

UK-Ghana Chamber of Commerce (UKGCC)

2022 Business Environment And Competitiveness Survey

February 2023

Vol. 1 – Abridged report



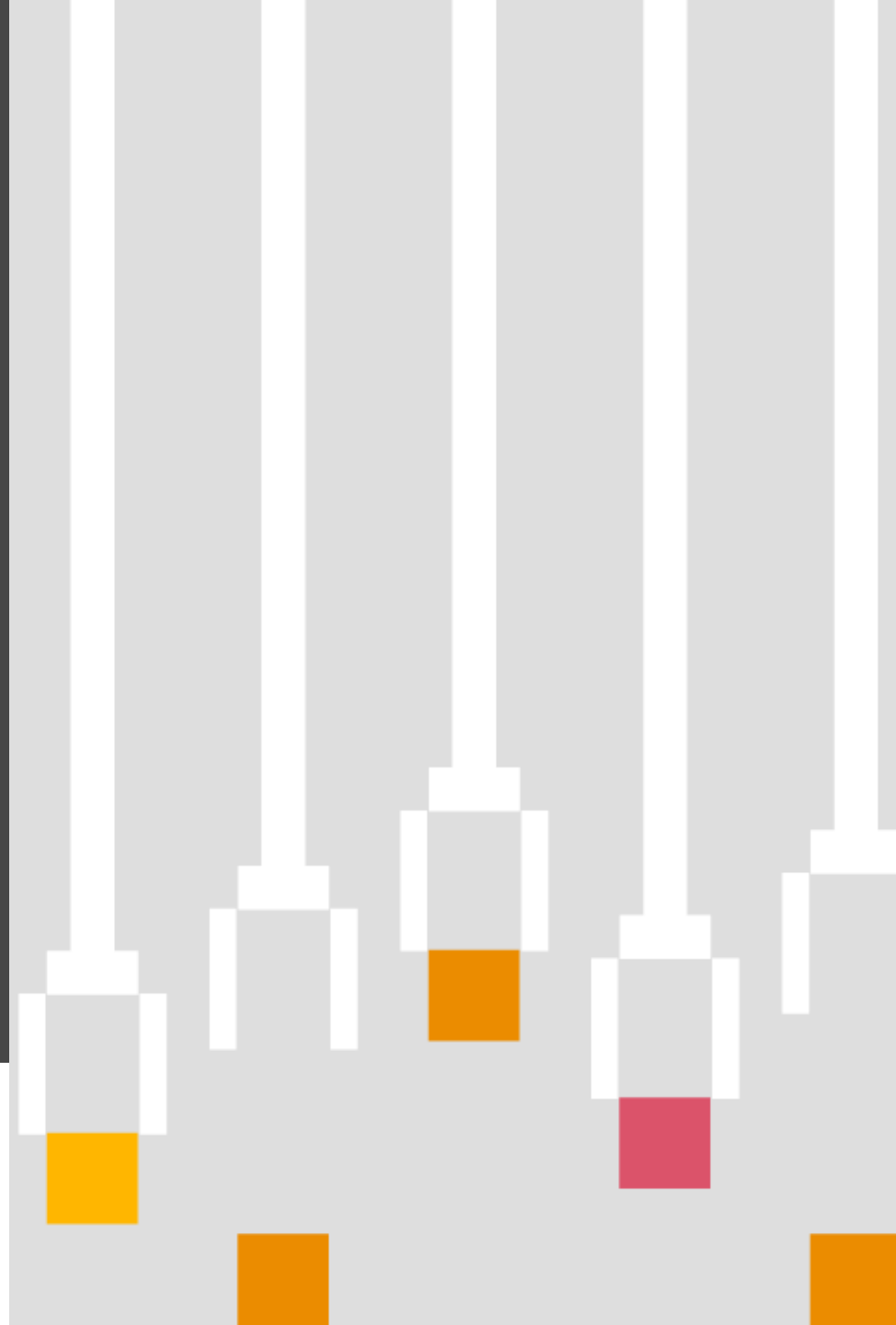
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Foreword



Foreword



At the heart of the UK Ghana Chamber of Commerce's (UKGCC) work is advocacy for business environment reforms to reduce costs and minimise risks for businesses in Ghana and enable growth in private sector investment. It is my pleasure to share the UKGCC 2022 Business Environment and Competitiveness Survey Report with you. As with previous years, the study sought to assess the situation of businesses in the second half of 2022, and their plans and expectations for the near future, thereby presenting both the challenges and opportunities for business in Ghana. The number of businesses who participated in the 2022 survey was 306 as compared to 47 in the 2021 survey: and ranging from small to large companies across 16 industries.

Now in its fourth year, the research team has been able to track trends on key business climate components over the past four years to ascertain either the progress or decline of these components.

Ghana, along with many African economies, while still recovering from the COVID-19 pandemic is reeling under the impact of the destabilising economic effect of Russia's war with Ukraine, together with global price increases in food and energy, escalating domestic inflation, growing debts and the depreciation of the cedi. The results of the survey is reflective of some of these recent developments.

The key takeaway from this edition of the report is that despite the current turbulent circumstances, there is an encouraging, yet cautious optimism for the future. It is therefore important for all business environment stakeholders, especially, Government of Ghana and policy makers and businesses, to plan for the risks and uncertainties and build the resilience to withstand any unanticipated shocks in 2023.

We are utmostly grateful to all the businesses that participated in the survey. Your responses contributed immensely to supporting our research teams' analysis on understanding the challenges and opportunities for businesses in Ghana. To reiterate, the UKGCC is committed to promoting the interests of businesses in Ghana and we are optimistic that the results of this report will serve as a reference and guide for government stakeholders, investors, businesses, and policymakers.

Thank you for taking time out to digest this report and, together with our institutional partners, the UKGCC will continue to deliver value for businesses in Ghana and to advocate for business environment reforms.

Anthony Pile MBE


**Chairman
UKGCC**

PwC's Remarks



As a member of the UK-Ghana Chamber of Commerce (UKGCC), PwC Ghana, was pleased, once again, to have had the opportunity to act as survey consultants/advisors for the UKGCC in producing its 2022 Ghana Business Climate Survey. We, at PwC Ghana, believe we are a community of problem solvers, and providing a platform for businesses to provide feedback to the stakeholders that manage and/or operate in the macroeconomic environment in order to influence policy and advocacy focus aligns with that belief. With the vast increase in the number of respondents – 306 this year as compared to 47 last year – we are confident that the results of the survey present a view of the business environment in Ghana that is even more representative compared to last year... and the picture does look fairly grim.

The corporate and business world has experienced several significant events over the years – ranging from financial crises, through political events, to health crises, such as the COVID-19 pandemic. While businesses take steps to resolve the challenges from these crises to remain competitive, PwC Ghana urges Government and other stakeholders to do more in addressing the problems and to sustain existing opportunities.

The survey found that, consistent with last year, businesses have a good view on the state of Ghana's utility infrastructure, generally. It is also commendable to note that perceptions of cost of land, availability of logistic partners, and access to land have all improved compared to last year.

On the downside, however, the survey suggests that the problem of corruption has worsened. This year, majority of the respondents voted corruption to be the most worrisome business component despite government's drive to kick out corruption. Inasmuch as some improvements were recorded last year, the regulatory framework, availability of power and legal system have all declined. In PwC Ghana's view these setbacks are well within Government's reach to improve, and should, therefore, remain high on the agendas of advocacy groups like business chambers.

There is no gainsaying that this report packs a lot of insights about Ghana's business climate today. We urge sharing it as widely as possible with the advocacy community comprising business, business chambers, multilateral and bilateral development partners, the media, etc., so that the indicators could be used to track Government's progress against its socio-economic development promise. As complex as governance is, we trust that improvements in the business climate is possible and must be demanded. We look forward to next year's survey to assess the progress made.

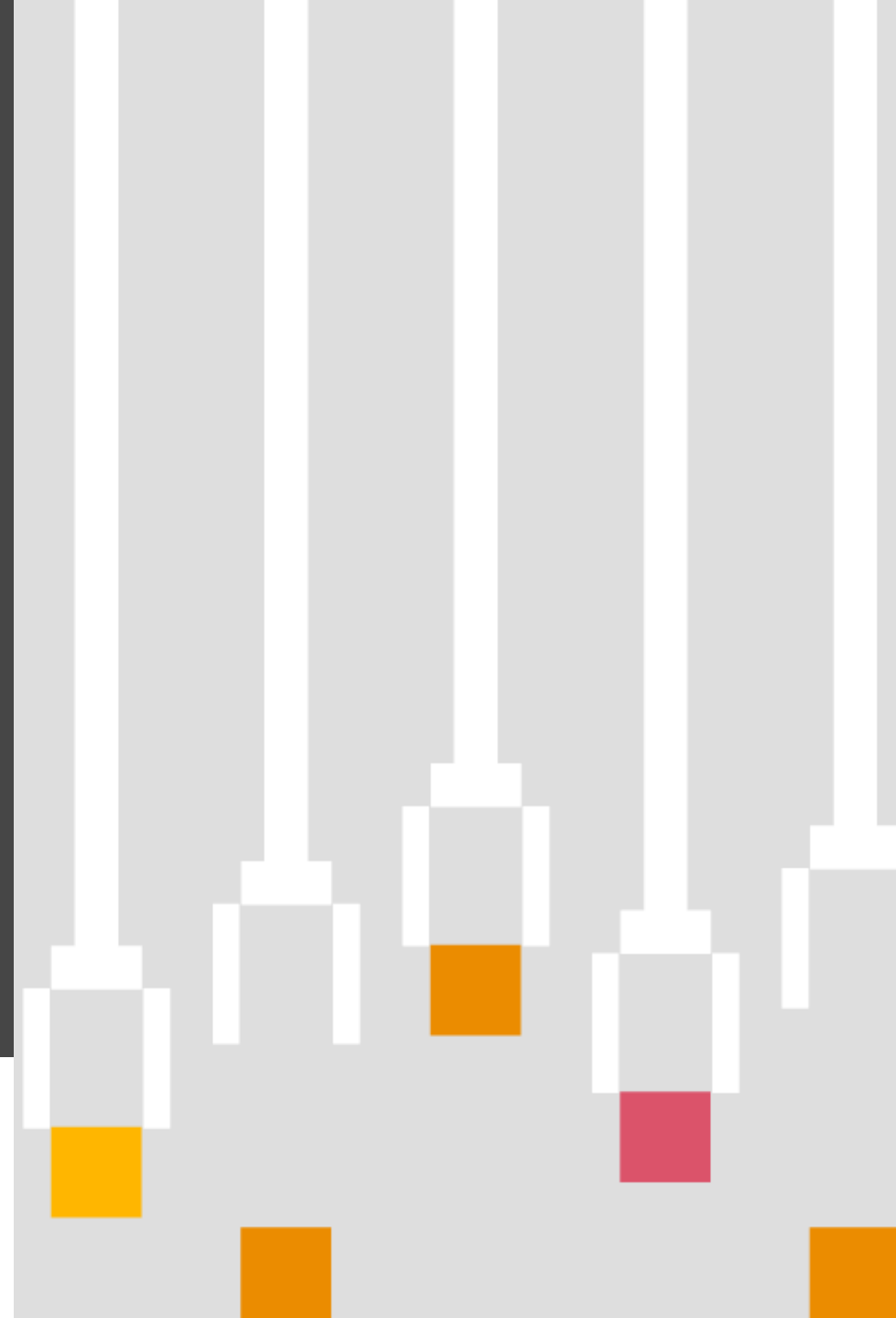
As always, we wish you happy reading... interrogate the findings more... ask questions... seek answers... together, let's find solutions!

A handwritten signature in black ink, appearing to read 'Vish Ashiagbor'.

Vish Ashiagbor
Country Senior Partner

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Executive Summary





Executive Summary

One of UKGCC's key focus is to see Ghana become a significant economic partner to the UK as an export market, import source, investment destination, and vice versa. As part of its mandate, the Chamber advocates for business environment reforms to reduce costs and minimise risks for its member businesses in Ghana and UK, and to enable growth in private sector investment. This year's report seeks to assess the economic conditions most businesses in Ghana deal with, and to understand their plans and future expectations.

Corruption appears to be the topmost challenge for businesses in 2022 – similar to opinions expressed by businesses in the previous survey – signalling the need for more attention. **Respondents believe the taxation policy as well as costs of power and land also pose economic challenges to doing business in Ghana.** It is good to note that cost of capital which was 2021's poorest rated business component was not deemed a great challenge in 2022, giving an indication that efforts made by the UKGCC and other stakeholders after last year's report has been successful in this regard.

It is no surprise that corruption has been highlighted as the most declined business component over the last five years, as it had been rated amongst the top business challenges over the years. This is worrisome as it appears the government's efforts to curb this menace have not yielded results – instead, the perception is that corruption has worsened over the years. **While corruption is seen as the worst performing component over the past five years, lack of transparency, high cost of power, an unfavourable taxation policy, and high cost of capital closely follow. Respondents believe these components have seen the least improvements over the past five years and as such require some focus from the government and its agencies in order to improve the business environment.** Last year, security was considered among the most declined business components over the past five years. However, this does not seem to be the case in this survey.

Ghana's available telecom facilities, cost and availability of potable water as well as availability of logistics partners are business components respondents believe are favourable to their businesses. Respondents in the previous survey largely held the same view suggesting these to be some of the strengths of doing business in Ghana.

In similar fashion, **respondents see the availability of telecom facilities as the most improved business component over the past five years with the availability of advanced technology closely following** – much like perceptions from the last survey. Respondents believe their businesses have seen an improvement in the availability and cost of logistics partners as well as increased presence of raw material suppliers.



Executive Summary

Cost of fuel continues to be the most expensive business cost identified by businesses – a stance most likely worsened by the ongoing Russia-Ukraine conflict which has raised global oil prices. **Cost of power, machinery and technology are also listed as costs which are beyond the budgets of businesses** exerting further pressure on already constrained business funds. These assertions mirror opinions held in previous surveys, and suggest a shape for advocacy, which is to focus Government's policy on direct business assistance interventions that would make the business and operating environment a lot more attractive to private sector investors.

Respondents suggest that the costs incurred to acquire skilled labour is among the most affordable their businesses incur – a consistent pattern over the years. **Local marketing costs, certifications and quality control costs, as well as locally sourced raw materials are also seen to be affordable in the Ghanaian business environment.** It appears respondents classified these costs as being affordable in the previous survey as well.

When asked to suggest **reforms expected of the government, businesses highlighted safety and security of investment as being top of mind**, especially since they believe that to be a crucial factor to making business expansion decisions. **Lower corruption and improved transparency was also high on the list of businesses' ask of Government and its agencies** – these latter two also occupied the top two positions of respondents' ask in the 2021 survey, a clear signal of the level of importance attributed to these reforms. Over the years, businesses have also noted that **Government must foster an effective regulatory reform and ensure a stable macroeconomic environment for businesses to thrive. Quicker approvals an effective bureaucracy are also expected** for the environment to improve.

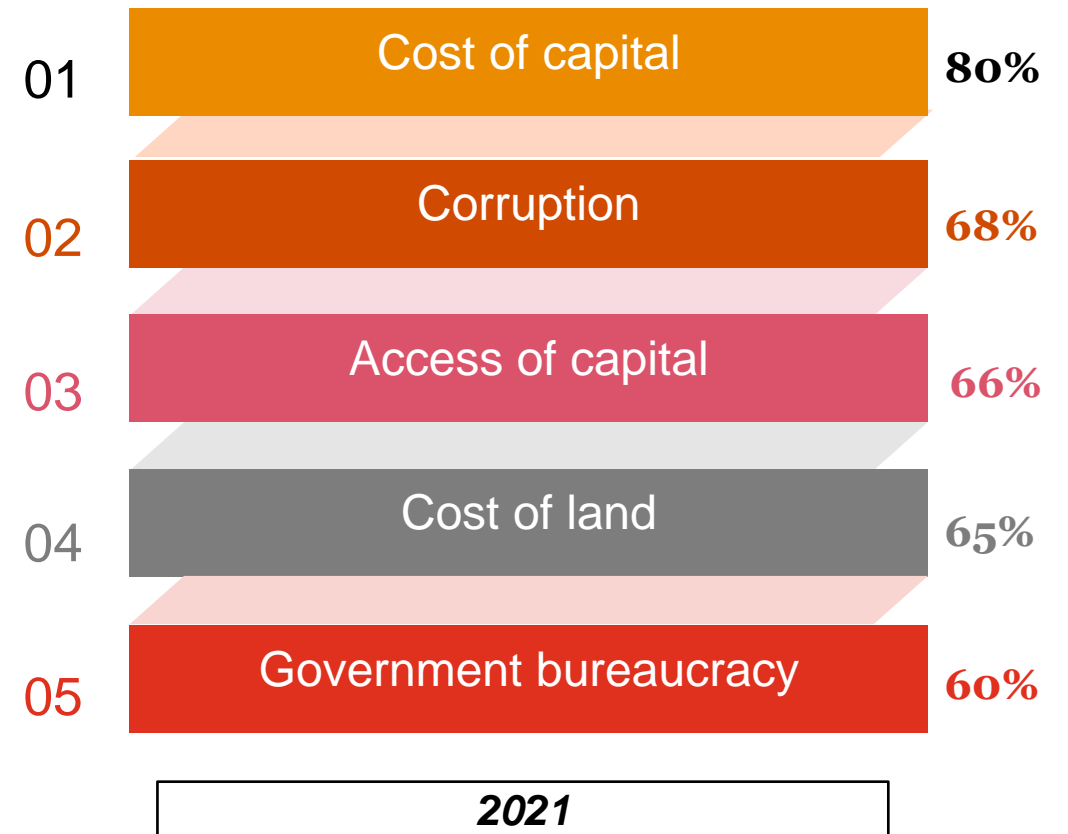
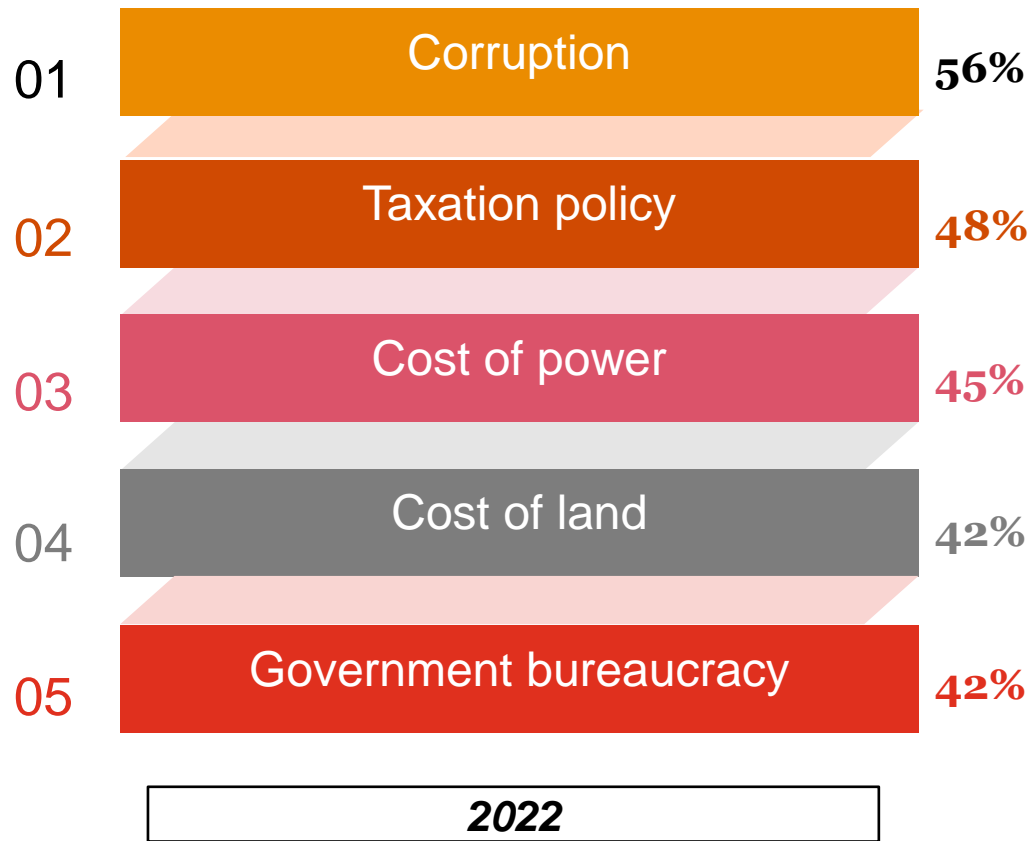
Businesses in Ghana believe they are already taking advantage of the African Continental Free Trade Area agreement and see their businesses as being competitive on the global market even three years from now. Businesses believe the key actions they need to take to improve competitiveness is the expansion of their capital base and the development of appropriate quality standards – this, they believe, will be enabled by the improvement in costs of doing business as well as an improvement in regulation and various policies that influence business in Ghana.

Generally, it appears that businesses perceives that the business environment in 2022 has improved over prior year's. Still, there is more work to be done, especially on the corruption front as it has been a major challenge mentioned over the years.

Executive Summary

Rating of business components (poor rating)

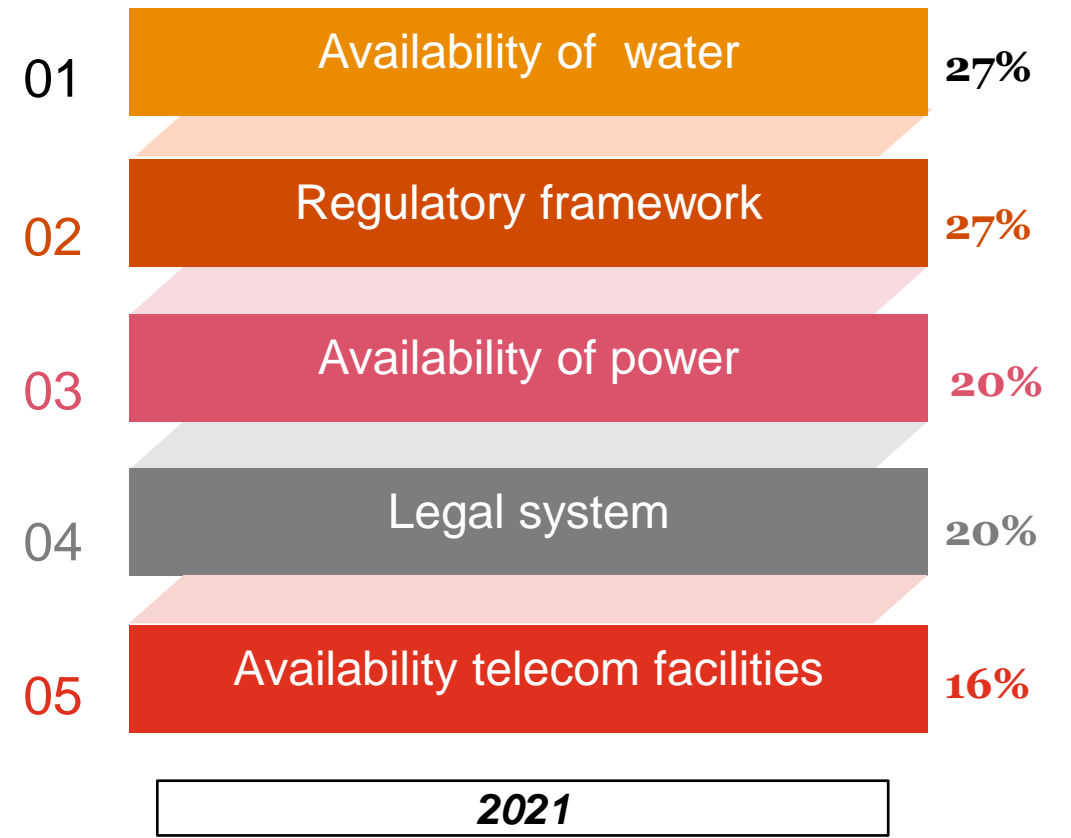
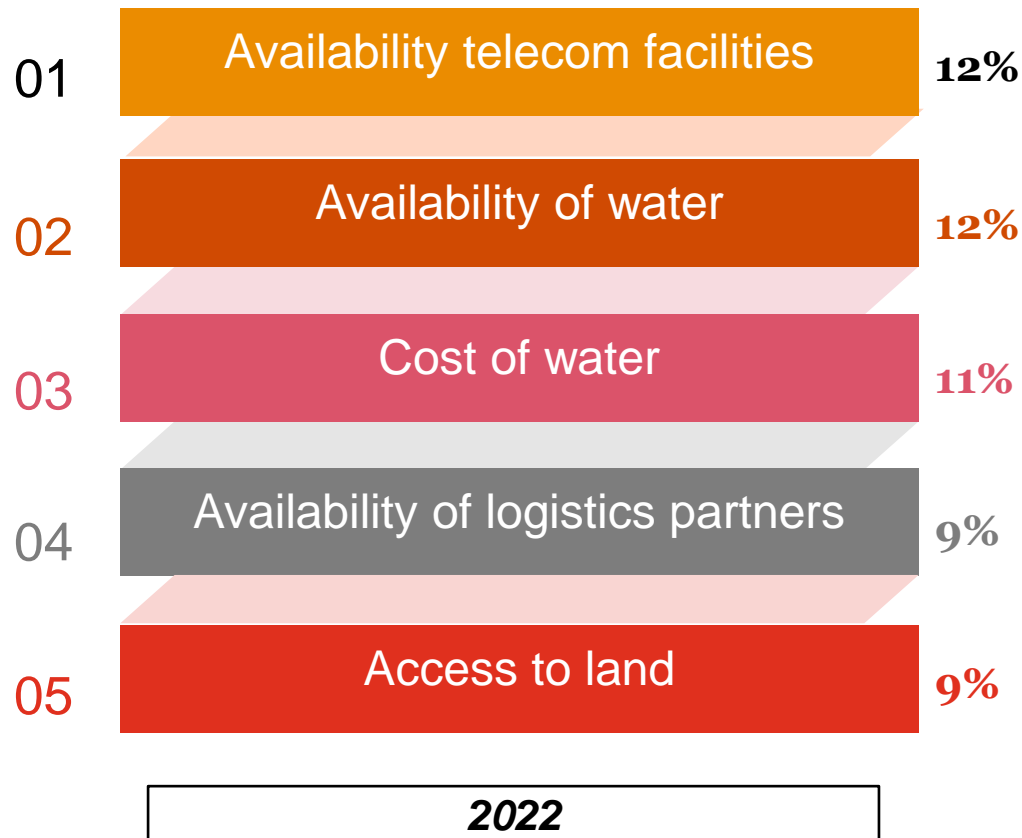
Corruption, which was the second poorly rated component in 2021 appears to be the component that requires the most attention in 2022. For 2022, the taxation policy and cost of power are also high on the list of challenges for respondents



Executive Summary

Rating of business components (good rating)

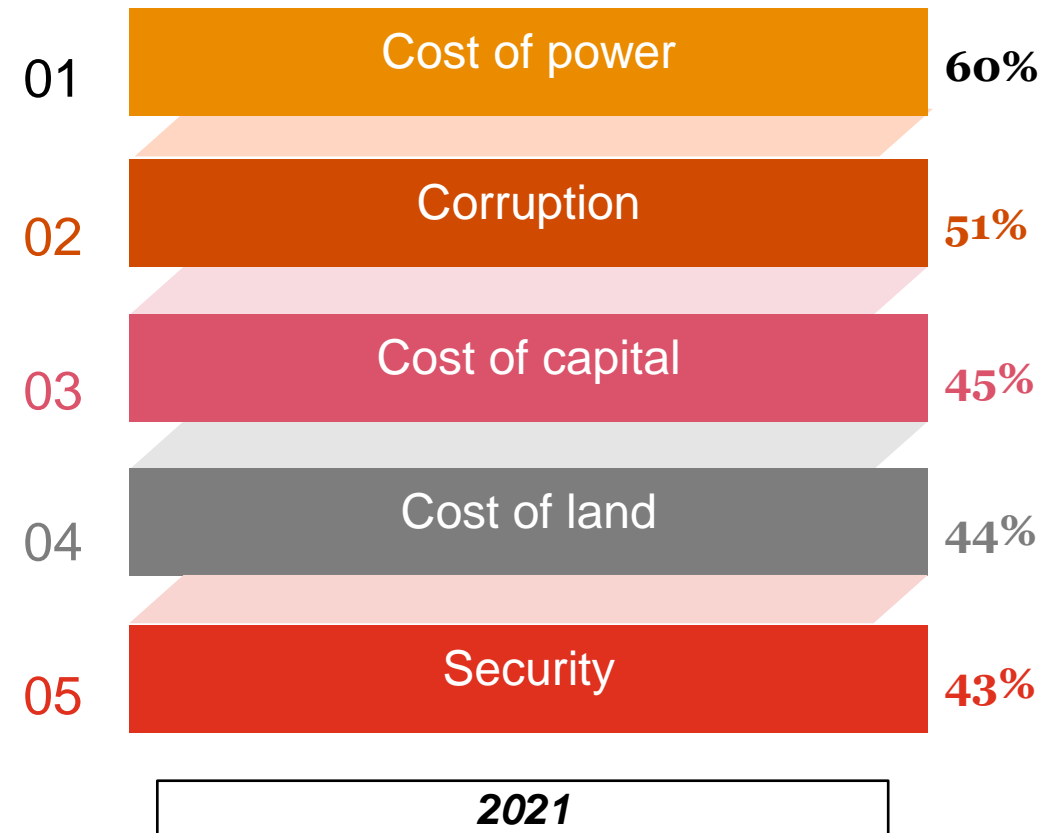
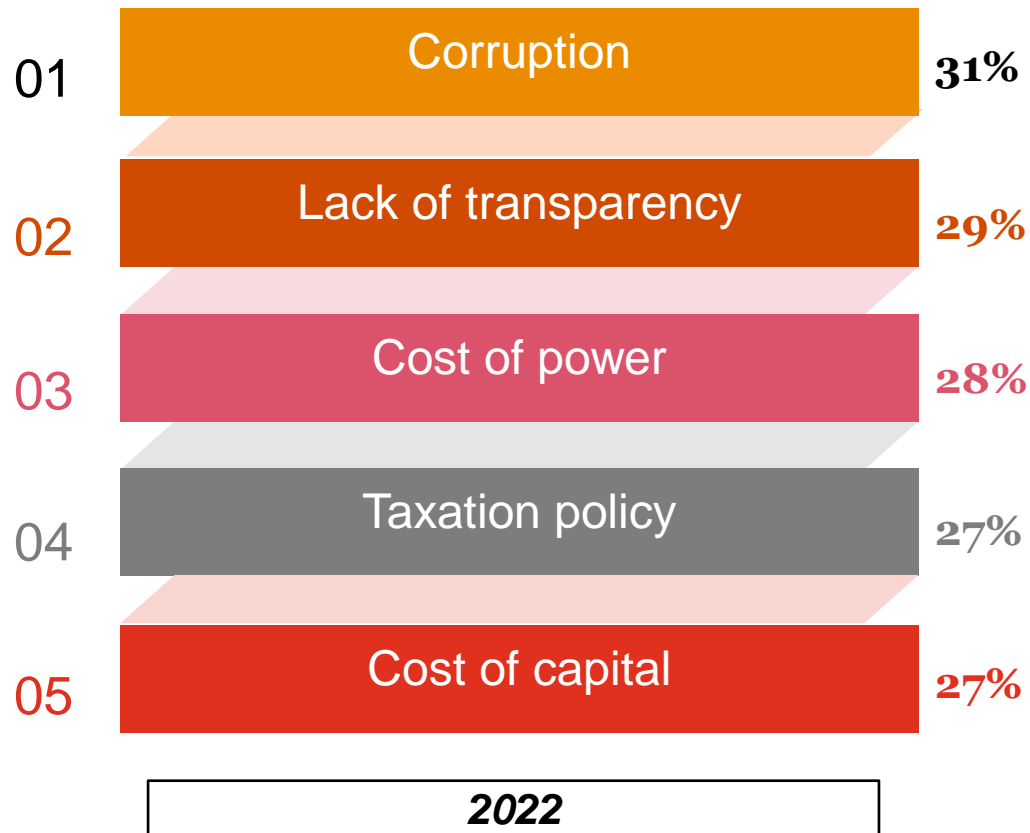
The availability of telecom facilities appears to have improved in 2022, while the regulatory framework, availability of power and legal system have declined. Respondents suggest that the cost of land, availability of logistic partners and access to land have improved in the year.



Executive Summary

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

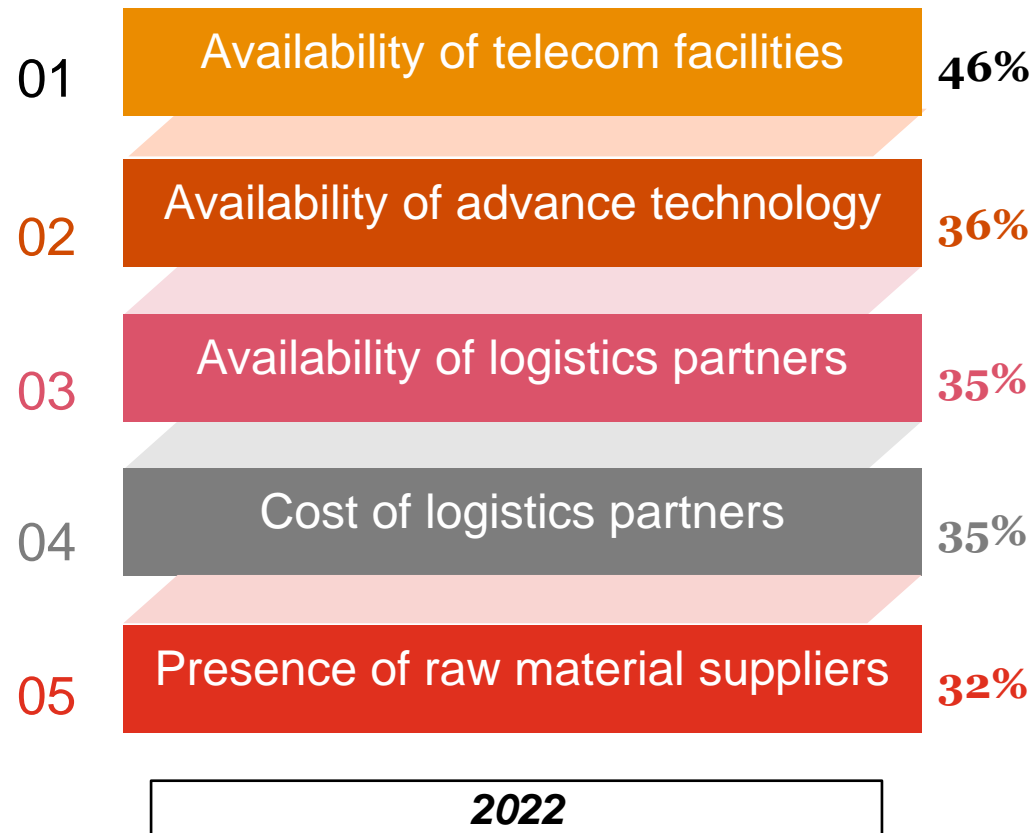
Similar to the worst rated component, corruption has been highlighted to be the most declined business component over the last 5 years. This is worrisome as it appears the government's efforts to curb this has not materialised. For 2022, respondents indicated that the lack of transparency has further declined over the period as well.



Executive Summary

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

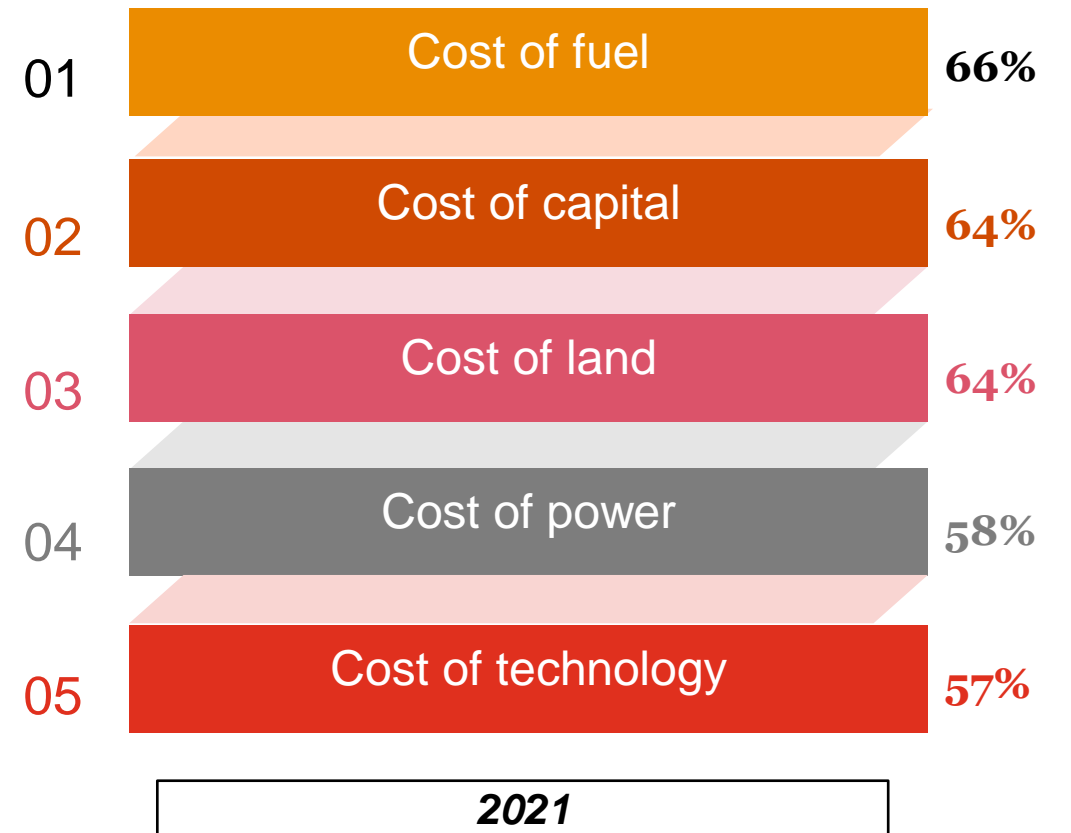
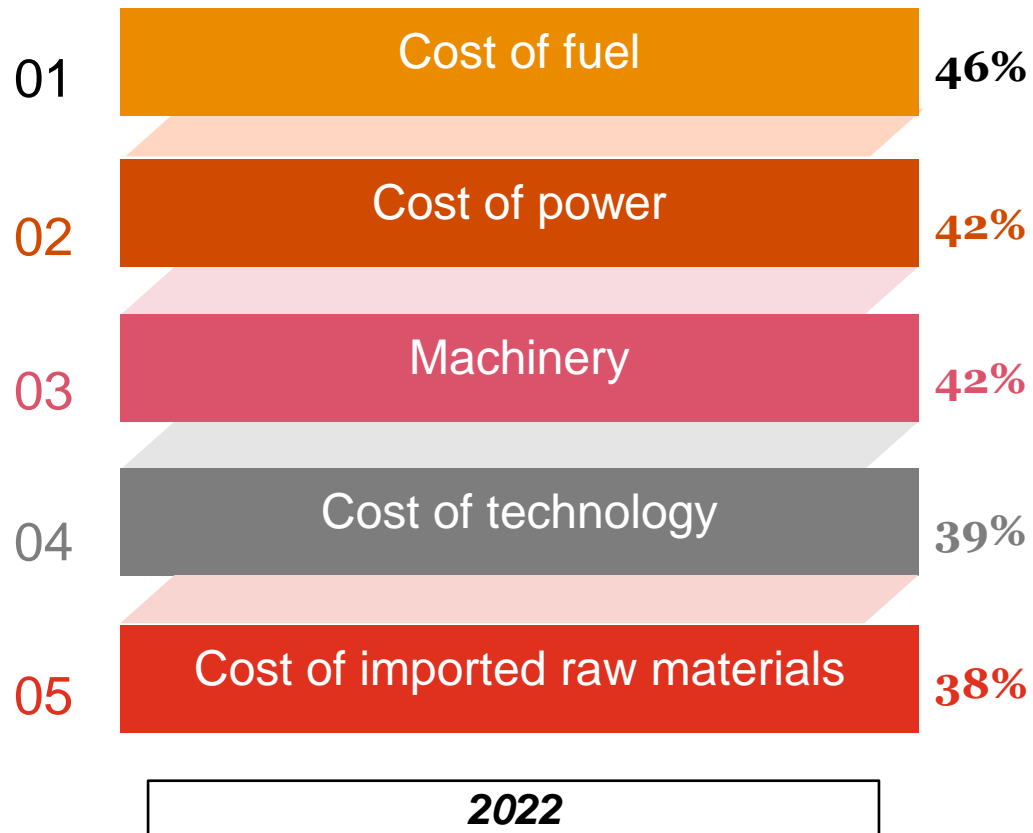
Responses in both years align with the availability of technology and the telecom facilities having improved the most over the last 5 years. For 2022, it appears there has been some improvements with the access to logistics partners – a good sign for businesses.



Executive Summary

Costs of business (most expensive)

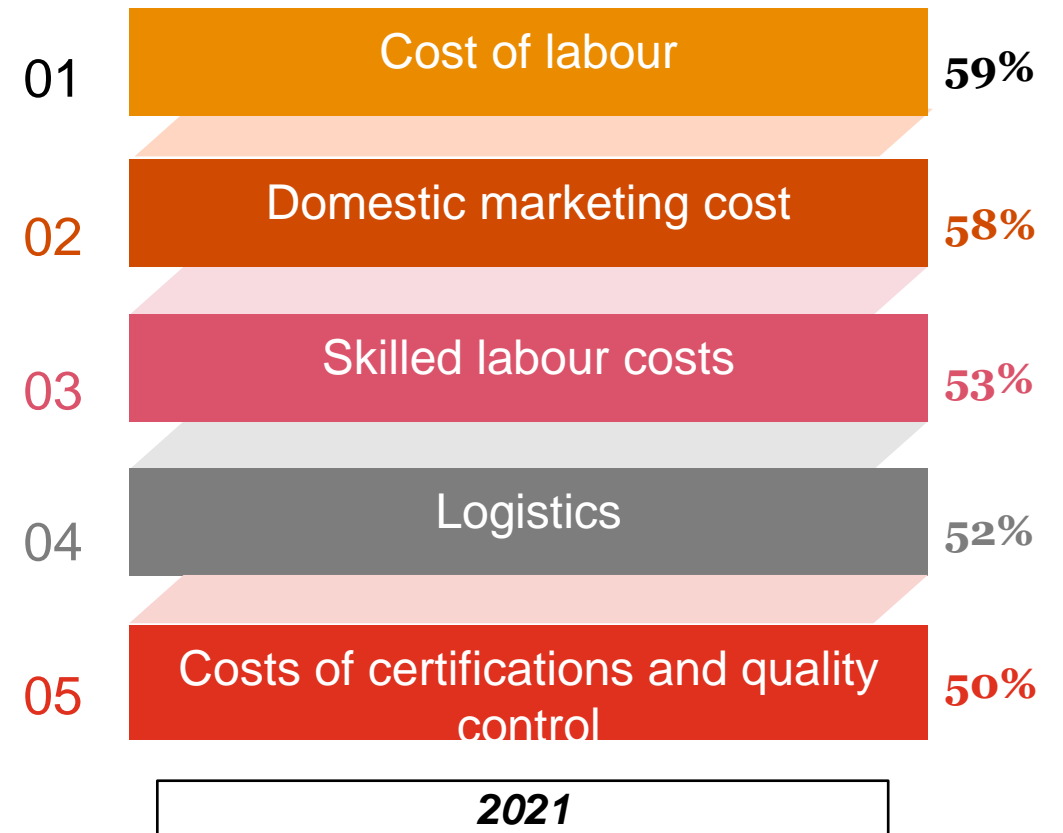
Cost of fuel remains the most expensive business cost. Cost of power and cost of technology continue to be a part of the top 5 expensive business costs.



Executive Summary

Costs of business (most affordable)

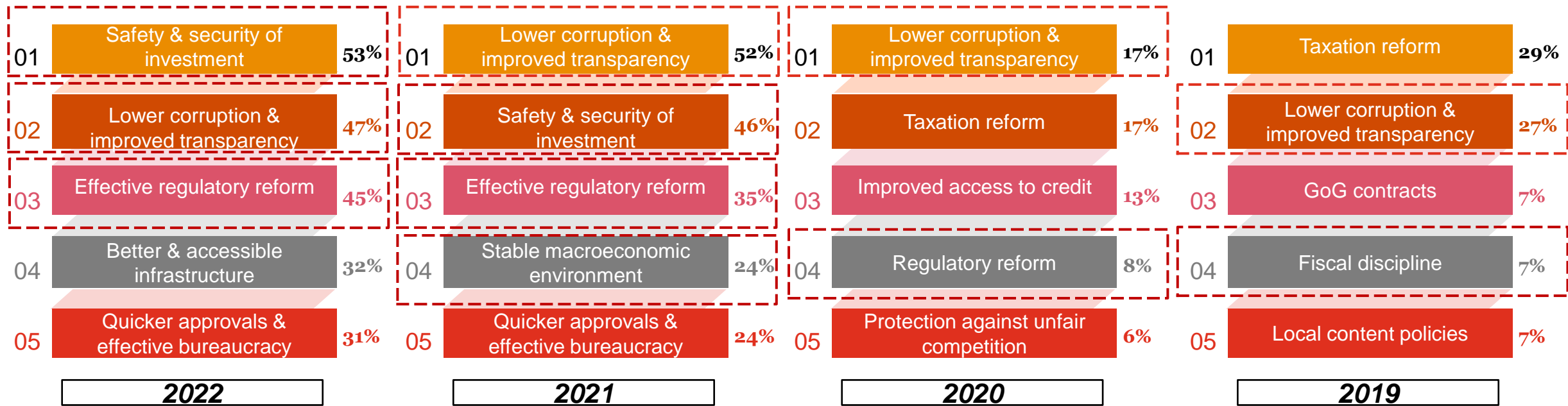
Cost of skilled labour and certification and quality control appears to have reduced from respondents perspectives. Locally sourced raw materials are among the top 5 most affordable costs in 2022. It seems similar costs were classified as being affordable over the two years giving some credibility to responses.




Executive Summary

Main reforms expected from the government

Lower corruption and improved transparency continues to be top on respondents ask of the government with effective regulatory reforms and the safety & security of investment closely following. Ultimately, respondents expect a stable macroeconomic environment that will enable their businesses to thrive in 2022.

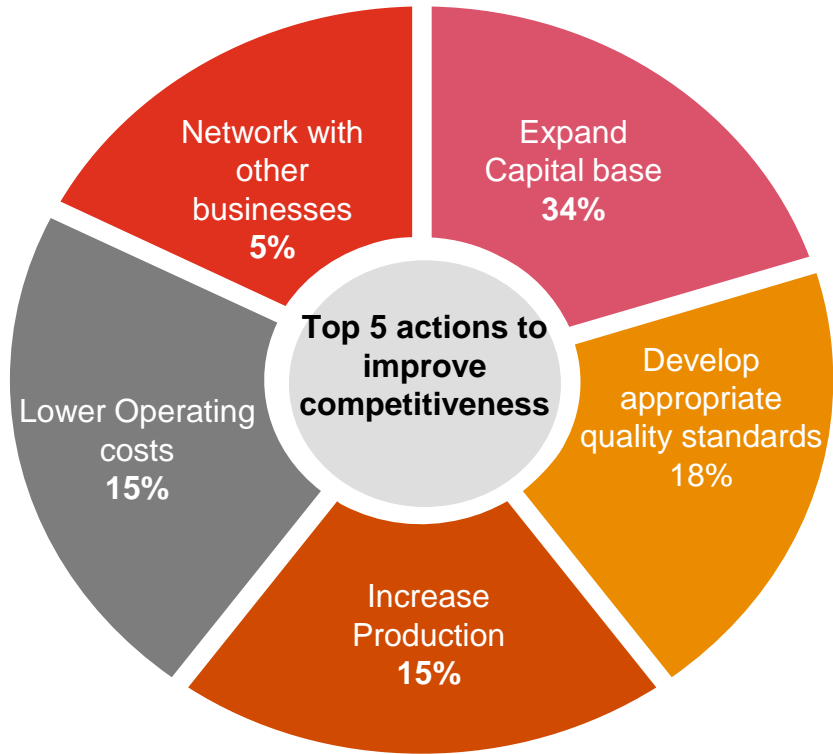
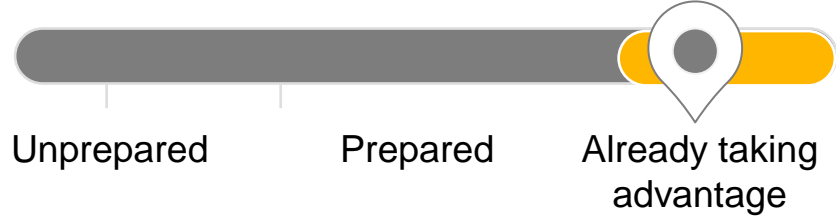


Key

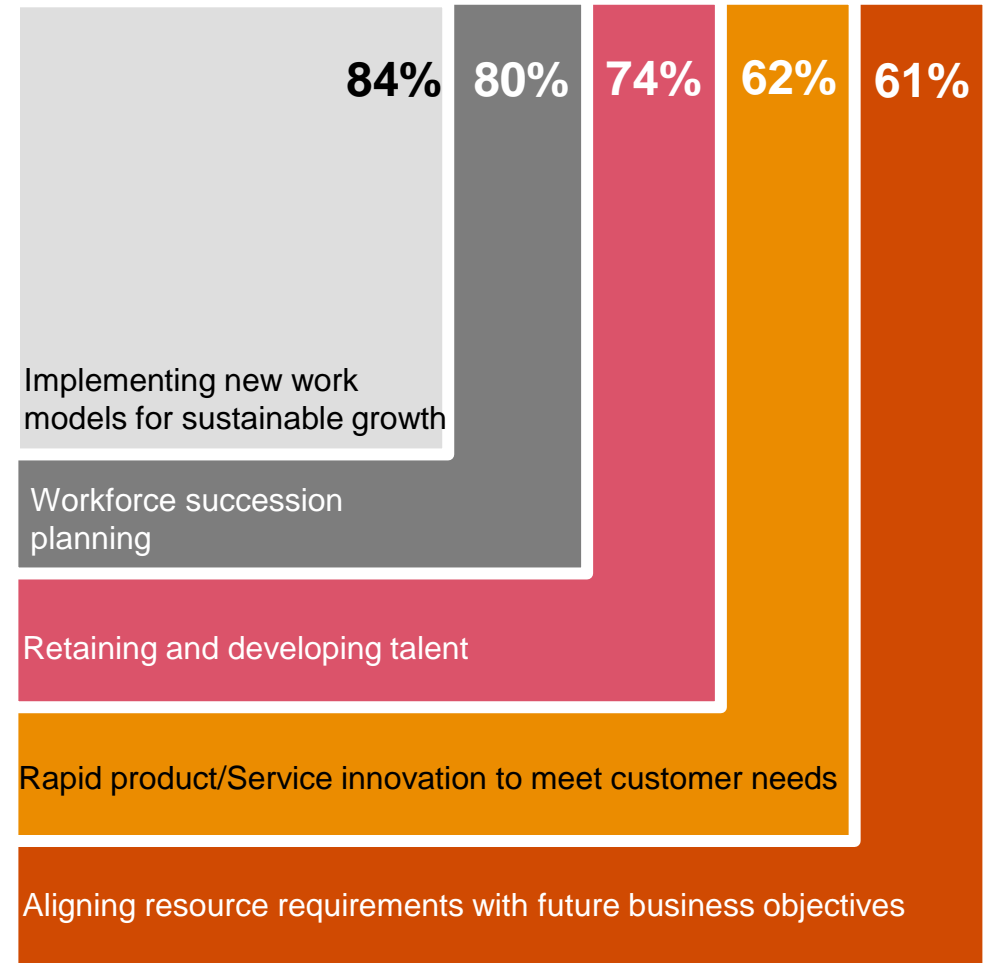
 Requires advocacy focus

Executive Summary

Are businesses prepared for AfCFTA as an opportunity?

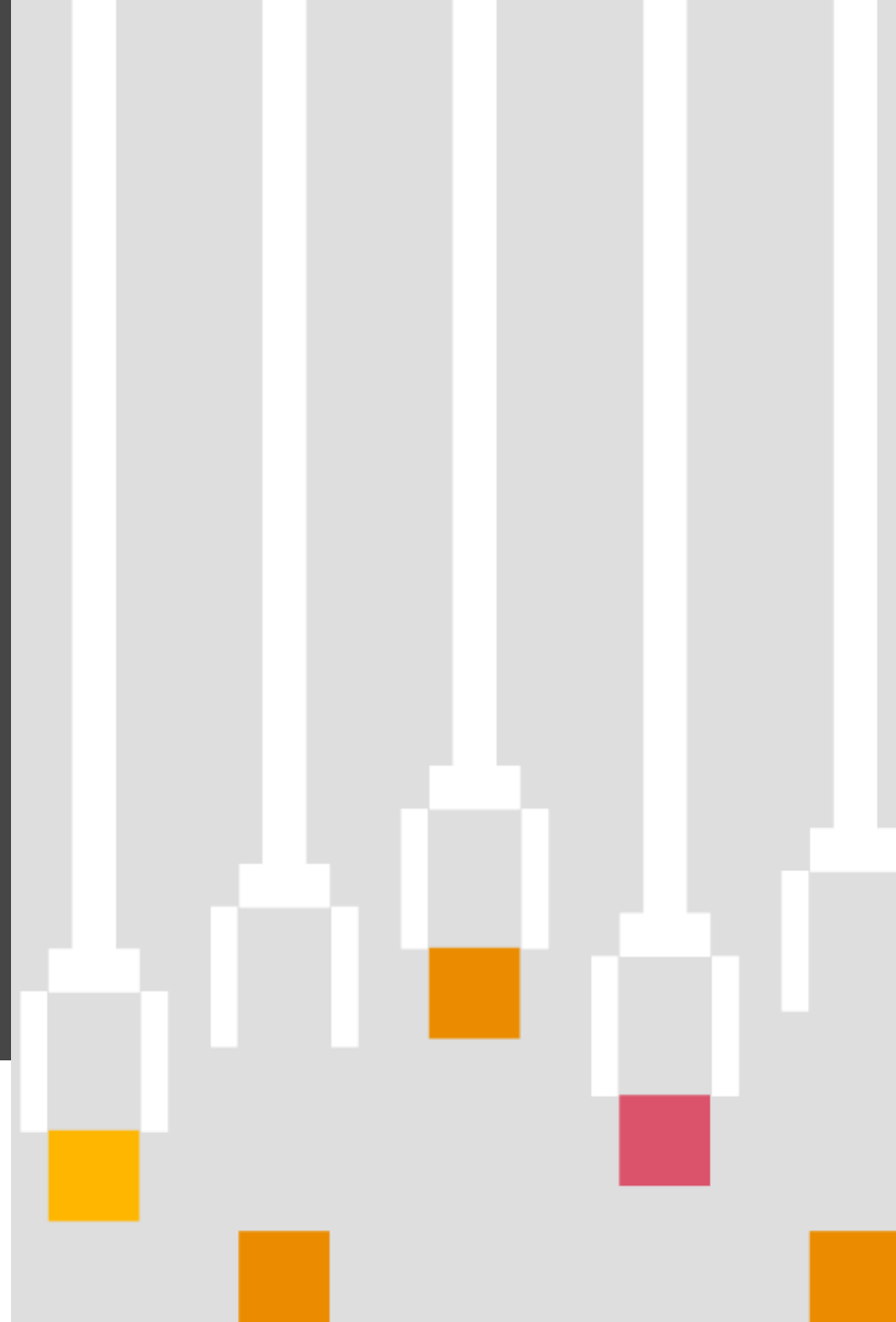


Top 5 priorities for businesses in the new normal



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About the survey

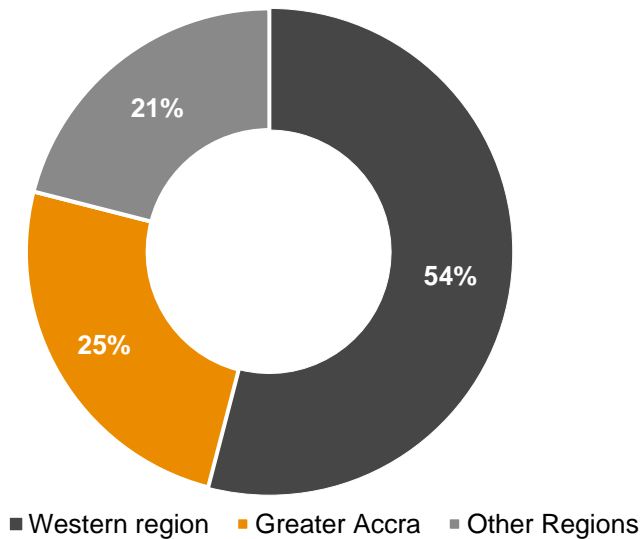


About the survey

The survey was conducted among member companies of the UK–Ghana Chamber of Commerce and other companies. The survey was taken by 306 respondents – an increase from the 47 businesses that participated in the prior survey of 2021. Respondents represented 16 industries and ranged from small to large companies.

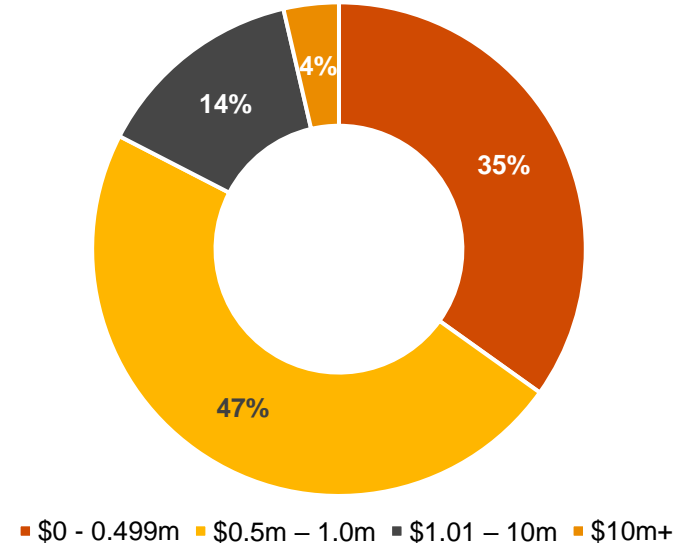
Unlike the prior survey, majority of respondents were from the western region with 25% being from the Greater Accra region a significant reduction from 91% previously. Respondents represented 14 out of Ghana’s 16 regions. Respondents from the western region comprised mainly of service-based businesses.

Fig. 1.1: Company Location



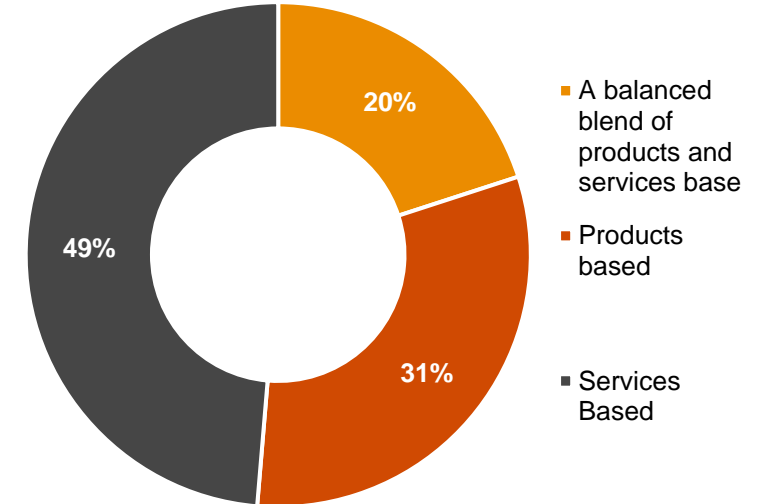
Majority of respondents this year had a turnover of between \$0.5 million and \$1 million with companies with revenues of over \$10 million being the least represented. In 2021, most respondents were from companies with revenue figures either below \$0.5 million or above \$10 million.

Fig. 1.2: Turnover in 2020



Much like in 2021, most respondents were from companies offering services to their consumers. Product based and companies with blended operations also had a similar distribution to the previous year.

Fig. 1.3: Type of business



About the Survey

Most (~68%) of the respondents had foreign shareholders and ~16% of these foreign shareholders held a controlling stake in the companies. A large portion of the companies were owned by shareholders from Europe and the United States of America. Asia and other advanced economies such as Canada, Australia and New Zealand were the least represented among the shareholders.

Unlike 2021, majority of respondents had shareholders from Europe and the United States of America. ~19% of foreign owned respondents had ownership from the United Kingdom. This year's survey had more respondents owned by other countries participating.

~68% of respondents were foreign owned – a massive increase from 2021 where only 28% had foreign shareholding.

Most (~80%) of the respondents were small (and micro) companies – an increase from 2021 – where 63% were small and micro companies. Large companies made up ~5% of total respondents – a significant reduction from 2021 (~27%).

Fig. 1.4: Shareholders' ultimate investing countries

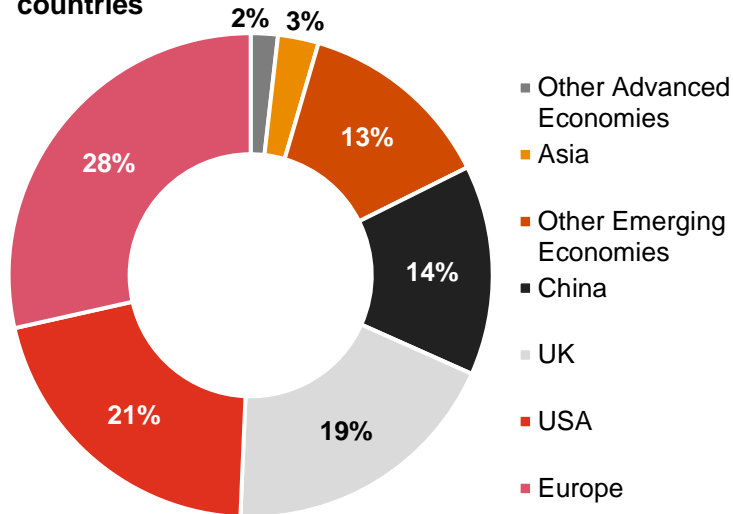


Fig. 1.5: Foreign shareholding

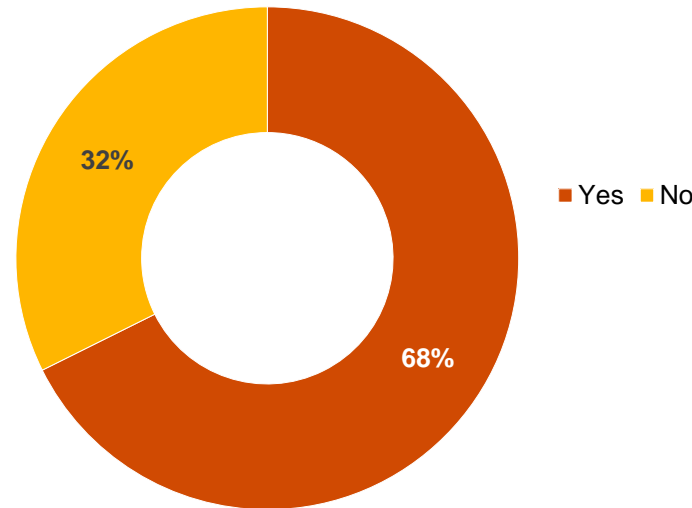
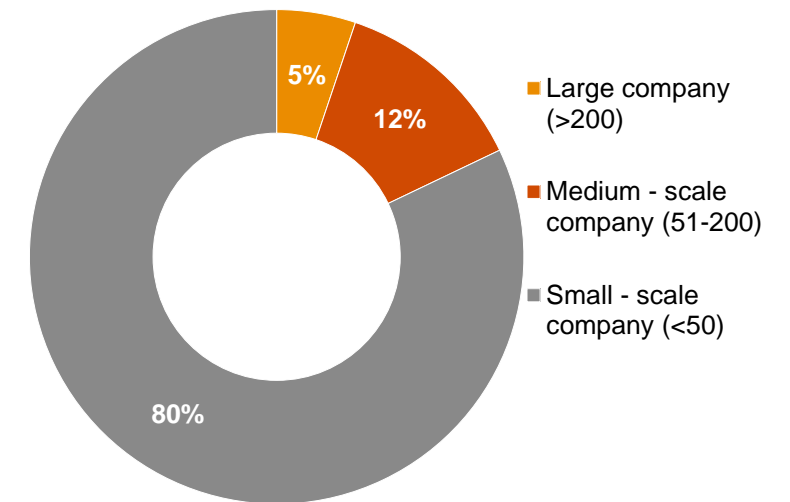


Fig. 1.6: Company size (by no. of employees)

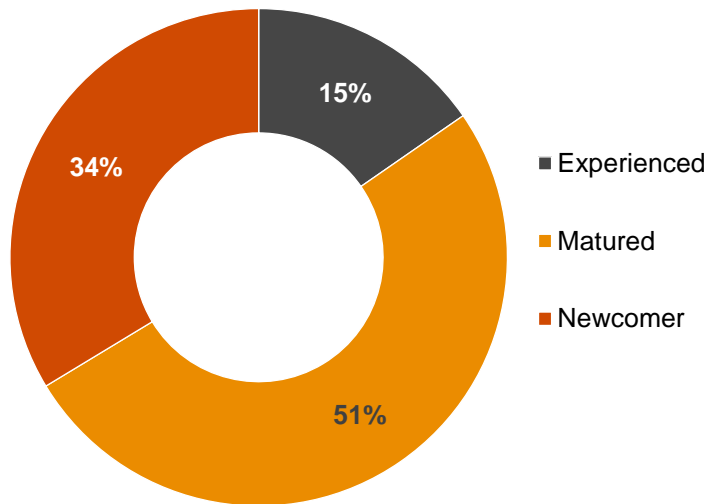


About the survey

Unlike in 2021, most respondents represented matured companies – we therefore had more seasoned companies who had been operating for sometime and could give perspectives on how the business environment had changed over the medium term. We had less experienced companies responding this year (~15%) compared to 2021 (~38%). The newcomer companies had a similar representation over both years.

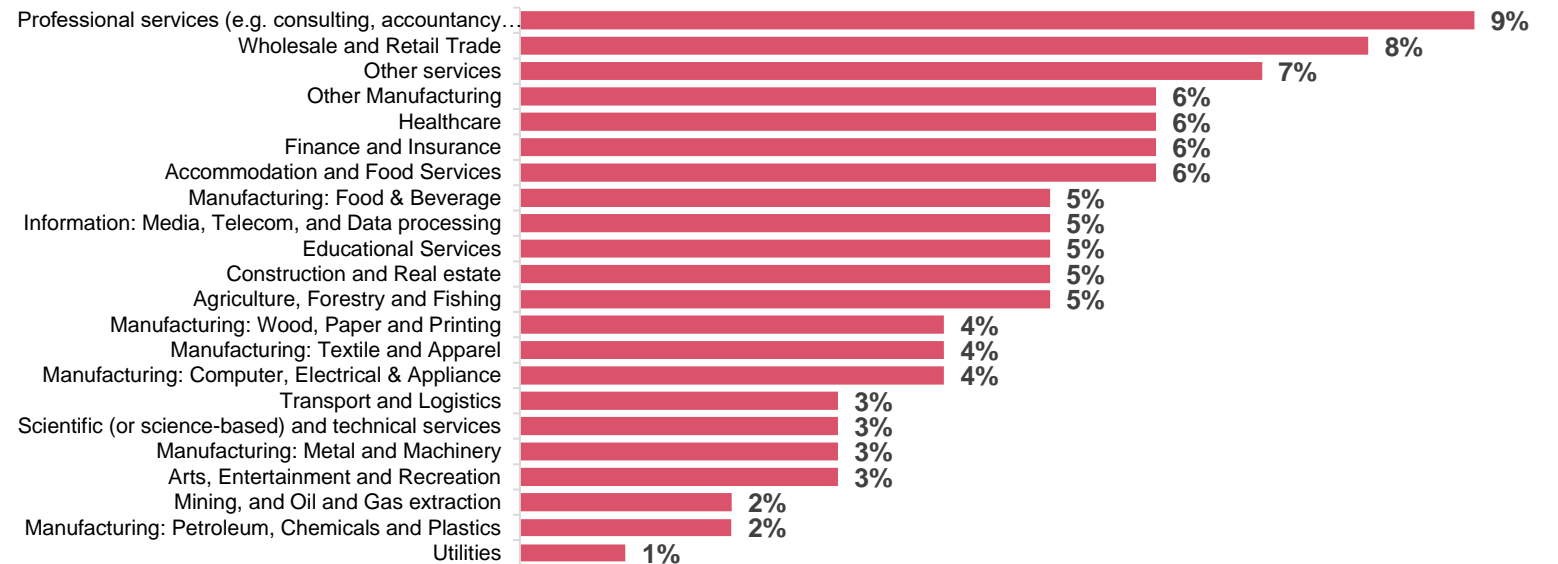
This year the majority of respondents were matured companies. These are companies that have been in operation for between 5 and 15 years. Companies which had been in operation for over 15 years were least represented in the survey.

Fig. 1.7: Company Age



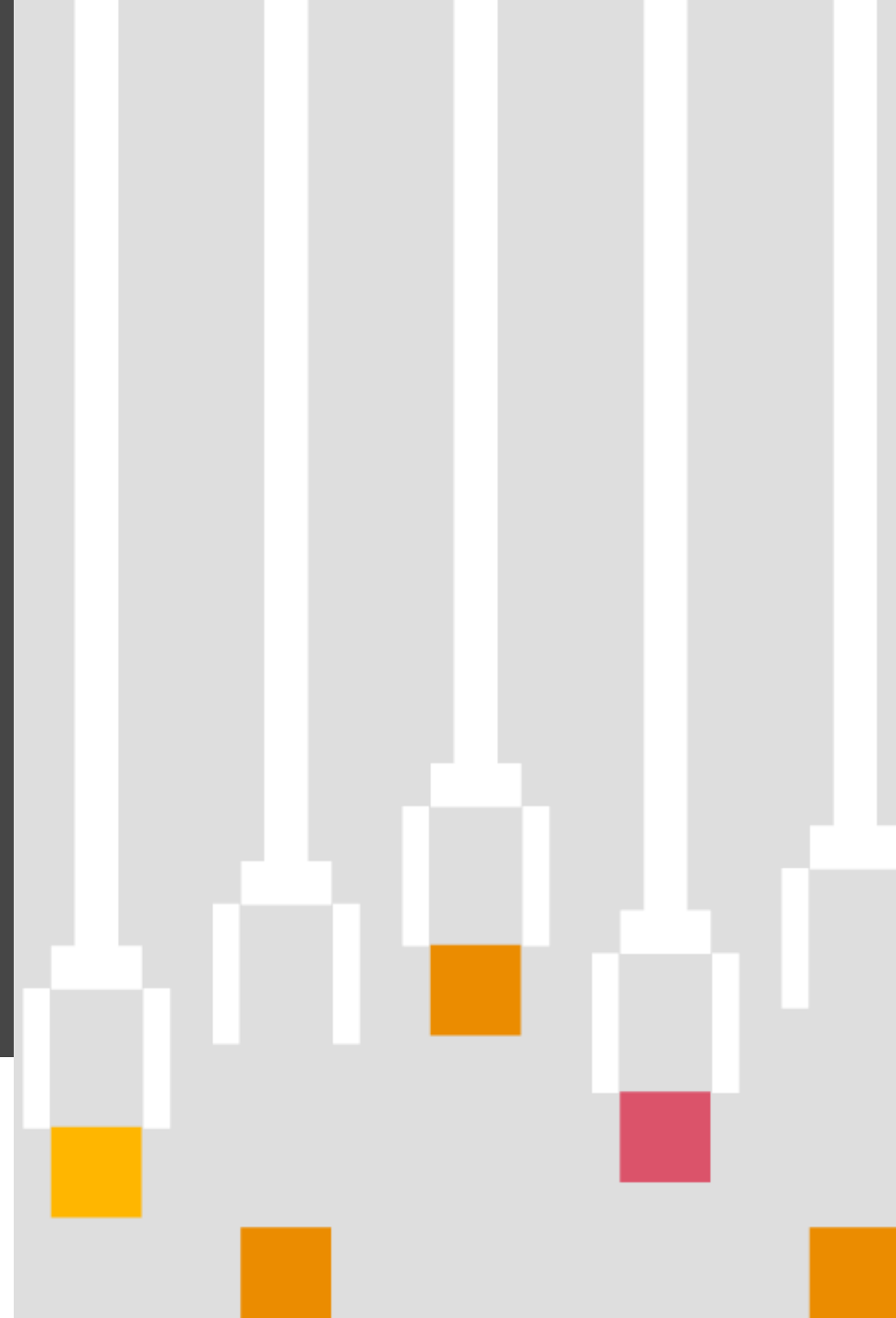
Unlike in 2020, and similar to 2021, most respondents were from the professional services and wholesale and retail trade industries – representing 9% and 8% of total respondents respectively. Manufacturing collectively was the topmost represented sector with ~28% of total respondents. We had more respondents from the healthcare, and accommodation and food industry – which was among the least represented in 2021.

Fig. 1.8: Industries Represented



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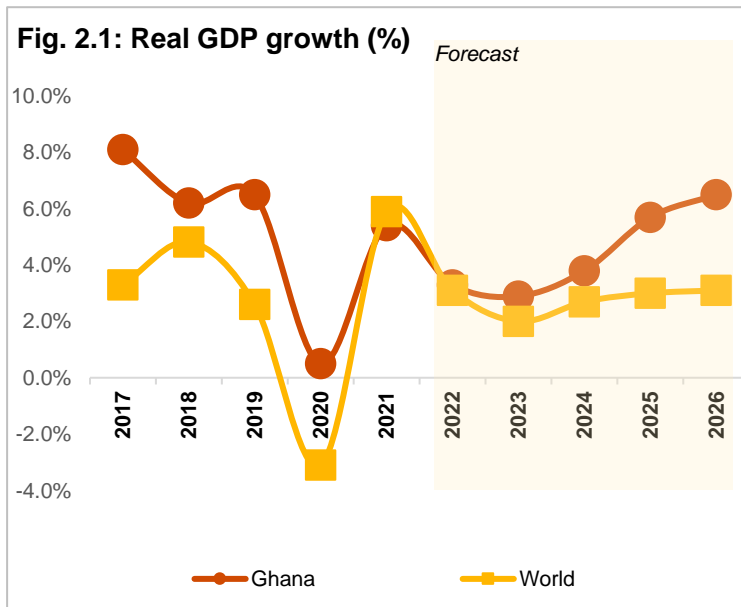
Macroeconomic Overview



Economic overview (1/2)

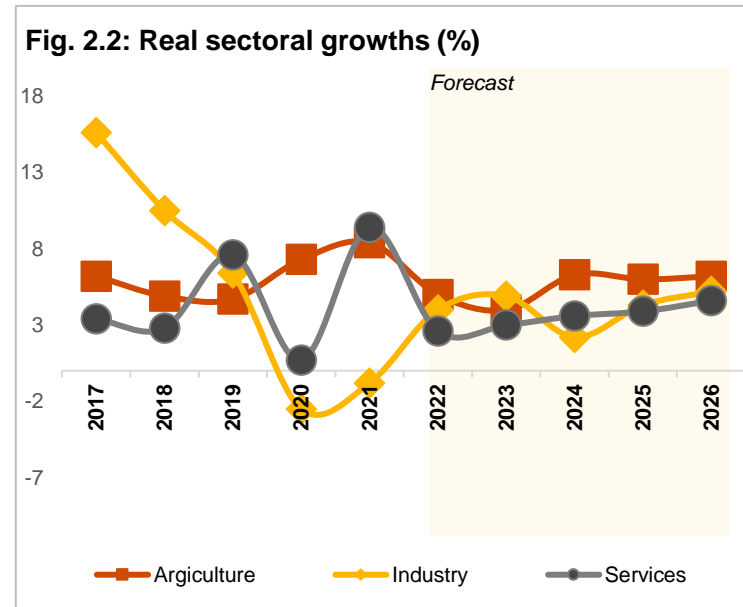
With soaring inflation levels occasioned by steep price hikes, growing debts and a depreciating currency, Ghana's economy appears to be facing some difficulties. International rating agencies such as Fitch ratings and S&P have downgraded the country's credit rating in anticipation of a likely debt restructuring despite an IMF bailout.

Historically, Ghana's economy has grown faster than the world economy. Post-COVID-19, economic recovery has been dogged by challenging circumstances. For instance, the Russia-Ukraine conflict has disrupted global commodity supply chains, setting off steep price climbs and domestic inflation. Real GDP growth is expected to rally beyond 2022.

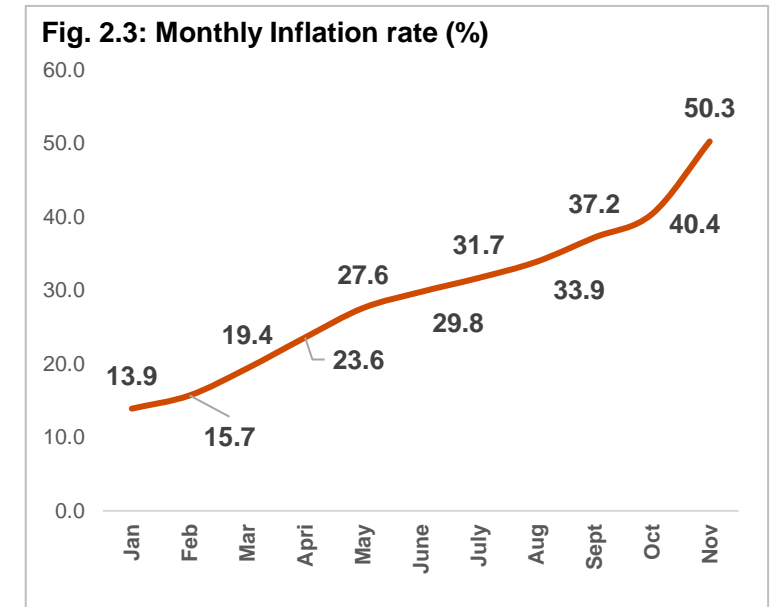


Sources: Fitch solutions, GSE, PwC analysis
 UK-Ghana Chamber of Commerce (UKGCC)
 PwC

Industry's growth slumped sharply during 2020 under the burden of mobility restrictions instituted during the COVID-19 pandemic but rose in 2021. Services too declined, then recovered strongly in 2021. While industry's march up is projected to continue in 2022, services and agriculture are expected to fall. Beyond 2022, all sectors are forecast to grow at increasing rates.



Inflation rose sharply to 50.3% in November up from 40.4 in the prior month which could largely be a result of the depreciation of the Ghana Cedi. The trend is likely to continue given the performance of the cedi.



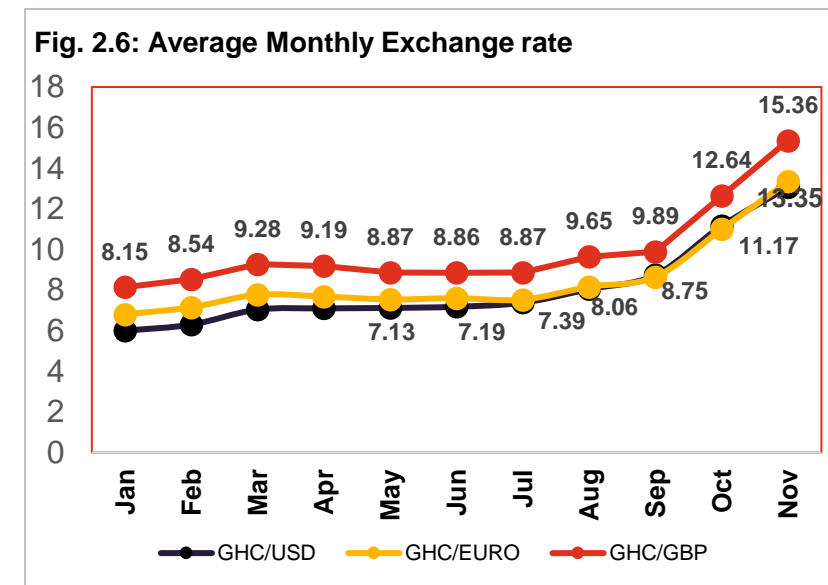
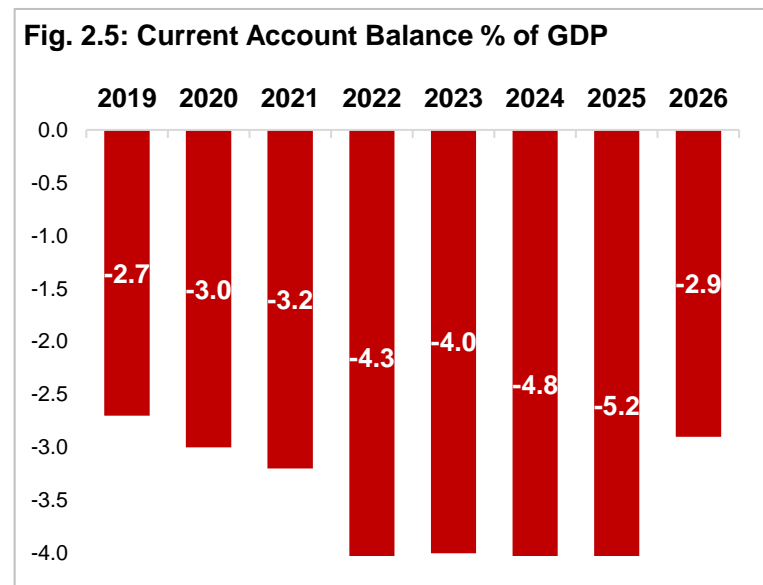
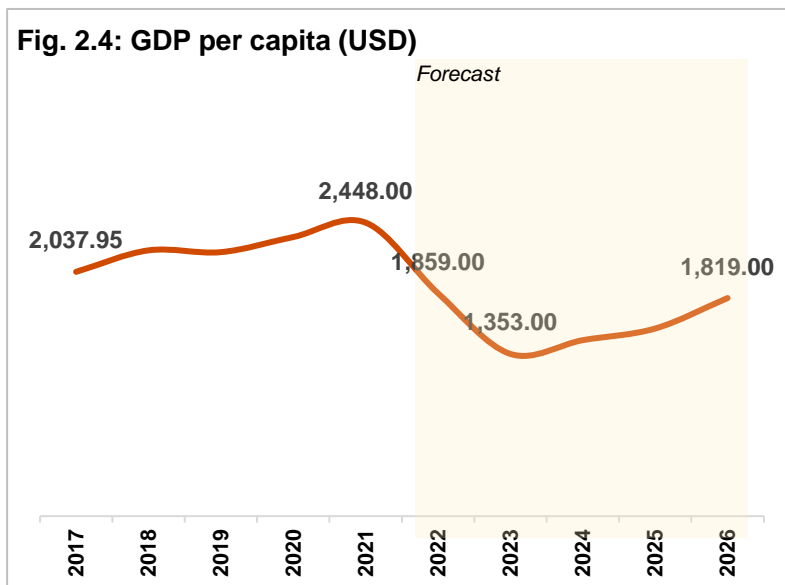
Economic overview (2/2)

The local currency has weakened significantly due to domestic and external factors such as increased demand for foreign exchange, the Russia-Ukraine war, and credit rating downgrades. The cedi has gradually depreciated with November experiencing the worse performance as the cedi slumped from an average of 11.17 to 13.1 per USD.

GDP per capita began to decline in 2022 and is expected to gradually pick up from 2023 to USD 1,819 in 2026. The decline could be related to the 27.2% rise in inflation in 2022.

Ghana's current account deficit is expected to further widen in 2022 from (3.2%) in 2021. 2026 projection of (2.9%) shows a better performance compared to previous years

The GH¢:USD depreciated to 7.39 in July and further depreciated extensively through to October. The bad performance of the cedi could be attributed to investors pulling out foreign capital into other countries. The cedi also depreciated to 13.35 and 15.36 to the Euro and pound sterling respectively in November 2022.



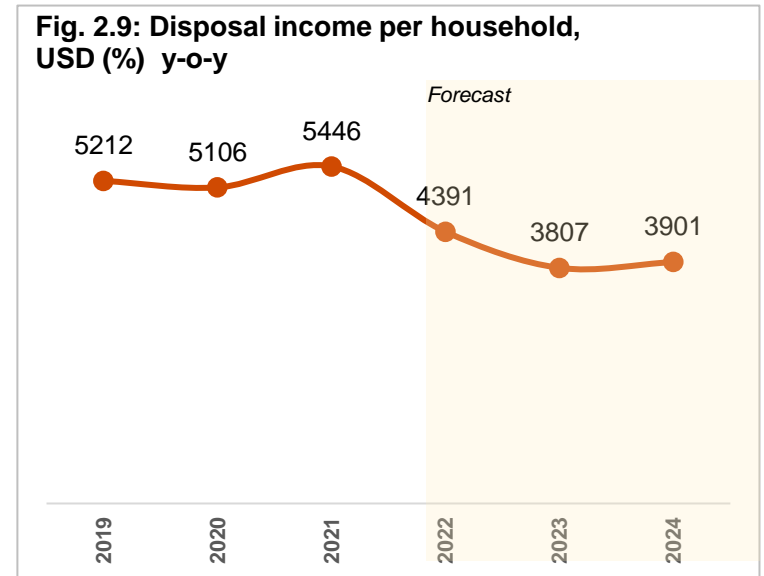
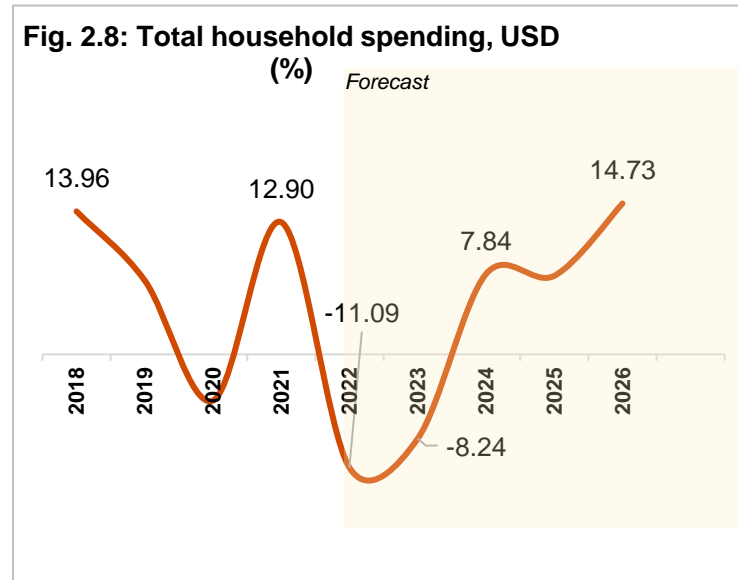
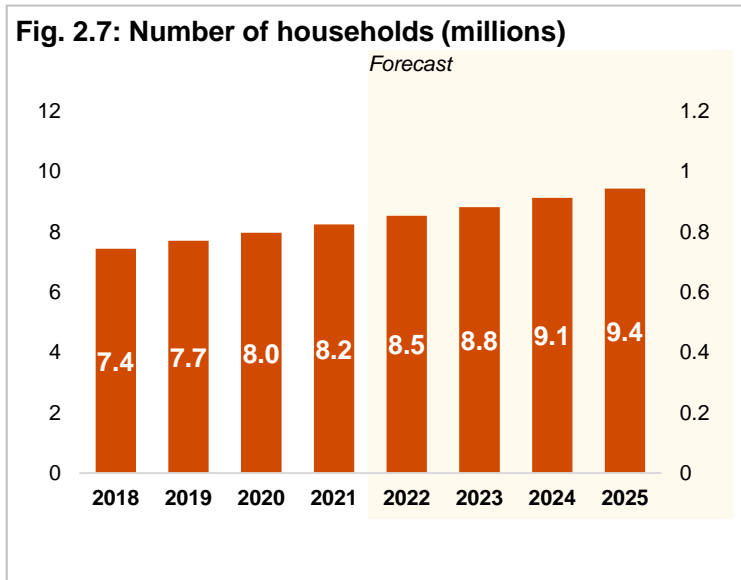
Socio-demographic overview (1/2)

The number of households increased in 2022 amidst the high cost of living and is expected to continue increasing beyond 2025. Total household spending reduced by a high margin in 2022 to -11.09% from +12.90%, this could be a result of inflationary hikes experienced in the country. Disposal income per household is projected to rise to USD 3,901 in 2024, an increase from 2023 projected levels.

Year-on-year number of households rises. Despite a reduction in disposable income in 2022, the number of households is expected to rise to 8.5 million. 2025 is projected to rise to 9.4 million.

Total household spending is estimated to decline to (11.09%) in 2022 but could gradually pick up despite a slight decline in 2025. The imposition of a 1.5 levy and the weakening of the currency in 2022 affected the total spending. A decline in disposable income in 2022 also affected total spending.

The forecast indicates the expectation of disposal income per household to grow by 6.7% over 2022 and a deceleration in growth to 19.4% in 2023 and a further decline by 2024.



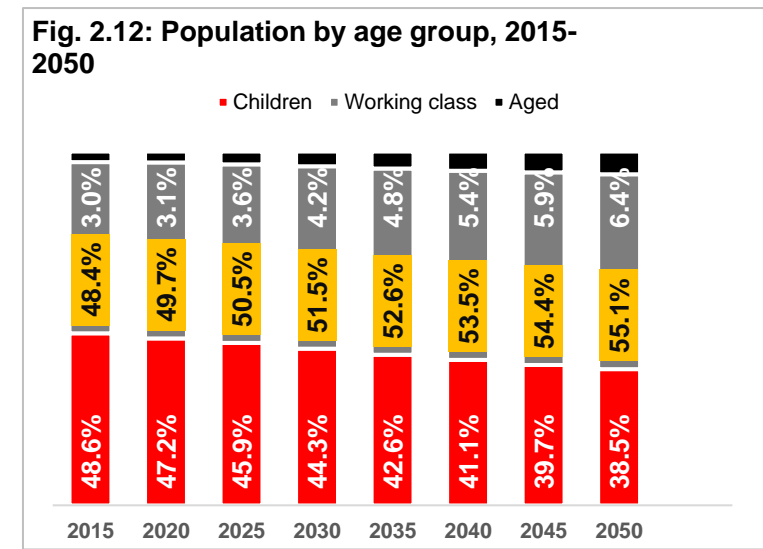
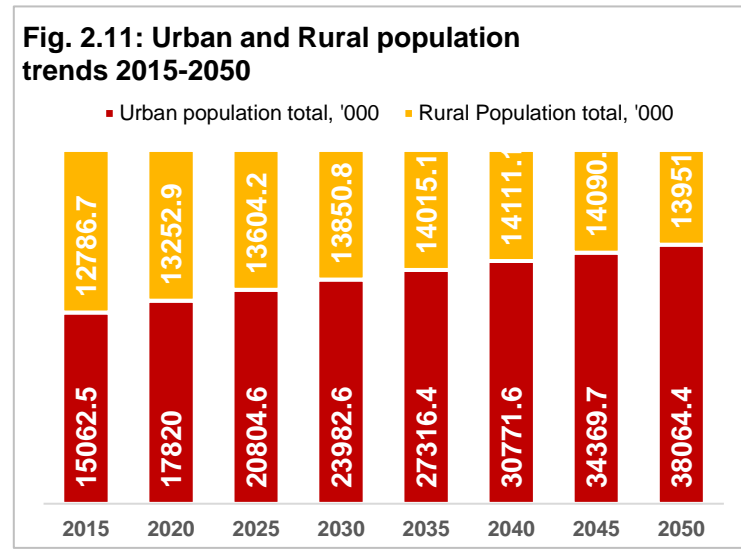
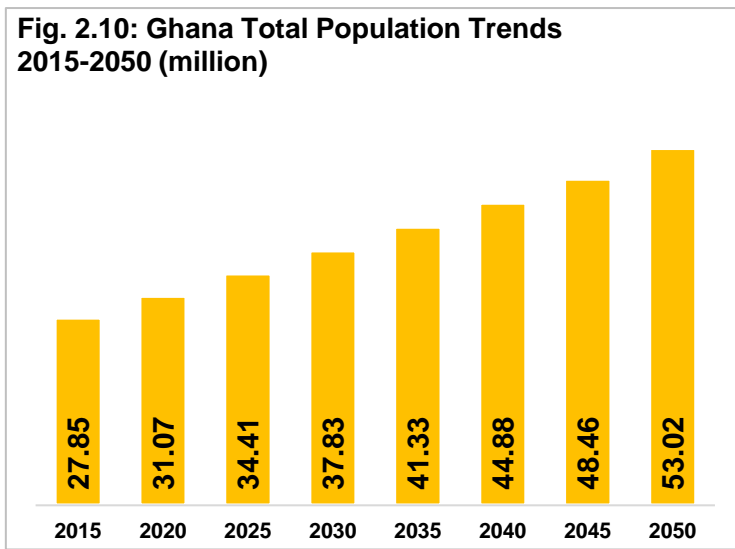
Socio-demographic overview (2/2)

Ghana's population is expected to keep rising surpassing 50 million by 2050. The urban and rural trends is expected to continue with 73% of the population anticipated to be living in urban areas – up from 60% expected in 2025. Ghana's population is slowly ageing despite majority being from the working class – by 2050 Ghana's population is forecast to be ~6% of the total population an increase from 3.1% in 2020.

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

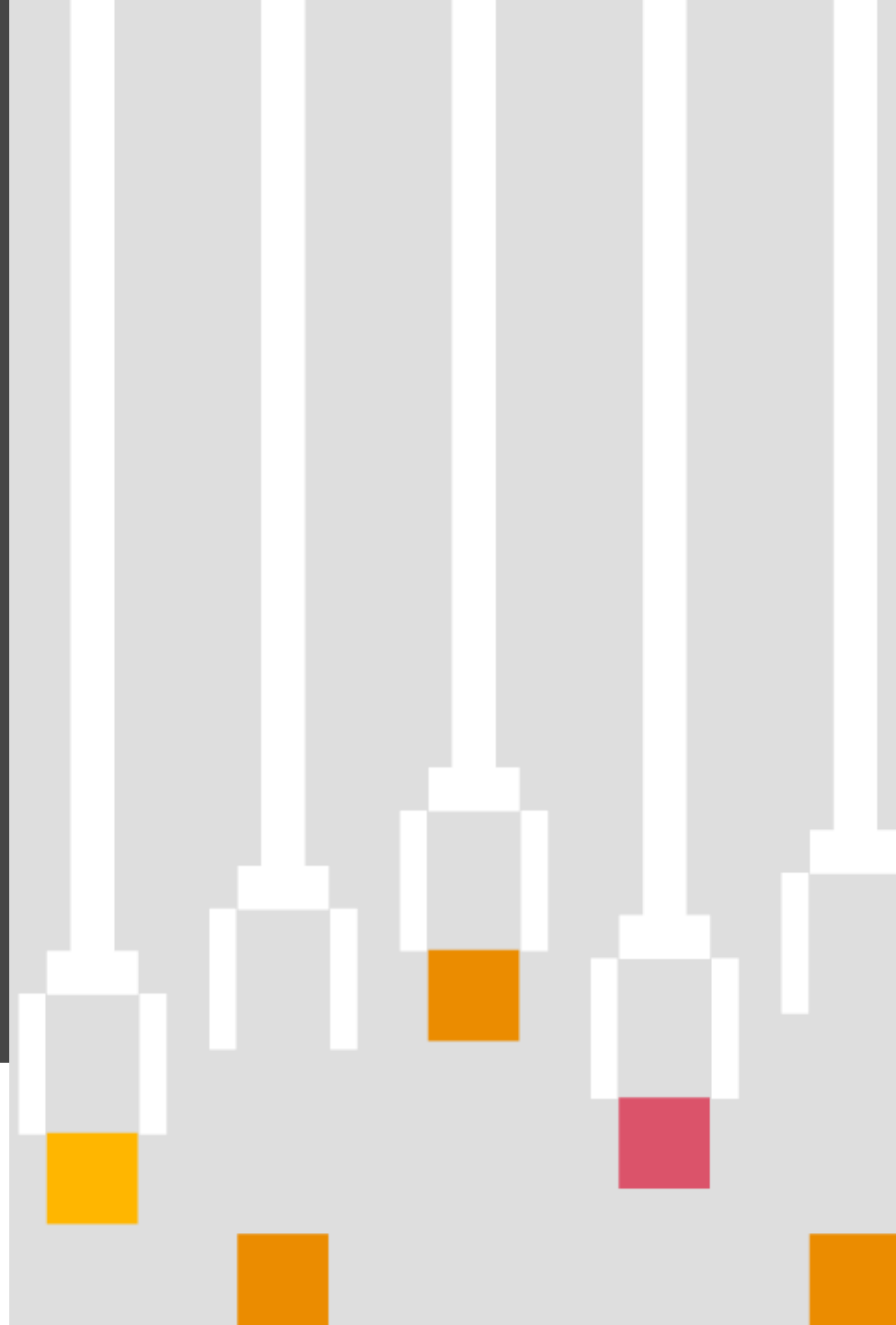
Currently, 57% and 43% of the population live in rural and urban areas, respectively. The rural and urban populations continue to increase. Over the last 5 years, the population growth rate in the rural area declined by 1%.

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



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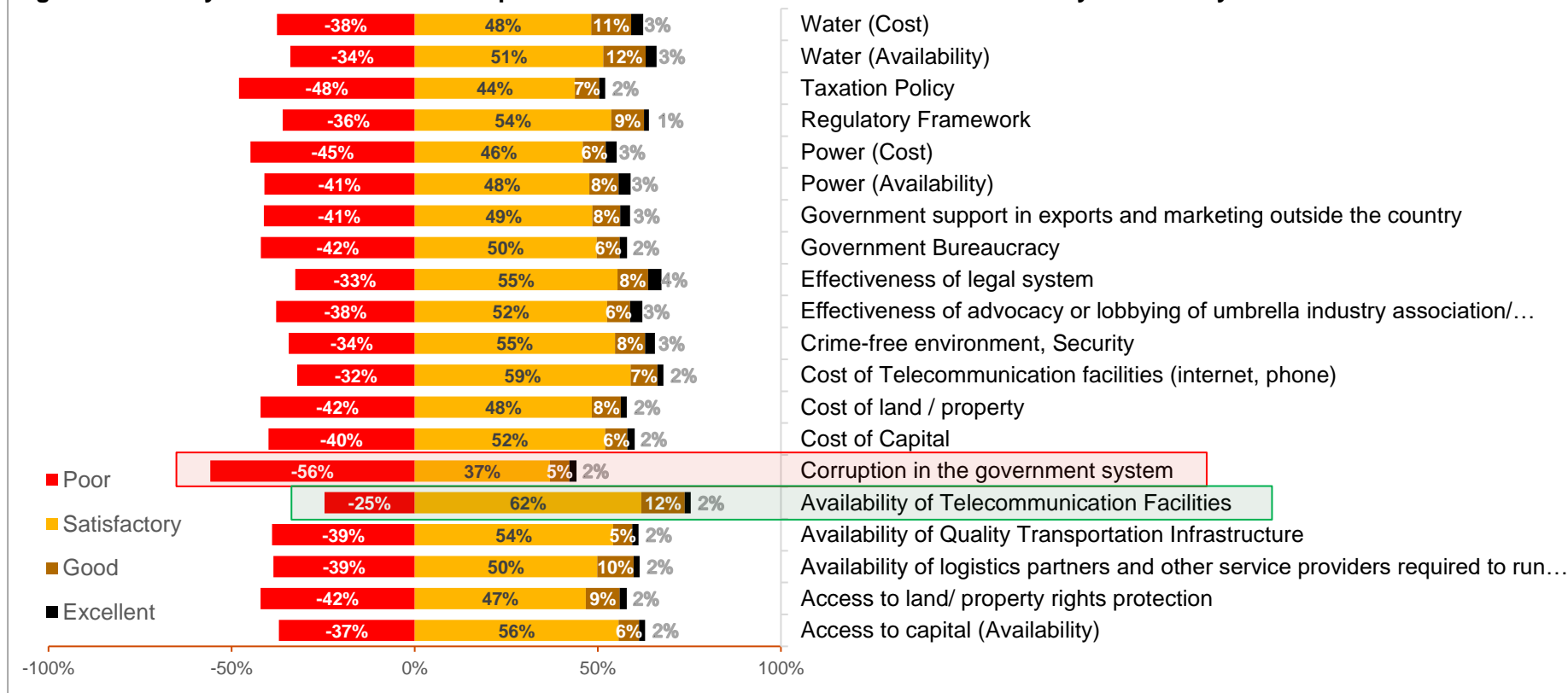
Summary survey results



Corruption, bureaucracy, cost & access to land or property continue to pose challenges to businesses

Compared to prior year results, 2022 perceptions seem to have worsened slightly despite a slim improvement in the good and excellent ratings – indicating a gloomy view of the business environment generally. As with prior years, respondents rated the availability of telecom facilities the best, despite the drop in margins while access to capital seems to have improved per the perceptions of respondents – an upturn from previous views. **Corruption, however, is still a major concern for businesses.**

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



Number of respondents, n = 306

UK-Ghana Chamber of Commerce (UKGCC)

PwC

Average ratings

Rating	2021	2022
Poor	39%	44%
Satisfactory	51%	41%
Good	8%	13%
Excellent	2%	3%

Best 3

1. Availability of Telecommunication Facilities
2. Effectiveness of legal system
3. Water Availability

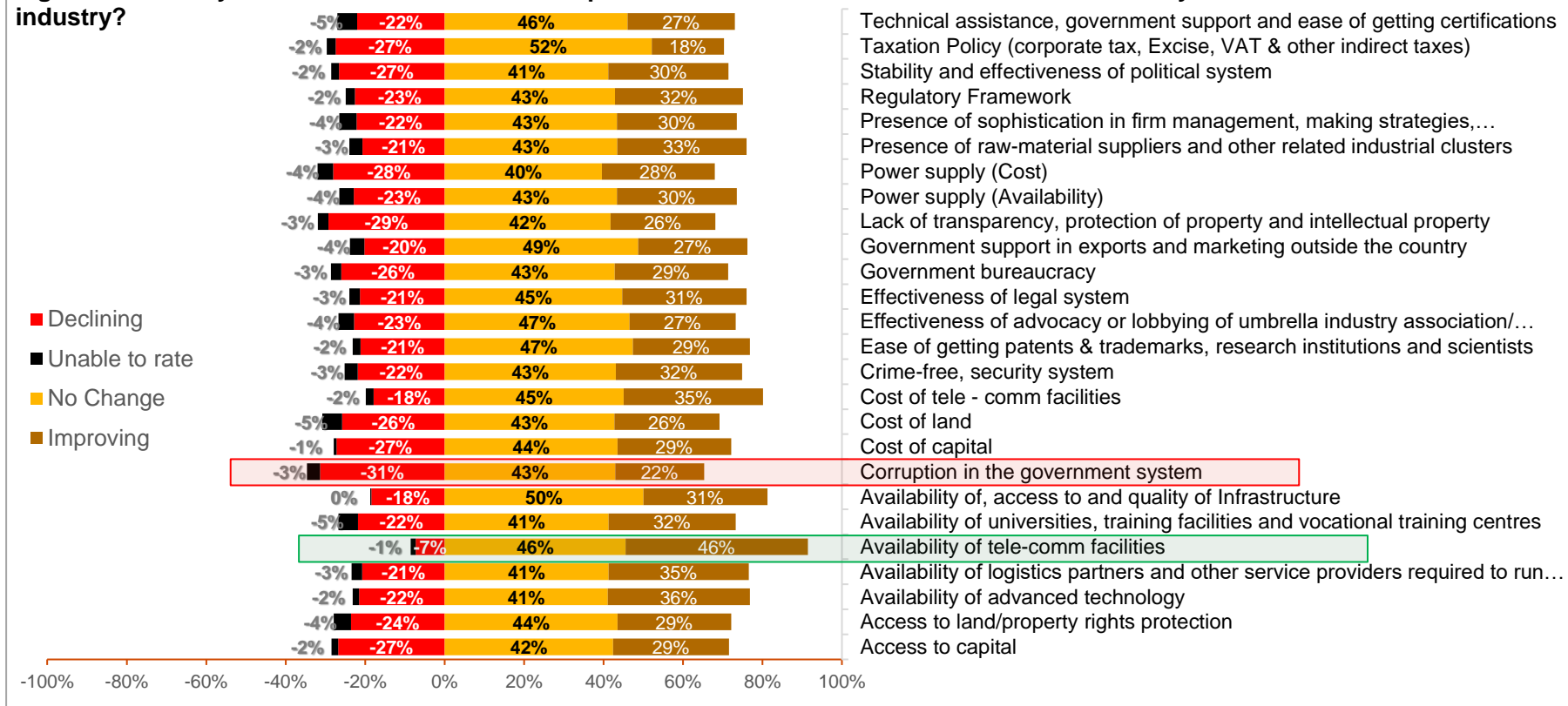
Worst 3

1. Corruption in the government system
2. Taxation Policy
3. Power Cost

Corruption and cost of power remain the least improved over the past five years

Generally, respondents views have not changed since 2021 – with most seeing no change in the various components over the past five years. 46% and 36% of respondents believe availability of telecom facilities and availability of advanced technology has seen the most improvements, suggesting the continuous success of tech policies implemented. Respondents believe the lack of transparency to be among the worst 3 components in 2022.

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



Average ratings

Rating	2021	2022
Unable to rate	4%	3%
Declining	23%	23%
No Change	41%	44%
Improving	32%	30%

Best 3

1. Availability of Telecommunication facilities
2. Availability of advanced technology
3. Availability of logistics partners

Worst 3

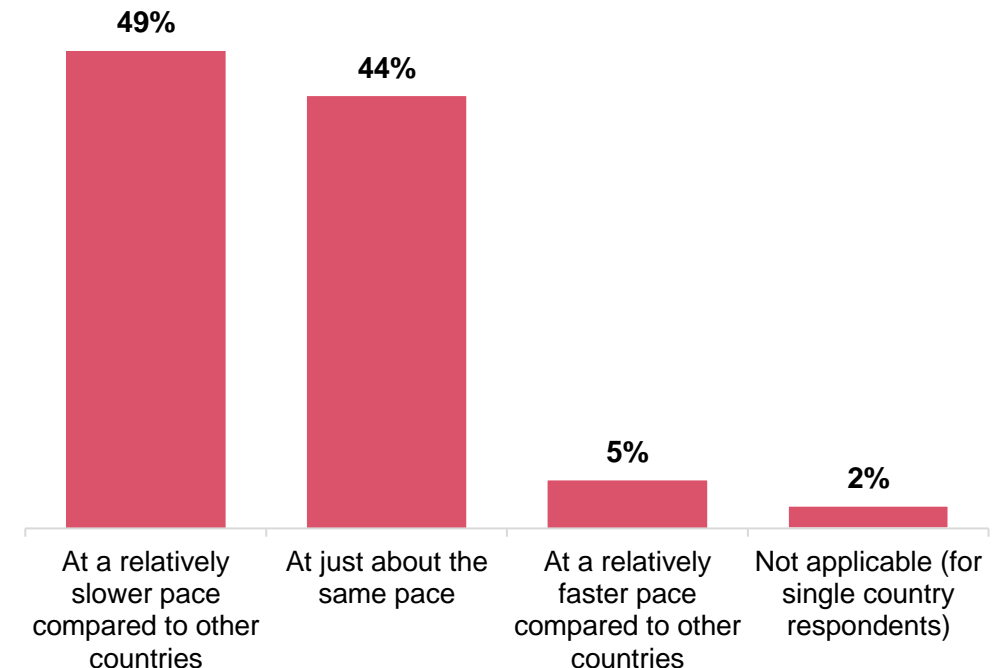
1. Corruption in the government system
2. Lack of transparency, protection of property
3. Power Supply (Cost)

Respondents still view Ghana's pace of improving its business environment as slower than its peers

In 2022, Ghana ranked 1st in West Africa, 4th in SSA and 83rd globally with a score of 52.3 out of 100 in Fitch's Trade and Investment index, rising marginally from 2021 (2nd in WA, 6th in SSA and 108th globally with 47.3) ¹. From the Fitch report, corruption was a main concern to businesses, as well as higher taxes which may be imposed to raise additional revenue to prevent a fiscal crisis. The 2022 UKGCC BIC survey identified taxation policy as the 4th least improved factor – down from 2021.

- **The 2019 UKGCC BIC survey** reported the following findings with regards to perceptions of improvements in the business environment over the preceding five years:
 - ~66% of respondents saw no improvement (i.e. there was no change, or there was actual decline) in the regulatory framework (e.g., company law, other legislation or regulations binding on manufacturing businesses, etc.); 34% did
 - ~76% of respondents saw no improvement in taxation policy; 24% did.
- **The 2020 survey** reported the following findings on business climate improvements:
 - 53% of respondents protested that the regulatory framework for business generally saw no improvement; 47% saw positive improvements
 - 41% of respondents agree that there had been improvements in taxation policy over the preceding five years
- **In 2021:**
 - ~87% of respondents protested that corruption either declined or saw no improvement; 9% saw positive improvements
 - Despite ~13% seeing improvements, ~83% of respondents agree that there had been no improvements in taxation policy over the preceding five years
- **In the 2022 survey**, it appears that businesses' focus on corruption in government has not changed despite ~22% indicating improvements. Lack of transparency, high power costs as well as access to capital seem to be among the least improved components.

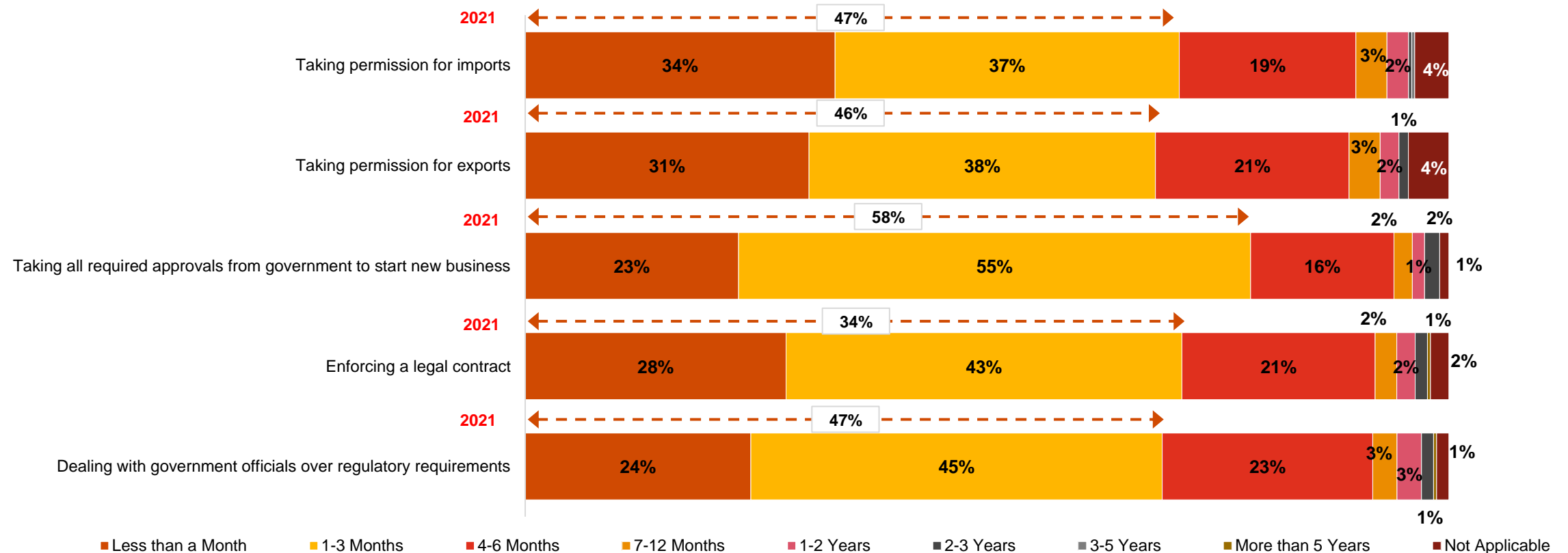
Fig. 3.3: For improving factors/ components of the business environment, how does the pace of improvement compare to other countries?



Time respondents spend in dealing with business requirements improved in 2022

The biggest area of improvement seems to be the enforcement of legal contracts – an additional 31% of respondents noted it took them up to three months to have legal contracts enforced. This is good news for investors and should encourage investments. **In spite of gains, exports remains an area that must be focussed on. The potential benefits available to the country from increased exports facilitated by schemes, such as AfCFTA and the UK trade deal can't be over-emphasised.**

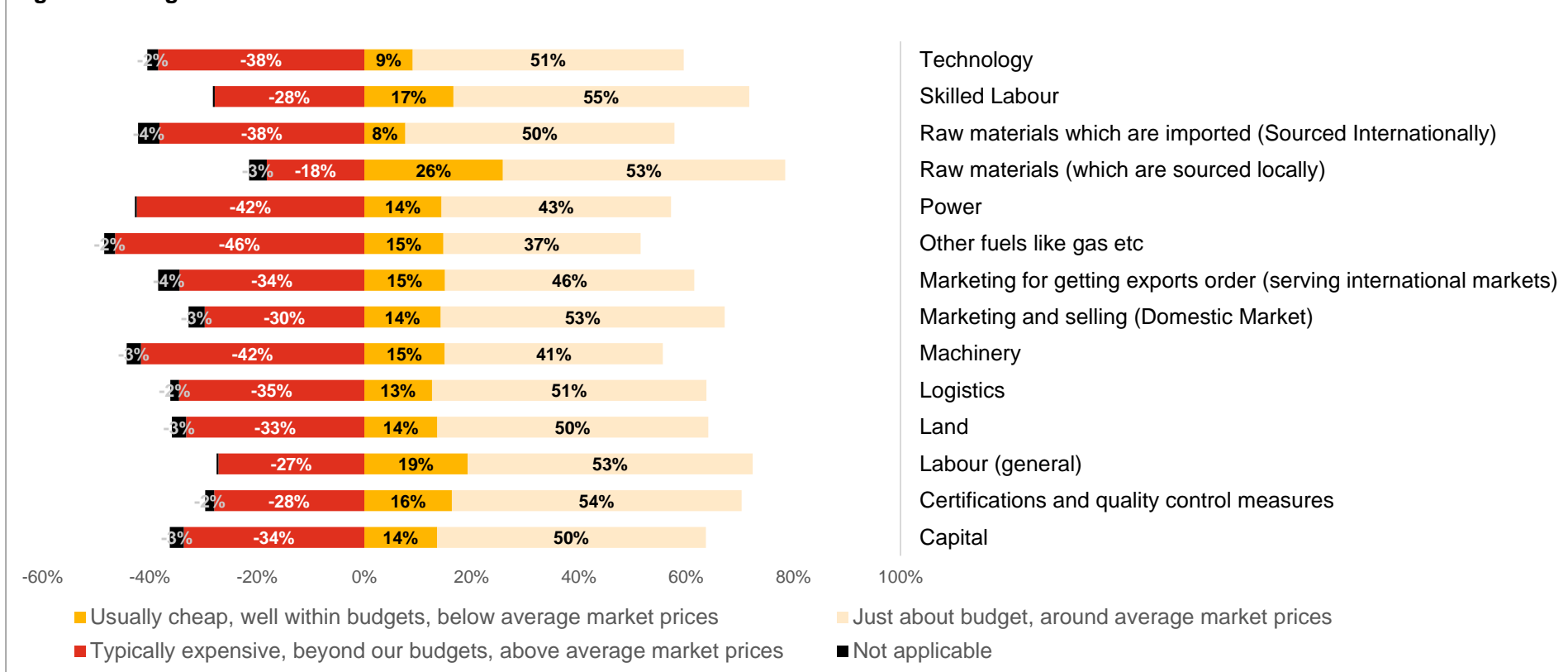
Fig. 3.4: How much time is spent in dealing with the following requirements



Other fuels continues to be the most expensive business cost

Broadly, costs incurred by businesses appear to have improved from 2021 levels as most respondents indicate they are either just about budget or within budget. **Fuel costs are reported to be the most expensive – although consistent with prior surveys, may have been influenced by the rise in global oil prices – which usually contributes to high prices and consequently rising levels of inflation. High inflation deters foreign investment and adversely affects the business environment and purchasing power.**

Fig. 3.5: Rating of financial costs



Average ratings

Rating	2021	2022
Not applicable	12%	2%
Typically expensive	44%	34%
Just about budget	39%	49%
Usually cheap	5%	15%

Least expensive

1. Locally sourced raw materials
2. Labour
3. Certifications and quality measures

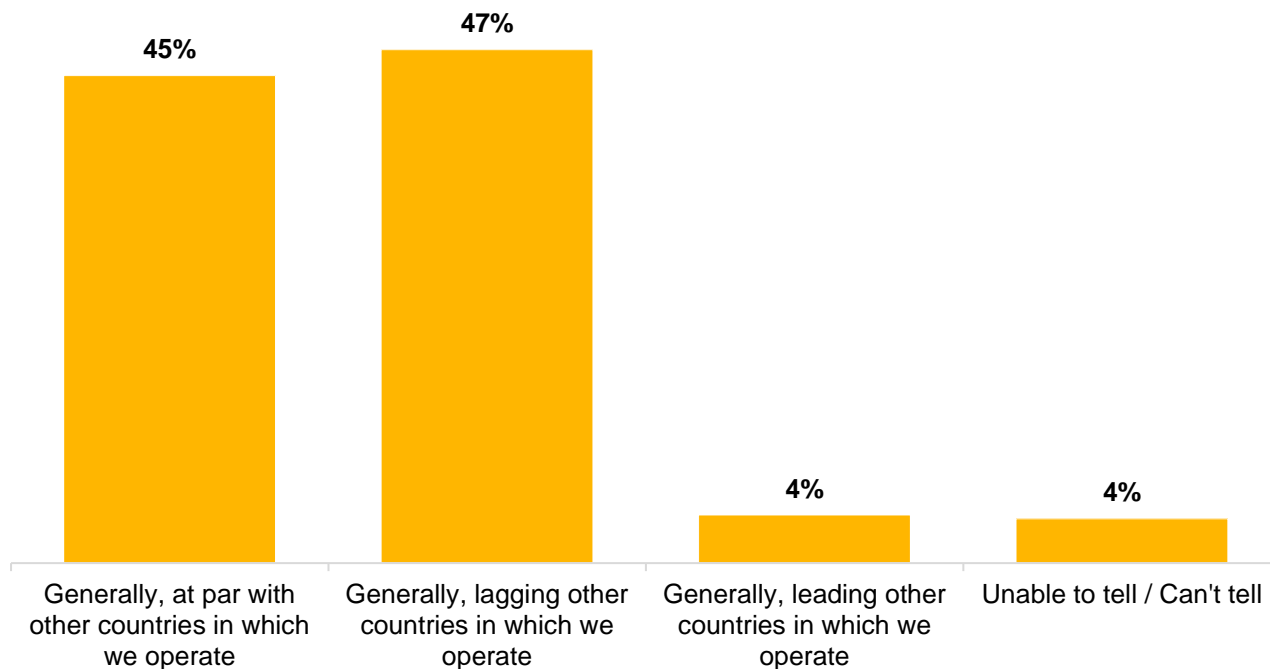
Most expensive

1. Other fuels
2. Machinery
3. Power

Respondents view the Ghanaian business environment as lagging behind other countries.

The view on the Ghanaian business environment changed in 2022 as more respondents viewed it as generally lagging other countries – albeit by a slight margin from 2021. **While Ghana is still viewed as a great investment destination in Africa - #1 in West Africa and #83 globally per Fitch Solution's Trade and Investment Index – businesses deem other countries as largely performing better. Ghana could lose many investment opportunities to other countries.**

Fig. 3.6: How the Ghanaian business environment compares to other countries



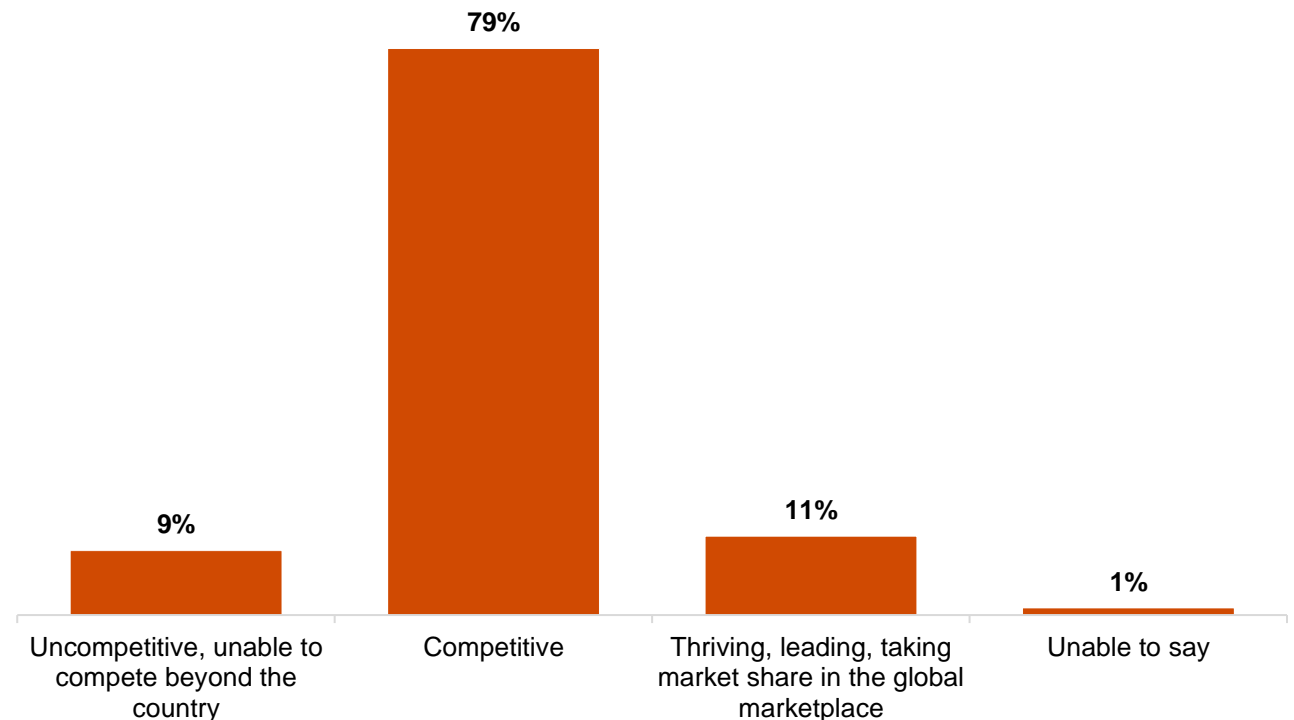
- There appears to be a split in the views of respondents from the various categories – some view the business environment as lagging behind while a similar fraction view it as being at par. It is noteworthy that only ~4% of respondents view Ghana as leading other countries, a decline from the sentiments held in 2021 (~18%). An indication of the waning confidence businesses have in the Ghanaian business environment.
- While businesses in the Western region of Ghana view Ghana's performance relative to other countries at par, their counterparts in the Greater Accra and other regions see Ghana as lagging. Large companies think otherwise as small and medium companies also see Ghana as lagging. By industries, Wholesale and retail trade as well as professional services firms view the Ghanaian business environment at par with the other countries they operate within – firms within the healthcare industry and the educational services think otherwise as they see Ghana underperforming in comparison to the other countries.
- As countries compete to attract foreign investors, it will be beneficial for the government and the appropriate agencies to have conversations with the UKGCC and its business to gain more insight on issues and work together on a way forward. Corruption has been – and still is – the main challenge businesses face among others.

Optimism about the ability of companies to remain competitive globally continues

As the effects of the Covid-19 pandemic even out and companies and economies recover it is great to note that respondents are overly optimistic about the future prospects of their companies and those within its industry. At ~79% of total respondents, more respondents are hopeful of the future success of their industry than in 2021 (~54%). **With the current global economic challenges, government could sustain optimism by assuring businesses of the security of their investments.**

- ~79% of respondents this year believe their companies will remain competitive on the global marketplace over the next three years. A significant rise from ~54% and ~34% for 2021 and 2020 respectively. The optimism may largely be due to the economic strides being made post-pandemic despite the Russia-Ukraine war.
- Although majority of respondents are optimistic about the future of their industries, businesses within the transport and logistics sector are less optimistic with a significant ~40% believing that players within their industry would be uncompetitive on the global market in three years. Ghana's transport infrastructure is not as advanced as some of the leading countries in Sub-Saharan Africa and even globally. It is key for the government to invest into the development of Ghana's railway infrastructure, roads and the air transport.
- All respondents within the mining industry positively view the prospects of their businesses. They are confident that players in their industry would either be competitive or thrive on the global marketplace in the near future. This is a significant improvement from the prior year where half of respondents had a gloomy view of industry prospects.

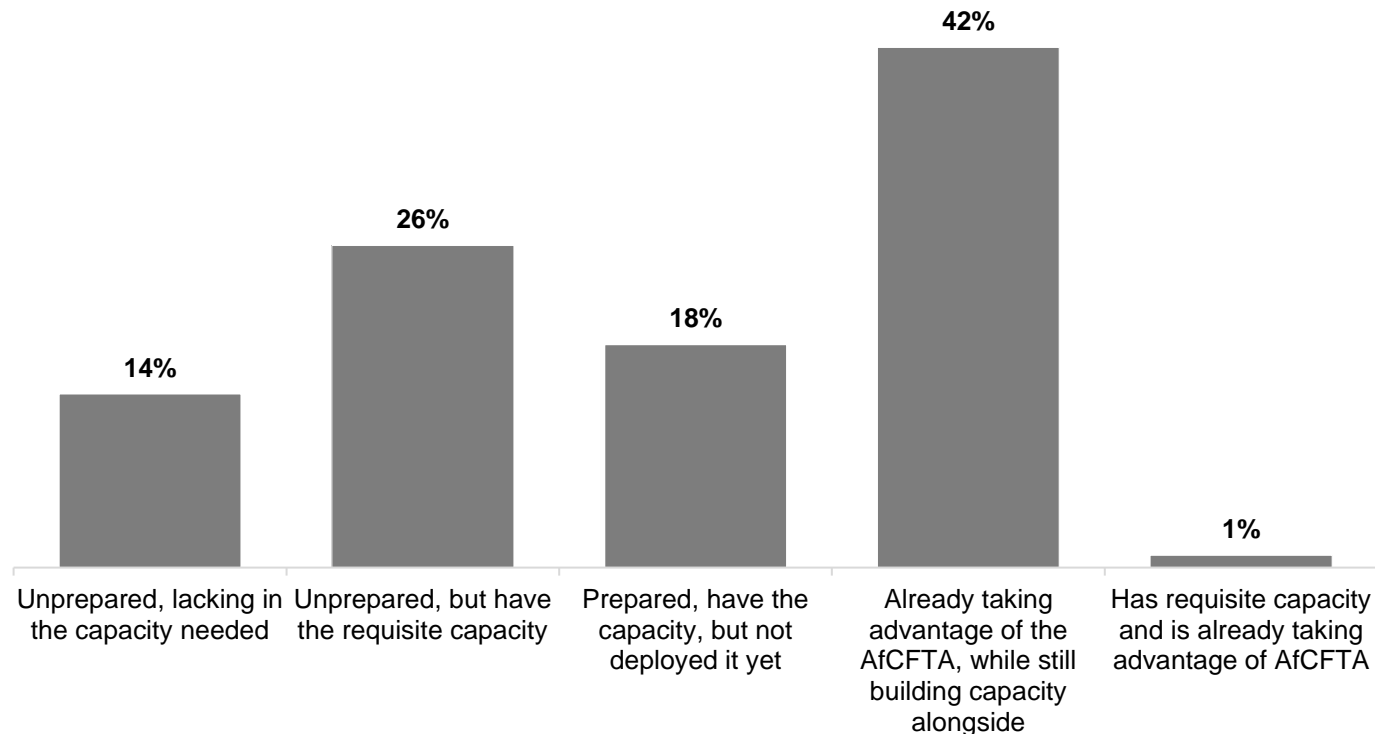
Fig. 3.7: Competition in the global marketplace



Respondents are already taking advantage of the AfCFTA while building capacity alongside.

Contrary to 2021 sentiments where respondents deemed businesses unprepared to take advantage of the trade agreement, respondents in 2022 think businesses are already taking advantage of the opportunities AfCFTA offers while building capacity alongside. ~1% of respondent businesses even believe they have requisite capacity while taking advantage of the trade deal. It would seem businesses have done their homework and have positioned themselves rightly to benefit from the agreement.

Fig. 3.8: Are businesses prepared for AfCFTA as an opportunity?

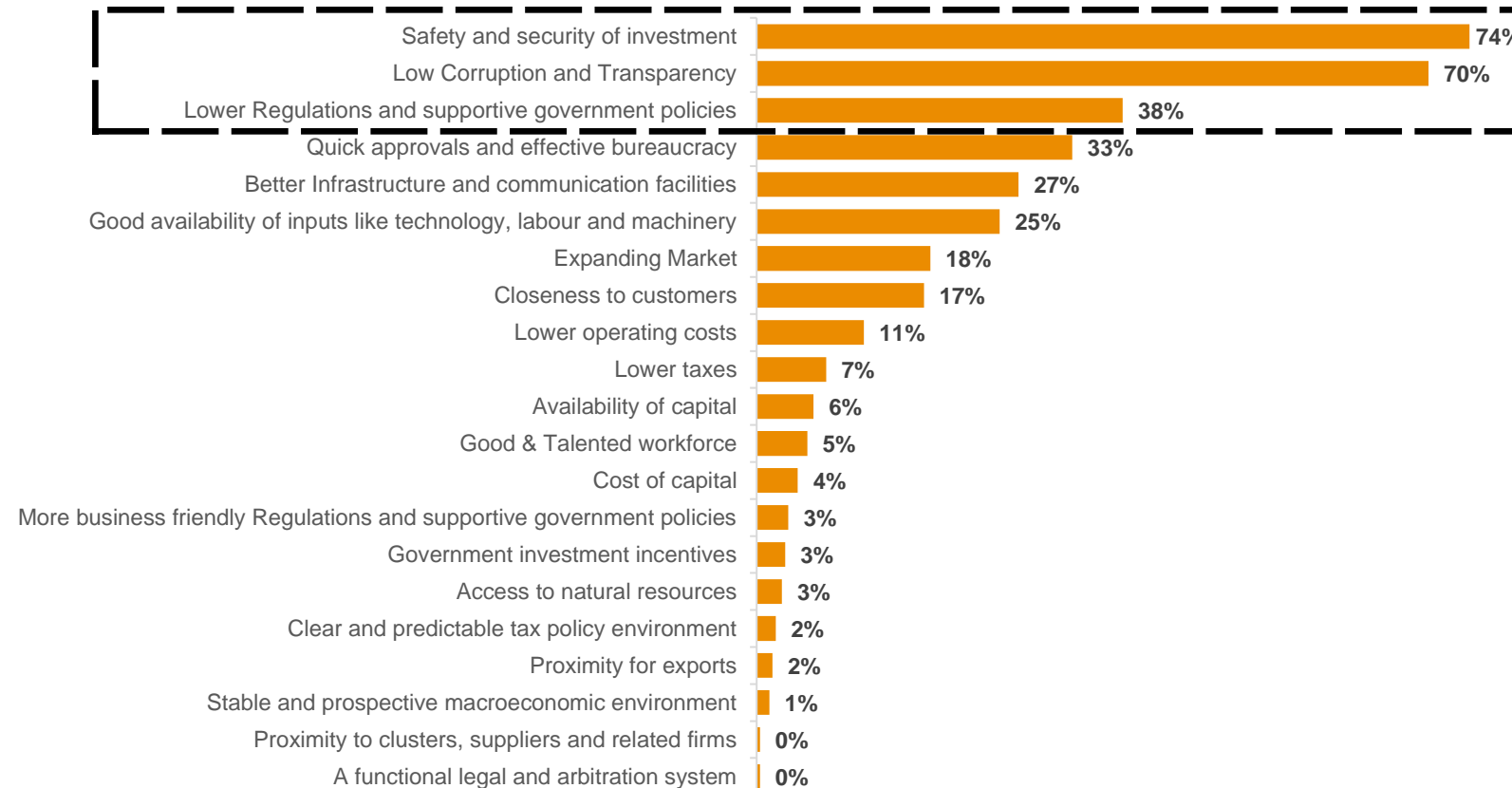


- AfCFTA has created a continent wide market covering 55 countries and reaching over 1.3 billion people worldwide – offering endless opportunities to businesses with the potential to greatly accelerate growth of the Ghanaian economy if opportunities are embraced.
- The views of respondents have changed overtime, in 2020, were largely pessimistic (~80%) about the ability of business to grab the opportunities offered by the trade agreement. The improved view in 2021 could be likely due to a better understanding of the trade deal. The change in perceptions could also be linked to the improvements in the lead times for international trade approvals making it more attractive to businesses.
- To further strengthen the advantages of the trade agreement, the government could engage the UKGCC and its members on more ways to assist and the challenges they may require help solving.

Safety & security of investments remains high on the list of investors in making expansion decisions

Businesses have maintained that in making expansion decisions they considered the safety and security of their investment the most – this was their stance in the previous survey as well indicating its importance. **With the current macroeconomic challenges the country is facing it is likely business expansion decisions may be put on hold until there is some more certainty regarding such investments.**

Fig. 3.9: Factors that influence expansion decisions



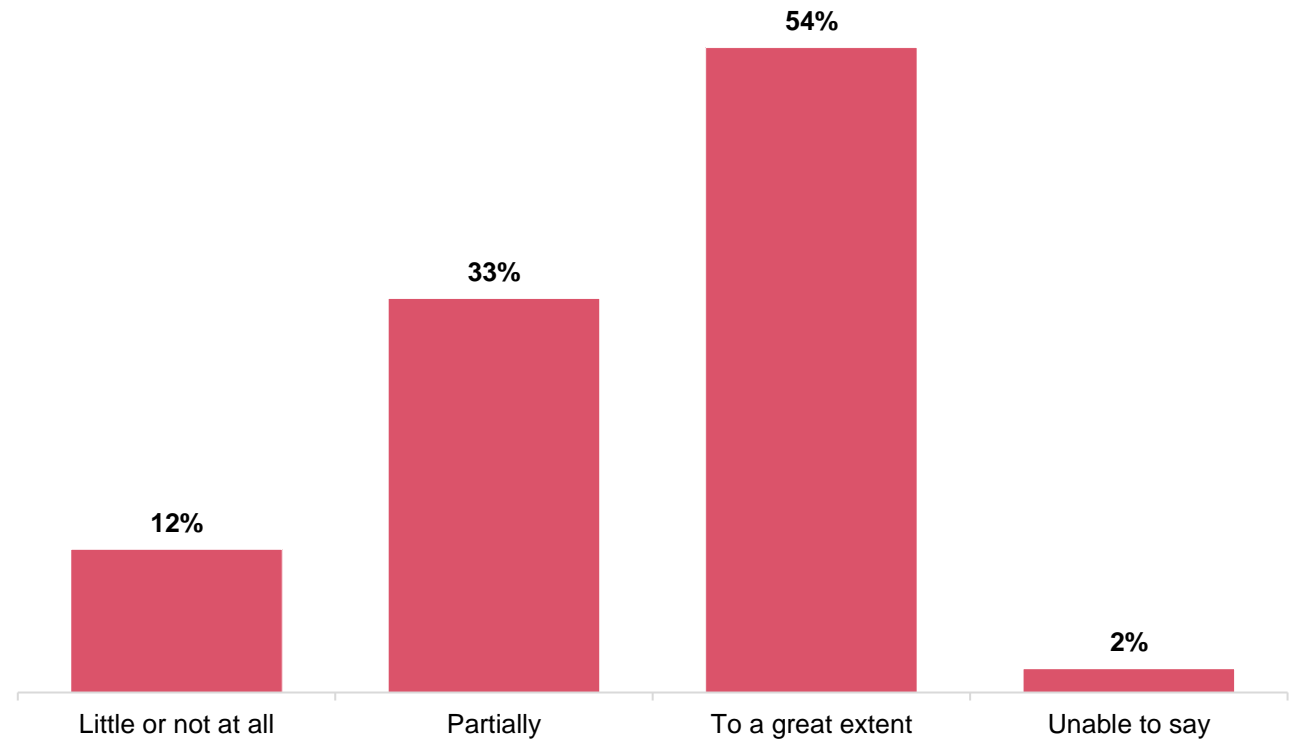
- The top 3 factors have consistently been the topmost influencers of business expansion decisions. The uncertainty surrounding the Ghanaian economy poses a significant risk to businesses for which critical attention should be given to.
- Despite the country being the most attractive trade and investment destination in West Africa², high corruption – which has always been a concern for businesses in Ghana – may negatively influence expansion decisions. It is critical that the government and its agencies strictly enforce anti-corruption measures to check this and to increase investor confidence. More businesses indicated their interest in this factor this year than in 2021 (~46%), signalling a growing interest in corruption and transparency.
- With respondents focusing on supportive government policies and lower regulations, it would be helpful if the UKGCC engages the government and stakeholders such as the GIPC on its members' behalf. Such stakeholders could support by facilitating synergy discussions between key regulatory institutions in Ghana to reduce the impact of overregulation on investors.

The UK brand does contribute significantly to companies operating within Ghana

Largely, respondents view the UK brand as making significant input to their business success in Ghana. It seems perceptions have improved over the year as more respondents recognise the significance of the UK brand than they did in 2021. **It appears small companies do not see the impact of the UK brand to their businesses – especially those located outside the Greater Accra, Western, Ashanti, Central and Eastern regions.**

- Much like in 2021, respondents generally view the UK brand as significantly contributing to their businesses in Ghana. ~54% see the UK brand as contributing to the success of their businesses to a great extent – ~14% up from 2021 – an indication that advocacy efforts by the UKGCC and other chambers of commerce are yielding the desired results.
- Businesses involved in the manufacturing of petroleum, chemicals and plastics, the mining industry, utilities and professional services firms are among the top industries who appear to believe in the impact of the brand to their businesses.
- All mature product-based companies in the Greater Accra region view the UK brand as greatly contributing to business success. Metal and machinery manufacturers as well as companies within the research and development space think the UK brand partially contributes to their success.
- Small companies in the Ahafo, Bono, Bono-East, Savannah and Western North regions however, believe the UK brand does little or nothing at all to the success of their business.

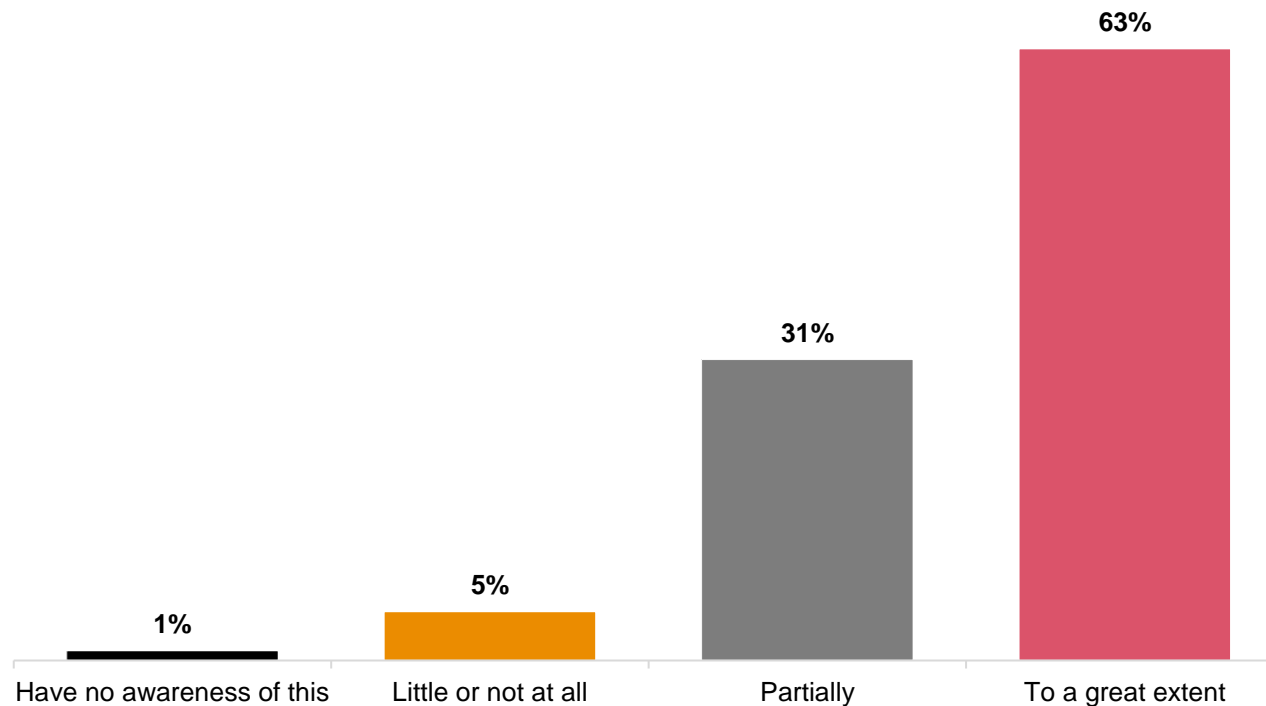
Fig. 3.10: Contribution of the UK brand to business in Ghana



The environmental aspects of a business continue to influence purchasing decisions

The rising profile of ESG cannot be overemphasised in business. Respondents suggest that customers are increasingly getting more environmentally conscious and would want to know a company's stance on environmental factors and its sustainability efforts before purchasing. ~63% of businesses (~53% in 2021) believe their customers' purchasing decisions are influenced by the sustainability efforts of the company.

Fig. 3.11: The extent to which customers consider the environmental aspects of a product before purchasing.

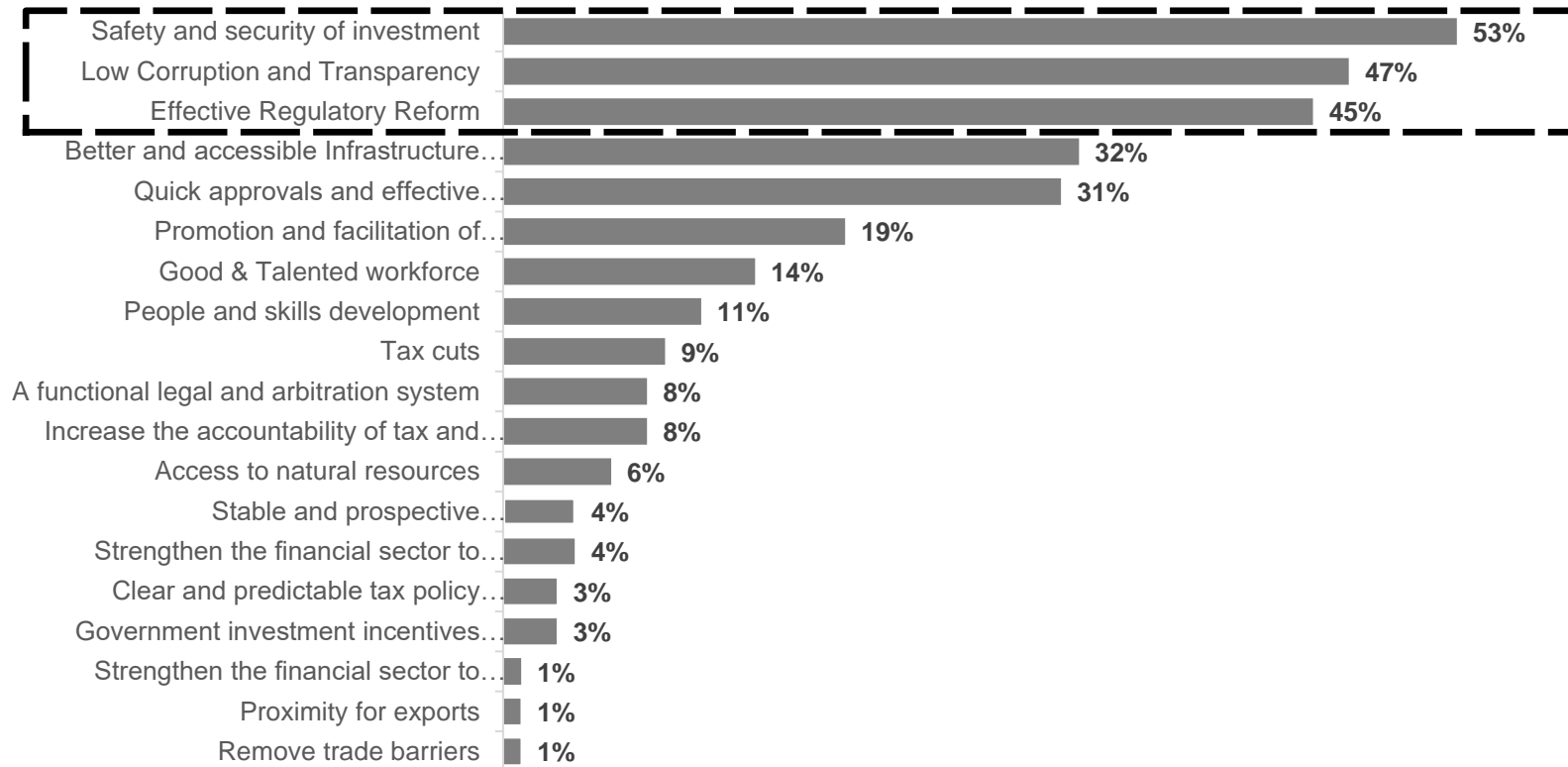


- With more investors and stakeholders – such as customers – focusing on the effects companies have on the environment globally, it is no surprise that more respondents this year indicated that their customers considered – to a great extent – their effects on the environment before making any purchases. This proportion is likely continue in future surveys as more people become more aware of the effects of their actions on the environment.
- Organisations can use their environmentally sustainable nature as a unique selling point and charge a premium on their products and services. Customers who consider the environmental aspects of a product or service as important would be willing to pay a premium, hence a higher profitability.
- Climate change requires coordination across all countries and levels for a lasting solution as such agreements such as The Paris Agreement is a helpful guide to achieve our goals. It is important for all organisations to ensure that not just themselves but all players across their supply chain and value chains have a net positive impact on the environment in Ghana. The global population is expected to reach 9 billion people by 2050, indicating greater demands on the world's natural resources and greater carbon emissions unless change is made. Organisations should take a proactive approach to discovering and implementing sustainable policies that will counteract the effects of climate change.

Safety and security of investment is the highest expectation respondents have of the government

More than half of respondents expect the government to assure them of the safety of their investments in Ghana. With the current economic hardships being faced in the country, this expectation cannot be overemphasised. **It is good to note that the top 3 expectations of respondents have not changed since 2021 despite the increase in respondent numbers, a signal of its importance.**

Fig. 3.12: Top 3 changes expected from government

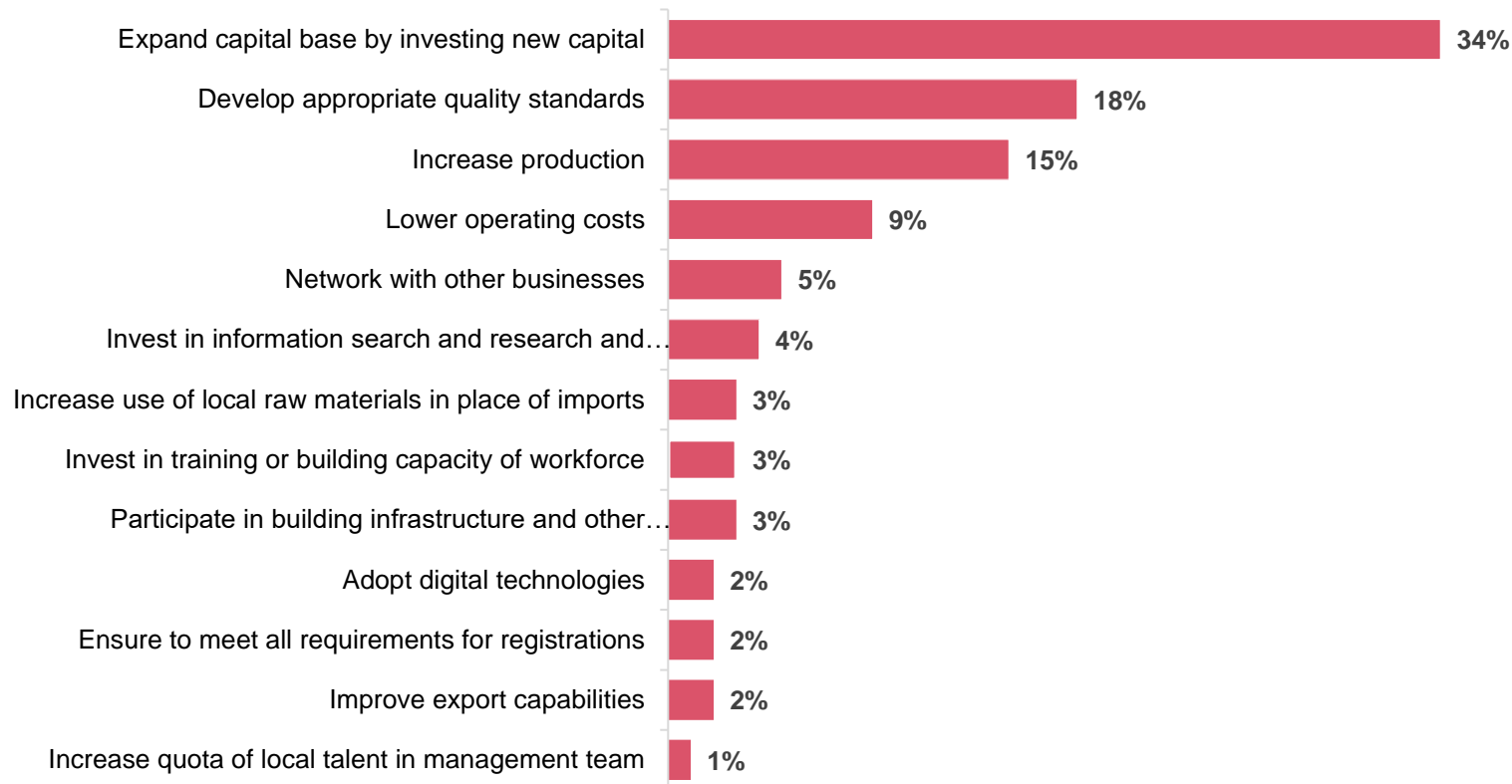


- Ghana is ranked first in West Africa for Trade & Investment Risk, with a moderate score of 52.3 out of 100 and an improving globally competitive position, ranking in 83rd out of 201 markets globally. Despite this, the worsening economic situation is a worry to investors who require security of their investment in the country.
- In 2021 Ghana was ranked 73rd out of 180 countries in the Corruption Perception Index with a score below the expected average. Respondents have continually listed corruption as a major challenge the country faces and expect the government to take stringent measures to solve this problem as it could further affect the FDI inflow into the country.
- Respondents suggested the regulatory environment had improved with regards to time spent to deal with regulatory requirements. Despite the gains there is still more work to be done by the government to meet business expectations.

Capital base expansion is still believed to improve the overall business environment in Ghana

Just like in the prior survey, most respondents believe that to improve the overall competitiveness of the Ghanaian business environment businesses should expand their capital base by investing new capital. **With respondents highlighting the security of their investment as being priority to them in making expansion decisions, steps need to be taking to assure investors of this in order to improve the business environment – especially in these trying times.**

Fig. 3.13: Actions to improve the business environment in Ghana

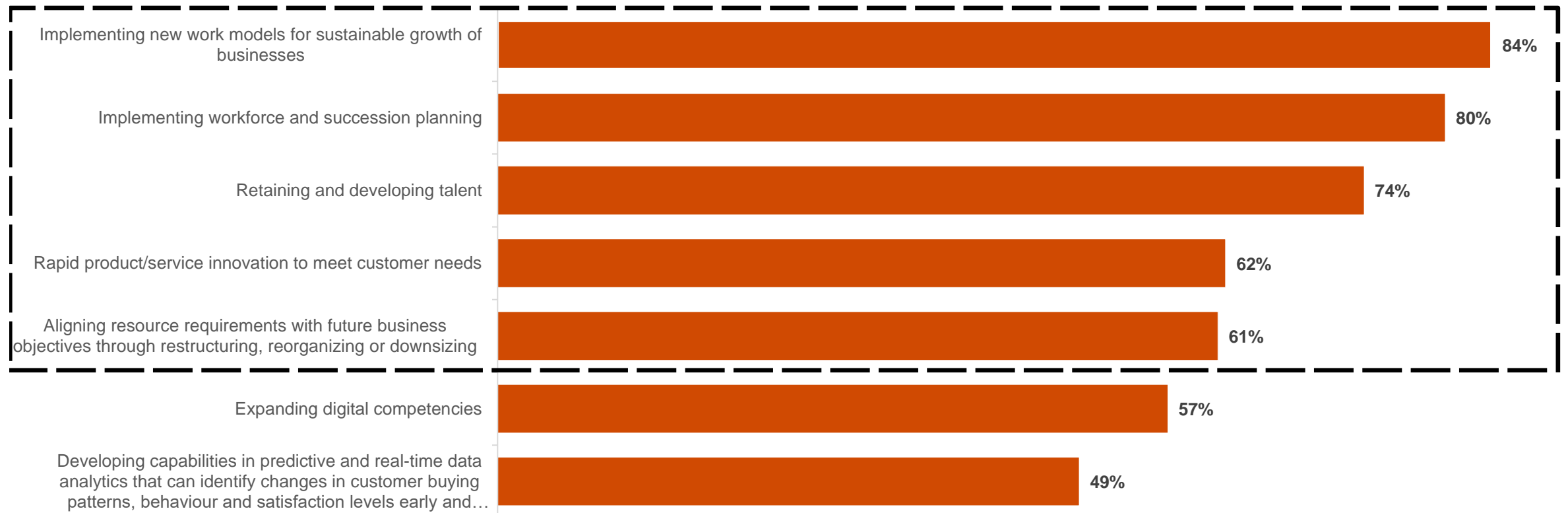


- On the back of the continued high costs of capital and challenges to accessing capital, businesses may face difficulty in investing new capital to improve the Ghanaian business environment. It also seems unlikely that businesses would inject more capital if they are unsure of the security of their investments. It is important that the government and other stakeholders consider these in their bid to improve the competitiveness of the Ghanaian business environment.
- Unlike the general view, respondents located in the Greater Accra region and other regions believe the action that should be taken to improve overall competitiveness is to develop appropriate quality standards. Businesses with blended operations, i.e. a mix of service and products also share the same view.
- Despite majority agreeing with the general view, a significant portion of product based and experienced businesses believe increased production should improve the business environment.

Businesses highly prioritise the implementation of new work models for sustainable business growth

Implementing new work models for sustainable growth appears to be the main priority of businesses in the new normal. The move from strictly on site work models to a hybrid model offers businesses flexibility while saving costs as well. **The focus for companies should be on building resilience and sustainability and new work models will ensure that companies are agile and easily navigate unforeseeable disruptions such as COVID-19.**

Fig. 3.14: Top 5 business priorities for businesses in the new normal



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