# Investment Times

A NEW THINKING

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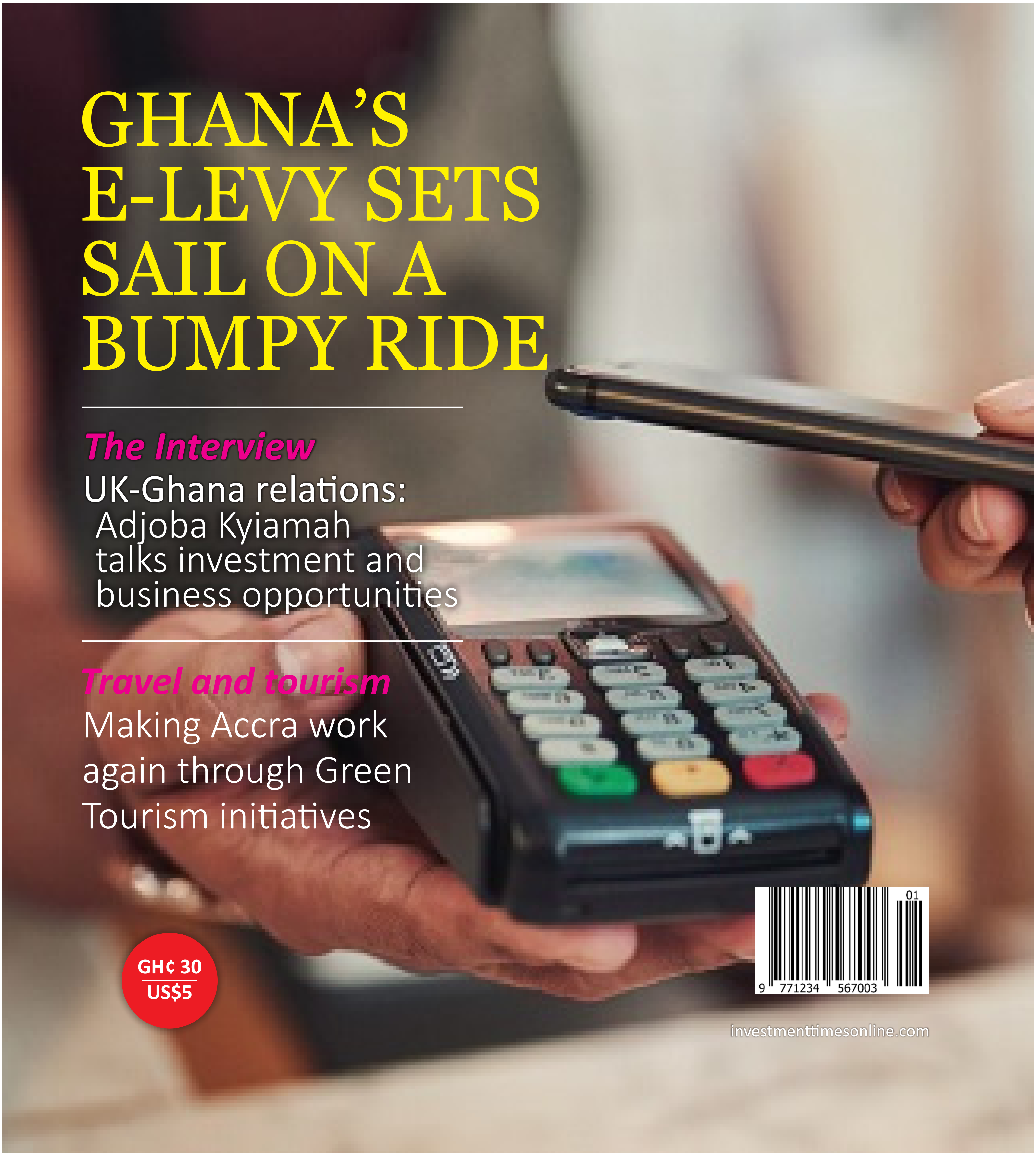

# GHANA'S E-LEVY SETS SAIL ON A BUMPY RIDE

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Making Accra work again through Green Tourism initiatives

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# EDITORIAL

# Time to pay attention to renewables


**Benson AFFUL**

In a nation blessed with so much natural resources for generating clean and renewables, commuters are saddled with the harsh implications from the Russia-Ukraine war.

Disruptions to global crude supply and other essential commodities has seen fuel prices on the ascendency since start of the year, making increasing transport fares the lead driver of inflation.

Suffice to say that government has so far been slow with it's much touted energy transition agenda.

Industry watchers have described government's attitude towards energy transition dream as lukewarm.

They have called on government to resolve the policy gap in linking upstream oil and gas development with the energy transition, promote shared understanding among institutions on the risks and opportunities that come with the transition including the production of biofuels such as ethanol and biodiesel.

A comprehensive action plan that remedies the systemic inefficiencies in policy implementation, they said.

Government must move from the skewed realities and begin to institute plans such as utilization of critical minerals like iron ore and lithium at our disposal for the production of solar panels and batteries, provide incentives for renewable energy technology and research.

Demands of our time should hasten the push towards renewables and other sources of cheap energy. Our aggressive industrial drive demands reliable and cheap power to boost local production for the single continental market.

We must explore the opportunities at our disposal.


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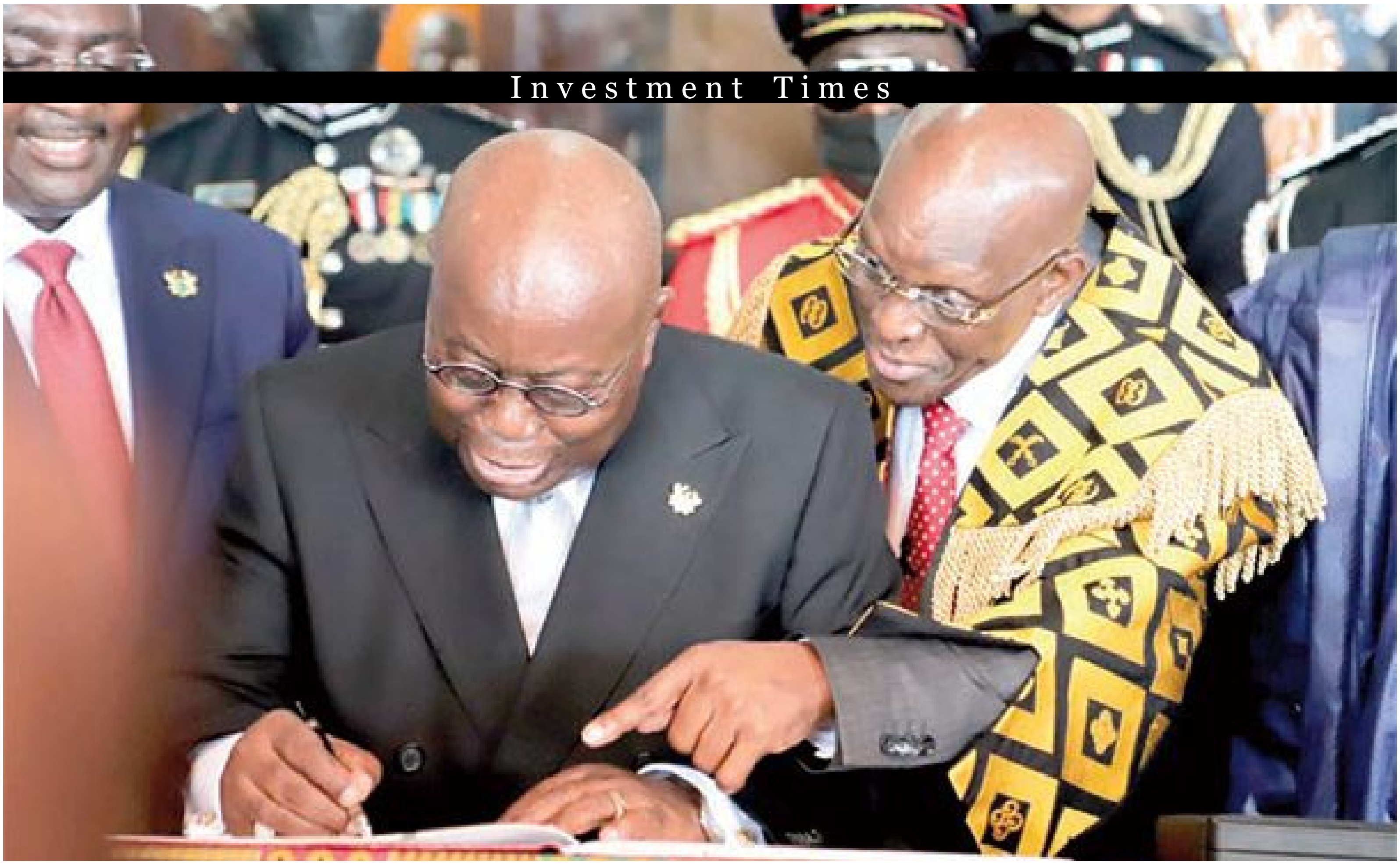



# Ghana's E-levy sets sail on a bumpy ride

By Benson AFFUL

The controversial electronic transaction levy (e-levy) introduced by the current administration, which seeks to impose a 1.5percent value tax on all electronic transactions above GH¢100 ($13; £11) took off in May with an attempt by the government to boost its revenue generation to pursue it developmental agenda.

With two years to finish his two-term administration, President Nana Akufo-Addo's critics have chastised him of failing to fulfil his campaign promises leading to the 2016/2020 elections.

The current government has been struck by two major crises since taking over the West African country, the global coronavirus pandemic as well as the Russia-Ukraine War and have hit Ghana's revenue generation.

Finance Minister Ken Ofori-Atta did not rule out the impact of the war on Ghana's economy when he met with the media earlier in March, saying "the war in Ukraine could not have come at a worse time for the global economy."

Mr. Ofori-Atta believes that already global efforts toward economic recovery from the devastation wreaked by the Coronavirus pandemic were being disturbed by supply chain disruptions, surging inflation, and uncertainties in the financial markets, with anticipated hikes in interest rates.

But while the government struggle to turn Ghana's economic fortune around, authorities believe that taxing electronic transaction can work some magic out thereby helping the government generate enough revenue for economic development.

The process leading to the implementation of this levy has led to several rejection by the minority side of the nation legislative body.

On the first day of implementation, some customers reported cases of wrong deductions though the Ghana Revenue Authority, the implementing body, has promised to refund every illegal deduction to the customers, many are still worried about how the new tax may negatively affect their business.

Ghanaian online business otherwise known as e-commerce has seen a major boost in recent times with many retail businesses and online shops conducting their transactions through mobile money, an electronic wallet service that allows registered users to store, send and receive payments using their accounts.

It is estimated that, about 38.9 percent of Ghana's population aged 15 years and above had a mobile money account. The share of mobile money users significantly increased from 2018 but decreased slightly compared to 2020.

Already, there are signals that people are turning their backs on electronic payments with a massive panic withdrawal hitting several mobile money vendors who fear there might be out of business if the trend continues.

The central bank has reported that the industry lost over US$1bn in the two months from last November as consumers started using cash ahead of the tax coming into force.

The Akufo-Addo led administration since taking over the management of the country's economy in 2017 promised to build a digital economy with a believe that a digital economy will increase employment creation as well as reducing the stress of starting a new business.

However, social commentators have said the new tax could see a big drop in the use of mobile money services within the first few months of it taking effect.

Some analysts have also argued that taxation on mobile transactions may not expand the tax base significantly but, rather, may reverse the gains on retail electronic payments and financial inclusion.

According to these analysts, a higher tax rate on low-level retail electronic transactions mostly levied on low-income earners that are sensitive to transaction costs may discourage the use of mobile phone-based transactions, incentivizing them to revert to cash transactions to evade taxes and so less tax revenue.

This trend, they say, will deal a big blow to the financial inclusion success witnessed so far.

The government had already anticipated a drop in the use of digital money once implementation begins.

Deputy Finance Minister, John Kumah is reported to have told local media that "There will be about 24% attrition rate in the three months to six months that we will introduce it.

"The same research told us what should be done to bring back these people after a while, and we have all these things in place," the minister added.

In the 2022 budget statement that it was proposed, the government said it aimed to collect GH¢6.9 billion from the levy.

But following the controversy that met its proposal, the levy was not passed by Parliament until March this year.

## E-levy finally takes off

The country's revenue authority, GRA, and the three charging entities – the banks and specialised deposits-taking institutions (DFIs), the electronic money issuers (EMIs) and the telecommunications companies (telcos) – have put in place the relevant system and mechanisms for the public to start paying 1.5 per cent of the levy on daily electronic transfers above GH¢100.

So, from the beginning of this month, all electronic transfers that are done in a day and above GH¢100 will attract a 1.5 per cent levy to be remitted to the GRA to support the government fund development.

## Widening the tax net

It is reckoned that more than 70 percent of Ghana's workforce are within the informal sector of the economy and less than 10% of the population pay direct taxes.

However, management of the current economy of the country believe that the e-levy will widen the tax net and will include those in the informal sector to pay direct taxes thereby boosting the government revenue to pursue its developmental agenda.

It is estimated that last year $126bn-worth of mobile money transactions were made and the government hopes that the e-levy will raise almost $1bn this financial year.

## Court injunction fails

The minority in Parliament attempt to seek for an injunction against the implementation of the e-levy failed in court as a seven-member Supreme Court panel dismissed an interlocutory injunction filed by three minority MPs seeking to halt the implementation of the levy.

In a unanimous decision the apex court held that irreparable damage will be caused to the public if the implementation of the E-Levy is put on hold and the substantive case challenging its constitutionality fails.

According to the court, in the event the substantive suit succeeds, the Ghana Revenue Authority (GRA) had the means to refund the E-Levy already paid back to the public.

However, it said if the E-Levy is put on hold and the substantive case fails, it would cause irreparable damage to the government as it cannot collect the money already lost.

“Greater hardships will be caused to the state in meeting its developmental obligation to the people, the court held.

However, the court ordered the GRA to keep records of the levy collected so far so that in the event the substantive case succeeds, it could refund the money back to the public.

The opposition National Democratic Congress members of Parliament have vowed to stop the government from going ahead with the implementation after the house passed the bill with the minority staging a walked out.

Leading members of the party including former flagbearer, John Mahama, who has promised to abolished the levy when his party which he seeks to lead in the next election wins.

## A case study of other countries

As Ghana's e-levy sets sail other similar taxes that were introduced in other countries such as Zimbabwe, Kenya and Cameroon have also proved controversial.

In 2019, Zimbabwe introduced a 2percent money transfer tax that was hugely unpopular. Finance Minister Mthuli Ncube agreed to review it but said it was too early to make adjustments as it was a major source of state revenue.

In Cameroon, a proposed 0.2% tax on mobile money transactions triggered a huge backlash and resulted in a social media campaign #EndMobileMoneyTax. The government still went ahead and implemented it in January this year.

Tanzania's government is also now considering taxing online businesses. It is reported a team of experts from Meta- the company that owns Facebook, Instagram and WhatsApp- visited the commercial hub of Dar es Salaam to hold talks with authorities on how to tax their services in the country.

It is likely that other African governments, reeling from the economic hardships of the Covid-19 pandemic and now facing the fallout from the Russia-Ukraine crisis, could turn to an e-levy to raise more money, despite the impact on some citizens.

Also in Kenya, a taxation on mobile phone-based transactions and on airtime has been introduced and expert believe that this is spreading to other African countries. Some governments in sub-Saharan Africa view mobile phones as a booming subsector easy to tax due to the increasing turnover of transactions and the formal nature of such transactions by both formal and informal enterprises.

The increasing tax burden on the subsector and the consumers, though, has raised concerns that the massive gains made in financial inclusion in developing countries made possible by retail electronic payments platform via mobile phone transactions may be reversed—resulting in a return to cash transactions.

INTERVIEW

# UK-Ghana relations:
## Adjoba Kyiamah talks investment and business opportunities

The Executive Director of UK Ghana Chamber of Commerce, Adjoba Kyiamah, talks about the chamber's efforts in strengthening cooperation between the United Kingdom and Ghana through investment, networking and business opportunities.

Her chamber, she says, directly engages with both the Ghana and UK governments, policy makers, opinion leaders and all relevant stakeholders by lobbying and advocating on the interests and concerns of its members.

**1. Can you tell us about the work of the chamber and the strides you have made up to now.**

The primary role of the chamber is to promote trade and investment between Ghana and the UK through the three platforms of networking, advocacy and trade services.

We engage with our members through networking events such as business clinics, sector specific seminars, masterclasses, webinars, surveys, round-table forums and one-to-one discussions and social activities. These networking events provide our members, the platform to build and raise their profile, get invaluable personal referrals and word-of-mouth advertising and explore business opportunities.

In terms of advocacy, the UKGCC directly engages with both the Ghana and UK governments, policy makers, opinion leaders and all relevant stakeholders by lobbying and advocating on the interests and concerns of its members.

We have positively influenced and made significant contributions, through our annual business climate survey reports, to policies and legislation, especially in tax policy, that are supportive of creating a conducive business environment in Ghana for the success and prosperity of the business community.

We always participate in key stakeholder meetings organised by Government.

**2. How has the chamber supported and facilitated trade and investment between Ghana and the UK? And which sectors of the Ghanaian economy have benefited significantly from these efforts?**

We encourage and support local businesses to trade with the UK by helping to identify key opportunities for their business through our market research and due diligence services.

We work closely with Trade Advisors from the UK's Department for International Trade (DIT), to guide businesses through the steps they need to take in trading with or investing in the UK and Ghana.

Through our membership of the British Chambers of Commerce, we have formed a strategic alliance with the global British Chambers of Commerce Network, comprising 53 Accredited Chambers in every region of the UK and British Chambers in over 75 markets across the world to provide full trade facilitation for our members.

Our out-bound trade missions have helped participating companies scale up operations and increased trade between the UK and Ghana. Bringing together prospective distributors, suppliers and potential customers we have facilitated many business matchmakings, B2B marketing and one-to-one business meetings.

For in-bound trade missions, we have organised networking events and B2B meetings for the guests with individual Ghanaian businesses, industry and trade associations.

**3. What, in your view, are the most critical business environment challenges that concern your member companies, and how has your advocacy helped to draw attention to or address these issues?**

Poor access to and high cost of capital and land, quality of infrastructure and quality of government processes, taxation policy.

The UK Ghana Chamber of Commerce (UKGCC) has since 2019 been undertaking the business climate survey in Ghana to gather evidence to help identify and understand the bottlenecks to business growth and development, and to inform policy priorities.

The report captures direct sentiments and perceptions of the business community and is therefore a powerful policy advocacy tool to address challenges facing businesses in Ghana.

The report provides key inputs for our public dialogues on tax, which brings together key stakeholders in Government and the private sector to address the issues. Our tax advocacy has contributed to improved tax policy and administration in Ghana.

We also organise various capacity

> "
> *We encourage and support local businesses to trade with the UK by helping to identify key opportunities for their business through our market research and due diligence services*

building and thought leadership programmes throughout the year to provide skills, business information and solutions to support the growth and development of businesses in Ghana. Participants get access to up-to-date and relevant industry insights and best practices, that enable them to upscale their businesses.

**4. Companies, as well as countries, are paying more attention lately to environmental, social and governance factors, as well as climate change risks, to ensure that they operate sustainably. How is the chamber integrating these issues in its work and advocacy?**

The UKGCC stands for doing business in a socially responsible and ethical manner in accordance with the UK's Bribery Act 2010.

The UKGCC conducts itself professionally reflecting the very best of the UK and Ghana in professionalism, culture and hospitality.

The UKGCC actively promotes all of the great accomplishments of its member companies in the areas of excellent human rights, the use of renewable energy, execution of net zero plans, recycling, efficient energy use etc.

**5. What is the chamber's view on the African Continental Free Trade Area (AfCFTA), and how are you positioning your members to benefit from it?**

The chamber supports the African Continental Free Trade Area (AfCFTA) agreement because we believe the resultant increase in intra-African trade will boost Africa's growth, reduce poverty, and broaden economic inclusion.

**6. What opportunities do you anticipate for both Ghana and the UK, specifically in the areas of trade and investments, in the newly signed UK-Ghana Interim Trade Partnership Agreement?**

The interim agreement will allow Ghanaian exporters to continue enjoying duty-free and quota-free access to the UK market, while UK exporters will continue to receive preferential tariff reductions to the Ghanaian market. This will undoubtedly boost trade and investment between the two countries. This is a great incentive to increase production and output, especially in the Agro-processing and fisheries sectors as well as lead to the development of infrastructure in Ghana.

For the UK this is the time to explore the opportunities in markets other than the EU, especially for products such as textiles and garments, mechanical and electrical machinery, and pharmaceuticals.

> “
> *The UK Ghana Chamber of Commerce (UKGCC) has since 2019 been undertaking the business climate survey in Ghana to gather evidence to help identify and understand the bottlenecks to business growth and development, and to inform policy priorities.*

**7. Are there any sectors where UK-Ghana economic relations could be strengthened, and how?**

Even though between the UK and Ghana governments, six sectors have been agreed to be given priority, (agri-processing; financial services; textiles/garments; pharma; digital; and extractives); as well as certain critical areas such as infrastructure development, tax, and the ease of doing business, the educational sector should also be strengthened, especially technical and vocational training, as it positively impacts Ghana's poorest and most vulnerable people.

This can be achieved through providing technical support to Government institutions to improve governance and processes, building a conducive business and investment climate in Ghana, to increase investments from the UK, removing market access barriers to increase trade, and strengthening partnerships between UK and Ghanaian institutions.

TRAVEL AND TOURISM

# Making Accra work again through Green Tourism initiatives

By Philip GEBU

Some few weeks ago, I attended an event at the Accra Metropolitan Assembly (AMA), dubbed "Greater Accra Investment Opportunities Conference". This was a collaborative program between the AGI President and the Greater Accra Regional Minister, Hon. Henry Quartey. It was under the theme: "The New Face of the Greater Accra: Collaborative Cities and Private Sector to Achieve Accelerated Development. Great things have happened and are still happening in Greater Accra no wonder the Regional Minister keeps getting all the praises for his great leadership. At the end of the conference, we were taken to the site that once hosted Ghana's most toxic site.

How many people would have believed some few years back that today that land would be reclaimed? Yes, the Regional Minister indeed told us the site has been reclaimed and we all saw it with our naked eyes and not only has the site been reclaimed all squatters have been removed as well. There are big plans to redevelop the site and already there is great news of some private investors ready to support the project.

We are all startled how Dubai evolved into what it is today and it is the preferred destinations for many tourists today. Greater Accra can also achieve this feat and thanks we have the right leadership to lead this dream. There is a proposed re-development for the land. A PowerPoint presentation of the plan was displayed and all Ghanaians can be assured that this project will change the face of Accra. This will also improve tourism in Accra and we must all support and hope for the best. One suggestion I would like to offer is to consider making the Korle Lagoon a centre where tourists can relax and enjoy some boat rides. This will generate employment and income for the local economy. All great cities have incorporated this into their planning and Accra must not be left out. Calgary situated in Canada is one of the cleanest cities in the world. Residents of Calgary, play a very important role in maintaining their city's cleanliness. Even though most parts of this city is solely based on production, higher authorities have beautifully organized the entire city to be environmental friendly. A first-time tourist who happens to walk through the roads of Calgary, will know why this city is among the cleanest. Here is how this city has achieved 100% cleanliness despite having the high amount of material wastage and pollution. Calgary is the center

> *By the year 2020, they intended to hive off 80% of the city's waste from landfills. Another recycling program that helps in making the city clean is known as Blue cart system. The city administration provides a large blue cart recyclable material to each and every single interested family with an expectation of throwing every recyclable material to a blue bin. They include metal foil and food cans, paper and cart board, bottles, jugs and plastic food containers, glass jars and bottles. Every resident has to put this blue bin with the recyclable materials on their scheduled collection day. Finally, the collected recycle materials will be processed at the city's own plants.*

of oil and gas industry for the whole nation of Canada. The city of Calgary has actively promoted lot of sanitation and eco-friendly programs over the years. This is how they have achieved the sparking aqua rivers and clean environment. In 2007, Alberta state government initiated the program called "Too good to waste" with an aim of decreasing the amount of waste that is passed on to the landfills and it is ongoing. This program also promotes increasing number of ways to recycle the materials which are expelled from Calgary's housing boom which includes drywall, concrete, asphalt and grits. By the year 2020, they intended to hive off 80% of the city's waste from landfills. Another recycling program that helps in making the city clean is known as Blue cart system. The city administration provides a large blue cart recyclable material to each and every single interested family with an expectation of throwing every recyclable material to a blue bin. They include metal foil and food cans, paper and cart board, bottles, jugs and plastic food containers, glass jars and bottles. Every resident has to put this blue bin with the recyclable materials on their scheduled collection day. Finally, the collected recycle materials will be processed at the city's own plants. This program is just one part of the commitment Calgary follows on a regular basis to keep their city as clean as possible. There are two rivers which run through the city which draws boat rides.

A focus on green tourism in this and other projects will be of immense benefits. Green Tourism is a term that can be applied to any form of tourism that relates to natural environment and cultural heritage of an area or that undertakes good environmental management (or green) practice. It is Sustainable tourism which takes into account the needs of the environment, local residents, businesses, and visitors now and in the future. Green tourism has the potential to create new, green jobs. It is estimated that one job in the core tourism industry creates about one and a half additional or indirect jobs in the tourism related economy. The greening of tourism, which involves efficiency improvements in energy, water and waste systems, is expected to reinforce the employment potential of the sector with increased local hiring and sourcing and significant opportunities in tourism oriented toward local culture and the natural environment. I hope the new plan will seriously consider greening every part of the capital city. Green tourism supports local communities. Particularly, responsible tourism generates greater economic benefits for local people and enhances the well-being of host communities, improves working conditions and access to the industry. Secondly, sustainable tourism has a lower ecological impact. On the one hand, part of green tourism is eating local produce and food from local businesses. On the other, importing food comes at a huge cost – economically and environmentally. By eating locally, you not only save money, you will be free from chronic diseases because the food is better. In particular, the ingredients are fresher, the locals know how to prepare them, and you will probably get to taste something brand new that will intrigue you. Thirdly, green tourism provides more enjoyable experiences for tourists through more meaningful connections with local people, and a greater understanding of local cultural, social and environmental issues. It is a way to open our minds to the world and the realization that we are all different but we are also the same. Doing it responsibly gives us an opportunity to learn through meaningful connections with local people and to get a better understanding of local cultural, as well as social and environmental issues.

Making Accra work again will be of great benefit to we all. All loving residents of Accra must be part of this process. Together we stand, divided we fall.

*Philip Gebu is a Tourism Lecturer/Trainer. He is the C.E.O of FoReal Destinations Ltd, a Tourism Destinations Management and Marketing Company based in Ghana and with partners in many other countries. Please contact Philip with your comments and suggestions. Write to forealdestinations@gmail.com / info@forealdestinations.com. Visit our website at www.forealdestinations.com or call or WhatsApp +233(0)244295901/0264295901.Visit our social media sites Facebook, Twitter and Instagram: FoReal Destinations.*

INTERVIEW

# Acting on the global security initiative to safeguard world peace and tranquility


Time with Vice Foreign Minister Le Yucheng at "Seeking Peace and Promoting Development: An Online Dialogue of Global Think Tanks of 20 Countries"

*Q1: The Ukraine crisis has presented new challenges to global security governance. How should we respond to traditional and non-traditional security threats and build a new security governance system that is fairer and more equitable? What role can the Global Security Initiative proposed by China play in addressing current international conflicts and disputes?*

**Le:** The crisis in Ukraine has brought to light the big problems in global security governance. The fact that Europe, who takes pride in their governance, has come to face such a serious security crisis points to the failing security policy, outdated way of thinking and ossified mindset of some countries. They might be holding in their hands smart phones of the globalized age, but their minds are still operating with last century's system of Cold War mentality. It's no surprise that Europe's security system is

> *In the last couple of years, the United States has been coming after China nonstop, from tariff hikes, decoupling and supply chain disruptions, to detaining Chinese citizens and shutting down our consulate, doing everything possible to derail China-US cooperation. But China has not been crushed. On the contrary, it has come out stronger and is doing better with each passing day. So what is there to be afraid of*

experiencing a "downtime".

In my opinion, the way to prevent security "downtime" is to update the operating system, replacing the Cold War mentality with the Global Security Initiative put forth by President Xi Jinping. To be specific, we need to commit to three points:

Fostering a shared perception, recognizing that all countries are in a community with a shared future where they rise and fall together.

Upholding a shared principle, by which the security of all countries is indivisible.

And following a shared path, a path of mutual respect and peaceful coexistence.

We need to bear in mind the importance of common security, shoulder moral responsibilities and act on the spirit of equality and mutual respect. As members of the same global village, we should avoid arm wrestling or fighting with each other, and work hand in hand to tide over the trying times. If everyone goes for "an eye for an eye" approach, the world will be a dark place.

*Q2: The international community is following closely what the conflict between Russia and Ukraine means for Taiwan. The concern is that what is happening to Ukraine today might happen to Taiwan in the future. US officials have recently said that China should "take the right lesson" from this conflict that "taking Taiwan by force" is not acceptable, otherwise all the sanctions against Russia and measures to isolate it would be examples for the PRC. What is your take on this?*

**Le:** Two points to clarify. First, Taiwan and Ukraine are not comparable at all. The one-China principle is a consensus of the international community. Taiwan is an inseparable part of China's territory and the Taiwan question is China's internal affairs. Some people have been stressing the respect for Ukraine's sovereignty and territorial integrity. But the same people have openly trampled on the red line of the one-China principle when it comes to the Taiwan question. This is outright double standards. For them, international rules are just "playthings" that they can bend and twist willfully like "transformers".

Second, it is the United States, not China, who should learn the lessons. China is not a party to the Ukraine issue, still less the one who caused it. Everybody knows that the United States shoulders major responsibility for Europe's security. Now that the security of Europe has imploded, of course it has some serious reflection to make and lessons to learn. As to what lessons, I think there are at least three: Cold War mentality should be abandoned, unilateral sanctions should be avoided, and proxy wars should be prevented.

With regard to all the talk of sanctions and isolation on China, I can say for sure that China will not be intimidated. Over the past 70-plus years since the founding of the new China, we have gone through our fair share of ordeals. In the last couple of years, the United States has been coming after China nonstop, from tariff hikes, decoupling and supply chain disruptions, to detaining Chinese citizens and shutting down our consulate, doing everything possible to derail China-US cooperation. But China has not been crushed. On the contrary, it has come out stronger and is doing better with each passing day. So what is there to be afraid of?

A word of caution for the Taiwan authorities: reunification is the right way forward, and seeking foreign support to pursue independence will lead nowhere. The reunification of China must be achieved and will definitely be achieved—this historical process is unstoppable.

*Q3: Some say the Russian "invasion" of Ukraine shows that democracies are being threatened by autocracy, and also validates NATO's eastward expansion. What is your view?*

**Le:** This is a typical act to confuse cause and effect, and take the root cause as the prescription. NATO's continued eastward expansion has upset security in Europe and created a big mess. It also declares that the US and NATO's approach to security has gone broke. Given this, to resolve the crisis by further expansion would be like correcting one mistake with another. It will only lead to greater disaster.

As for the "democracy v.s. autocracy" narrative, it just sounds all too familiar. It is old script used by a certain big power to smear other countries and suppress those who disagree. They first label a country "autocracy", followed by mud-slinging, sanctions and containment, and ultimately the brute military means. This has become their playbook, and the only purpose is to take down anyone who is not "one of them" and to preserve their hegemony. In recent years, we have seen this trick playing out repeatedly around the globe, leaving the world in instability and chaos. But this trick can no longer fool anyone, and now is time to stop!

*Q4: When visiting Ukraine, the US Secretary of Defense said publicly that "we want to see Russia weakened" with the conflict. There is a view that the United States not only wants to weaken Russia, but also control Europe and let Europe bear the losses while the United States profits from the war. What is your take on this?*

**Le:** There is a famous line in House of Cards: "Politics requires sacrifice. The sacrifice of others, of course."

The conflict is taking place on European soil, so it is Europe that is hurt the first and the most. Some netizens are describing Europe's current predicament by saying that "food is getting tight, energy running short, refugees increasing, unemployment rising, growth facing headwinds, and no one knows when the war will end." Meanwhile, the United States is playing offshore balancing on the other side of the ocean, hiding comfortably from a safe distance, raking in billions with rocketing arms trade and oil and gas sales, and seeing financial capital flooding back to America. As for refugees, it is said to have taken in just about a dozen.

Such a sharp contrast could well explain why some are eager to fan the flames and disrupt Russia-Ukraine peace talks. Basically, they want to profit from the war, and control Europe, "weaken" Russia and sustain their hegemonic power at the expense of Ukraine. So they are killing many birds with one stone, and that explains why they keep doing it.

*MFA, China*


# Fintech:

## *an access route to unbanked populations in Africa*

> *Fintechs have helped to boost financial inclusion on a continent where there are only five bank branches per 100.000 people, compared to 13 in other parts of the world.*

With a rapidly growing population, and a younger generation of tech savy workers n, Africa is poised to become the next global market leader. Today the continent's population is over 1.4 billion.

The advancement in technology, propelled by the urgent need to reconcile demand and supply has led Africa to work towards being increasingly competitive on the international scene. Despite tremendous advancements in trade and improved financial accessibility and communication technologies, a huge part of the continent is still unbanked.

The circuit of internet accessibility and reliability is growing exponentially on the continent, but nevertheless, the majority of consumers still don't have access to bank services. The reality is even worse when it is gender compared. The UN Women data shows that approximately 1.3 billion women in the world are unbanked, of which ¾ of that population have never owned a bank account. There is no doubt that, to ensure traceability for micro economic aggregates, it is important to be able to account for the population which constitutes that economic projection through their financial flows. This has also been a huge impediment to ecommerce. Despite their willingness to operate on every corner of a given territory or continent at large, our population, especially women are still held back by this challenge. Africa's large unbanked population is mainly caused by poor infrastructures (transportation networks, communication networks), low literacy rate (that is the ability to understand and use certain services and technologies), government red tapes and myriads of technological barriers. Companies like Jumia, the leading e-commerce platform in Africa, however, have learned how to bypass this setback with services such as JumiaPay.

Data from penser, a specialist consulting firm focused on the payments and Fintech industry, outline that sub-Saharan Africa alone has the tremendous potential to house Fintech and ecommerce, as well as ensure their survival and continuity over time. This explains why the ecommerce leader in Africa, Jumia, founded mechanisms to overcome bottleneck challenges, as well as geographical and technological means to satisfy its ever-growing market in Africa. With its presence in 12 African countries and the advent of the COVID-19, the market for ecommerce and Fintech was both challenged and faced significant changes. It was both a time to re- think and, re-invent the new normal of ecommerce for our unbanked population with limited resources, which is o also faced with geographical and sanitary barriers.

Generally, ecommerce greatly prospers in territories where the greater part of the consuming population has access to first; national IDs or any official document which will permit them to obtain or have access to banking systems (bank accounts, access to credits, bank cards etc); but also, most especially in areas where the population is ready to embrace new technologies and where the government has made available the necessary infrastructures and policies to welcome such companies. The particularity with Africa at large is that ecommerce or Fintechs don't only have to face government barriers, but internet penetration, geographical possibilities, education and also limited financial resources (of populations) to subscribe to

# Fintech:

## *an access route to unbanked populations in Africa*

these services. In recent years, a more effective approach was developed by Jumia, that of mobile payments to replace payment on delivery. This did not only revolutionise the ecommerce sector, but also how Fintech could better apprehend the problem of accessibility to unbanked population. As more people are beginning to use smart phones on the continent, it becomes easier for them to profit from online banking services without necessarily vising a bank. With JumiaPay, the main Fintech incorporated technology of Jumia, customers can now recharge their phone, pay utility bills, make hotel reservations, book a ride, order food from their favourite restaurants and more.

### FORGING INNOVATION YET CHALLENGING FUTURE AHEAD

This innovation comes at an important time as cash on delivery becomes more challenging and difficult to monitor. Also, it has created unprecedented access to unbanked populations in Africa, which reached its climax during the Covid-19 era as government barriers didn't permit people to continue trading using the traditional methods (physical exchanges, supermarkets purchasing just to name a few). The service gives users a high secured mode of payment, which puts them at the centre of every operation. Once on the app, users can access it via their fingerprint or pattern lock. Also, no payment is completed on the app without sending an OTP (One Time Password) via a registered phone number or email. That way, the customer can be assured no unwanted transactions can be performed. Furtherance, customers get an email for every transaction performed on the app, ensuring traceability, trust and accountability for all. These features have permitted more unbanked population to embrace Fintech services, but also to permit those who never wanted to let go of physical money to trust mobile money services. In this way, customers can follow their money online while reducing the stress for former banking systems.

### CREATING REGULATIONS THAT WORK FOR ALL

Over the past decade, Africa has gradually become the global leader in mobile financial services. This has been proven within the start-up ecosystem, which was largely driven by Fintechs, accounting for about 25% of funding attracted by start-ups in 2020. Although this success is unevenly distributed on the continent with major markets in Nigeria, Egypt, South Africa and Kenya, regulators (governments and non-governmental) in emerging markets (Ivory Coast, Ghana, Senegal, Cameroon) are showing a strong commitment to the growing sector. Fintechs have helped to boost financial inclusion on a continent where there are only five bank branches per 100.000 people, compared to 13 in other parts of the world. The Africa Financial industry summit for example has since called for an enabling environment and harmonised financial regulations to create sustainable innovation culture which will help Fintech firms expand their footprint in Africa. Moreover, financial institutions such as commercial banks are now embracing Fintechs and partnerships with them, as the relationship is mutually beneficial: Fintechs need banks to scale and banks benefit from their innovation and service offerings as the case of Jumia Pay.

Regulators are beginning to engage earlier with them, enabling the right environment to test their products and systems and offering support in risk management. They oversee consumer protection and protect depositors and financial stability by ensuring that they're truly beneficial to consumers. This has been the case with countries like Morocco and Tunisia which are trying to catch up the trend of Fintechs as an element of development.

### A PROMISING AFRICA FOR A SUSTAINABLE AND EQUITABLE DEVELOPMENT

Conclusively, Financial technology has never been this important and crucial during an era of sanitary challenges (that is Covid 19), as it has considerably helped in eliminating the need for cash and allowed customers to maintain physical distance from cashiers to reduce the risk of spreading the virus. It has also helped SMEs that provide at home services to stay in operation, as their customer base could pay for goods and services remotely as the case of Jumia pay. It is thus important that regulators (governmental and non-governmental), and the population in general be able to quickly embrace Fintechs. Fintech is transforming the banking world and traditional business models and there is a clear growth potential for it in Africa, overwhelming regulatory hurdles remains a challenge which can be overcome, but it remains an essential part of all our futures, thus the need for governments, regulators, investors and entrepreneurs to work in symbiosis.

*Siyanda Makhubo is the Group Public Relations and Communications Manager for Jumia since December 2021. He holds a Bachelor's Degree in Economics, Law and Sociology, an Honours Degree in Marketing and Communications, a Post Graduate Diploma in Business Administration and is currently studying for an MBA with the University of the Witswatersrand.*

*He has more than seven years of professional experience in Communication, Risk and Reputation, Crisis Communication and PR Advocacy both in the Public and Private sectors. His interests lie in the subject of utilizing the PR and Communications system for social justice.*

TRADE

# Time for a Shift: Making trade sustainable

*Trade promotion agencies can tip the balance towards business resilience and 'good trade'.*

Businesses everywhere are facing supply chain woes, while feeling the impact of the pandemic in their lives. The supply chain crisis is sparking a rise in inflation in many countries, as firms seek new supply sources and new ways to ship and source goods in unstable markets.

Small firms with fewer reserves feel the pinch the most. The ripple effect is tremendous, as they represent most businesses in national economies everywhere.

We must do all we can to make these firms more resilient in times of crisis.

Rather than go back to normal, or move to a new normal, there may be no 'normal' for these firms. Climate change, biodiversity loss, pollution and food insecurity crises will continue to challenge companies in the years ahead.

This is where national trade promotion organizations can tip the balance towards prosperous societies. Countries seek ownership of their future – yet are more connected than ever. National trade promotion organizations are unsung champions, building businesses that create jobs and bring hope for generations to come. They have local knowledge, connections and experience to help people start businesses, grow and compete in the wider world.

But not just any trade. We need 'good trade' that is truly sustainable. This way, when shocks come, businesses and communities won't be hit hard. This requires a sea change. Trade based on commodity exports, foreign investment, or short-term supplier contracts in global markets is not enough.

The pandemic has shown us that we must have every interest in supporting 'good trade' – trade that brings women, young entrepreneurs and vulnerable groups into value chains; focuses on non-traditional exports; strengthens regional ties; empowers a transition to a green economy; and makes micro, small and mid-sized firms more resilient to crises yet to come.

In Ghana, the reference to sustainable trade or a green economy is still a somewhat novel concept to young businesses. It therefore falls within the mandate of agencies such as the Ghana Export Promotion Authority to break down these conversations, enable MSMEs to buy into the concept and adapt these practices for business continuity and success.

> *"The pandemic has shown us that we must have every interest in supporting 'good trade' – trade that brings women, young entrepreneurs and vulnerable groups into value chains; focuses on non-traditional exports; strengthens regional ties; empowers a transition to a green economy; and makes micro, small and mid-sized firms more resilient to crises yet to come*

During the pandemic and in ensuing months, many small businesses spent their time profitably by engaging in capacity-building programmes. At the Ghana Export Promotion Authority for instance, Trade for Sustainable Development modules taught businesses to implement green business practices by targeting resource efficiency, circular economy, sustainability standards, e-commerce and access to finance.

The overall objective is to empower businesses to compete effectively in international markets, easing their participation in sustainable global value chains as they better understand and implement sustainable trade issues.

What's true in Ghana is true in other countries. Firms do better when they have access to networks and market information from business support organizations, according to research from the International Trade Centre for its SME Competitiveness Outlook. Countries with such organizations have more exporters than those who don't. What's more, firms engaged with business support organizations are three times as likely to export.

This service is important, as firms that export generally do better than those who don't, according to ITC's COVID-19 business impact surveys conducted in 16 countries. Firms that export were twice as likely to create new or customized products to cope with the pandemic as those who did not.

Clearly, trade promotion agencies are providing useful services. It is important for them to come together to compare what works best. That is why the International Trade Centre and the Ghana Export Promotion Authority are co-sponsoring the World Trade Promotion Organizations Conference and Awards, which take place in Accra Tuesday and Wednesday, 17 and 18 May.

To make 'good trade' happen, solutions must be more digital, sustainable and partnership-based. This is why the conference will recognize national trade development agencies with global awards for such initiatives. The Ghana Export Promotion Authority, in fact, is a past winner of these awards.

These unsung champions need their stories heard so that countries everywhere can be inspired to make the shift to sustainable trade.

*Ms. Pamela Coke-Hamilton is the Executive Director of the International Trade Centre, an agency of the United Nations and the World Trade Organization. Dr. Afua Asabea Asare is Chief Executive Officer of the Ghana Export Promotion Authority.*

LOCAL NEWS

# EJF lauds gov't on fishing gear directive but warns sector needs wider reforms

The Ministry of Fisheries and Aquaculture Development have issued a directive to industrial trawlers to ensure that they use only appropriate fishing gear, in a move applauded by the Environmental Justice Foundation (EJF).

The directive, if incorporated into the Fisheries Act and Regulations, will mean that trawlers using nets that catch disproportionate amounts of juvenile and 'small pelagic' fish will be sanctioned.

It is vital to enforce these requirements rigorously and apply punitive sanctions if they are broken, says EJF, since the small pelagic fishery is the mainstay of small-scale fishers, with around 2.7 million Ghanaians depending on it for their income and food security.

The Ministry's announcement was informed by a 2019 report on fishing gear, which revealed that a commonly-used trawler net, with a vertical opening of nearly 40 m, catches large quantities of pelagic and semi-pelagic fish. Targeting these species is in direct contravention of the licence conditions set for industrial trawlers, and has played a part in the rapid decline in these fish populations, threatening food security and livelihoods of coastal communities.

According to the report, "every haul brought in a wide range of fish species, but the majority caught during the audit were pelagic and semi-pelagic fish". While there is an allowance for bycatch (thought to be 10-15%) the trawlers are not licensed to target these fish.

This raises urgent questions about why such large amounts of non-target species are being landed at port, and what checks, if any, are being conducted to ensure the allowed proportion of bycatch is being adhered to. It also casts doubt on how effective the current observer system is, given that this occurs in the context of widespread suspected illegal fishing.

Alongside this, the report also noted a lack of knowledge in key institutions, citing the fact that few staff at the Fisheries Commission were able to tell the difference between various types of nets.

It also revealed that many key vessel documents were not in English, creating a critical barrier to the enforcement of the 2002 Fisheries Act, since officers of the Fisheries Commission and the Fisheries Enforcement Unit will be unable to determine whether information is "true, complete and correct". It also raises concerns around the true 'beneficial' ownership of vessels in the fleet – those who take home the profits – especially in light of the fact that EJF investigations have found that at least 90% of vessels in the fleet are owned by Chinese companies.

Steve Trent, CEO and founder of the Environmental Justice Foundation, said: "We support these reforms by the Ministry, and encourage their rigorous implementation, along with deterrent sanctions for those breaking the law, with crimes and the punishments made public. Further reforms are also needed to tackle the deeply entrenched and systemic issues among the Ghanaian trawl fleet that continue to undermine efforts to improve the sustainability of Ghana's waters.

First, Ghana must urgently increase transparency in the sector – publishing details of the beneficial ownership of trawlers, fishing licence details and any history of illegality.

This will mean that all stakeholders can see who is playing by the rules and support them, while weeding out those who continue to commit crimes and abuse the system.

Capacity building across the Fisheries Commission, the Ports and Harbour Authority and the Monitoring, Control and Surveillance Division is also needed to ensure effective inspections of fishing gear and catch, and deterrent sanctions against those who break the rules."

INTERVIEW

# Russian policy failing Africa's sustainable development

> *Despite the historical social and political relations, the Russian Federation has shied away from economic cooperation with Africa, making forays into the few countries that she has engaged in the last few years. African leaders hold Russia in high esteem as evidenced by the large number of African embassies in Moscow. Russia has no colonial legacy in Africa*

Zimbabwe's Ambassador to Russia, Brigadier General (rtd) Nicholas Mike Sango, who has been in his post since July 2015, was one of the African envoys to attend a special meeting with Russian legislators to exchange views on common problems, common issues for the African continent and the Russian Federation.

According to his biographical records, he served in the Zimbabwe Liberation War as a member of the ZANLA from 1975 to 1980, which led to the country's attainment of independence and multiracial democracy. Nicholas Sango previously held various high-level posts such as military adviser in Zimbabwe's Permanent Mission to the United Nations, and as international instructor in the Southern African Development Community (SADC).

While Russia has traditional ties with Africa, its economic footprints are not growing as expected. It has however attempting to transform the much boasted political relations into a more comprehensive and broad economic cooperation. Russian legislators always acknowledge the enormous potentials and advantages Russia has, and at the same are puzzled by the comparatively high level of economic influence by other foreign players in Africa.

The Russian legislators are eager to know, for instance, what needs to be done to bring up a substantial improvement in collaboration between Russia and Africa, which areas of cooperation are of most interest to Russian businesses and African nations, and so forth. That meeting generally was organized to share views and opinions, deepen understanding of current developments and the existing challenges and to explore new pathways into the continent. That was why the interaction became necessary between legislators and African ambassadors in the Russian Federation.

After the State Duma meeting, Kester Kenn Klomegah fixed this interview with Ambassador Nicholas Sango who willingly shared his views and thoughts on a few current pertinent issues connecting Russia and Africa. Below are the interview excerpts:

Q: Aside from the inter-parliamentary conference, what important issues came up at the meeting with Russian legislators held recently in the State Duma?

*A: The meeting of the Chairman of the State Duma (lower chamber of Russian legislators) and African Ambassadors in October was a welcome first initiative towards the convening of the Russia-Africa Parliamentary Forum. This initiative was informed by the recognition that despite the geographical locations of the two institutions. The disparity in the level of development, the diversity of cultures and aspirations of the peoples of the two regions, there is growing realization that Africa is an important partner in the "emerging and sustainable polycentric architecture of the world order" as Foreign Minister Sergey Lavrov has aptly asserted.*

*But in fact, Africa's critical mass can only be ignored at great risk therefore.*

Q: State Duma proposes to move away from intentions to concrete steps. Does it imply that Russia has unfulfilled bilateral agreements, promises and pledges in Africa? What are your objective views about this?

*A: For a long time, Russia's foreign policy on Africa has failed to pronounce itself in practical terms as evidenced by the countable forays into Africa by Russian officials. The Russia-Africa Parliamentary Forum can only achieve the desired objectives if anchored on a solid policy framework.*

Q: What would African leaders prefer: the development of political relations or expansion of genuine economic partnership?

*A: While Russia and Africa have common positions on the global platform, the need to recognize and appreciate the aspirations of the common man cannot be overstated. Africa desires economic upliftment, human security in the form of education, health, shelter as well as security from transnational terrorism among many challenges afflicting Africa. The Russian Federation has the capacity and ability to assist Africa overcome these challenges leveraging on Africa's vast resources.*

*Despite the historical social and political relations, the Russian Federation has shied away from economic cooperation with Africa, making forays into the few countries that she has engaged in the last few years. African leaders hold Russia in high esteem as evidenced by the large number of African embassies in Moscow. Russia has no colonial legacy in Africa.*

*Unfortunately, the former colonial masters continue to exploit African resources because, despite the "Look East Policy" adopted by Africa, Russia has not responded in the manner expected by Africa, as has China, India and South Korea, to name a few. Africa's expectation is that Russia, while largely in the extractive industry, will steadily transfer technologies for local processing of raw materials as a catalyst for Africa's development.*

Q: At least, over the past decade Russia has signed various bilateral agreements and MoUs nearly with all African countries. Do you think there have been challenges in implementing these agreements?

*A: The Russian Federation has signed bilateral agreements with a number of African countries. These agreements, of necessity require strong government support anchored on a social policy that promotes a two-way beneficiation. African products other than from a few north African countries and South Africa find their way into the Russian market. As a result, trade figures between Russia and Africa are anchored on selective countries even though a number of bilateral agreements with other African countries are in place.*

Q: State Duma talk about Russian media presence in Africa. What steps can we take to raise African media representation in the Russian Federation?

*A: The Sochi International Olympics and the FIFA international football extravaganza surprised many Africans on the level of development of the Federation. There is a dearth of information about the country. Russia-Africa issues are reported by third parties and often not in good light. Is this not a moment that Russia has coverage on Africa by being permanently present in the continent? Even the strongest foreign policies, if not sold out by the media, will definitely not succeed.*

*Indeed, Africa's media should equally find space to operate in Russia. Because of limited resources, Russia should equally make it easier for African journalists to operate on her territory. The Russia-Africa Parliamentary Forum as a precursor to the Russia-Africa Forum should lay the necessary foundation for deeper and holistic Russia-Africa political, cultural and economic cooperation for mutual benefit of the peoples of the two friendly institutions.*

***Interview by** Kester Kenn Klomegah*

# INTERVIEW

## *A chat with the founder of Accra Business School, **Bishop Gideon Yofi Titi-Ofei,** to discuss the past, present and future of the school he set up as a specialised business university with Christian values.*

> *The mission of Accra Business School is to create job creators. People who can create jobs, increase incomes and reduce poverty. That has been our mission, and that is why in our lecture halls we have a hybrid of industry professionals and astute academicians. The industry professionals bring industry to the classrooms and the academicians take the classroom to the industry.*

IT: Why did you decide to build Accra Business School (ABS)?

*Titi-Ofei: I believe that there is a direct correlation between democratic stability and economic empowerment, and for the last 30 years or so, Africa has invested a lot in democratic development. For that to be sustained, we need to create job creators. So, when I realised that business schools across Africa turn out job seekers, I decided to create a business school that will create job creators. That's why we started Accra Business School.*

*The mission of Accra Business School is to create job creators. People who can create jobs, increase incomes and reduce poverty. That has been our mission, and that is why in our lecture halls we have a hybrid of industry professionals and astute academicians. The industry professionals bring industry to the classrooms and the academicians take the classroom to the industry.*

IT: Can you describe the working culture of ABS in the context of its service to students, alumni and society?

*Titi-Ofei: The working culture of Accra Business School is driven by our understanding that the student is not just a student but a customer. So, we are a customer-centric institution and we ensure that the customer is always right. As a result of that, our core values are actually structured on the acronym LEADERS.*

*'L' is Listening, so we listen to our students and their feedback is most important thing to us. And 'E' is Excellent, because we believe that we must perform at the highest level for our students.*

*The 'A' is Access. We believe that anybody that walks into our school must live his or her educational dreams. We should not turn anybody away, and so we have created multiple pathways for anybody to have access to our school. We have a slogan, we say, "All manner of learning opportunities to all manner of people in all manner of ways."*

*The 'D' in LEADERS is Dedication. We ensure that we have a dedicated staff that are available to offer quality services to our students. The second 'E' in LEADERS is Expertise. We put in our lecture halls the top from industry and from academia to deliver. The 'R' is Relationship. For us, we are friends to our students. It is kind of a small family when you come to Accra Business School. We are a small family. And then the 'S' is Spirituality. We are a Christian business school and the spiritual development of our students is very crucial.*

*Another slogan of Accra Business School is, "We inform the mind and transform the heart." So while many schools are informing the mind, we are informing the mind and transforming the heart at the same time.*

IT: What unique values have you instilled in your employees?

*Titi-Ofei: The unique value in Accra Business School is the servant leadership value model after Jesus Christ. As a Christian institution, all our students and staff have it at the back of their minds that we model Jesus' leadership style. So when you come to Accra Business School, I'm directly involved in every work from the job of a cleaner to the job of the President. I get involved to make sure I can offer a bit of that kind of servant leadership qualities.*

IT: What do you want ABS to be known for when it comes to tertiary education in Ghana and in the sub-region?

*Titi-Ofei: I think that we want Accra Business School to be the most prominent business school across the continent. For that to happen, we want people who come to our school to leave with one major focus: that they never left the same when they came. For us, we believe that every individual has a dream and we are there to interpret that dream. So people come in here as dreamers and leave by realising their dreams. That is what I want Accra Business School to be known for.*

IT: Is ABS value-based? In other words, what value or solution is ABS providing to societal problems?

*Titi-Ofei: Our value proposition is driven by*

*three simple statements. They are: flexible learning, flexible entry, and flexible payment.*

*Flexible learning because we do not expect our students to twist their lives to suit our programmes. We have rather twisted our programmes to suit their lives. That is why at Accra Business School, you can study and still have time to do the things that you want to do. The most important things in your life such as spending time with your family, watching football with the guys and having conversations with friends.*

*We do not believe that taking a course in Accra Business School should deprive you of the things that are very important to you. So our schedules are very flexible, so you don't need to change your schedules to study with us.*

*For the flexible entry, we have created multiple pathways for people to enter into our courses in Accra Business School. And then flexible payment, our school fees are flexible that you choose your own payment terms or plan. We have three payment plans and we allow you to choose your own payment plan according to your financial capability.*

IT: What do you think is the biggest strength of ABS now?

*Titi-Ofei: I think Accra Business School's biggest strength is the hybrid of industry professionals and astute academicians that we put in our lecture halls. But what even makes us stronger are the quality of students that we attract, the high calibre of individuals that come to our school, and the conversations that take place during lectures. Sitting in our lecture halls is just like being in your work place. We always say that at Accra Business School we sit in a business class!*

IT: What unseen opportunities do you envisage may result in making ABS a huge success?

*Titi-Ofei: I think that the opportunity we have as an institution is that Africa is a very large continent with a huge population. Most of these are young people and are looking for educational opportunities, and I think we offer such a unique combination of courses that most business schools do not offer. Like I always say, when you walk in here, there will always be a course for you.*

## INVESTMENT ADVISOR

# Standard Chartered engages clients on growing and protecting their investments


*"This focused on the juicy insurance packages Standard Chartered in partnership with insurance partners, Prudential Life and Enterprise Life, namely the Legacy Life Plan and Future Plus Plan to mention a few that help secure the lives of families of the client in the case of sickness, disability or death*

Standard Chartered Bank Ghana PLC engaged a cross section of clients in the Kumasi metropolis of the Ahanti Region on how to grow their wealth and protect their investments.

This initiative forms part of efforts by the bank to meet the needs of clients in the wake of the COVID-19 pandemic. Initial sessions have been held in Accra. The team moved to Kumasi where wealth specialists explained the need for clients to take good investment decisions.

Clients were made to understand that they were eroding the value of their cash if left idle in their account as the advantages of investing are enormous.

The engagement session was over a period of three days with clients being engaged at various times that suited their schedules. The specialists introduced the clients to investment opportunities to help them take the right decisions.

Dr. Setor Quashigah, Head Affluent and Wealth Management, said, "We are glad to be in Kumasi. For over 125 years, Standard Chartered has put the needs of clients first.

We have made investment easy and seamless on the SC Mobile App. We will not expose clients to unnecessary risk. The real cost of investment is the decision not to invest."

The icing on the cake for the sessions was the presentation on Bancassurance. This focused on the juicy insurance packages Standard Chartered in partnership with insurance partners, Prudential Life and Enterprise Life, namely the Legacy Life Plan and Future Plus Plan to mention a few that help secure the lives of families of the client in the case of sickness, disability or death.

The clients were assured of prompt payment of insurance claims, some within five days.

At Standard Chartered, our advisory capabilities are unmatched with our ability to offer clients access to the Ghana Eurobond market and provide them with a vast array of other securities.

The clients also have the advantage to unlock extra funds using their investments as collateral to request for a secured overdraft facility at competitive rates. Clients have access to the Bank's Digi Advisory Services and can do all their investments themselves on the SC Mobile App.

GLOBAL ECONOMY

# UN says food, energy price shocks from Ukraine war could last for years


> *The war is also leading to more costly patterns of trade that could result in longer-lasting inflation. It is expected to cause a major diversion of trade in energy. For example, some countries are now seeking coal supplies from more remote locations. At the same time, some major coal importers could step up imports from Russia while reducing demand from other large exporters.*

The war in Ukraine has dealt a major shock to commodity markets, altering global patterns of trade, production, and consumption in ways that will keep prices at historically high levels through the end of 2024, according to the World Bank's latest Commodity Markets Outlook report.

The increase in energy prices over the past two years has been the largest since the 1973 oil crisis. Price increases for food commodities—of which Russia and Ukraine are large producers—and fertilizers, which rely on natural gas as a production input, have been the largest since 2008.

“Overall, this amounts to the largest commodity shock we've experienced since the 1970s. As was the case then, the shock is being aggravated by a surge in restrictions in trade of food, fuel and fertilizers,” said Indermit Gill, the World Bank's Vice President for Equitable Growth, Finance, and Institutions. “These developments have started to raise the specter of stagflation. Policymakers should take every opportunity to increase economic growth at home and avoid actions that will bring harm to the global economy.

Energy prices are expected to rise more than 50 percent in 2022 before easing in 2023 and 2024. Non-energy prices, including agriculture and metals, are projected to increase almost 20 percent in 2022 and will also moderate in the following years. Nevertheless, commodity prices are expected to remain well above the most recent five-year average. In the event of a prolonged war, or additional sanctions on Russia, prices could be even higher and more volatile than currently projected.

Because of war-related trade and production disruptions, the price of Brent crude oil is expected to average $100 a barrel in 2022, its highest level since 2013 and an increase of more than 40 percent compared to 2021. Prices are expected to moderate to $92 in 2023—well above the five-year average of $60 a barrel. Natural-gas prices (European) are expected to be twice as high in 2022 as they were in 2021, while coal prices are expected to be 80 percent higher, with both prices at all-time highs.

“Commodity markets are experiencing one of the largest supply shocks in decades because of the war in Ukraine,” said Ayhan Kose, Director of the World Bank's Prospects Group, which produces the Outlook report. “The resulting increase in food and energy prices is taking a significant human and economic toll—and it will likely stall progress in reducing poverty. Higher commodity prices exacerbate already elevated inflationary pressures around the world.”

Wheat prices are forecast to increase more than 40 percent, reaching an all-time high in nominal terms this year. That will put pressure on developing economies that rely on wheat imports, especially from Russia and Ukraine. Metal prices are projected to increase by 16 percent in 2022 before easing in 2023 but will remain at elevated levels.

“Commodity markets are under tremendous pressure, with some commodity prices reaching all-time highs in nominal terms,” said John Baffes, Senior

Economist in the World Bank's Prospects Group. “This will have lasting knock-on effects. The sharp rise in input prices, such as energy and fertilizers, could lead to a reduction in food production particularly in developing economies. Lower input use will weigh on food production and quality, affecting food availability, rural incomes, and the livelihoods of the poor.”

Special Focus: The Impact of the War in Ukraine on Commodity Markets

The report's Special Focus section offers an in-depth exploration of the war's impact on commodity markets. It also examines how commodity markets responded to similar shocks in the past. The analysis finds that the war's impact could be longer-lasting than previous shocks for at least two reasons.

First, there is less room now to substitute the most affected energy commodities for other fossil fuels—because price increases have been broad-based across all fuels. Second, the increase in prices of some commodities is also driving up prices of other commodities—high natural-gas prices have raised fertilizer prices, putting upward pressure on agricultural prices. In addition, policy responses so far have focused more on tax cuts and subsidies—which often exacerbate supply shortfalls and price pressures—than on long-term measures to reduce demand and encourage alternative sources of supply.

The war is also leading to more costly patterns of trade that could result in longer-lasting inflation. It is expected to cause a major diversion of trade in energy. For example, some countries are now seeking coal supplies from more remote locations.

*“Commodity markets are under tremendous pressure, with some commodity prices reaching all-time highs in nominal terms,” said John Baffes, Senior Economist in the World Bank's Prospects Group*

At the same time, some major coal importers could step up imports from Russia while reducing demand from other large exporters. This diversion will likely be more costly, the report notes, because it involves greater transportation distances—and coal is bulky and expensive to transport. Similar diversions are occurring with natural gas and oil.

In the near-term, higher prices threaten to disrupt or delay the transition to cleaner forms of energy. Several countries have announced plans to increase production of fossil fuels. High metal prices are also driving up the cost of renewable energy, which depends on metals such as aluminum and battery-grade nickel.

The report urges policymakers to act promptly to minimize harm to their citizens—and to the global economy. It calls for targeted safety-net programs such as cash transfers, school feeding programs, and public work programs—rather than food and fuel subsidies. A key priority should be to invest in energy efficiency, including weatherization of buildings. It also calls on countries to accelerate the development of zero-carbon sources of energy such as renewables.

GLOBAL ECONOMY

# War dims global economic outlook as inflation accelerates

***The effects of the war will propagate far and wide, adding to price pressures and exacerbating significant policy challenges***

By Pierre-Olivier GOURINCHAS

Global economic prospects have been severely set back, largely because of Russia's invasion of Ukraine.

This crisis unfolds even as the global economy has not yet fully recovered from the pandemic. Even before the war, inflation in many countries had been rising due to supply-demand imbalances and policy support during the pandemic, prompting a tightening of monetary policy. The latest lockdowns in China could cause new bottlenecks in global supply chains.

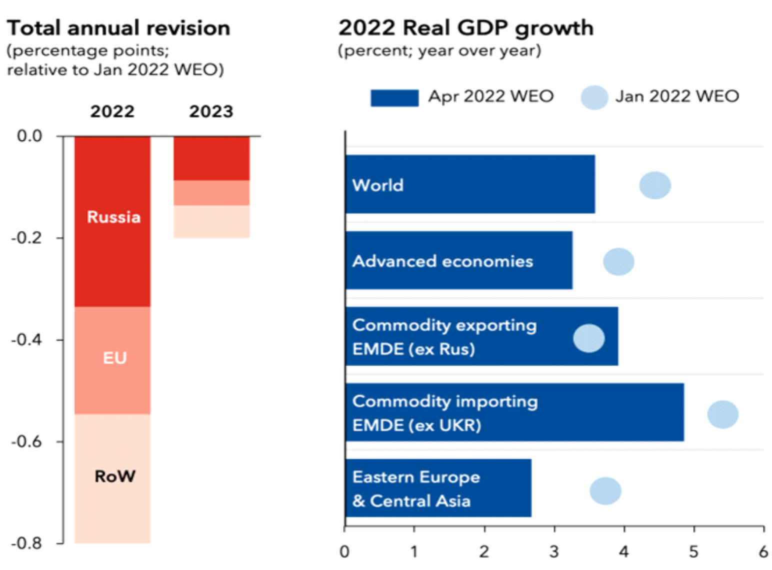
In this context, beyond its immediate and tragic humanitarian impact, the war will slow economic growth and increase inflation. Overall economic risks have risen sharply, and policy tradeoffs have become even more challenging.

Compared to our January forecast, we have revised our projection for global growth downwards to 3.6 percent in both 2022 and 2023. This reflects the direct impact of the war on Ukraine and sanctions on Russia, with both countries projected to experience steep contractions. This year's growth outlook for the European Union has been revised downward by 1.1 percentage points due to the indirect effects of the war, making it the second largest contributor to the overall downward revision.

The war adds to the series of supply shocks that have struck the global economy in recent years. Like seismic waves, its effects will propagate far and wide—through commodity markets, trade, and financial linkages. Russia is a major supplier of oil, gas, and metals, and, together with Ukraine, of wheat and corn. Reduced supplies of these commodities have driven their prices up sharply. Commodity importers in Europe, the Caucasus and Central Asia, the Middle East and North Africa, and sub-Saharan Africa are most affected. But the surge in food and fuel prices will hurt lower-income

*These risks and policies interact in complex ways over varying timeframes. Rising interest rates and the need to protect vulnerable populations against high food and energy prices make it more difficult to maintain fiscal sustainability. In turn, the erosion of fiscal space makes it harder to invest in the climate transition, while delays in dealing with the climate crisis make economies more vulnerable to commodity price shocks, which feeds into inflation and economic instability*

**Shaken by war**
Global growth has been revised down for 2022 and 2023 due largely to the impact of the war in Ukraine.

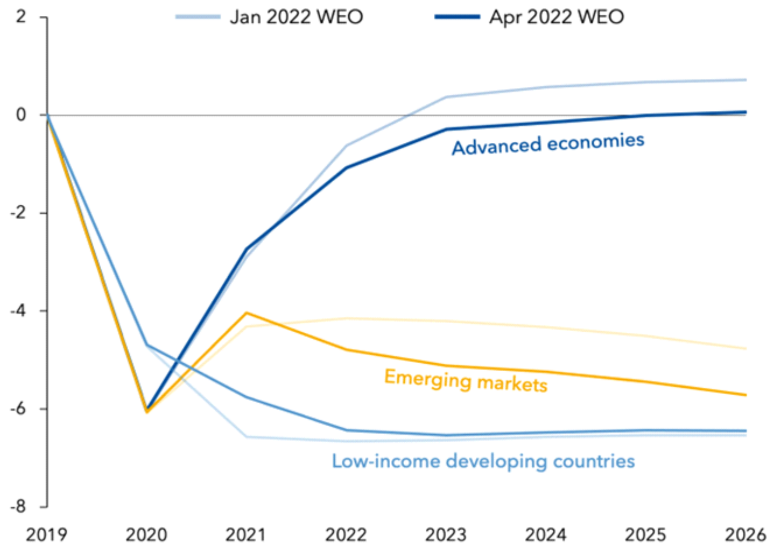



Sources: IMF, *World Economic Outlook*; and IMF staff calculations.

**Persistent scarring**

Sustained divergence between advanced and emerging market and developing economies is expected in the medium term.

(percent deviation from January 2020 WEO forecasted level)

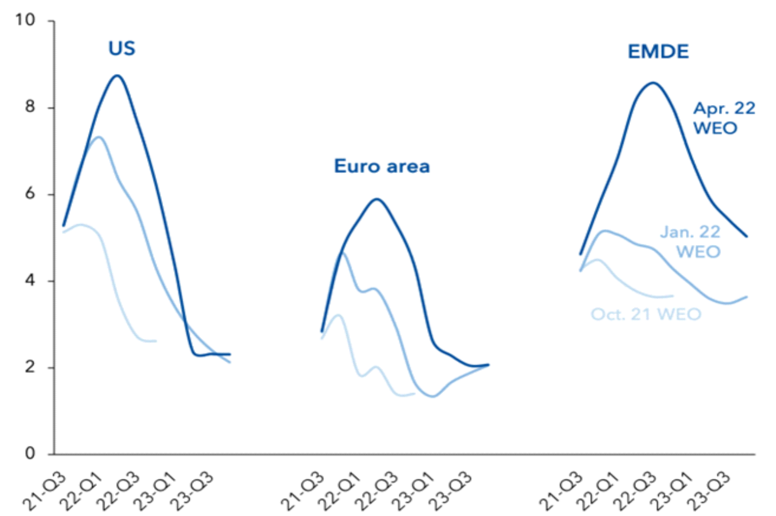



Sources: IMF, *World Economic Outlook*; and IMF staff calculations. IMF

**Inflation to persist**

Headline inflation is revised higher and expected to remain elevated for longer.

(percent; year over year)




Sources: IMF, *World Economic Outlook*; and IMF staff calculations.
Note: EMDE = Emerging market and developing economies. IMF

households globally, including in the Americas and the rest of Asia.

Eastern Europe and Central Asia have large direct trade and remittance links with Russia and are expected to suffer. The displacement of about 5 million Ukrainian people to neighboring countries, especially Poland, Romania, Moldova and Hungary, adds to economic pressures in the region.

## Pressures amplified

The medium-term outlook is revised downwards for all groups, except commodity exporters who benefit from the surge in energy and food prices. Aggregate output for advanced economies will take longer to recover to its pre-pandemic trend. And the divergence that opened up in 2021 between advanced and emerging market and developing economies is expected to persist, suggesting some permanent scarring from the pandemic.

Inflation has become a clear and present danger for many countries. Even prior to the war, it surged on the back of soaring commodity prices and supply-demand imbalances. Many central banks, such as the Federal Reserve, had already moved toward tightening monetary policy. War-related disruptions amplify those pressures. We now project inflation will remain elevated for much longer. In the United States and some European countries, it has reached its highest level in more than 40 years, in the context of tight labor markets.

The risk is rising that inflation expectations drift away from central bank inflation targets, prompting a more aggressive tightening response from policymakers. Furthermore, increases in food and fuel prices may also significantly increase the prospect of social unrest in poorer countries.

Immediately after the invasion, financial conditions tightened for emerging markets and developing countries. So far, this repricing has been mostly orderly. Yet, several financial fragility risks remain, raising the prospect of a sharp tightening of global financial conditions as well as capital outflows.

On the fiscal side, policy space was already eroded in many countries by the pandemic. Withdrawal of extraordinary fiscal support was projected to continue. The surge in commodity prices and the increase in global interest rates will further reduce fiscal space, especially for oil- and food-importing emerging markets and developing economies.

The war also increases the risk of a more permanent fragmentation of the world economy into geopolitical blocks with distinct technology standards, cross-border payment systems, and reserve currencies. Such a tectonic shift would cause long-run efficiency losses, increase volatility and represent a major challenge to the rules-based framework that has governed international and economic relations for the last 75 years.

## Policy priorities

Uncertainty around these projections is considerable, well-beyond the usual range. Growth could slow down further while inflation could exceed our projections if, for instance, sanctions

## Latest World Economic Outlook Growth Projections

| (real GDP, annual percent change) | 2021 | PROJECTIONS 2022 | 2023 |
|---|---|---|---|
| **World Output** | 6.1 | 3.6 | 3.6 |
| **Advanced Economies** | 5.2 | 3.3 | 2.4 |
| United States | 5.7 | 3.7 | 2.3 |
| Euro Area | 5.3 | 2.8 | 2.3 |
| Germany | 2.8 | 2.1 | 2.7 |
| France | 7.0 | 2.9 | 1.4 |
| Italy | 6.6 | 2.3 | 1.7 |
| Spain | 5.1 | 4.8 | 3.3 |
| Japan | 1.6 | 2.4 | 2.3 |
| United Kingdom | 7.4 | 3.7 | 1.2 |
| Canada | 4.6 | 3.9 | 2.8 |
| Other Advanced Economies | 5.0 | 3.1 | 3.0 |
| **Emerging Market and Developing Economies** | 6.8 | 3.8 | 4.4 |
| Emerging and Developing Asia | 7.3 | 5.4 | 5.6 |
| China | 8.1 | 4.4 | 5.1 |
| India | 8.9 | 8.2 | 6.9 |
| ASEAN-5 | 3.4 | 5.3 | 5.9 |
| Emerging and Developing Europe | 6.7 | -2.9 | 1.3 |
| Russia | 4.7 | -8.5 | -2.3 |
| Latin America and the Caribbean | 6.8 | 2.5 | 2.5 |
| Brazil | 4.6 | 0.8 | 1.4 |
| Mexico | 4.8 | 2.0 | 2.5 |
| Middle East and Central Asia | 5.7 | 4.6 | 3.7 |
| Saudi Arabia | 3.2 | 7.6 | 3.6 |
| Sub-Saharan Africa | 4.5 | 3.8 | 4.0 |
| Nigeria | 3.6 | 3.4 | 3.1 |
| South Africa | 4.9 | 1.9 | 1.4 |
| *Memorandum* | | | |
| Emerging Market and Middle-Income Economies | 7.0 | 3.8 | 4.3 |
| Low-Income Developing Countries | 4.0 | 4.6 | 5.4 |

Source: IMF, *World Economic Outlook*, April 2022

Note: For India, data and forecasts are presented on a fiscal year basis, with FY 2021/2022 starting in April 2021. For the April 2022 WEO, India's growth projections are 8.9 percent in 2022 and 5.2 percent in 2023 based on calendar year.

**INTERNATIONAL MONETARY FUND** **IMF**.org

extend to Russian energy exports. Continued spread of the virus could give rise to more lethal variants that escape vaccines, prompting new lockdowns and production disruptions.

In this difficult environment, national-level policies and multilateral efforts will play an important role. Central banks will need to adjust their policies decisively to ensure that medium- and long-term inflation expectations remain anchored. Clear communication and forward guidance on the outlook for monetary policy will be essential to minimize the risk of disruptive adjustments.

Several economies will need to consolidate their fiscal balances. This should not impede governments from providing well-targeted support for vulnerable populations, especially in light of high energy and food prices. Embedding such efforts in a medium-term framework with a clear, credible path for stabilizing public debt can help create room to deliver the needed support.

Even as policymakers focus on cushioning the impact of the war and the pandemic, other goals will require their attention.

The most immediate priority is to end the war.

On climate, we must close the gap between stated ambitions and policy actions. An international carbon price floor differentiated by country income levels would provide a way to coordinate national efforts aimed at reducing the risks of catastrophic climate events. Equally important is the need to secure equitable worldwide access to the full complement of COVID-19 tools to contain the virus, and to address other global health priorities. Multilateral cooperation remains essential to advance these goals.

Policymakers should also ensure that the global financial safety net operates effectively. For some countries, this means securing adequate liquidity support to tide over short-term refinancing difficulties. But for others, comprehensive sovereign debt restructuring will be required. The Group of Twenty's Common Framework for Debt Treatments offers guidance for such restructuring but has yet to deliver. The absence of an effective and expeditious framework is a fault line in the global financial system.

Particular attention should also be paid to the overall stability of the global economic order to make sure that the multilateral framework that has lifted hundreds of millions out of poverty is not dismantled.

These risks and policies interact in complex ways over varying timeframes. Rising interest rates and the need to protect vulnerable populations against high food and energy prices make it more difficult to maintain fiscal sustainability. In turn, the erosion of fiscal space makes it harder to invest in the climate transition, while delays in dealing with the climate crisis make economies more vulnerable to commodity price shocks, which feeds into inflation and economic instability. Geopolitical fragmentation worsens all these trade-offs, increasing the risk of conflict and economic volatility and decreasing overall efficiency.

In the matter of a few weeks, the world has yet again experienced a major shock. Just as a durable recovery from the pandemic was in sight, war broke out, potentially erasing recent gains. The many challenges we face call for commensurate and concerted policy actions at the national and multilateral levels to prevent even worse outcomes and improve economic prospects for all.


CYBER SECURITY

# Fraudsters target tech - two-thirds experienced fraud in past 2 years, PwC report states

Cybercrime tops the list of current threats facing businesses, while emerging risks from ESG-reporting fraud and platform fraud could impact businesses in the future.

The tech, media and telecommunications sector experienced the highest incidence of fraud across all industries according to PwC's Global Economic Crime and Fraud Survey 2022, which shows organisations' perimeters are vulnerable, and external fraudsters are becoming a bigger threat as attacks increase and become more sophisticated.

The survey of 1,296 business leaders from across 53 countries found that cybercrime, customer fraud and asset misappropriation were the most common crimes experienced by organisations, regardless of revenue.

The report also showed that overall fraud and financial crime rates against business remained consistent since 2018 despite supply chain issues, environmental and geopolitical instability, an uncertain economy, and many emerging threats.

## Larger companies are at greater risk for fraud

While just under half of organisations (46%) reported experiencing fraud or economic crime within the last 24 months, the impact of these crimes has been more substantial. Among companies with global annual revenues over $10 billion, 52% experienced fraud during the past 24 months. Within that group, nearly one in five reported that their most disruptive incident had a financial impact of more than $50 million. The share of smaller companies (those with less than $100 million in revenues) affected was lower; 38% experienced fraud, of which one in four faced a total impact of more than $1 million.

The growing maturity of the technology, media and telecommunications sector helped it identify a significant increase in fraud activity since 2020 with nearly two-thirds of companies experiencing some form of fraud, the highest incidence of all industries.

## Cybercrime tops the list of threats

Cybercrime poses the biggest threat to small, medium, and large businesses, after the impact of hackers rose substantially over the last two years. The rise of digital platforms opens the door to myriad financial crime risks, and 40% of those encountering fraud experienced some form of platform fraud. In this year's survey results, cybercrime came in ahead of customer fraud, the most common crime in 2020, by a substantial margin.

42% of large businesses reported experiencing cybercrime in the period, while only 34% experienced customer fraud.

Kristin Rivera, PwC Global Forensics Leader, PwC US, says: "Environmental, geopolitical, financial and social pressures are creating a risk landscape that is more volatile than ever. At the same time, we're seeing an increase of threats from outside the organisation as bad actors form fraudster groups to infiltrate digital platforms. Organisations need to be more agile than ever to respond to these converging threats, and adopt new approaches and technologies to predict and prevent fraud."

## Emerging risks

Forty percent of organisations encountering fraud experienced digital platform fraud. The rise of digital platforms, such as social media, services (rideshare, lodging) and e-commerce, opens the door to fraud and economic crime risks.

Emerging risks, including ESG reporting fraud (the act of altering ESG disclosures so that they do not truly reflect the activities or progress of an organisation) and supply chain fraud, have the potential to cause greater disruption in the next few years. For example, just 6% of organisations said they experienced anti-embargo fraud (participation in unsanctioned foreign boycotts) in the last 24 months. But that may change in the next 24 months as global sanctions rise to the highest levels in recent history.

Similarly, just 8% of those organisations encountering fraud in the last 24 months experienced environmental, societal and governance (ESG) reporting fraud. Yet, as ESG continues to increase in importance to stakeholders, the incentive to commit fraud in this area may grow.

Similarly, one in eight organisations experienced new incidents of supply chain fraud as a result of the disruption caused by COVID-19, and one in five sees supply chain fraud as an area of increased risk as a result of the pandemic.

## Defence against external threats requires new thinking

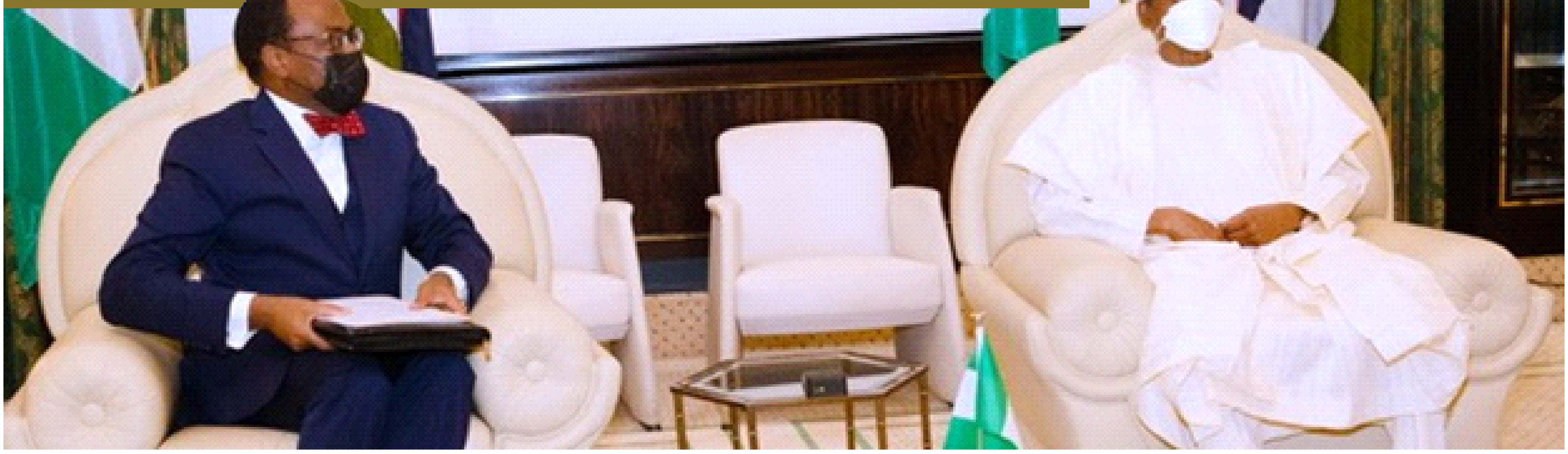
The survey finds that threats from external entities are increasing, with perpetrators quickly growing in strength and effectiveness. Nearly 70% of organisations experiencing fraud reported that the most disruptive incident came via an external attack or collusion between external and internal sources.

Respondents indicated they are strengthening internal controls, technical capabilities, and reporting to prevent and detect fraud. However, defending against new external threats requires a different set of tools and a continuous focus on policies, training, controls and, increasingly, the use of sophisticated technology.

Kristin Rivera, PwC Global Forensics Leader and Partner at PwC US, says: "With external fraud growing, companies must think more creatively to help shore up their perimeters. Understanding the end-to-end lifecycle of customer-facing products, striking the proper balance between user experience and fraud controls, and having a holistic view of data will help arm businesses in the never-ending fight against fraud."

AFRICAN BUSINESS

# Nigeria top priority under AfDB Africa Emergency Food Plan



The head of the African Development Bank, Dr. Akinwumi Adesina, met with Nigerian President Muhammadu Buhari in Abuja to discuss the impact of the Russia-Ukraine war and the Bank's strategy to avoid a food crisis in Africa.

Adesina informed President Buhari that the African Development Bank has designed a $1.5 billion Africa Emergency Food Production Plan to support countries to rapidly produce around 38 million tonnes of food to mitigate the effect of the war on food prices. This will include 11 million tonnes of wheat; 18 million tonnes of maize; 6 million tonnes of rice; and 2.5 million tonnes of soybeans.

Nigeria is a top priority under the emergency food production plan, Adesina said, adding that the strategy will help the country produce 9.5 million tonnes of food. The initiative will support the country's 5 million smallholder farmers during the wet season of 2022 and 1 million across 10 northern states during the dry season of 2022/2023, the Bank chief estimated.

Adesina stressed: “Urgent actions are needed to prevent a food crisis in Africa.” He reaffirmed that the Bank “is fully prepared to meet this new challenge head-on.” President Buhari said his government was committed to encouraging farmers to increase yields and ensure there is adequate food supply in Nigeria.

The Nigerian President commended the African Development Bank for the plan to “swiftly and boldly” mitigate the impact of the Russia-Ukraine war on food supplies.

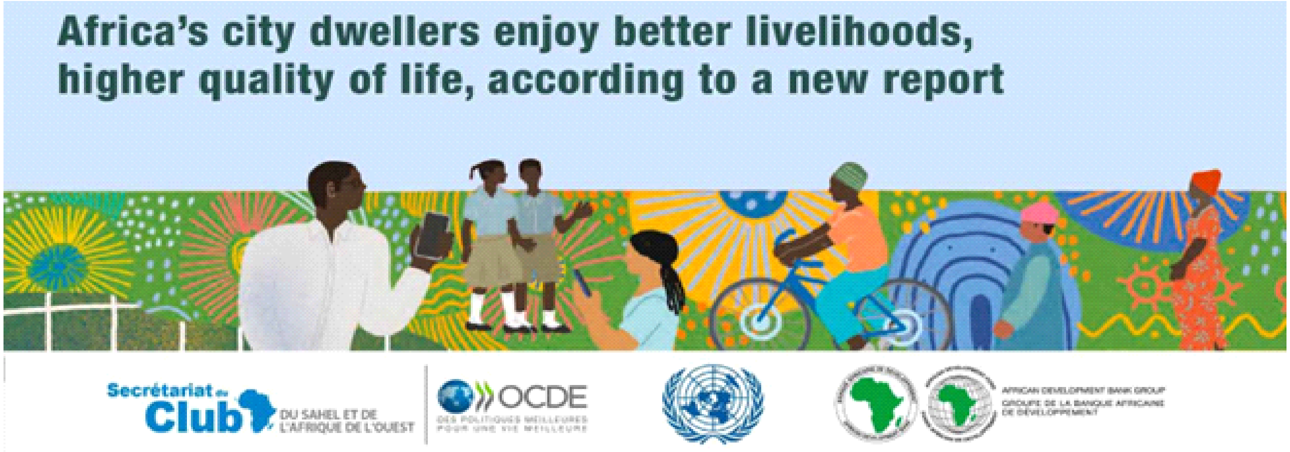
Russia and Ukraine dominate exports of wheat and maize to Africa. With the disruption of supplies arising from the war, Africa now faces a shortage of at least 30 million metric tons of food, especially for wheat, maize, and soybeans imported from both countries.

Official figures estimate that the price of wheat has soared in Africa by over 45% since the war began. Fertilizer prices have gone up by 300%, and the continent faces a fertilizer shortage of 2 million metric tons. If this is not made up, food production in Africa will decline by 20% and the continent could lose over $11 billion in value of food production.

The African Development Bank's emergency food plan is currently before the Bank's Board of Directors for approval. It is set for implementation by the end of May 2022 and will cover all African member countries of the Bank.

The African Development Bank is also supporting Nigeria in establishing Special Agro-Industrial Processing Zones (SAPZ), which the Nigerian president is due to launch soon.

Both parties agreed that putting the African Development Bank's emergency food plan and SAPZ initiatives into action in Nigeria, which is Africa's biggest economy and most populous nation, will increase food production, lower food price inflation and transform the agriculture sector. This will, in turn, ensure food security and create jobs.




AFRICAN BUSINESS

# Africa's city dwellers enjoy better livelihoods, higher quality of life - *report*

Despite growing rapidly, Africa's cities have provided improved access to services, jobs and infrastructure for millions of people in the last 30 years compared to smaller communities, a new report finds.

The report dubbed Africa's Urbanisation Dynamics: The Economic Power of Africa's Cities, showed that urban areas in Africa have outperformed the countries in which they are located by higher margins than seen in other parts of the world.

Jointly produced by the OECD-Sahel and West Africa Club (SWAC), the African Development Bank and the United Nations Economic Commission for Africa (ECA), the study covered 2600 cities across 34 countries. The Sahel and West Africa Club is an independent, international platform that promotes regional policies to improve the economic and social wellbeing of people in the Sahel and West Africa. The OECD houses its secretariat.

Dr. Ibrahim Mayaki, CEO of AUDA-NEPAD and SWAC's honorary president, said, "African cities have maintained their economic performance despite growing by 500 million people over the last 30 years, providing several hundred millions with better jobs and improved access to better jobs and infrastructure, this in a context of very limited public support and investment."

The report also finds that urbanization has driven approximately 30% of Africa's per capita GDP growth in the last 20 years. This has contributed to economic transformation in urban areas, where skilled workers account for 36% of the workforce versus roughly 15% in rural—as well as access to financial services.

Larger cities positively influence small towns and rural areas in their vicinity in terms of education, infrastructure, and access to services. For example, the share of rural households that has a bank account is twice as high among rural households that live within 5 kilometres of a city as among those that live 30 kilometres from the closest city.

"Africa's urban transition is shaping the continent at a very fast pace and this shift is not just demographic. It is an economic and social transition," said Edlam Abera Yemeru, ECA's Ag. Director, Gender, Poverty and Social Policy Division.

She added, "Africa also has a unique opportunity to get urbanisation right, as most of its urban growth has not yet taken place. Cities and urban growth need to be planned in advance, it is impossible and sometimes too expensive to undo and redo the physical form of cities once urbanisation happens."

Yemeru also cited the strong connection between African urbanisation and its youthful population. She said that between 1980 and 2015, Africa experienced a 362% increase in the number of youth residing in urban areas. According to the report, children in large cities receive almost five years more education on average than children in rural areas.

"Urbanisation is one of the most important transformations the African continent will undergo this century," said Solomon Quaynor, African Development Bank Vice President for the Private Sector, Infrastructure and Industrialisation. VP Quaynor reiterated Dr Mayaki's point that evidence should lead to policies and then to funding, and urged stakeholders to pay attention to anticipated demographic, social and economic transitions that will influence and be influenced by Africa's growing urbanization.

The African Development Bank has raised its financing for the urban sector from an average of €100 million a year in 2005-2009 to over €400 million in 2018. In 2020, it launched the Urban and Municipal Development Fund to scale up support for African urban development in line with the Sustainable Development Goals and the Bank's High-5 operational priorities.

More recently, the Bank provided €22.4 million in funding for preparatory studies for the $15.6 billion Abidjan-Lagos highway corridor, a project that will link the two cities via Accra, Lomé, and Cotonou and create an axis generating nearly 75% of commercial activity in the West Africa region.

Cities could be even more powerful engines of growth, according to the report, which offers recommendations for policymakers to strengthen the economic potential of urban areas. National governments should anchor cities in urban planning through better coordination of national and local development policies and investing in services and infrastructure to connect cities and raise productivity.

Governments should also boost local resource mobilization and investment capacity by increasing local sources of revenue in the form of taxes, tariffs and fees and access to debt financing.

ENERGY

# New GNPC Boss: The in tray

The newly-appointed acting Chief Executive Officer (CEO) to the Ghana National Petroleum Corporation (GNPC) Mr. Opoku-Ahweneeh Danquah has an excellent profile which is believed more than qualify him for the job, particularly with his background as the Deputy Chief Executive (DCE) Technical Operation. However, he may be confronted with a tall list of challenges that he must overcome if he is to succeed.

First, he is coming in at a time when the balance sheet of the organization is in the negative, compared to his predecessor who inherited a positive and a stronger balance sheet some five years ago.

Meanwhile the present call on GNPC to focus on its stated mandates and turn the organization into a world-class operator demand that the organization is financially sound to take up available opportunities and confront the threat imposed by the energy transition.

The new CEO is therefore faced with the daunting task of positioning the GNPC as a viable organization capable of living up to the Ghanaian expectations, amidst its negative cash position coupled with the delay in getting paid the huge debt owed the entity by particularly state-owned organizations (SOEs).

Second is the "subordinate loyalty" he must earn from his own colleagues. The fact remain that he is a family member of the President Nana Akufu-Addo, a situation that can turn against him if not well-managed. He must deal with the "family and friends" tag, prove that he earned the position on merit, and ready to work with a team; else his authority will be challenged and undermined, particular during his early days at post.

He needs to work to excel at post and persuade the team at GNPC and external stakeholders to buy into his vision, in order to establish his authority. Any attempt to use high handedness to whip people in line will only weaken his position, and open him up for disrespect and unnecessary confrontations.

The next is, the clout and credibility needed to lead such a huge organization that has become the envy of every politician because of the kind of investments it holds for the State, and the size of cash it controls.

Many are wondering whether Mr. Danquah possesses that clout, credibility and influence; those vital ingredients that gets people follow you in a direction you point to, and gets things done. Past CEOs, including Messrs Tsatsu Tsikata, Alex Mould and Dr. Kofi Sarpong have proven that the GNPC need someone who command respect from both industry and political circles to lead and attract the support of multiple stakeholders, and most importantly the President of the republic.

These personalities proved that they were influential, intelligent industry personalities cum politician with a lot of respect in and outside the oil industry; and that was credited to their success.

The fourth challenge he has on his hand is how he manages the egos of the other two Deputy Chief Executives Messrs Benjamin Kweku Acolatse and Joseph Dadzie, whom he has been promoted over. He has to intelligently deal that. He must employ all professional means to handle any feeling of rejection on the part of the two colleagues, turned subordinates now by reason of his promotion into the acting CEO position. The two respected gentlemen remain valuable resource for Mr. Danquah, and he must exploit that.

The fifth challenge envisaged is stepping into the shoes of a big man who feels he still have energy to serve his government and country. Dr. Kofi Sarpong is a savvy, conservative, and intelligent businessman doubling as a politician.

With his clout, has built an army of faithful and loyal political appointees and staffs at the GNPC and within the industry as a whole over the last 5 years when he run the organization. If the acting CEO is believed and seen as being against Dr. Sarpong, his works and allies, these loyalists can turn against him, because human beings love stability over change. This is a great challenge confronting him should Dr. Sarpong choose to undermine him from outside the walls of GNPC. Mr. Danquah must therefore take active steps to manage their relationship to his advantage.

Finally, stakeholder management could be his bane or blessing depending on how he handles that. This is an industry with a lot of stakeholders with varied expectations, with some conflicting ones. If the new CEO gets their expectations right it will help attract and maintain that social license to lead and govern. He must first initiate the discussions on what each individual or group expects, then the management of their concerns follow with the intentions of meeting the needs, resolving issues and conflict situations; all in a bid to advance the upstream industry. The Springfield-Eni impasse, and the GNPC-Aker Energy deal awaits him as a test of his character.

*Written by Nana Amoasi VII, Executive Director, Institute for Energy Security (IES) ©2022. Email: paakwasi@iesgh.org*

*The writer has over 23 years of experience in the technical and management areas of Oil and Gas Management, Banking and Finance, and Mechanical Engineering; working in both the Gold Mining and Oil sector. He is currently working as an Oil Trader, Consultant, and Policy Analyst in the global energy sector. He serves as a resource to many global energy research firms, including Argus Media and CNBC Africa.*

Energy

# Petrol, diesel prices to go up while LPG to drop by 2pct

Petrol and diesel prices are expected to go up marginally at the pumps in the first pricing window beginning May 1 until May 15, this year with the Chamber of Petroleum Consumers (COPEC) predicting that prices of the commodities are expected to sell at GH¢ 9.538 per litre of petrol and GH¢10.829 per litre for diesel respectively.

Comparatively, the average price then goes up by 19GHp per litre (1.94%) over that of the previous window, with petrol going up by 7GHp per litre, representing 0.7%, and diesel also being up by 32GHp per litre, representing three per cent.

This will bring the average price of petrol and diesel for the next window to be at GH¢10.183 per litre.

On the other hand, Liquefied Petroleum Gas (LPG) is likely to be sold around GH¢10.093 per kilogramme, showing a reduction of about 21GHp or two per cent over that of the previous window.

it said the changes was reflective of the regular fuel price changes per window, changes to international fuel prices, the applicable dollar-exchange rate and the taxes on fuel.

"At the current average crude price of $104.56 per barrel, resulting in $1,057.44 per metric tonne for petrol and $1,138.33 per metric tonne for diesel on the international market, coupled with the exchange rate of 1$: GH¢7.8165 and the government's tax rebate of 15GHp per litre still in place, COPEC is expecting the ex-pump prices of fuel for the next pricing window, from May 1 to May15," the release said.

It said considering no sudden jerks in crude oil pricing, which could lead to changes in petrol and diesel prices on the international market, then the ex-pump prices were expected to be within the projected figures for the next window.

"The expected increase in fuel prices is primarily due to the fallen dollar exchange rate and increase in prices of finished products (Petrol and Diesel) on the international market despite the fallen crude price.

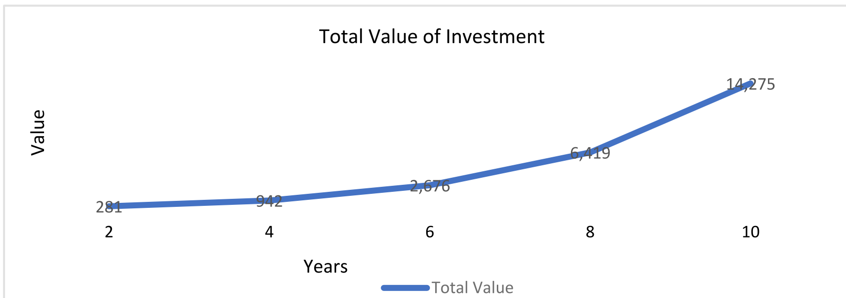
INVESTMENT ADVISOR

# Probable Uses of Collective Investment Scheme Investment

By Kwadwo ACHEAMPONG

| Years | Monthly Addition | Total Addition | Interest/Capital Gain | Total Value |
|---|---|---|---|---|
| 0 - 2 | GHS 10 | GHS 120 | GHS 41 | GHS 281 |
| 2 - 4 | GHS 20 | GHS 240 | GHS 180 | GHS 942 |
| 4 - 6 | GHS 50 | GHS 600 | GHS 534 | GHS 2,676 |
| 6 - 8 | GHS 100 | GHS 1,200 | GHS 1,343 | GHS 6,419 |
| 8 - 10 | GHS 200 | GHS 2,400 | GHS 3,057 | GHS 14,275 |

*OctaneDC Research*




*OctaneDC Research*

Mutual funds and unit trusts have been popular investment vehicles in Ghana from the 1990's. The lure of starting with little and being able to watch our investments grow as we add periodically to them has added to the growth of collective investment schemes in Ghana. Currently, there are about 46 mutual funds and 23 unit trusts in Ghana. Some of these were formed in response to the regulator's order for all retail investments under GHS 100,000 to be pooled.

Mutual funds have been the more popular of the two types of CISs, constituting more than double the number of unit trusts.

Investors find CISs useful and important. It is relatively easy for any retail investor with only a small amount of money to subscribe to shares or units of a scheme and access the same kind of professional fund management services a large managed account would have. This is one of the biggest attractions.

We shall look at a few uses of a scheme for an investor. The presentation may not necessarily be exhaustive. We may not have thought collective investment funds could be used like that but these are probable uses which could further enhance our everyday lifestyles. Invariably, all investments are borne out of needs and must have a purpose.

## Encourage savings and investments culture

The very fact of easy of entry makes it ideal and inspiring for investors with little. I remember an advert that used to show on TV years ago: "Super Shell raffle, easy to enter, easier to win." Investors can begin with very little, add on continually in small increments and watch them grow. For instance, let's take a look at a young investor who can initially afford to set aside and invest GHS 10 monthly. After two years at an assumed investment interest rate of 15% p.a. compounded monthly, she would have contributed GHS 240 and earned GHS 41 to make GHS 281. Supposing she can increase her monthly additions every 2 years as her career progresses. For the next two years, she can increase her monthly contribution to GHS 20. Her investment would be worth GHS 941. In another couple of years, at GHS 50 monthly, she would make GHS 2,676. If she increases her monthly additions to GHS 100 for two years and eventually GHS 200 for another two years, she would realise GHS 6,419 and finally GHS 14,275 in ten years of investing.

With a small amount initially, an investor can, therefore, aspire to have a significant amount after a while. This may not be possible or feasible with other types of investments.

The fact that CISs can be invested in quite easily and the fact that piecemeal additions can be made are critical. For most types of investment securities, it may not be affordable or practicable to do so. The investor can even increase the additions or decrease them to suit their situation at any point in time. Increasingly, fund managers and administrators are also leveraging new technologies to facilitate investments in these schemes, especially for the small retail investor.

## Wealth Generation

Given adequate time, collective investment schemes can serve as viable vehicles for wealth building. As seen previously, with just a little at the beginning and with consistency, we can build wealth over time. It may seem that CISs, because they offer diversification, are less risky and would not yield aggressive returns. Actually, it depends on the type of fund. Funds that have a significant portion of the holdings in high yield equities and bonds can provide growth to build wealth over time. This is especially true for funds that actively and aggressively trade. The fund managers constantly search for investment securities that offer high capital gains and constantly try to have an edge over the market with superior data and analysis coupled with quick trading. Obviously, this requires a very active fund manager with a lot of experience, the capacity to collect and analyse lots of relevant data and an instinct for great opportunities on the market.

## Collateral for lending

CIS funds can be used to leverage capital from lending institutions. Holdings of units or shares in a fund, especially for one that is fairly liquid, can be used as collateral for a loan to start or expand a business venture. The investment is not impaired and the venture can pay back the debt while the investment in the scheme continues. If Mensah has a holding worth GHS 10,000 in a unit trust and wishes to invest GHS 8,000 in his electricals shop, he can approach a lender (a bank) and submit particulars of his investment to the lender for a loan of GHS 8,000 for 3 years. Supposing his shop is worth GHS 20,000. This would make his total worth GHS 30,000 (shop plus his unit trust holding). At an interest rate of 25% p.a., he pays back a monthly amount of GHS 994 to the bank. This he does with proceeds from the shop while his unit trust investments still grow at 15%, say. At the end of the loan period, he would have paid off GHS 11,450 to the bank and seen his investment grow to GHS 12,480. His net worth would then be GHS 43,930 (GHS 20,000 + GHS 12,480 + GHS 11,450). Without the investment as collateral, he would have had to take the GHS 8,000 from his investment, leaving it at GHS 2,000. This would grow to GHS 2,496 at the end of the 3 years. His net worth after loan repayment would therefore be GHS 33,946 (GHS 20,000 + GHS 2,496 + GHS 11,450).

This is the same idea that is employed in mortgage financing. It is usually much better to borrow to finance large capital-intensive ventures like buying a house or expanding one's business. Every lender looks for credibility in the borrower. Collateral in the form of investments in funds could provide this line of security for the lender. It would ensure that, not only is the lender assured of repayment and be willing to lend; the lender would potentially be more amenable to a favourable interest rate for the borrower.

## Portfolio Management

While CIS funds can be diversified, they can provide further diversification and an investor can use different funds in a portfolio construct to achieve a desired portfolio structure. For instance, an investor may initially invest in highly liquid funds to provide cover for emergency needs. Later, the investor may choose to add holdings in an aggressive growth fund to benefit from high yield and grow wealth. This could be balanced with investments in a more stable fund with time, to reduce risk. In a reasonable time, the serious investor would have built a portfolio of fund investments which would be geared towards meeting the investor's objectives. In effect, the investor would be positioned to benefit from the good from any fund he or she is invested in. Additionally, a savvy investor could, with the help of an investment adviser, construct a portfolio that suits his or her needs at a particular time.

## Targeted investing

Since these collective investment funds have different characteristics and objectives, the investor can use them to derive specific benefits with less money and risk. For instance, an investor desiring to invest for a short period and preserve capital, can invest in a money market fund. When the investor seeks to disinvest, she can be almost certain that, in the very least, inflation would not have eroded her investment. A parent with her child's school fees (GHS 3,000) to pay in six months' time can invest (assuming a net return of 15%) about GHS 2,797 now for six months. Likewise, an importer of spare parts who would expect to pay GHS 50,000 to clear goods at the port in 9 months' time can invest just about GHS 45,024 for 9 months and easily disinvest to have the GHS 50,000 he needs. Better still, the parent or importer could invest less initially and add to the investment monthly to realise the objective at the end of the period. This flexibility becomes important because we usually may not have enough money to meet a particular need at an instance. However, with time, we could come up with additional money that could be equal, in total, to what is needed.

A good plan to achieve a goal should serve us well. It is time to speak with our investment adviser to help you map out a careful plan to get us where we wish to or have to be. Many daunting tasks can be accomplished when little steps are taken and that is what collective investment schemes can do for us. It is a good time to go to your investment adviser to sit and have a chat on how collective investment scheme investing can help meet our financial needs. Talk to us at OctaneDC.

***ABOUT THE AUTHOR***

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*Through his writings Kwadwo has discovered his love and knack to simplify complex theories spicing them with everyday life experiences to enrich and educate his readers. Feel free to send him your feedback on this article: kwadwo.acheampong@octanedc.com /+233 244 563 530*

E-COMMERCE

# Growing Ghana's E-Commerce; a catalyst for economic development

The fourth industrial revolution, which is wholly anchored on technological advancement and innovation opened up vast opportunities in different areas of economies around the world. Social, economic and commercial lives have seen remarkable developments with the rise of the internet, technology and digitization. In Ghana, the pioneering of mobile money in 2009 has been revolutionary in this regard.

The World Bank has recognized Ghana as the fastest growing mobile money market in Africa over the last 5 years. This growing trend of mobile money penetration has been a catalyst for a booming e-commerce industry in the country. The industry has been growing steadily over the past decade and has evolved over time to become the main stay for many small and medium scale enterprises (SMEs) in Ghana.

Besides mobile money, several factors have contributed to the emergence of e-commerce in Ghana chief amongst which is the level of internet penetration. According to Kepois, a social media research organization, internet penetration in Ghana is among the highest in the West African sub-region. Out of a population of 32.06 million people, 16.99 million (53.0%) are active internet users, meaning that well over half of Ghanaians are on the internet at one point or the other.

This is a huge opportunity and many users have taken advantage of this to either start businesses or expanded their businesses to include online channels. From Instagram to WhatsApp, Snapchat to TikTok, there are millions of Ghanaians, both young and old, using the opportunity to trade in goods and services on these platforms with payments enabled mainly through mobile money and other electronic payment mediums. Online retail outfits have become a core part of modern Ghanaian lifestyle.

Furthermore, the Ghana Interbank Payment and Settlement Systems (GhIPSS) launched an internet payment gateway to enable holders of domestic Automated Teller Machine (ATM) cards to make payments and purchases online. Subsequently, the launch of the 'gh-link Ecommerce' will promote e-commerce and enhance the services needed in the e-commerce value chain.

The benefits of this new trend of doing business are enormous. Digitization and e-commerce have unlocked the entrepreneurial spirits of many Ghanaians, making it a major source of employment and revenue generation avenue for them. Many of Ghana's young population have found stable employment leveraging the benefits of the internet, mobile money and apps to unlock new opportunities to connect demand and supply sides of the economy through e-commerce.

E-commerce has also allowed businesses to diversify their offerings and expand their business operations from hitherto fixed operating times to 24/7 operations with increasing productivity and value extraction. Traditional businesses who hitherto used to conduct business physically have expanded their portfolios of services and products in response to evolving consumer demands through e-commerce. Today, banks, insurance companies, restaurants and grocery shops have online options that deliver the same, if not better, services to customers and clients with less stress.

In terms of public revenue generation, government becomes a beneficiary through the widening of the tax net to capture businesses operating within this segment. The Ghana Revenue Authority (GRA) has announced that it intends to introduce an e-commerce tax in April this year to rake in some GHS 2.4 billion. When done effectively, this could possibly have a huge positive impact on domestic tax mobilization by government to bring us closer to the desired tax to GDP ratio of our peers.

To fully realize the benefits of e-commerce in Ghana, however, government must dialogue with other stakeholders, to shape e-commerce and the digital economy by defining the rules that shape and govern the sector. This is a huge challenge that will involve adapting existing policies, laws and regulations to cater for this emerging and growing trend of e-commerce in Ghana.

***Musah Abdallah***
*Head, Transactional Products & Services, Stanbic Bank*

## INVESTMENT ADVISOR

# Improving financial awareness & financial literacy feature column series

*Organization & planning are your keys to financial success*

Managing personal finances today is more complicated and more important than ever. We are living longer, but saving proportionately less. Scores of us feel less secure in our jobs and homes than we did in the past. We see our money being drained by the high cost of housing, taxes, education, health care, while dealing with the uncertainty of investments and our economy. We worry about the future, or unfortunately in many cases, simply try not to think about it. The average life expectancy in Ghana according to the World Bank is 64 years as of 2020, but with advances in healthcare and nutrition many people around the world are living into their 70's, 80's, and beyond. With so many people on the path to or verge of running out of money before their life expectancy, many families burdened with large amounts of student loans and other forms of debt, and more than half of our adults not having up-to-date estate and financial plans to protect themselves and their families, we have a serious problem.

This lack of financial awareness and financial literacy places a HUGE growing amount of pressure on families and friends, employers, nonprofits; as well as the government. During the COVID-19 partial lockdown in Ghana for instance, the government of Ghana, aside free water and 50% electricity subsidy for residential users, provided hot meals to some vulnerable.

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> *Sensible financial management means much more than budgeting and putting money away for retirement. It is being equipped to handle a lifetime of financial challenges, needs and changes, figuring out how to build assets and staying ahead of inflation, taking advantage of deflation, and choosing wisely from a constantly widening field of savings, investment and insurance options*

It is estimated that the government spent GH¢54.3 million ($9,383,487) on cooked food to some 470,000 families. That aside the Ghana COVID-19 Private Sector Fund roll out FEED-A-KAYAYO Project that provided a total of 145,746 packs of food during the period April 1 2020 to 12 April 2020. This was estimated at a cost of GHS906,541. This government and private sector led support to individuals and families in the wake of the COVID-19 lockdown gives evidence that the habit of savings for emergency and building up financial investment for the future has been relegated to the background by many in our society.

There is a real solution to this lack of financial awareness and financial literacy epidemic that revolves around better educating the general public, financial service and nonprofit professionals to the essential principles to smart personal financial management while motivating them to take appropriate actions. People need access to better personal financial management tools and information, to communicate and work more effectively with their financial advisors, and to make better every day informed money decisions. Sensible financial management means much more than budgeting and putting money away for retirement.

It is being equipped to handle a lifetime of financial challenges, needs and changes, figuring out how to build assets and staying ahead of inflation, taking advantage of deflation, and choosing wisely from a constantly


widening field of savings, investment and insurance options.

When it comes to finances, people are faced with more pressures and more possibilities than ever before. More so, as our financial market is increasing becoming competitive and complex on a daily basis. The good news is that as complex as today's financial world is, there is no real mystery to sound personal money management. You do not need a master's degree in finance or accounting to get ahead.

What you do need are the solid basic principles of organization, personal finance, and decisionmaking, plus the willingness to put them into action. Anyone with a fundamental education and the desire to handle money wisely can do it. Effective financial management does involve certain procedures that you do not automatically learn from your parents or associates – and they certainly are not taught in our schools.

The current curricula in our basic schools makes no effort or little effort at providing this knowledge. It is more than just a matter of gathering enough information and then making a logical decision. In fact, for many people, the constant bombardment of economic news, fragmented financial information and investment product advertisements in the newspapers, on radio, on television and on our smart phones, is part of the problem. Information overload can be a major obstacle to sorting out choices and making wise decisions.

To save time and money, and help you to better manage your finances, over the years we developed a personal financial management system called Your financial PARTNER. It is a clear, step-by-step process designed to save you time and money and puts all the essential areas of personal finance in front of you with their core principles. The process centers on helping you to get organized, on staying aware of your money issues, and on making deliberate choices about the ways you spend, save and invest instead of following your emotions or simply "going with the flow."

**GETTING ORGANIZED 1.** Paperwork: Everyone has some primary financial documents – bank and brokerage statements, retirement plan statements, tax returns, insurance policies, passwords, digital paperwork, etc. Keep this information in a secured central location and tie it into your filing system.

**2. Net Worth**: Know where you stand by inventorying what you own and what you owe. Do this at least annually so you can evaluate your progress. Now is a great time to do this and it is simple to do.

**3. Cash Flow:** Gain control of your cash flow by spending according to your plan, not impulsively.

**4. Employment Benefits:** For those employed understand and utilize your employment benefits fully; they can improve your cash flow. Any amount your employer contributes toward your health insurance, life insurance, retirement and other benefits is money you do not need to spend.

**FINANCIAL PLANNING 5. Goal Setting:** To begin your financial planning, ask yourself what is really important to you, financially and personally. Where do you want to be in 2 years, 5 years, 10 years, 20 years? These are key elements of planning your future; it affects your decisions and choices.

**6. Financial Independence and Retirement Planning:** A comfortable retirement, perhaps at an early age, is one of the most common reasons people become interested in financial planning. Determine a reasonable “nest egg” to reach and maintain your level of financial independence, and how to make it a reality.

**7. Major Expenditures Planning:** A home, a car and your child's college education – these are all “big ticket” items that are best planned for in advance. Develop financial strategies early on for effectively achieving the funding needed for those “big bills” down the road.

**8. Investments Planning:** For most of us, wise investing is the key to achieving and maintaining our financial independence, as well as our other financial goals. Investing is expanding money, time or assets with the expectation of achieving a return. As in life achieving a return from investing is never for sure. Establish your investment goals, assess your risk tolerance, and then select an asset allocation model that best fits you.

**9. Tax Planning:** Your financial planning should include tax considerations, regardless of your level of wealth. Proactively take advantage of opportunities for minimizing you tax obligations.

**10. Insurance / Risk Management Planning:** Decide what to self-insure and what risks to pass off to insurance companies and at what price.

**11. Estate & Gift Planning:** Develop or update your estate & gift plan. If you get sick, or die without an up-to-date estate and gift plan, rich or poor or somewhere in-between the management and distribution of your assets can become a time-consuming and costly financial challenge for you, your loved ones and survivors.

***By:*** *The International Improving Financial Awareness & Financial Literacy Association at The University of Ghana (The FA Association)*

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## E-commerce

# The socio-economic impacts of online shopping in the modern era

***By Bennet OTOO (Jumia Ghana)***

Internet businesses in Africa could add US$180 billion to African GDP by 2025*, placing e-commerce at the heart of the digital economy. Both the digital economy and e-commerce play a growing role in efforts to achieve the Sustainable Development Goals (SDGs), bringing both new opportunities and new challenges.

The number of online shoppers in Africa increased by 18% annually* as e-commerce experienced growth in Africa. E-Commerce has created an opportunity for millions of Small and Medium Enterprises (SMEs) to thrive, not only in their countries but also across the continent.

Soon, with the African Continental Free Trade Area (ACFTA), a seller in Cairo will be able to transact directly with a consumer in Accra or Nairobi. There are many ways in which online shopping has impacted Ghana and Africa as a whole. Jumia, Africa's leading e-commerce platform examines this below:

**1. Price reductions and cost saving -** In today's world, the one thing on everyone's mind when shopping whether online or in physical shops is pricing. Even before we check for quality, we tend to ask ''how much?'. This is because everyone wants to save and get the best quality products or services at the best prices. Online shopping has brought about a great deal of price satisfaction through many promos, discount sales and extraordinary price cuts. Black Friday, Jumia Anniversary sales, Tech Week, Ghana Shopping Festival and the like are among the top sales campaigns in Ghana today where consumers enjoy up to 80% discounts on all items online. Having many different products from different brands and vendors ensures a price war which ends with the consumers benefiting greatly from this competition.

**1. Sustainability -** We may be tempted into thinking that direct financial benefits and other tangible factors are the main impacts that e-commerce has on us. However, sustainability is one very important thing to consider as well. Protecting our environment and safeguarding our health is so important that it needs so much attention when we talk about e-commerce. Delivery bikes and vans often emit carbon dioxide into the atmosphere. These are often considered as the negative effects of e-commerce and it's related activities. In recent times, online shopping platforms like Jumia have found a way to reduce the amount of carbon dioxide emissions in our environment. Partnerships with Solar Taxi and other electronic bike companies have enabled the use of solar powered motorcycles and electric bikes for online deliveries. With high fuel prices and health related issues, the impact of such partnerships in a time like this cannot be overemphasized.

**1. Timelessness & Safety -** Imagine you have a date on Sunday at 10pm but you have been busy all day long on Friday only to check your watch and realize it's 9pm. The shops are closed and won't be open till Monday. What will you wear? This is a limitation that physical shops have. With online shops, you can access many products from a wide range of categories all day and all night. 24 hours a day, 7 days a week means that at whatever time of day you need an item, you can access it and get it delivered to you. This makes it very easy for all other activities that hinge on time to be executed with great success. It is also very safe as many online processes today are automated and require little to no physical interaction. Taking into consideration the challenges that covid-19 and other close contact diseases brought, safety is on the mind of many people these days.

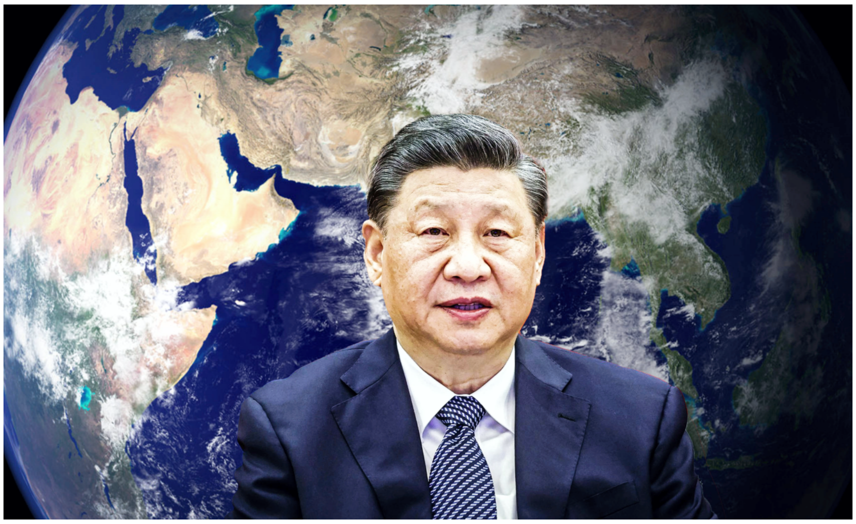
**1. Rapid expansion and accessibility -** In many years past, technology has been seen as a preserve of the elite and urban people. The usage of apps, online platforms, online shopping and delivery, fintech and other online food delivery services are common in major cities and less so in rural areas. Today, due to the impact of e-commerce, the story has changed. Regional expansion and integration as well as the provision of pick-up stations in almost every corner of the country and continent has made it possible for everyone to access products and services quicker, more affordable and conveniently.

E-commerce and online shopping continue to impact everything we do. Our everyday lives have been greatly impacted by the use of the internet and this is just the beginning. With great strides in technology and several innovations springing up day by day, we can only smile at this new horizon with great optimism. Almost a decade has passed since e-commerce was introduced in Ghana, the growth has been amazing and the potential remains enormous. The future of trade in Ghana and Africa is e-commerce, it's time to embrace it.

## Comment/Analysis

# Implement the global security initiative for lasting peace and universal security

*By H.E. LU Kun,*
*Chinese Ambassador to Ghana*



For the world, the year 2022 begun with a number of challenges. The world, far from being peaceful and tranquil, has not yet recovered from COVID-19 pandemic, and the Ukraine crisis comes on the heel.

As regional security hotspots keep flaring up and the European security issue receives worldwide attention, the international situation which is already rife with uncertainties has become more complex and volatile. With growing threats posed by unilateralism, hegemony and power politics, and increasing deficits in peace, security, trust and governance, mankind is facing more and more intractable problems and security threats. This situation should not continue anymore because it runs counter to the trend of history as well as the security and well-being of humanity. At such a critical moment, countries need solidarity, not division; dialogue, not confrontation.

It is against this background that President Xi Jinping proposed the Global Security Initiative with the future of all humanity in mind. The Initiative is yet another global public good offered by China and a vivid illustration of the vision of a community with a shared future for mankind in the security field. The Global Security Initiative champions the commitment in six areas: stay committed to the vision of common, comprehensive, cooperative and sustainable security, and work together to maintain world peace and security; stay committed to respecting the sovereignty and territorial integrity of all countries, uphold non-interference in internal affairs, and respect the independent choices of development paths and social systems made by people in different countries; stay committed to abiding by the purposes and principles of the UN Charter, reject the Cold War mentality, oppose unilateralism, and say no to group politics and bloc confrontation; stay committed to taking the legitimate security concerns of all countries seriously, uphold the principle of indivisible security, build a balanced, effective and sustainable security architecture, and oppose the pursuit of one's own security at the cost of others' security; stay committed to peacefully resolving differences and disputes between countries through dialogue and consultation, support all efforts conducive to the peaceful settlement of crises, reject double standards, and oppose the wanton use of unilateral sanctions and long-arm jurisdiction; stay committed to maintaining security in both traditional and non-traditional domains, and work together on regional disputes and global challenges such as terrorism, climate change, cybersecurity and biosecurity.

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> *The launch of this major initiative responds to the urgent need of the international community to safeguard world peace and prevent conflicts and wars, conforms with the common pursuit of all countries to uphold multilateralism and safeguard international solidarity, responds to the common aspiration of all peoples to overcome the difficulties and jointly create a better post-Covid world.*

The launch of this major initiative responds to the urgent need of the international community to safeguard world peace and prevent conflicts and wars, conforms with the common pursuit of all countries to uphold multilateralism and safeguard international solidarity, responds to the common aspiration of all peoples to overcome the difficulties and jointly create a better post-Covid world. Common security means respecting and ensuring the security of each and every country. Comprehensive security means upholding security in both traditional and non-traditional fields. Cooperative security means promoting the security of both individual countries and the region as a whole through dialogue and cooperation. Sustainable security means that we need to focus on both development and security so that security would be durable. Security must be universal, equal and inclusive. One cannot seek the security of itself or some countries while leaving the rest insecure, still less should one seek the so-called absolute security of itself at the expense of the security of others. The connotation and extension of security is ever-growing. In west Africa and many other regions in the world, the challenges brought by

# Implement the global security initiative for lasting peace and universal security

terrorism, transnational crimes, environmental security, cybersecurity, energy and resource security and major natural disasters are on the rise remarkably. Traditional and non-traditional security threats are interwoven. No country can stay aloof or unaffected. We must pull together in these trying times, enhance communication and coordination to turn the crisis into an opportunity.

An ancient Chinese philosopher observed, "Stability brings a country prosperity while instability leads a country to poverty." Security and peace is the premise and foundation for development in all its manifestation. It has been proven time and again in the human history that development is out of the question without peace, just like water without source and a tree without roots. The Cold War mentality would only wreck the global peace framework, that hegemonism and power politics would only endanger world peace, and that bloc confrontation would only exacerbate security challenges in the 21st century.

On the Ukraine issue, China has adopted an objective and impartial attitude. We independently assess the situation and make our position clear on the basis of the merits of the issue. As a Chinese proverb puts it, it takes more than one cold day to freeze three feet of ice. The situation in Ukraine has become what it is today for a variety of complex reasons. What is needed to solve complex issues is a cool head and a rational mind, not adding fuel to the fire which only intensifies the situation. To resolve the current crisis, we must uphold the purposes and principles of the Charter of the United Nations (UN) and respect and protect the sovereignty and territorial integrity of all countries. We must adhere to the principle of indivisible security and accommodate the legitimate security concerns of the parties involved. We must settle disputes by peaceful means through dialogue and negotiation. We must keep in mind the long-term peace and stability of the region and put in place a balanced, effective and sustainable European security architecture.

The Global Security Initiative upholds true multilateralism. It is open to the world and welcomes the participation of all countries. Besides putting forward this major Initiative, China will further take earnest actions in its implementation. We are ready to work through the UN and other bilateral and multilateral channels to engage in in-depth exchange of views with all parties on the Initiative so as to inspire each other, pool global synergy, follow through on the Initiative, and contribute wisdom and strength to the political settlement of various international and regional hotspot issues and safeguarding world peace and tranquility.

On April 19, 2022, H.E. Wang Yi, State Councilor and Foreign Minister of China had a telephone conversation with Hon. Shirley Ayorkor Botchwey, Minister for Foreign Affairs and Regional Integration of Ghana. The two Ministers reached consensus on strengthening collaboration, safeguarding international fairness and justice together, jointly opposing hegemonism and power politics and defending the overall interests of the two countries and developing countries as well. As a responsible major country, China will continue to hold high the banner of multilateralism, unswervingly follow the path of peaceful development, and always be a builder of world peace, a contributor to global development, a defender of the international order and a mediator in hotspot issues. China will work with all peace-loving countries including Ghana to strengthen solidarity and cooperation, jointly meet challenges, and continue to promote the building of a community with a shared future for mankind. We will strive together for a brighter and better future for the world.

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Comment/Analysis

# The Future of Work Capsules:

## *A look at commodity developments and the global looming crisis*

By Baptista Sarah GEBU (Mrs.)

Happy Mother's Day to all moms, both here on Earth and up in Heaven. I'm forever grateful, and I look up to you more than you know. Happy Mother's Day to an amazing woman I'll always admire, appreciate and love! I wish you too if you endeavor to be a good mother figure to this present generation. May the world's definition of terms not corrupt your moral values and understanding of the true African family system. Let's celebrate our mothers.

Are you aware of the emerging cooking oil crisis looming? Oil market heads for 'biggest supply crisis in decades' with Russia's exports set to fall according to CNBC news. Oil crisis, a sudden rise in the price of oil that is often accompanied by decreased supply. Since oil provides the main source of energy for advanced industrial economies, an oil crisis can endanger economic and political stability throughout the global economy.

The 1973 oil crisis or first oil crisis of October 1973 of the Yom Kippur War could offer some lessons. The crisis played a key role in the economic downturn of the 1970s. Oil prices jumped 350%, and the higher costs rippled through the economy. Although business and government asked consumers to help by conserving energy, and entrepreneurs worked on solutions, the economic crises worsened. As things got more expensive, businesses laid off workers. Inflation and economic stagnation produced “stagflation” which shook confidence as recorded by the American museum account of the crisis. Are you ready for the future of work? What informs your readiness?

There are lessons we can learn from the commodity markets developments as we take a closer look at the looming cooking oil crisis. History often repeats itself. Being a student of history, understanding the past, prepares us for the future.

The current Russian and Ukraine war could have some effects on crude oil, natural gas, fertilizer, wheat and metals supply at minimum. The war in Ukraine has been a major shock to commodity markets, coming on top of pandemic-related supply chain disruptions as well as production shortfalls. The war has led to significant disruptions to the production and trade of commodities for which Russia and Ukraine are key exporters, including food commodities (such as wheat and sunflower oil) as well inputs used to grow food (coal, natural gas, and fertilizers). A continuation of the war beyond this year could reverse the expected easing of food commodity prices in 2023 as postulated by the recent World Banks report on the impact of war in Ukraine on commodity markets.

Rising food prices could increase food insecurity. This could increase even more, given the reliance on food imports from Ukraine and Russia. Even before the Ukraine war, the Covid-19 pandemic had already taken a toll on food insecurity. According to the Global Report on Food Crises, an estimated 161 million people were facing a food crisis or worse in 2021,


> *Let's get to Canada to observe as the worlds' top exporter of rapeseed oil as its experiencing extreme weather and climate issues. Argentine, Brazil and Paraguay are among the top exporters of soya-beans oil but these countries are battling severe drought. Malaysia, the world second biggest exporter of palm oil is experiencing what we know to be labour shorter and oil supply chains are drying up.*

up from 147 million in 2020. Populations facing a crisis, which are typically in countries with conflict, include Democratic Republic of Congo (26 million), Afghanistan (23 million), Nigeria (23 million), Ethiopia (16 million), and Yemen (16 million). On war-driven disruptions in food trade, higher food price inflation, and higher costs of administering food assistance efforts are likely to make more people food insecure.

Narrowing down to something as basic as cooking oil, what do we need to know about the looming global oil crisis? According to data from the United States Department of Agriculture, 85% of global palm oil production comes from Indonesia and Malaysia. Ukraine and Russia are the leading sun-flower oil producing countries. Vegetable oils production countries remains Indonesia, China and Malaysia.

This one affects each one of us, as there is an emerging global cooking oil crisis looming that will soon be felt in our kitchen. The biggest producer of palm oil has block its ports, the world's biggest exporters of sunflower oil is at war, the producers of soya bean oil are battling the climate crisis, so are producers of granular oil. Should you be worried? Where next can we source our cooking oil to support us run our kitchen and food preparation.

As the world celebrates mother's day, I share something for you to ponder on. These celebrations usually come with feasting, cooking, partying and love feast. We need food to celebrate and oils usually will play a very significant roll. Are you vegetarian, your salads will need oil for dressing, if you enjoy the big fishes and other proteins you will need oil for cooking. From baking to grilling, to air frying to deep frying, we need oils but oil supplies are running dry. What does the future holds. Should we be stocking up? Let's take a closer look at what really is happening in our world now. For the future, our ability to learn from the past will support us make an informed decision.

Ukraine is the world's biggest exporter of sunflower seed oil, and exports 5.4 million tons of edible oil each year which is almost half of the world's sunflower oil supply but Ukraine is at war and supplies have been cut. Here comes also Russia accounting for 25% of the world's sunflower oil and Russia is the one wagging this war affecting the supply chain of edible oils too. Let's get to Canada to observe as the worlds' top exporter of rapeseed oil as its experiencing extreme weather and climate issues. Argentine, Brazil and Paraguay are among the top exporters of soya-beans oil but these countries are battling severe drought. Malaysia, the world second biggest exporter of palm oil is experiencing what we know to be labour shorter and oil supply chains are drying up. Indonesia is the biggest exporter of Palm oil, the 2022 reports indicates the country is banning palm oil exports due to local shortages. There is an increase of 40% in prices of palm oil and people are protesting against the price increase a reason accounting for governments ban on exports of the palm oils. According to Aljazeera news, Indonesia the world's biggest edible oils shipper, will widen an export ban to include crude palm oil, adding to uncertainty in a market that's suffered dizzying price swings and threatening to worsen global food inflation.

Meanwhile, they account for one-third of the world's oils exports that are 30 million tons of vegetable oil every year. India and China are some of Indonesia's biggest oil buyers. India depends on Indonesia for nearly half of its palm oil supply as it imports 13 million tons of edible oils each year. Out of these totals, palm oils account for 60 % of the total while's soya bean oil and sunflower oils accounts for 25 % and 12 % respectively.

High consumption and insufficient oil seed production could explains this high imports, in India reports have it that the per capital edible oil consumption is 19kg per person per year. Which countries are you and where do your oil supplies comes from. The supply chains are drying up.

Looking at country exports of Palm oils. We can mention Indonesia (55%), Malaysia (31.2%), Netherlands (3.7 %), Germany (1.2 %), Estonia (0.7%), and the rest of the world for 8.2 %. But all these put together cannot compensate for Indonesia's export. The demand is more than the supply. Experts warn prices of edible cooking oils could go up by 20%. Developing countries could be the hardest hit because they depend on cheaper cooking oils like palm oils as against more expensive options like olive oil and sunflower oils. Prices of oils are soaring as we see increases in the US and European markets for Palm oils, Rapeseed and Vegetable cooking oils.

As a Ghanaian and Africa, be encouraged to return to Eden. Sankofa is good. Palm oils, coconut oils and palm kernel oil are among some of the best organic edible cooling oils. This is the time to make a fortune of the looming cooking oil crisis. Get to Northern Ghana; families still cook with the Shea butter because its organic. Allow me to be your influencer to make healthy edible choices.

According to health-line "some seed oils, such as sunflower oil, vegetable oil, soy bean oil and canola oil, are considered to be 'refined". Seed oils are 'highly inflammatory and toxic' to the body, and should not be used when cooking. Refined vegetable oils were not available until the 20th century, when the technology to extract them became available. These are extracted from plants using either a chemical solvent or oil mill then often purified, refined, and sometimes chemically altered. Health-conscious consumers prefer oils that are made by crushing or pressing plants or seeds, rather than those produced using chemicals". Use more of the natural coconut and palm oils.

I have always said that my philosophy on body lotion is this - if the body lotion cannot be eaten, please don't apply in on your body. That's the main reason I use Shea butter. Its edible for food and good as body lotion. What will you do as a consumer? Should you be socking up to anticipated panic buying and rationing of the commodities due to sales in limited quantities. In Spain, Italy and Turkey the oil rationing is happening per reports. While biofuel uses be reconsidered in relation to edible cooking oil. How can Africa take advantage of this challenge and turn it into opportunity for its continents? The African Continental Free Trade Agreements needs to start mapping up some strategies to support the one market for Africa.

Where do we get that blue print? This one market must not be another talk shop. Its results must be easily accessed and verified. What lessons are commodities markets offering us in this looming global markets cooking oil crisis? We support your international trade needs. Think FoReal HR Services.

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CLIMATE CHANGE

# Allianz reinforces its commitment to net-zero strategy

- *Launch of guidelines for oil and gas business to accelerate the decarbonization of energy sector in the medium term*
- *Global business operations to be net-zero as early as 2030*
- *Sustainability Report documents Allianz's overall ESG performance*

Allianz Group is accelerating the deployment of its climate strategy and has announced new ambitious commitments in both its core business and operations. The company will limit the greenhouse gas emissions (GHG) deriving from Allianz's sites and activities in over 70 markets to net-zero by 2030, instead of 2050 as originally planned. For its proprietary Investment and Property & Casualty (P&C) businesses, as of January 1, 2023, Allianz will no longer invest in or underwrite new single-site or stand-alone oil and selected gas risks, oil and gas activities related to the Arctic and the Antarctic or extra-heavy oil and ultra-deep-sea risks. By the start of 2025, Allianz will require a robust 'net-zero by 2050' commitment from the largest hydrocarbon producers as a pre-condition for company-level insurance coverage and investments.

"In view of the current geopolitical situation, the reliable energy supply for households and companies must be reprioritized in the short term. Policymakers must now work together with the business community to define conditions that enable planning, and in addition enable the acceleration of renewables globally," says Günther Thallinger, Member of the Board of Management of Allianz SE, Investment Management and Sustainability. "However, we should not lose sight of the serious consequences of climate change. With these new guidelines, Allianz is strengthening its promise to contribute to an orderly decarbonization of the economy."

Allianz is committed to actively driving the transition towards renewable energy sources, supported by significant underwriting and investment capacity and appetite for renewable risks. Consequently, green energy projects of oil and gas companies will not be restricted in any way.

## Addressing the mid-term decarbonization of energy sector

Allianz started limiting financing coal-based business models in 2015, followed by restrictions in insurance in 2018, and aims to completely withdraw from the coal segment by 2040. To limit global warming to 1.5°C, the global economy needs to move away faster from fossil fuels. In a newly-released report, the Intergovernmental Panel on Climate Change stated that worldwide GHG emissions must halve by 2030 compared to 2020 levels. After targeting thermal coal as a key contributor to GHG emissions, companies and governments need to act to reduce GHG emissions from oil and gas.

Consequently, and with careful consideration of the geopolitical developments, Allianz has decided to adjust its investment and underwriting strategy for the global oil and gas industry. The new guideline complements the existing Allianz ESG Integration Framework and its sensitive sector approach.

## The oil and gas guideline in detail:

1. As of January 1, 2023, Allianz will not issue new single-site and stand-alone P&C insurance coverages (plus not renew existing contracts as of July 1, 2023) and will not provide new funding for projects in
   - exploration and development of new oil and new gas fields (upstream)
   - construction of new midstream infrastructure related to oil,
   - construction of new oil power plants,
   - practices relating to the Arctic (as defined by AMAP, excluding operations in Norwegian territories) and Antarctic, coal-bed methane, extra-heavy oil and oil sands, as well as ultra-deep sea. This pertains to both new and existing projects/operations.

2. As of January 1, 2025, we will only insure and invest in those oil and gas companies which have committed to achieving net-zero greenhouse gas emissions by 2050 in alignment with science-based 1.5°C pathways, across all three greenhouse gas emission scopes. This applies to major oil and gas companies with above 60 million barrels of oil equivalent production in 2020 that are estimated to represent about 85% of the hydrocarbon production of the oil and gas industry combined. Additionally, the companies should ideally align their operations and disclosures with the Climate Action 100+ Net-Zero Company Benchmark requirements.

3. As of January 1, 2025, we will tighten our oil sands approach and provide no insurance, facultative reinsurance or funding for companies with more than 10% (previously 20%) of revenue from oil sands across all lines of business.

4. Allianz will continue to support ring-fenced and stand-alone construction and operational insurance of, as well as project investments in green and low-carbon energy (including on/offshore wind, solar, green hydrogen and blue hydrogen, if lifecycle emissions of those projects are verified to be similar to green hydrogen) to facilitate the rapid deployment of these technologies.

"We are fully committed to supporting our clients with their transition plans to net-zero, until the changes come into effect in two years. The energy sector is currently undergoing a significant transformation, driven by technological innovations, which creates a tremendous business opportunity for new risk transfer solutions and services in the renewable energy space,", says Christopher Townsend, Member of the Board of Management Allianz SE Global Insurance Lines & Anglo Markets, Reinsurance, Middle East and Africa.

> *"For some years, we have already been using two important levers to reduce Allianz's internal greenhouse gas emissions. First of all, our 155,000 employees are highly committed to reducing their personal carbon emissions and are sensitized by internal campaigns. Secondly, our facilities, IT and fleet management are focused on renewable energy use and the reduction of business travel, waste, electricity and water usage*

## Targeting net-zero operations by 2030

Allianz has additionally accelerated its climate targets for its business operations and plans to reduce its GHG emissions by 50% versus 2019 by 2025. In order to achieve the net-zero target by 2030, the company plans to reduce its emissions by 70% versus 2019 by strengthening its environmental management and sourcing 100% renewable electricity by 2023. The key drivers will be the shift to a fully electric corporate car fleet by latest 2030 and a reduction of 40% GHG emissions deriving from travel activities by 2025. To address its remaining emissions, Allianz will use high-quality removal solutions focusing on promoting high performance of carbon removal.

In addition, Allianz will ask 100% of its global suppliers to have a public commitment to net-zero GHG emissions in line with 1.5°C degree path by 2025. Barbara Karuth-Zelle, Member of the Board of Management of Allianz SE, Operations, adds: "For some years, we have already been using two important levers to reduce Allianz's internal greenhouse gas emissions. First of all, our 155,000 employees are highly committed to reducing their personal carbon emissions and are sensitized by internal campaigns. Secondly, our facilities, IT and fleet management are focused on renewable energy use and the reduction of business travel, waste, electricity and water usage. Finally, we are activating another powerful lever by sharing ambitious emission targets with our suppliers. Working together as one ecosystem, we will expand our climate impact, taking a significant step towards net-zero."

## Sustainability Report shows continued progress

Allianz Group has today released its 21st Sustainability Report, which shows the continued progress of the Group towards tackling pressing challenges such as climate change, inequality, and exclusion. The company has integrated sustainability further in core business processes, from creating a diverse workplace to reducing environmental impact and listening to customers. In 2021, employee satisfaction with the corporate culture (Inclusive Meritocracy Index) rose to 84 out of 100 points (2020: 78). Customers also gave Allianz high marks in 2021: 78 percent of Allianz entities had a Net Promoter Score (NPS) above market average or the loyalty leadership in the respective market.

REAL ESTATE

# Group Buying:

## *The new gamechanger in real estate*

*By Louisa Afriyie AFRANE OKESE*

With Ghana on its way to economic resurgence, exploring different options to reach your life's goals are highly critical to the finances of individuals looking to be home-owners. It is even more crucial, with increasing inflation on various goods, for individuals with a dream to own a home to explore the option of group buying.

Group buying is an exciting new trend gathering attention from stakeholders in the real estate market across the globe. Uncommon to the Ghanaian society, this may well be the ticket owning your dream home. The idea is to have a group of like-minded friends or family, with a mutual goal of owning a home, to pool their resources together. These days, group buying has become worthwhile for home buyers looking forward to getting significant discounts. It is about time Ghanaians explored that option.

Group buying offers the opportunity to approach real estate developers either directly or through an agent to negotiate prices, land sizes, home spaces, discounts, among others, which would otherwise be impossible for individual home buyers to achieve. This new trend has worked well since it ignited, and it is spreading like wildfire. It is seen as a win-win proposition.

The two biggest parts of the entire process is the desire of the home buyers and the negotiation. Once potential home buyers are set, they may connect through a third-party agent or a brokerage company and form a group. The company then goes to the developer with orders and negotiates for possible discounts. The developer, sensing a ready market to sell some properties, would agree to the discount or propose one. Normally, there is negotiation on discount which is higher than what is offered on individual purchase basis.

For buyers, instead of waiting for offers, would look to grow the buyers group size to build cumulative bargaining power. This presents a rich market size to negotiate better discount rates or price drops.

For developers, a ready market to sell many properties without spending anything on customer acquisition, advertising and marketing in general, is a dream and a gamechanger as they get to reduce the cost of selling. These savings on brand marketing can be transferred onto the home buyers as extra discount. It makes absolute sense to negotiate with groups of buyers and strike a deal that brings in substantial amounts of much-needed liquidity immediately than approaching single potential buyers at huge, committed marketing expenses. It affords developers the chance to sell faster and invest into other real estate immediately.

For majority of Ghanaians, real estate is the most expensive purchase they will ever make and payment options such as homes loans and mortgages are still misunderstood. Hence, the individual's reluctance to find suitable options to buy a home. Even so when the economy is quite volatile under the circumstances. Before jump straight into a group purchase, make sure you understand the terms and intricacies of the negotiations and discounts.

*Louisa Afriyie Afrane Okese, Business, real Estate and Lifestyle Expert*

# The E-levy blues


By Kwadwo ACHEAMPONG

In May, Ghana rolled out the implementation of the Electronic Transfer Levy Act 2022 (Act 1075). This Act represents one of the most talked about in the history of our growing 4th Republic.

The furore it created in Parliament, the media and private conversations did not end with the passage of the bill and subsequently was assented to by the President. Passionate discussions have been held and they will, undoubtedly, continue for some time to come.

## The Act

Act 1075 imposes a tax of 1.5% on select electronic transactions. The Ghana Revenue Authority (GRA), the government agency charged with the implementation of the Act, states that the levy is charged at the time of the electronic transaction. The levy applies to the following transfers:

- Mobile money transfers done between accounts on the same electronic money issuer
- Mobile money transfers from an account on one electronic money issuer to a recipient on another electronic money issuer
- Transfers from bank accounts to mobile money accounts
- Transfers from mobile money accounts to bank accounts
- Bank transfers on an instant pay digital platform or application originating from a bank account belonging to an individual subject to a daily threshold to be determined by the Minister of Finance.

## The authority further lists the charging entities as:

- Electronic Money Issuers
- Payment Service Providers
- Banks
- Specialised Deposit Taking Institutions
- Other Financial Institutions prescribed by Regulations made under the Act

## According to Section 2 sub-section 2 of the Act, the levy does not apply to:

a) A cumulative transfer of one hundred Ghana Cedis (GH¢ 100) a day made by the same person
b) A transfer between accounts owned by the same person
c) A transfer for the payment of taxes, fees and charges on the 'Ghana.gov' system or any other Government of Ghana-designated payment system
d) Specified merchant payments
e) Transfers between principals, agent and master-agent accounts; and
f) Electronic clearing of cheques

Significant to note, the charge does not also apply to international inward transfers. Therefore, Wofa Kwasi, who regularly receives remittances regularly from his niece Adwoa in Germany won't have the levy deducted from his receipts of money she sends.

Many transfers by mobile money are quite small amounts but a majority would, most likely, be more than GH ¢ 100 a day per person. It is usual for people to transfer more than GH ¢ 100 in a day, even if it is not every day. Undoubtedly, the fear of many people will be realized- their transactions will be captured by the levy.

Many of us have begun re-evaluating the way we use the various MoMo platforms. There are those who have, understandably, vowed to forgo the convenience afforded by mobile money transfers to avoid payment of the levy.

Some have decided to make sure they keep within the limit. Others, too, have taken the decision to adopt various strategies, all in a bid to avert the situation where they will be levied. However, the question is: eventually, will we all forgo the convenience of electronic transactions as a direct consequence of the 'nuisance' of this levy?

## E-levy & investments

More important for the investment community is the implication for investments. Neither the Act nor GRA clearly prescribe how the law affects transfers for the purposes of settling investment purchases.

Investments already are subject to charges from service providers such as banks, regulators, market platform providers and investment management and brokerage service providers. The imposition of additional tax (from the E-levy) could be burdensome for all investors.

If, however, the E-levy is applicable directly to investment transactions in its implementation, clarity would arm investors with the choice of what mode of payment or transaction would be suit their purposes. The regulator, Securities and Exchange Commission (SEC), has intimated they will engage about this.

Taxes and levies are always unpleasant. In developed economies like the Scandinavian and Canada, tax rates are comparatively high. Those who live there do not, necessarily, find it pleasant but they realize it enables government to embark on certain policies for the benefit of residents.

They empower the governments to implement various social interventions which support quality life for the citizenry and residents in general. These include interventions in healthcare, education and housing for the most vulnerable in society. It takes money and it must be paid for.

A very important consideration is transparency. The public purse is public, not for private use. The public- you and I, need many things done: infrastructure, social services and, generally, for the machinery of government to run well for the benefit of citizens.

We have all had occasion to bemoan the use to which public funds have been applied. Worse, still, is the fact that no sunlight is thrown on certain expenditures until they are uncovered by the Auditor-General and presented to the Public Accounts Committee of Parliament.

## Section 7 of the Act, 'Submission of reports' states:

1) The Ghana Revenue Authority shall submit to the Minister (of Finance), quarterly reports on the performance of the revenues from the electronic transfer levy not later than one month after the end of the quarter.
2) The Minister responsible for Finance shall submit to Parliament a report on the funds accruing from the electronic levy transfers,

a. In the Mid-year review of the budget of that financial year covering the first half of the financial year; and
b. Within two months after the end of the financial year covering the second half of the immediately preceding financial year.

## Transparency matters

Reporting of proceeds from this tax and the use to which funds have been put is cardinal. We, the public who are paying this levy, either because of the use of mobile money platforms or bank transfers, ought to know.

We ought to assure ourselves that the levy, whose passage into law held parliamentary work to ransom for some weeks if not months, has been put to use in a manner that is right, fair and beneficial to us and generations after us. We would have this guarantee that the GHS 7.50 we pay as tax on the GH¢ 500 we transfer via MoMo is a part of the financing for a railway project to facilitate inter-regional trade, for instance.

To this end, although the proceeds, by law, are to be paid into the Consolidated Fund and the amounts so collected reported, it would be helpful to, additionally, show what the funds have been used for.

We recall how, across the country, the use of HIPC funds were shown on project billboards. The public could see clearly that those funds were being used for public projects that were not confined to any particular part of the country. This layer of transparency is important as it promotes confidence in our state institutions and their mandates.

Beyond duly collecting and paying proceeds into the Consolidated Fund, these funds should be tracked and reported separately. How they are used should also be disclosed. These would garner accountability and trust in government expenditures. This would dispel fears that we shall be duped and the monies shall be 'chopped-by-heart'. Disclosure could help, after so much misgiving from the moment the bill that led, eventually, to the Act was put together. We would gradually warm up to the Act and its implementation, supposed to rake in over GHS 6 billion annually.

## The times we're in

The timing of the Act and its implementation have been problematic, more because of the difficult times we are in. The economic stress, affecting all aspects of our daily lives, has dragged on since the advent of COVID-19 in March 2020 and has been made worse by the recent downgrading of the country's sovereign credit ratings by Fitch and Moody's, as well as Russia's invasion of Ukraine in February. It was, therefore, not surprising that there was open opposition to the passage of the bill for so long.

Now that it has been passed, the onus lies on Government and, specifically, the GRA, to account for collections and their use. Hopefully, revenue expectations will be met. More importantly, reports on collections and use will be done to engender trust in the work of state institutions.

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*Through his writings Kwadwo has discovered his love and knack to simplify complex theories spicing them with everyday life experiences to enrich and educate his readers. Feel free to send him your feedback on this article: kwadwo.acheampong@octanedc.com /+233 244 563 530*