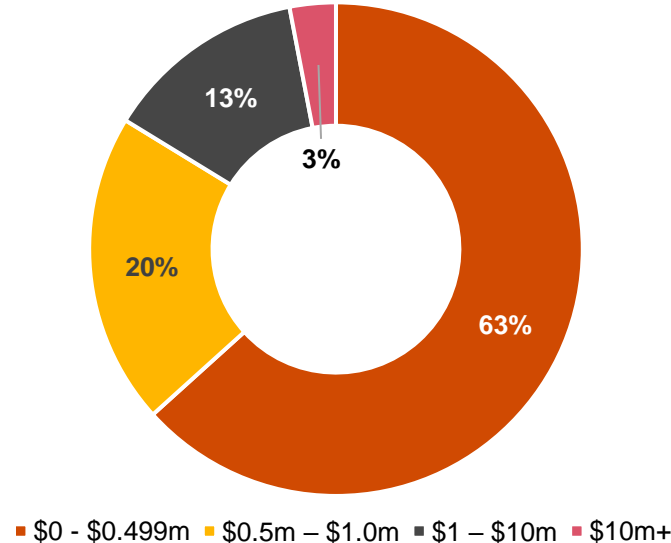
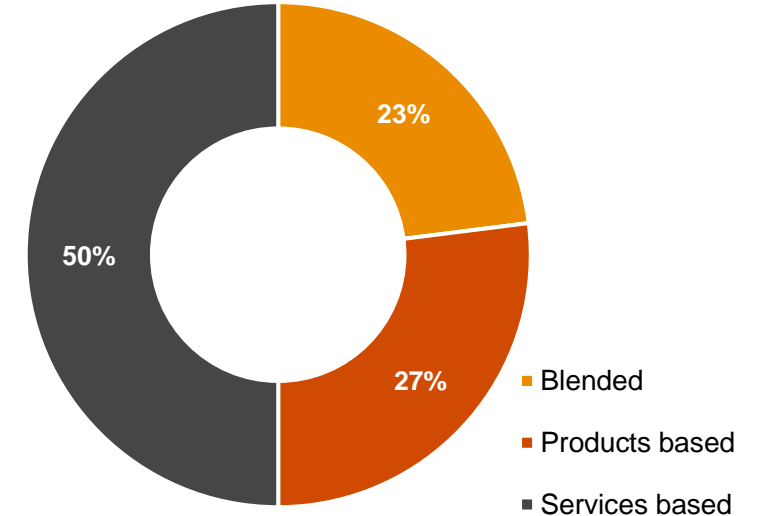


Fig. 1.3: Type of business



About the Survey

92% of businesses responding to the survey were wholly locally owned. Investor countries with shareholding in respondent businesses included UK, USA, Italy, China and India. Other countries represented in the survey included Qatar, South Africa, Canada, Switzerland and Spain. In terms of size, small companies (<50 employees) dominated the responses.

This year's survey had majority of respondents from the United Kingdom, United States and Italy. Other countries which hold some ownership of respondent businesses include Ireland, Bangladesh, the Caribbeans, Panama and Morocco.

Unlike previous surveys conducted, this year's survey had most respondents being fully locally owned with a small percentage having foreign shareholders. This is a significant reduction from 2022 where ~68% had foreign ownership.

Most (~89%) of the respondents were small (and micro) companies – a slight increase from 2022 – where 80% were small and micro companies. Large companies made up ~6% of total respondents – a small increase from 2022 (~5%).

Fig. 1.4: Shareholders' ultimate investing countries

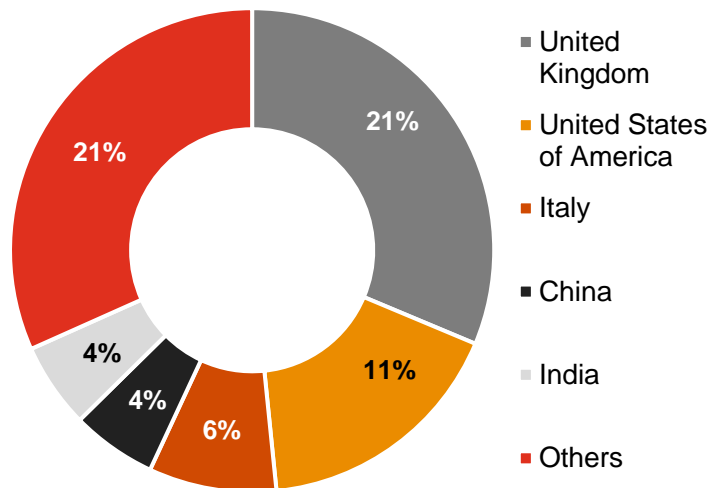


Fig. 1.5: Foreign shareholding

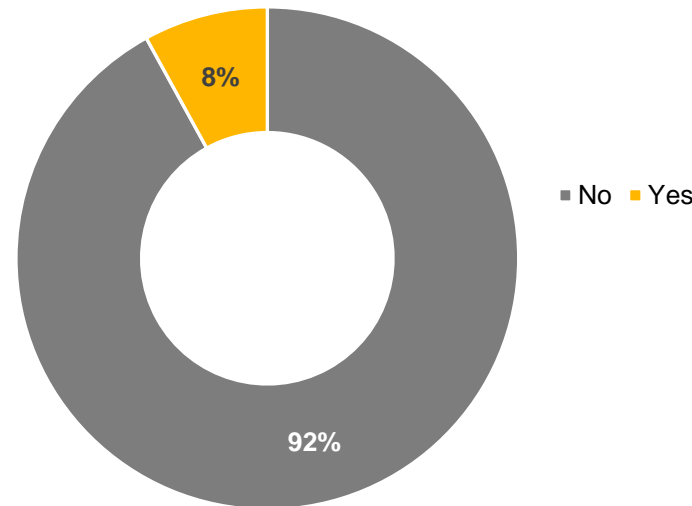
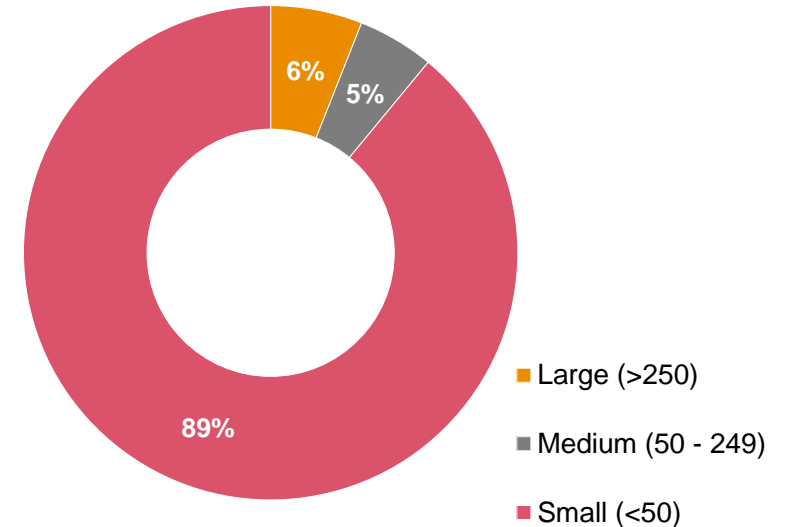


Fig. 1.6: Company size (by no. of employees)



About the survey

Mature companies continue to show an interest in this annual survey and form majority of the respondents. Together with experienced companies¹, this renders—arguably—more accurate perspectives on how the business environment has changed over the medium term. Newcomer companies had a similar representation in both years' surveys.

Much like the norm for the surveys, most respondents for this year's surveys were matured companies. These are companies that have been in operation for between 5 and 15 years. Companies which had been in operation for over 15 years were least represented in the survey.

Wholesale & retail trade and Food & Beverage manufacturing were the topmost industries represented for this year's survey. Professional services which had been the topmost industry was ranked in the 10th position this year with ~5% representation. This could be due to the larger number of respondents this year compared to previous surveys. The least represented industry this year was the scientific and technical services (with ~3% in 2022).

Fig. 1.7: Company Age

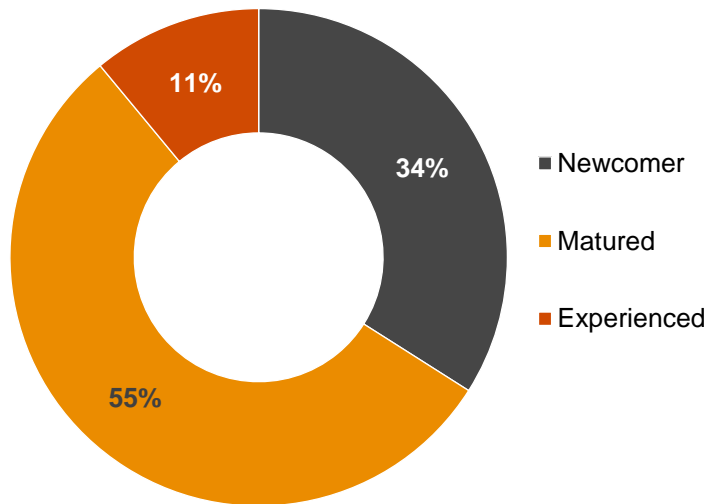
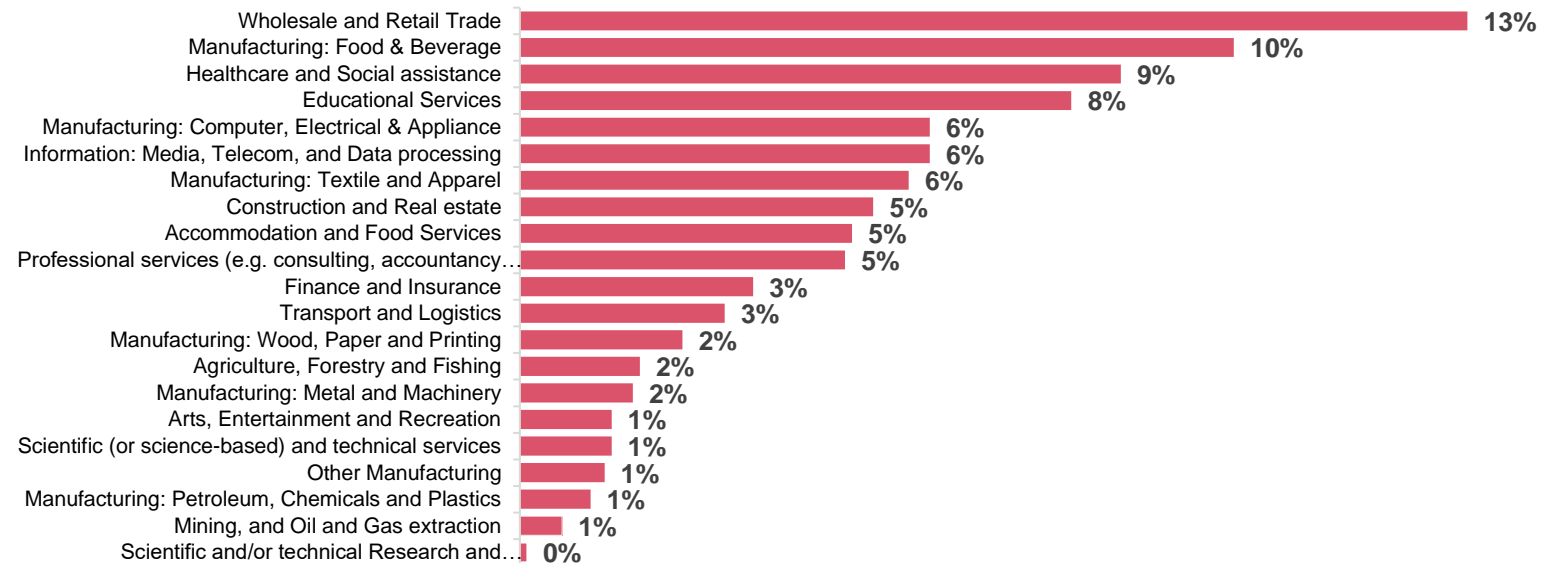


Fig. 1.8: Industries Represented



¹ Proportionately fewer experienced companies (11%) participated in this year's survey compared to the previous year's (15%), Mature and experienced companies, together, formed 66% of respondents in the 2023 survey.

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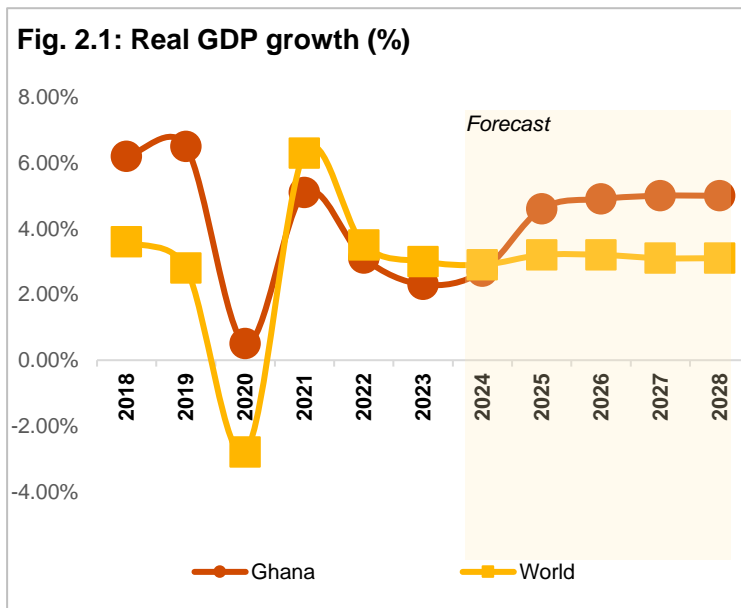
Macroeconomic
overview



Macroeconomic overview (1/2)

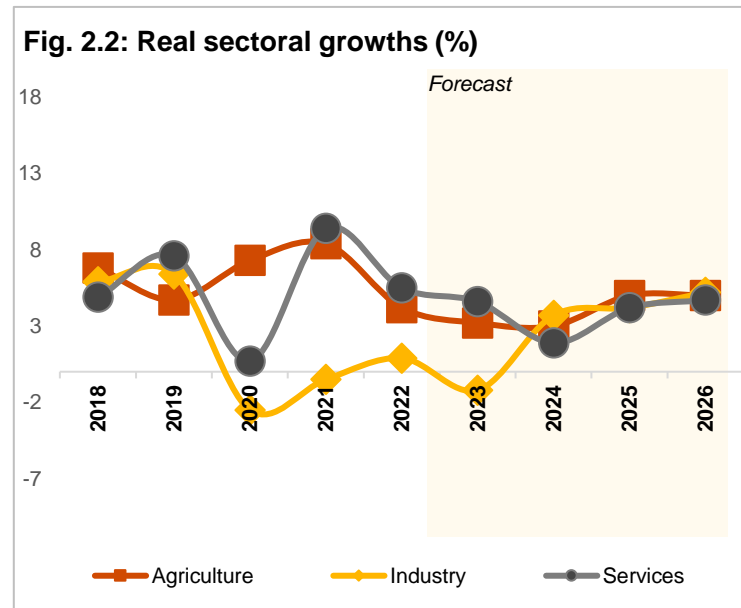
After facing economic challenges throughout 2022 and 2023, the economy faces a more positive outlook with the rate of economic growth expected to rise over the next few years. After peaking at 54.1% in December 2022, headline inflation has begun to decline. Period-end inflation was reported to be 35.2% in October 2023.

Historically, Ghana's economy has grown faster than the world economy. Economic growth declined between 2021 and 2023. This was attributed to pandemic and post-pandemic external shocks that led to unsustainable debt levels and a lockout of the international financial market. This fuelled high inflation and unstable currency, and plummeted business and consumer confidence.

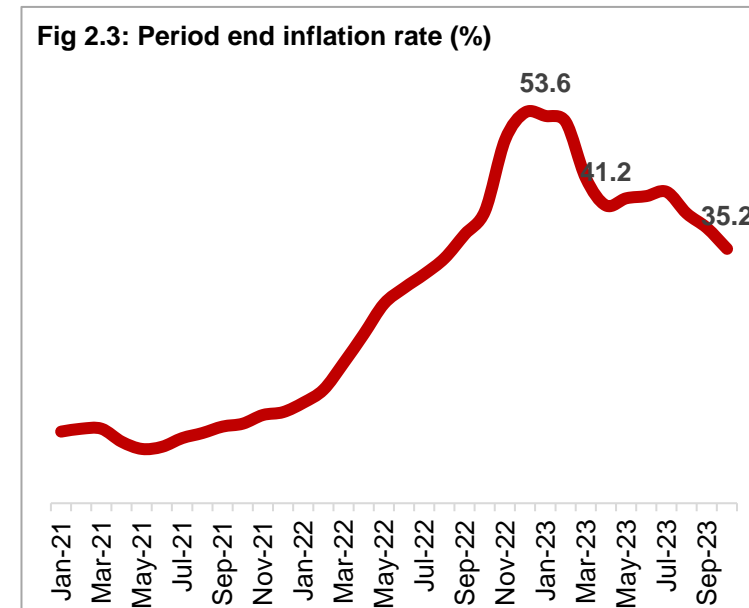


Sources: IMF, World Economic Outlook (WEO) Database, UK-Ghana Chamber of Commerce (UKGCC) PwC

Services has led Ghana's real GDP growth for a while now. Government has indicated that it plans to change that narrative—gradually make industry lead growth and targeting 5.2% in 2026. Barriers to achieving this include difficulty in accessing capital, high cost of capital, and red tape. Industry is forecast to grow by 3.7% in 2024, i.e. ~5% rise from the growth rate estimated for 2023.



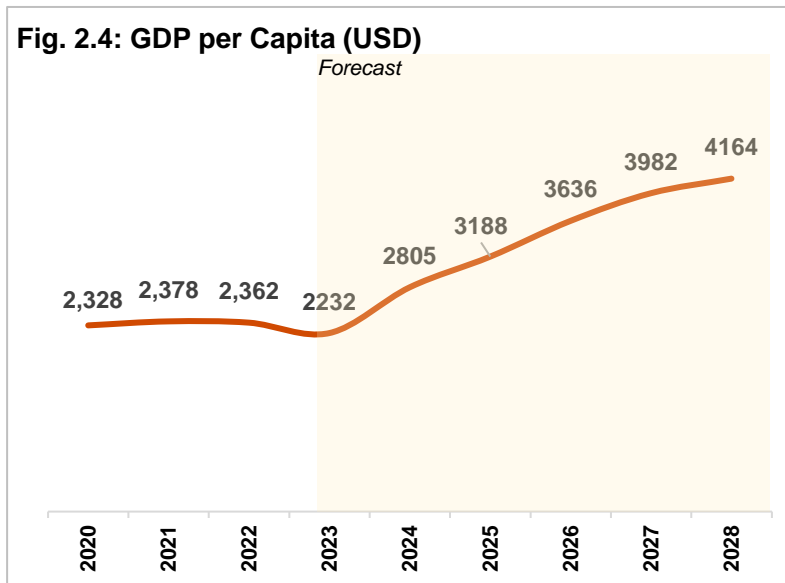
Inflation in 2022 reached record high levels of over 54%. This was caused by considerable currency weakening and the country's high demand for imports. Inflation has fallen in 2023 due to tight monetary policy, which has pushed the policy rate to 30%, relative stability of the Ghana Cedi, and a moderation of global commodity prices, as supply chain challenges got resolved.



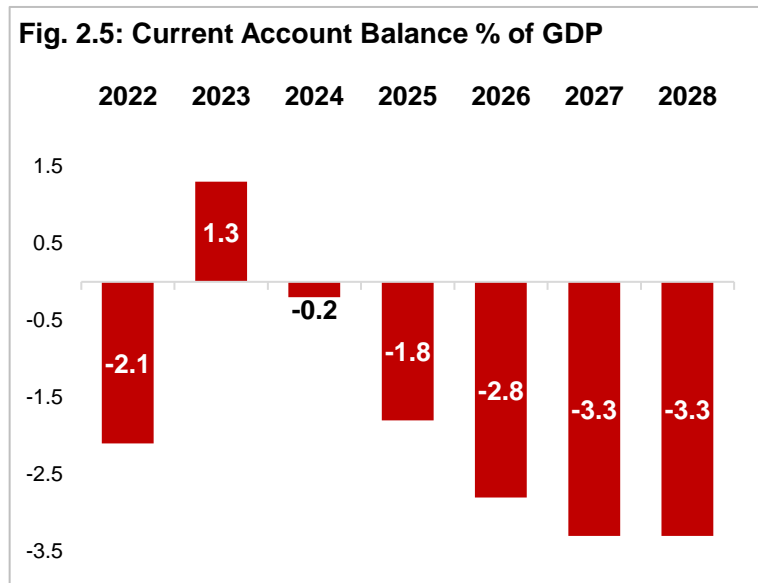
Macroeconomic overview (2/2)

The Cedi has been relatively stable against convertible currencies in 2023. This has been attributed to investor confidence returning to the economy with the IMF's Executive Board's approval of Ghana's application, further buoyed by disbursement of the first tranche of \$600 million. BOG's Gold for Reserves (G4R) programme has also lent further stability to the Cedi. Additionally, easing commodity prices and debt servicing will help to post a surplus on the current account surplus in 2023.

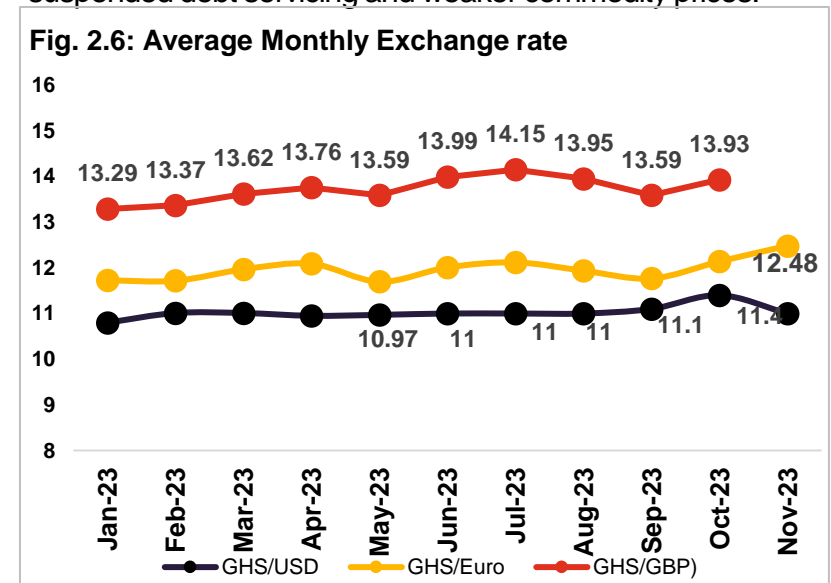
GDP per capita declined in 2023. It is expected to rise in 2024 in tandem with expected rises in economic growth. GDP per capita is expected to grow by over 86% during the period 2023 - 2028 .



Ghana is expected to experience a current account surplus of 1.3% of GDP in 2023. This is high by Ghana's historical standards. The current account however is expected to fall back into deficit in 2024 as imports into the country are expected to rise.



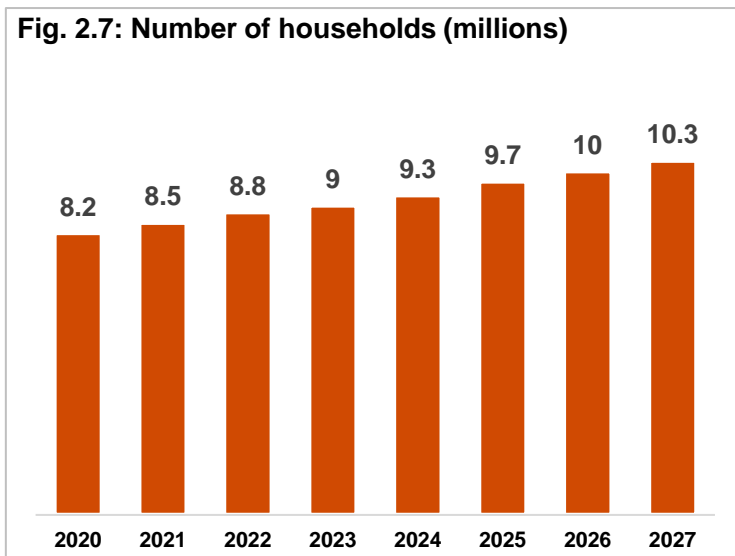
This year, the Ghana Cedi has, comparatively, been more stable against the country's major trading currencies than in the previous year. This is attributed to the IMF's approval of the three-year \$3 billion ECF for Ghana, the disbursement of the first tranche of \$600 million, and the continuing relief from suspended debt servicing and weaker commodity prices.



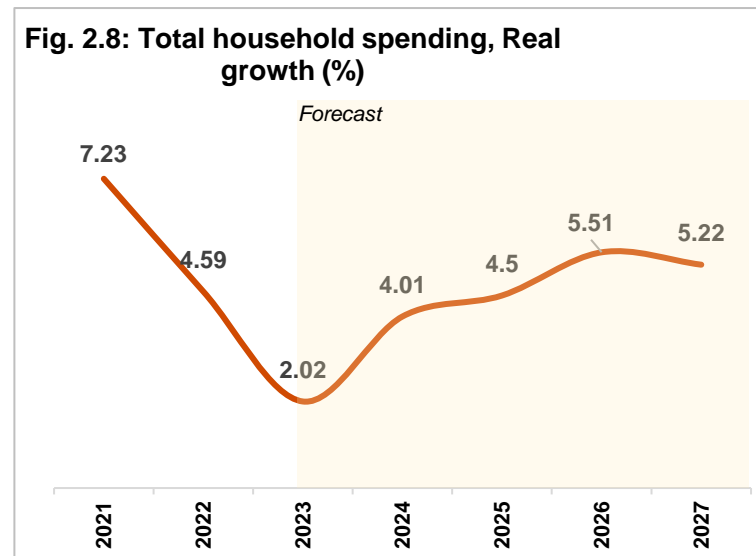
Socio-demographic overview (1/2)

The rate of growth of Household spending fell by over 5% between 2021 and 2023. However, the rate of growth of real household spending is expected to rise over the next few years as Ghana experiences economic growth. Disposable incomes per household are expected to rise by over 55% between 2023 and 2027.

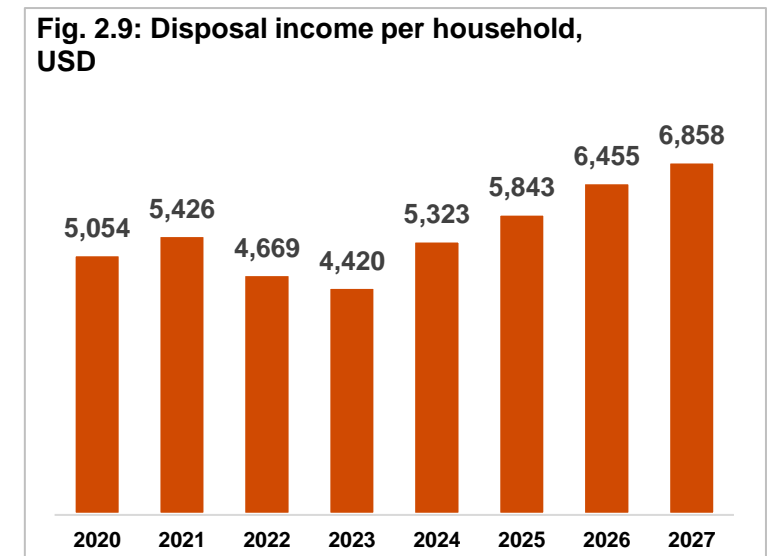
Year-on-year the number of households continue to rise. The number of households within Ghana is expected to reach 10.3 million by 2027.



The rate of growth of real household spending declined between 2021 and 2023 due to reduced consumer confidence. Household spending is expected to increase in line with forecasted increases in economic growth.



Disposable incomes fell by over 13% 2022 – 2023. However, disposable incomes are expected to rise by over 55% in the period 2023 – 2027.



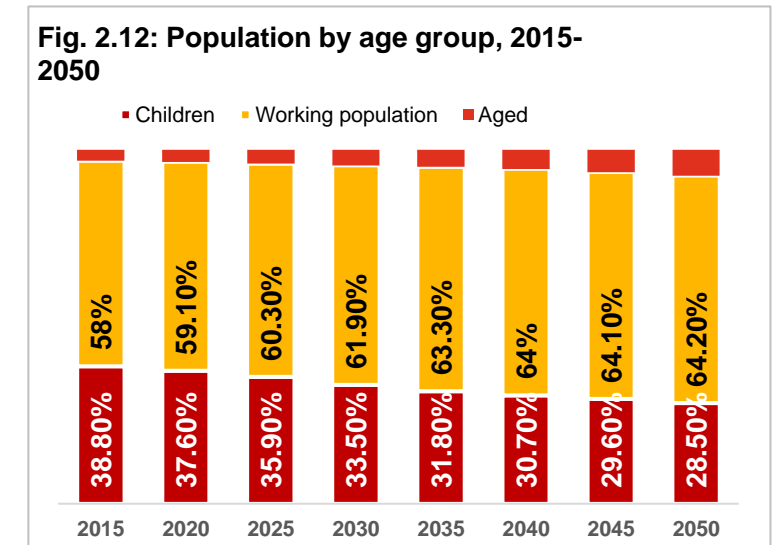
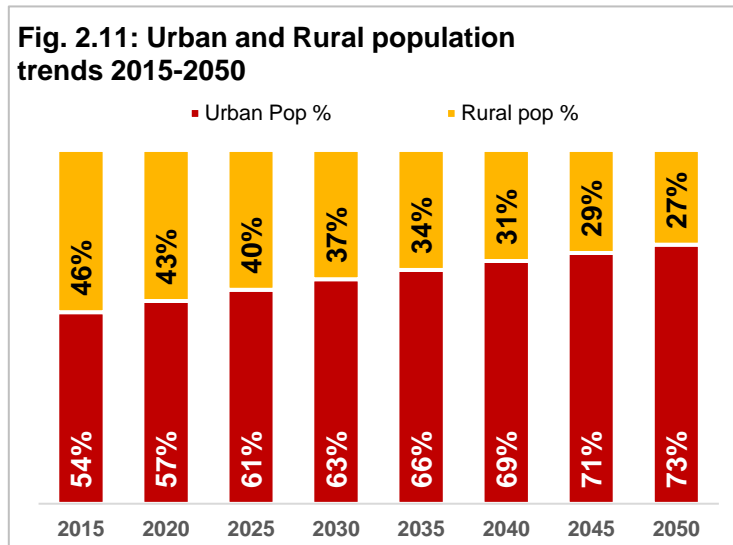
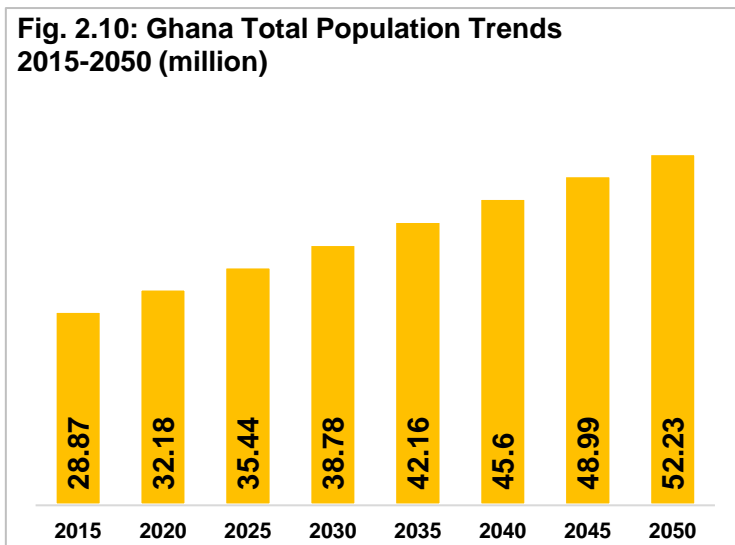
Socio-demographic overview (2/2)

Ghana's population is expected to keep rising surpassing 50 million by 2050. The urban and rural trends is expected to continue with ~73% of the population anticipated to be living in urban areas – up from 60% expected in 2025. The average age of Ghana's population continues to rise as the proportion of the working class and aged population increases and children declines.

Ghana's population currently stands at ~32.7 million and is expected to rise to ~34.4 million by 2025. In 2050 the population is expected to surpass 50 million people.

By 2025 over 61% of the Ghanaian population is expected to be living within urban areas.

The population is dominated by the working class. The working class and aged population are projected to increase continuously while the child population continues to reduce.



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Summary
survey results



The business environment generally performed worse than it did in 2022

From 2022 to 2023, survey participants' overall ratings of the components of the business environment deteriorated ever so slightly, perhaps a confirmation that 2023 did not present an improved environment relative to the undeniably difficult year that 2022 was. Businesses view financial costs as particularly high with a significant percentage (~60%) rating it as typically higher than what it was budgeted to be.

Average ratings for business components

Rating	2021	2022	2023
Poor	39%	↓ 44%	↓ 51%
Satisfactory	51%	↓ 41%	↓ 25%
Good	8%	↑ 13%	↑ 14%
Excellent	2%	↑ 3%	↑ 7%
Unable to rate	N/A	N/A	↓ 3%

Average ratings of business components for the past 5 years

Rating	2021	2022	2023
Declining	23%	23%	↑ 22%
No Change	41%	↓ 44%	↑ 40%
Improving	32%	↓ 30%	↑ 33%
Unable to rate	4%	↑ 3%	↓ 5%

Average rating of financial costs

Rating	2021	2022	2023
Typically expensive	44%	↑ 34%	↓ 59%
Just about budget	39%	↑ 49%	↓ 30%
Usually cheap	5%	↑ 15%	↓ 6%
Not applicable	12%	2%	5%

Number of respondents, n = 695

UK-Ghana Chamber of Commerce (UKGCC)

PwC

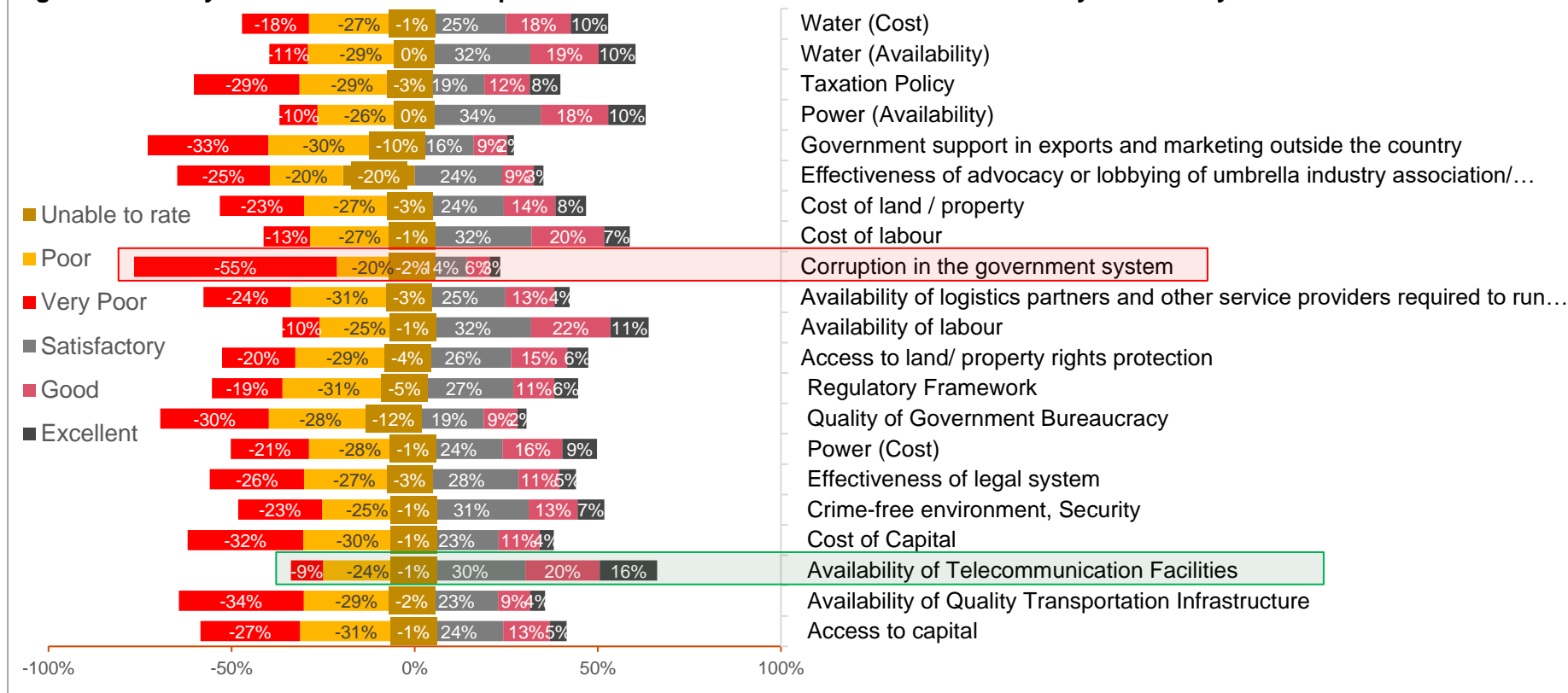
January 2024

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Corruption remains top on the list of business challenges in 2023

Perceptions in 2023 appear to have worsened compared to prior year results where excellent ratings had slightly improved. In 2023, average poor ratings have risen to ~51% compared to ~44% in 2022 suggesting that respondents view the business environment to be declining. **The availability of telecom facilities continue to be rated as one of the most beneficial components of the Ghanaian business environment while corruption remains an area of concern.**

Fig. 3.1: How do you rate the different components of the business environment in Ghana for your industry?



Number of respondents, n = 695

UK-Ghana Chamber of Commerce (UKGCC)

PwC

Best 5

1. Availability of Telecommunication Facilities
2. Availability of labour
3. Water Availability
4. Power Availability
5. Labour costs

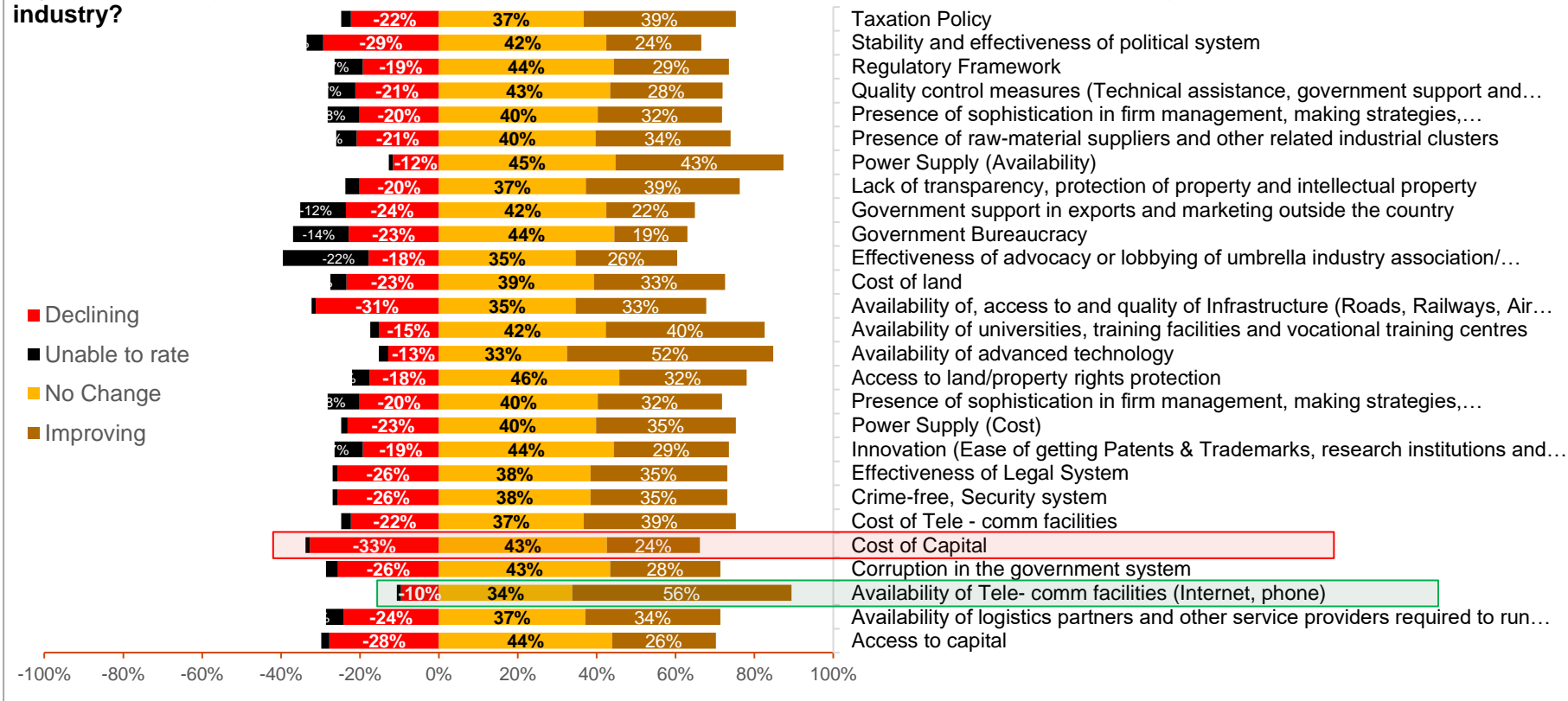
Worst 5

1. Corruption in the government system
2. Government support in exports and marketing abroad
3. Availability of quality transportation infrastructure
4. Cost of Capital
5. Taxation Policy

While corruption and power costs have improved over the past five years, cost of capital worsens

Generally, respondent views have not changed since 2021 – with most indicating no change in business components over the past five years. Like in 2022 and before, the availability of telecom facilities and advanced technology continue to be the most improved business components. Respondents suggest corruption and lack of transparency may have slightly improved over the past five years while the increasing cost of capital worsens over the same period.

Fig. 3.2: What do you feel about the different components of the business environment in Ghana for your industry?



Best 5

1. Availability of Telecommunication Facilities
2. Availability of advanced technology
3. Availability of power supply
4. Availability of training centres
5. Taxation policy

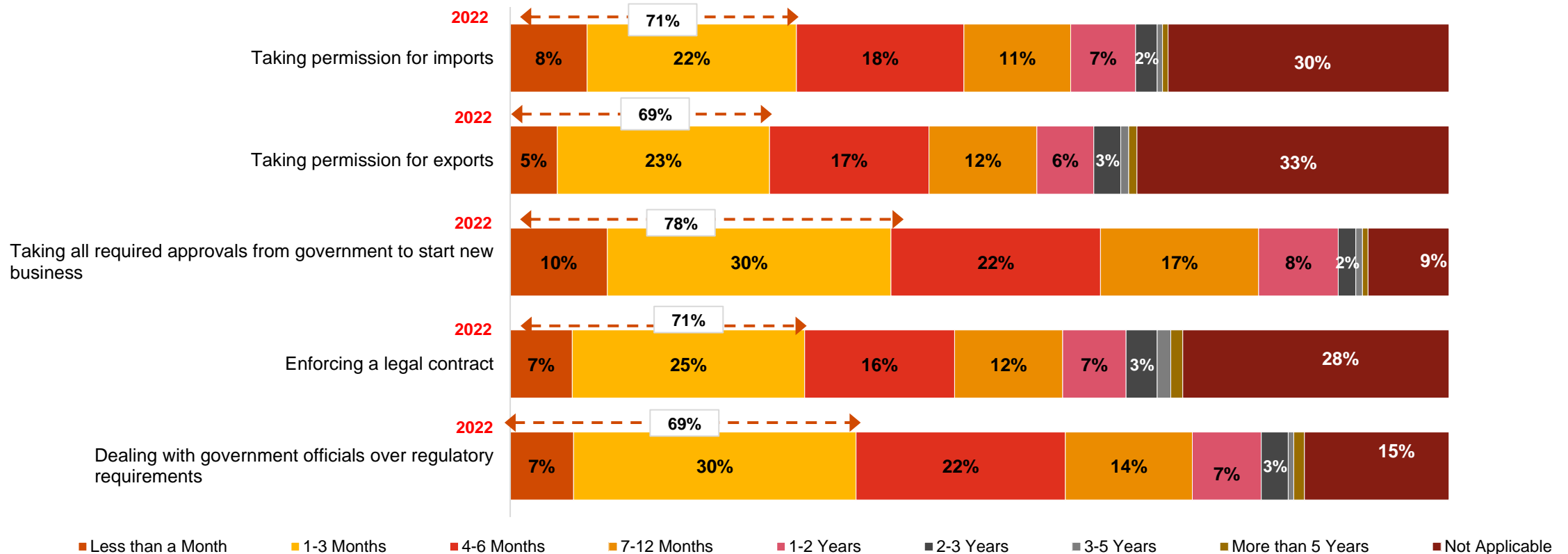
Worst 5

1. Cost of capital
2. Good quality infrastructure
3. Stability and effectiveness of political system
4. Access to capital
5. Corruption in the government system

Time respondents spend in dealing with business requirements worsened in 2023

Time spent in dealing with business requirements deteriorated in 2023 – it took averagely ~38% businesses longer to deal with business requirements than it did in 2022. The areas with the biggest decline were taking permission for exports and imports which took ~41% respondents more time to deal with in 2023 compared to 2022. Also, with ~38% respondents taking more time in 2023 (than previously) to start new businesses, potential investors could be deterred from investing in the country.

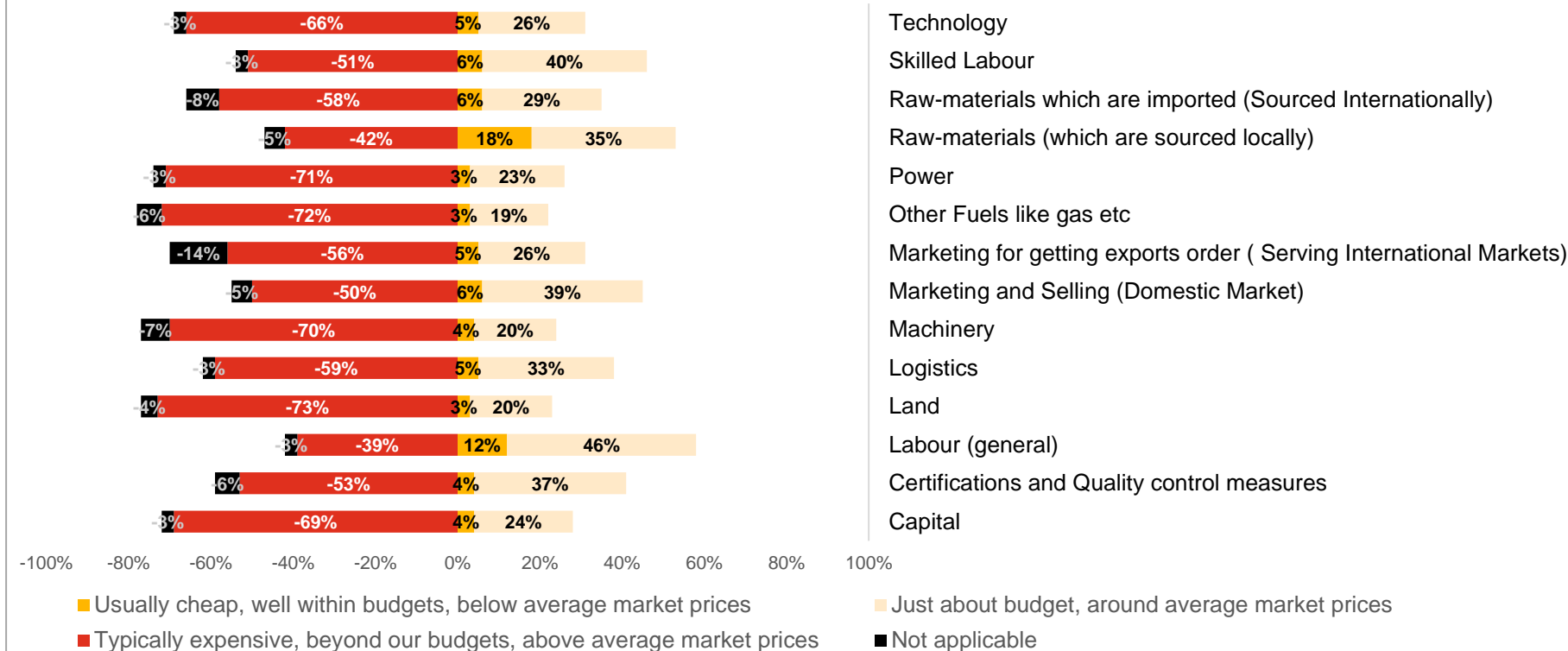
Fig. 3.3: How much time is spent in dealing with the following requirements



Land costs are above the budgets of businesses

Generally, business costs appear to have increased from 2022 levels as most respondents state that business costs are typically expensive, above average market prices and out of budget. **Land and other fuel costs are reported to be the most expensive.** Fuel costs, which have been consistently reported as high in prior surveys may be due to the depreciation of the local currency compared to the dollar and other currencies in 2023. High inflation resulting from these costs deter investments.

Fig. 3.4: Rating of financial costs



Least expensive

1. Labour
2. Locally sourced raw materials
3. Skilled labour
4. Domestic marketing & selling costs
5. Certifications and quality control measures

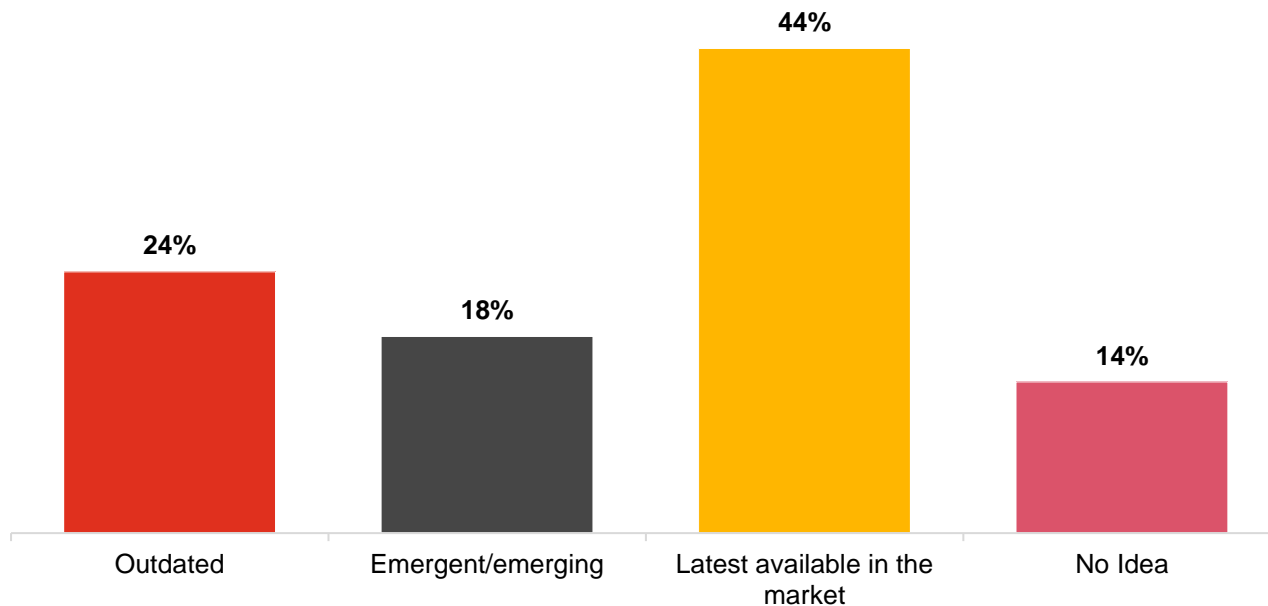
Most expensive

1. Land
2. Other fuels
3. Power
4. Machinery
5. Capital

Businesses largely have in use the latest available technology in the market

Technology is very important to businesses; it is not surprising that most businesses indicated they have the latest technology available in the market in use. **Despite the general view by respondents, a significant portion of respondents see the technology in use as outdated – a ~17% increase from previous surveys which indicates reducing efficiency for these companies.**

Fig 3.5: How do you rate the technology your firm is using currently?

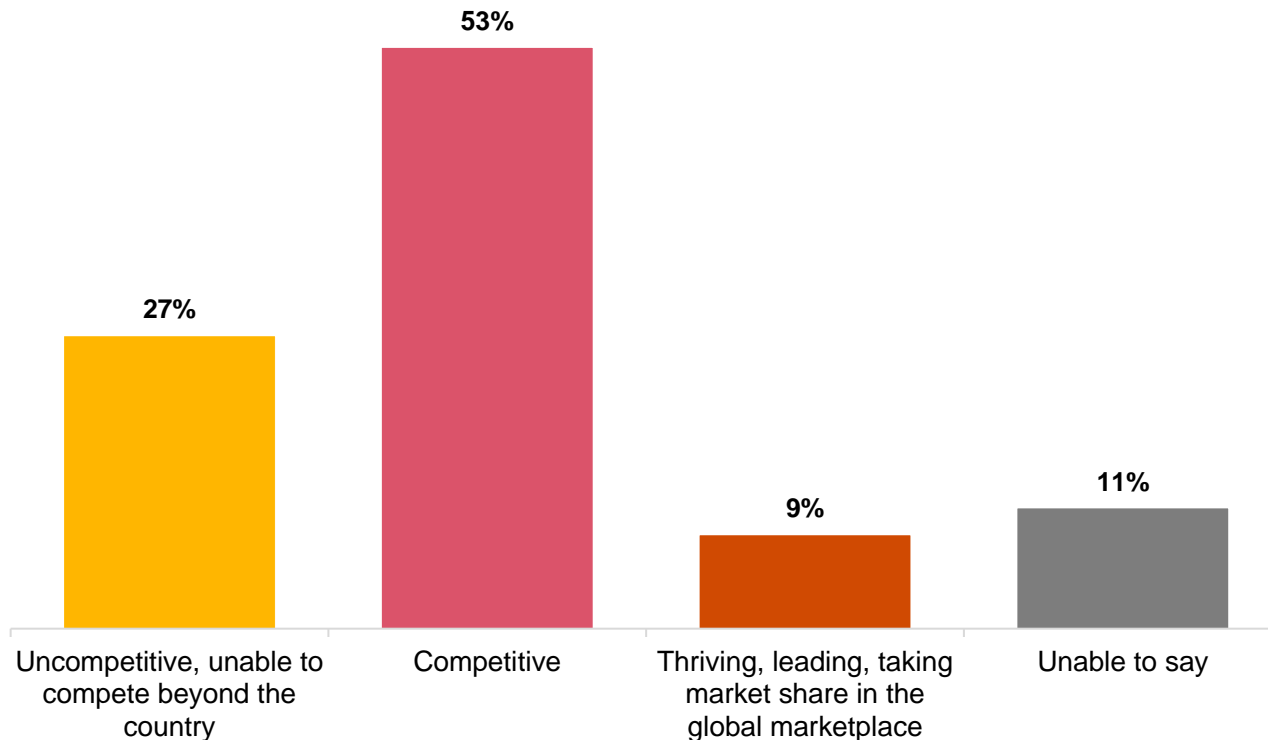


- ~44% of respondents recognise that they have the latest available technology in use – slightly more than in 2021 (~42%) – which is a good step considering the government’s digitisation drive. More respondents however claimed they had outdated technology as well though which could be due to their inability to afford new technology, lack of skilled labour, inadequate knowledge on new technology, among others
- Respondents from large companies (with over 250 staff) largely believe the technology in use is emerging – that is existing technology which is continually being developed. Respondents from the Western-north region also share the same view with ~67% indicating this and the remaining having no idea. Respondents from the Healthcare and Social assistance also see their technology as emergent
- Respondents from the Volta region, however, see the technology in use as outdated. Respondents from the Petroleum, chemicals and plastic manufacturing industry also believe the technology their firm currently uses are outdated.

Despite a general positive outlook, more businesses do not expect to be globally competitive

Although majority of respondents indicated the belief that their businesses would remain globally competitive over the next three years, perceptions were more positive in previous survey. With ~27% of respondents anticipating uncompetitiveness globally over the next three years – *against* ~9% last year – it is important that the government improves optimism by taking steps to improve the economic environment through tax cuts, improved macroeconomic environment among others

Fig 3.6: Competition in the global marketplace

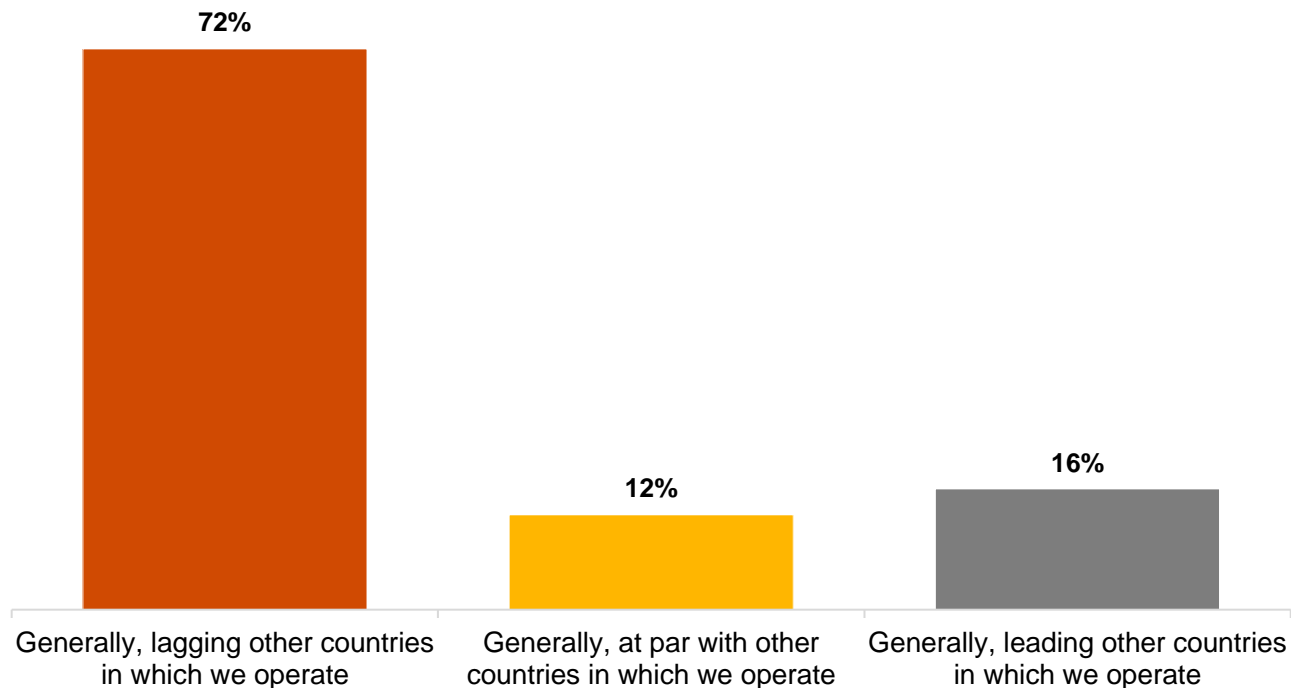


- From the previous survey held in 2022, respondents appeared significantly optimistic with ~79% stating they believed their businesses would remain competitive globally over the next three years. ~53% this year – although still majority – gives an indication of the reducing confidence many businesses have in the global competitiveness of their businesses in the medium term.
- This may be due to the various macroeconomic challenges the country has been facing this year coupled with higher taxes and the resultant increases in the cost of living reducing patronage for their goods and services.
- Most respondents from the Savannah, Upper East and Western-north regions believe their business are likely to be uncompetitive on the global marketplace in the next three years. A significant portion of newcomer businesses (~35%) also share the same view and are worried about the prospects of their businesses should the challenges being faced continue. A similar percentage of large businesses are also pessimistic about the prospects of their business on the global marketplace three years from now.
- Majority of respondents within the mining, Healthcare, manufacturing of petroleum, and the transport and logistics sectors also anticipate their businesses becoming uncompetitive over the next three years.

The Ghanaian business environment is viewed as lagging other countries

Despite Ghana 2nd in being #2 in West Africa on the BMI Trade and Investment Risk Index (previously #1 in 2022), respondents' views of Ghana's business environment deteriorated in 2023. 72% respondents believe that Ghana's business environment is lagging those of other countries – an increase from 47% in 2022. The emergence of the IMF credit facility presents an opportunity for the government to restore macroeconomic stability and increase investor confidence.

Fig 3.7: How the Ghanaian business environment compares to other countries



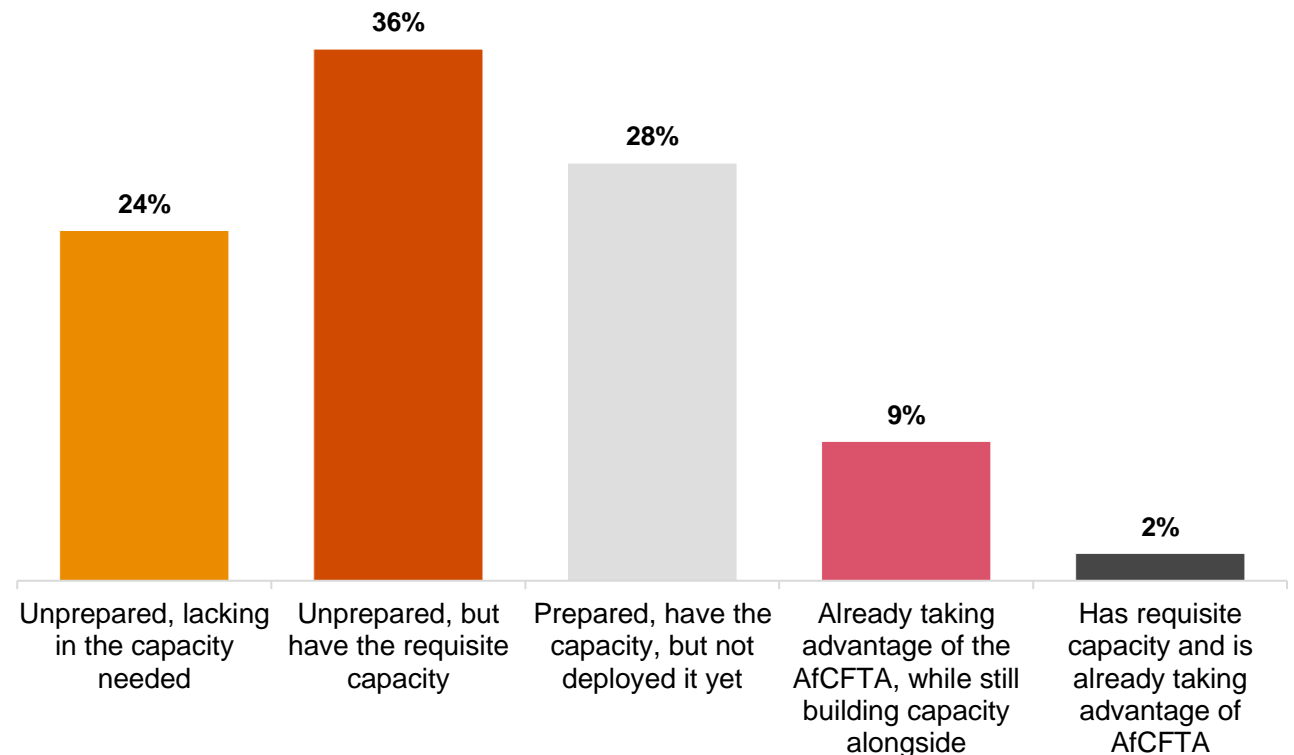
- The general view of Ghana's business environment is negative – most businesses have lost confidence in the business environment. In 2021, the perception was positive with majority of respondents seeing the Ghanaian business environment performing at par with the other countries within which they operate. In 2022, although the margin dropped slightly, the outlook was stable with ~45% seeing the business environment as being at par with other countries within which they operate.
- Most respondents from the Research and Development sector believe that Ghana's business environment is lagging other countries. A significant majority of respondents within the Accommodation and Food services, the Transport and Logistics and the Agriculture, Forestry and the sector also share the same views. Alternatively, the Mining and Oil sector have the most positive views of Ghana's business environment with ~50% seeing Ghana's business environment as leading other countries within which they operate.
- It is key for the government and other appropriate agencies to engage the UKGCC and other chambers of commerce to gain insights on existing business issues to collaborate in order to improve the business environment at both the macro and sector specific levels.

Businesses are unprepared although the capacity needed to take advantage of AfCFTA exists

Contrary to the 2022 report where respondents (~42%) viewed businesses as already taking advantage of AfCFTA whilst building capacities alongside, majority of respondents in 2023 (~36%) believe that businesses are unprepared to take advantage of AfCFTA although they have the requisite capacity to do so. This year, ~2% of respondents believe that businesses have the requisite capacity and are already taking advantage of AfCFTA – up from ~1% in 2022.

- AfCFTA has created a continent-wide market covering 55 countries and reaching over 1.3 billion people worldwide – offering endless opportunities to businesses with the potential to greatly accelerate growth of the Ghanaian economy if opportunities are embraced.
- There has been a significant change in views from previous surveys. In 2020 respondent views were largely pessimistic which improved in 2021. In 2022, respondents appeared optimistic about the trade agreement making the adverse views this year of concern and worthy of note.
- This change could be due to the increases in lead times that respondents have observed in dealing with business requirements, exchange rate challenges due to the depreciating currency and the general macroeconomic challenges the country is currently facing.
- Owing to the lengthy duration for getting approvals for both imports and exports take and the lack of government support in terms of marketing exports abroad, many business are unable to take advantage of AfCFTA.
- Improvements in areas such as access to quality infrastructure (rated poor/ very poor by ~63% of respondents) and access to technology is necessary to improve business preparedness to take advantage of AfCFTA

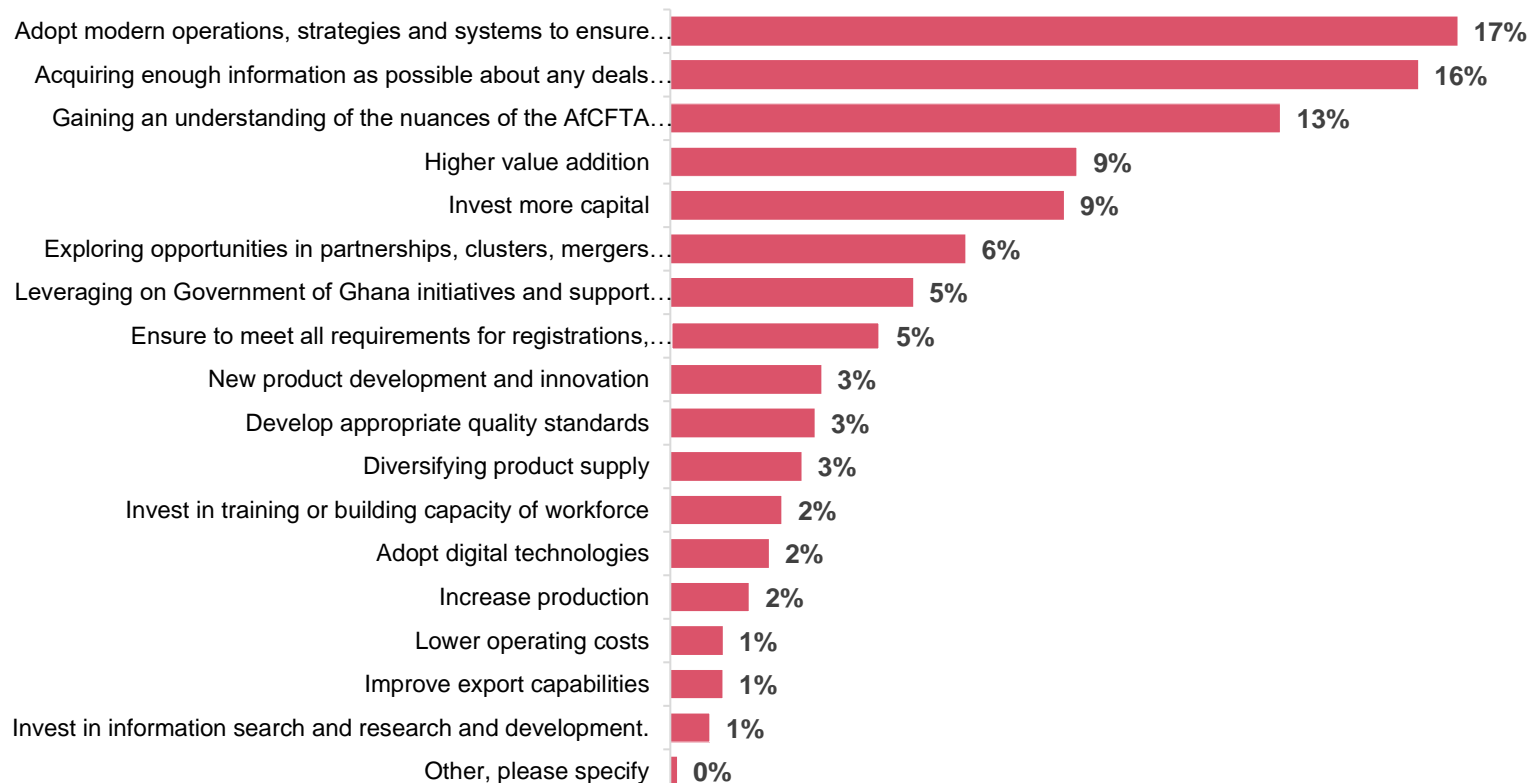
Fig. 3.8: Companies taking advantage of AfCFTA



Businesses are adopting modern strategies and systems to ensure competitiveness

The adoption of modern operations, strategies and systems is the main initiative that businesses are employing to exploit the advantages AfCFTA. Improved and efficient processes will reduce costs allowing businesses to charge more competitive prices. ~16% of respondents are accumulating as much information as possible to take advantage of potential deals that arise from the AfCFTA agreement.

Fig. 3.9: How businesses are positioning themselves to take advantage of AfCFTA

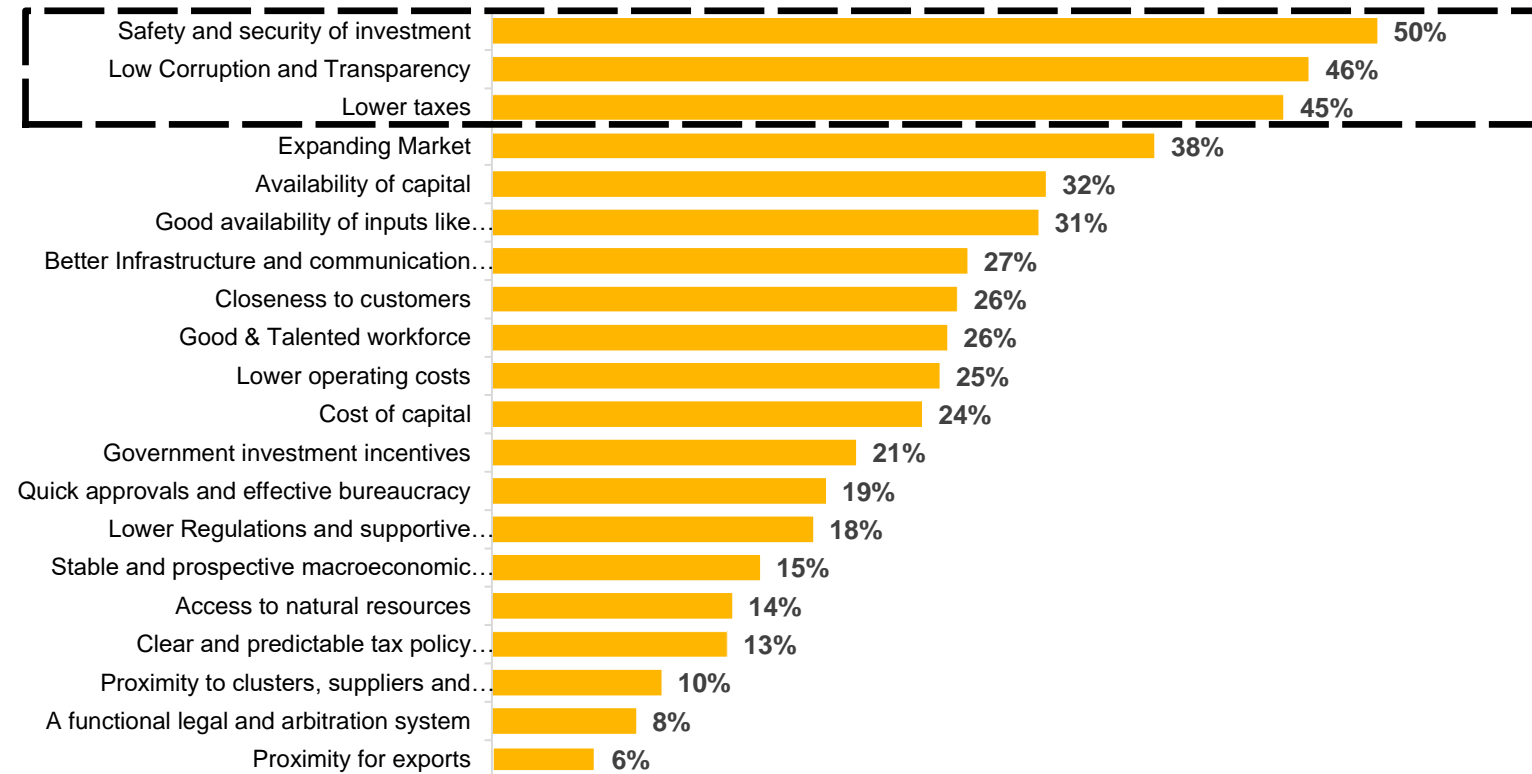


- Most respondents adopting modern operations, strategies and systems to be competitive on the African market. Benchmarking business processes against successful players within their industries will aid businesses to identify key areas for improvement in order become more competitive.
- ~9% of respondents are focused on higher value addition. Adding value to products improves the resale value which potentially translates into increased revenue and subsequently higher profit margins. Value addition could also help establish a competitive advantage and makes the business less susceptible to volatile commodity prices.
- Majority of finance companies are taking advantage of AfCFTA by acquiring information to take advantage of potential deals. For example, the development of the Pan African Payments & Settlements System (PAPSS) provides a major opportunity to financial services companies.

Safety & security of investments still at the top of investors' minds when making expansion decisions

Since 2021, respondents have maintained that the safety and security of their investments top of mind when considering whether to expand operations in Ghana – this stance appears to not have shifted with half of respondents indicating this in 2023. Owing to Ghana's macroeconomic challenges, many businesses may halt expansion decisions till some stability is assured.

Fig. 3.10: Top factors influencing expansion decisions



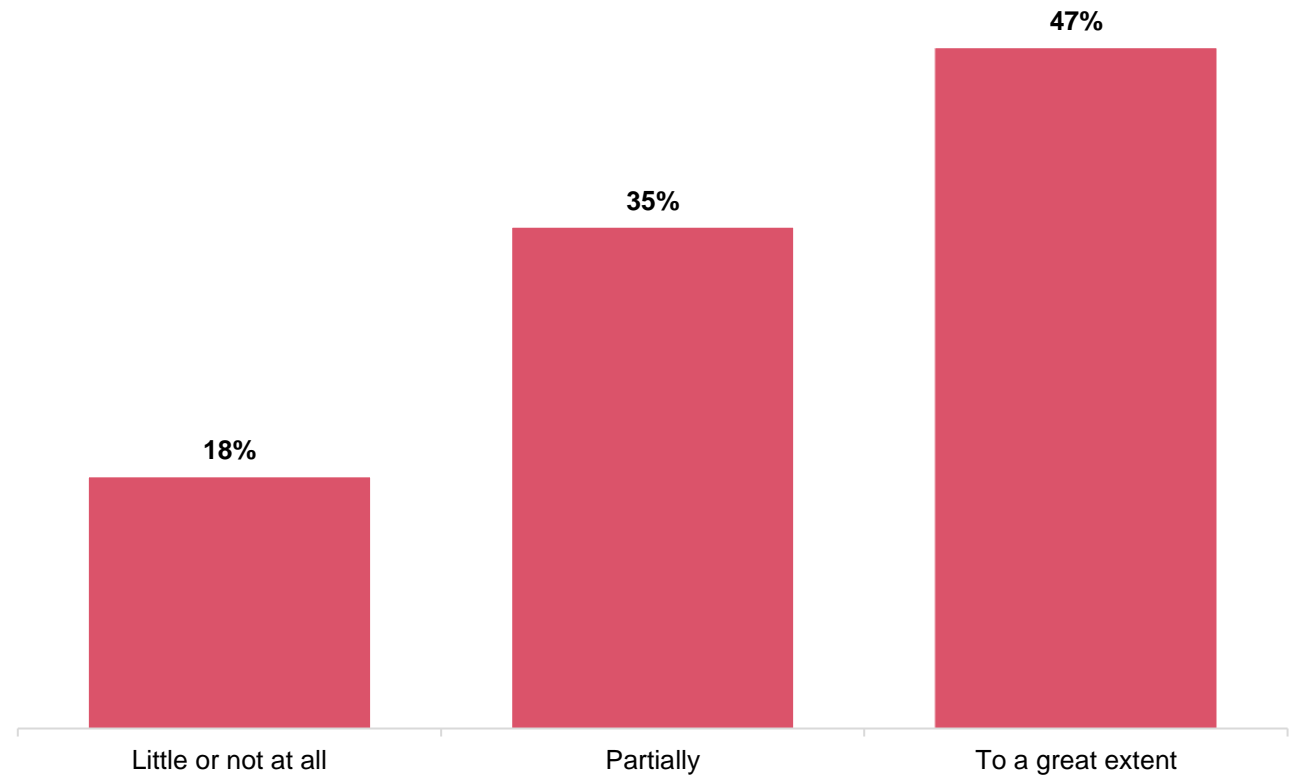
- Safety of investments and the prevalence of corruption have historically been the top factors that influence business expansion decisions in Ghana. Tax considerations which were previously a part of the top three factors seems to be an issue this year. This may be due to the challenges the country has faced of late
- Ghana has faced significant economic challenges arising from unsustainable debt burdens, over reliance on imports, corruption and others. A result of this have been increased taxes, high fuel costs, high inflation, a depreciating local currency, increased cost of living, etc.
- Ghana secured a US\$ 3billion credit facility from the IMF to support the government meet its debt obligations and to restore the economy to its previous state. The IMF facility if successfully allocated could cushion the economy a bit and restore business confidence in the Ghanaian economy.
- The availability of capital is also a key consideration and with respondents stating access to capital as being a challenge it will be beneficial if this could be looked at.

The UK brand plays significantly in the success of companies operating within Ghana

Much like in the previous surveys, most respondents admit their affiliation to the UK brand has largely improved the performance of their businesses. Although more respondents this year (~18%) believe the UK brand has done little to nothing for their businesses, it is an improvement from what was recorded in 2021 (~28%). Respondents from the Western-north region believe the UK brand has not contributed while those from the Northern and Upper East see its contribution partially.

- Like in 2022, most respondents believe the UK brand has improved the performance of their businesses. Despite the slight decline from 2022 levels - ~7% less than in 2022 – respondents generally have a positive view of the UK brand.
- Respondents operating within the finance and insurance, research and development, transport and logistics, manufacturing of electrical appliances, wholesale and retail and construction recognise that the UK brand has contributed to the successes of their businesses.
- Businesses involved in the manufacturing of food and beverage, manufacturing of petroleum and the accommodation and food services industries have indicated that the UK brand only partially contributes to their success. They believe that aside the UK brand, there are many other key factors that determine the success of these entities.
- All mining and gas extraction companies operating within the Greater Accra believe the UK brand has little to no impact on their business operations. Additionally, most respondents within the Upper West and Western-north regions also view the UK brand as contributing little or nothing at all to their successes.

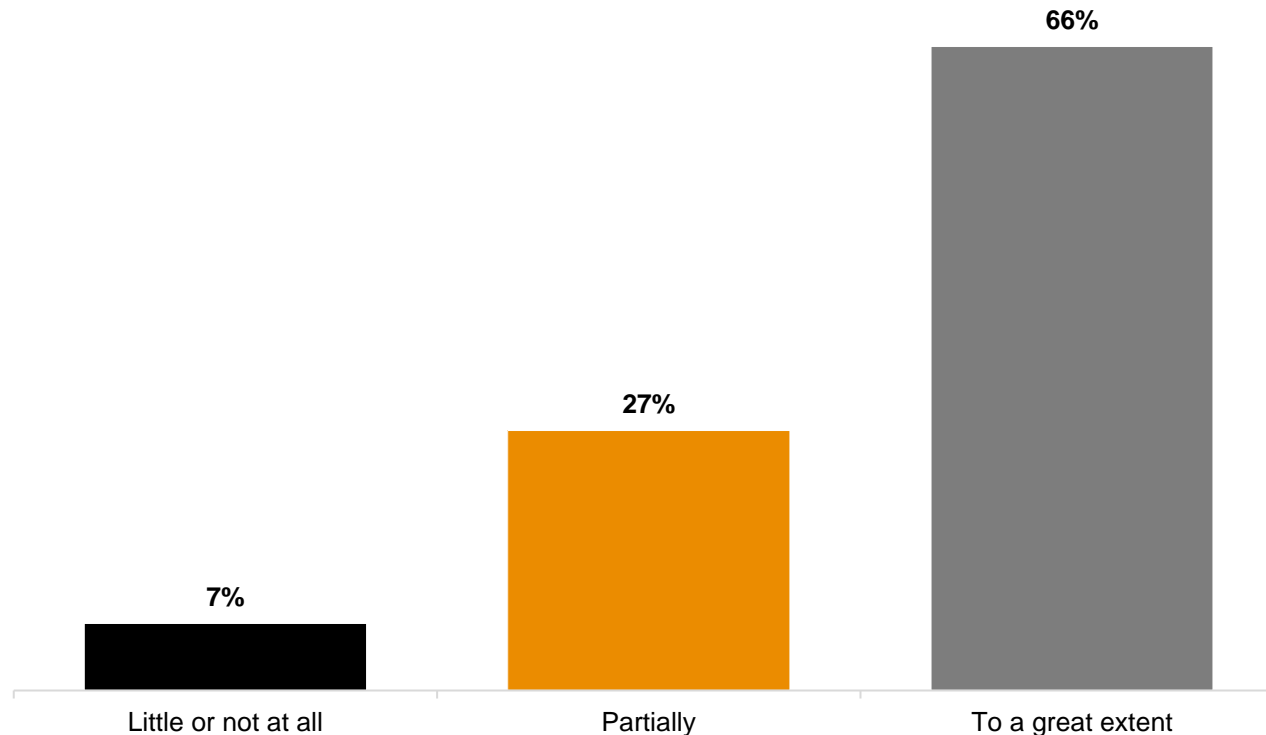
Fig. 3.11: Contribution of the UK brand to business in Ghana



Customers continue to consider the environmental aspects of a product in making purchases

ESG is increasingly becoming an essential area of business and a key factor in determining the success of an organisation. **Customers today are increasingly aware of the impact of their consumption decisions on the environment and with greater access to information, they demand the provision of sustainable products and services.** ~66% of respondents indicated that their customers largely consider the environmental sustainability efforts when purchasing (~63% in 2022).

Fig. 3.12: The extent to which customers consider the environmental aspects of a product before purchasing.

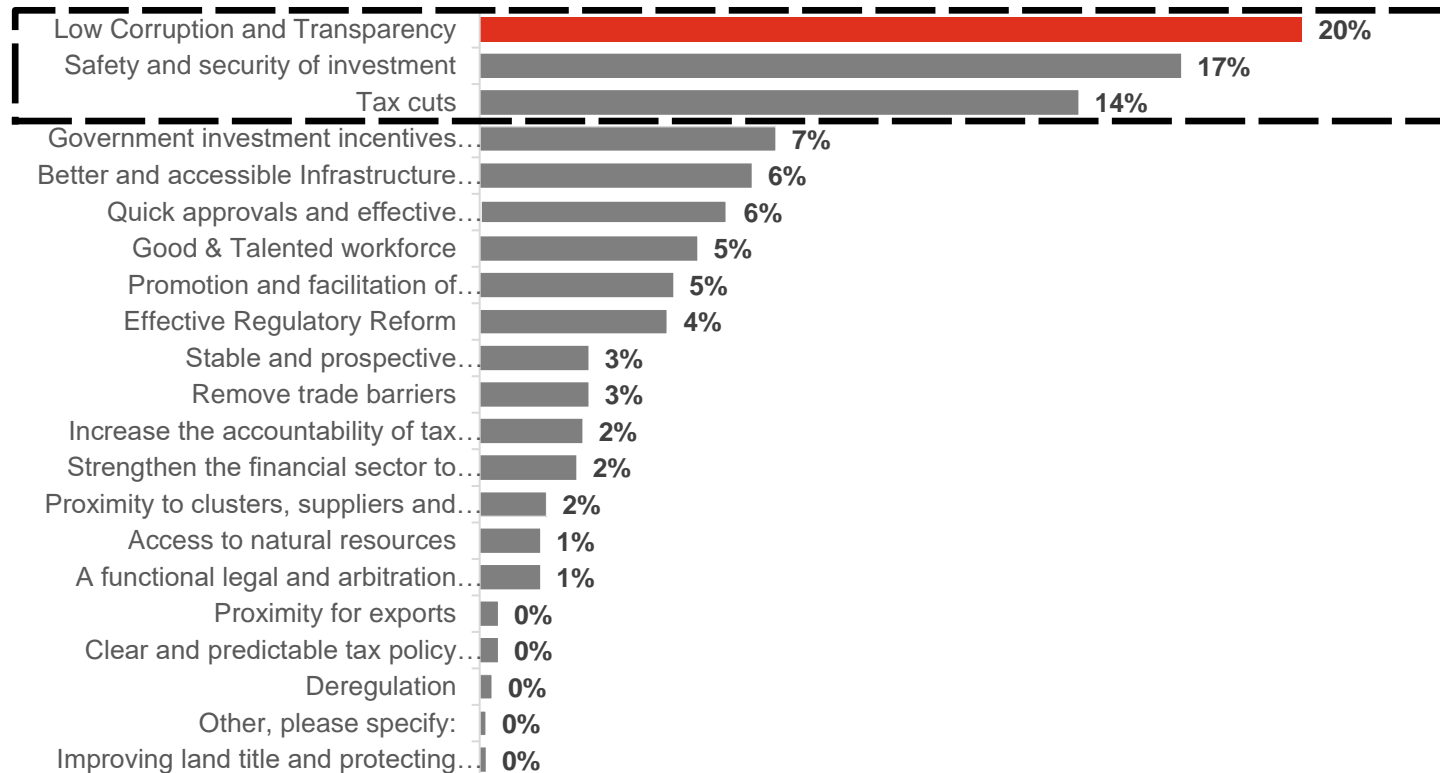


- ESG has become a key consideration for businesses today. Customers today are increasingly considering the effects that products or services they indulge in have on the environment. Customers require information on the efforts businesses are making to be environmentally sustainable in order to make informed decisions in engaging with certain businesses.
- Businesses today can no longer focus on just maximising profits and shareholder value; they must aim to create a greater and more positive impact on society. There is a positive relationship between customer loyalty and a business operating sustainably. Operating in a sustainable manner thus, will not only boost revenues but also lead to cost reduction as no fines would be incurred for instance.
- Businesses should ensure that ESG practices are adopted across their whole value chain. This involves conducting the appropriate due diligence and sourcing materials from ethical and sustainable suppliers as well using ethical distribution channels.
- ESG in Ghana is a relatively new and developing concept, presenting an opportunity for sustainable businesses. Going green provides a unique selling point for business who could charge a premium for their goods and services.

Businesses expect low corruption and increased transparency from the government

The topmost expectation respondents have of the government is low corruption and improved transparency. **Corruption has long since been a challenge businesses in Ghana have faced and this has reflected in all the surveys conducted so far.** On the Corruption Perception Index, Ghana placed 72nd out of 188 countries with a score of 43 – 73rd in 2022 and 2021 with the same score. It appears there has not been much improvement over the years.

Fig. 3.13: One specific change respondents expect from the government

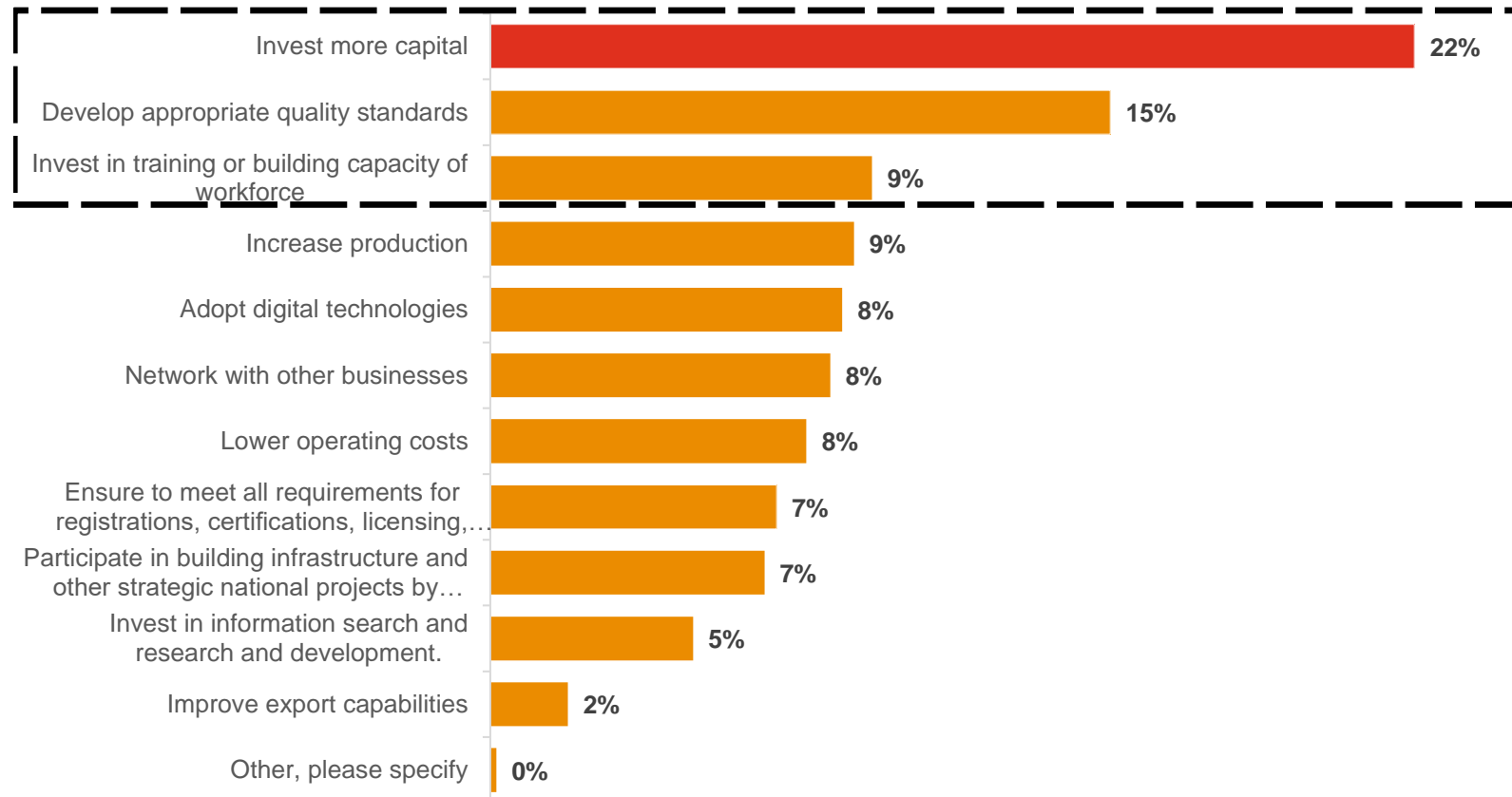


- Ghana is ranked #2 in West Africa for Trade and Investment Risk with a score of 50.7 – down from #1 at 52.3. Globally Ghana is at #90 out of 202 markets dropping from #83 in 2022. These serve as an indication of the worsening economic conditions in the country which businesses are concerned about. Ghana risks capital flight if the challenges are not addressed and in a timely manner.
- Another expectation of respondents is the safety and security of their investments and tax cuts. Ghana has experienced economic challenges over the past year and some effects have been increased taxation, the infamous Domestic Debt Exchange Programme, high inflation and others. Due to this investor confidence has declined and businesses now face even more pressures from more taxes imposed while purchasing power of consumers have also reduced due to rising inflation and a depreciating currency.
- Over 50% of respondents collectively seek improvements in corruption, safety of investments and a reduction in taxes.

To improve the business environment, businesses should invest more capital

Similar to views from previous surveys, most respondents believe that increasing their capital investments is the best action needed to improve the Ghanaian business environment in Ghana. **It is worthy to note that with safety and security of investments being the top influencer for expansion decisions, it is key that the government creates a business environment that restores the confidence of investors.**

Fig. 3.14: Actions to improve the business environment in Ghana



- ~22% of respondents believe that investing more capital is the best option to improve the overall competitiveness of the business environment in Ghana. This is likely to be challenging due to rising costs of capital and difficulty in accessing capital.
- Also, as businesses place a high importance on the safety and security of their investments, they are unlikely to invest more capital into the Ghanaian market unless they are confident in the ability of the economy to offer returns on their investments as well as assure its safety.
- While most businesses subscribe to the general view, businesses within the manufacturing and the transport & logistics industries view the development of quality industry standards as the best action needed to improve the overall competitiveness of the business environment in Ghana.

Our contacts

UK-Ghana Chamber of Commerce,
C/O British High Commission, Julius Nyerere Link,
P. O. Box GP296, Accra, Ghana

For all enquiries:

- Call Adjoba on +233 (0)54 012 6477 or email adjoba@ukgcc.com.gh
- Call Sara-Adelaide on +233 (0)54 012 6004 or email saraadelaide@ukgcc.com.gh
- Website: www.ukgcc.com.gh
- Email: info@ukgcc.com.gh
- LinkedIn: UK-Ghana Chamber of Commerce
- Twitter: @UKGCC_ACCRA
- Instagram: @uk_ghanachamberofcommerce
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