

BUSINESS CLIMATE REPORT 2019

UK Ghana Chamber
of Commerce



TABLE OF CONTENTS



Foreword	Page 03
Comments from the Chairman & Executive Director	

Introduction	Page 04
---------------------	---------

Economic Reforms as Perceived by UK-GCC Members	Page 06
Government Initiatives	
Ghana's position in Global Reports	
Top 5 suggested reforms.	

Macroeconomic Contexts: UKGCC Business Perspectives	Page 11
General Economic Performance	
Top reasons for Optimism	
Threats to the Optimism	
Factors that will play a critical role in investing more into the business.	

Key Local Business Climate Indicators: Performance and Challenges	Page 15
Conditions in the Labour Market	
Operational Business Environment Changes Over Past 5 Years	
What is the view today	
Business Costs	
AFCFTA, is it an opportunity	
Non tariff barriers for exporters?	
Challenges with time to deal with Legal Enforcement	
Areas for Business to Improve	

Ghana as an Investment Destination	Page 23
---	---------

Way Forward and Recommendations	Page 25
--	---------

FOREWARD

Advancing Advocacy - Networks - Trade

“To deliver a self sustaining platform for all members so that they can market their businesses, obtain essential information about the business environment of both UK & Ghana, make connections and communicate regular advice to achieve their commercial objectives and UK based businesses to increase their inward business to Ghana.”

The UK Ghana Chamber of Commerce (UKGCC) is helping to create the best possible business environment for the development of cooperation between the UK and Ghana. This Business Climate Survey is the first such publication and presents the perspectives of a large selection of companies that do business in Ghana. The report's findings are based on the views of 41 companies, out of 105 companies currently active with UKGCC. They range from Small and medium enterprises to large companies and operate across a wide range of economic sectors.

Efforts to improve the business climate lie at the heart of UKGCC. We actively support the UK's and Ghana's endeavors to diversify its economy. This year has been a year of setting the foundations for further growth of UKGCC's activities and strengthening the team to deliver an ambitious program in the years ahead. This has an exciting momentum that should raise our partnership with Government and the business community alike to a qualitatively new level.

This years marks the third year of operation of UKGCC and the Ghana Business Climate Report is a constructive tool that provides a snapshot of the improvements and challenges. This knowledge is a key precondition for achieving a further boost to UK – Ghana trade and investment. Whilst the prevailing general sentiment amongst UKGCC members remains positive, the report sheds light on a number of bottlenecks that are still encountered by entrepreneurs in Ghana.

In a dynamic and ever changing world, it is essential that the business community, investors and governments agencies have access to up-to date information on the business climate and its drivers. This is why UKGCC committed to conducting the Ghana Business Climate Survey. It is our pleasure to present the inaugural edition of the report. We hope that this report and subsequent years reports will become a valuable tool for those who are eager to learn more about the conditions for doing business and investing in Ghana.

There have been a number of reforms undertaken, some of which are beginning to pay off. Nonetheless, the survey's findings highlight that much work remains to improve the country's business and investment climate. Thus, it is important that the government does not rest on its laurels, but implements further reforms to ensure that the remaining economic and structural challenges are properly addressed.

We hope that this report will be a useful tool in providing the government authorities and policy makers with deep insights into the country's business environment and companies needs. Thus, it will contribute to the governments policy development agenda. Another of this publication's aims is to get the emerging views of companies operating in Ghana on the Africa Continental Free Trade Agreement and the opportunities they sense may come out of it.

Anthony Pile
Chairman



Adjoba Kyiamah
Executive Director



INTRODUCTION

The UKGCC Ghana Business Climate Report is shaped by the findings of the business climate survey reflecting the views of UKGCC members on the current business climate, as well as a reflection of how things have changed in the past five years.

This year's survey was conducted between September and November 2019 by the UK Ghana Chamber of Commerce (UKGCC), with support from Wardour Global Ltd.

The primary aim of the survey is to provide insights into the current macroeconomic situation and business and investment climate in Ghana as perceived by businesses operating in Ghana. It also reveals UKGCC members' expectations of the short term growth, the challenges they face and problems that remain to be tackled. The data acquired contributes significantly to this assessment of the current situation in the country, identifying the main factors impeding business operations or expansion and suggesting ways to mitigate or manage them effectively.

41 online responses.

The survey comprised 22 questions that were devised to facilitate the assessment of the current economic situation in Ghana and how Ghana's business environment impacted on individual companies and company demographics.

13 represented sectors

Respondents to the survey represented a wide range of 13 sectors, the top 5 sectors being: Professional, Scientific and Technical services; Construction and Real Estate; Mining & Oil & Gas extraction; Accommodation and Foods Services; and Other Services. Companies with foreign shareholding represented 20% of the respondents as does those companies that export their goods and services outside of Ghana.

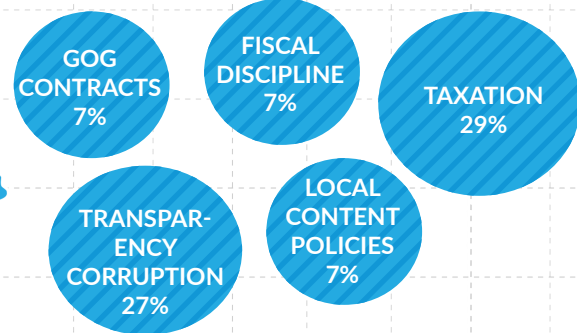
GHANA



KEY SURVEY FINDINGS

ECONOMIC REFORMS

TOP 5 suggested reforms

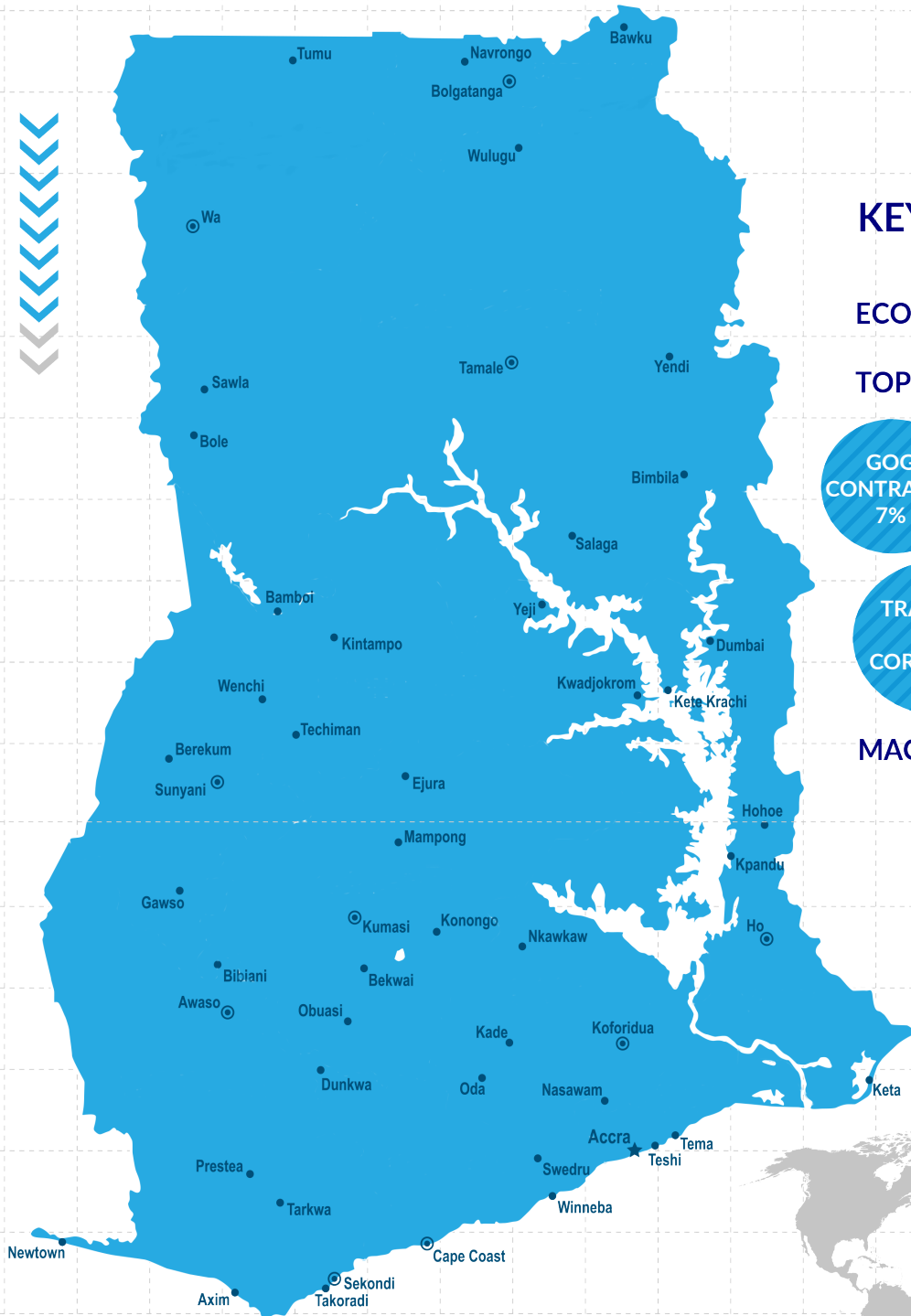


MACROECONOMY & COMPANY

90% optimistic for the future

Top 3 reasons for optimism

- Growing market demand 48%
- Investment into company capacity 23%
- Improving Regulatory Environment 10%



BUSINESS CLIMATE INDICATORS

TOP 5 business climate indicators

- Availability of Telecommunication Systems
- Power Supply Availability
- Availability of Universities and Training Facilities
- Presence of Quality of Infrastructure
- Availability of Advanced Technology

TOP 5 factors critical for more investment

- Expanding market
- Transparency & Lower Corruption
- Lower Regulations & increased GoG Support
- Lower Operating Costs
- Access to capital

CHAPTER 1

Economic Reforms as Perceived by UKGCC Members

Reforms are beginning to exert a positive influence

Reforms are beginning to exert a positive influence on the business climate, but need to be wider and deeper to transform the economy.

A rebound in oil prices and increases in the cocoa and gold production have not resulted in strengthening the Cedi / Dollar exchange rate, which in the first 11 months of 2019 is standing at approx. 16.6% a considerable increase from the circa 8% depreciation rate witnessed between the 2017 and 2018. Having witnessed year on year increase in GDP growth rate it is interesting to see that the economy faltered somewhat in 2018

Against this background of an economy that is delivering a GNP per capita growth rate ahead of population growth, it is interesting to see how UKGCC companies assess the Government of Ghana (GoG) record in introducing reforms, as for example, the digitization of government services. Central to the governments reform agenda in 2018 was an increased emphasis on further improvements to the tax and customs bases, alongside the key policy initiatives and flagship projects:

- ***Planting for Food and Jobs***
- ***Stimulus Package for distressed industries***
- ***One District, One Factory***
- ***Zongo Development Fund***
- ***National Entrepreneurship Programme***
- ***Free Senior High School***
- ***National Identification Scheme***

Ghana's real GDP has expanded in recent years, though the expansion was largely spurred by the extractives sector. Official data released by the World Bank earlier this year indicates that the overall growth rate in 2018 was 6.3 percent. Industry continues to lead growth with 10.5 percent, with forestry and logging, crops and livestock driving the agricultural sector by 4.8 per cent. The services sector lagged behind and recorded 2.8 percent in 2018. Non-oil GDP reached 6.5 percent growth in 2018.

Key reports paint a mixed picture. On the one hand, the World Bank's "Doing Business 2019" report shows that whilst the overall scoring for Ghana had improved, (albeit

slightly, 59.22 to 60.00), it has fallen 4 places in the overall rankings, with Togo and Cote D'Ivoire (CDI) who improved their rankings by 40 and 12 places respectively and Uganda and West Bank and Gaza being ahead of Ghana. Looking at the change in Ease of Doing Business Score within the region, Ghana's increase was the lowest when compared to Benin, Togo, Nigeria, Cote D'Ivoire and Senegal.

On the other hand, Ghana fell to 111th place (from 106th in 2018) in the World Economic Forum's "The Global Competitiveness Report 2019. Ghana's lower ranking here is essentially due to an across the board decline in the: institutional environment (ranked 69th – a substantial fall of 10 places compared with 2018); product market (ranked 85th another substantial fall of 24 places); and, business dynamism (ranked 102nd falling 15 places from 87th in the year before). Given the considerable intervention in the financial system by the Government in order to maintain confidence in the banking and savings and loan sector, it is unsurprising that the financial system ranking has fallen 4 places to 116th out of 141 countries. Given these results, the views of UKGCC companies are important to have a better grasp of the reforms effect in Ghana.

The survey results, further underpinned by interviews with selected UKGCC businesses, provide evidence that the reform in some core functions are beginning to deliver tangible results. The benefits of securing certifications from the government has improved, with entrepreneurs indicating that it takes on average no longer than 3 months to register and start a new business.

Reforms, in cooperation with domestic agencies concentrated mainly on the expansion of e-services with key E-government services available including:

- ***Government Online Services Portal (www.eservices.gov.gh)***
- ***E-Payment services (epay.gov.gh)***
- ***Government E-Workspace – a web-based work solution for collaborative working across government.***
- ***Ghana Integrated Financial Management Information Systems (GIFMIS) that uses a number of integrated electronic financial modules in the management of public funds.***

CHAPTER 1 CONT..

UKGCC business' perceptions about changes in the past five years on the regulatory framework and taxation policy shows, for the most part, a discouraging view with 65.7% and 75.6% respectfully suggesting that there has either been no change or the environment has been declining.

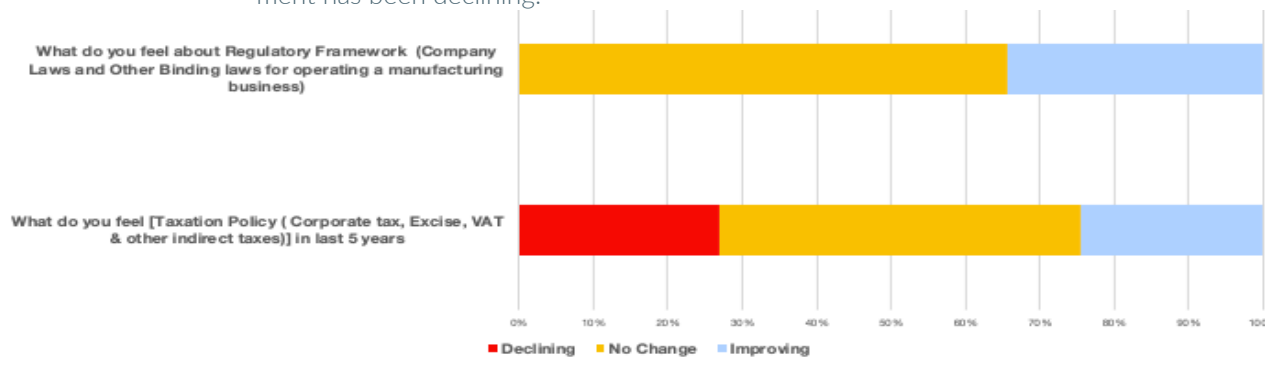
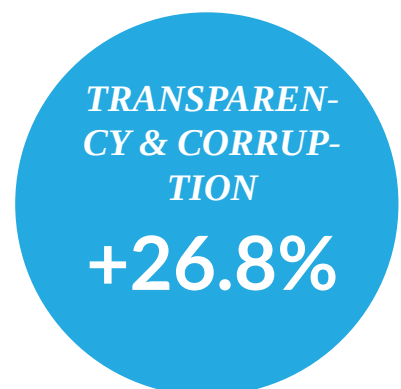
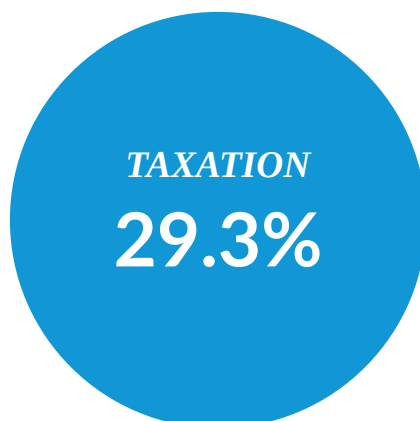


Table 1.1 Rating of Regulatory Framework and Taxation Policy compared to 5 years ago

Taking a view on the current situation UKGCC businesses reflect the perceptions of changes over the past five years, with the effectiveness of the taxation policy considered as poor by 41.5% of the respondents. In discussions with some of the respondents this view is being informed by the approach of tax audits being undertaken multiple times by the GRA on the same company within months and the aggressive approach of refusing to respond to tax assessments without first paying 30% deposit of the disputed amount. In some cases, the review of the tax audit has resulted in the tax authorities in owing a credit to the audited company concerned. UKGCC continues to engage with the GRA to discuss potential solutions to ensure that companies pay their due taxes at the same time as building trust and cooperation with the GRA.

TOP 5 SUGGESTED REFORMS



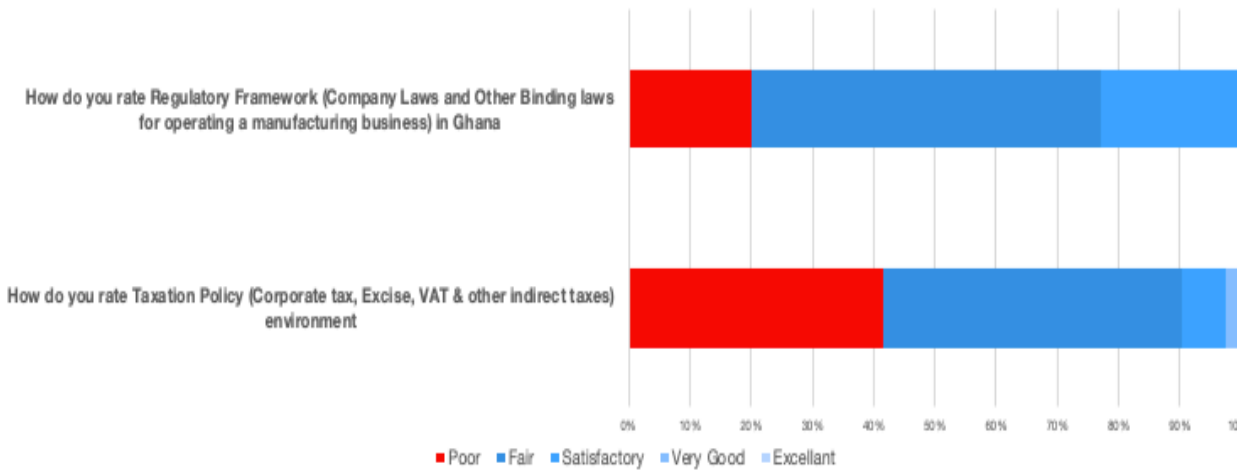


Table 1.2 Rating of Regulatory and Taxation Policy today

**IMPROVED
FISCAL DIS-
CIPLINE**
9.7%

**GOG
CONTRACT-
ING**
9.7%

**BETTER LO-
CAL CON-
TENT POLI-
CIES**
9.7%

CHAPTER 1 CONT...

Of the reforms suggested to improve the customs clearance processes includes:

- ***Fully implement the risk management and importer / exporter profiling modules in the customs clearance system to improve the pre-clearance process and reduce opportunities for rent seeking by public officials***
- ***Do not reintroduce internal customs check points within the borders of Ghana***
- ***Streamline the signatory requirements on the customs clearance process (arguably a function of the risk management modules)***



Table 1.3 rating of logistics partners compared to 5 years ago

CHAPTER 2

Macroeconomic Contexts: UKGCC Members Perspectives

Macro Figures telling one story but feels different on the ground

Ghana's average inflation rate fell to 7.8 percent in August 2019, the lowest level since September 2013, from 9.4 percent in the previous month, and below the mid-point of Bank of Ghana's target range of 6-10 percent. Prices slowed for non-food products whilst it picked up for food products.

As inflation eased, the BoG reduced its policy rate from 21.5 percent at its peak in 2016 to 16 percent in January 2019 in an effort to spur non-oil growth. It is expected that the policy rate to end 2019 at 15.43% and 2020 at 15.08%.

Heightened vulnerabilities in the financial sector in 2018 triggered a swift response from the authorities. Between August 2017 and December 2018, nine domestically owned universal banks were closed. The assets and liabilities of two banks were transferred to a state-owned universal bank while those of the remaining seven banks were transferred to a bridge bank (Consolidated Bank Ghana [CBG]). The CBG was capitalized by the Government of Ghana (GoG) in the amount of about US\$100 million (0.2 percent of GDP). The Government also issued a domestic bond equivalent to US\$1.65 billion (2.5 percent of GDP) to cover the gap between the liabilities and the good assets assumed by the CBG. The total fiscal cost of the interventions was equivalent to around 3.4 percent of GDP in 2018. There has been additional costs related to cleaning up the savings and loan financial sector. However, these changes do not seem to have made the business environment any easier in terms of accessing capital as the commercial banks still appear to be more comfortable in buying government paper than lending to the private sector due to various factors including capital adequacy rules in lending to the private sector differing from that to Government and the challenges of creditworthiness of many private sector companies.

The government sustained its fiscal consolidation efforts in 2018 despite challenges. Recent mid term budget statement suggested that efforts in increasing tax revenue to GDP have improved to 15.8 percent, however they fell short of the target of 16.4 percent, with shortfalls in Value Added Tax (VAT) International Trade Taxes and other Non-Tax receipts were largely offset by over performance in Personal Income Tax, Corporate Income

CHAPTER 2 CONT..

TOP 3 REASONS FOR OPTIMISM

+48%

GROWING MARKET DEMAND

+23%

INVESTMENTS MADE INTO BUSINESS

+10%

IMPROVING REGULATORY ENVIRONMENT

TOP 2 THREATS TO OPTIMISM

UNFAIR COMPETITION

CORRUPTION

Tax, Petroleum Excise Tax, and upstream Oil & Gas receipts and cuts in capital spending. As a result, the 2019 fiscal deficit target is expected to be in line with targets, excluding the financial sector clean-up cost and energy sector restructuring.

The Cedi came under considerable pressure in the second and third quarters of 2019, despite the background of increased gold and cocoa production, underlining once again the challenges of Ghana being a net importer of oil and the absence of a local industrial base that can compete against imports. In recent times the US Dollar has softened against the Ghana Cedi on the back of improved foreign exchange liquidity and continued Central Bank support to the cedi by selling dollars from time to time. The softening of the dollar is in part due to global political uncertainty and fears over a widening of the Sino-U.S trade war.

Economic growth is expected to be stronger in 2019; but over the medium term a more diversified economy away from the three key sectors of gold, oil and gas and cocoa is an imperative. Growth is projected to increase to 7.3 - 7.6 percent in 2019 and reduce to 5.4% in 2020. Growth in the non-oil sector is expected to plateau or decline as the initial momentum created by policy interventions plateaus out. Interventions in the manufacturing and agricultural sectors are important to diversify the economy and bringing about a more broad-based sustainable economic growth over the medium to long-term.

The next election cycle in 2020 will be an important test of fiscal sustainability and whether the discipline exercised in recent years will be held against the pressure of winning votes at the next election.

Notwithstanding this, the UKGCC businesses remain optimistic about the future with 90% registering a positive outlook. The most optimism is recorded in the accommodation & food services sector. Whereas, professional and technical services and the construction sector feeling that there will be no change in the future.

Are you optimistic about the future growth of your business & industry

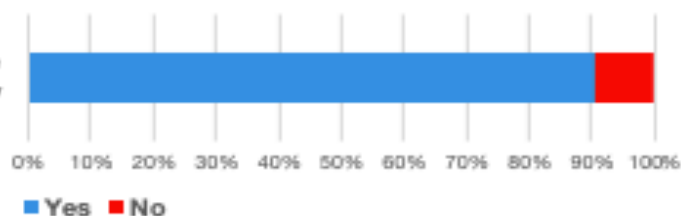
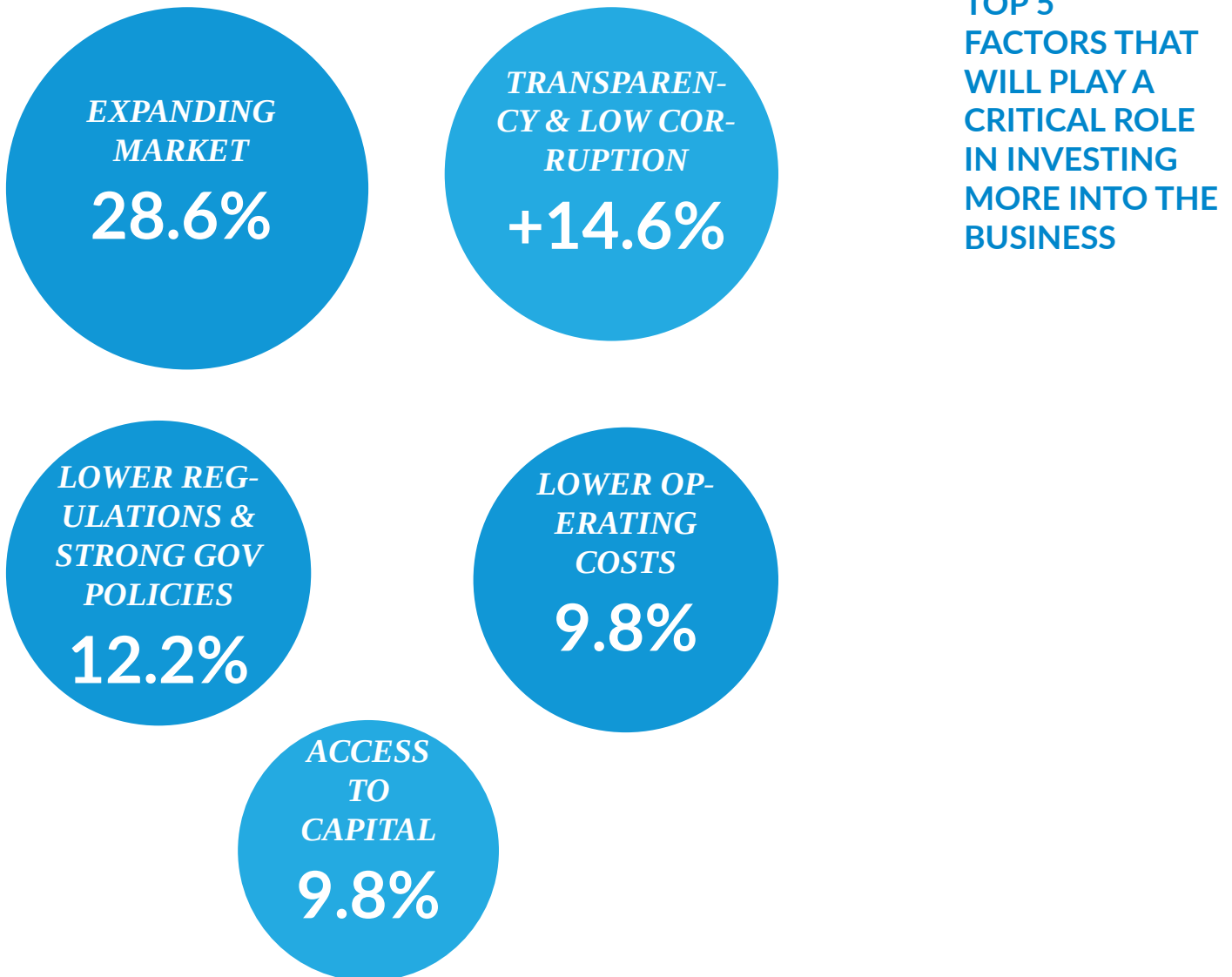


Table 2.1 Rating of optimism for the future growth for the business / industry

CHAPTER 2 CONT..

Optimism alone will not result in additional investment into a business, the UKGCC businesses consider there are a number of other factors that will play a critical role in whether the shareholders / boards will approve further investment into the businesses. The top 5 factors are shown below.



Clearly from the foregoing there is work on both sides to ensure these factors are realized.



CHAPTER 3

Key Local Business Climate Indicators: Performance and Challenges

The creation of a favorable business climate conducive to investment requires across the board measures and long term commitment to reform spanning parliamentary terms.

As Ghana is competing globally to attract investors from the UK and other countries, one of the key challenges that remains is to outpace its peers, by the provision of competitive incentives to invest and a broader range of long term business opportunities. As we saw with the results of the Ease of Doing Business Rankings and Global Competitiveness Report, Ghana is lagging in its pace compared to others within the West Africa region.

One of the main objectives of the UKGCC Business Climate Survey is to capture the views of UKGCC businesses with regard to business and investment climate indicators in Ghana. This enables UKGCC to acknowledge progress made so far on the road to a diversified economy that takes “Ghana beyond Aid”, to reveal shortcomings and the extent of the impediments to doing business in the country, as well as to identify the scope for further improvement. To this end, the survey aims to shed light on the perceptions of UKGCC businesses on 19 local business factors, categorized by three major aspects of the business environment.

- ***Conditions in the Labour Market***
- ***Operational business environment***
- ***Economic Policies and Institutions***

The underdeveloped labour market and shortage of skilled works may well act as brakes, not only on attracting foreign investment, but also on executing and monitoring the reform agenda. Therefore, good quality education and, more importantly, supplies of skilled workers matching labour market demand are pivotal to strong and knowledge based economic development.

The UKGCC businesses assessment of the labour market appear to be less robust, whilst the assessment of the availability of universities, training facilities and vocational training centers shows strong acknowledgement of the situation as having improved in the past five years. In respect of cost of skilled labour, 42.5% of the respondents assessed that

CONDITIONS IN THE LABOUR MARKET

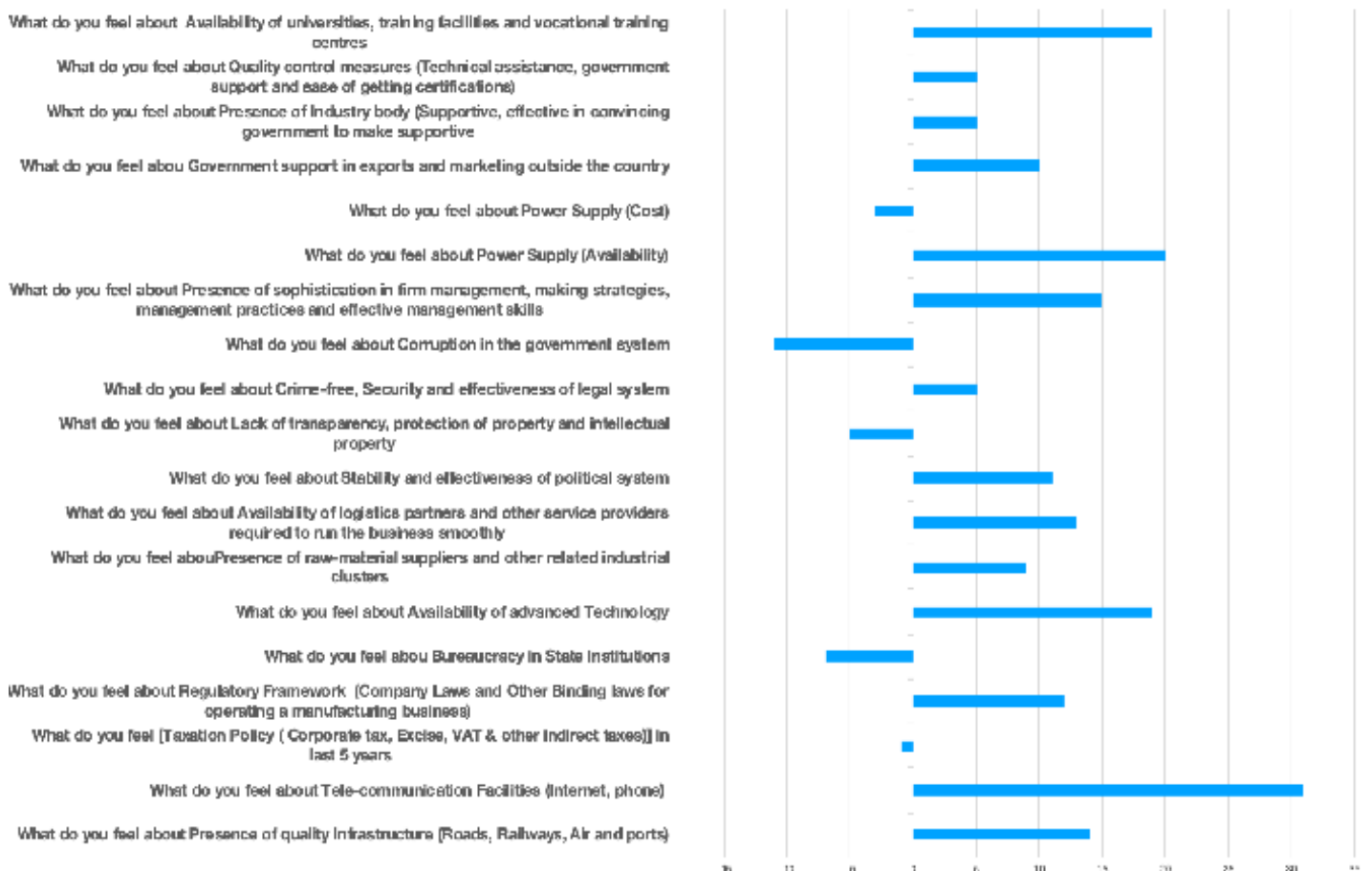
CHAPTER 3 CONT..

OPERATIONAL BUSINESS ENVIRONMENT CHANGES OVER PAST 5 YEARS

skilled labour costs are either expensive or very expensive. Some in industry indicated whilst the actual salary levels may be economical the challenge they face in labour costs is the comparatively low productivity levels of labour comparable with other markets, such as South East Asia. It is hoped that the Government of Ghana's focus on vocational training in recent years will yield the desired results of creating a capable working population and the resultant economic benefits to enterprises and the government.

The survey findings reveal that Ghana has made significant improvements in many areas however there are still substantial gaps to be closed in the business environment in the areas of: cost of power; corruption and lack of transparency in the Government system, work around the protection of real property and intellectual property and bureaucracy in the State institutions.

Chart 3.1 Business Environment Changes



CHAPTER 3 CONT..

In addition to assessing the changes in the business environment over the past five years, the survey also sought to understand from the UKGCC businesses their views on the current environment. Notable areas of satisfaction include the security environment and availability of telecommunications infrastructure, both essential for supporting growth in business. However, areas where additional work is required, given the dissatisfaction registered by UKGCC businesses' includes:

- ***Support from the government in supporting export businesses***
- ***Effectiveness of Industry Bodies in their advocacy work with Government***
- ***Taxation policy***
- ***Power Costs***

In respect of the effectiveness of industry bodies, whilst UKGCC would argue there has been a number of successful situations where UKGCC team has been able to assist in resolving members individual issues. On the wider macro / advocacy on policy formation, UKGCC has noted the reduced level of engagement instigated by Government in the past two years. Clearly there is more work to be done in this space by all relevant stakeholders.

When looking at the operational costs, the views of UKGCC businesses suggest that the following are the three most expensive business costs:

- ***Cost of Certifications and Quality Control Measures***
- ***Cost of Land***
- ***Cost of Technology***

Notwithstanding the later point, companies consider investing into technology as important given that 86% of the respondents indicated that they consider they have the latest available technology in the market with only 9% suggesting their technology infrastructure is outdated.

WHAT IS THE VIEW TODAY?

BUSINESS COSTS

CHAPTER 3 CONT..

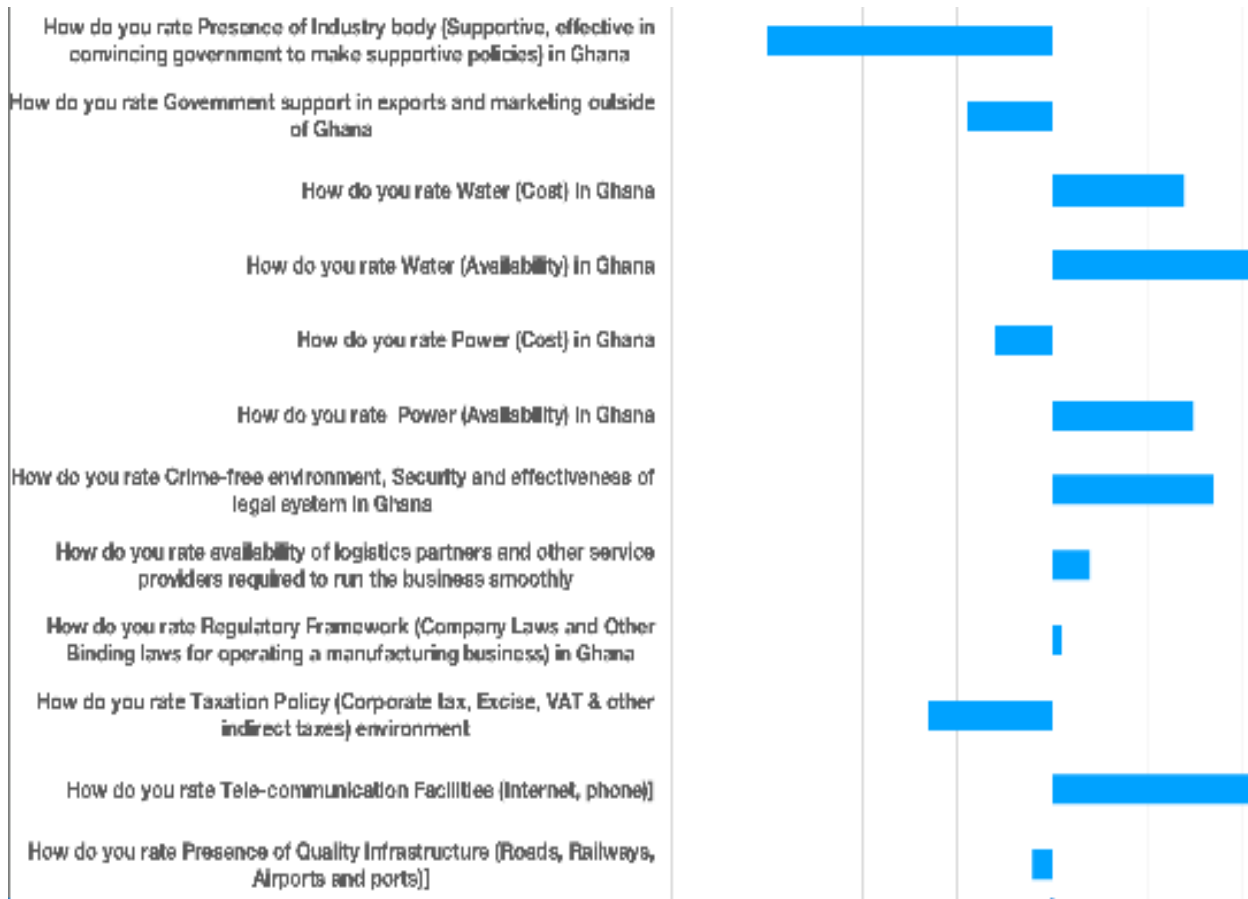


Chart 3.2 Rating of Current Situation with Business Climate Indicators

On the positive side of operational costs the two leading areas of business costs are:

- **Cost of marketing to secure export orders**
- **Cost of Power**

The former point is interesting as the survey results indicate that 57% of the respondents suggest that the cost of marketing for domestic sales is expensive or very expensive. The second point is interesting given that businesses felt that the cost of power in the past five years is declining. This would suggest that the direction of travel on the cost of power for businesses is concerning, but still remains within acceptable limits given 57% of respondents expressed that the costs were between economical or reasonable. Taking a view on the current situation UKGCC business' reflect the perceptions of changes over the past five years, with of the effectiveness of the taxation policy considered as poor by 41.5% of the respondents.

CHAPTER 3 CONT..

In discussions with some of the respondents this view is being informed by the approach of tax audits being undertaken multiple times by the GRA on the same company within months and the aggressive approach of refusing to respond to tax assessments without first paying 30% deposit of the disputed amount. In some case's the review of the tax audit has resulted in the tax authorities in owing a credit to the audited company concerned. UKGCC continue to engage with the GRA to discuss potential solutions to ensure that companies pay their due taxes at the same time as building trust and cooperation with the GRA.

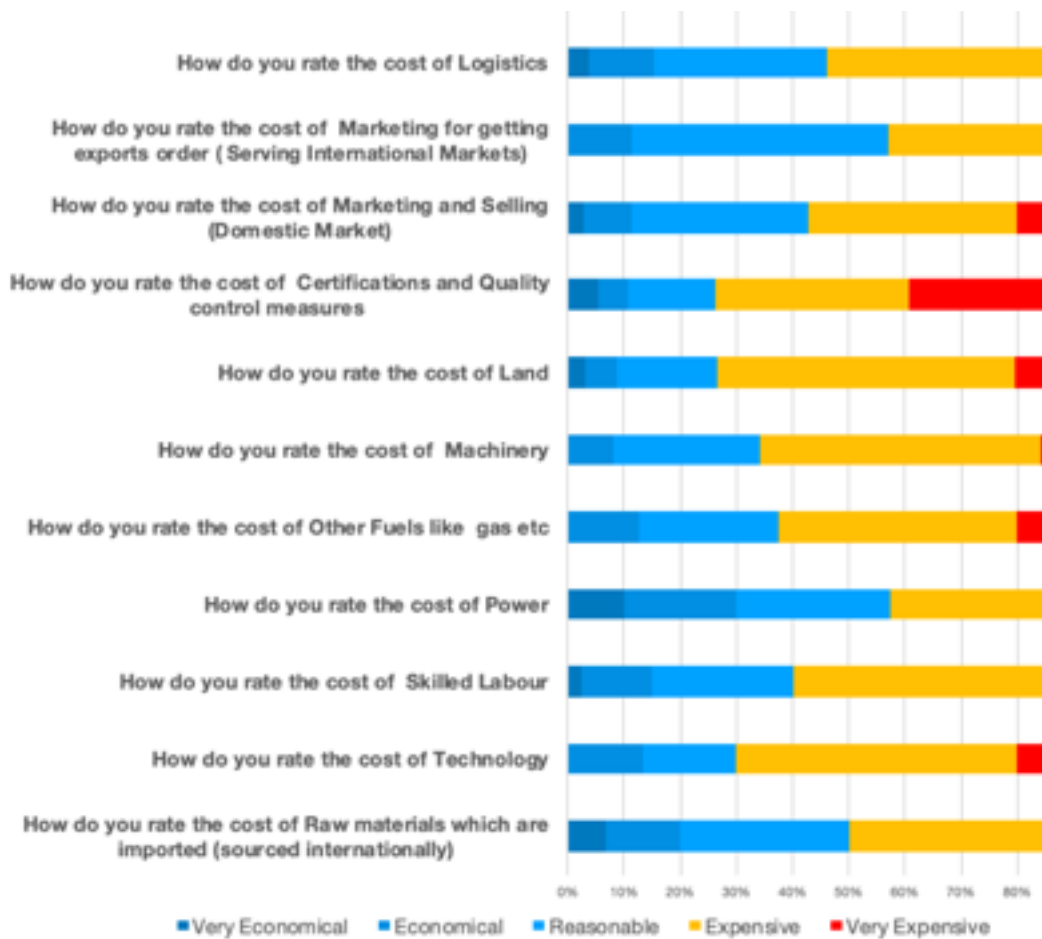


Chart 3.3 Rating of Cost of Business Inputs

These answers raise questions around the AFCFTA and the ability of companies to compete in the global marketplace in the years ahead. The views of UKGCC businesses about the opportunities show an interesting perspective to the extent that they feel that whilst 73% of the UKGCC companies' felt that companies could compete / easily compete within the AFCFTA area, they were less confident about competing with only 56% of the respondents feeling it would be tough or very tough to compete in the global market place.

AFCFTA IS IT AN OPPORTUNITY?

CHAPTER 3 CONT...

These answers raise questions around the AFCFTA and the ability of companies to compete in the global marketplace in the years ahead.

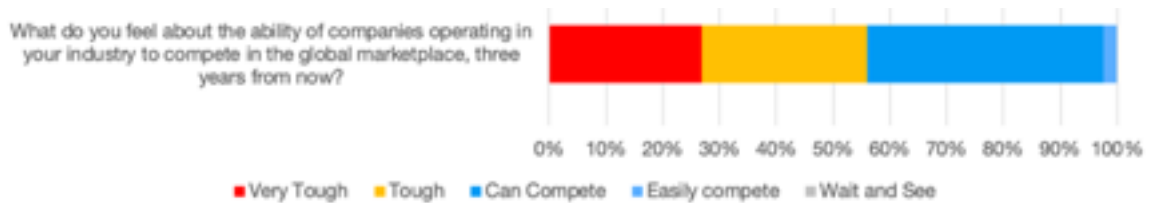


Chart 3.4 Rating on Global and Continental Competitiveness

Looking into this a bit further it is clear that the much vaunted paperless port system is not working as well as the vision articulated, having started off with a single paperless window process, there are now three system providers in the customs clearance process resulting in what one stakeholder translated into a “three pane window which requires paper to be taken from one location to the next. As part of the survey we asked companies to advise how long it was taking to obtain the necessary approvals from Government to clear both imports and exports.

CHAPTER 3 CONT...

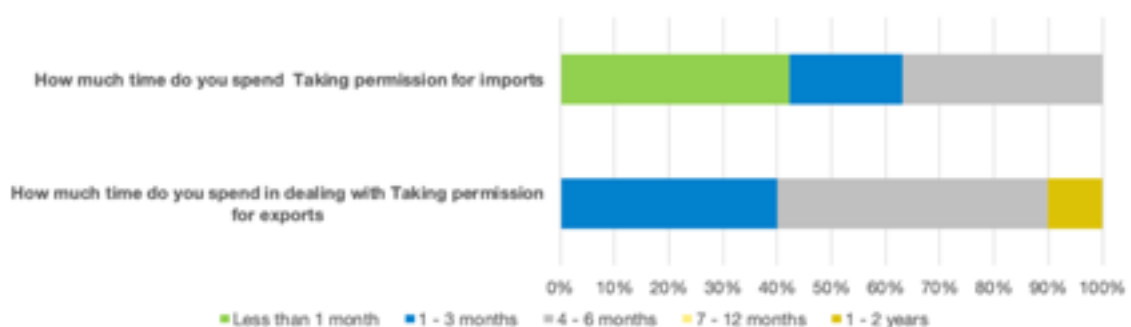


Table 3.5 Rating on time to secure permissions for imports and exports

The results above clearly show that there is greater ease in clearing inward shipments with export clearance approvals taking longer than a month and in some cases up to a year. This is clearly a non trade tariff barrier, that if not resolved could put Ghanaian businesses at a disadvantage as the AFCFTA is operationalized.

NON TARRIF BARRIER FOR EXPORTERS?

In respect of other operational business environment indicators, there is clearly much room for improvement, in particular the time taken to enforce legal action which recorded 20% of the respondents suggesting it takes over one year to resolve and in 4 % of the cases over 5 years. In some of the interviews there was a call for a dedicated commercial court to be established to ensure quicker and more timely consideration of commercial disputes to give businesses greater confidence in the ability to enforce contracts in a timely manner

CHALLENGES WITH TIME TO DEAL WITH LEGAL ENFORCEMENT

CHAPTER 3 CONT...

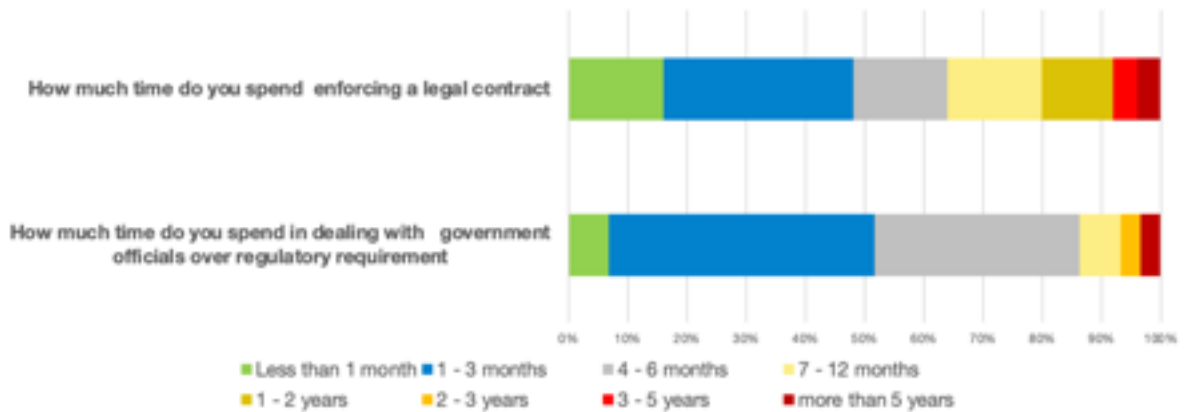


Table 3.6 Rating on time taken to deal with officials and enforcing legal contract

There are encouraging results in respect of time spent in dealing with government officials over regulatory requirements, but there is room for improvement given that 7% of the respondents indicated that they have taken over 2 years to deal with some issues. This perhaps reflects the concerns raised about industry bodies being able to convince government in making supportive policies and the lack of awareness of the Ghana Business Consultations Portal <https://www.bcp.gov.gh>

AREAS FOR BUSINESS TO IMPROVE

The four top areas the respondents suggest industry can do to improve the business environment are:

- **Investing into people and technology 34%**
- **Collaborate more to drive costs down and develop markets 22%**
- **Improve product / service and delivery standards 12%**
- **Work together to fight corruption 5%**

UKGCC will seek to work with their members on the collaboration of industry to drive costs down and develop markets and fighting corruption.

With the establishment of the Private Sector Anti-Corruption Group, some strides have been made to support industry in countering the challenges of rent seeking in the business environment.

CHAPTER 4

Ghana as an Investment Destination

Towards diversifying its economy, Ghana has sought to actively seek long term Foreign Direct Investment (FDI) for a wide variety of sectors in Ghana's economy

The focus of Ghana Investment Promotion Center (GIPC) has been the promotion of nine sectors, namely:

- **Agriculture and Agro-Processing**
- **Cotton & Textiles**
- **Food Processing**
- **Forestry**
- **Health**
- **Mineral Processing**
- **Oil and Gas**
- **Tourism**
- **Utilities**

However, in respect of FDI net inflows into Ghana as a % of GDP, the dataset from the World Bank is suggesting a fall year on year, as reflected in Chart 4.2 overleaf. This data is in contradiction with the Ghana Statistical Service figures which show a 61% increase between 2016 and 2017 though the level of FDI fell in 2018. The sectors that attracted the largest investments were Building & Construction, Manufacturing and Service industries.

The spread of investments was limited with between 85 - 95% being focused in the Greater Accra area, followed by Northern Region with \$400m in the manufacturing sector registered in 2018, as shown in table 4.1 below

Region	2015	2016	2017	2018
ASHANTI	362,588,445	2,652,599	23,747,000	5,528,668
BRONG AHAFO	1,640,000		208,809	1,300,000
CENTRAL	3,958,000	14,703,696	800,000	7,580,000
EASTERN	52,972,425	2,016,970	99,351,929	9,109,999
GREATER ACCRA	1,874,690,361	1,687,695,326	3,466,503,065	2,870,084,439
NORTHERN	1,042,318	6,877,228	2,705,000	400,500,000
VOLTA	1,770,000	269,000	11,769,980	375,300
WESTERN	141,602,490	527,441,739	10,987,778	36,971,797
Grand Total	2,440,264,039	2,241,656,558	3,616,073,561	3,331,450,204

Table 4.1 FDI into Ghana between 2015 - 2018 Source GIPC website



Chart 4.2 Profile of FDI into Ghana expressed as a % of GDP Source World Bank Dataset

In the survey, we asked how much time is spent getting all the necessary approvals from the Government to start a new business. Less than 8% of the respondents suggested that they were able to register a new company within one month, however the majority, 47%, suggested it took them up to 3 months. The remaining 35% of businesses advised that it took between 3 to 12 months to register their businesses. This is one area that would seem to be a low hanging fruit for the government to reduce the time in registering businesses and get all the necessary approvals in place for a new business to start trading

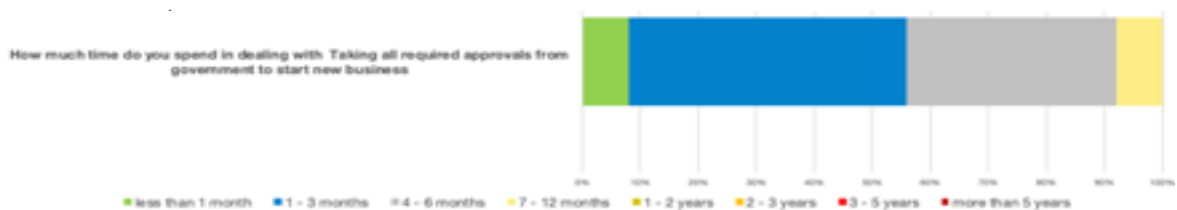


Chart 4.3 Time to obtain approvals to start a new business

WAY FORWARD & RECOMMENDATIONS

UKGCC Businesses appears to be optimistic about the future, but that optimism is being largely driven by factors not related to Government policy (71% due to market growth and investments that businesses are making into their capability). Notwithstanding this, companies have recognized the positive progress that has been made across many of the business climate indicators.

Responses to the questions around the potential of benefiting from the AFCFTA highlighted that whilst there was positive sentiment around the opportunities, there are concerns that competitive position of Ghanaian exporters will be undermined by challenges around obtaining approvals from state institutions. This should be a “low hanging fruit” for the government to resolve.

The subdued perceptions around corruption, lack of transparency and time involved to resolve legal issues is a concern. Some of these issues will warrant further detailed investigation into their challenges and solutions in next years survey. Moving ahead, the government needs to be mindful of the emerging concern that businesses have around cost of power and perceived lack of support for exporters and the need to take additional regulatory reforms to boost business and investor confidence.

Success

Achievable

Realistic

Timely



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On going reforms to taxation and custom regimes needs to be supported with accurate information and consistent coordination of action to ensure private sector are fully informed to ensure full compliance

Moreover, UKGCC calls for more reforms to address challenges around the disputes on tax audits and full implementation of the risk management module in the customs clearance system



Implement clear and measurable actions to tackle the perennial challenges around corruption and transparency of Government processes

Much has been said over the years about the desire and actions that will be taken to tackle corruption and improve transparency. The perception of the businesses is that corruption has got worse over the past five years not better. This could be a function of increased bureaucracy in State Institutions that create more opportunity for rent seekers. UKGCC supports the Governments strategy to deliver government services through digital platforms and calls for this program to be expedited to reduce the human interaction in the delivery of government services.



Financial Sector still is struggling to lend to the Private Sector.

At the time of this survey a number of initiatives were announced by the Bank of Ghana that they suggest will increase the level of lending to the private sector in Ghana. Equally the financial sector also call for those seeking loans to improve their corporate governance and increase transparency of their financial affairs so they can better assess the credit risk of private sector companies. We look forward to seeing sentiment changing on this business environment indicator in next years survey

With all this in mind, the principal threat to the ease of doing business in Ghana is that other markets become more attractive than Ghana. The delivery of reforms in the business climate has to be followed through at a pace faster than Ghana's peers on the continent.

As witnessed with the Ease of Doing Business report and the World Economic Forum Global Competitiveness Report, Ghana is not progressing with its reforms as expeditiously as countries such as Togo and Cote D'Ivoire.

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