



Doing Business in Ghana

Sector Opportunities and Business Models

(from an NGO perspective working with private sector corporate and SME businesses)

Global Access Program Conference 2018
California, San Bernardino

BY BARBARA GBOLOGAH-QUAYE

JUNE 6 , 2018

Content

1. Overview : Ghana's strategic focus
2. Opportunities and Business Models
3. Recommendations

Overview – Ghana beyond aid

- ▶ New political dispensation since 2017 : Ghana beyond aid
- ▶ Country Goals :



Overview -Ghana beyond aid : Sector contribution to GDP

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017*
AGRICULTURE	30.4	29.1	31	31.8	29.8	25.3	22.9	22.4	21.5	20.3	18.9	18.3
INDUSTRY	20.8	20.7	20.4	19	19.1	25.6	28	27.8	26.6	25.1	24.3	25.5
Mining and Quarrying	2.8	2.8	2.4	2.1	2.3	8.4	9.5	9.4	8	5.3	4.2	5.9
<i>o.w. Oil**</i>	0	0	0	0	0.4	6.7	7.7	8.2	7.2	4.1	2.1	5.6
Manufacturing	10.2	9.1	7.9	6.9	6.8	6.9	5.8	5.3	4.9	4.8	4.6	4.5
Construction	5.7	7.2	8.7	8.8	8.5	8.9	11.5	12	12.7	13.5	13.7	13.7
SERVICES	48.8	50.2	48.6	49.2	51.1	49.1	49.1	49.8	51.9	54.6	56.8	56.2

Source : GSS

Highlight – Six out of the Ten Point Agenda



Sector Focus : Agriculture (18% to GDP) – Promoting Sustainable Agriculture

Initiatives

Government

- Modernize agriculture and achieve efficiency
 - Planting for food and jobs
 - One dam one village program

Private Sector

- Kosmos Innovation Center program
- Vodafone platform for Farmers

Donor programs

- USAID Feed the Future
- DFID- Marketing Development Program for Northern Ghana \$1 m

Opportunities

- Warehousing facilities for grains e.g. rice, maize
- Processing value chain e.g. tomatoes , cereals
- Construction of dams and supply of irrigation equipment based on frugal innovation
- Cloud and frugal mobile innovation - enhance market and production services
- Farm to market cold chain services
 - Support fresh fruits and vegetable distribution

Business model

- Public-Private Partnership (PPP) in flagship programs e.g. district warehousing , one district one factory e.g. Nasia Rice
- Partnership with emerging social enterprises
 - Troto Tractor which is an Uber services for tractors
 - Farmerline – information services to farmers and donors
- Private sector investment or Joint Ventures in processing value chain - e.g. Blue Skies Ltd

Sector Focus : Education

National Agenda: Free Basic and high school Education

Gaps and challenges

- ▶ Unemployed youth population @ 48% - national unemployment @ 5.8%
- ▶ **Basic Education**
 - ▶ 500,000 or 11% of kids in 2016 within school going-age out of school each – no formal education
 - ▶ Quality and performance ranks 76th in the world but one of the best in West Africa
 - ▶ Access to education materials and infrastructure inadequate
- ▶ **Tertiary Education**
 - ▶ Private sector investment 22% of market in 2016
 - ▶ **25%** Corporate tax cut to investors in private university to act as incentive

Opportunity

- ▶ Infrastructure – investment in private Senior High Schools and Tertiary Education
- ▶ Vocational training: private tertiary schools and curriculum linked to industry needs
 - ▶ ICT, software development , systems engineering
 - ▶ Learning materials

Business Model

- ▶ **Crowd funding, angel investment and scholarships :**
Ashesi University Model
- ▶ **ICT training institute, equipment and software supplier :**
IPMC Model

Sector Focus : ICT – National Agenda

Paperless economy through IT enabled services

Gaps and Challenges

- ▶ Paperless ports services to be implemented to reduce revenue loss
- ▶ New national ID card to be rolled out
- ▶ Mobile Interoperability
- ▶ Land department digitization
- ▶ Expanding the formal economy through digitized Taxation and E-government
- ▶ Agriculture technology – supply chain logistics, marketing and monitoring
- ▶ Banking sector reforms – mergers due to reserve requirement forcing an increase in demand for enhanced ICT support

Opportunities

- ▶ Computers for education at low entry price point with credit and support services to schools
- ▶ IT management services for local banks and other sectors – provided by the likes of IBM, Dell, Huawei
 - ▶ Broadband spectrum, management of servers, security storage, networks and end user services, IT support to branches, ATM support and Data center services

Business Model

- ▶ Services : I.T Management services project between an international IT firm and Fidelity Bank Ghana for 5-10yrs
- ▶ PPP – not a popular model

Sector Focus : Energy & Extractive Sector Opportunities

Energy prior to 2015

- Thermal and Hydro power supply short of demand – 3900mgw
 - Pipeline fracture, hydro depletion and gas startup
- Power rationing to domestic end users and industry

Fast forward to 2018

- Dec 2017 – Net dependable capacity 3950mgw with current peak at 2018mgw
- New plants and fuel diversification
- Abundant gas from Jubilee fields
- Energy from Independent power producers , more generation ongoing
- Producer price still high resulting in high end user price

Oil and gas value chain

- Production : Jubilee, TEN, Sankorfa and New drilling - Keta basin
- Gov't Focus : local content supply chain

Mining value chain

- Integrated mining development
- Gold value developed for domestic and export market
- mining sector , new anchor industries , export market
- Artisanal mining and illegal mining challenges

Opportunities

- Energy – anchor industries and integrated industries – aluminum, gold
- Mining – local production of carbon , grinding media, electrical cable supply
- Oil and gas – logistics , welding services , fabrication yards, training

Business model

- Public-Private Partnership (PPP)
- Direct private sector investment and Joint Ventures : e.g. Run-on-Time Engineering, Darnest and Seaworld Engineering
- Partnership and business consolidation – Conship
-

Sector Focus : Health

National Agenda: Improved access to basic health care

Gaps and challenges

- ▶ Pressure on health facilities due to growing urbanization at 3.6% of city population
- ▶ Increased middle class – a million plus population – recording increase in non-communicable cases due to life style changes
- ▶ Challenges with sanitation resulting in increased
 - ▶ malaria cases – 4.5m cases in 2016 and over 1200 deaths .
 - ▶ Epidemics /out-breaks
- ▶ Cost of medication high due to high cost of production and taxes

Opportunities

- ▶ Service sector
 - ▶ Private vocational Training centers for health care staff e.g. Lab technicians and radiologist High value clinics to serve growing affluent middle class
- ▶ Infrastructure : Clinics , hospitals and private sector labs offering tertiary services
- ▶ Wellness centers with continuum of care for growing middle class.
- ▶ Bottom of the pyramid / last mile diagnostics solutions via technology to meet rural and community needs

Business Model

- ▶ Lister Hospital – Private equity
- ▶ Ernest Chemist Pharmaceuticals- Private equity

Sector Focus : Transport

Gaps and challenges

- ▶ Reduction in traffic conjunction
 - ▶ Urbanization hits 72% by 2015 , 75 vehicles to 1000 people
- ▶ Port Expansion
- ▶ Rail way refurbishment and expansion
 - ▶ China –Ghana GRDA Deal \$19b to support the integrated aluminum refinery project
 - ▶ Rail from Kumasi to Accra, Accra to Burkina and from Western Region to Accra – been explored
- ▶ Airport services expansion – new services , self checking, new run ways, new cargo opportunity , expanded immigration and smoother exist and entry services

Opportunities

- ▶ Logistics services expanded e.g. . For food, equipment and parcels transfer across the country to neighboring countries e.g. Market Express
- ▶ Tracking services for fleets
- ▶ Supply of equipment , vehicles and spare parts
 - ▶ Used parts a huge business

Business Model

- ▶ Private equity investment – MacDan Shipping and logistics
- ▶ Suppliers Credit : Spare parts dealers at Abosokine will buy in volumes if extended credit
- ▶ Representation : Starting a representation offices in Accra in partnership with existing sector business

Sector focus : Trade and Retail

Initiatives

Industry :

- ▶ Ramp-up of industrialization policy for job creation -1D1F
- ▶ Stimulus package for distressed companies - over \$250m earmarked
- ▶ Aggressive development of free Zone enclaves with Tax holidays in all regions

Trade :

- ▶ FMCGs – growth in market due to
 - ▶ large young population under 25 years
 - ▶ Change in lifestyle and taste by growing middle class (1 million in population)
 - ▶ Growing expat community due to extractive industry expansion

Opportunities

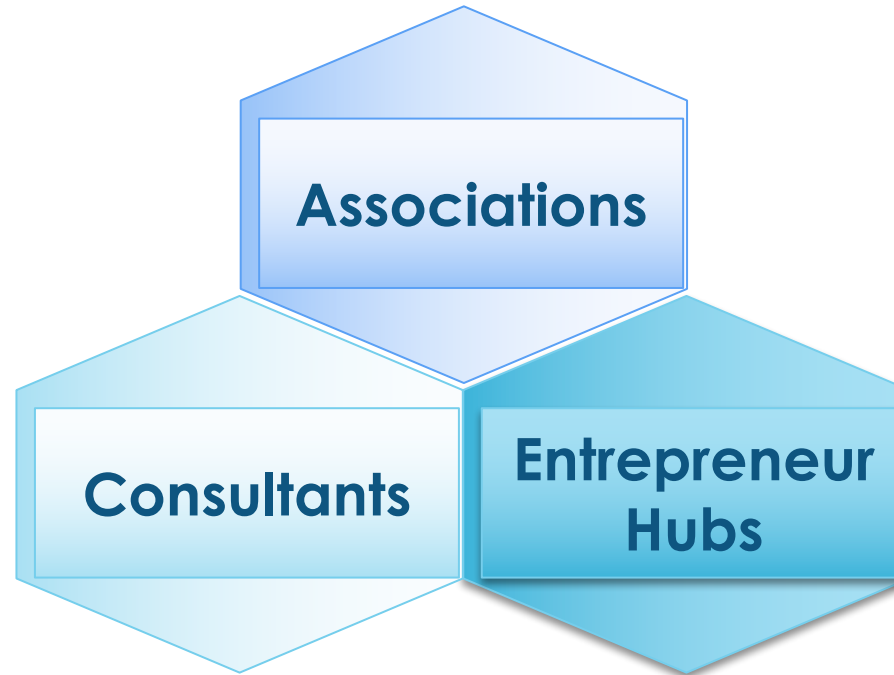
- ▶ Partnership and Joint Ventures – 80 business selected for 1D1F mostly in agriculture production, processing, distribution and marketing
- ▶ Production and Distribution of foods, beverages & other grocery
 - ▶ Supermarkets and malls for fast moving goods imported
 - ▶ Main streaming marketing of locally processed and packaged foods
- ▶ Production for export through the free zones
 - ▶ E.g. Niche Chocolate

Business models

- ▶ PPP on government projects
- ▶ Joint Ventures and partnerships

Tips : Identifying business opportunities and key steps prior to Investing in Ghana

- ▶ Sign up with Trade Associations & Commercial Chambers



- ▶ Market entry support and partnership opportunities
- ▶ Bidding for government tenders and Donor funded projects on their five yearly strategic projects .
- ▶ Carry out extensive due diligence and assistance in understanding the culture of the business environment
- ▶ Engage donor development offices - e.g. Feed the Future Programs by USAID-Ghana

- ▶ Partnership with social enterprise Hubs and entrepreneurs
- ▶ Identify social investment programs funded by foundations of sector corporate organizations.



Thank You

For more information contact:

Barbara Gbologah-Quaye
Tel : 233-244364551

E-mail : barbs@ghana.com