

The golden gateway to Africa

The peaceful West African republic is enjoying an important new chapter

Celebrating 50 years of diplomatic relations with China, the former British colony has been granted a \$30 billion development package from the Asian nation to help build vital infrastructure that will, amongst other things, maximize its potential as an energy producer.

On a six-day State visit to China in September, Ghana's President John Evans Atta Mills, paid tribute to China for its support, declaring it was time for Ghana and the rest of Africa to take advantage of Chinese collaboration to impact positively on their economies and fast-track the continent's emergence as an economic giant.

Ghana's administration, would, Atta Mills promised, use the resources to the benefit of Ghana's 24 million people to improve living standards.

He said the government would not sway from the "Better Ghana" agenda—a blueprint which aims to transform the lives of Ghanaians as it invested in people, built a viable economy and ran an open, honest, and transparent government.

The government would, he said, create an enabling environment for the growth of private business and investment in the Ghanaian economy.

Minister of Information Akolugu John Tia said: "What we mean by 'Better Ghana' is a country where the people live in peace and harmony, where their living standards are upgraded and where governance is transparent and accountable. The 'Better Ghana' agenda will be followed by all people and not just left

to government. Everybody can play a part in fulfilling the goals of the 'Better Ghana' agenda."

Blessed with plentiful natural resources, Ghana enjoys around twice the per-capita output of the poorest countries in West Africa, although it is still dependent on international financial and technical assistance. Gold and cocoa production and individual remittances are major sources of foreign exchange, while oil production, due to expand at the end of this year, is expected to bring significant new wealth.

“We have been engaging with China to make sure our links become as close as possible... China has easily become our biggest bilateral partner.”

JOHN DRAMANI MAHAMA
VICE PRESIDENT OF GHANA

The domestic economy continues to revolve around agriculture, which accounts for more than a third of GDP and employs more than half the work force, most of them in smallholdings.



Ghana Vice President John Dramani Mahama

"We have prioritized investment in agriculture and are putting in more capacity for two reasons," Vice President of Ghana John Dramani Mahama explained.

"First, more than 60 percent of the population is engaged in the sector, and secondly, we want to take the opportunity to increase production and feed the world.

"The World Food Crisis in 2007 was a wake-up signal for the whole world. The world population is due to reach 9 billion people by 2050 and the challenge to feed 3 billion more people is a challenge all countries are aware of. We want to assure food security for Ghana, but also turn it into a net exporter of food."

Parliament is also pushing through the legislation needed to ensure a fair and regulated oil and gas industry. "Everything will be ready before production starts," the vice president assured InFocus Reports.

"We have been meticulous, inviting advice from other oil producing nations, such as Norway and Trinidad and Tobago, on how best to proceed."

Commenting on the impact of the anniversary of Sino-Ghanaian relations, Mahama said: "We have been engaging with China to make sure our links become as close as possible. I was at the Forum on China-African Cooperation in Sharm el Sheik, Egypt [in November 2009],



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Ghana wants to use its abundant natural resources for sustainable development.

when China pledged \$10 billion for the development of Africa.

"China is the major financier of our Bui Dam hydroelectricity project, which will add another 400 megawatts to our power generation. We are also collaborating with them on highway construction and water projects. China has easily become our biggest bilateral partner."

Investors will enjoy a safe and secure base in the West African region, the Vice President said. "Ghana has positioned itself as the Gateway to West Africa, so many investors see us as a convenient place to coordinate their sub-region. We are seeing investors coming in, setting up assembly plants, regional offices and using Ghana to export to other countries. Even though we only have 24 million people, our environment,

our warm and friendly people, and our cheap and educated workforce, means we are seeing many investors coming into the country."

Shanghai experience

As a participant in this year's World Expo in Shanghai, Ghana showcased its positive experience of urban and socioeconomic development.

Speaking at a press conference ahead of the event, Deputy Minister of Trade and Industry Mahama Ayariga, said the country would use the experience to promote and exchange ideas, as well as learn from other countries on how to effectively manage the growing concern of rural urban migration.

"Ghana's theme seeks to encourage rural dwellers to engage in

valuable venture, promote decentralization and rural development, promote healthy social and environmental practices, like green-belt cities, as well as promote food and security," he said.

Ayariga, designated commissioner general of Ghana for World Expo 2010, said the event showcases the country's uniqueness culture, the growing attraction of rural areas due to infrastructural expansion, the potential of agri-processing to rural employment and the success story of Ghana's cocoa industry.

It specifically promotes Ghana's medical plant herbs and spices, trade and investment opportunities, ecotourism and sites potentials, natural resource endowment and the nation's social cohesion of various communities.

Going where the growth is

Playing a pivotal role in Ghana's plan to achieve sustained economic development, the Ghana Investment Promotion Centre (GIPC) is actively targeting high-growth economies to help move forward.

Having attracted a record amount of US\$551.3 million in the wake of the world economic crisis, and with more than US\$760 million secured in the first half of this year alone, the agency is gearing up for more.

"The stability we enjoy, both politically and economically, means that Ghana is seen as a relatively safe and stable country within a sub-region of near turbulence and other points of uncertainty," said GIPC chief executive George Aboagye.

"Here, businessmen can feel the comfort of predictability, they can predict the political barometer. They can predict the tolerance level and temperament of the Ghanaians and they can appreciate that we have our own way of solving our problems without going to the lengths of conflict.

"This is what I think is in the back of their minds. In addition to this, of course, we have an economy that is improving; efforts are being made to improve the economic environment and the legislative framework is constantly under review."

China is showing particular interest in the country that is brimming over with opportunities in many sectors, not least oil and gas, and is looking into joining hands with the Ghana National Petroleum Company to assist in oil extraction and production.

"I hope China will go the extra mile of trying to develop its own field in the offshore oil program. We need their experience and assistance," Aboagye said.

Among the other sectors that could be attractive to Chinese firms are salt, agribusiness, financial services, mining and renewable energy. As Ghana strives to become "the Gateway of West Africa," it also wants to exploit its stability to help other regional markets.

"We plan to produce more than 5,000 MWhz of power by 2015, and we see the 150 million West African people who live outside Nigeria as potential customers for our electricity. When we go to China, we are going to interest them in independent power production. It will be available at a very low rate because of the gas available for them to run their power stations."



George Aboagye
CEO
Ghana
Investment
Promotion
Centre

With US\$270 million earmarked for a 400 million gallon water reservoir at the lower Volta basin and other infrastructural priorities, such as roads and railroads to serve the oil sector, and the expansion of Takoradi Port, Chinese construction firms will also be welcomed.

Although economic pundits are predicting exponential growth of around 20% within just two years on the back of the oil sector, Aboagye remains cautious.

"The infusion of large amounts of money will help grow our gross domestic product, of course, and ancillary services and jobs will be created. But I think that figure is too ambitious and when rapid growth occurs, it can be dangerous. Big bubbles can burst. I like growth that is staggered and consistent. We have the oil, so we will ride the tide."

An attractive partner

Celebrating 50 years of diplomatic relations this year, China and Ghana can look forward to more partnerships opportunities. "It is easy to do business with China," Aboagye said. "China can easily say to Africans 'We are solving our problems together.'"

"What I have learned from China is that the currency can be pegged through the monetary systems and central bank. China has had the same rate with the central bank for something like ten years. This helps in terms of predictability."

The one-stop shop prides itself on providing a professional, world-class service for investors, and the GIPC chief stresses the safety of Ghana's investment climate.

"Ghana's legal system takes its root from the British common law tradition and is supplemented by various legislations on specific issues," he said.

"Accordingly, Ghana's legal system has all the attributes and safeguards for the protection of property and human freedom, all of which are inherent attributes of the common law tradition. As part of the full range of incentives and conditions, companies are offered unconditional transferability of dividends and net profits after tax to their home countries."

It's an exciting time for Ghana—and for the GIPC, which is on a roll. As George Aboagye said: "Wherever there is growth, we will be."



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Ghana to use energy to fuel development

A nation of 'prime movers' powers up for future success

Ghana's new oil fortunes will go a long way in helping the country achieve its goal of middle-income status by 2015.

Ever since commercial oil was officially discovered in 2007, Ghana's various political parties pledged to use revenues from this precious resource to develop priority sectors, such as infrastructure, agriculture, food processing, Information and Communications Technologies (ICT), education, health, rural development, housing, water and sanitation.

As President Atta Mills announced in his budget statement this year, "the oil and gas reserves will serve as a catalyst for the commercial exploitation of our other natural resources that have either not been exploited, or are exploited but not processed into high-value products for domestic use and exports.

"The gas resources will be used to support energy-based industries, such as glass bottles, steel mills, aluminium smelting and rolling mill operations that have faced serious challenges from the high cost and irregular power supply."

He announced government plans to exploit the sea salt, iron ore, bauxite, limestone and silica sand potential in the country once the energy supply and value-added constraints are dealt with, using gas as the main source of energy.

China's help will be invaluable in getting such projects off the ground. By day three of the president's official visit to China, the host country had injected almost \$14 billion into the Ghanaian economy, \$3 billion of which was slated for the energy sector exclusively.

Ghana Minister of Energy, the England- and Canada-educated Joe Oteng Adjei said: "The Chinese have already been involved in our energy sector; they are building the Bui Dam, and given specific grants through the China Water Company. Our policy is that all investors will be welcome, provided they comply and



Minister of Energy Joe Oteng Adjei

Chief Executive of GRIDCO Charles Darku

respect our laws. We had the gold, and people did not benefit. We had demand for cocoa, and the people did not benefit. The same for timber. Now we have oil, the people have to benefit... job creation and transparency will be fundamental.

"At the moment, we don't have the experience or the wealth of knowledge. But Ghana is a fast country. Local content, local participation, the use of local goods and services and ultimately job creation are very important to us in this sector. As for the environment, if I destroy it, I hurt the heritage for my children and my grandchildren. So we are committed to saving it."

Addressing investors, the minister said: "When you come to Ghana, don't use our start ups, because we have never produced oil before. Use the same technology they use in the Gulf of Mexico. We will all work together to create a basic framework that both investors and government will feel comfortable with."

Such foresight has led the government, through the Ghana National Petroleum Corporation, to secure 10 percent of any international petroleum agreement entered into.

On an upward swing

As the government plans to reach 85 percent electricity penetration over the next five years and increase power production to 5,000 megawatts, Ghana's energy companies are powering up for growth.

The entity responsible for the transmission of electricity in Ghana, particularly in the northern region of the country, Ghana Grid Company Ltd (GRIDCO) is taking pioneering steps toward the reform and evolution of the power sector in Ghana and the sub-region and sees itself as central to economic development efforts.

The dynamic firm, run by chief executive Charles Darku, has started transmitting electricity through the West Africa Power Pool (WAPP). The project, jointly funded by the Kuwait Fund, European Bank, and the international development arm of the World Bank, will connect to the West African Transmission Grid.

"The WAPP is intended to transform the power supply arrangements in West Africa into one big regional market through the construction of a number of high voltage interconnections to link each of the separate national grids," Darku, who was educated at Harvard and previously worked at the Volta River Authority, said.

"We in Ghana see ourselves as prime movers because we believe we have a grid that is sufficiently mature and a staff group that has done this for a long time. We can spiral our network into neighboring countries in a manner in which we can: first, support the government's desire to be a net exporter of electricity, but more importantly; second improve the lives of the people in those regions of West Africa. We need to create a critical mass of middle-class income consumption to boost their economies."

The company, which was incorporated in December 2006, and has developed two master plans, for transmission and generation respectively, to achieve its ambitious goals; namely to hit the government's targets, applauds China's bold efforts in the energy sector.

"This effort makes it much easier for other developers to come in now. And we are anxious that they come in because we cannot turn back on these initiatives."

GRIDCO has also pledged support for Ghana's renewable energies



Renewable energies look set to become a feature of Ghana's energy landscape.

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industry, as the government puts together a framework for investors in this field.

"Ghana has ample sunshine, so solar energy is a given. Wind and biomass are also fuel sources that can be used to generate electricity and we are actively looking into how we can bring that mix into the generation stock so that we keep up with the technology and don't get left behind in terms of where the world is going. We are more than ready to welcome Chinese developers in that area.

"There is a lot of room for investors, because we want to achieve double-digit growth and transform the size of the middle class. The opportunity is right there in all sectors of the economy, but it is absolutely clear that without energy to drive industry and drive businesses, nothing is going to happen."

Giant diversifies

The Volta River Authority (VRA) is also an extremely important part of the country's energy profile.

Established in 1962, it operates a total installed electricity generation capacity of 1,730 megawatts, made up from two hydroelectric plants on the Volta River, at two generating stations, which contribute 1,020 megawatts and 160 megawatts respectively, and a 330 megawatts combined-cycle thermal plant near Takoradi.

A further 220 megawatts thermal plant, Takoradi International Company (TICO), is owned as a joint venture with TAQA from Abu Dhabi in the United Arab Emirates. It is currently being converted into a 330 megawatts combined-cycle plant, which will bring the installed thermal generation capacity at Takoradi to 660 megawatts.

VRA's chief executive, Kweku Awotwi, said: "We produce around 90 percent of the country's energy requirements at present. We have a huge requirement for gas and generate more power than we have gas for. VRA is therefore looking very hard for more gas to fire its thermal power stations. It is cheaper than crude and

a lot less volatile in terms of price. It is also better for the environment.

"It has been agreed that VRA, in partnership with a private developer, will be the anchor for the first phase of gas coming from Ghana. In terms of the Jubilee Oil Fields, the current projection is to have 120 million cubic feet (3.4 billion liters) a day of gas coming from it when it starts to produce oil. It will begin with 13 or 14 and rise up slowly.

"We have some gas turbines sitting in Tema and had planned to keep them there, but with Ghana gas now coming in, we are going to move them over to the Western region so that there will be minimal infrastructure required to bring the gas to us. They will sit right where

important part of the energy mix that we would like to have."

At the Tema Oil Refinery (TOR) Ltd, its acting managing director Ato Ampiah is also delighted with China's commitment to Ghana's development, particularly a \$3 billion agreement toward the development of the oil industry.

"It is clear that China coming in indicates a bond of determination and shows that it doesn't want Ghana to stay at those low rates," he said.

As commercial production gets under way, the TOR chief, who currently oversees production of 45,000 barrels per day (bpd), is in no doubt that the refinery

“If money is invested here, it will add value to local resources and give satellite industries a chance to come in. This is the best thing that could happen to the country.”

ATO AMPIAH
ACTING MANAGING DIRECTOR OF TEMA OIL REFINERY LTD

the pipeline comes in from offshore, which means you would need about 60 million cubic feet on tap.

"From an investment point of view, if you don't have customers, you cannot develop. We have brought Nigerian gas into the country, and hopefully we will bring Ghanaian gas here"

The company, which exports electricity to Togo, Benin and Burkina Faso, is helping reduce the country's reliance on hydroelectricity. "We have gone from 100 percent ten years ago to 60 percent today, and it will be 50 percent within a couple of years.

"You have to have non-hydro sources to complement what you have already and thermal fired gas or oil pipe turbines produce that sort of capacity. We've got gas, so we should stick with gas. Then there's renewables. We have our plan to put in about 150 megawatts of renewables over the next three years; they are expensive, and 150 megawatts is a lot for a wind farm, but it is an

should reposition itself for the export market.

"This sector is very capital intensive, which is why I am happy China is coming in," he said. "We are already talking to them about a memorandum of understanding in our expansion program. We believe that this refinery, which is responsible for between 9 and 10 percent of GDP, if well resourced, could become the engine for growth within the economy.

"If money is invested here, it will add value to local resources, and give satellite industries a chance to come in. This is the best thing that could happen to the country."

TOR, which has been operating in Ghana for more than 50 years, plans to build a second refinery, which is expected to increase production capacity to 120,000 bpd, and turn TOR into the hub of oil transactions in West Africa.



Powering the Economy of Ghana and Setting the Standard for Public Sector Excellence in Africa

The Volta River Authority (VRA) can look back on almost half a century of successful power production from renewable energy sources, primarily hydro-electricity.

Today, 60 percent of the total electricity generated in Ghana is obtained from hydro and VRA continues to explore cleaner, cheaper and renewable sources of power generation, such as gas, wind and solar energy to sustain the power supply to our customers.



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Ghana's assets invite sweet investment

New hopes for cocoa as improved conditions for farmers keep the crop

As the world's second-largest producer of cocoa, Ghana is determined to keep this important commodity and the sector in optimum condition.

A major source of export and fiscal earnings, cocoa production averages around 700,000 tons a year, a target the government wishes to see rise to 1 million tons in the coming years.

While around 20 percent of the crop is processed into liquor, paste and butter, the rest is exported in its raw state, to Europe, Japan, China and other Asian countries, and the US.

Charged with promoting the production, processing, and marketing of cocoa at home and abroad, Ghana Cocoa Board (Cocobod) works to ensure a quality product and provide support for farmers who risk exploitation on world markets.

The entity currently contributes around 8 percent of the gross domestic product — a figure that could now rise significantly, thanks to recent moves taken by government and Cocobod to curtail endemic cocoa smuggling to neighboring countries willing to pay higher prices.

Effective from Oct 1, Ghana's new tonnage price rose a staggering 33.3 percent, a strategy Cocobod's chief executive, Tony Fofie, believes will go a long way to keeping the cocoa in the country.

"If the smuggling activities are stemmed and the organization is fully resourced by the government, Cocobod would be able to meet its 1-million-ton production target," Fofie said.

Announcing the new prices, Ghana Minister for Finance and Economic Planning Kwabena Duffuor also unveiled plans to pay the farmers bonuses this December, while Fofie revealed that financial experts have been hired to organize pension plans.

Cocobod began investigating the BRIC (Brazil, Russia, India and

China) markets some five years. Although they import around 2 percent of production, Fofie would like to see this rise, in China particularly, as he oversees a review of the production and post-harvest technology.

"China could be the home of the processing of Ghana cocoa," he announced. "When they process it, they do it in such a way that it makes China start drinking cocoa or eating chocolate, as an alternative to coffee."

"China could also come and assist us with investment; in plantation development, for example, through private public partnerships. Cocobod is just the regulator, but we have thousands of private, small-scale farmers. China could assist with processing facilities here or in China."

Either way would be a win-win situation, where China can create jobs for its people and we could create jobs for ours."

China is a huge market by itself, so if Ghana is able to get into that market, the growth prospects become very big."

KWABENA DUFFUOR
GHANA'S MINISTER OF
FINANCE AND ECONOMIC
PLANNING

The Cocobod chief, who is himself a horticulturalist, is keen to run with the government's plans to make Ghana and Africa the "World Food Basket" of the future, as was proposed at the African Green Revolution Forum in Accra in September.

"We can achieve what India achieved during their Green Revolution if we contribute a good percentage of our budget to the development of agriculture," he said.



Minister of Finance and Economic Planning Kwabena Duffuor



Deputy Minister of Trade and Industry Mahama Ayariga

Fofie is adamant that it is the quality that sets Ghana's cocoa apart from its competitors.

"Our cocoa is a benchmark, a reference point for determining quality," he says. "Ghana cocoa produces the best chocolate. Quality international producers are happy with our beans. Chinese producers should come and explore our product."

A healthy partnership

Ghana's Finance Minister, Kwabena Duffuor, spoke to InFocus Reports about Ghana's "healthy" partnership with China.

"China is a huge market by itself, so if Ghana is able to get into that market, the growth prospects become very big," he said. "We are very focused on that and are obviously extremely excited about our dealings with China because of its size and potential."

"Today, technology is a high priority and we will get a transfer of that technology from China. Our economy is not even close to China's, but we do have resources and we are growing all the time. We have gold, minerals like bauxite and manganese and now we have oil."

"We are now going to forge the partnership we have with China to grow our economy even faster. We need to create jobs as we have a young population. Our inflation has been dropping consistently for over a year. Our currency has also stabilized and is very strong. The rate of borrowing has gone down."



Ghana is an inviting place for business and leisure travelers.

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So it is very clear, on our part, that government is doing well.

"I met with a Chinese delegation in September and told them that they need to look at the technological pace of our economy. It is only when you have a strong technological pace that you can grow infrastructure, manufacturing and industry."

"Because of the oil, the future is bright, but we don't want to forget our non-oil sectors. Agriculture will be maintained and controlled. Cocoa has been the lifeblood of this country for centuries. A lot of Ghanaians are dependent on it."

"Everything we have in this country is the best; the oil is sweet crude, the cocoa produces the best chocolate. We have great assets, and our people are intelligent and love people. When you have all of this, all you need to do is manage your resources and you have a great nation."

As the chairman of Ghana's Dives-titure Implementation Committee, minister Duffuor is keen to push ahead with privatization initiatives.

"Many of our enterprises have been State-owned for years and some of them we cannot manage well. We understand that, and it makes a

big difference.

"The Bui Dam is an example of a huge transfer of technology from China to Ghana. They put in so much capital, and when it is complete, it will reduce the cost of doing business as energy costs go down. We need China's help with large infrastructural projects, like railways, and super highways."

A catchword of Africa

Speaking to InFocus Reports last month, Deputy Minister of Trade and Industry Mahama Ayariga said: "Ghana is actually a catchword for Africa now. In Ghana you can see people working very hard to get their act together."

"That is what everybody is looking out for so that they can work with them. China is also getting their act together. People are generally looking for places to invest and do business and generate wealth to share with the rest of the world and if you create a stable place, you put the infrastructure in place and you develop competent hands to help them and they can see the political stability, then they will come and partner with you. I think that is why they are coming to Ghana — they see us making a genuine

effort to create wealth and share it with the rest of the world."

And, as the CEO of Ghana Investment Promotion Center (GIPC) points out, the World Bank's initiative to partner Chinese companies to invest in Africa reinforces the country's present influence in the world economy.

George Aboagye of GIPC said: "If I were in China and I were to see a small country in West Africa projecting itself as 'A Country', I would see them as a growth area."

"Having the resources China needs and the potential for growth and cooperation is a win-win situation for all. Nevertheless, in any growth paradigm, there needs to be one specific starting point; and that place is the Gateway to Africa. That is Ghana."

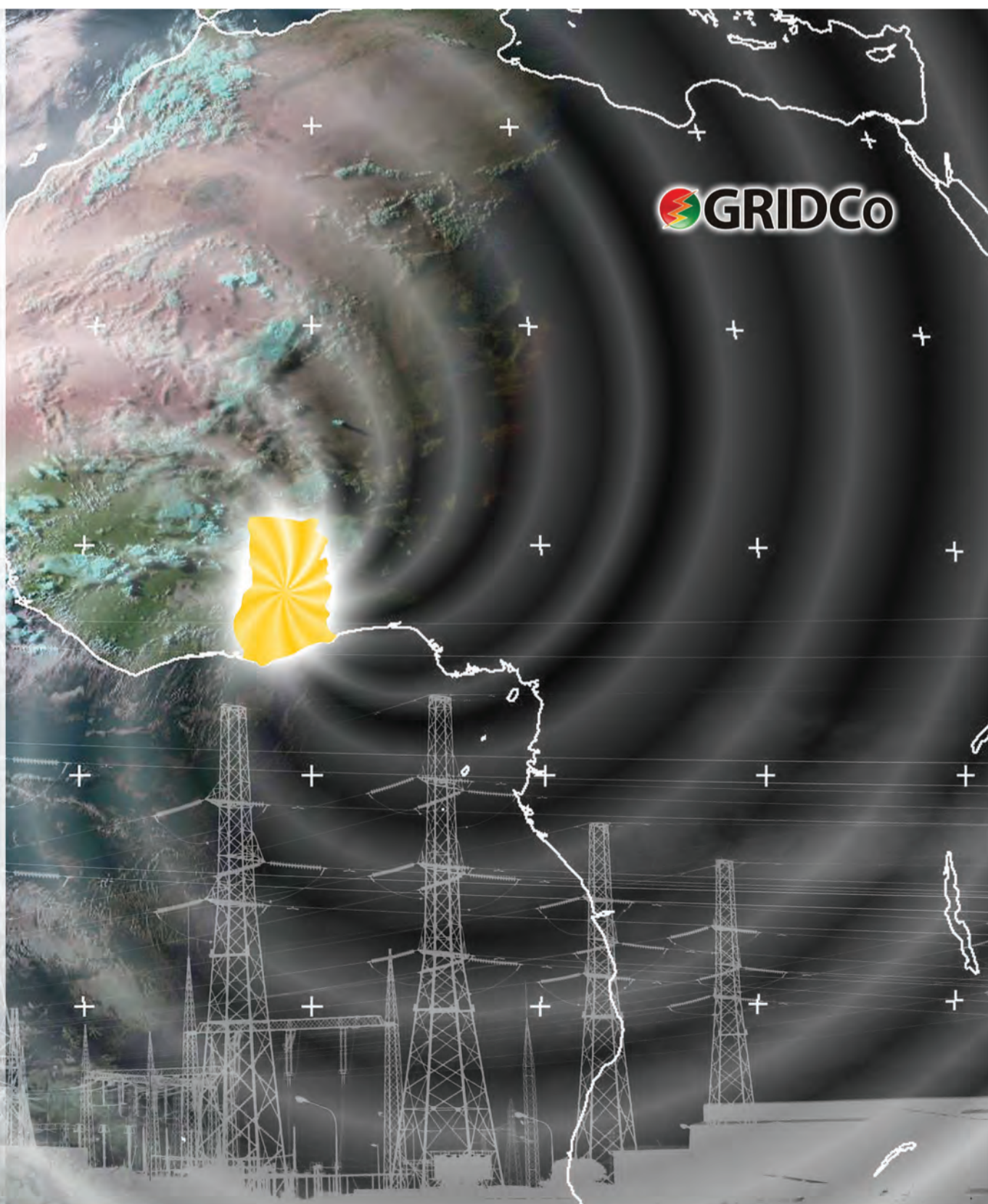
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GRIDCo, West Africa's guiding light

As the backbone to power delivery to every corner of Ghana, GRIDCo is an energy industry pioneer and undisputed leader in its field. Despite being established just four years ago, GRIDCo already enjoys a proud reputation as one of West Africa's most dynamic energy organizations and the fast-growing power provider is rapidly extending its reach across the vast region. This ambitious expansion drive, which is being fueled by massive investment in the latest technology, high quality equipment and skilled staff, is enabling GRIDCo to position itself at the heart of the emerging West African power market.



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