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SPECIAL SUPPLEMENT BY UPPER REACH

Ghana is right on track to maintaining its 30-year history of sustained economic growth, thanks in no small part to the stability of its democratic system, the president's vision and the balanced focus on several economic sectors

Recent forecasts by the World Bank say Ghana's GDP growth for 2014 will grow by a mere 7.4 per cent. At a time when many first-world economies are still hard pressed to barely tread water, 7.4 per cent is highly enviable. Put in Ghana's recent context, however, it almost seems low. Take into consideration that in 2011, the economy expanded by 15 per cent thanks to the commencement of oil production - ranking its GDP growth third in the world after Macao and Mongolia - and suddenly 7.4 per cent seems meek in comparison.

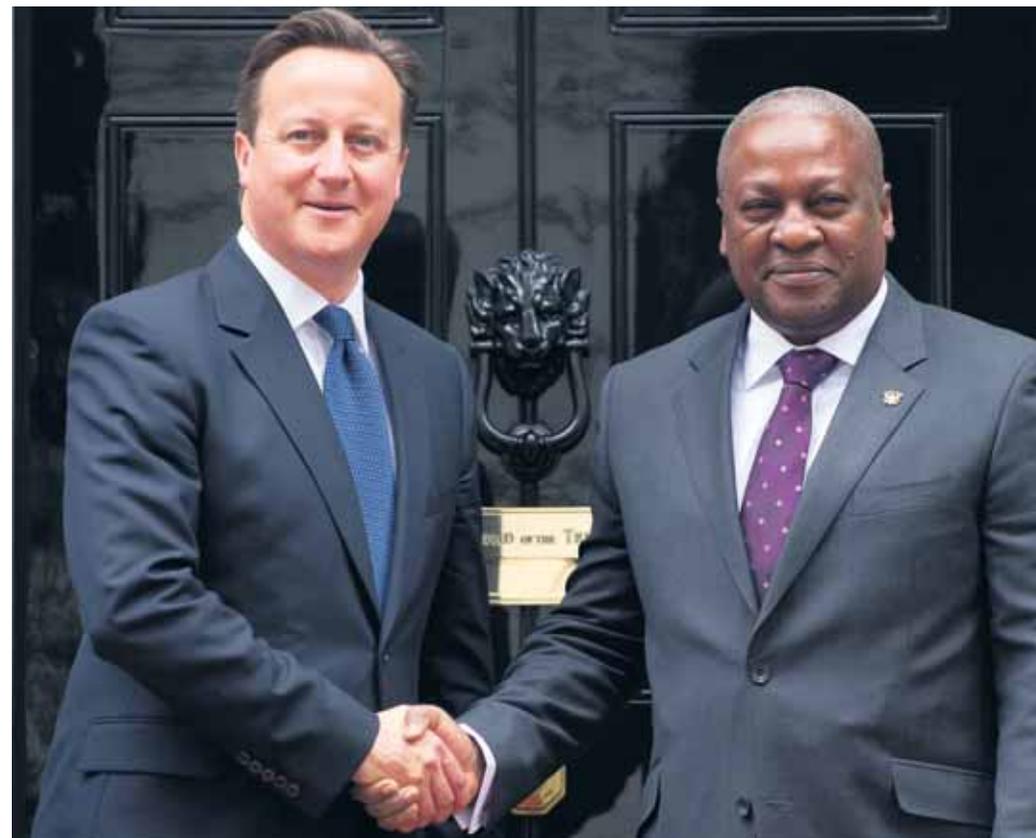
Context aside, this robust figure - along with the other positive growth rates dating all the way back to 1984, which, incidentally, is well before the first significant oil discoveries were made - represents Ghana's ongoing potential and demonstrates how serious the government is about becoming a middle-income country and reducing poverty levels. Already, Ghana has achieved lower middle-income status and has pushed poverty to less than 30 per cent of the population.

As the first sub-Saharan state to gain independence, Ghana has long set the standard in the region. It is a model in political stability, sustained economic growth and respect for rule of law.

"Ghana continues to support peacekeeping activities in West Africa, sharing our experiences in democracy," explains Ghanaian High Commissioner to the UK, Professor Kwaku Danso-Boafo. "Like the late former president, President John Dramani Mahama believes in the ideology of social democracy. He was part and parcel of the programme that the late Professor John Atta Mills initiated, including the Better Ghana Agenda (BGA)."

Under the BGA, the government is striving to improve a variety of areas and its efforts include initiatives to bolster the financial and banking system, strengthen the young oil and gas industry, advance healthcare and education, establish more sustainable practices towards the environment, enhance its human capital, bolster security and economic productivity, and propel Ghana towards the international arena.

In addressing Parliament soon after being elected in



While in the UK for the 2013 G8 Summit, Ghanaian President John Dramani Mahama met with David Cameron

December 2012, President Mahama highlighted both Ghana's progress and the challenges that lie ahead.

"Ghana has witnessed impressive development in the last two decades. There have been improvements in roads and social infrastructure across the length and breadth of this country. Health facilities have been expanded and access improved, and so have educational institutions with the private sector playing a pivotal role.

"Real challenges however remain even as we have made these advances. As a developing middle-income country, there is still a lot more to be done to further reduce poverty, expand infrastructure and provide more social services for our people. These challenges are formidable, but they are not insurmountable...

"Over the next four years, we will build an economy that rewards hard work and nurtures Ghanaian entrepreneurs and businesses whose prospects will not be tied to political cycles and patronage."

His spirit of realistic optimism sets the tone for Ghana as it confronts certain obstacles, such as power supply. Oil was discovered only discovered seven years ago in Ghana at the Jubilee oilfield, and production stands at over 110,000 barrels per day (bpd). The government plans to invest \$20 billion in new oil discoveries through 2018, in order to boost the supply of both oil and gas. Although oil production is projected to grow manifold, owing to pumping at new sites and higher output at Jubilee, it is gas that is vital if the country is to lower costs of energy generation and reduce its dependence on gas imports from Nigeria.

Aside from hydrocarbons, Ghana's other strong sectors include mining (principally gold), agriculture (cocoa) and construction. Revenues from the growing oil industry, coupled with growing foreign direct investment, are expected to buoy these sectors and keep Ghana's economy well rounded and strong.

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PROJECT TEAM: Pablo Delcassó, Iris Oliveros and Gemma Gutiérrez

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UK-Ghana, a most rewarding friendship

The UK's High Commissioner to Ghana, Peter Jones, discusses how bilateral relations and trade are stronger than ever

Over the past year, Ghana has seen increasingly frequent high level visits from British government officials - including Foreign Secretary William Hague, Minister for Africa Mark Simmonds and International Development Secretary Justine Greening - as well as from the British armed forces. Peter Jones, the British High Commissioner to Ghana, has hailed this as the beginning of a "renaissance in the UK-Ghana relationship."

Relations have never been less than warm over the years since independence - as Professor Kwaku Danso-Boafo, Ghanaian High Commissioner to the UK points out when he says, "Since 1957, our relationship has grown from strength to strength." Nevertheless, for Mr Jones, the upswing in the number of visits means "Ghana is rightfully getting the attention it deserves and I'm hopeful about what will continue."

Indeed, with a proven knack for democracy and sustained economic expansion - even before the discovery of oil - Ghana is an ideal African partner for UK policy and business. The British High Commissioner underscores the country's most appealing characteristics, namely rule of law, relative ease in setting up business (Ghana stands at fifth place in sub-Saharan Africa in the World Bank's Ease of Doing Business rankings), and the fact that it is an English-speaking country.

Those three strong points aside, Mr Jones says that the most important thing Ghana has to offer is its people. "There is a remarkable workforce here if you

want to think in economic terms, but I think there is a remarkable population. There are so many very able, creative, energetic, can-do people here that, if I was a company, I'd be very interested," he emphasises.

Bilateral trade in terms of goods and services is on the rise. Despite having only the eighth largest population in sub-Saharan Africa, Ghana represents the UK's third largest export market in the region. British exported goods to Ghana grew by 21 per cent between 2011 and 2012, from £426 million to £516 million. This bodes well for the two governments' trade goals for 2015.

"We have a specific objective to double the balance of trade in a five-year period, starting in 2010," says Mr Jones. "The good news is we are on track as things stand."

Investments are also on the rise. According to Prof Danso-Boafo, UK investments in Ghana stood at £4.9 billion in 2009. "Up to the end of June 2013, it increased to approximately £5.7 billion, with 267 UK-initiated projects in Ghana increasing to 490, reflecting an 80 per cent rise," he says.

Prof Danso-Boafo goes on to add that the two governments are strengthening and promoting collaborations through a programme called 'Partnership for Progress', or PIP. "Through this, we are coordinating a lot of private-sector projects and private-public partnerships (PPPs) between the two countries," he explains. "Everything is going according to plan. The two countries have everything going for them."



"We want to make sure that we are building a holistic economy, rather than one that is dependent on just one sector"

*Professor Kwaku Danso-Boafo,
Ghanaian High Commissioner to the UK*



"There is a lot to be optimistic about when it comes to Ghana both politically and economically"

*Peter Jones,
British High Commissioner to Ghana*

Ghana supports African integration

Ghana is a strong and vocal proponent of teaming up with other African economies to stimulate regional growth

In a sub-regional context, Ghana is a role model in political rights, civil liberties and economic growth. The Ministry of Foreign Affairs and Regional Integration, headed by Hanna Tetteh, however, works under the premise that Ghana is not an isolated economy and that by joining forces with its neighbours, all countries could enjoy greater socioeconomic development.

"Ghana is the second largest economy in West Africa after Nigeria and we've been doing very well for the last couple of years. We recognise, though, that we would do much better within an integrated regional

environment than as a stand-alone entity," explains Ms Tetteh.

A key to integrating the numerous countries is shared infrastructure. "You have got to be able to look beyond your national needs in terms of infrastructure development and work with a bigger regional plan in view, so that you can create the kind of shared infrastructure that makes it possible for people to see not just your country but your region as a place for doing business," says the minister.

A larger market made up of many African countries (average continental growth hovers around 4.5 per cent) would raise investment potential manifold. Ms Tetteh also believes there could be a stronger focus on intra-African trade. She points out that presently, Africa does on

average about 12 per cent of its trade within the continent. This figure is extremely low compared to intra-EU trade of 60 per cent, or ASEAN area trade.

"That tells us that there is a lot of space for improvement and for building partnerships between sister countries that will help our people to be able to exploit the various social and economic opportunities available," she says.

The Economic Community of West African States' (ECOWAS) trade liberalisation scheme is a good start, but there is still much to be done in making it more operational. And expanding the legal framework and protocols continent-wide is an even larger challenge that, if successful, could change the way the world views Africa.

A model of democracy

Ghana's free elections have seen peaceful handovers between political parties twice in this millennium

President John Dramani Mahama is a member of the National Democratic Congress (NDC), Ghana's social democratic political party that was founded in 1992 by Jerry Rawlings, president between 1993 and 2000.

The NDC has held a majority in Parliament and the position of head of state since 1992, except for the period between 2001 and 2008. Both times power was transferred to and from the NDC, the transitions were smooth and served to cement Ghana's reputation as a stable democracy.

According to Johnson Asiedu-

Nketia, NDC Secretary General, the Electoral Commission (EC) - "one of the most powerful bodies on the African continent" - is to thank in large part for Ghana's peaceful elections. With powers secured by the Constitution, the independent commission is the sole entity mandated to approve political parties, oversee their expenditures and revoke their licenses. The EC runs free and transparent elections that cannot be interrupted by any other body.

Strong economic growth over the past 20 years is not the product of just one political party; indeed, it can be attributed to both the NDC and opposition party, the New Patriotic Party, having put in place and carried out smart policies. Today, the NDC is focusing on improving

key infrastructure and revitalising various industries to ensure sustained growth.

"We have managed to reverse the decline in the cocoa industry and the declining extractive industries like gold and other minerals. We saw electricity as a very important ingredient in economic development, so we've focused on making sure that every community has electricity," says Mr Asiedu-Nketia.

He adds that Ghana's welfare lies in the hands of everyone; once a new party is elected, it must "be given the peace of mind to implement its programmes."

"Whenever there is a changeover, the new party may be stronger where we are weaker. That is how democracy develops," he concludes.



"We will build an economy that rewards hard work and nurtures Ghanaian entrepreneurs and businesses whose prospects will not be tied to political cycles and patronage"

John Dramani Mahama,
President of Ghana



"There is a significant amount of business taking place between Ghana and the UK in different areas: manufacturing, the financial services sector and more recently we have seen it in advisory services as well"

Hanna Tetteh, Minister of Foreign
Affairs and Regional Integration



"We believe in international solidarity, and that is why we belong to so many international organisations. We demonstrate that each human being is his brother's keeper"

Johnson Asiedu-Nketia, Secretary
General of the National Democratic
Congress



"We aim to administer taxes in the fairest manner to give investors a levelled playing field so that there will be no differences in the tax incentive structures that confront them for businesses operating in the same area"

George Blankson, Commissioner
General of Ghana Revenue Authority



"Micro-financing in Ghana has traditional roots - it is becoming formal, and it is something that will support SME operations. The government is working on various instruments to develop it"

Seth Terkper, Minister of Finance

An efficient tax revenue system

Up until 2010, paying taxes in Ghana could be quite an ordeal. There were several revenue agencies operating autonomously and each one required that taxpayers filed separate forms. Audits followed a similar pattern, with different organisations sending their own agents to audit companies' and individuals' books.

Four years ago, the government effectively tidied this up by merging the various agencies into one, called the Ghana Revenue Authority. This new entity was mandated with managing and modernising domestic tax and customs operations, and integrating the Internal Revenue Service and VAT Service into the new Domestic Tax Revenue Division of the GRA.

"The GRA is a key part of the steps to enhance performance and efficiency in the revenue organisation in this coun-

The Ghana Revenue Authority is making revenue collection more streamlined and efficient, whilst increasing tax-to-GDP ratios yearly

try," says George Blankson, Commissioner General of the GRA.

"We are at the domestic front merging all the offices to make them a one-stop shop, instead of the previous system under which the taxpayers paid VAT in one office and then went to pay income tax in another.

"The system is being scrubbed and in its place we are establishing one-stop shop integrating the domestic tax offices,

so that in the same office the taxpayer can attend to his tax affairs of income tax and also excise duties, VAT, etc. - an all-in-one integrated office. This ensures that there's greater convenience in terms of tax on the part of the taxpayer."

Mr Blankson adds that the "GRA is also working to streamline state expenditure "in such a way as to bring it into line with the rates of revenue mobilisation. With that, once you bring the two together then the issue of the fiscal deficit is eliminated."

The GRA's efforts are already paying off. Tax revenue as a percentage of GDP in 2009 hovered around 12 per cent. Two years later it brushed 15 per cent. Mr Blankson says that today it stands around 17 per cent. While the single tax and auditing entity leaves little to no room for taxpayers to "fiddle with the books", it also makes compliance much easier and more convenient than before.

As the overseer, the GRA also takes upon itself the responsibility of educating taxpayers. "We provide them with the right information so that they know what is required of them to comply with the taxes. We also work to create the right hassle-free environment," says the Commissioner General. "When you make the environment convenient to them, you will have voluntary compliance."

A smoothly functioning revenue collection system is also an attractive asset for potential investors, who see greater legal security in Ghana.

"We know that for businessmen one of the key considerations is not so much the essentials but a certain predictability in the way that tax laws are administered," explains Mr Blankson.

"If they're administered in a formal way and also administered in a manner that is even and fair for all tax payers, then you find all the businessmen and

all the investors facing the same incentive structure. This is the kind of business environment that the Ghana Revenue Authority is committed to creating - an open field, fair and levelled for all investors."

Aside from its one-stop tax and audit shop and all the other modernisation efforts the GRA has made, the authority has also undertaken the task to present new fiscal laws: a new VAT act, a new income tax act and a new customs act. The Commissioner General says these are designed to "ensure that the laws by which we mobilise revenue in all its facets are modern, more efficient and more effective."

Moreover, the GRA is collaborating with the World Bank to develop new software for domestic tax administration, while the revenue authority's upcoming GeGov online platform is being built to provide citizen-friendly public services.

Ghana's tried and tested recipe for success

► Ghana's positive economic growth has enjoyed a 30-year run and the government is taking decisive steps to ensure that the trend continues well into the future

"Ghana's growth has a structural element to it, in the form of reforms that have been undertaken consistently for nearly three decades in the context of IMF and World Bank benchmarks," says Seth Terkper, Minister of Finance. "The recipe for success is in diversifying a balanced economy. Prior to oil, the service sector grew and overtook agriculture as the largest sector in terms of growth."

He continues: "Secondly, oil and gas discovery placed the country as a [lower] middle-income one and that is what we have to consolidate. We have to get the macro-economy right and make sure that we are not over-dependent on oil and gas as the potential is realised. So, we have to bear two things in mind: value addition and diversification of the economy."

The government is also moving ahead with infrastructure development - and to a large extent under the private-public partnership model - in many areas, including airport, seaports, roads and rail. Most of the projects have what Mr Terkper calls commercial potential.

"We have to bear two things in mind - value addition, and diversification of the economy"

Seth Terkper, Minister of Finance

"If we expand our infrastructure, together with our agri-processing and export potential and the movement of goods, the facilities you construct could largely be self-financed," he says.

As for the financial sector itself, Ghana's financial system assets grew 13 fold between 2000 and 2010, rising to over \$16 billion. However, the minister would like to see "deeper financial services" and "structurally sound banking that would be able to tackle secondary markets for some of the tradable bonds we issue, so that when we move into issuing corporate bonds, we should be able to create that kind of market."

In 2009, Ghana issued a two-year bond and three years later, a five-year bond. A second sovereign bond is due to be issued soon, given the fact that the previous ones have been over-subscribed. The finance minister expects to extend the term of Ghana's bonds further to a minimum of 10 years and refinance some of the short-term bonds that are maturing.

"If we succeed going forward, we will be able to issue commodity-backed bonds and move into energy and transportation bonds to expand port facilities. The rationale for the term of our bonds is linked to the fact that we want to do major infrastructure projects with a long gestation period - of about five to 10 years - so that we can link projects to finance, rather than depend on the markets to support our capital budgets," explains Mr Terkper.

With Ghana putting the financial sector to the good use of economic diversification and value addition, growth is sure to continue coming naturally.



The GRA strives to be a world-class revenue administration, recognised for professionalism, integrity and excellence. In our three years of existence, we have already doubled tax revenue. Moreover, the modern systems and strategies we are implementing this year promise to further enhance revenue collection for the greater good of Ghana.

Modernisation for maximum efficiency



Integrity Fairness Service
www.gra.gov.gh



IPPs encouraged to boost capacity

Ghana's oil only went online three years ago and the country is set to start producing its own gas in May. How do you assess the growth of Ghana's oil and gas sector?

I think the oil discovery is a blessing for us. We are guided by experiences across the globe - from Norway, Trinidad and Tobago, Nigeria, Gabon, Equatorial Guinea - some of which have had very challenging experiences. Our ultimate aim is to ensure that the people of Ghana benefit from this oil revenue, and to maximise benefits that come from the oil sector, especially in terms of ensuring that we eradicate poverty and bring about an accountable system. That is what we have been working on. We have passed so much legislation.

We have the Petroleum Revenue Management Act, which strictly regulates how we use the oil revenue. It is separated into the Petroleum Holding Fund, and then we make an apportionment. At the end of every quarter, we must publish in

Deputy Minister of Energy and Petroleum John Abdulai Jinapor discusses Ghana's very young yet extremely promising oil and gas sector

the National Daily the revenues that have been accrued, how we are using them and account to Parliament as well. The Act also calls for the establishment of a public accountability committee, formed with chiefs and representatives from the media and legal sectors. Their duty is to ensure that we use those revenues judiciously and bring about accountability.

We do not want to get the 'Dutch Disease' so we are looking at an integrated industry, where we can

produce fertiliser to serve the agriculture sector and tie in to the aluminium and bauxite sectors, as well as the salt industry, so that there is an independent segmentation of the economy.

What role does natural gas play right now, and how involved is the private sector?

We currently spend over \$1 billion on crude oil to fire our thermal plants, but now we can make savings of 60 to 70 per cent if we use gas, which is cleaner, more environmentally friendly, and thermal plants last longer when you use gas. We also spend a lot on wood fuel and cutting down trees. So if we can push more gas into the system in the form of LNG and push people away from cutting down trees, we will be making a huge impact environmentally. So for us, gas is an essential component that we must work on.

As for installed electricity capacity, we have a shortfall of 200MW. We want to reach 5,000 MW

by 2016, which is very ambitious but I believe we can achieve it. We are encouraging independent power producers (IPPs) to come into the system. We have come to realise that government alone cannot be the sole provider of energy.

How is your ministry working to empower local content in the oil and gas sector?

It is a new industry, but we are ensuring that we are building capacity, because that is what matters the most. If Ghanaians do not have the capacity to meet the standards, it does not work. So we must focus on and pay attention to building capacity, training people and giving them the knowledge that will put them in a better position to contribute.

Also, we're partnering with some of our local institutions, like universities and polytechnics. We have formed partnerships with most of the international oil companies where students are sent for internships alongside their studies.

The gas launch, a turning point



▶ Ghana is setting the stage to begin processing its own natural gas and leave the days of importing behind

According to the US Energy Information Administration, Ghana has some 800 billion cubic feet (bcf) of proved natural gas reserves, yet until these are exploited, Ghana will remain a net importer of gas. Happily for the West African republic, works on a new natural gas facility and pipelines are due to be finished soon and by the middle of 2014, Ghana will start processing its own gas.

Dr George Sipa-Adjah Yankey, CEO of the Ghana National Gas Company (GNGC), describes these first ever gas infrastructure projects: "They include a 44km, 12-inch diameter offshore pipeline system, a gas processing plant with a capacity of 150 million standard cubic feet (mmscf) per day, and a 111km, 20-inch diameter onshore pipeline system."

He adds that processed gas will provide inexpensive fuel - as compared with the light crude oil Ghana currently employs - for power producers, which in turn will lower the cost of power to end-users.

In early November, the Ghana Gas Infrastructure Project, which also includes a liquefied petroleum gas (LPG) facility, was already 75 per cent complete.

In the short term, the gas will be captured at the Jubilee field. However, this will not be sufficient to cover Ghana's gas requirement, which tops 400 million cubic feet per day. Dr Yankey points out that additional gas imported from Nigeria via the West African Gas Pipeline Company (WAPCo) will help cover the remainder, yet "historically supply has been intermittent and unreliable."

Come 2016 and 2017, when the Tweneboa-Enyenra-Ntomme (TEN) and Eni fields begin production, Ghana will have another 80 mmscf and 160 mmscf per day, respectively.

The GNGC, which was established in 2011, is looking to take Ghana's gas beyond the power sector and use it to help diversify the economy.

"Ghana will also use its gas resources to promote and develop its petrochemical industries, including fertiliser which is important for the agricultural sector," says Dr Yankey. "So plans are afoot to prevent Ghana catching the 'Dutch Disease'."

The VRA raises power generation



▶ The Volta River Authority is working to add 1,200MW of electricity to the national grid by 2016

With the number of Ghanaians who enjoy reliable and regular access to electrical power supply having risen from half of the nation to over three quarters in the last few years (up from just 15 per cent in 1990), the government's plan is for electricity to reach 100 per cent of the population by the year 2020.

The driving force behind such an ambitious objective is the Volta River Authority (VRA) - one of Ghana's most significant energy enterprises. Along with the contribution of other major companies in the field, the VRA has seen total national generation rise to 2,400MW of electricity, with the goal of reaching 5,000MW within the next three years. As former CEO Kwaku Awotwi explained in an interview last year, the VRA is at the forefront of the projects that aim to bring greater power to the people.

"It is an ambitious target, but having said that I think there's a fair basis to assume that we can achieve a lot of that, maybe all of it. The VRA has concrete plans to add 1,200MW by 2016."

And while the VRA's commitment to enhancing the electricity supply within Ghana has traditionally come from its water resources, Mr Awotwi said that hydro potential is now at capacity (currently more than 60 per cent of the country's power comes from hydro generation) meaning that its future targets will have to be met in alternative ways.

"All new power requirements will come from different traditional sources; thermal, crude oil, gas or renewables."

The arrival of cheaper natural gas is being particularly anticipated in Ghana (with its new gas pipeline expected to be completed this year), especially for the VRA who plan to build numerous thermal plants using LNG supplies. Renewable energy meanwhile is also becoming a much greater focus for the company, with Mr Awotwi seeing tremendous potential for further development of solar and wind energies.

"[When] the country passed the renewable energy law in 2011, the idea was that 10 per cent of this [energy] portfolio would be wind, solar and biomass by 2020. What the VRA has done is take this law policy and make it its own. The VRA aims to have 10 per cent of that portfolio in wind and solar by 2020."

Energy for today and tomorrow



▶ The NPA is mandated with regulating the petroleum downstream industry, a key piece in sustaining economic growth

Ghana finds itself today at a crucial point in its growth. Whilst the economy is expanding significantly, it's putting increasing demand on the energy sector, which is proving to be the crux of the matter.

"The energy sector is going to be a catalyst for growth in this country," says Alexander Mould, former CEO of National Petroleum Authority (NPA) and new CEO of Ghana National Petroleum Corporation (GNPC).

"We are seeing a high increase in the demand for petroleum products from LPG to petrol, diesel and aviation fuel. This shows that there is a lot of activity and it is growing faster than the GDP. I think a lot is going to be centred around the energy sector, but if we don't get our act together, the energy sector will be the downfall of our economy."

Mr Mould underscores that raising production cannot happen until the infrastructure is in place and the most cost-effective sources - namely gas - are identified and harnessed. "We have to push ahead aggressively now and increase the amount of gas production," he says.

In terms of its refining capacity, Mr Mould says that Ghana must "scale up and build more efficient and newer refineries with newer technology," adding that small facilities, like the Tema Refinery, will not suffice as they aren't efficient enough. In his opinion, it should be private investors and indigenous companies who build the new refineries, as they are more proficient than the public sector.

Also, all new projects must look far ahead at future needs. "We have to find the right mix of complexity to produce the fuels that we would need not today, but in the next 20 years," explains Mr Mould. "The dynamics of our fuel consumption is going to change in 20 years, so we need to gear the building of today's refineries to take care of products to be produced today as well as those in 20 years' time."

According to the chief executive, the downstream petroleum industry is presently the largest in Ghana, accounting for nearly one-sixth of the GDP. It is also the largest employer, with more than 60 oil marketing companies, some 20 LPG marketing companies and more than 15 bulk distribution companies.



“The oil discovery is good for us, but we are aware that we must make judicious and prudent use of the oil resources, and more importantly, build local capacity”

John Abdulai Jinapor, Deputy Minister of Energy



“The gas sector is going to be the most important and most influential sector in the economy. It is going to be the sector around which the development of this country will evolve”

Dr George Sipa-Adjah Yankey, CEO of Ghana National Gas Company



“We are producers of electricity but it has to be transmitted and also distributed and there is a whole infrastructure to send the power to the end user that must be upgraded”

Kweku Awotwi, former CEO of the Volta River Authority



“We have set ourselves the vision of being a leading oil and gas company, whose activities have a profound impact on the quality of life for

Ghanaians”

Nana Boakye Asafu-Adjaye, former CEO of the Ghana National Petroleum Corporation



“Our industry is an infant industry, and we will tend to make mistakes or not do the right thing if we do not collectively come together and try to understand what the best way forward is”

Alexander Mould, CEO of Ghana National Petroleum Corp and former CEO of National Petroleum Authority

A catalyst for expansion

► The Ghana National Petroleum Corporation is prepared to take on a more operational role in developing the oil and gas resources

Although oil production only started a few years ago in Ghana, exploration had begun in the late 19th century in the western onshore area where oil seepages had been found. Exploration was an on-and-off, and fairly unsuccessful, endeavour until the 1970s, when the offshore area was opened up.

In 1983, even before any major discoveries had happened, the government proactively formed the Ghana National Petroleum Corporation (GNPC) – basing it on an adaptation of the models offered by Petrobras, Statoil and Petronas – to provide the framework for oil and gas exploration and production activities.

“The discovery of the Jubilee field in 2007 was a result of 20 years of continuous efforts,” says Nana Boakye Asafu-Adjaye, former CEO of the GNPC. “In the early 1980s we enacted the Petroleum Exploration Production Law and the Petroleum Income Tax Law. So, a lot of things were done then in terms of restructuring the whole oil and gas sector to attract companies to come to Ghana. It was all of these efforts, with the work of the GNPC, Kosmos and Tullow Oil, which led to the discovery of the Jubilee field in 2007.”

The GNPC had been working hard behind the scenes, gathering data from all the companies that had operated in Ghana, assembling it and creating a data management system. Thanks to the GNPC’s systematisation and studies of reservoir rocks to determine the area’s potential, numerous discoveries were made.



Investment of \$15-20 billion will be put into oil and gas development by 2018

“The GNPC is an organisation that has a very good technical staff. Most of the finds were actually pinpointed by GNPC staff,” says Alexander Mould, new CEO of GNPC.

Until now, the GNPC has been mainly active in exploration, development and production. In its first two decades, it ventured into Angola as an operator and subcontractor, in order to develop its operating capabilities. Nevertheless, in Ghana the GNPC has not focused so

much on its potential as an operator – and this is something the state-owned agency would like to reverse over the coming years.

“I think the Revenue Management Act will position GNPC to be able to go out and compete and actually be the operator in some of these fields, and also be able to syndicate and bring more companies in to join us in various explorations we want to do,” explains Mr Mould.

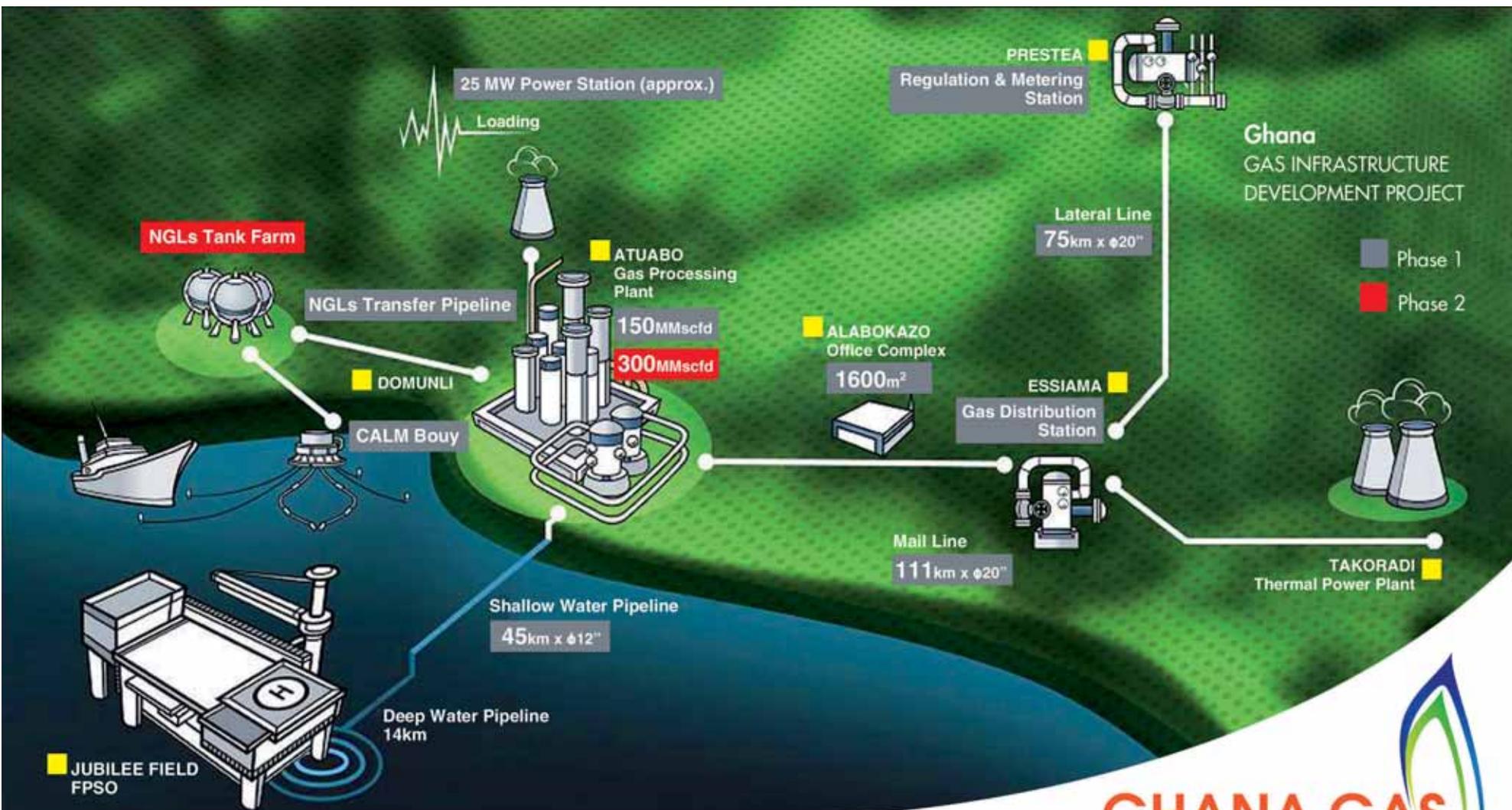
“It is only after GNPC has proven to be a tested operator that you’ll find more of the other companies following suit.”

It is estimated that investments between \$15-\$20 billion will be injected into oil and gas development activities over the next five years. According to the new CEO, developing Ghana’s TEN (Tweneboa, Enyenra and Ntomme) field this year will attract some \$1.6 billion this year alone.

Already, \$5 billion was spent between 2007 and 2010 on the field, which GNPC is developing along with Tullow Oil, Kosmos Energy, Sabre/PetroSA and Anadarko.

“It is well and good that such heavy capital injection follows oil and gas development operations,” said Mr Mould at the opening of the 2014 Offshore West Africa Conference and Exhibition held in January.

GNPC forecasts that by 2023, Ghana will be producing some 500,000 barrels of oil per day – up significantly from the current rate of 110,000 bpd.



Ghana Gas is currently building the infrastructure required for the gathering, processing, transporting and marketing of natural gas resources.

Moving towards a brighter future

At the Ghana National Petroleum Corporation, we partner with international oil companies to find and develop oil and gas resources. However, our mandate goes well beyond exploring and drilling – what we strive for is the creation of wealth and sustained economic growth to profit the people of Ghana well into the future. Hydrocarbons, when well managed, can bring long-term benefits and can serve as a catalyst for development in all sectors of the economy. At GNPC, we seek committed partners and investors who will help us turn our natural resources into a source of lasting prosperity.



GNPC

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Building better communities



Regimanuel Gray has a long-term commitment to developing its communities

Regimanuel Gray is a leading Ghanaian real estate developer that not only builds homes for all budgets, but in addition uses materials it produces itself and sells throughout West Africa

While Ghana's spectacular economic boom has created huge opportunity in the construction industry, the real estate sector hasn't been able to keep up.

"The real estate sector has benefitted tremendously because with all the growth in the oil and the other industries popping up, the population grows," says Emmanuel Botchway, Executive Chairman of Regimanuel Gray. "People are coming in and there is an influx of investment, and these people need somewhere to put their heads."

The greater Accra area is welcoming two very different groups: expat workers who can afford the price tag of new homes in good areas and Ghanaians who leave the poorer rural areas to seek jobs in the capital. Sadly, many of the latter end up living in shantytowns and slums - either because they stay poor or because of the shortage of affordable homes.

With the housing deficit hovering around 1.7 million units, real estate developers are working at full speed to create new properties. Though the high-end segment is where the profits are guaranteed, some companies like Regimanuel Gray try to offer a blend, catering for both low-to-middle income and high-income buyers.

Mr Botchway would like to see the State widen its role in closing the housing gap, partnering with the private sector to build affordable homes. "It would be a win-win situation," he explains. "The government could give a 30 per cent discount to first-time buyers. But they must be employed, so

they pay social security and tax. Then they can move into a properly developed estate with good standards. As a result, the government would not have the burden of social housing."

The chairman goes on to say that Regimanuel Gray enjoyed incentives, such as tax-free materials and a five-year tax holiday, during which the company was "able to build good developments at a good price".

Those who were able to snatch up a house during this time enjoy Regimanuel Gray's trademark quality that is due in large part to the company using building materials that it produces locally from its own quarry.

"When you have to depend on other people to supply your materials to build, it becomes expensive and the quality varies," says Mr Botchway. "We wanted to maintain a certain level of quality so we take the stones, sand and blocks and we create factories. Wherever we go, we try to build a supply chain around us, and we import the rest."

Regimanuel Gray is also looking to partner with

other companies to begin developing whole communities and satellite cities, which will afford residents with schools, shopping and restaurants. This will ultimately cut down on traffic and congestion, since now most people have to drive into

central Accra for these things. There is, however, a major obstacle, according to Mr Botchway.

"We are trying to develop this concept gradually in the country. But it is expensive and the banks are not big enough to support it, so there is a delay," he laments.

The company has four main project sites, three of which are near Accra while the fourth is in Sekondi-Takoradi, some 150 miles west of the capital. Its homes range from luxury apartments and executive single and two-storey houses to affordable apartments and expandable, detached and semi-detached houses.

Because many of its buyers hail from the Diaspora, especially in the UK and the US, Regimanuel Gray has offices in London and Texas and lists its prices in US dollars.



"We wanted to maintain a certain level of quality so we take the stones, sand and blocks and we create factories"

*Emmanuel Botchway,
Executive Chairman of
Regimanuel Gray*

The must-see country of Africa



The 15th century Elmina Castle was the first European slave-trading post in sub-Saharan Africa

It seems the international media agrees on one thing regarding Ghana: it is, without a doubt, among the undisputed great tourist destinations in the world

Last year, the *New York Times* listed Accra as one of the top cities in the world for business and pleasure. In 2012, *Frommer's* listed Ghana in its Top Destinations 2012, calling it the "perfect introduction to African travel" and recommending its "microcosmic travel circuit" to "anybody seeking a holistic experience that embraces traditional and contemporary cultures as well as beaches and safaris." One year earlier, *Forbes* named Ghana the world's 11th friendliest country on Earth.

As if that weren't enough, the Californian non-profit advocacy group Ethical Traveller crowned Ghana as one of the world's top 10 ethical destinations for 2013.

"Ghana was praised for its pioneering ecotourism, as well as efforts to enforce taxes on things that have a negative environmental impact, such as single-use plastic packaging, trekking and bird watching in the country's national parks, etc.," says Ghanaian Tourism Minister Elizabeth Oforu-Agyare.

Sitting at the centre of the world - in the crosshair of the Greenwich Meridian and the Equator lines - Ghana is just a six-hour flight away from London. Its proximity, famed beauty, friendly people and evolving tourism infrastructure has made it an increasingly popular tourist destination over the past decade. And rather than polluting the landscape or overcrowding the country's sites, the rising numbers have helped to strengthen a sector that contributes enormously to economic growth by creating thousands of new jobs. Furthermore, as more Ghanaians see how tourism can help and reap the benefits, they feel more encouraged to take pride in their nation.

According to Ms Oforu Agyare, tourist arrivals jumped from 821,200 in 2011 to 903,300 the following year, with corresponding receipts from \$1.55 trillion to \$1.7 trillion. Where Ghanaians can truly see the benefits is in job creation: direct and indirect jobs soared to 359,000 in 2012 from 243,000 in 2011.



Labadi Beach Hotel is conveniently located between Accra and the Kotoka International Airport and sits back on one of Ghana's most beautiful and popular beaches

"The sector's contribution to national revenue generation, employment creation and tourism infrastructure development, as well as preserving the environment is phenomenal," she says.

What is it exactly that makes Ghana so desirable? The Minister lists its natural parks and forest reserves, white sandy beaches, beautiful lakes and rivers, waterfalls, zoos, forts, castles and old mines as just a handful of the country's attractions. "We also have intangible offerings, like the warm reception that Ghana is renowned for," she adds.

The Labadi Beach Hotel, located in Greater Accra on one of the country's most popular beaches, lovingly embodies Ghana's blend of beauty, nature, tradition and modernity. Renowned for its hospitality, cuisine and attention to detail, Labadi Beach Hotel certainly does offer a warm reception to guests, who can enjoy not only modern amenities, but a certain exclusive serenity in the hotel's lush landscaped gardens and access to a private beach.

There is no doubt that Ghana has worked hard to get its tourism sector to where it is today, and the government shows no signs of slowing down. Ms Oforu Agyare says her ministry seeks to develop "a vibrant and competitive tourism industry through public-private sector interventions and through implementing the new 15 year National Tourism Development Plan, 2013-2027."



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