

GHANA FACTSHEET

Ghana is the second-biggest producer of gold on the African continent, and the world's second-largest cocoa producer. The country is also home to one of the largest discoveries of oil in recent decades, the production of which is providing the government with a useful revenue stream and driving growth in associated sectors.

Ghana's current population is estimated at about 30.5 million (2019).

The total World Bank Group (WBG) exposure is approximately \$5.091.5 billion, with a current portfolio of \$2.1 billion of credits and grants from the International Development Association (IDA). The current International Development Association portfolio consists of 23 national operations with a total commitment of \$2,057.57 million, and two regional operations with additional net commitment of \$84 million in higher education. Of this, 42.3% has been disbursed with \$1.125 million undisbursed.

https://projects.worldbank.org/en/projects-operations/projects-list?lang=en&searchTerm=&countrycode_exact=GH

Ghana is IFC's third largest exposure in Africa in terms of committed investment volume. As of June 2019, it had committed \$1,259.5 million of its own account in Ghana. IFC's current program in Ghana consists of 26 projects, comprising of investments in infrastructure, manufacturing, agribusiness, and services, and financial institutions.

Ghana consistently ranks in the top three countries in Africa for freedom of speech and press freedom, with strong broadcast media, with radio being the medium with the greatest reach.

Recent Economic Developments and Outlook

Ghana's economy continued to expand in 2019 as the first quarter gross domestic product (GDP) growth was estimated at 6.7%, compared with 5.4% in the same period of last year.

Private sector credit grew stronger, supported largely by the well-capitalized banking sector.

Ghana's current account in the first half of 2019 was estimated at a surplus of 0.1% of GDP supported by favorable trade conditions of Ghana's three main export commodities—oil, gold and cocoa, resulting in a trade surplus of 2.8% of GDP.

Outlook: Economic growth is projected to increase to 7.6% in 2019. Non-oil growth is expected to accelerate to 6% as the government's new policies in the agriculture sector and the promotion of agribusiness begin to take effect.

Economy

The services sector is the largest contributor to Ghana's GDP (approx. 62%). The industrial sector is the next largest sector of the economy (approx.26.5%), followed by the agricultural sector with a 11.5% contribution to GDP.

Ghana's gold output of 4.8 million ounces in 2018 surpassed South Africa's 4.2 million ounce total for the first time.

The rebound of real GDP in previous years was driven by stepped up oil production that coincided with recovery in international price for crude oil. The Government's programmes seek to revive growth in the non-oil sector, particularly the labor-intensive agriculture sector, and promote private sector-led growth. Infrastructure development is a Government priority.

Government of Ghana Infrastructure for Poverty Eradication Project (IPEP)

In an attempt to eradicate poverty, the government has instituted several initiatives under the IPEP to be implemented by three development authorities: the Northern Development Authority, the Middle-Belt Development Authority and the Coastal Development Authority. Under the IPEP, US\$1 million will be disbursed to each of the 275 constituencies across Ghana to undertake development projects at a decentralised level. The projects under consideration include the government's flagship projects: one-district-one-factory; one-village-one-dam and one-district-one-warehouse.

According to the data from the Ministry of Works and Housing, there is a housing deficit of 2 million units, which requires a 5 billion USD investment. With the UN UNOPS agreement, \$436 million worth of investment is to be delivered for 100,000 affordable homes across the country. Also a new agreement has been signed between UNOPS, and Ministry of Education, to build 100,000 sustainable homes for university students and teachers. A 850 million \$ loan has been provided for 21 ongoing projects from The African Development Bank.

The country has been an attractive investment destination as a result of the relative political stability and improved macroeconomic conditions over the last two decades. Ratings agency Fitch revised the outlook on Ghana's credit rating from negative to stable and affirmed their B credit rating.

Economic sectors

Financial services (banks and other financial institutions)

Ghana has a sizeable banking and financial services industry. Overall, regulation and supervision of this industry are by the central bank (BoG).

In Ghana, the financial services industry is categorised into three main sectors:

- Banking and finance (including non-bank financial services and forex bureaus);
- Insurance; and
- Financial/Capital markets.

The operating institutions include both foreign and local major banks, rural and community banks, savings and loans companies, and other finance and leasing companies.

The number of banks and non-bank financial institutions as at August 2017 shows that the financial sector is largely dominated by banks, to the following extent:

- Universal banks 35
- Rural and community banks 141
- Non-bank financial institutions 71

Real estate sector

As at May 2017, available housing data from the Ministry of Works and Housing showed a housing deficit of 1.7 million units, and this was projected to increase to 2.0 million by 2018. Since independence, the domain of the provision of houses in Ghana has predominantly been left to state apparatus and semi-state-owned organisations. The real estate market in Ghana is increasingly dynamic as a result of the country's increasing population, growing economy and favourable investment environment.

Electricity

Ghana currently has six 127 megawatt turbines, which are the main source of electricity in the country. The main sources of power generation in Ghana are hydroelectricity and thermal plants burning NG, light crude oil or diesel.

The Nzema photovoltaic (PV) project, which is fourth-largest solar power plant in the world (with 155 megawatt capacity) and largest solar energy plant in Africa, will be able to provide electricity to more than 100,000 homes.

Through a power project initiated by American multinational conglomerate General Electric, the government aims to create what would be sub-Saharan Africa's largest power park, providing more than 1000 MW to the national grid once completed. The project is coupled with a floating LNG vessel (floating storage regasification unit) to supply gas to the power plant, an integrated gas-to-power solution that is expected to lower the costs of electricity.

Services

The services sector is the largest contributor to Ghana's real GDP, having displaced both the agricultural and industrial sectors of the Ghanaian economy. It has also been identified as the sector that employs the largest number of people, according to the 2017 Integrated Business and Establishment Survey (IBES) launched by the Ghana Statistical Service. The largest contributor to the services sector as at the end of 2017's first quarter was the transport and storage industry.

Customs and excise duties

Ghana has adopted the ECOWAS Common External Tariff (CET) and Other Schedules. The CET effectively harmonises customs tariffs across the ECOWAS community, which is in line with ECOWAS's trade liberalisation objectives.

ENERGY SECTOR OVERVIEW

Ghana aspires to industrialize, modernize its agriculture, and provide economic opportunities for its growing population of 30.5 million. One of key constraints to this vision is its unreliable and costly supply of electric power, and the sector's significant financial deficit. Ghana currently has over 4,000 MW of installed generation capacity, though actual availability rarely

exceeds 2,400 MW due to changing hydrological conditions, inadequate fuel supplies and dilapidated infrastructure. With a significant endowment of natural gas and renewable energy to generate electricity Ghana is poised to overcome these constraints.

Installed Capacity: 4,425 MW

- Hydroelectric: 1,600 MW
- Thermal: 2,800 MW
- Renewable: 25 MW

Connections- Current Access Rate: 83%

- Rural: 50%
- Urban: 91%

Households without Power: 1.2 million

Target: Universal Access by 2020

Solving Ghana's electricity challenges would require measures including, but not limited to, diversifying the electricity generation mix through the development of other hydro power and renewable energy sources for which the country has huge potential, expanding the prepaid metering system to include all public and private institutions, restructuring the tariff regime to ensure utilities can recover their cost of generation, and promoting energy efficiency programs.

WATER RESOURCE POTENTIAL AND IRRIGATION

Ghana is abundant in water resources with seasonal but plenty rainfall. Two expansive river basins and Lake Volta, one of the world's largest artificial lakes, are available as water reservoirs. Ghana's water resources potential is divided into surface and groundwater sources.

Ghana's estimated renewable water volume is 53 billion cubic meters annually.

As in many Sub-Saharan African countries, drinking water supply and sanitation are major challenges for the Ghanaian authorities and the entire population. The most pressing issues are irregular supply of drinking water, large water loss on the way to the consumer, low water pressure, and very limited access to sewage systems. Inequity and inequality in distribution and access to water continue to challenge the population. The provision of safe drinking water is a challenge in remote rural areas.

Ghanaian government has envisaged a recent Water Sector Strategic Development Plan (WSSDP) "sustainable water and basic sanitation for all by 2025" investment of US\$ 5,416.48 million by 2025.

In Ghana, more than five million people (about 18 percent) rely on surface water to meet their daily water needs. The majority of households without access to safe water and sanitation lack the upfront funds needed to invest in their own solutions. These water costs can be

reduced through investments in improved household water assets such as connections, rainwater harvesting equipment, wells, and latrines.

IRRIGATION

Agriculture has a central socioeconomic position in Ghana. This sector accounts for about 34 percent of the work force. Although agriculture is a key part of the country's economy, the structure of the sector is vulnerable because it relies on rainfed agriculture during a roughly six-month rainy season. Droughts and other types of unseasonable weather pose risks for farmers. Under these conditions, irrigation development offers the promise of greater food security and the rural-area development by ensuring yearlong agricultural production.

At present, productivity of developed farm land in the country is generally low and variable due to reliance on rain, particularly in the drought and flood prone Northern regions. With abundant cultivable land and sufficient water resources, Ghana offers ample scope for growth in agricultural production through irrigation development.

Growth in the agricultural economy may be achieved both through extensification, and intensification. Irrigation is central to the intensification strategy. Irrigation potential is huge but untapped. Estimates of Ghana's irrigation potential diverge wildly and serious irrigation development efforts are a recent phenomenon.