

Ghana pulls back from the brink and aims for a more sustainable economic path

cess story of democracy, stability and economic reforms n Africa. In the wake of the perfect storm of economic challenges.

As in many other countries, economic activity slowed during the pandemic while the government had to borrow a lot more to fund mitigation measures to cushion its citizens. As the economy slowly returned to life, it was once again hit with geopolitical shocks, with a war in Europe aggravating already fragile global economic conditions. A credit downgrade would follow, and soon Ghana was shut out of the international capital markets, its currency in free fall and the national exchequer facing a pretty dire liquidity crunch.

In July 2022 the country applied for an International Monetary Fund programme, reaching a staff-level agreement six undergoing months later and final approval from the IMF's board in May 2023. Ken Ofori-Atta, the Minister of Finance, told AP that the package would help reset the economy and help consolidate its reform efforts towards sustainable growth.

Economic reforms have long been a

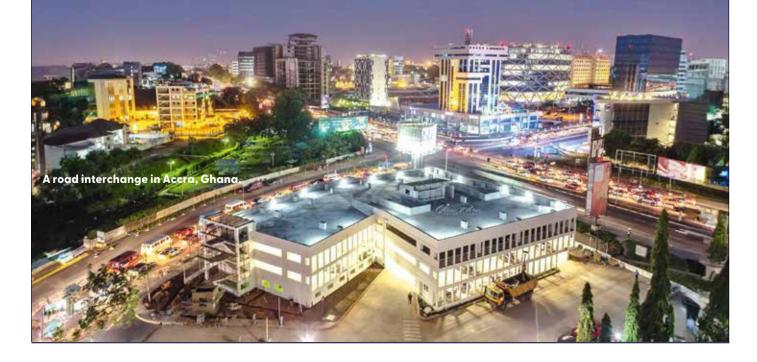
hana is often touted as a suc-feature of public policy in Ghana. Follow-registration processes and reduce bureauing some missteps in the early part of its life - that imperilled the economy and led in the early 1980s to a food crisis in a country Covid-19 global pandemic with immense agricultural potential – the the country found itself grappling with a nation chose a path of economic liberalisation, reducing the heavy involvement of the state and inviting local and international capital to play much more expansive roles in providing goods and services and delivering much-needed growth.

This meant not just the privatisation of hundreds of mostly non-performing stateowned enterprises, but also structural and regulatory reforms that would create an enabling environment for businesses to thrive. Those reforms have paid off and Ghana is now one of the most businessfriendly destinations in the region, attractina \$2.6bn of foreign direct investment in 2021 and \$1.5bn in 2022; the reduction is attributable to the crises that Ghana was

The importance of the private sector

In recognition of the importance of the private sector and to encourage investment, various regulatory reforms have cratic hurdles. A new Office of the Registrar of Companies has been established as an independent unit, ending the old system in which the Registrar General's Department was also in charge of registering companies. Through these and other reforms. Ghana hopes to make it easier for local and international investors to take advantage of the opportunities in the country and contribute to the structural transformation of the country's economy. NanaAma Botchway, a lawyer and founder of Accra law firm N. Dowuona & Company, says that Ghana currently has a strong and regulatory environment that investors should feel assured by. In addition, the country also has a robust democracy that has endured since the return to constitutional rule in 1992.

The two main parties that have shared alternative terms in power are both comtection of business and investor rights. processes through technology to ensure the speedy resolution of disputes, ensuring that companies do not get stymied by interminable court processes that slow down and discourage investment





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With the approval of its IMF package and the commencement of disbursals, the government is determined to restore macroeconomic stability, while refocusing on the set of initiatives that had been embarked on to boost local production and value addition in the country. These measures are meant to reduce import dependency and boost the value of its exports.

In 2017, an ambitious programme to place a factory in each of the country's 216 administrative districts was launched. The aim is to process a portion of agricultural and other resources found in those locales for consumption in the country and beyond, thus generating income and jobs, diversifying the economy and fortifying it against external shocks. Over 120 of these factories are in operation, with another 60 at varying stages of development.

Another result of the country's industrial strateav has been the establishment of assembly plants for some of the world's best known automotive brands. These include Volkswagen, Tovota, Nissan, Sinotruk and Peugeot - all of which have taken advantage of incentives under the Ghana Automotive Development Programme to set up operations in the country, joining the local producer Kantanka in the fast-growing market. The government has signalled that it is ready to welcome more producers, as it seeks to be the anchor of a regional value chain set to be given a vital fillip by the full implementation of the African Continental Free Trade Agreement (AfCTFA).

The base of AfCTFA

The choice of Ghana to host the secretariat of the AfCTFA is at once a testament and a boost to the country's standing in the continent, as Africa embarks on this transformational journey. Indeed, Ghana was one of the first countries to trade under a pilot run of the agreement, which will see trade barriers removed and a single trade area replace the current, fragmented arrangements.

Analysts agree that the AfCTFA is a profound opportunity for reversing the continent's economic trajectory, supercharging industrialisation, investment and growth in Africa. A single trade area would mean a market of 1.4 billion people and a combined gross domestic product in the region of \$3.4 trillion, making it one of the most attractive destinations for investment in the world. As host nation for this epochal initiative, Ghana has embraced its leadership role and is, among others, helping coordinate actions between investment promotion agencies in the continent, to promote investment in trade and industry. In January 2023, R Yofi Grant, Chief Executive Officer of the Ghana Investment Promotion Centre. says his organisation led in organising the first edition of the Annual Assembly of African IPAs (AIPA) dialogue, where leaders discussed how they can support the growth of intra-African trade.

Ghana recognises its industrial ambitions hinge heavily on the availability of



Despite the current macroeconomic challenges, Ghana remains an attractive investment destination for the reasons given. In addition to those, investors should be encouraged to invest in Ghana because the country has a strong legal and regulatory framework that is being modernised and enhanced. Recently, numerous new laws have been passed to bring antiquated legislation up to date, to fill in regulatory gaps, and provide for future development. For example, in the fintech space, we have clear regulations, and in the corporate and commercial space, we have a modern Companies Act. There are also plans to enact even more laws to fill in gaps. such as the Limited Partnership Act, which my firm has been advocating for with the Ghana Venture Capital Association. This would make Ghana a more attractive domiciliation jurisdiction for private equity and venture capital.

The government is working to make the legal and regulatory framework more robust and investor-friendly. We have a robust data privacy law and a proactive regulator, which is important as we move towards a more technology-driven society.

NANA AMA BOTCHWAY, Founder, N. Dowuona & Company



In the fishery sector, there had been many issues with corruption. Over the last decade or so, governments had been making efforts to digitalise the sector, but they found themselves unable to do so owing to a lack both of funding and technology. We stepped in and provided the resources and the funds from bankers without the government having to put in even a penny. It will repay us with the savings it makes from the resulting efficiency and from cutting out corruption.

ALEX DADEY,
Executive Chairman KGL Group
and Board Chairman Ghana Investment Promotion Centre (GIPC)



We have implemented mobile money interoperability that allows seamless transactions between different mobile money platforms in Ghana, enabling users to send and receive money across different networks, promoting financial inclusion and convenience for individuals and businesses.

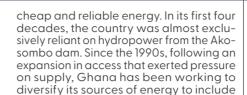
We have the ghana.gov portal, a one-stop shop for government services, offering a centralised platform where citizens can access a wide range of government services and information online, simplifying the process and reducing the need for multiple visits to different government offices. The digitisation of the business registration process in Ghang simplifies and accelerates the registration of businesses, enabling entrepreneurs to start and operate their businesses more efficiently. This promotes a favourable business environment. stimulates economic growth, and attracts investment.

R. YOFI GRANT,Chief Executive Officer,
Ghana Investment Promotion Centre



One of the things we take great pride in is that the diaspora has become integral in all aspects of our national life now. I am proud of the fact that nearly all institutions have become responsive and sensitive to the concerns of our diasporan friends. For example, when you go to the banks, they now have diaspora desks to make sure people can get the prompt attention they need. That is also the case with our missions abroad, the **Ghana Investment Promotion Centre** (GIPC) and the Ministry of Foreign Affairs. We are seeing estate developers responding to the needs of the diaspora and thinking about building communities that cater to their demands and standards so they can have comparable living spaces to what they have become used to in the West. I believe this renewed interest has something to do with our efforts and we are quite proud of it.

> **AKWASI AWUA ABABIO,** Director, Diaspora Affairs Office



thermal and, more recently, renewables. The energy sector has, like most others in the economy, been liberalised to enable private sector participation. Independent power producers have become a vital coa in Ghana's energy supply and currently provide close to 40% of total energy generation. The total installed capacity for existing plants in Ghana is 5,134 MW, with a dependable capacity of 4.710 MW. Thermal generation accounts for the largest share of Ghana's power generation, representing 66%, with hydro accounting for 33%. Recent projects have been focussed on renewables, including eight new solar projects in the north of the country by the Bui Power Authority and the Volta River Authority. This drive for renewables is in line with the government's Renewable Energy Masterplan, which aims to increase renewable energy generation, excluding large-scale hydro, to 2,514 MW by 203055% of which is projected to be from solar.

A leader in digital tools

Ghana has also emerged as a leader in the

deployment of digital tools to improve business, governance and the delivery of public and consumer services. Digitalisation has been mainstreamed into policy making, with health, education, financial services, justice and taxation among many areas in which the government has initiated or partnered with the private sector to improve delivery and efficiency through the use of digital

tools and platforms.

The government's initiatives such as the "e-Government Platform" and the "Digital Property Addressing System" have aimed to streamline bureaucratic processes, enhance citizen engagement, and reduce corruption. Through online platforms, citizens can access government services, pay taxes, and participate in decision-making, reducing the need for physical presence and paperwork.

This has not only improved the ease of doing business but has also contributed to a more accountable and responsive administration.

In financial services, the explosion in the use of mobile money services has expanded inclusion and enabled the extension of micro-services to customers. According to figures released by the Bank of Ghana, the value of transactions in the sector hit 1.07 trillion Ghanaian cedis (\$93.3 billion) in 2022, despite the imposition of a tax on digital transactions that was widely forecast to reduce usage.

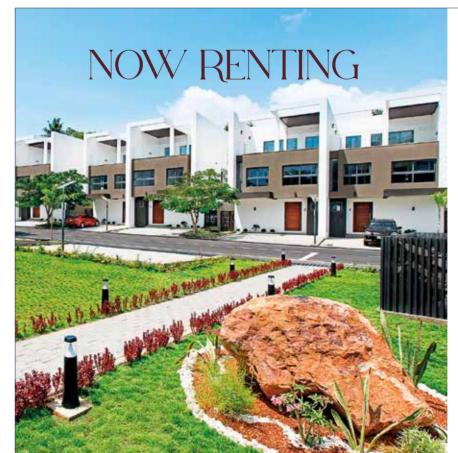
The government has argued that its digitalisation initiatives such as the introduction of biometric identity cards and property addressing systems will help formalise the economy, improve revenue generation and lay the foundation for a modern economy.

mational Communications Agency

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In May 2023, the same month that it received final approval for its IMF programme, Ghana also removed the final restrictions on travel into the country, in what is likely to have been a mere coincidence. However, the symbolism could not have been lost on observers.

Emerging from the turmoil of the pandemic and the various crises in its wake, the country's removal of restrictions offered an indication that it was ready and confident enough to return to the course that the pandemic had blown it away from. This should be welcome news to tourists, particularly those of African descent, a million of whom travelled to Ghana for the "Year of Return" and have contributed to making Ghana the destination of choice for Christmas revellers. It will also be a fresh boost to "Destination Ghana", a programme to attract tourists from Europe and America. As the Ghana Tourism Authority and other agencies work to bring more visitors to "December in Ghana," other agencies will want to get the message across that Ghana is not just for fun during Christmas, but for business throughout the year.



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Interview: Alex Apau Dadey, Executive Chairman of KGL Group and board chairman, Ghana Investment Promotion Centre (GIPC)

We want to create a huge African conglomerate that can compete anywhere in the world

Top Guide: Despite the challenging economic environment, KGL has continued to grow over the last year. How have you managed to do this and what can other investors and entrepreneurs learn from your success?

Alex Apau Dadey: I think what we have tried to do at KGL is to bring in the experiences that we accrued from our operations outside the country. I always see myself as a diasporan investor because I worked outside the country for a long time. So, moving back here, what I sought to do was to bring in the good practices and that is what my partners and I have been doing. We haven't really done anything different; we have just tried to replicate the approach that was working for us in the United Kingdom and other places.

We take good corporate governance very seriously at KGL and I think that is one of our hallmarks. We also believe in sharing the rewards of our business with our employees. We take good care of them. We also invest in the communities that we operate in and we are now one of the largest taxpayers in the country. Our ethos is essentially to be a good corporate citizen and observe the highest ethical standards.

'Yes, we have gold, cocoa and oil but I think we will benefit greatly if we can provide services like ours in other countries'







You are now expanding into new markets in Africa, as well embarking on new initiatives in Ghana, such as your intervention in the distribution of premix fuel for two-stroke motors. What is the big idea behind these moves and what impact do you expect them to have in the long term? Our vision is quite simple. What we want to do is create a huge African conglomerate that can compete anywhere in the world. One of the problems we have here is the volatility in the value of our local companies, which is partly because we have firms here that operate as foreign companies and so can send their money back home. Now, what if we also had big Ghanaian companies elsewhere that can also send money back into our economy? That is what we are doing. When we go into these new markets, we operate as Ghanaian entities, we do not set up as local firms in those countries and that means we can also repatriate our profits back to Ghana.

I believe that is one of the solutions and a way that we can change the current narrative. Yes, we have gold, cocoa and oil but I think we will benefit greatly if we can provide services like ours in other countries, make some money and bring it home – that is how we can expand our economy.

How are you hoping to transform the distribution of premix fuel with the innovations that you have introduced?

Well, we realised this was one of the areas where we have huge problems in this country. Unfortunately, there is a lot of corruption there, as the government can spend \$40 million or \$50 million and fishermen will still not get the product. That means the government is essentially throwing money away. So, we identified that as an area we can assist with through technology and the financial resources we have.

We are building 300 sites on a buildoperate-transfer basis. It is a multi-milliondollar intervention, and the government will pay us over a ten-year period. Our aim is to use technology to reduce corruption and eliminate the bottlenecks so that our fisherfolks can get the fuel they are entitled to.

What are some of the factors that influence the investment choices you make at KGL?

I think what you find is that when you have credibility, you do not need to go looking for opportunities; they come to you. My belief is that credibility is the currency of business and that is what is often missing in our space. Once you have credibility, opportunities tend to come your way. We speak to a lot of investors, and we have some of them introducing us to new ventures. I am proud to say that we have the pick of opportunities because we have built a brand that is credible.

In deciding which opportunities to take, we look at several factors. We like to part-

BUSINESS PROFILE: KGL GROUP

AT THE FOREFRONT OF DIGITALISATION

KGL Group is a wholly-owned Ghanaian group of companies, with interests in technology innovation, fintech, logistics, trade, property development, gaming and commerce. The parent company commands a network of specialised business units that promote efficient solutions and effective tech-based related services to customers across Ghana and partner operating regions.

KGL Technology Limited Digital Innovation, Fintech

KGL Capital Limited Equity, Trade, Finance, Fund Management

KGL Foundation Social Accountability (CSR Division of Group)

Keed Ghana Limited Tech Solutions, E-Games Development

Birchfield (Ghana) Limited Logistics, Property Development

KGL Group's expansion is based on carefully planned corporate strategy that relies on leveraging our core competencies and working within our corporate governance guidelines to achieve below:

Building synergies to drive productivity for business

Crafting bespoke sector relevant tech-based solutions

Developing sustainable growth plans to deliver value

Remaining accountable to the environments we work within

OUR OUTLOOK

As a group, our vision is clear and within reach: becoming a powerhouse in digitalisation across Ghana and emerging markets across the sub-region by capitalising on our portfolio of strong operating companies across diverse areas of expertise.

OUR HISTORY

KGL Group started operations in 2018 and has since grown to current staff strength of 100+ local Ghanaian workforce, priding itself in actively recruiting class-leading talent across multiple disciplines.

Significant investments in top-in-class platform solutions and global vendor partnerships, both local and abroad with a client and strategic partner scope spanning multiple sectors: private, public, government and non-profit.

ner with companies that already have a track record. For example, with the premix fuel venture, we are working with a company that has been in the business for over twenty years so they are not new. What we are bringing in is the new technology and the investment. We don't typically invest in startups, as we have another arm, KGL Capital, for exactly that purpose. We currently have about ten startups that we are investing in and offering support and quidance to.

The KGL Foundation is also doing some great work. What is the long-term vision for it, especially in the area of mental health, which you have announced plans for?

The foundation is very important to us. In fact, 5% of our profits is committed to the foundation. We believe that the communities that we operate in should benefit and people should be better off after their experience with us. That's very important to us. Our philosophy of wealth is that it must touch lives. What we have done this year is institute a partners' participation programme, where the companies we work with also have to support our vision. Luckily, we have a lot of companies that want to work with us and so we are asking them to support the same thematic causes that we are supporting.

Mental health is one of five areas that we are focusing on. There are so many young people struggling with mental health issues and, unfortunately, it is seen as a spiritual matter in Ghana. Elsewhere, it is treated properly as a medical problem, and we want to see that happen here too. This is a conversation that we want to lead here in Ghana.

What assurance can you give to other investors, including Ghanaians in the diaspora, who are considering Ghana as a destination.

Well, I am a living example of the potential that Ghana has as an investment destina tion. I lived in the United Kingdom for over 30 years, and I have been permanently resettled in Ghana for the last 6 years. What I would say is that most of the financial resources that we are deploying now were made elsewhere. We are a 100% Ghanaian-owned company and 99% of our staff are Ghanaians, but we bring in expertise that is not available here. Take fuel automation: we are able to rely on funding from outside, where we have a track record, and so we are able to raise the needed funds. We also have foreign partners who come in with the technology and expertise to enable us to replicate the systems here.

What I will tell my fellow diasporans is that once you have the expertise, the resources and the contacts, Ghana is the best place to get results and also make an impact. Otherwise, those assets are just being wasted where they are. What we need here are the resources and the

expertise so once you have that, bring them in to take advantage of the local opportunities and let's work together to build a prosperous country.

As chairman of the Ghana Investment Promotion Centre (GIPC), what can you tell investors about Ghana's prospects and why they should put their money into the country?

Ghana has always been a business-friendly destination. We have the most robust legal protections for foreign investors in the region. Of course, just like any other country in the world, we are having some economic turbulence but that is very much a normal trend in the economic life of any country, where periods of growth alternate with periods where you have a slowdown. In the UK, they refer to it as boom and bust. We are going through that cycle, and with

'What I will tell my fellow diasporans is that once you have the expertise, the resources and the contacts, Ghana is the best place to get results and also make an impact'



still a prime destination and I believe in-

vestors should seriously consider Ghana.

Now that we have the International Monetary Fund (IMF) coming in to offer policy credibility, I believe we will soon recover, and the economy will start growing again.

What observations did you make at the Dubai Expo in terms of how Ghana can compete with the likes of Dubai for investment dollars?

Idon't think we have to compete with them. We have our own way. When I lived in the UK, I used to do business in Dubai, so I know how far they have come. The UK used to be their biggest trading partner and we saw then the things they were doing right. We have a similar situation here in Ghana. We are an English-speaking country, and we are right at the centre of the world so we can attract a lot of service-based businesses as Dubai has been able to. Dubai was built on services, and I can see Ghana replicating such a model.

We have a conducive environment, stable government and a peaceful country, so we can become a hub for businesses in the region. Now, with the African Continental Free Trade Area, which is headquartered in Ghana, there will be even more opportunities to expand across the region.

