



Executive Summary

Attracting foreign direct investment continues to be an integral part of the Government of Ghana's policies and is crucial to maintaining Ghana's current economic trajectory, especially given the recent macroeconomic imbalances – high fiscal and current account deficits -- and to overcoming an infrastructure funding gap of at least \$1.5 billion. The Mahama Administration fully recognizes that inward investment requires an enabling legal environment and is extremely open to discussing issues that impede foreign investment. The Government's new Ghana Investment Promotion Center (GIPC) Act, 2013 (Act 865) governs investment in all sectors of the economy and clearly outlines the government's investment framework, but the implementation of the legislation could end up increasing the burden on domestic and international investors.

The following are examples of Ghana's forward leaning, business enabling environment:

- Ghana offers a stable and predictable political environment for American investors.
- The Government of Ghana does not discriminate against foreign-owned businesses.
- Ghana operates a free-floating exchange rate regime and guarantees that investors can transfer profits out of Ghana.
- Ghana's investment laws protect investors against expropriation and nationalization.
- Corruption in Ghana is comparatively less prevalent than in other countries in the region.

A number of challenges are important for investors to understand before entering the market:

- Although the legal system recognizes and enforces secured interest in property, the process to get clear title over land is often difficult, complicated, and lengthy.
- Piracy of intellectual property, including computer software and medicines, is a concern.
- The entire process of establishing a business in Ghana is lengthy, complex, and requires compliance with regulations and procedures of at least five government agencies.
- Ghana's local content regulations in oil/ gas entered into force in November 2013. Until the government implements the regulations it will be difficult to determine their impact.

Overall, the investment climate in Ghana trends favorably for investors, especially relative to others in the sub-region; however, the passage of stringent local content regulations in the petroleum sector could serve as a signal of future efforts to legislate restrictions on how international capital can be used in Ghana. If done properly, local content provisions can spur the growth of the domestic economy while increasing foreign investment. If these regulations become overly restrictive, however, they could stifle foreign investment and impact domestic growth. As Ghana transitions into an established middle income country, we expect the investment climate to continue to improve, but the government will determine the rate at which those improvements occur.

1. Openness to, and Restrictions upon, Foreign Investment

Attracting foreign direct investment continues to be a priority for the Government of Ghana. Ghana currently experiences an infrastructure funding gap of at least \$1.5 billion. Increased foreign investment in Ghana is an integral part of the Mahama Administration's policy. In June of 2011, the Government of Ghana approved the National Policy on Public Private Partnership (NPPPP) as part of the economic reform agenda that aims to increase private sector involvement in infrastructure and public service delivery. The NPPPP created a Public Investment Division within the Ministry of Finance and Economic Policy Planning to develop, oversee and support all public private partnership programs and transactions. In January 2013, President Mahama created a new Minister of State position in charge of Public Private Partnerships. Detailed legislation and regulations are currently being drafted.

The Government of Ghana recognizes that attracting foreign direct investment requires an enabling legal environment. The Government passed laws to encourage foreign investment and replaced regulations perceived as unfriendly to investors. The new Ghana Investment Promotion Center (GIPC) Act, 2013 (Act 865), governs investment in all sectors of the economy except minerals and mining, oil and gas, and the Free Zones. Sector-specific laws further regulate banking, non-banking financial institutions, insurance, fishing, securities, telecommunications, energy, and real estate. Foreign investors are required to satisfy the provisions of the investment act as well as the provisions of sector-specific laws. In general, the GIPC has streamlined procedures and reduced delays. More information on investing in Ghana can be obtained from GIPC's website, www.gipcghana.com.

The GIPC regulates foreign investment in acquisitions, mergers, takeovers and new investments, as well as portfolio investment in stocks, bonds, and other securities traded on the Ghana Stock Exchange.

The GIPC law specifies areas of investment reserved for Ghanaians, which include small-scale trading, operation of taxi and car rental services with fleets of fewer than 25 vehicles, lotteries (excluding soccer pools), operation of beauty salons and barber shops, printing of recharge scratch cards for subscribers of telecommunication services, production of exercise books and stationery, retail of finished pharmaceutical products, and the production, supply, and retail of sachet water. The law further delineates incentives and guarantees that relate to taxation, transfer of capital, profits and dividends, and guarantees against expropriation.

The GIPC registers investments and provides assistance to enable investors to take advantage of relevant incentives. GIPC registration can be filled out online at www.gipcghana.com. The Government of Ghana has no overall economic or industrial strategy that discriminates against foreign-owned businesses. In some cases a foreign investment may enjoy additional incentives if the project is deemed critical to the country's development. American and other foreign firms are able to participate in government-financed and/or research and development programs on a national treatment basis.

Once all necessary documents are submitted, the GIPC states that new investments will be registered within five working days. However, the actual time required for registration can be significantly higher (sometimes up to one month).

Although registration is relatively easy, the entire process of establishing a business in Ghana is lengthy, complex, and requires compliance with regulations and procedures of at least five

government agencies including the GIPC, Registrar General Department, Ghana Revenue Authority (GRA), Ghana Immigration Service, and Social Security and National Insurance Trust (SSNIT). Nevertheless, the government's reforms in this area have yielded some returns. According to The World Bank's Doing Business 2014 report, issued in 2013, the average time to start a business in Ghana is 14 days, down from 33 days in 2010 and 129 days in 2003. The GIPC requires foreign investors to satisfy a minimum capital requirement. The minimum capital required for foreign investors is \$200,000 for joint ventures with Ghanaians or \$500,000 for enterprises wholly owned by non-Ghanaians. Trading companies (firms that buy/sell finished goods) either wholly or partly-owned by non-Ghanaians require a minimum foreign equity of \$1,000,000 and must employ at least 20 skilled Ghanaians. This may be satisfied through remitting convertible foreign currency to a bank in Ghana or by importing goods into Ghana for the purpose of the investment. The minimum capital requirement does not apply to portfolio investments, enterprises set up for export trading or branch offices.

The principal law regulating investment in minerals and mining is the Minerals and Mining Act, 2006 (Act 703). This law addresses different types of mineral rights, issues relating to incentives and guarantees, and land ownership. The 2006 law provides for a stability agreement, which protects the holder of a mining lease from future changes in law that may impose huge financial burden on the license holder for a period of 15 years. When investment exceeds \$500 million, lease holders can negotiate a development agreement which contains elements of a stability agreement and more favorable fiscal terms. The Minerals Commission (www.mincomgh.org) is the government agency that implements the law. Small-scale (artisanal) mining is reserved for Ghanaian investment.

The Petroleum Exploration and Production Law, 1984 (PNDCL 84), also known as the Petroleum Law, regulates oil and gas exploration and production in Ghana. The law deals extensively with petroleum contracts, the rights, duties, responsibilities of contractors, and compensation payable to those affected by activities in the petroleum sector. The newly established Petroleum Commission has taken over the administration of this law from the Ghana National Petroleum Corporation (GNPC) (www.gnpcghana.com). A revision of PNDCL 84 regarding exploration and production is ongoing. Several American companies are currently involved in the oil and gas sector in Ghana.

American investors in Ghana are treated the same as other foreign investors. There are sectors where foreign investors as a whole are denied national treatment: banking, fishing, mining, petroleum, and real estate. Regarding real estate, the 1992 Constitution recognized existing private and traditional titles to land; however, freehold acquisition of land is no longer permitted. There is an exception for transfer of freehold title between family members for land held under the traditional system. Foreigners are allowed to enter into long-term leases of up to 50 years and the lease may be bought, sold or renewed for consecutive terms. Ghanaians are allowed to enter into 99-year leases.

The United States Embassy in Accra advises companies or individuals considering investing in Ghana or trading with Ghanaian counterparts to consult with a local attorney or business facilitation company. The Embassy maintains a list of local attorneys which is available on the embassy website (<http://ghana.usembassy.gov>).

The following table includes third-party assessments of the Ghanaian investment climate:

MEASURE	YEAR	INDEX/RANKING	WEBSITE
TI Corruption Index	2013	46 (63/177)	www.transparency.org
Heritage Economic Freedom	2013	61.3 (77/177)	www.heritage.org
World Bank Doing Business	2014	67/189	www.doingbusiness.org
MCC Government Effectiveness	2014	0.85 (98%)	www.mcc.gov/pages/selection/scorecards
MCC Rule of Law	2014	0.87 (100%)	
MCC Control of Corruption	2014	0.82 (96%)	
MCC Fiscal Policy	2014	-8.1 (6%)	
MCC Trade Policy	2014	64.8 (35%)	
MCC Regulatory Quality	2014	0.86(100%)	
MCC Business Start Up	2014	0.946 (81%)	
MCC Land Rights Access	2014	0.71 (74%)	
MCC Natural Resource Protection	2014	78.0 (68%)	
MCC Access to Credit	2014	49 (89%)	
MCC Inflation	2014	9.2 (32%)	

Percent rankings for MCC measures indicate a percentile within peer income group.

2. Conversion and Transfer Policies

Ghana operates a free-floating exchange rate regime. Ghana's local currency, the Ghana cedi, can be exchanged for dollars and major European currencies. Investors may convert and transfer funds associated with investments provided there is documentation of how the funds were acquired. For details, please consult the GIPC Act (<http://www.gipcghana.com>) and the Foreign Exchange Act guidelines (<http://www.secghana.org/>).

In July 2007, the government redenominated the cedi by converting 10,000 old cedis into 1 new cedi. The new currency, the Ghana cedi (GHS)(notes) and Ghana pesewa (GHP)(coins) are the only currency in circulation. As of April 10, 2014, \$1 was equal to about GHS 2.67 and the largest bill is GHS 50.

Ghana's foreign exchange reserve needs are largely met through cocoa, gold and oil exports, government securities, official assistance, and private remittances. Fiscal problems, the global financial crisis and the fall in commodity prices have led to an average yearly depreciation of the currency by about 10% since 2008.

Ghana's investment laws guarantee that investors can transfer the following in convertible currency out of Ghana: dividends or net profits attributable to an investment; loan service payments where a foreign loan has been obtained; fees and charges with respect to technology transfer agreements registered under the GIPC law; and the remittance of proceeds from the sale or liquidation of an enterprise or any interest attributable to the investment. Companies have not reported challenges or delays in remitting investment returns.

There is a single system for transferring currency out of the country through the banking system. The Parliament passed the Foreign Exchange Act in November 2006. The Act provided the legal framework for the management of foreign exchange transactions in Ghana. It fully liberalized

capital account transactions, including allowing foreigners to buy certain securities in Ghana (i.e. those with tenor of 3 years and higher.) It also removed the requirement for the Bank of Ghana (the central bank) to approve offshore loans. Payments or transfer of foreign currency can only be made through institutions such as banks or persons licensed to do money transfer. There is no limit on capital transfer as long as the transferee can identify the source of capital.

3. Expropriation and Compensation

Ghana's investment laws protect investors against expropriation and nationalization. The Constitution sets out some exceptions and a clear procedure for the payment of compensation in allowable cases of expropriation or nationalization. The Government of Ghana may compulsorily take possession or acquire property only where the acquisition is in the interest of national defense, public safety, public order, public morality, public health, town and country planning or the development or utilization of property in a manner to promote public benefit. It must, however, make provision for the prompt payment of fair and adequate compensation. The Government of Ghana also allows access to the high court by any person who has an interest or right over the property.

American investors are generally not subject to differential or discriminatory treatment in Ghana, and there have been no official government expropriations in recent times. Since 2001, four American investors have filed for international arbitration against the Ghanaian government. Two of these cases were resolved when the Government of Ghana agreed to purchase the investments. In both cases the American investors agreed to the terms of the government purchase as an exit strategy, notwithstanding perceived inequitable terms. The other two cases were still in litigation as of December 2012.

There have been no reported instances of "creeping expropriation" or government action equivalent to expropriation.

4. Dispute Settlement

Ghana's legal system is based on British common law and customary law. Investors should note that the acquisition of real property (land) is governed by both statutory and customary law. The judiciary comprises both the lower courts and the superior courts. The superior courts are the Supreme Court, the Court of Appeal, and the High Court. Lawsuits are permitted and usually begin in the High Court. There is a history of government intervention in the court system, although somewhat less so in commercial matters. The courts have, when the circumstances require, entered judgments against the government. However, the courts have been slow in disposing of cases and at times face challenges in enforcing decisions, largely due to resource constraints and institutional inefficiencies. There is interest in alternative dispute resolution, especially as it applies to commercial cases. Several lawyers provide arbitration and/or conciliation services. Arbitration decisions are enforceable provided they are registered in the courts.

The government established "fast-track" courts to expedite action on some cases. The "fast track" courts, which are automated divisions of the High Court of Judicature, were intended to try cases to conclusion within six months. However, they have not succeeded in consistently disposing of cases within six months. In March 2005, the government established a commercial

court to try commercial claims. The Court also handles disputes involving commercial arbitration and other settlement awards, intellectual property rights, including patents, copyrights and trademarks, commercial fraud, applications under the Companies Code, tax matters, and insurance and re-insurance cases. A distinctive feature of the commercial court is the use of mediation or other alternative dispute resolution mechanisms, which are mandatory in the pre-trial settlement conference stage.

Enforcement of foreign judgments in Ghana is based on the doctrine of reciprocity. On this basis, judgments from Brazil, France, Israel, Italy, Japan, Lebanon, Senegal, Spain, the United Arab Emirates, and the United Kingdom are enforceable. Judgments from American courts are not currently enforceable in Ghana.

The GIPC, Free Zones, Labor, and Minerals and Mining Laws outline dispute settlement procedures and provide for arbitration when disputes cannot be settled by other means. They also provide for referral of disputes to arbitration in accordance with the rules of procedure of the United Nations Commission on International Trade Law (UNCITRAL), or within the framework of a bilateral agreement between Ghana and the investor's country.

The United States has signed three bilateral agreements on trade and investment with Ghana: the OPIC Investment Incentive Agreement, the Trade and Investment Framework Agreement (TIFA), and the Open Skies Agreement. These agreements contain some provisions for investment and trade dispute settlement. When the parties do not agree on a venue for arbitration, the investor's choice prevails. In this regard, Ghana accepts as binding the international arbitration of investment disputes. Ghana does not have a bankruptcy statute. The Companies Code of 1963, however, provides for official closure of a company when it is unable to pay its debts.

The Commercial Conciliation Center of the American Chamber of Commerce (Ghana) provides arbitration services on trade and investment issues for disputes regarding contracts with arbitration clauses.

Ghana signed and ratified the Convention on the Settlement of Investment Disputes in 1966, which allows for arbitration under ICSID – the International Center for the Settlement of Investment Disputes. However, for disputes within the energy sector, the government has expressed a preference for handling disputes under United Nations Commission on International Trade Law rules. Ghana is also a signatory and contracting state of the UN Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the "New York Convention").

5. Performance Requirements and Incentives

Ghana is in compliance with WTO Trade-Related Investment Measures (TRIMS) notification. Generally, Ghana does not have performance requirements for establishing, maintaining, and expanding a business. In the case of banks, the opening of branches requires approval from the central bank. Currently, investors are not required to purchase from local sources, but there is a move to pass local content and local participation requirements, particularly for the oil and gas industry, and also make local content requirements in the mining sector more extensive. Investors are not required to export a specified percentage of their output, except for Free Zone enterprises which, in accordance with the Free Zone Act, must export 70 percent of their products.

Foreign investors are not required by law to have local partners except in the fishing, insurance, and extractive industries. In the tuna-fishing industry, non-Ghanaians may own a maximum of 75 percent of the interest in a tuna-fishing vessel. In the insurance sector, a non-Ghanaian cannot own more than sixty percent of an insurance company. There is compulsory local participation in the extractive sector. By law, the Government of Ghana acquires an automatic 10% carried interest of all interests in mining, oil and gas ventures. The 2006 Minerals and Mining Law also allows the Government of Ghana to negotiate any other form of participation. The Petroleum (Local Content and Local Participation) Regulation 2013 (LI 2204) requires at least 5% indigenous Ghanaian company ownership in petroleum agreements. This could be waived if the Ghanaian company cannot provide the 5%. Foreign companies supplying goods or services to subcontractors, licensees or the Ghana National Petroleum Corporation are required to form a joint venture with an indigenous Ghanaian company which should own at least a 10% share. The Petroleum (Local Content and Local Participation) Regulation 2013, Ghana's local content regulations in oil and gas, entered into force in November 2013. Until the government begins implementing the regulations it will be difficult to determine their actual impact. The most concerning provisions in the regulations are:

- fixed percentages for local private equity participation, procurement of supplies, equipment and provision of services;
- mandatory indigenous equity participation in upstream activities, especially as it relates to the transparency of the selection of equity partners and the role of the Minister of Energy;
- requirement for the Minister's approval for all contracts/sub-contracts and purchase orders above \$100,000; and
- a maximum penalty of a five-year jail sentence for non-compliance.

In September 2012, the newly established Petroleum Commission significantly increased fees for oil and gas service providers. Industry representatives consider the fees to be too high. Depending on a company's annual revenues, registration fees and annual renewal fees for foreign companies range from \$70,000 to \$150,000 compared to fees for local companies of between \$5,000 and \$30,000. Prior to the establishment of the Petroleum Commission, the registration fee was \$2,000 and the annual license renewal fee was \$200.

There are no requirements on physical location of investments. However, there are tax incentives to encourage investment in specific geographic locations, primarily in areas outside the main urban centers. There are also no import substitution restrictions. While the only local employment requirement is that any investment in a trading enterprise must employ a minimum of ten Ghanaians, the issuance of visa/work permits for expatriate staff is tied to the size of the investment.

Ghana regulates the transfer of technologies not freely available in Ghana. According to the 1992 Technology Transfer Regulations, total management and technical fee levels higher than eight percent of net sales must be approved by GIPC. The regulations do not allow agreements that impose obligations to procure personnel, inputs, and equipment from the transferor or specific source. The duration of related contracts cannot exceed ten years and cannot be renewed

for more than five years. Any provisions in the agreement inconsistent with Ghanaian regulations are unenforceable in Ghana.

Investment incentives differ slightly depending upon the law under which an investor operates. For example, while all investors operating under the Free Zone Act are entitled to a ten-year corporate tax holiday, investors operating under the GIPC law are not automatically entitled to a tax holiday. Tax incentives vary depending upon the sector in which the investor is operating. All investment-specific laws contain some incentives. The GIPC law allows for import and tax exemptions for plant inputs, machinery and parts that are imported for the purpose of the investment. Chapters 82, 84, 85, and 89 of the Customs Harmonized Commodity and Tariff Code zero-rate these production items. The Government of Ghana recently imposed a five percent import duty on some items that were previously zero-rated, to conform with the ECOWAS common external tariff.

The Ghanaian tax system is replete with tax concessions that considerably reduce the effective tax rate. The minimum incentives are specified in the GIPC law and are not applied in an ad hoc or arbitrary manner. Once an investor has been registered under the GIPC law, the investor is entitled to the incentives provided by law. The government has discretion to grant an investor additional customs duty exemptions and tax incentives beyond the minimum stated in the law. The GIPC website (<http://www.gipcghana.com>) provides a thorough description of available incentive programs. The law also guarantees an investor all the tax incentives provided for under Ghanaian law. For example, rental income from commercial and residential property is exempt from tax for the first five years after construction. Similarly, income from a company selling or leasing out premises is income tax exempt for the first five years of operation. Rural banks and cattle ranching are exempt from income tax for ten years.

The corporate tax rate is 25% and this applies to all sectors except income from non-traditional exports (8%) and oil and gas exploration companies (35%). For some sectors there are temporary tax holidays. These sectors include Free Zone enterprises and developers (0% for the first ten years and 8% thereafter); real estate development and rental (0% for the first five years and 25% thereafter); agro-processing companies (0% for the first five years, after which the tax rate ranges from 0% to 25% depending on the location of the company in Ghana), and waste processing companies (0% for seven years and 25% thereafter). Tax rebates are also offered in the form of incentives based on location. A capital allowance in the form of accelerated depreciation is applicable in all sectors except banking, finance, commerce, insurance, mining, and petroleum.

The government charges a 15% Value Added Tax (VAT) plus a 2.5% Health Insurance Levy on most imports, all consumer purchases, services, accommodation in hotels and guest houses, food in restaurants, hotels and snack bars, as well as advertising, betting and entertainment. For a list of current exemptions to VAT please visit the Ghana Revenue Authority website at www.gra.gov.gh.

Ghana has no discriminatory or excessively burdensome visa requirements. A foreign investor who invests under the GIPC law is automatically entitled to a specific number of visas/work permits based on the size of the investment. When an investment of \$50,000, but not more than \$250,000 or its equivalent is made in convertible currency or machinery and equipment, the enterprise can obtain a visa/work permit for one expatriate employee. An investment of \$250,

000, but not more than \$500,000, entitles the enterprise to two automatic visas/work permits. An investment of \$500,000, but not more than \$700,000, allows the enterprise to bring in three expatriate employee. An investment of more than \$700,000 allows an enterprise to bring in four expatriate employees. An enterprise may apply for extra visas or work permits, but the investor must justify why a foreigner must be employed rather than a Ghanaian. There are no restrictions on the issuance of work and residence permits to Free Zone investors and employees. A few American firms have recently reported to the Embassy extensive delays in receiving the work permits to which they are entitled by their investment levels. Overall, the process of issuing work permits is not very transparent.

Ghana has no import price controls. It is pursuing a liberalized import regime policy within the framework of the World Trade Organization to accelerate industrial growth. The Government of Ghana joined other ECOWAS countries on the phased implementation of the ECOWAS Common External Tariff on January 1, 2005.

6. Right to Private Ownership and Establishment

Ghana's laws recognize the right of foreign and domestic private entities to own and operate business enterprises. Foreign entities are, however, prohibited by law from engaging in certain business activities in Ghana (see section 1, paragraph 4).

Private entities may freely acquire and dispose of their interests in Ghana. When a foreign investor disposes of an interest in a business enterprise, the investor is entitled to repatriate his or her earnings in a freely convertible currency.

Private and public enterprises compete on an equal basis with respect to access to credit, markets, licenses, and supplies.

7. Protection of Property Rights

The legal system recognizes and enforces secured interest in property, both chattel and real property. The process to get clear title over land is often difficult, complicated, and lengthy. It is important to conduct a thorough search at the Lands Commission to ascertain the identity of the true owner of any land being offered for sale. Investors should be aware that land records can be incomplete or non-existent and, therefore, clear title may be impossible to establish. According to the World Bank's Doing Business Report, Ghana is ranked 49th for ease of registering property.

Mortgages exist, although there are only a few thousand in existence due to a variety of factors including land ownership issues and scarcity of long-term finance. Mortgages are regulated by the Home Mortgages Finance Act 770 (2008) which has enhanced the process of foreclosure. A mortgage must be registered under the Land Title Registration Law, a requirement that is mandatory for it to take effect. Registration with the Land Title Registry is a reliable system of recording the transaction.

The protection of intellectual property is an evolving area of law in Ghana. Progress has been made in recent years to afford protection under both local and international law. Ghana is a party to the Universal Copyright Convention and a member of the World Intellectual Property

Organization (WIPO), the English-speaking African Regional Industrial Property Organization (ESARIPO), and the World Trade Organization (WTO). In 2004, Ghana's Parliament ratified the WIPO internet treaties, namely the WIPO Copyright Treaty and the WIPO Performance and Phonograms Treaty. Since December 2003, Ghana's Parliament has passed six bills designed to bring Ghana into compliance with WTO TRIPS (Trade-Related Aspects of Intellectual Property Rights) requirements. The new laws are: Copyright, Trade Marks, Patents, Layout-Designs (Topographies) of Integrated Circuits, Geographical Indications, and Industrial Designs. Except for the Copyright law, implementing regulations necessary for fully effective promulgation has not been passed.

Piracy of intellectual property is known to take place. Although precise statistics are not available for many sectors, counterfeit computer software regularly show up at street markets and counterfeit pharmaceuticals have found their way into public hospitals. Counterfeit products have also been discovered in such disparate sectors as industrial epoxy, pharmaceuticals, cosmetics and household cleaning products. Based on cases where it has been possible to trace the origin of counterfeit goods, most have been found to have been produced outside the region, usually in Asia. Holders of intellectual property rights have access to local courts for redress of grievances, although the few trademark, patent, and copyright infringement cases that have been filed in Ghana by American companies have reportedly moved through the legal system slowly.

Please contact the following at Mission Accra if you have further questions regarding IP issues:
Stuart Banashek
Economic Assistant – Economic Section
233-030-274-1404
BanashekSI@state.gov

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>

8. Transparency of the Regulatory System

The Government of Ghana's policies of trade liberalization and investment promotion are guiding its effort to create a clear and transparent regulatory system. In 2013, Ghana dropped 5 places to 67th in the World Bank ease of doing business rankings. The GIPC law codified the government's desire to present foreign investors with a liberal and transparent foreign investment regulatory regime. The GIPC has established a "one-stop shop" for investment registration. In practice, it does not really operate as a "one-stop shop" but it serves as a facilitating mechanism. The Government of Ghana has established regulatory bodies such as the National Communications Authority, the National Petroleum Authority, the Petroleum Commission, and the Public Utilities Regulatory Commission to oversee activities in the telecommunications, downstream and upstream petroleum, power, and water sectors, respectively. The creation of these bodies was a positive step but they remain relatively under-resourced and subject to political influence, thus their ability to deliver the intended level of oversight is limited.

9. Efficient Capital Markets and Portfolio Investment

Private sector growth in Ghana has been constrained by limited financing opportunities for private investment. Over two decades after the beginning of financial sector reforms in 1988,

much remains to be done. While credit to the private sector has increased, the high interest rates on bank loans, which are generally higher than 25%, continue to be an impediment to raising capital on the local market.

Capital markets and portfolio investment are gradually evolving. The government is becoming more dependent on the capital market to raise funds for its budget. The longest tenure domestic bond is now seven years and it was first issued in 2013. Foreigners are allowed to buy only bonds with terms of three years and higher, but that is likely to drop to less than three years in the near future. The Government of Ghana and its allied agencies raised \$13.38 billion through issuance of domestic debt instruments alone in 2012. The government borrowed \$10.2 billion while \$3.8 billion dollars was issued by the Bank of Ghana and the Ghana Cocoa Board (COCOBOD). Foreign investors invested in mainly three-year and five-year bonds representing 32% (\$3.3 billion) of the total amount borrowed. Foreign investors hold over 90% of the total outstanding three-year to five-year bonds. A secondary market is emerging as 25,000 transactions valued at more than \$3.2 billion were registered at Ghana's Central Securities Depository (CSD) since 2012 with three-year bonds being the most traded. The International Financial Corporation got approval in 2013 to raise GHS 2 billion by issuing 10-year bonds. As of December 2013, the Ghana Stock Exchange (GSE) has 36 listed companies, 4 government bonds and 1 corporate bond. Both foreign and local companies are allowed to list on the GSE. The Securities and Exchange Commission regulates the activities on the Exchange. Currently, capital gains for stocks listed on the GSE are exempt from taxation while there is an 8% tax on dividend income. Any foreign buyer can buy stocks listed on the GSE. There is no capital control on the flow of retained earnings, capital gains, dividends or interest payments. The GSE composite index (GGSECI) has exhibited varied performance. The GGSECI was one of the best performers among emerging markets in 2008, but in 2009 it was one of the worst performers, recording a decline of 47.9 percent. While the GSE recovered in 2010, gaining 32.3 percent, it declined by a modest 3 percent in 2011, but rebounded by about 23 percent in 2012 and 79 percent in 2013.

Banks in Ghana are relatively small. The largest in the country, Ghana Commercial Bank (GCB), has a net worth of approximately \$150 million. Out of the 27 banks in Ghana, the government has a majority ownership position in GCB and fully owns two other banks. Under the central bank's minimum capital requirement for banks, existing banks are required to maintain a minimum capital base Ghana Cedi (GHS) 60 million (approximately \$26 million). New banks entering the market are required to pay GHS 120 million (\$52 million). Overall, banks in Ghana are well-capitalized with an average regulatory capital that is 18.2% of risk weighted assets, which is above the 10% prudential and statutory requirement. As of September 2013, the percentage of non-performing loans had decreased to 12.5% from 13.1% a year earlier. Recent developments in the non-banking financial sector indicate increased diversification, including a recent introduction of rules and regulations governing the trading of Exchange Traded Funds. Among the non-banking financial institutions, leasing companies, building societies and savings and loan associations have been innovative in serving savers and borrowers. Rural banking, mobile banking and other financial instruments have improved access to credit for SMEs and microenterprises. Currently, Ghana has no "cross-shareholding" or "stable shareholder" arrangements used by private firms to restrict foreign investment through mergers and acquisitions.

10. Competition from State-Owned Enterprises (SOEs)

In recent years the government of Ghana has taken significant steps to privatize or reform state-owned enterprises. Today only a handful of SOEs remain, mainly in the transportation, power, extractive and airport management sectors.

The largest SOEs are the Ghana Ports and Harbor Authority, the Electricity Company of Ghana, the Volta River Authority, the Tema Oil Refinery, and the Ghana Airport Company. Many of these receive subsidies and assistance from the government.

Corporate governance of SOEs is overseen by the State Enterprise Commission (SEC). The SEC encourages SOEs to be managed like Limited Liability Companies so as to be profit-making. In addition, the 2014 budget proposed that state owned enterprises be required to secure their own debt, blocking them from adding to the government's sovereign debt.

The Divestiture Implementation Committee has traditionally overseen privatization efforts. However, the current government is also prioritizing the creation of public private partnerships (PPPs) to restructure and privatize non-performing state-owned enterprises. Officials expect a new PPP law to be passed in 2014, laying the administrative foundation for such partnerships. Significantly, the majority of projects outlined in the 2014 budget are PPPs. Consequently, the existence of state-owned enterprise should not dissuade foreign companies from entering the market. Government officials openly admit that outside investment will be critical to economic growth in all sectors.

In April 2011, Ghana passed the Petroleum Revenue Management Act 815 which created a Stabilization and a Heritage Fund making up Ghana's sovereign wealth fund (SWF). Ghana's Petroleum Funds are managed by the Bank of Ghana with directions from an Investment Committee.

11. Corporate Social Responsibility

Corporate social responsibility (CSR) is of growing concern among Ghanaian companies. The Ghana Club 100 is a ranking of the top performing companies. It is based on several criteria, including a 10% weight assigned to corporate social responsibility, including philanthropy. Ghanaian consumers are not generally overly interested in the CSR activities of private companies, with the exception of the extractive industries (whose CSR efforts seem to attract consumer, government and media attention). In particular, there seems to be a widespread expectation that extractive sector companies will involve themselves in substantial philanthropic activities in the communities in which they have operations. The relatively free Ghanaian press has often advertised CSR projects sponsored by major extractive sector companies, foreign or domestic.

Foreign and local enterprises do not tend to follow CSR guidelines such as the OECD Guidelines for Multinational Enterprises.

12. Political Violence

Ghana offers a relatively stable and predictable political environment for American investors. Ghana has a solid democratic tradition, completing its sixth consecutive peaceful democratic election in December 2012. The losing party disputed the Presidential election

results via a petition to the Supreme Court and the resulting electoral uncertainty was not resolved until the Court dismissed the petition in August 2013, upholding the victory of the National Democratic Congress's John Dramama Mahama. While many investors were a bit reserved about Ghana during the period of uncertainty, it is worth noting that there was no unrest or violence associated with the elections or the disputed result. There is no indication at present that the level of political risk in Ghana will change markedly over the near term, especially since the main opposition New Patriotic Party accepted the Supreme Court's ruling and is participating in the Parliament. President Mahama's term will end in 2016.

13. Corruption

Corruption in Ghana is comparatively less prevalent than in other countries in the region, but remains a problem. A few American firms have identified corruption as the main obstacle to foreign direct investment. Ghana's 2013 score and ranking on the Transparency International Global Corruption Perceptions Index improved slightly from 2012, tying for 63rd place (out of 177) with Cuba and Saudi Arabia. In 2013, there were a number of corruption allegations involving government officials.

Like most other African countries, Ghana is not a signatory to the OECD Convention on Combating Bribery. It has, however, taken steps to amend laws on public financial administration and public procurement. The public procurement law, passed in January 2004, seeks to harmonize the many public procurement guidelines used in the country and also to bring public procurement into conformity with WTO standards. The law aims to improve accountability, value for money, transparency and efficiency in the use of public resources. However, some civil society observers have criticized the law as inadequate. Notwithstanding the procurement law, companies cannot expect complete transparency in locally funded contracts. The government, in conjunction with civil society representatives, drafted and presented to Parliament the Freedom of Information bill in November 2009, which will allow greater access to public information. As of May 2014, the bill has not yet been passed. There continue to be allegations of corruption in the tender process and the government has in the past set aside international tender awards in the name of national interest.

American businesses report being asked for "favors" from contacts in Ghana, in return for facilitating business transactions. These favors could potentially conflict with American business ethics or laws, and American business visitors should make clear that U.S. companies operating abroad are subject to the Foreign Corrupt Practices Act (FCPA) of 1977 (www.justice.gov/criminal/fraud/fcpa). The Government of Ghana has publicly committed to ensuring that government officials do not use their positions to enrich themselves. Official salaries, however, are modest, especially for low-level government employees who have been known to ask for a "dash" (tip) in return for assisting with license and permit applications.

Commercial fraud in the form of scams, especially in gold or currency deals, is common in Ghana. These are commonly termed "419" scams. Potential buyers of gold and diamonds are strongly advised to deal directly with the Precious Minerals Marketing Company (PMMC) in Ghana. Gold and diamonds can be exported legally from Ghana only through the PMMC, and prices are based solely on the London Exchange price on the day of export. No discounting or negotiation of prices prior to export by the PMMC is valid. There have also been a number of

commercially oriented scams whose sole aim is to obtain a visa fraudulently. American firms can request background checks on companies and individuals with whom they wish to do business by using the United States Commercial Service's International Company Profile (ICP). Requests for ICPs should be made through the nearest United States Export Assistance Center. For more information about the United States Commercial Service, visit www.buyusa.gov/ghana.

The 1992 Constitution established the Commission for Human Rights and Administrative Justice (CHRAJ). Among other things, the Commission is charged with investigating all instances of alleged and suspected corruption and the misappropriation of public funds by officials. The Commission is also authorized to take appropriate steps, including providing reports to the Attorney General and the Auditor-General in response to such investigations. The Commission has a mandate to investigate alleged offenders when there is sufficient evidence to initiate legal actions. The Commission, however, is under-resourced and has conducted few investigations leading to prosecutions.

In 1998, the Government of Ghana also established an anti-corruption institution, called the Serious Fraud Office (SFO), to investigate corrupt practices involving both private and public institutions. SFO's name was changed to Economic and Organized Crime Office (EOCO) in 2010 and its functions were expanded to include crimes such as money laundering and other organized crimes. EOCO is empowered to initiate prosecutions and to recover proceeds from criminal activities. As of May 2014, EOCO has not yet prosecuted a single individual. The government passed a "Whistle Blower" law in July 2006, intended to encourage Ghanaian citizens to volunteer information on corrupt practices to appropriate government agencies. In December 2006, CHRAJ issued guidelines on conflict of interest to public sector workers. In December 2009, CHRAJ and the government issued a new Code of Conduct for Public Officers in Ghana with guidelines on conflicts of interest.

In November 2013, President Mahama pledged his support for a National Anti-Corruption Action Plan developed by the CHRAJ. In remarks to CHRAJ officials and funding partners, Mahama stated that he had taken a number of steps to reduce corruption, including sending the Public Officers Code of Conduct Bill to Parliament, clamping down on misuse of government vehicles, launching an online complaints platform, and reviewing several suspect government contracts.

14. Bilateral Investment Agreements

Ghana has signed and ratified Bilateral Investment Treaties (BIT) with the following countries: China; Denmark; Germany; Malaysia; the Netherlands; Switzerland; the United Kingdom. Ghana has concluded the BIT negotiation process with 26 countries in total, 19 of which are awaiting Parliament ratification. The countries with concluded bilateral investment treaties that have not yet been ratified include: Barbados; Benin; Botswana; Bulgaria; Burkina Faso; Cote d'Ivoire; Cuba; Egypt; France; Guinea; Mauritania; Mauritius; Romania; Spain; Yugoslavia; and Zambia. Furthermore, agreements with the U.S., Pakistan, South Korea, North Korea, and Belgium are being considered.

Ghana has also signed and ratified “Double Taxation Agreements” that prevent taxing investment income in two sovereign jurisdictions with France, Germany, Italy, Belgium, South Africa, Switzerland, Netherlands and the United Kingdom.

The United States signed three investment related agreements between 1998 and 2000: the OPIC Investment Incentive Agreement, the Trade and Investment Framework Agreement (TIFA), and the Open Skies Agreement. Ghana and the United States currently do not have a bilateral investment treaty (BIT). Similarly, the two countries do not have a bilateral taxation treaty. The U.S. and Ghana initiated exploratory BIT discussions in 2012.

Ghana has continued to meet eligibility requirements to participate in the benefits afforded by the African Growth and Opportunity Act (AGOA) and also separately qualifies for the apparel benefits under AGOA.

15. OPIC and Other Investment Insurance Programs

OPIC is active in Ghana, and OPIC officers visit Ghana periodically to meet with representatives of American and Ghanaian firms. OPIC has launched several investment funds, which are sources of information and financing for investment in Ghana. The African Project Development Facility (APDF) and the African investment program of the International Finance Corporation are other sources of information. Ghana is also a signatory to the World Bank Group’s Multilateral Investment Guarantee Agency (MIGA) Convention.

16. Labor

Ghana has a large pool of unskilled labor. English is widely spoken, especially in urban areas. However, according to the United Nations, illiteracy remains high at 33%. Labor regulations and policies are generally favorable to business. Although labor-management relationships are generally positive, there are occasional labor disagreements stemming from wage policies in Ghana's inflationary environment. Many employers find it advantageous to maintain open lines of communication on wage calculations and incentive packages. A revised Labor Law of 2003 (Act 651) unified and modified the old labor laws to bring them into conformity with the core principles of the International Labor Convention, to which Ghana is a signatory. A number of labor-related laws, except the Children's Law (Act 560), have been repealed.

Under the Labor Law, the Chief Labor Officer issues collective bargaining agreements (CBA) in lieu of the Trade Union Congress (TUC). This change limited the TUC's influence, since the prior CBA provisions implicitly compelled all unions to be part of TUC. Also, instead of the labor court, a National Labor Commission was established to resolve labor and industrial disputes. Finally, the Tripartite Committee that determines the minimum daily wage was given legal authority.

There is no legal requirement for labor participation in management. However, many businesses utilize joint consultative committees in which management and employees meet to discuss issues affecting business productivity and labor issues.

There are no statutory requirements for profit sharing, but fringe benefits in the form of year-end bonuses and retirement benefits are generally included in collective bargaining agreements.

Post recommends consulting a local attorney for detailed advice regarding labor issues. The United States Embassy in Accra maintains a list of local attorneys, which is available on the United States Embassy's web site <http://ghana.usembassy.gov>.

17. Foreign Trade Zones/Free Ports

Free Trade Zones were established in May 1996, with one near Tema Steelworks, Ltd., in the Greater Accra Region, and two other sites located at Mpintsin and Ashiem near Takoradi. The seaports of Tema and Takoradi, as well as the Kotoka International Airport and all the lands related to these areas, are part of the Free Zone. The law also permits the establishment of single factory zones outside or within the areas mentioned above. Under the law, a company qualifies to be a Free Zone company if it exports more than 70 percent of its products. Among the incentives for Free Zone companies are a ten-year corporate tax holiday and zero duty on imports.

To make it easier for Free Zone developers to acquire the various licenses and permits to operate, the Ghana Free Zones Board (www.gfzb.com) provides a "one-stop approval service" to assist in the completion of all formalities. A lack of resources has limited the effectiveness of the Board, however. Foreign employees of businesses established under the program require work and residence permits.

18. Foreign Direct Investment (FDI) Statistics

Owing to political stability and sound macroeconomic management, FDI in Ghana continues to grow at a rapid pace. Unfortunately, neither the GIPC nor the Ghanaian Statistical Service provides disaggregated data on FDI by country/economy of origin or by industry/sector destination. The following table shows the recent dramatic growth of FDI in Ghana.

	Total GDP (\$ million)	FDI flow (\$ million)	FDI stock (\$ million)	FDI flow as share of GDP	FDI stock as share of GDP
2000	5,027.27	165.9	1,600.50	3.30%	31.8%
2001	5,252.94	89.3	1,689.80	1.70%	32.2%
2002	6,544.44	58.9	1,748.70	0.90%	26.7%
2003	7,588.89	136.6	1,885.30	1.80%	24.8%
2004	8,731.25	139.7	2,025.00	1.60%	23.2%
2005	10,357.14	145	2,170.00	1.40%	21.0%
2006	20,516.13	636	2,806.00	3.10%	13.7%
2007	24,882.05	970.4	3,776.40	3.90%	15.2%
2008	28,535.14	2,111.60	5,888.00	7.40%	20.6%
2009	25,773	1,677.80	7,552.34	6.50%	29.3%
2010	32,186	2,527.36	10,079.69	7.85%	31.3%
2011	39,517	3,222.25	13,327.28	8.23%	33.7%

2012	40,436	3,293.43	16,621.80	8.15%	41.1%
2013*	44,154	1,499.63			

* - Provisional data as at the end of March, 2013

Source: Bank of Ghana, Ghana Statistical Service, International Monetary Fund (IMF), UNCTAD, U.S. Embassy Accra estimates.

Major foreign investments in Ghana are mainly in mining, off-shore oil exploration and cocoa processing. Major American investors are

Oil and Gas: *Kosmos Energy, Anadarko, Hess, Pan Atlantic/Vanco, Halliburton, Baker Hughes,*

Mining: *Newmont Mining*

Urban works: *Conti Group*

Cocoa processing: *Archer Daniels Midland (ADM), Cargill*

Food processing: *Kraft food*

Consumer goods: *Coca Cola, S.C. Johnson*

IT/Telecom: *Xerox, IBM, American Tower Corporation, NCR Corporation*

Healthcare: *General Electric*

Power: *Cummins, General Electric*

19. Contact Point at Post

For inquiries regarding this report, please contact the following:

Economic Associate – Economic Section

No. 24 Fourth Circular Road, Cantonments, Accra, Ghana

233-030-274-1520

econaccra@state.gov