

**MINISTRY OF LOCAL GOVERNMENT
DEPARTMENT OF TOWN AND COUNTRY PLANNING**

INVESTMENT PROSPECTUS

VOLUME 5

DECEMBER 1991

**Prepared by the Accra Planning and Development Programme in association with the
United Nations Development Programme
and the United Nations Centre for Human Settlements (Habitat)**

TABLE OF CONTENTS

INTRODUCTION	1
Chapter 1	2
GHANA'S INVESTMENT ENVIRONMENT	2
1.1 INTRODUCTION	2
1.2 RESOURCES	2
1.2.1 Labour	2
1.2.2 Market Size	2
1.2.3 Export Trade	3
1.3 ECONOMIC ENVIRONMENT	3
1.3.1 Exchange Rate	4
1.4 PUBLIC RESOURCE MANAGEMENT	4
1.4.1 Domestic Resource Mobilisation	4
1.4.1.1 Trade and Pricing Policy	4
1.4.1.2 Tariffs and Taxes	5
1.4.1.3 Financial Sector Policies	5
1.4.1.4 Balance of Payment and Public Debt	5
1.4.2 Restructured Expenditure	5
1.4.3 Public Investment Programme	6
1.5 POLITICAL ENVIRONMENT	6
1.6 INSTITUTIONAL FRAMEWORK FOR PRIVATE INVESTMENT	6
1.7 LOOKING AHEAD	6
Chapter 2	7
GREATER ACCRA METROPOLITAN AREA BACKGROUND INFORMATION	7
2.1 INTRODUCTION	7
2.2 CLIMATE	7
2.3 NATURAL RESOURCES	7
2.4. THE ECONOMY OF GAMA	8
2.4.1 Agriculture	8
2.4.2 Industry	8
2.4.3 Service Sector	8
Chapter 3	10
THE LOCATIONAL ADVANTAGES OF GREATER ACCRA METROPOLITAN AREA	10
3.1 INTRODUCTION	10
3.2 ECONOMIC INFRASTRUCTURAL SERVICES	10
3.2.1 Roads and Highways	10
3.2.2 Railways	10
3.2.3 Air Transport Services	11
3.2.4 Ports and Harbours	11
3.2.5 Water Supply	11
3.2.6 Energy	11

3.2.7	Sanitation	12
3.2.8	Solid Waste Management	12
3.2.9	Telecommunications	12
3.2.10	Postal Services	12
3.2.11	Land	13
3.3	SOCIAL INFRASTRUCTURAL SERVICES	13
3.3.1	Education	13
3.3.2	Health Services	13
3.3.3	Housing	13
3.3.4	Recreation	14
3.3.5	Prices and Wages	14
3.3.6	Household Expenditure	14
3.3.7	Safety and Security	14
3.4	LABOUR	14

Chapter 4	16
INVESTMENT OPPORTUNITIES IN GREATER ACCRA METROPOLITAN AREA	16

4.1	SELECTION OF INVESTMENT OPPORTUNITIES	16
4.2	AGRICULTURE	16
4.2.1	Horticulture	16
4.2.2	Livestock	16
4.3	CONSTRUCTION	17
4.4	MANUFACTURING	17
4.4.1	Food Processing	17
4.4.1.1	Fruit and Vegetable Processing	17
4.4.1.2	Fish Processing	17
4.4.1.3	Animal/Poultry Feed	18
4.4.2	Non-Metallic	18
4.4.2.1	Clay	18
4.4.2.2.	Granite	18
4.4.2.3.	Marble	18
4.4.2.4	Salt	18
4.4.3.	Chemicals	19
4.4.3.1	Caustic Soda	19
4.4.3.2	Bitumen	19
4.4.3.3.	Industrial Starch	19
4.4.4.	Metallurgical/Metal Working	19
4.4.4.1	Foundry	19
4.4.4.2	Gas Cylinders	20
4.4.4.3	Aluminium Extrusion Plant	20
4.4.5	Packaging	20
4.4.6	Wood Processing	20
4.4.7	Electricals/Electronics	20
4.4.8	Textiles	20
4.5	TOURISM	21
4.6	SERVICE SECTOR	21
4.6.1.	Warehousing	21
4.6.2	Air Freight Services	21
4.6.3	Mass Transportation	22
4.6.4	Colour Separation	22
4.7	STOCK EXCHANGE	22

Chapter 5	23
PRIORITIES, INCENTIVES, AND BENEFITS UNDER INVESTMENT CODE, 1985	23
5.1.1. Agriculture	23
5.1.2 Manufacturing Industries	23
5.1.3 Building and Construction Industries	23
5.1.4 Tourism	24
5.1.5 Benefits	24
5.1.6 Special Benefits	25
5.2 PROTECTION OF INVESTMENT AND TRANSFERABILITY OF CAPITAL	25
5.3 SETTLEMENT OF DISPUTES	25
5.4 MINIMUM FOREIGN EQUITY CAPITAL INVESTMENT REQUIREMENT	26
5.5 JUSTIFICATION OF VENTURE	26
5.6 TECHNOLOGY TRANSFER AGREEMENTS	27
5.7 INQUIRIES	27

INTRODUCTION

This Investment Prospectus is the fifth and last volume prepared in the course of preparation of a strategic plan for Greater Accra Metropolitan Area. It is expected to serve as a guide to investors, providing information on various factors affecting private sector investment, especially foreign direct investment (FDI).

The Government of Ghana realizes the intense competition for direct foreign investment among developing countries. As a result, it has taken a more pragmatic attitude towards private investment, in general, and foreign direct investment, in particular. It has relaxed policies and liberalised controls on private investment, abandoned restrictive practices, and adopted the Investment Code 1985 (PNDC Law 116) to enable it compete internationally for direct foreign investment. It is also continually improving its fiscal policies towards private investment and expanding the scope of the private sector involvement in the economy of Ghana. The generous benefits and incentives offered in the Investment Code 1985, Ghana's rich natural resources, successful undertaking of an Economic Recovery Programme, and a stable political environment provide a very conducive investment in Ghana.

The location of investment increasingly is influenced by the availability of adequate hard and soft infrastructural facilities. The Greater Accra Metropolitan Area provides unique locational advantages for investment: It has a cosmopolitan and a rapidly growing economy, a well developed economic and social infrastructural facilities, a wide choice of financial services with long years of international experience, and a well trained and disciplined labour force which can make GAMA to be a competitive location for investment.

The Investment Prospectus provides information on investment opportunities in the five priority areas identified in the Investment Code, 1985: agriculture, manufacturing, construction, tourism, and service. The growth potentials and investment opportunities in various subsectoral activities within the priority areas have been explored in order to assist investors in preliminary identification of areas of investment.

This Investment Prospectus, though not exhaustive in its presentation of the available opportunities in Greater Accra Metropolitan Area, provides important information to prospective investors interested not only in the metropolitan area, but also in Ghana. It complements the Investment Guide prepared by Ghana Investment Centre, which is the sole government agency authorised to promote, approve, and oversee the implementation of all investments in Ghana.

Chapter 1

GHANA'S INVESTMENT ENVIRONMENT

1.1 INTRODUCTION

The Republic of Ghana shares common frontiers with the West African States of Togo, Cote d'Ivoire, and Burkina Faso. The country has an area of 250,000 km², with large areas of fertile land, significant deposits of minerals, precious metals, gemstones and forestry resources. The population is currently about 15 million, with an annual growth rate of 2.6 percent. It is diverse in culture, language and religion. It is divided into 10 administrative regions. Ghana became an independent country in 1957 and was declared a republic in 1960. It is currently governed by the Provisional National Defense Council (PNDC).

1.2 RESOURCES

Ghana is a country richly endowed with natural resources. Its land resources provide the basis for producing not only exportable cash crops such as cocoa, coffee and timber but also a wide variety of subsistence crops. For most of these crops, and specifically for starchy staples, vegetables and fresh fruits, Ghana has a good comparative advantage. However, this comparative advantage could be greatly enhanced if production were undertaken on a proper scale and more technical capability were integrated into the production process to produce higher value-added products.

Ghana's plentiful supplies of high-quality timber offer the basis for wood industries which could compete in European markets for furniture, joinery and mouldings. The fishing industry is long established in Ghana, especially for tuna. World price projections suggest the potential for further development of the sector if fleet management and port facilities are improved. Ghana has substantial resources of mineral wealth: deposits of gold and diamonds can be exploited with low costs of extraction provided that equipment is modernized further and streamlined. Deposits of bauxite and manganese also offer potential for exploration.

1.2.1 Labour

Labour costs are lower in Ghana than in many of its neighbouring countries. Monthly wages per employee are less than US\$100 per month in the private sector. However, labour productivity in Ghana has been declining. This decline in productivity is related to over staffing and to the decline in capital investment over the same period. The over staffing is being eliminated through a programme of redeployment which government initiated during the late 1980's. The Ghanaian labour force has a reputation for hard work, and relations with management are considered conducive to investment. Government has put special emphasis on vocational and technical training programmes to increase the productivity of capital.

1.2.2 Market Size

Ghana's population is relatively large estimated in 1990 at 15 million, although currently depressed demand could not absorb full-capacity production of manufactured products. Prospects for exporting manufactured products would increase with continued recovery and adjustment as higher productivity and exchange rates make them more competitive. Development of ECOWAS would expand the regional market to a great extent as free passage of goods and services is allowed among the 16 West African member countries. Ghana, has good transportation network with the neighbouring countries of Togo, Benin, Nigeria, Cote d'Ivoire, Liberia, Burkina Faso, and Niger, with a total population of over 200 million.

1.2.3 Export Trade

The primary exports of Ghana, cocoa, minerals, and timber constitute the traditional exports that have shaped the economic developments of Ghana since independence. Non-traditional exports refer to exports other than minerals, cocoa, timber, and electricity and are classified under three product areas: agriculture, manufacture, and handicrafts. The combined (traditional and non-traditional) export trade was about \$993 million in 1991 up by nearly \$45 million from the original estimate of \$948 million.

As the leading export product of Ghana, cocoa accounts for about 40 percent of foreign income. Cocoa export rose from 155,565 metric tonnes in 1983 to 247,470 in 1990, but due to fluctuating world market prices, there has been some loss of foreign earnings. As a result of this, cocoa export earnings dropped in 1991 to nearly \$353 million from the projected \$376 million. Exports of timber and timber products rose steadily from \$23.5 million in 1982 to over \$250 million in 1991.

Famed as "Gold Coast" Ghana's pre-colonial name was not based on myth. The 1990 production, valued at US\$205.8 million, was 541,408 ounces. With the formulation of a minerals development policy, several investors have expressed interest in the gold industry in Ghana. Since 1985, 68 prospecting licenses have been issued, 46 to Ghanaian companies and 22 to foreign companies; 3 new mines owned by foreign companies have operated since 1986. The total gold production in 1991 was 835,340 fine ounces, 196,672 higher than originally estimated. Gold earnings amounted therefore to nearly \$301 million compared to the projected level of \$256 million. Ghana's diamonds are predominantly industrial and mined by both big mining companies and small-scale operators. Diamond-mining is chiefly alluvial. Of the 636,380 carats produced in 1990, small-scale producers had a share of 484,876 carats. Earnings for 1990 were the highest: \$16.3m, compared to income of only \$4.8m for 1985 sales of 642,718 carats. There was over 200% increase in 1990 exports over that of 1989, testifying to the significant input of small-scale diamond miners.

Ghana has enormous bauxite estimated at 60 million tonnes. Given the general problems which affected the entire mining industry, production dwindled from 380,000 tonnes in 1974 to 53,000 in 1983. To revive the industry, there have been both recapitalization of the mines and improvement in the railways to increase the haulage capacity of the Ghana Railways Corporation. Thus, remarkable improvements are evident in exports since 1983. From a low of 44,169 metric tonnes in 1984, there has been a mighty leap to 368,690 metric tonnes in 1990 with earnings of nearly \$10 million, ten times that of 1984.

Manganese production was 243,000 metric tonnes in 1983. Production has averaged 276,000 metric tonnes since then, earnings were nearly \$13.3 million in 1990.

Ghana's non-traditional exports include horticultural, marine products, tree crops like rubber, cola and palm nut, textiles and garment goods, processed food and furniture, traditional textile, jewellery, pottery, ceramics, rattan products and basketry, etc. Income from non-traditional constitute a negligible fraction of total exports, i.e. about 5%. However, exports of non-traditional exports have risen from virtually negligible levels in 1983 to \$86 million in 1991.

1.3 ECONOMIC ENVIRONMENT

In 1983, the Government introduced an Economic Recovery Programme (ERP) in an effort to redress the deteriorating economic conditions of the country, including weak producer incentives and poor economic management, which resulted in a steady decline in per-capita incomes, high inflation, and a diminishing capacity to pay for imports.

The ERP was aimed at:

- a) a flexible exchange rate policy;
- b) the gradual removal of price and distribution controls;

- c) prompt adjustment of administered prices to reflect changes in the exchange rate and other costs;
- d) incentive policies for agricultural products;
- e) redesigning budgetary policy to increase domestic reserve mobilisation and to reduce dependence on inflationary bank financing;
- f) initiating of sector rehabilitation and infrastructure programmes.

The result had been a dramatic turn around of the economy with most of the key economic indicators showing positive growth trends: Gross Domestic Product (GDP) is projected to increase over 5.0% per annum through to the year 2000, 2% per capita growth over the same period. Agricultural contribution to GDP is expected to increase by an average of 2.4% per annum through 1995. Employment will reach 3,475,000 in 1995. Industry, which in 1990 represented about 14.1% of GDP, will be the fastest growing sector, growing at the annual rate of nearly 9% through 1995. There will be 2,234,417 jobs in industry (87% in manufacturing) in 1995, an increase of 67% over the number of industrial employment in 1990. The service sector's contribution to GDP in 1990 was about 42.5% decreasing to 39% in 1995. However, it is expected to grow at a rate of 6.2% till 1995, 2.2% higher than an earlier projection. The number of people working in the service sector will increase from 2,378,324 in 1990 to 3,044,658 in 1995, an increase of 28%.

The Government of Ghana has also created a favourable overall economic environment, providing sound general and sectoral economic policies. Some of these policies, important in determining the costs and benefits of private investment, are given below:

1.3.1 Exchange Rate

The most important measure taken was the movement towards a more realistic exchange rate: (a) the exchange rate system has become market-based; (b) foreign exchange bureaus have been established; and (c) imports of goods and transfers of profits and dividends can now be funded through the purchase of foreign exchange directly from the forex bureaus.

1.4 PUBLIC RESOURCE MANAGEMENT

Improvements in public resource management were made in three areas: domestic resource mobilisation; restructured expenditure; and public investment programme.

1.4.1 Domestic Resource Mobilisation

The main instruments of domestic resource mobilisation were reform of the tax and banking systems.

1.4.1.1 Trade and Pricing Policy

The basis of Government's trade policy is liberalisation. Since the introduction of the ERP, Government has continued to rationalise the structure of import duties and trade taxes and to reduce special taxes on certain imports. Import duty on semi-processed intermediate goods was reduced from 15 to 10%, and the special tax on textiles, alcoholic, and tobacco imports was lowered from 40 to 10%. The super sales tax, which, when it has been applied operated like the special tax and added to the distortions in the tariff system, was abolished. Importing goods can now be done simply by submitting a declaration form.

Price and distribution controls have been dismantled for a wide range of products to allow market forces to determine price levels. Administered prices were adjusted under the ERP to reduce domestic distortions arising wholly or partially from an overvalued exchange rate. In particular, the cocoa, cotton, and tobacco producer prices have been progressively raised, and petroleum prices have been adjusted promptly following exchange rate changes.

1.4.1.2 Tariffs and Taxes

The main objectives of tax reform in Ghana have been to raise revenues while reducing reliance on few primary products and to enhance the contribution of the tax system to growth, by reducing tax rates and broadening the tax base. During the past few years, consumption taxes were raised; negative protection of domestic excisable products was created; and, a set of revenue neutral rates have been applied to both imports and domestic goods. The level of tax relief on personal income was raised and tax brackets were significantly expanded; withholding tax on dividends payments was converted into a final tax and reduced from 15 to 10%; corporate tax rates were reduced from 50 to 35%; capital gains tax was reduced to a minimum of 5%; and, the capital gains from publicly traded shares, mergers, and acquisitions was exempted from 30 to 15%. The special tax on imports ranging from 10 to 40% has been rationalised and reduced to a maximum of 10%. Import duties and sales taxes on electronic goods have been reduced to between 7.5 and 10%, while they have been abolished on building materials.

1.4.1.3 Financial Sector Policies

Prior to the ERP, the banking system in Ghana, faced serious financial difficulties arising primarily from a substantial non-performing loan portfolios. During 1989 and 1990 the Government implemented a programme to strengthen the performance of the banking system aimed at improving the regulatory framework, restructuring financially distressed banks, and improving resource mobilization and increasing the efficiency of credit allocation by the banking system. This led to the creation of a Non-Performing Assets Recovery Trust (NPART) whose function was to realize the non-performing assets of distressed banks which were transferred to it. The programme is also aimed at (a) improving the regulatory framework; (b) restructuring financially distressed banks; and, (c) improving resource mobilization and increasing the efficiency of credit allocation by the banking system. Government has taken measures to encourage (a) the development of primary and secondary money markets; and (b) the establishment of a stock exchange company which was incorporated in early 1990 and started commercial trading in November 1990.

The banking and other economic reform programmes have had significant impact on the financial sector: First, average yearly inflation rate has significantly decreased from about 37% in 1990 to about 18% in 1991. The Government is committed to a programme of controlling inflation, it expects to lower further the inflation rate to 8% on an annual average basis in 1992. Second, interest rates are down to about 20% in 1991 from a high rate of 35% in 1990. The financial system is expected to provide sufficient resources to finance private investment.

1.4.1.4 Balance of Payment and Public Debt

Ghana has also made remarkable progress in steadily eliminating its external arrears which stood at only US\$30 million in September 1989 compared with about US\$640 million in 1982. Foreign exchange reserves are also now on the rise. Overall, the economy has maintained an average growth rate of about 5 percent a year since 1983.

1.4.2 Restructured Expenditure

One of the priorities of the Government is to manage public sector resources better and to improve the performance of state enterprises. The policy is two fold: increasing the efficiency of those companies which will remain fully or partially owned by Government, and reducing the size of the rest of the sector. Corporate plans and performance agreements are the principal means by which the management and financial performance of these enterprises remaining in the Government's portfolio are monitored and improved. As a result, explicit budgetary transfers to state enterprises have steadily declined. The Government has also appointed a Divestiture Implementation Committee as well as established a new secretariat to support its work. As of the end of January, 1991, twenty-three enterprises had been liquidated and another 15 enterprises sold to the private sector. More enterprises have been approved for divestiture. Government is willing to take actions to improve the process of divestment.

1.4.3 Public Investment Programme

Government has put in place a rolling 3-year Public Investment Programme (PIP) to guide and control public expenditure. The composition of the programme is dominated by economic infrastructural needs which in 1991 accounted for 62% of the total expenditure, while investment in productive sectors accounted for 22%. The share of social sectors was 14%. This is a continuation of the general trend of a shift in the allocation of the PIP towards infrastructure.

1.5 POLITICAL ENVIRONMENT

Political stability is very crucial for private investment. Ghana has shown political maturity during the last ten years of the PNDC Government: It has opened up its economy by adopting a programme of economic recovery; introduced an Investment Code (1985) to establish an appropriate framework for foreign direct investment designed to reward production and investment. The Constitution of the country provides for the protection of private investors from being deprived of their property. Furthermore, the PNDC Government has accepted a multi-party democracy in a constitution which has been approved by a nation-wide referendum. National elections are scheduled to take place during the last quarter of 1992. All these changes have taken place without any civil disturbances.

1.6 INSTITUTIONAL FRAMEWORK FOR PRIVATE INVESTMENT

The way decisions are made and laws are enforced or implemented are crucial in attracting private investment, especially FDI. Investors are sensitive to the process of decision making such as speed, fairness, accessibility, and the efficiency, discipline, and climate of the overall administrative framework within which the investment takes place. The Ghana Investment Centre has been created to ensure the enforcement of laws fairly and to provide equal opportunities to all who wish to invest in Ghana.

The Ghana Investments Centre (GIC) was given a broad mandate under the Code to promote, approve and oversee the implementation of all new investments (local and foreign) in Ghana, excluding those in the mining and petroleum sectors. Its mandate included streamlining of the investment-approval process by making the Ghana Investments Centre an effective and efficient agency of Government, well-equipped to respond promptly to the needs of the private sector through the provision of desired investor-support services. In addition, the role of the Ghana Investment Centre will be reoriented towards the promotion of investment. This is expected to make the Centre a "one- step" investment agency where private investors, particularly foreign investors, would obtain all their approvals, permits, licenses, etc. without any bureaucratic delays and problems, institutionalising a communication framework between private investors in Ghana and Government officials. All inquiries or information about private investment in Ghana should be addressed to the Centre.

1.7 LOOKING AHEAD

The medium term policy of the Government aims at consolidating the gains of the reform programmes and accelerating the pace of economic activity. Government also intends to maintain sound macroeconomic policy such as fiscal and monetary discipline, a liberalised trade regime, and a market determined exchange rate. Specific measures will be taken towards corporate restructuring, financial sector reform, export diversification, and the development of the private sector.

In the coming years, real GDP is targeted to grow at the average annual rate of well over the previous estimate of 5%. This growth in output will require that gross investment as a share of GDP rise from an estimated 16% in 1990 to 19.5% in 1993. The bulk of this increase in investment is expected to come from private investment which is projected to rise from 8.6% of GDP in 1990 to 10.6% in 1993. Public investment is also projected to grow to 8.9% of GDP in 1993 up from 7.4% in 1990. The private sector development measures cover such areas as taxation and investment incentives, supportive changes in the legal and regulatory framework, and improved government - private sector relations in order to attract particularly foreign direct investment (FDI) in Ghana.

Chapter 2

GREATER ACCRA METROPOLITAN AREA BACKGROUND INFORMATION

2.1 INTRODUCTION

The Greater Accra Metropolitan Area (GAMA) consists of Accra Metropolitan Area, Tema Municipality, and Ga District with an estimated population of 1.7 million in 1990. With an annual growth rate of 4.4% per annum, GAMA's population is expected to reach 2.65 million by the year 2000. Its share of Ghana's population will increase from 11.5% in 1990 to 13.1% by the year 2000. GAMA covers an area of nearly 1520 square kilometres, or 0.6% of the size of Ghana. About 50.2% of the population is female. Nearly 42% is below the age of 15.

In the heart of GAMA is the city of Accra. With a population of about 1.2 million people in 1990, Accra, Ghana's capital since 1877, is today one of the most populated and fast growing metropolis in Africa. The capital was transferred from Cape Coast one hundred years ago. Accra, derived from the Akan word "nkran" or "nkranko", is attributed to the thousands of ant hills which dotted the Accra plains.

Accra was declared the first city of Ghana by Ghana's first President, Dr. Kwame Nkrumah in 1961. Accra is not only the seat of Government but is also the capital of the Greater Accra Region and AMA, as well as the commercial, financial, and cultural centre of Ghana.

The Greater Accra Metropolitan Area (GAMA) lies within the coastal plain of Ghana 80 km west of the Volta River. The plain is bounded by the Aplarku and Akuapim Hills which form an escarpment running diagonally north-east from the coast near Bortianor, 10km west of Accra. The topography of the plain varies from flat to gently undulating slopes rising to 75 metres near the foothills, with some isolated prominent hills and rock outcrops found in several places. The most notable of these being the Shal Hills to the north-east of Accra near Akuse.

2.2 CLIMATE

GAMA lies in the Coastal Savannah Zone. There are two rainy seasons. The first begins in May and ends in mid-July. The second season begins in mid-August and ends in October. The average annual rainfall over the two seasons is about 730mm. There is very little variation in temperature throughout the year. The mean monthly temperatures range from 24.7°C in August to 28°C in March with annual average of 26.8°C. As the area is close to the equator, the daylight hours are practically uniform during the year. Relative humidity is generally high varying from 65% in the mid-afternoon to 95% at night. The predominant wind direction in Accra is from the WSW to WNW sectors. Wind speeds normally range between 8 to 16km/hr. There are three broad vegetation zones in the metropolitan area: shrubland, grassland and coastal lands.

2.3 NATURAL RESOURCES

GAMA's natural resources are limited, consisting mainly of the sea, mineral deposits, and agricultural land. Agriculture does not have a significant role in GAMA's economy. Pineapple is the most important industrial crop produced in GAMA. Food crops such as maize, cassava, tomatoes, and pepper are grown in and around GAMA under rain-fed conditions and using irrigation facilities at Weija and Dahwenya. It has no forest reserves from which it obtains timber.

GAMA contributes significantly to the country's fishing industry. Herrings, anchovies, tuna, sardines, mackerels are available in large quantities. Lobsters and shrimps are also exploited. Livestock is not a significant

economic activity in GAMA, although GAMA is free from tsetsefly and has a lot of grassland and can, with good husbandry, increase production of cattle and dairy. GAMA has no known mineral deposits of high economic value. It is, however, endowed with mineral deposits such as clay, salt, granites, marble, and some gypsum which are important inputs in the construction industry. One of the two major rivers in Ghana, the Densu, enters the sea through Accra. In addition, there are a number of streams which flow into the sea through the lagoons.

2.4. THE ECONOMY OF GAMA

The Greater Accra Metropolitan Area (GAMA) has the most diversified economy in the entire country, contributing a significant portion to the GDP. GAMA accounts for 10% of the total employment in Ghana with 540,000 persons working in 1984 in all of the three sectors of the economy. The metropolitan area controls almost 18% of the total employment in manufacturing industry in Ghana, 31% in the construction industry, 22% in the wholesale and retail trade, 30% in transportation, storage, and communication, and 56% in finance, insurance, and real estate. In 1984, unemployment was 8% (3% for Ga and 9% each for Accra and Tema) of which 55% were men. GAMA has a very young population with 41.5% under the age of 15.

2.4.1 Agriculture

The smallest of the three sectors, agriculture employed in 1984 about 61,700 persons or 11% of the labour force of GAMA, compared with 61% of that of the nation. Only 6.1% of the total employment will be agricultural in 1995. Fishing is the largest subsectoral activity, employing about one-third of the agricultural labour force. Other activities include horticulture and poultry. Although the number of people working in the agricultural sector will increase between 1984 and 1993, its share will drop from 4.76 to 3.66% of the population of GAMA.

2.4.2 Industry

GAMA is the most industrialized area in Ghana. The most important industries are food processing; textiles, and leather; tobacco and beverages; wood and wood products; paper and paper products, chemicals, rubber, and plastic products, petroleum products; pharmaceuticals; mining and quarrying; and capital goods and metal fabrication. Over 50% of the manufacturing activities, representing over 60% of the value added, are located in the area. There were in 1984 about 2700 industrial units out of which only 20 employed over 500 persons, 39 had between 200 and 499 employees, and another 39 with 100-199 employees. Seventy-five percent (75%) of the jobs were in small scale industries, 91% of the industries employed 30 persons or less.

In 1984, there were nearly 135,000 persons working in various industries, this represented 25% of the total employment of GAMA and over 90% of the industrial jobs in the Greater Accra Region (GAR). Manufacturing employed about 104,000 or nearly 77% of the industrial employment. Industrial employment is estimated at more that double in 1995, reaching a record of nearly 453,000 persons. Female employment in manufacturing was 53%, the majority of whom were self employed, particularly in the service sector. Construction, the second largest industrial employer, has a bigger and brighter future in the economy of GAMA.

Except agriculture and mining, the economy of GAMA produces international, national, and regional goods. Over 40% of the labour force working in manufacturing in GAMA worked in 1984 for export, outside its boundaries. This is expected to increase in 1995. The total export employment of GAMA was estimated to be 186,000 or 35% of the total employment.

2.4.3 Service Sector

The service sector is the largest sector in terms of employment, about 345,000 or 65% of GAMA's labour force, women consist of 53% of the total employment in the sector. In the wholesale, retail, restaurant and hotel businesses, 82% of the employees were women and 83% of them were self-employed in 1984. Men heavily dominate the financial and the transportation and communication subsectors. In the GAR, for which statistical data were available, 58% of the labour force was non salaried, i.e. self-employed or unpaid family worker, consisting of 37% for men and 78% for women. Public boards and the central government account

for 23% of the employment in Greater Accra Region and over 25% in Accra. Employment in the service sector will reach the three-quarters of a million mark in 1995, an increase of over 117% in 11 years.

Chapter 3

THE LOCATIONAL ADVANTAGES OF GREATER ACCRA METROPOLITAN AREA

3.1 INTRODUCTION

Accra is both the seat of Government, and the financial, commercial, and cultural centre of Ghana. All diplomatic missions and international organizations are located in Accra. The only international airport and the largest sea port are also located in GAMA. GAMA has a well developed economic and social infrastructure; efficient financial services; and, a disciplined and trained labour force.

3.2 ECONOMIC INFRASTRUCTURAL SERVICES

GAMA has the best transportation and communication systems in Ghana, consisting of a network of roads and highways, railways, air and water transportation services within and outside GAMA. Its telecommunication facilities are continuously improving, providing easy and direct access to anywhere in the world. It is endowed with enormous amount of water and energy resources that can last well into the next century.

3.2.1 Roads and Highways

The major road network radiates from the central area of Accra to all the regions of the country and to the neighbouring countries of Togo, Benin, and Nigeria in the East, Burkina Faso in the North, and Ivory Coast in the West. Nigeria is only 6 hours drive from Accra and Abidjan 8 hours. The port of Tema, 30 kms from Accra, is connected by a dual carriageway to Accra. Communication within Accra and Tema is easy and reasonably efficient. The rural areas of GAMA have good and reliable transportation networks with Accra and Tema.

The long term plan provides for the construction of an outer orbital road, routing traffic on the Trans West African Highway around Accra; additional ring roads and links in the existing network to improve the efficiency of east-west movement; a third link road between Accra and Tema to reduce the heavy traffic on the Coastal Road; and upgrading various major roads within the metropolitan area. GAMA has an extensive network of private and public transportation system consisting of regular bus services, "trotros" (mini buses), and shared taxis.

3.2.2 Railways

The railway forms an insignificant part of the traffic and transportation network in GAMA. The system has about 25km of non-electrified railroad which is operational. About 10km of this forms part of the Accra-Kumasi mainline and 15km is the branch line to Tema. The railroad is being rehabilitated country-wide. This is due to be completed by 1993. Freight constitutes the main traffic on the railway.

A commuter service is provided between Dome and Accra and Accra and Tema. There is however significant potential to increase passenger traffic, estimated over 250,000 per day. The deadline from the Central Railway Station to Korle Dudor will be rehabilitated as part of the urban railway passenger service which would take passengers to the south-west of Accra.

3.2.3 Air Transport Services

Kotoka International Airport is the only international airport in Ghana. It is located 7km north of the city centre. A programme to rehabilitate the airport has been started. This involves pavement rehabilitation, installation of new navigational aids, rehabilitation of the control tower, the passenger terminal building and its services, the expansion of the cargo/freight terminal and provision of updated service facilities. There is a proposal to build a new airport for international and domestic services.

Ghana Airways and 10 foreign airlines operate international passenger services between Europe and other African countries from Accra Kotoka International Airport (KIA), providing daily services to several European and African destinations. There are also cargo airlines operating between Europe and Accra. International traffic level has been rising rapidly during the last 10 years. Over 60% of the cargo handled is departing freight, consisting of exports such as pineapples, mangoes, vegetables, etc. Accra is also connected by regular passenger and cargo services with Kumasi, Takoradi, Sunyani and Tamale.

3.2.4 Ports and Harbours

Tema Port and Harbour was commissioned in 1962. It lies 30km east of Accra. There is little seagoing passenger traffic in and out of Tema Harbour. The port is supported by a well developed township and is accessible by road and railway. The port has adequate multipurpose berths, container terminals, an alumina berth (operated by the Volta Aluminum Company (VALCO) and an oil berth), a fishing harbour, a drydock, and a boatyard for building, repair and rehabilitation of small and medium fishing boats.

A new phase of the rehabilitation programme is due to start in 1992. This involves dredging of the harbour and rehabilitation and improvement of the road from the port to the motorway for easy accessibility.

Accra has another port in James Town which is used as a fishing port for small boats and canoes.

3.2.5 Water Supply

Water supply is the responsibility of the Ghana Water and Sewerage Corporation (GWSC). There is an abundant supply of water in GAMA. Water is supplied to the metropolitan area from two waterworks located at Kpong (54km north of Tema) and at Weija (15km West of Accra). The Kpong works delivers 172 megalitres (ML) per day (38 mgd.) and the Weija works 90 megalitres (ML) per day (20mgd). There is a proposal to increase the Kpong and Weija water sources by 120 megalitres per day (27mgd). The scheme involves rehabilitation and improvements to the treatment works and primary distribution network. This is expected to meet the demand well into the next century.

3.2.6 Energy

Electricity accounts for 7% of Ghana's average annual energy production. Almost all of the country's electricity is produced from two hydro dams at Akosombo and Kpong, which together have a combined installed capacity of 1160 MWA. More than 50% of Ghana's hydropower potential still remains untapped. The principal consumers of hydro-electric power are Volta Aluminum Company (VALCO) the Electricity Corporation of Ghana (ECG) and the various mining companies. In 1988, VALCO consumed 62% of the total domestic electricity, 31% went to residential, commercial, public sectors and the industrial sector consumed the remaining 7%. ECG buys bulk power from VRA to distribute to industrial and domestic consumers. The Volta River Authority has since 1972 exported electricity to Togo, Benin and Cote d'Ivoire. There are arrangements for exporting electricity to Burkina-Faso.

GAMA consumes in all about 13% of hydro power from VRA. The demand for electricity is expected to rise to 145 MVA in 1990. It will increase by about 5% annually till 1997. There is considerable potential to increase the use of electricity for domestic purposes in the metropolitan area. Compared to fossil and biogas forms of energy, it is cheap, clean, continuous, and environmentally less damaging. Charcoal and firewood cost 5.5 cedis per delivered energy, as against 3.2 cedis for electricity, 3.7 cedis for kerosine and 3.5 cedis for LPG.

It is estimated that GAMA accounts for 35% of all the petroleum products consumed in the country. The metropolitan area contains more than 50% of the country's motor transport and is estimated to consume about 40% of transport energy production. The Tema Refinery currently produces about 13,000 metric tons of Liquefied Petroleum Gas (LPG) annually. Only 5,000 metric tons of the total production (38.5%) is used for cooking, lighting and processing in domestic and industrial places. Under the proposal to expand the capacity of the Tema Refinery and to build a secondary conversion unit, LPG production will reach 65,000 metric tonnes annually.

3.2.7 Sanitation

The Ghana Water and Sewerage Corporation (GWSC) is responsible for providing facilities for the disposal of sewage and other liquid waste in GAMA. In 1973 the first phase of a water borne sewerage system was constructed. This covers the central part of Accra, from Korle lagoon to Ridge. All together some 28.5km of sewers were laid. Septic tanks are extensively used in domestic and non domestic premises. Tema has a modern water-borne sewerage system in all the communities but there is currently no facility for treating sewage. The current outfall east of the fishing harbour is damaged, it will be rehabilitated in 1992. The provision of sewerage is the responsibility of Tema Development Corporation.

3.2.8 Solid Waste Management

In Accra, the refuse collection service extends to households (by far the largest collection operation), markets, offices/shops, hotels, restaurants, selected industries and hospitals. In Tema, the house to house service, affecting 40% of medium/high income areas, has only recently been reintroduced and is currently operating as a pilot project using private contractors for collection and disposal.

By 1995, it is intended that both Accra and Tema will have some form of waste management operating in every community - either household collection or container. The Department of Waste Management in Accra has a programme for improvement and expansion of its services by encouraging private participation. DWM hopes that by 1995 at least 40% of the service could be privatised. DWM sees its role in the long term as being largely management.

3.2.9 Telecommunications

Telecommunication services in Ghana are the responsibility of the Post and Telecommunication Corporation. The Corporation was set up in 1974 to replace the service previously managed and operated as a government department. The Corporation provides two services; namely, internal telecommunication services (ITS) and external telecommunication services (ETS) for telephone, telex and facsimile. It is expected to operate as a profitable commercial concern.

For years the quality of telephone services in the whole country was unsatisfactory. With loans from various international agencies, the Corporation has embarked upon overall rehabilitation and modernisation of the system. It is now possible to dial direct anywhere in the world. The Corporation has five telephone districts with an installed capacity of 28,000 dial exchange lines. The demand is expected to reach 140,000 in 2006 and 185,000 in 2010. The heaviest demand for services will continue to be in the Central Business District (CBD) and more affluent residential areas. The exchange capacity in Central Accra will be doubled in the immediate future. New exchanges are planned for Madina, Achimota and Dansoman. Similarly, the demand for telex/fax lines is expected to more than double by 2010.

3.2.10 Postal Services

The first postal services in Ghana started in 1854. The Postal Services Division provides the following services: private letter boxes, parcel mails, overseas airmail services, money order service, postal order service, philatelic service, and express mail service (EMS). Currently, the postal division operates two main channels of delivery. These are house to house and private letter box deliveries. An ordinary mail takes about 5 days from Europe and one week from United States and African countries.

There are 41 offices in GAMA with 35,650 post boxes. In addition there are 17 agencies in GAMA. The estimated back log of application for post office boxes is 15,000. The demand is high in most areas - especially the CBD. By the year 2000 an additional 40,000 boxes will be required in the metropolitan area. Ten new post offices are scheduled to open in the near future to meet the demand for post office boxes.

In response to demand for a rapid and reliable service, the special mail service was initiated in 1987. This service has shown a steady growth since its inception. EMS commenced operations in April 1990 providing both local and international courier service. In order to improve delivery a number of actions are being planned, including the opening up of new post offices, introduction of area codes, rationalization of the existing sorting system and building up new centres, and, together with city agencies, introducing street numbering systems.

3.2.11 Land

Land is a basic requirement for investment. The total land area of GAMA is 129,250 ha. of which 42,040 ha. or nearly 33% was urban in 1990. The urban area will increase to 62,080 ha. (48%) by 2000 and 81,630 ha. (64%) by 2010. Reliable information on land prices in Accra is difficult to obtain. Some indicative prices for sale of land in different parts of Accra show that an acre (0.4ha.) of commercial land in the CBD would cost about 30 million cedis or about US\$75,000 or nearly \$19/m² and an industrial plot in the city would cost 8 million cedis or \$5/m². To meet the long term needs, large industrial areas have been designated on the northern edge of Accra and east of Tema. The prices in these areas is significantly lower than those in the industrial areas of the city. In order to release the pressure on the CBD, proposals have been made in the structure plan for the establishment of four sub-regional centres in the metropolitan area.

3.3 SOCIAL INFRASTRUCTURAL SERVICES

GAMA has an extended and well developed social services including:

3.3.1 Education

The educational policy aims at, among other things, providing compulsory, free universal basic education by the year 2000. Enrollment is expected to increase drastically as a result of this basic education policy. The school system is predominantly public, but there are also private schools at all levels. At the primary level, the medium of instruction is Ga, the local language, and English. A second Ghanaian language is taught at higher levels. There are also a number of technical and vocational schools, teachers training institutes and colleges and other specialized schools. There are two international schools with excellent primary and secondary school programmes. The University of Ghana, Legon, with over 4,000 student population, has a very good reputation in West Africa, and has programmes in humanities, arts, sciences, and professional programmes such as law, business, medicine, agriculture, etc.

3.3.2 Health Services

The major health problems in GAMA are essentially communicable diseases, diseases due to poor environmental sanitation. Malaria, is the most common disease in GAMA. There are a variety of clinical and surgical services in both the public and private clinics and hospitals. The public health delivery system runs 6 major hospitals, 7 polyclinics and a number of clinics, while there are 13 hospitals and over 130 clinics owned and managed by the private sector. There is also a teaching hospital at Korle Bu with extensive clinical, surgical, and research facilities, serving also as Faculty of Medicine to the University of Ghana, Legon.

3.3.3 Housing

There is a serious shortage of housing in GAMA for low and middle income families. Much of the housing for the middle income families has been provided by state, parastatal, and private sector organizations, and individuals. The middle income group comprises 32% of GAMA's population. The high income areas provide housing for the remaining 10% of the population. These areas are all planned and have well developed

infrastructure with spacious and landscaped grounds. There is no noticeable housing shortage in the high income group. Rental housing in the most exclusive residential areas cost between \$1000 and \$1800/month and a middle income house rents ranges between \$250 and 600/month. Although these rates appear to be high, they are the least expensive in all of West Africa.

3.3.4 Recreation

GAMA has 65km of white, sandy beaches and all the year-round warm climate that is ideal for water based recreational activities such as swimming, water skiing, surfing, etc. There are a number of facilities and clubs providing various sports activities such as tennis, swimming, horse back riding, basket-ball, volley-ball, athletics, boxing, golf, and, of course, football, the most popular sport in Ghana. The parks and gardens in the main urban areas are not adequate; two large parks are scheduled to be built just outside Accra. There are two forest reserves in GAMA: Achimota Forest covering 37 ha. and Dechidaw which serves as a national habitat and protective watershed for the Dechidaw Catchment. The Densu Delta and Sakumo Lagoons provide habitat for over 20,000 species of birds many of which are migrant and endangered species. The two lagoons, plus the Korle Lagoon, are being considered as Ramsar sites of environmental significance, as defined by the Ramsar Convention of which Ghana is a signatory.

3.3.5 Prices and Wages

Inflation in Ghana, as measured by the annual average change in consumer price index (CPI), fell from 31.4% in 1988 to 25.2% in 1989, rose to 37.3% in 1990 and dramatically dropped to 18% in 1991. In Accra, it rose sharply to 41.4% in 1990 after falling from 31.2% in 1988 to 27.8% in 1989. The largest rises in inflation were in food, furniture and furnishings and transport and communication. The increases reflect the national trend where food prices increased by 40%, a result of lower production of root crops and increased transport costs. Petroleum prices rose by a cumulative 266-326%, reflecting the pass through of higher international prices, as well as increases in excise taxes. The average per capita earnings in 1986 was 7433 cedis per month (7333 and 7956 cedis for the public and private sectors respectively). If this is projected at the same growth rate of inflation, the average growth per capita earning for 1991 will be 23,400 cedis per month. Earnings have actually lagged far behind the inflation rates. The projected rate of inflation for 1992 is 10%.

3.3.6 Household Expenditure

The average household expenditure on food and non-food items was, in 1990, 307,615 cedis per annum, and ranged from a low of 175,790 cedis for the households in the poorest quintal of the population to a high of 379,322 cedis for those in the wealthiest quintal of the population. Nationally, as much as 66% of all expenditure was on food, the proportion being the highest for households in the first expenditure quintal (69.8%) and lowest for those in the fifth (richest) expenditure quintal level (61.8%). The average household in Accra spent 56.6% of its income on food and 42.9% on non-food purchases; but in other urban areas the corresponding rates were 49.9% and 38.8% respectively.

3.3.7 Safety and Security

Despite the rapid urbanisation, Accra remains probably the most peaceful and safe metropolitan area in Africa. Murder or robbery cases are rare. The streets are safe to walk any time of the day. Ghanaians are warm and hospitable, always willing to help.

3.4 LABOUR

GAMA has a very competitive labour force backed by intensive vocational and technical training programmes and long years of relevant work experience. The labour market is flexible, affording quality, quantity, and variety. Investments in capital equipment and the ongoing redeployment programme in various commercial and industrial enterprises have shown significant increases in labour productivity. Both Government and the private sector encourage and sponsor various training programmes for employees. The policy of the Government of Ghana encourages workers and employers to regulate wages and working conditions through

the process of collective bargaining. The Government believes in tripartism (consultation among Government, employers, and workers) in industrial relations, and has been encouraging it.

Chapter 4

INVESTMENT OPPORTUNITIES IN GREATER ACCRA METROPOLITAN AREA

4.1 SELECTION OF INVESTMENT OPPORTUNITIES

This presentation is intended to serve as a guide to prospective investors about investment opportunities in GAMA. The selection of the opportunities has been based largely on the following factors:

- (i) The local availability of the basic or the principal raw materials in quantities that can support industrial operations and are accessible;
- (ii) Availability of skilled and abundant labour with industrial and business experience;
- (iii) The existence of either an appreciable high level of local demand or an export market;
- (iv) The comparative advantage that the specific product has, based on its domestic resources cost.

These factors which may be sub-sector or industry specific are complemented by the favourable enabling environment which has been described in Chapter 1.

4.2 AGRICULTURE

There are three areas available for investment: horticulture, livestock, and fisheries. The last will be discussed as part of manufacturing.

4.2.1 Horticulture

The principal vegetables are pepper, okro, tomatoes, beans, and garden-eggs. The major fruit produced is pineapple. The production of these crops for export has been increasing. For example, exports of pineapples rose from 2,657 thousand metric tonnes in 1986 to 10,675 thousand metric tonnes in 1991. Most of the pineapple farms are located in GAMA. Both the strategic plan and the FYDP call for increased productions of vegetables and fruits. Government has, since 1980's, been spending 1,100 million cedis on irrigation facilities, nearly 800 million cedis in pineapple development alone. These public investments offer good opportunities for the private sector to invest in direct production of these exportable items. GAMA has a comparative advantage over other regions because of the presence of basic infrastructure such as the Kotoka International Airport and Tema Harbour next to the production areas of these exportable crops.

4.2.2 Livestock

The dairy products industry comprises the manufacture of constituted milk, sweetened and unsweetened milk, fresh milk, ice cream, yoghurt, butter and cheese. The demand for each product far exceeds the local production levels, the balance of each is imported. In the case of reconstituted milk, the local production in 1988 covered only about 66% of the demand, which is expected to double by the year 2000. In the case of condensed milk, only about 70% of the demand is met from local sources. The consumption of fresh milk, ice cream, and yoghurt is about the same as the demand. The local supply of butter and cheese falls far too short of the demand.

About 90% of the dairy products supplied to the economy were manufactured locally and the remaining 10% imported. However, 90% of the raw materials used in production are imported. All the milk powder, tin plates and wrappers used for the production and packaging of reconstituted milk, ice cream and other milk drinks are imported. There are therefore enormous opportunities for investment in the production of dairy products and packaging. The Accra plains are particularly suitable for cattle breeding: there is a lot of grass and it is free from tsetse flies. In the Investment Code, Government guarantees the use of land for agricultural purposes.

4.3 CONSTRUCTION

The construction and building materials industry is one of the fastest growing industries in GAMA. The potential for further growth is enormous. Hundreds of kilometres of highways, secondary, and tertiary roads are planned to be constructed in both the Strategic and Five Year Development Plans. Expansion and rehabilitation of the existing sewerage and water supply systems are also on the drawing board. Over 133,000 housing units have to be built over the next 20 years to fill the housing deficit in GAMA. Major improvements and expansion of postal, telecommunications and emergency services are important components of the plan. School construction programmes of the FYDP will cost over 19 billion cedis or nearly US\$50 million.

A new Central Business district (CBD) redevelopment and investment plan is currently under preparation. The plan is expected to give the CBD a new face and image which will lead to a long term, sustained programme of construction of roads, commercial and residential buildings, utility supply and social service delivery facilities. Parallel growth in various building materials industries such as those in bricks, blocks, steel, cement, plastics, paints, wood, etc. is expected to take place in response to the high volume of construction programmes. These industries, covered under manufacturing, and investment in real estate development and road construction enterprises provide a very bright future for the industry.

4.4 MANUFACTURING

4.4.1 Food Processing

Opportunities under the food processing sub-sector include fruit and vegetable processing, fish processing, and production of poultry and animal feed.

4.4.1.1 Fruit and Vegetable Processing

The Greater Accra Region is one of the two most important pineapple producing regions in the country accounting for about 20% of the current national output of about 50,000 metric tonnes. Output is expected to increase under a medium term export programme. The produce could be processed into pineapple pieces, slices and concentrated juice for the export market under a joint venture arrangement with a foreign company. Possible location for the project could be either Tema or Accra i.e. close to the port or the Kotoka International Airport.

The region ranks second in tomato production and third in pepper production, producing about 27,000 metric tonnes and 21,000 metric tonnes of tomatoes and pepper respectively. Export market also exists in Europe and North America for pepper either canned or dried, while the market for canned tomatoes (smaller tins) is quite considerable.

4.4.1.2 Fish Processing

Ghana produces the largest marine catch than any state in West Africa. This is estimated to be over 300,000 metric tonnes of fish per year. This includes lobsters, shrimps, herrings and tuna fish, the catch of which is estimated to be 50,000 metric tonnes. Most of the country's fish supply is preserved through smoking. It is estimated that around 35,000 metric tonnes of fish are lost annually through spoilage as a result of the inability to cope with the volume of catch during the herring and sardine season. Opportunities therefore exist in fish

preservation through processing particularly of tuna and high value fish. It is the government's objective to ultimately process all the nations tuna catch for which export market exists in U.S, in particular.

This processing will also result in good quality fish offal in quantities of over 3,000 metric tonnes which can be converted into fish meal or pet foods. It is also significant to mention that the tuna resources remain one of Ghana's maritime stock which does not show signs of overfishing.

4.4.1.3 Animal/Poultry Feed

Inputs for the production of feed abound locally in the region and include maize, wheat bran, fish meal and sea shells (to meet or serve as a source of calcium) and salt. These constitute about 95% of the input requirements. The import component include vitamins and minerals. The present national requirement is estimated to be 238,000 metric tonnes as against total installed capacity of 114,000 metric tonnes. Demand is projected to increase to over 400,000 metric tonnes by 1993.

4.4.2 Non-Metallic

Available local resources which have been exploited in some cases and can still be developed include various types of clay, granite, and marble.

4.4.2.1 Clay

The largest known accessible deposits of clay estimated at over 51.0 million and 42.0 million metric tonnes are respectively located at Big Ada and Kasseh. In all, the evaluated deposits, which are good for brick and tile manufacture, for which great demand exists particularly in the area of housing, total over 192.0 million metric tonnes. Presently there is only one brick and tile industry which is active out of four in the region. The possible use of the deposits for the production of refractory bricks could also be explored in addition to its present use which includes the manufacture of pottery, ceramics and earthenware.

4.4.2.2. Granite

Granites which are hard rocks could be blasted into boulders and crushed into aggregates and dust for building and road construction as well as railway ballast. Given the Government's housing and infrastructural programmes within the medium to long term, the demand for chippings/aggregates and terrazzo tiles will continue to increase. The granite deposit occurs in places like Weija, Mallam, Oblogo, Dawyumu and Shai. Black stones and other unusually attractive coloured stones found in association with these deposits can be used for tomb stones, polished and ornamental stones.

4.4.2.3. Marble

Marble deposits are found in two places namely the Labadi-Teshie area as well as at Tema on the Ada road. The deposits, which are normally hard, cover a total quarriable area of about 62,000 sq. metres and are good for production of paved flooring, wall facings as well as terrazzo tiles.

4.4.2.4 Salt

Greater Accra Region is noted for salt production for home consumption and export, accounting for over 70% of the national output. The region's coastline possesses the two natural conditions namely long period of sunshine and high wind speed, making it ideally suitable for salt production from sea water by solar evaporation method. It is estimated that over 300,000 metric tonnes of salt is produced in the region, part of which is exported to Burkina Faso, Mali, Niger and Nigeria. The demand for salt in the West African sub-region is quite enormous. The Nigerian market which imports over 5,000,000 metric tonnes of salt is a potentially important market for Ghanaian salt. Ghana will however need to improve the quality of the salt.

4.4.3. Chemicals

Within the chemical sub-sector opportunities identified include: the production of caustic soda and related products; bitumen; and, industrial starch. Most of the raw materials required for these are locally available.

4.4.3.1 Caustic Soda

The basic raw material required for caustic soda is salt, the production of which is estimated to be 300,000 metric tonnes for GAMA. Opportunities exist in the region for further establishment of salt industries. Further production of salt is being promoted within the medium term programme of the Ghana Export Promotion Council. Uninterrupted supply of the basic raw material is therefore assured. Caustic Soda is used in the paper, aluminium, soap, textile and wood processing industries. The estimated demand for the country is about 20,000 metric tonnes. Currently there is no company producing it in the country. The major by-product from the production process is chlorine which can be used for other range of products like hydrochloric acid, lime bleach and bleaching powder.

4.4.3.2 Bitumen

Presently the residual oil from the Ghana Oil Refinery at Tema is mostly exported at comparatively low prices. A factory to process it into bitumen, which is presently imported on a large scale will satisfy an urgent local need. The Government has mounted an intensive programme to rehabilitate and reseal the country's existing road network which total about 35,000 kilometres of roads, as well as construct new roads thus justifying the need for the establishment locally of a bitumen plant.

4.4.3.3. Industrial Starch

The Greater Accra Region produces about 85,100 metric tonnes of cassava annually. Cassava starch has been produced traditionally in the country and it is time efforts were made to produce it on a commercial scale by industrial process to replace imports by the integrated textile mills of large quantities of industrial starch which they use as sizing materials. About five of these large textile mills are located in Accra - Tema metropolitan area. The industrial starch can also be used for pharmaceutical purposes.

4.4.4. Metallurgical/Metal Working

The metallurgical industry in Ghana is relatively less developed compared to other branches of industry. Its development however can have multiplier effects in terms of major improvements in productivity and quality in other industries. This development in the short to medium term could be achieved through investment in foundries, high engineering technologies. etc. Opportunities also exist for the setting up of an aluminium extrusion plant.

4.4.4.1 Foundry

Ghana presently does not have an iron and steel plant which could provide the basis for integrated development of the metal sub-sector. The other option available to the country is to have a well established foundry. Tema provides a suitable location for the setting up of an integrated foundry and engineering workshop to address the needs of the numerous industries in the area for spare parts and accessories. This could be based on local scrap which has been assessed nationwide to be over 500,000 metric tonnes and with a high generation rate.

4.4.4.2 Gas Cylinders

As part of the programme of the Ministry of Energy to promote the use of liquefied petroleum gas (LPG) opportunity for the production of gas cylinders has emerged. Cylinders will be required for about 65,000 metric tonnes of LPG.

4.4.4.3 Aluminium Extrusion Plant

The basis for the establishment of an aluminium extrusion plant exists in Tema, where both Volta Aluminium Company (VALCO) producing aluminium ingots, and Aluworks, producing aluminium sheets, coils and circles are located. The extrusion plant will establish linkage with these two industries and replace imported supplies to manufacturers of door and window frames, louvre windows, coach and lorry bodies and other products of aluminium.

4.4.5 Packaging

The establishment of a good packaging industry is regarded as one of the necessary preconditions for a successful export industry. Opportunities for the establishment of both can manufacture, paper and plastic packaging exist. These will be required by industries producing particularly for the export market. Notable among these industries are fruit and vegetable canning, packaging of horticultural, chemical, and pharmaceuticals products. Presently these industries depend to a large extent on imported packaging materials.

4.4.6 Wood Processing

The wood processing sub-sector is one of the sub-sectors least dependent on imported inputs. The major raw material which is timber is locally available. GAMA lies outside the high forest area and therefore produces no timber. In spite of this however a number of wood working companies operate in GAMA, getting their wood requirement from the timber producing regions which are easily accessible from the region. Most of the firms which are operating in GAMA produce ready made furniture for the domestic market. Export of furniture mostly in knocked-down form is limited to a few companies. The export potential for various items of wood products in the overseas markets has been drawn up for implementation. Prospects therefore exist for the production of items like chair components, profile boards and mouldings, turned parts, machined furniture parts etc, of high quality for export.

4.4.7 Electricals/Electronics

The increased supply of housing stock, by both individuals and real estate organisations as well as the Government's electrification programme which seeks to extend the reach of electricity to all parts of the country within the next 30 years, has opened up new opportunities in the electricals/electronics sub-sector. These opportunities include the production of aluminium cables, other domestic insulated cables, electrical insulators and other electrical hardware. Industries producing these items could either be located in Accra or Tema. Presently there is only one electric cable factory in the country, and considerable quantities of cables are also imported. The other electrical hardware are currently not being produced in the country. The major raw material required for the production of some of these, for example insulators is clay which is available in various locations in and around GAMA. The production of aluminium cables will be dependent for its raw materials mainly on the aluminium ingots produced by VALCO.

4.4.8 Textiles

Though the textile industry is well developed, and is vertically integrated, its production is geared towards domestic consumption and does not cover all the range of products in the textile industry. Further development in the technologies into the industry, getting foreign firms in South East Asia which have exhausted their export quota to European and the U.S. markets to relocate in GAMA to produce high quality textile materials and garments for export or under tolling arrangement.

4.5 TOURISM

GAMA and the surrounding Greater Accra Region offer an exciting array of tourist attractions. The National Museum houses a fascinating collection of Ghana's historic treasures as well as artifacts from other ancient African empires. The Centre for National Culture (Arts Centre) preserves and presents Ghanaian arts through exhibits, workshops and art galleries. Osu Castle built in 1059 serves as the official seat of Government. The Asafotufiem and Homowo festivals commemorating victories of warriors in battle and the harvest season provide exciting insights into the culture and history of the Ga people. Beach lovers are assured of twelve hours of sunshine to enjoy the palm-plunged, sandy beaches where the water is clean and refreshing.

The Ghana Coast is known to be very important for water-birds, and a number of the coastal wet land sites qualify as wetlands of international importance. Out of the total 81 sites, 9 are situated in GAMA. The three key seashore birds sites of Sakumo Lagoon, Korle Lagoon, and Densu Delta/Panbros Salt Pans are designated as Ramsar sites. Other interesting areas are the 31 December Makola Market, Arts Centre, and the Osu Night Market.

The number of tourists visiting Ghana has been increasing at an annual rate of 12% since 1985 and 1990, and is projected to grow by 25% a year until 1995. The potential for growth of the industry is enormous. GAMA is expected to host the annual conference of International Hotels Association in 1994. It has also been selected to host a series of International Tourism events in 1992 and 1993 by the World Tourist Organisation.

The medium term development plan calls for an expenditure of nearly \$28 million between 1992 and 1994 to develop and promote tourism in Ghana. The public sector investment programme includes a new 1,600 seat International Conference Centre; rehabilitation of the 700 seat Kwame Nkrumah Conference Centre; and construction of 1,500 seat National Theatre in Accra and Kotoka International Airport. Government is committed to attracting both convention and recreational tourists to Ghana. This has created demand for various tourism facilities and services, the development of which constitutes enormous investment opportunities, including hotels, catering, entertainment, and recreational plants, transportation, etc.

4.6 SERVICE SECTOR

There are four areas of investment opportunities: ware housing; air freight services; mass transit; and, photo-colour separation.

4.6.1. Warehousing

The warehousing business is not well developed in Ghana. It includes warehouses, silos, and cold storage facilities and covers such activities as storage, cleaning, drying, weighing, and bagging. The available capacity is not known, especially those owned and managed by the private sector. However, most of the warehousing capacity is under public ownership. Government has a long term programme of rehabilitation and privatisation of the warehouses and silos under its ownership. Early indications of the feasibility studies of the silos in Tema show that they are structurally safe and sound.

GAMA has a good network of roads and highways extending to all regions of Ghana and the neighbouring land-locked countries of Burkina-Faso and Mali. This makes it an ideal location for storage and distribution of goods imported or exported from these places. The volume of trade passing through the port of Tema has been increasing steadily since 1985, but the warehousing capacity in and away from the port has not changed very much from the available capacity in the late 1970's. As a result, there is a tremendous demand for storage space and the potential for growth is equally strong.

4.6.2 Air Freight Services

One of the main economic growth strategies of Ghana is export diversification which includes export of non-traditional products. These new products include everything from fruit, vegetables, flowers to handicrafts, such as wood carvings, pottery, straw products, kente products, batches of tie and dye, jewellery, and rattan

furniture. Export of these products has increased from US\$34 million in 1989 to US\$62.5 in 1990. Due to the nature of these products, they are exported via air freight. At the same time, import of various industrial products via air freight has been rapidly increasing. The volumes of export and import via air freight have outstripped the capacity of warehousing facilities and air freight services at Kotoka International Airport. This is a potentially significant area of investment for which entrepreneurs can get various benefits and incentives.

4.6.3 Mass Transportation

The population of GAMA is expected to reach over 4 million by 2010, and the size of the labour force will then be well over 1.5 million. Many of these are expected to come from outside of GAMA, including Aburi, Dodowa, Akosombo, Nsawam, and Winneba which are all within a commuting distance from the main employment centres of Accra and Tema. The strong commercial activities among these cities and towns will generate enormous traffic which will require adequate and reliable transportation services for goods and people. The transportation services operating currently within GAMA are not organised to meet the challenges; awaiting the economic development of GAMA and the surrounding areas influenced by its growth. In order to satisfy both inter and intra-urban demand for transportation services, investments in various modes of transportation such as in roads and railways offer a promising enterprise.

4.6.4 Colour Separation

The printing and packaging industries need to be supported by the right recording and printing of colour pictures and text. There is no professional colour separation system in the country. All such jobs are either done in Europe, Nigeria or in neighbouring African countries. In industry, the various publishing houses need this service for magazines, letter heads, calendars, cheque books, stamps, tickets, labels, packages, books, newspapers, periodicals, pamphlets, posters, diaries, etc. There is a growing market for colour separation brought about by the increasing need to present better and more colourful packages and printed material to industry and commerce.

4.7 STOCK EXCHANGE

The Ghana Stock Exchange (GSE) was incorporated on 25th July 1989 as a private limited company. Since it commenced trading on 12th November, 1990, it has grown enormously both in membership and the amount of shares traded. As of January, 1992, the distribution of equity holding in the listed companies were about 20.52% Government 21.44% public and foreign share holdings 49.04%. The 1991 year-end trading results shows that there were positive share price movements in most of the listed companies. The Government of Ghana has completed a draft Securities Industry Law to regulate the GSE. The Law, in conjunction with the Investment Code 1985, will allow foreign investment in securities in Ghana. There are opportunities for cities and towns throughout Ghana to float bonds to build their distressed infrastructure.

Chapter 5

PRIORITIES, INCENTIVES, AND BENEFITS UNDER INVESTMENT CODE, 1985

The Government of Ghana enacted an Investment Code in 1985 (PNDC Law 116) which provides attractive special benefits, concessions, and incentives to any entrepreneur who is willing to invest in Ghana. The Code also provides adequate protection of investment assurances for transferability of capital, venues for settlement of disputes as well as guidelines for capital requirements, joint ventures, and technology transfer agreements. An entrepreneur who invests in the following five priority areas, either as wholly foreign owned, joint venture, or wholly Ghanaian owned enterprise, is entitled to these benefits. These priority areas are:

5.1.1. Agriculture

(a) The production, protection, processing and preservation of crops and livestock such as:

- tree crops
- root crops
- horticultural produce
- deep sea trawling (tuna) and tuna processing;
- coastal fishing and shrimping;
- inland lake fishing and fish farming;
- livestock-cattle and other livestock ranching and

(b) Other agricultural activities, such as packaging.

5.1.2 Manufacturing Industries

Priority is given to manufacturing industries which:

- (a) export;
- (b) predominantly use local raw materials;
- (c) produce agricultural equipment, machinery, spare parts and machine tools;
- (d) produce devices which use renewable energy sources;
- (e) produce gas cylinders and accessories;
- (f) produce pharmaceutical, biotechnology, medical and veterinary products and chemicals for use in agricultural;
- (g) manufacture or assemble electrical or electronic devices, appliance, goods, and parts;
- (h) manufacture or assemble motor vehicles; and
- (i) manufacture or assemble of rural transportation equipment and accessories.

5.1.3 Building and Construction Industries

The main activities are:

- (a) real estate development
- (b) building and road construction
- (c) production of building materials, hardware, and accessories.

5.1.4 Tourism

Enterprises concerned with the development of the tourist industry and activities such as:

- (a) all star-rated hotels;
- (b) beach resorts, holiday and recreational resorts;
- (c) development of tourist attraction sites;
- (d) production of packaging materials;
- (f) provision of financial and banking services; and
- (g) provision of warehousing facilities;

5.1.5 Benefits

Investors in the above priority areas are eligible to receive the following benefits.

- (a) Permission for establishment;
- (b) Requisite permission for importing essential plant, machinery, equipment and accessories imported specially and exclusively to establish the enterprise once approved;
- (c) Exemption from payment of customs import duties on plant, machinery, equipment and accessories imported specially and exclusively to establish the enterprise once approved;
- (d) Investment allowance ranging from 7.5 to 10%;
- (e) Depreciation or capital allowances on plant and machinery of between 40 and 100% in the year of investment and 20% in subsequent three years; and on buildings 20% in the year of investment and 10% in subsequent years;

Depending on the industry, investors can also get:

- (f) Immigrant quota in respect of the approved expatriate personnel;
- (g) Personal remittance quota for the approved number of expatriate personnel;
- (h) Exemption from Selective Alien Employment Tax under the Selective Alien Employment Tax Decree, 1973 (NRCD 201) for the approved number of expatriate personnel; and
- (i) Any other relevant incentives and benefits that are generally applicable to all projects under the Investment Code, 1985 (PNDC Law 116).
- (j) Generous income tax rebates and government guarantee of land use in agriculture.

5.1.6 Special Benefits

In addition, the entrepreneurs who invest in the declared priority areas of investment also enjoy numerous packages of generous special incentives, concessions and benefits. These investment incentives and benefits are designed to grant relief from taxation in various forms to investors. They include:

- (a) A reduced corporate income tax of 35% on selected priority areas.
- (b) An investment allowance of 7.5% to 10% per annum.
- (c) Retention of at least 35 per cent of export earnings in an external account.
- (d) Exemption of personal remittance quota for expatriate personnel from any tax on transfer outside.
- (e) Permission to operate an external account in which a portion of foreign exchange earnings may be retained for use in acquiring spare parts and other inputs for the enterprise.
- (f) Exemption from payment of Selective Alien Employment Tax.

5.2 PROTECTION OF INVESTMENT AND TRANSFERABILITY OF CAPITAL.

The Investment Code, 1985 guarantees an approved enterprise free transferability, through the Bank of Ghana, or in the case of the net foreign exchange earning enterprise, through the external account opened with the permission of the Bank of Ghana in freely convertible currency of:

- (a) dividends or net profits attributable to the investment of such freely convertible currency;
- (b) payment in respect of loan servicing where foreign loan has been obtained by an approved enterprise;
- (c) fees and charges in respect of any technology transfer agreement approved under the code;
- (d) the remittance of foreign capital in the event of sale or liquidation of the approved enterprise or any interest in the approved enterprise attributable to foreign investment.

In addition, the Code provides the following protection:

- (a) no enterprise approved under the code will be expropriated by the Government; and
- (b) no person who owns, whether wholly or in part, the capital of any enterprise approved under the Code will be compelled by law to cede his interest in the capital to any other person.

5.3 SETTLEMENT OF DISPUTES

In keeping with the pre-requisites of creating the required attractive and stable enabling environment for investors, the Code also sets out clear procedures for settlement of disputes.

Where any dispute arises between a foreign investor and the Government in respect of any approved enterprise, all effort will be made through mutual discussions to reach an amicable settlement. Besides, since the country is a signatory to the Multilateral Investment Guarantee Agency (MIGA) convention, insurance cover for investors participating in eligible investments in the productive sectors of the country's economy may be obtained against the following:

- delays in currency transfers if such delays are attributable to the host government;
- expropriation and similar measure;
- breach of contract; and
- war and civil disturbances.

In addition, Ghana has signed Bilateral Investment Promotion and Protection Agreements with some countries to give further protection to investors from those countries. Similarly, such agreements would be signed with any other countries that ask for them.

Any dispute between the foreign investor and the government in respect of an approved enterprise which is not amicably settled through discussions may be submitted to arbitration.

- (a) in accordance with the rules of procedure for arbitration of the United Nations Commission on International Trade Law, or
- (b) within the framework of any bilateral or multilateral agreement on investment protection to which the Government and the country of which the investor is a national are parties, or
- (c) in accordance with any other international machinery for the settlement of investment disputes agreed to by the parties.

5.4 MINIMUM FOREIGN EQUITY CAPITAL INVESTMENT REQUIREMENT

Under the Code, wholly (100%) foreign owned ventures could be considered under the following conditions:

- (a) The venture must be net foreign exchange earner.
- (b) The foreign equity investment must be US\$100,000 or more.
- (c) In the case of joint-venture with Ghanaian partners(s) the minimum foreign equity investment must be US\$60,000.
- (d) In the case of joint-venture with Ghanaian partners(s) of wholesale/retail trade the minimum foreign equity investment must be US\$500,000.

5.5. JUSTIFICATION OF VENTURE

In all cases, the partners would have to justify the contribution of the venture to the following objectives;

- (a) Development of the productive sectors of the national economy
- (b) Efficient utilization expansion and diversification of the productive capacity of existing enterprises.
- (c) Utilization of local materials, supplies and services.
- (d) The creation of employment opportunities in Ghana.
- (e) Real increase in national export earnings.

- (f) Real savings on national imports.
- (g) Development and transfer of advanced technology, including up-grading of indigenous technology.
- (h) Country-wide distribution of viable enterprises.
- (i) Such other objectives as the Centre may consider relevant for achieving the objectives of the Investment Code.

5.6 TECHNOLOGY TRANSFER AGREEMENTS

The agreement should be:

- (i) Foreign, the duration of which should exceed eighteen (18) months.
- (ii) The enterprise is a joint-venture between foreign and Ghanaian partners where the Ghanaian equity shareholding is 20% or more.

5.7 INQUIRIES

The Investment Code provides additional benefits and concessions for entrepreneurs who wish to invest in some areas outside GAMA. The Government of Ghana has also created a Private Sector or Advisory Group to study the existing policies and laws inhibiting the expansion of private sector development and to advise Government on the necessary measures to take. As a result, the various policy packages described above can change. Complete and up-to-date information will be available only from or through Ghana Investment Centre. All investors are advised to address their inquiries to:

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