



# KUMASI

INVESTMENT GUIDE  
2013







## DISCLAIMER

This Abbreviated Kumasi Guide has been prepared by the Millennium Cities Initiative (MCI) for the city of Kumasi, Ghana. MCI is an urban component to the Millennium Villages Project (MVP) and the national-level policy work of the UN Millennium Project. The MCI's core mission is to help a number of cities across Sub-Saharan Africa complete the urban transformation essential to sustainable development and to attain the Millennium Development Goals (MDGs). The MCI is helping Millennium Cities by designing social strategies to deliver effective social services and economic strategies necessary to create jobs and stimulate domestic enterprise and increase productivity. Kumasi is one of the eleven millennium cities in Sub-Saharan Africa.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future.

In preparing this document we have relied upon and assumed, without independent verification, the accuracy and completeness of various sources

of information, some of which have been derived from public sources. Details of the sources that we have used are given in the guide. MCI accepts no responsibility or liability to any party in connection with such information or views herein.

Appropriate professional advice should be sought to undertake a more specific examination of the particular circumstances applicable to a specific investment opportunity or potential investor.

**September 2013.**

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### **HIS EXCELLENCY OTUMFOUR OSEI TUTU II – ASANTEHENE (KING OF THE ASHANTI KINGDOM)**

On behalf of the Asanteman Council and my own behalf, I heartily welcome this effort to make the traditional seat of the Ashanti Kingdom, Kumasi, more known to investors abroad and an easier place for them to do business. Both the city and its environs need more investors to bring out their full potential in a great variety of sectors, from agriculture to tourism. It is also important to help investors understand the regulatory framework for doing business here. One key requirement for many investors is land, which in the Ashanti Region is controlled by the traditional authorities. We welcome investors and offer the assistance of the Stool Lands Secretariat in facilitating leases wherever we can.



### **HONOURABLE ERIC OPOKU – ASHANTI REGIONAL MINISTER**

Our region is centrally located with easy access to all parts of the country, endowed with rich natural resources. It is the most populous region in Ghana, making it an attractive place to do business, evidenced by the relatively large number of foreign and domestic investors operating in the region. The Ashanti Regional Coordinating Council (ARCC) welcomes this new version of the guide by MCI and the ARCC is ready to assist potential investors to do business in the region.

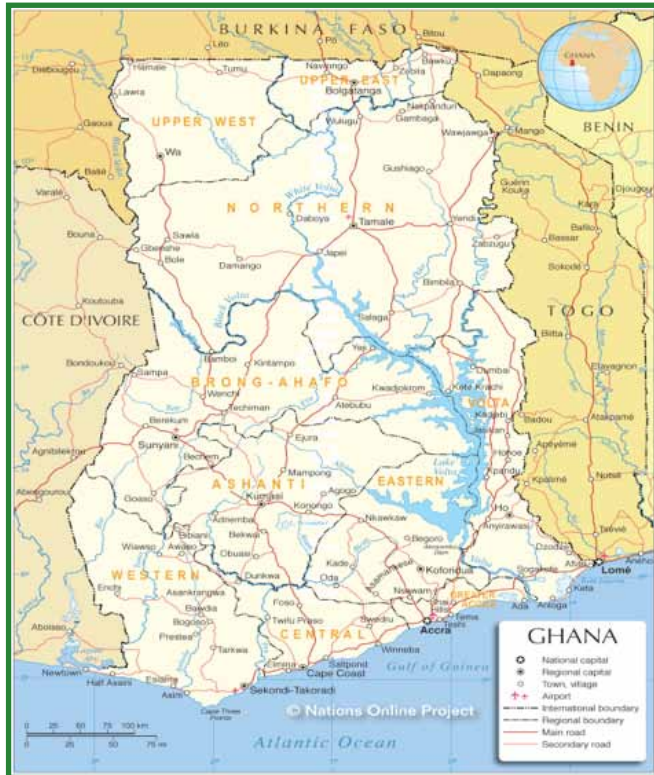


### **HONOURABLE KOJO BONSU – MAYOR OF KUMASI**

The Kumasi Metropolitan Assembly (KMA) is extremely delighted by this updated and abbreviated edition of the Kumasi Investors Guide and is grateful to MCI for this initiative. The city has been very pleased with the reception that the first edition received and the role that it has played in assisting investors. This abbreviated guide provides an overview of Kumasi, shows why an investor should consider our location, outlines the basic procedures and requirements and highlights some investment opportunities. We look forward to welcoming potential investors and pledge our support and assistance.

# I. OVERVIEW OF GHANA

## GHANA FACT SHEET



<b>Official name:</b>	Republic of Ghana
<b>Capital:</b>	Accra
<b>Form of government:</b>	Multi-party democracy
<b>Head of government:</b>	H.E. John Dramani Mahama
<b>Location:</b>	West Africa, with a Gulf of Guinea coastline of 539 km
<b>Climate:</b>	Tropical, with temperatures between 21° and 32°C
<b>Population:</b>	24,658,823 (2010 population census)
<b>Population growth rate:</b>	2%
<b>Religions:</b>	Christian 71%, Muslim 17.6%, traditional African and other 11.4%
<b>Languages:</b>	English(official), Twi, Ga, Fante, Ewe, Hausa
<b>Currency:</b>	Ghana Cedi

## A SKETCH OF GHANA

Ghana, widely perceived as the Gateway to West Africa and, indeed, to Africa in general continues to implement measures to improve its business environment. The World Bank Ease of Doing Business 2013 Report ranks Ghana

- No. 1 on the “Ease of Doing Business in West Africa” index.
- No. 2 on the “Ease of Registering Property in Sub-Saharan Africa” index.
- No. 3 on the “Ease of Getting Electricity in Sub-Saharan Africa” index.
- No. 4 on the “Ease of Getting Credit in Sub-Saharan Africa” index.
- No. 5 on the “Overall Ease of Doing Business in Sub-Saharan Africa” index.

With sound macroeconomic policies, a stable democratic dispensation, a large pool of skilled and semiskilled labour, strong policies in the areas of land administration and private sector development, adequate infrastructure, a strong financial sector, strong government support for the private sector, access to a West Africa market of over 250 million people through the Economic Community of West African States (ECOWAS), and relative proximity to EU and US markets, Ghana is the preferred place to do business in Africa.

Ghana is divided into ten administrative regions. Each region is headed by a Regional Minister

appointed by the President. The principal units of local government are the district assemblies. There are three levels of governing power at the local government level in Ghana. These include the districts, municipalities and metropolises. Between the district assemblies and the central government are the regional coordinating councils. The role of these bodies is to administer and coordinate policy implementation at the local level.

The country recorded a provisional GDP growth rate of 7.1 in 2012, a decrease of over 49.3% compared to 14.4 recorded in 2011. The high GDP figure recorded in 2011 was mostly due to the significant economic activity associated with the commercial production of oil for the first time in Ghana. In 2012 the services sector was the largest, recording a growth rate of 8.8%. The industry and agricultural sectors recorded GDP growth rates of 7.0 and 2.6 respectively in 2012.

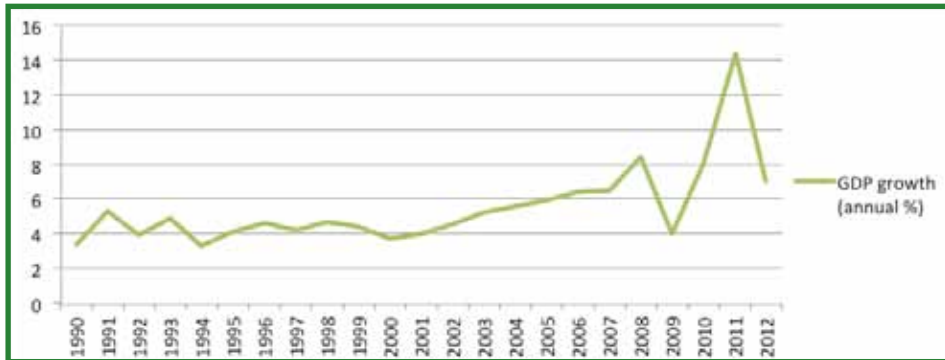
**Table I.1. Ghana Economic Indicators**

Economic Indicator	2011	2012
Inflation	8.6	8.8
Interest Rates (Based on 182 days treasury bills)	11.3	22.88
Gross National Reserves (US\$ 'million)	5,474.6	5,348.9

Source: 2013 Ghana Budget Statement by the Ministry of Finance and Economic Planning



Figure I.1 Ghana GDP Growth Rate (Annual %)



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\*2012 growth rate is estimated (source: <http://www.worldbank.org/en/country/ghana/overview> last visited on August 30, 2013)

Figure I.2 Time Required to Start a Business

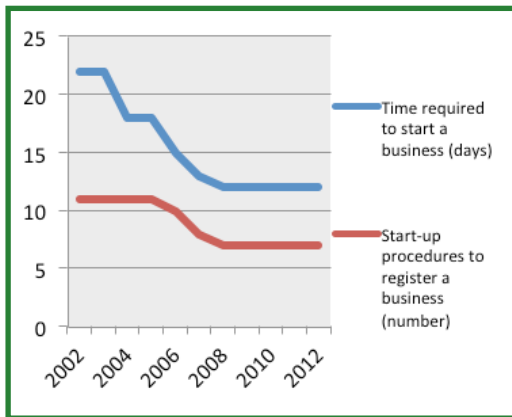


Figure I.3 Import/Export Container Cost

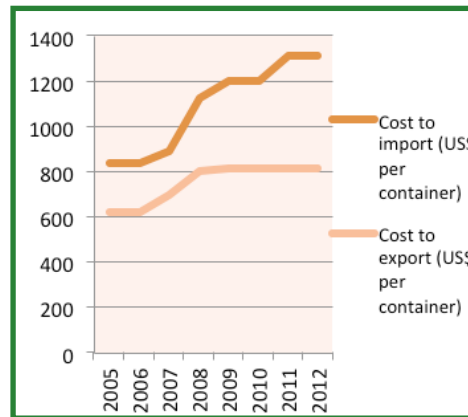


Figure I.4 Stocks Traded

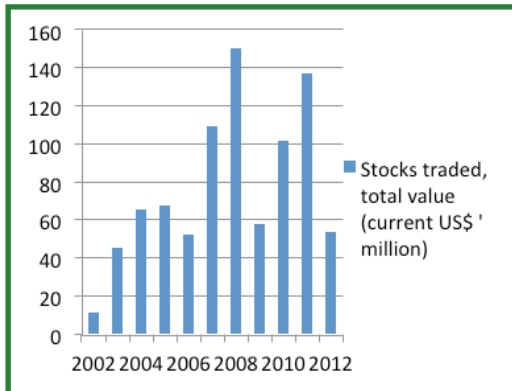
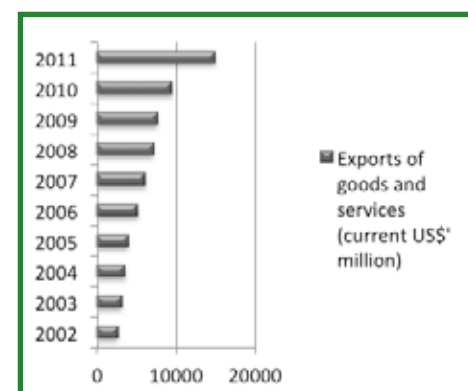
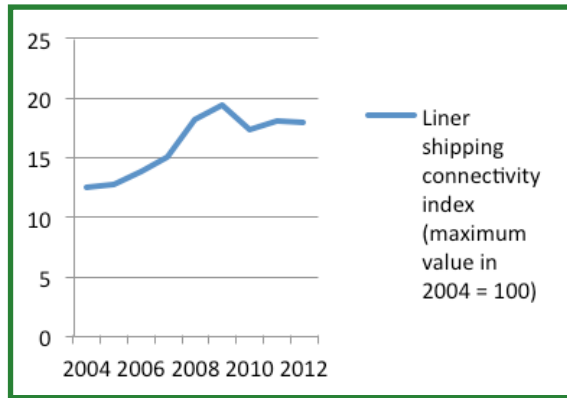


Figure I.5 Export of Goods and Services



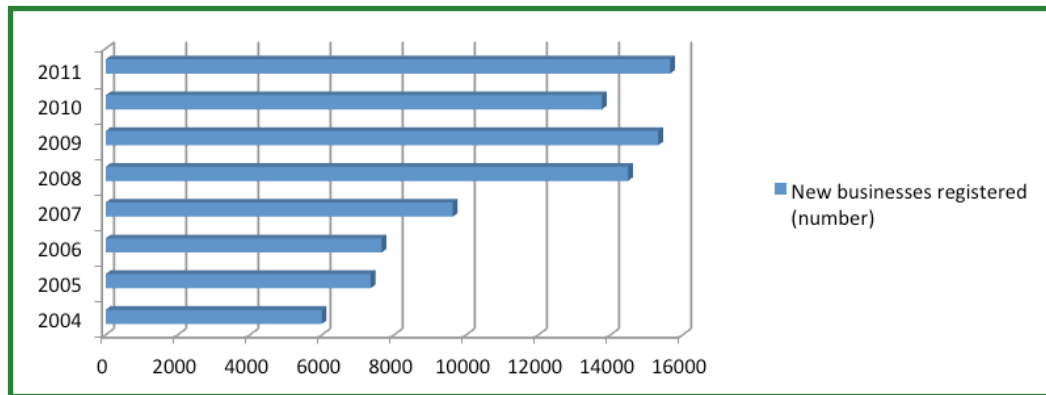
**Figure I.6 Linear Shipping Connectivity**



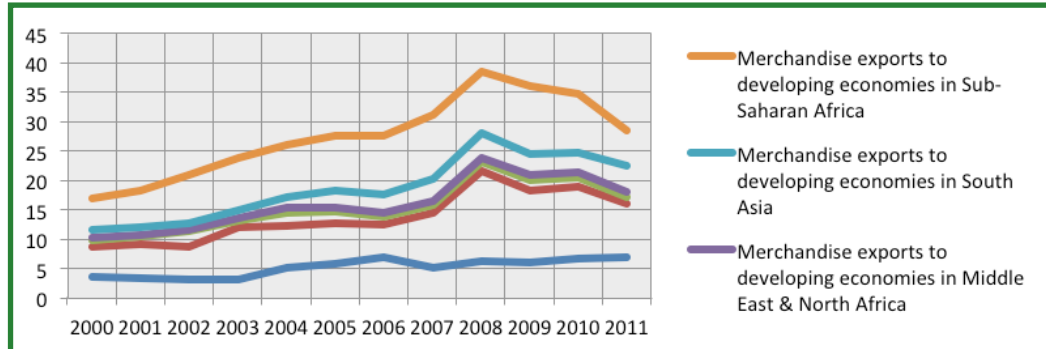
**Figure I.7 Strength of Legal System**



**Figure I.8 New Businesses Registered**

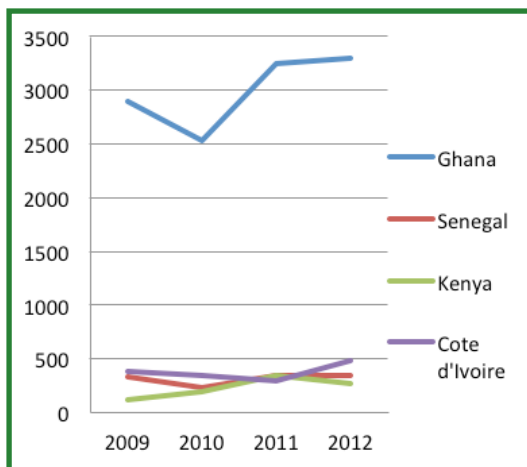


**Figure I.9 Merchandise Exports (US\$ 'billion)**



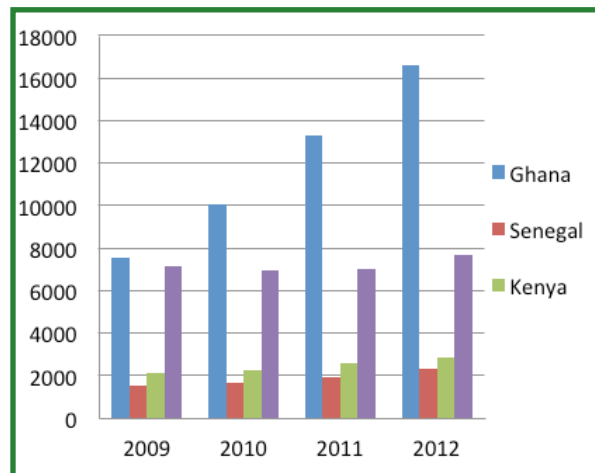
« Source (for all nine graphs above): World Bank, World Development Indicators, Ghana, accessed June 13, 2013, [http://data.worldbank.org/country/ghana#cp\\_wdi](http://data.worldbank.org/country/ghana#cp_wdi)

Figure I.10 FDI Inflows-Inward (US\$ 'Million)



Source: UNCTAD, Country Fact Sheet: Ghana 2013

Figure I.11 FDI Stocks-Inward (US\$ 'Million)



Ghana is a member of the Multilateral Investment Guarantee Agency (MIGA) of the World Bank, which guarantees the rights of foreign investors, as well as the International Centre for Settlement of Investment Disputes (ICSID), which provides a dispute resolution mechanism. Ghana enjoys preferential access to the EU, under the Generalized Scheme of Preferences (GSP), and to the US, under the African Growth and Opportunity Act (AGOA), which covers more than 6,400 items.

Additionally, Ghana is a member of entities such as the

- African, Caribbean and Pacific (ACP) Group of States
- World Trade Organization (WTO)
- International Chamber of Commerce (ICC)

Tourism in Ghana is targeted at both domestic and international tourists. The coast of the country, hosts some of the most visited tourist sites in the country. The major attractions in these areas are the Cape Coast and Elmina castles, which house museums, and the Kakum National Park, which hosts one of the few tree canopy walks in the world. Ghana is also host to the largest man-made lake in the world the Volta Lake. The northern part of the country also hosts interesting tourist sites such as the Cocodile Pond at Paga, Wechiau Hippo Sactuary and the Mole National Park. Famous sites in the Ashanti region include the Manhyia Palace Museum, Armed Forces Military Museum, Prempeh II Jubilee Museum, Adanwomase Kente Weaving Site and Bobiri Forest and Butterfly Sanctuary.

Figure 1.12 Ghana Tourism Map

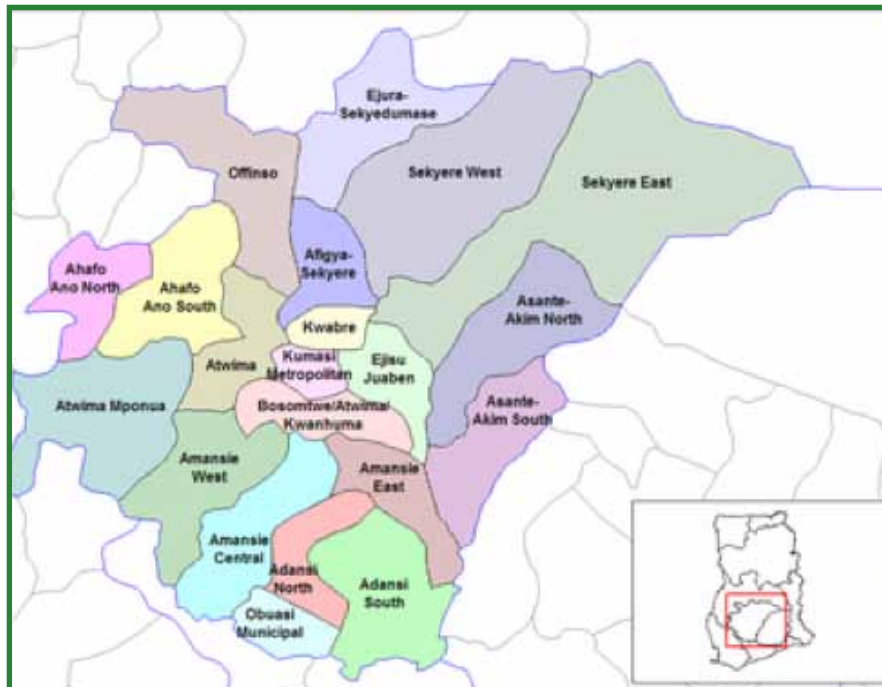




## ASHANTI REGION FACT SHEET

<b>Administration:</b>	Regional Coordinating Council headed by the Regional Minister
<b>Surface area:</b>	24,389 sq km
<b>Population:</b>	4,780,380 (Ghana Statistical Service 2010)
<b>Population growth rate:</b>	2.7%
<b>Districts:</b>	30
<b>Economic activity:</b>	Agriculture (25%), General Trading and Vehicle Repair Services (21%), Manufacturing (8.6%), Accommodation and Food Services (5%), Transportation (3.4%), Construction (3%), Other (33%)

With over 5 million inhabitants (4,780,380 according to the 2010 national census), the Ashanti Region is the most populous region in Ghana. The region occupies a total land area of 24,389 km<sup>2</sup> (approximately 10 percent of total land in Ghana) and has Kumasi as its regional capital.



## II. OVERVIEW OF KUMASI

### KUMASI FACT SHEET

<b>Administration:</b>	Kumasi Metropolitan Assembly headed by the Metropolitan Chief Executive (Mayor)
<b>Location:</b>	270 km northwest of Accra, Ghana's capital
<b>Climate:</b>	Tropical, 21° to 34°C year-round
<b>Notable features:</b>	Historically, the capital of the Ashanti kingdom; now the second-largest city in Ghana and capital of the Ashanti Region, the country's most populous region
<b>Population:</b>	2,035,064 (2010 National Census)
<b>Population growth rate:</b>	5.47%
<b>Religions:</b>	Christian 79%, Muslim 16%, no religion 4%, traditional African and other 1%
<b>Languages:</b>	English and Asante Twi
<b>Main ethnic group:</b>	Ashanti



“Our new Kumasi processing plant puts ADM in a stronger position to become the preferred global supplier of cocoa and chocolate solutions”  
~ John Rice, ADM Executive Vice President of Commercial and Production



Source: “ADM Opens New Cocoa Processing Plant in Kumasi, Ghana,” accessed August 8, 2013, <http://tmcnet.com/usubmit/2009/10/13/4420912.htm>



## A SKETCH OF KUMASI

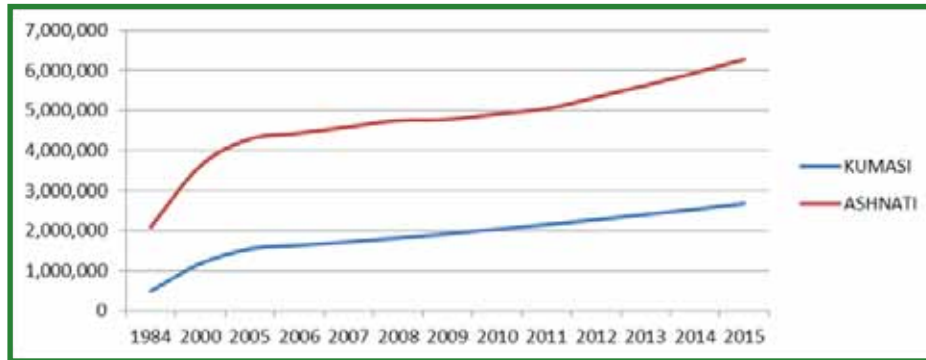
Kumasi is located centrally in the Ashanti Region, forming an important transport and commercial hub for both domestic and international traffic. It is the key transportation link between the south and north of Ghana as well as the surrounding landlocked countries. It has a national airport with several flights a day to Accra.

Kumasi's daytime population is estimated to reach 2.5 million people because of its role as a

commercial centre. Officially, Kumasi recorded 2,035,064 inhabitants in 2010. The city's population is growing fast; it has almost doubled since 2000, from a little over 1 million people.

Kumasi's strategic geographic location makes it a brisk commercial and administrative centre, and it is often regarded as the commercial capital of Ghana, with West Africa's largest open-area market, the Kumasi Central Market. Estimated consumer

Figure II.1 Population Trend: The Ashanti Region and Kumasi, 1984 to 2015



Source: KMA Statistics, 2012

market reachable within one day of ground travel is approximately 12 million consumers (Ashanti Region and surrounding regions, approximately half of Ghana's population).

Kumasi has already proved attractive to a number of large foreign investors. Agro-processing giant Archer Daniels Midland (ADM) has been operating a cocoa processing facility in Kumasi since July 2009. Other major players with an active presence include Coca-Cola and Guinness, which both have bottling plants in the city. Other international companies with offices in Kumasi include Maersk, Barclays Bank, Standard Chartered Bank and Unilever, which has been operating in Ghana for over 70 years.

Kumasi is administered by the Kumasi Metropolitan Assembly, with the Mayor serving as the city's chief executive officer. The Ashanti Region as a whole is under the purview of the Regional Minister. The institution of chieftaincy is very pronounced in the Ashanti Region and plays a significant role in its management, especially in the area of land administration. Most lands in the Ashanti Region

is administered by the Asantehene (Ashanti king) and relatively small portions belong to the state under the administration of the Lands Commission. The Asantehene is assisted by a variety of chiefs, including paramount, divisional and sub chiefs, and stool and clan elders, who all play roles in land acquisition, with the Asantehene playing the ultimate role.

Kumasi is home to numerous educational institutions, including the largest science and technology university in Ghana and, indeed, in West Africa, the Kwame Nkrumah University of Science and Technology (KNUST), which has a student population of over 31,000 students, comprising both undergraduate and postgraduate students. KNUST also has a business school, which enjoys a strong reputation.

Through Ghana's membership in the Economic Community of West African States (ECOWAS), Kumasi potentially serves an even larger market of over 250 million people.





### III. WHY INVEST IN KUMASI

**Market Access** — Kumasi’s location at the centre of the Ashanti Region and of Ghana, coupled with its good road network and airport, makes it the preferred trading centre for most of the surrounding regions and an important commercial centre for West Africa. Kumasi has a daytime population of over 2.5 million, and the Ashanti Region, the most populous region in Ghana, is home to over 5 million people. In addition, Kumasi serves as the commercial hub for the neighbouring Brong-Ahafo Region, the three northernmost regions of Ghana, and parts of the Western and Eastern regions, creating a potential market of about 12 million people.

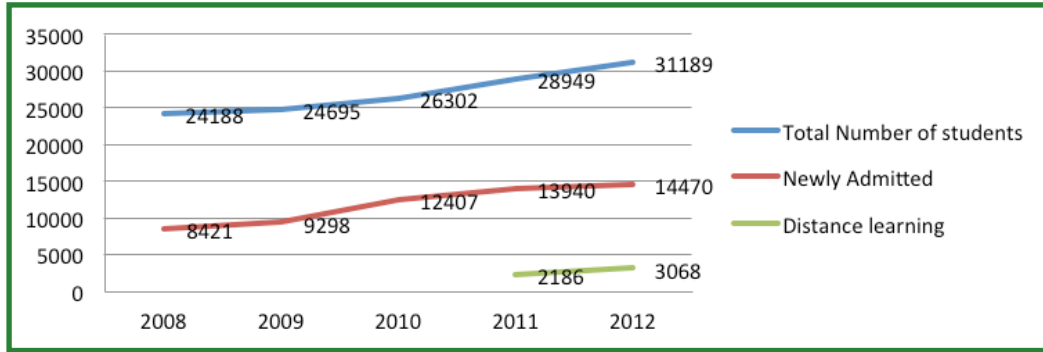
Through Ghana’s membership in the Economic Community of West African States (ECOWAS), Kumasi potentially serves an even larger market of over 250 million people. Merchants from landlocked countries in the Sahel region, and especially Burkina

Faso, Niger and Mali, with a combined population of 48 million, trade at Kumasi’s Kejetia Market, West Africa’s largest open air market — to the extent that a section of the market has come to be called the “French line.” This large potential market is one of the many compelling reasons to invest

Figure III.2 Wider Ashanti/Northern and Sahelean Zone



Figure III.3 Kwame Nkrumah University of Science and Technology Statistics



Source: KNUST Basic Statistics, 2008–2012

**Supportive Government Policies** — A long-term multi-party democracy, the Ghanaian government actively fosters a pro-business environment in the country. As a result of its continuing efforts, in 2013 Ghana ranked number one on the World Bank’s “Ease of Doing Business in West Africa” index and number two in sub-Saharan Africa for the registering property index. A new business can be established in Kumasi in 10 days.

**Political Stability** — In addition to a longstanding, democratic national government, the city and region benefit from clearly defined traditional authorities who foster peace, unity and stability and serve as custodians of the land. In 2003 the government, in partnership with the World Bank, launched the Land Administration Project (LAP) to develop policy and institutional reform to build a fair, efficient, cost-effective land sector and to deliver land tenure security. The LAP has worked with the traditional authorities to streamline the land acquisition process in the region.

**Human Capital** — Several educational and research institutions provide support to investors in the form of manpower and research. Most notably, the Kwame Nkrumah University of Science and Technology (KNUST), established in 1952, produces thousands of world class graduates each year. Other institutions include the University of Education, the Kumasi Polytechnic, the Forestry Research Institute of Ghana (FORIG), the Building and Road Research Institute (BRRI), the Institute of Renewable Natural Resources (IRNR) and a number of private universities.



**Abundant Natural Resources** — The wide variety of natural resources located in Kumasi and its environs present another strong incentive to invest in Kumasi. Because of Kumasi's proximity to the Bonsaaso Millennium Village and its close linkages to surrounding agricultural districts, manufacturers in the city have ready access to a range of agricultural products, including cocoa, oil palm, plantain, cassava, cocoyam, vegetables and a variety of fruits. Ghana is one of the top three producers of cocoa globally, with the Ashanti Region being the second largest contributor to Ghana's cocoa production. Located in a forest zone, the region also has a strong tradition of woodworking and furniture manufacturing; timber processing is also prevalent in the region. Mineral wealth includes gold, bauxite, silica, and iron ore.

**Sound Financial Institutions** — Many local, regional and international financial institutions serve Kumasi, including Cal Bank, UT Bank, HFC Bank, Exim Guaranty Bank, Ecobank, United Bank for Africa, Barclays Bank, Standard Chartered Bank

and Stanbic Bank (member of the Standard Bank Group). These institutions offer support in the areas of export and import finance, trade finance, and demand, fixed and savings accounts. The financial institutions also provide support for documents needed for international trade such as letters of credit for imports and exports, remittances and other foreign exchange transactions.

**Well-developed Infrastructure** — With a good road network, a healthy telecommunications industry, and adequate water and electricity supply, Kumasi has in place the infrastructure necessary to conduct business in the city. In addition, Ghana's second largest airport is located in Kumasi. Four local airlines run daily flights between Kumasi and Accra, the capital, and other cities in the country. A flight from Accra to Kumasi takes about 45 minutes. The city also has numerous healthcare facilities, including the highly regarded Komfo Anokye Teaching Hospital.





## IV. INVESTMENT OPPORTUNITIES

**Oil Palm Cultivation:** Since at least 2005, the demand for palm oil in Ghana has far outstripped supply. The Ministry of Food and Agriculture (MOFA) predicts that this supply gap will nearly quadruple by 2014. The deficit for West Africa is expected to grow at a similar, if not higher rate.

At the same time, Kumasi and the Ashanti Region offer all of the resources necessary to fill this demand, including a favourable climate, available land with good soil, and a ready workforce. In addition, well-established processors such as Ashanti Oil Mills Limited and Juabeng Oil Mills Limited are operating

well below capacity due to a lack of raw materials. All of these factors taken together make it clear that oil palm cultivation presents a serious opportunity for investors.

**Bamboo Cultivation and Processing:** The World Bank-sponsored Sustainable Land and Water Management Project II in 2010 indicated a deforestation rate of 22,000 ha per year. That same year Ghana according to the Food and Agricultural Organisation reported a gross annual deforestation rate of 135,000 ha. At this rate, the country will run out of forest cover in about 20 years. Recognizing the potential of bamboo and the role that it can play as an alternative to timber, the government of Ghana introduced in 2002 the Bamboo and Rattan Development Programme (BARADEP) to identify sustainable ways of developing the bamboo



sector. The Ashanti Region is believed to hold the third largest stock of naturally growing bamboo in the country. The Millennium Villages Project in Bonsaaso is currently working with communities to identify land suitable for bamboo cultivation. Thus, a concrete investment opportunity exists in the cultivation of bamboo and the production of bamboo products in Kumasi and the Ashanti Region. At this time, there is particular demand in the construction/real estate sector for bamboo furnishings, flooring and plywood to help fill the country's estimated one-million-unit housing deficit. The region is also open for investment in products made from bamboo, such as bamboo-frame bicycles, toothpicks, brooms, matchsticks, etc.

**Real Estate Development:** Thanks to a flourishing and stable national economy, Ghana's real estate sector offers sound investment opportunities. At this time, a severe shortage of low- to low-middle-income housing accounts for most of Ghana's estimated shortfall of one million residential units. An annual delivery of about 150,000 units of lower priced housing for the next 20 years would be necessary to address this deficit and accommodate new households. The current annual supply is between 30,000 and 40,000. In addition, Ghana offers a business environment favourable to real estate investors: capital, profits and dividends are freely transferable; there are guarantees against expropriation; and double taxation agreements have been signed with several countries. Though the Kumasi Metropolitan Assembly (KMA) does not have a land bank, some landowners hold large tracts of land that they are willing and ready to lease to investors. In addition, the government, in partnership with the World Bank, launched the Land Administration Project (LAP) in 2003 to develop policy and institutional reform to build a fair, efficient,

cost-effective land sector and to deliver land tenure security.

**Multi-storey Car Park Facility:** Kumasi is a fast-growing city of some 2 million people and the capital of a rapidly growing region of nearly 5 million. It is also an important commercial centre, both within Ghana and for the surrounding countries. This has led to a significant increase in traffic in Kumasi, especially in its central business district, where most of the administrative and commercial facilities are located. Municipal authorities have adopted temporary parking solutions by converting parts of streets into paid parking areas but there is still not sufficient parking. Furthermore, this has taken space from already narrow streets, increasing congestion in the central business district and creating challenges for both drivers and pedestrians. Municipal authorities are ready to provide potential investors full support and are willing to establish a public-private partnership to create a car park and solve these problems.

**Tourism:** The Ashanti Region and its capital, Kumasi, are endowed with a wide range of natural, cultural and historical attractions, which could provide the basis for the promotion of a wide variety of tourism products. Kumasi also boasts a rich culture and an important role in the history of Ghana. The National Tourism Marketing Strategy identifies the key tourist sites in the Ashanti Region as the Manhyia Palace Museum, Kumasi Zoo, Armed Forces Military Museum, Prempeh II Jubilee Museum, Adanwomase Kente Weaving Site and Bobiri Forest and Butterfly Sanctuary. Numerous investment opportunities lie in upgrading and adding value to the existing tourist attractions, as well as developing new attractions. Investors are taking advantage of the huge potential in tourism and its allied sectors

in Kumasi. Key amongst these investments is the Kumasi Sun City project. When completed, the project will comprise a multi-purpose world-class shopping mall, an entertainment park, a five-star fully equipped international clinic with an ambulance station and a helicopter pad, a five-star hotel, and 240 semi-detached executive houses within eight gated-communities, each with its own swimming pool and tennis court.

### **On-Campus University Housing Facilities for Staff and Students:**

The Kwame Nkrumah University of Science and Technology (KNUST) was founded in 1951 to provide higher education, with special reference to science and technology, and to act as a catalyst for the technological development of Ghana. The university, one of the largest in Africa, currently has a student population of over 31,000, up from 28,949 in 2011. The university campus is situated about eight kilometres from the Central Business District of Kumasi. The campus covers an area of about eighteen square kilometres.

The university operates 6 halls of residence. This number is made up of one female hall, two male halls and three mixed halls of residence. Out of an entire population of 28,949 recorded in 2011, the university provided accommodation for 7,256 students (32%) made up 70% male and 30% female students. The university accommodates only 32.1% of individuals who require accommodation. The university recorded a total staff of 3,698 in 2012 comprising 1,010 senior members (senior lecturers, junior lecturers and senior administrators), 992 senior staff (non-teaching support staff with first degree) and 1,696 junior staff (support staff with less than first degree). The university provides accommodation for 274 (27.13%) senior members, 92 (5.42%) senior staff and 300 (17.69%) junior staff. The rest are burdened with the task of finding accommodation that is suitable and close to the university.

NB: Full investment profiles on the investment opportunities are available on [www.investinkumasi.com](http://www.investinkumasi.com)



I have no doubts that we will be setting up more branches in Kumasi and the Ashanti region at large in the near future as we seek to deepen our relationships



~ Edward Effah, Managing Director, Fidelity Bank

Source: "Fidelity Bank Opens Five Branches in Kumasi," accessed August 8, 2013, <http://www.modernghana.com/news/358936/1/fidelity-bank-opens-five-branches-in-kumasi.html>

## V. SETTING UP A BUSINESS IN KUMASI

A new business can be legally registered in Kumasi in ten (10) business days, assuming paperwork is in good order and all requirements have been met.

All businesses must first register with the Registrar General's Department (RGD). Registration with RGD will entitle an investor to Tax identification numbers, Certificate of incorporation, Certificate of Commencement of business and the company's regulations.

Next, businesses with foreign interest are required to register with either the Ghana Investment Promotion Centre (GIPC) or the Ghana Free Zones Board (GFZB). Foreign businesses primarily engaged in the processing or manufacture of goods or services

for export are required to register with the GFZB; all other foreign investors must register with the GIPC. Registering with either of these agencies entitles an investor to specific incentives and guarantees.

All businesses must then register with the Ghana Revenue Authority (GRA) for tax purposes.

Finally, enterprises involved in activities that have a direct impact on the environment or in activities relating to food and drugs are also required to register with the Environmental Protection Agency (EPA) and the Food and Drugs Board (FDB) respectively.

With the exception of the GFZB, which is located in nearby Accra, all of these agencies operate a regional office in Kumasi.

For a detailed explanation on the steps required to register a business in Kumasi please visit [www.investinkumasi.com](http://www.investinkumasi.com)





## VI. INVESTMENT INCENTIVES AND GUARANTEES

Foreign and local investors may benefit from a number of investment incentives and guarantees that encourage new enterprises and support existing ones. These include tax holidays, tax rebates and exemptions, capital allowances and bilateral investment treaties. Investors who operate under the Ghana Free Zones Act enjoy a range of additional investment incentives.

### GENERAL INCENTIVES

Some of the general incentives include;

- Custom duties exemptions for plant, machinery, equipment and parts thereof
- Graduated and reasonable corporate taxes
- Automatic and additional immigrant quotas (work permit for employees and residence permits for dependants) depending on the amount of paid-up capital



- Accelerated depreciation for plant and buildings, five-year loss carry-over and R & D expenditure deductibility
- Relief from double taxation for foreign investors and employees where applicable
- Full repatriation of dividends and net profits attributed to an investment
- Transfer of funds in respect of servicing of foreign loans.
- Guarantee against expropriation
- Remittance of proceeds in the sale or liquidation of investment

## **INCENTIVES UNDER THE GHANA FREE ZONES PROGRAM**

The Ghana Free Zones Act, 1995 provides the following incentives for enterprises operating under the act:

- 100% exemption from payment of direct and indirect duties and levies on all imports for production and exports from free zones.
- 100% exemption from payment of income tax on profits for 10 years and shall not exceed 8% thereafter.
- 100% exemption from payment of withholding taxes from dividends arising out of free zone investments.
- Relief from double taxation for foreign investors and employees.
- No import licensing requirements.

- Minimal customs formalities.
- 100% ownership of shares by any investor, foreign or national.
- No conditions or restrictions on: repatriation of dividends or net profit; payments for foreign loan servicing; payments of fees and charges for technology transfer agreements; and remittance of proceeds from sale of any interest in a free zone investment.
- Permission to operate foreign currency accounts with banks in Ghana.
- Authorization to sell 30% of annual production of goods and services in the local market (at least 70% of goods and services of free zone enterprises must be exported).
- Guarantee against nationalization and expropriation.

## **DOUBLE TAXATION AGREEMENTS**

Ghana offers commitments at the bilateral level to regulate the tax treatment of income or capital gains in situations in which the taxpayer would otherwise be taxed on the same income or capital gains in two states. Kumasi benefits from Ghana's Double Taxation Agreements (DTA) with the following six countries: the United Kingdom, France, Italy, Germany, South Africa and Belgium

For more information of investment incentives and guarantees please visit [www.investinkumasi.com](http://www.investinkumasi.com)

## VII. SUPPORT INSTITUTIONS

### KUMASI CITY INVESTMENT PROMOTION UNIT (KCIPU)

KCIPU promotes and facilitates investment in Kumasi and the Ashanti Region and provides business advisory services to existing businesses in the city and region. KCIPU works closely with the Ghana Investment Promotion Centre (GIPC), the Ghana Free Zones Board (GFZB) and other related agencies to actively pursue domestic and foreign investment and to provide facilitation services throughout the life of a business.

A division of the Kumasi Metropolitan Assembly, KCIPU grew out of the Regional Partnership to Promote Trade and Investment in Sub-Saharan Africa, funded by the Government of Finland and implemented by the Millennium Cities Initiative (MCI). KCIPU was established in early 2012.

#### Services

As the primary port of call for investors exploring investment opportunities and for businesses seeking to better understand the business environment, KCIPU

- identifies commercially viable investment opportunities in which Kumasi has a comparative advantage within domestic or international markets.
- provides information to potential investors and facilitates site visits.
- assists domestic and foreign investors in obtaining the necessary certificates, approvals, authorizations or permits.

- connects local businesses with suitable external partners, upon request.
- advises the city administration as it continues to improve Kumasi's investment climate.
- strengthens the city's ability to identify investment opportunities through capacity building and fosters public-private sector dialogue.
- promotes investment opportunities through regional and international trade missions.
- assists in joint-venture searches.

All services are provided free of charge. Visit [www.investinkumasi.com](http://www.investinkumasi.com) to obtain information on investment in Kumasi, to set up a site visit, or to learn how we can help your business flourish in Kumasi.

### GHANA INVESTMENT PROMOTION CENTRE (GIPC)

The Ghana Investment Promotion Centre (GIPC) is a government agency, established under the Ghana Investment Promotion Centre Act, 1994 (Act 478). Its mission is to encourage, promote and facilitate investments in all sectors of the economy except mining and petroleum. GIPC is a one-stop agency that facilitates and supports local and foreign investors in both the manufacturing and services sectors as they seek more value-creating operations, higher sustainable returns and new business opportunities.

## SERVICES

The GIPC co-ordinates and monitors all investment activities falling under Act 478\* and assists both domestic and foreign investors in:

- initiating and supporting measures that will enhance the investment climate in the country for both Ghanaian and non-Ghanaian companies.
- promoting investments in and outside Ghana through effective promotion.
- collecting, collating, analysing and disseminating information about investment opportunities and sources of investment capital, and advising on the availability, choice or suitability of partners in joint-venture projects.
- registering and keeping records of all enterprises to which this Act is applicable.
- identifying specific projects and inviting interested investors for participation in those projects initiating, organizing and participating in promotional activities such as exhibitions, conferences and seminars for the stimulation of investments.
- maintaining a liaison between investors and ministries, government departments and agencies, institutional lenders and other authorities concerned with investments.
- providing and disseminating up-to-date information on incentives available to investors.
- assisting investors by providing support services including assistance with

permits required for the establishment and operation of enterprises.

- evaluating the impact of the Centre on investments in the country and recommending appropriate changes where necessary.
- registering and keeping records of all technology-transfer agreements relating to investments under this Act.
- performing such other functions as are incidental to the attainment of the objectives of this Act.

### GHANA FREE ZONES BOARD (GFZB)

The Ghana Free Zones Board (GFZB) was established on 31st August, 1995 by an Act of Parliament, the Free Zone Act, 1995 (Act 504), to enable the establishment of free zones in Ghana for the promotion of economic development and to provide for the regulation of activities in free zones and for related purposes. The Board operates under a regulation (L.I. 1618). Actual implementation of the Programme commenced in September 1996.

#### Services:

- Issuing licenses to approved free zone enterprises.
- Assisting in securing other permits from related agencies.
- Providing ready facilities, i.e., serviced land and utilities at the Export Processing Zones.
- Obtaining work/residence permits for expatriates in the free zone.
- Providing any other services requested by investors.

## SOME MAJOR INVESTORS IN KUMASI



CONTACT	ORGANISATION	TITLE	ADDRESS	PHONE	FAX	EMAIL
Mr. Kofi Badu	Otumfo's Secretariat, Manhyia Palace	Chief of Staff	P.O. Box 285, Kumasi	233-3220-38773	233-51-35525	kofibadu@manhyiaonline.com
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Hon. Kojo Bonsu	Kumasi Metropolitan Assembly	Metropolitan Chief Executive	P.O. Box 1916, Kumasi	233-3220-23707	233-51-23707	info@kma.gov.gh kbonsu12274596@aol.com
Mr. George Obodum Kusi	Ghana Investment Promotion Centre	Principal Investment Promotion Officer	Dufie Towers, Kumasi	0244-318-254 233- 0302-665-125/9	233-21-633805-	Info@gipc.org.gh gkusi@gipcghana.com
Nana Akwasi Prempeh	Asantehene's Land Secretariat	Liaison Officer	P.O. Box 285, Kumasi	233-3220-24122		
Mr. William Kpobi	Attorney General's Department	Chief State Attorney	Asafo PMB, Kumasi	233 322083151 / 322042152		kumasi@rgd.gov.gh



<b>Mr. Chris Apau Oppong</b>	<b>Bank of Ghana</b>	<b>Ashanti Regional Manager</b>	<b>P.O. Box 1989, Kumasi</b>	<b>233-3220-22551</b>	<b>233-51-26317</b>	
<b>Mr. Erasmus Baidoo</b>	<b>Electricity Corporation of Ghana, Kumasi</b>	<b>Ashanti Regional Communications Manager</b>	<b>PMB, Kumasi</b>	<b>233-3220-25381/233-244-327-510/0322025381</b>	<b>233-51-25381</b>	
<b>Mr. Mawusi Dadjo</b>	<b>Ghana Customs Authority</b>	<b>Ashanti Regional Commissioner</b>	<b>P.O. Box 4109, Kumasi</b>	<b>233-(0)322-025760</b>	<b>233-51-243-56</b>	
<b>Mr. Ekow Sampson</b>	<b>Ghana Tourist Board</b>	<b>Ashanti Regional Manager</b>	<b>P.O. Box KS 12578, Kumasi</b>	<b>233-3220 26243 / 35848</b>		
<b>Mr. Ebenezer Mensah Acquaaah</b>	<b>Immigration Service</b>	<b>Ashanti Regional Commander</b>	<b>P.O. Box 289, Kumasi</b>	<b>233-(0)3220-25232/28938</b>		
<b>Mr. Osman Mamuda</b>	<b>Ministry of Trade</b>	<b>Ag. Regional Officer</b>	<b>P.O. Box 738, Kumasi</b>	<b>233-3220-264-80</b>	<b>233-51-264-80</b>	<b>macmamud@yahoo.com</b>
<b>Mr. Thompson Attebila</b>	<b>Association of Ghana Industries</b>	<b>Regional Business Development Manager</b>	<b>P.O. Box 1552, Kumasi</b>	<b>233-3220-916-99</b>	<b>233-51-278-72</b>	<b>agiksi@agighana.org appathom@yahoo.com</b>
<b>Nana Yaw Owusu Akwanuasa</b>	<b>Ghana National Chamber of Commerce</b>	<b>Ashanti Regional Secretary</b>	<b>P.O. Box 528, Kumasi</b>	<b>233-3220-25870</b>	<b>233-51-25870</b>	<b>kumasichamber@yahoo.com, ashrci@yahoo.com</b>
<b>Mr. Kwame Obour</b>	<b>Association of Small Scale Industries</b>	<b>Ashanti Regional Chairman</b>	<b>P.O. Box 3832 Kumasi</b>	<b>233-27 895126</b>		<b>kwamebour38792@yahoo.com</b>

## Appendix 1:

### Additional potential investment opportunities

A spectrum of additional investment opportunities exist in Kumasi with a wide variety of associated capital requirements and key market dynamics.

Sample of additional potential investment opportunities

#### Retail Space

There is a clear opportunity to take advantage of Kumasi's growth and associated decongestion plans by building retail space. The current retail environment is crowded and unsophisticated while consumer demand for convenience and quality is growing. Modern retail formats have been expanding at a very fast pace in emerging markets and this trend is evident elsewhere in Ghana, such as Accra.

#### Leather goods manufacture

A sizeable state-run shoe factory operated in Kumasi until the early 1980s and held a number of key government supply contracts, for example providing footwear to the police and armed forces.

Following its closure the factory was placed on the government's divesture list and has passed through several foreign ownerships; currently part of the site is being used for goods storage by a number of local companies.

#### Hair extensions manufacture

The primary challenges facing the industry are to develop significant export markets and to ensure sufficient consistency and quantity of production to service these markets effectively. Preliminary enquiries into the potential for setting-up a factory to produce hair extensions have been made by Korean investors who already have a manufacturing facility in the Ivory Coast.

### Conference and Leisure facilities

Public amenities such as parks and conference facilities are very limited within Kumasi as are other leisure facilities such as bars, restaurants, clubs and cinemas. Against this background, and supported by growing consumer affluence and increase international and national conferences, there is likely to be increasing demand for facilities spanning from those requiring limited investment such as restaurants through to much larger scale enterprises such entertainment parks and tradeshows/conference.

### Metalwork and automotive fabrication

The Suame Magazine is testament to the presence of a broad range of metalwork and Metalwork and automotive automotive fabrication and repair skills within Kumasi. In order to ensure the continued relevancy of these skills for more technologically advanced vehicles and other machinery, significant investment in more sophisticated equipment and training programmes will be required. The proposed relocation of the magazine's businesses to a purpose-built site could act as a catalyst for the up-grade of these businesses' facilities and approach.

### Mining and quarry

Ashanti regions has long been known for gold and there are still unexploited deposits in, and clay for example, the Amansie-West region. Now with the surge in infrastructure, there has been an increase in demand for high quality quarry stones available in the Ashanti region. Although there are already eight registered quarry companies in the region, it is believed further opportunities exist. A more unexploited mining opportunity is clay. Ashanti region has large unexploited clay deposits.

### **Jute sacking manufacture**

A jute sacking factory was previously operated by the government in Kumasi although production ceased at this site a number of years ago. With the prominence of cocoa production, both around Kumasi and within Ghana as a whole, there appears to be a significant potential market for jute sacking (for the transport of cocoa). Competition would largely come from jute sacking imported from Asia.

### **Bio-fuel production**

The growing international demand for bio-fuels may provide sufficient stimulus for investment in the production of bio-fuel feed crops, if not the bio-fuel production facilities themselves. • The potential availability of productive land and a range of suitable agricultural products such as palm oil, combined with access to relatively low cost labour and a burgeoning oil industry within Ghana, may further increase the attractiveness of bio-fuel production or its raw material supply in the short to medium term.

### **Moringa production**

Moringa, a multi-purpose tree with medicinal properties, can be used in a variety of ways and has been shown to grow well in Ghana. (It apparently does not grow well in Europe or US). Interviews indicate commercialisation opportunities. A researcher at the University of Baroda in India, Ms Vanisha Nambiar, has said the Moringa tree is the key to resolving the problem of malnutrition in Africa as it has high quantities of Vitamin A and significant quantities of Vitamin B, calcium, iron, protein, potassium, magnesium, selenium, zinc and amino acids. It is also known to be an effective medication for epileptic, paralytic, diabetic, obese high blood pressure and other cardiovascular patients.

### **Restoration of the Garden City of Kumasi**

Restoring Kumasi to its former glory as the Garden city of West Africa ranks high on the vision of the city Mayor. An opportunity lies in this process through building the capacity of the city to tackle and enhance adaptation to climate change. This will involve delivering and implementing an urban restoration plan. The plan will include planting one million trees, introducing sustainable transportation through the use of bamboo bicycles, eco-friendly vehicles, an integrated transport system, the construction of a waste to energy power plant and other related activities. The benefit of such a plan and its implementation will lead to reduced pollution, provide employment and a general improvement in the living standards of the people in the city.

### **Airport up-grade and an Aerotropolis**

Kumasi is home to one of the country's national airports, with local airlines running daily flights to and from Accra. The current upgrading of the airport includes the construction of an additional runway and cargo storage area. This upgrade is aimed at further enhancing Kumasi's business environment. The city is also promoting the development of a modern aerotropolis. The aerotropolis will be an urban development in which the layout, infrastructure, and economy is centred on the airport, existing as an airport city.

## **2 – 3 Star Hotel**

With its relatively well-developed road network and port infrastructure, Ghana acts as a conduit for significant volumes of trade and associated people and services to and from neighbouring countries. As the ancient capital of the Asante kingdom, Kumasi is effectively the cultural centre of Ghana alongside providing an appealing natural environment. Kumasi holds considerable tourist appeal in its own right with key cultural, historical and natural beauty sites such as the Manhyia Royal Palace, the craft villages and Lake Bosomtwe. Kumasi is in a strong position to capitalise on both commercial and domestic visitors as well as to generate increased tourist traffic. In order to achieve these goals there is a need to improve accommodation and related visitor facilities. There is therefore the opportunity for the establishment of an international 2 or 3 star hotel which provide accommodation for business people, tourists and conference facilities for international events.

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