

Ghana

RISK & COMPLIANCE REPORT

DATE: January 2019

| Executive Summary - Ghana | |
|--|--|
| Sanctions: | None |
| FAFT list of AML Deficient Countries | Yes |
| Higher Risk Areas: | US Dept of State Money Laundering Assessment Not on EU White list equivalent jurisdictions Offshore Finance Centre |
| Medium Risk Areas: | Compliance with FATF 40 + 9 Recommendations Weakness in Government Legislation to combat Money Laundering Corruption Index (Transparency International & W.G.I.) World Governance Indicators (Average Score) Failed States Index (Political Issues)(Average Score) |
| <p>Major Investment Areas:</p> <p>Agriculture - products: cocoa, rice, cassava (manioc), peanuts, corn, shea nuts, bananas; timber</p> <p>Industries: mining, lumbering, light manufacturing, aluminum smelting, food processing, cement, small commercial ship building</p> <p>Exports - commodities: oil, gold, cocoa, timber, tuna, bauxite, aluminum, manganese ore, diamonds, horticultural products</p> <p>Exports - partners: France 13.3%, Italy 12.1%, Netherlands 8.7%, China 7.2%, Germany 4.2% (2012)</p> <p>Imports - commodities: capital equipment, petroleum, foodstuffs</p> | |

Imports - partners:

China 25.8%, Nigeria 10.9%, US 7%, Netherlands 6.3%, Singapore 4.5%, UK 4.1%, India 4% (2012)

Investment Restrictions:

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 Ghana Investment Promotion Centre (GIPC) Act, 1994 (Act 478), 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, mining, and real estate. Foreign investors are required to satisfy the provisions of the investment act as well as the provisions of sector-specific laws.

The GIPC law specifies areas of investment reserved for Ghanaians, which include small-scale trading, operation of taxi and rental services (except when a non-Ghanaian operator has a fleet of at least 10 vehicles), pool-betting businesses and lotteries (except soccer pools), and the operation of beauty salons and barber shops.

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.

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Section 1 - Background

Formed from the merger of the British colony of the Gold Coast and the Togoland trust territory, Ghana in 1957 became the first sub-Saharan country in colonial Africa to gain its independence. Ghana endured a long series of coups before Lt. Jerry RAWLINGS took power in 1981 and banned political parties. After approving a new constitution and restoring multiparty politics in 1992, RAWLINGS won presidential elections in 1992 and 1996 but was constitutionally prevented from running for a third term in 2000. John KUFUOR succeeded him and was reelected in 2004. John Atta MILLS took over as head of state in early 2009, but he died in July 2012 and was succeeded by his vice president John Dramani MAHAMA, who subsequently won a December 2012 special presidential election.



Section 2 - Anti – Money Laundering / Terrorist Financing

FATF status

Ghana is on the FATF List of Countries that have been identified as having strategic AML deficiencies

Latest FATF Statement - 19 October 2018

In October 2018, Ghana made a high-level political commitment to work with the FATF and GIABA to strengthen the effectiveness of its AML/CFT regime and address any related technical deficiencies. Ghana will work to implement its action plan to accomplish these objectives, including by: (1) developing and implementing a comprehensive national AML/CFT Policy based on the risks identified in the NRA, including measures to mitigate ML/TF risks associated with the legal persons; (2) improving risk-based supervision, by enhancing the capacity of the regulators and the awareness of the private sector; (3) ensuring the timely access to adequate, accurate and current basic and beneficial ownership information; (4) ensuring the focused actions of the FIU in accordance with the risks identified by the NRA, and adequate resource allocation to the FIU; (5) ensuring adequate and effective investigation and prosecution of TF; and (6) applying a risk-based approach for monitoring non-profit organisations.

Compliance with FATF Recommendations

The last follow-up to the Mutual Evaluation Report relating to the implementation of anti-money laundering and counter-terrorist financing standards in Ghana was undertaken in 2018. According to that Evaluation, Ghana was deemed Compliant for 14 and Largely Compliant for 20 of the FATF 40 Recommendations. It was deemed Highly effective for 0 and Substantially Effective for 1 of the Effectiveness & Technical Compliance ratings.

Key Findings

Relevant competent authorities in Ghana have a sound understanding of most of the ML/TF risks it faces which is informed by the good quality of the National Risk Assessment (NRA). Though a National Risk Assessment Action Plan (NRAAP) which seeks to prioritize the deficiencies identified in the NRA has been developed, a comprehensive national AML/CFT policy based on the risk identified in the NRA is yet to be developed.

The TF threat in Ghana is generally moderate. Nevertheless, the country recently experienced a few cases of nationals joining the Islamic State (ISIS) as foreign terrorist fighters and Ghana's proximity to terrorism-prone countries, such as Nigeria, Cote d'Ivoire, Mali, Niger and Chad potentially increases the vulnerability of Ghana to the risk of terrorism and terrorist financing. Ghana has developed a national counter - terrorism strategy however, the strategy is not directly linked to TF.

Ghana has a strong AML/CFT coordination mechanism that is inclusive of all relevant competent authorities and driven by the AML/CFT Inter Ministerial Committee. The mechanism is a valuable tool in AML/CFT policy development and operational cooperation.

Overall, the banks in Ghana have a good understanding of ML/TF risks they face and the larger banks are strongest in their mitigation efforts. However, there is a significant difference in the level of understanding of the ML/TF risks and application of preventive measures between the banks and other institutions within the financial sector. More robust risk-based AML/CFT controls are needed to ensure that AML/CFT obligations are being adequately applied across the financial sector.

Majority of DNFBPs do not understand their ML/TF risks and AML/CFT obligations. Implementation of preventive measures remains weak and a major concern. DNFBPs constitute a weak link and the significant shortcomings in this sector have serious implications on the effectiveness of the implementation of preventive measures and the AML/CFT regime in Ghana.

The supervisory authorities implement measures to prevent criminals from controlling FIs and generally undertake AML/CFT supervision. The banking sector is generally subject to risk sensitive AML/CFT supervision. Supervision of the Securities and Insurance sectors is not sufficiently risk based. The supervisory tools and methodologies used by Securities Exchange Commission (SEC) and the National Insurance Commission (NIC) are biased towards prudential indicators and lack the sophistication to provide comprehensive information on the nature of ML/TF risks at the level of individual institutions. The frequency and intensity of compliance inspections by SEC and NIC are limited in scope, which in part, reflects a lack of capacity and supervisory resources. While the regulatory authorities have a wide range of administrative sanctions and remedial measures that can be imposed on FIs for non-compliance, sanctions are rarely applied. AML/CFT supervision has not been conducted in the DNFBP sector.

The Sector Guidelines issued jointly by the FIC and supervisory authorities and the AML Regulations, 2011 preceded the revised FATF standards and the publication of NRA report, thus, do not reflect the changes to the FATF Standards and outcome of the NRA to appropriately guide accountable institutions.

The FIC plays a central role in generating financial intelligence. The analysis products generated by the Centre are of good quality and have been used by Law Enforcement Agencies (LEAs) to initiate or support investigations, especially in relation to predicate offences. In general, financial intelligence and other relevant information are available and

used by LEAs for financial investigation, including asset tracing in relation to money laundering. However, Ghana should significantly increase the use of financial intelligence to identify ML and TF cases, in accordance with its risk profile and in particular, its TF risk.

Ghana has a comprehensive legal framework and sound institutional structure for investigating and prosecuting ML, and for seizing and confiscating criminal proceeds. However, investigation and prosecution appear to focus more on predicate offences, thus leading to few ML convictions.

The establishment of dedicated Financial and Economic Crimes Courts that handle matters on economic and financial crime, including money laundering in a timely manner, was noted as a good practice by the assessors.

Ghana does not actively follow a policy of pursuing confiscation of criminal proceeds.

Ghana has a comprehensive mechanism to implement targeted financial sanctions without delay and has also established a legal framework for implementing targeted financial sanctions regarding TF and proliferation financing. While the Bank of Ghana monitors the implementation of the former, there is a limited understanding of proliferation risks and proliferation financing among reporting entities, supervisors and other relevant competent authorities.

Ghana has not conducted a comprehensive review of its NPO sector in order to identify those NPOs that are at risk of being abused for TF purposes. The dual registration and licensing regime of NPOs is not well integrated and is not supported by a comprehensive legal framework. Inadequate monitoring of NPOs makes the sector vulnerable to misuse for TF and other criminal purposes.

Competent authorities can obtain adequate, accurate and current basic information on all types of legal persons created in Ghana in a timely manner. Beneficial ownership information on legal persons and arrangements are largely available in FIs, especially banks and are accessed via the FIC or EOCO. Beneficial ownership information on foreign legal persons is not typically available and competent authorities have challenges obtaining such information during investigation.

Ghana takes a collaborative approach to international cooperation. It provides in a timely manner, constructive and high quality information and assistance, including mutual legal assistance (MLA), extradition and other forms of cooperation when requested. Though, there is some limitation in extradition matters as extradition in Ghana is based on treaties. Ghana also utilizes informal channels of information exchange and the LEAs, FIC and financial supervisors are generally well engaged in making and receiving requests.

Risks and General Situation

Ghana has taken good steps in identifying, assessing and understanding its ML/TF risks and has put in place some measures to mitigate these risks. Ghana is exposed to a range of ML

and TF risks. The geographic location, predominant cash-based economy, large informal sector, and porous land borders, are some of the factors that increase Ghana's exposure to these risks. As indicated in the NRA, fraud, stealing, robbery, tax evasion, corruption, and drug trafficking are the most prevalent predicate crimes. The ML threat assessment of these crimes was rated as high. Other predicate offences that pose medium ML threats include human trafficking and migrant smuggling.

The key sectors exposed to significant ML/TF risk in Ghana are casinos, real estate developers/agents, and non-profit organizations. Ghanaian financial institutions, especially the banks, are well-connected with the international financial system, and face the usual risks associated with such relationships. Other Financial Institutions, such as Bureaux de Change, whose operations are largely cash intensive present significant ML risk to Ghana.

Although the incidence of terrorism and terrorist financing in Ghana is low, the TF risk was rated high in the NRA due to Ghana's proximity to terrorism-prone countries including Nigeria, Cote d'Ivoire, Mali, Niger and Chad and the emergence of ISIS and its campaign via social media.

Giaba Annual Report 2013

Prevalence of Predicate Crimes

The rapid growth of the Ghanaian economy without adequate safeguards is a natural attraction for criminals. The US Department of State's INCSR (2013, vol. II) listed narco-trafficking, various forms of fraud and public sector corruption as the main predicate crimes for money laundering in the country. According to the report, public sector corruption operates mainly through the channels of public procurements and awarding of licences. Emerging crimes also listed are advance fee fraud (known locally as sakawa), credit card identity fraud and ATM account numbers, and cheque cloning.

Ghana reported its most prevalent predicate crimes to include: drug trafficking, corruption, tax fraud, smuggling of precious stones and metals, other investments, bank fraud, forgery, capital market crimes and cyber crime. The large informal proportion of the Ghanaian economy permits the thriving of these crimes because detection and tracking of dubious transactions is extremely difficult in such an environment.

Significant drug seizures were reported in the year. These included the seizure of 442,029.3933G of cocaine aboard a Guyanese Vessel MV ATIYAH ES-LISAM VESSEL worth over 50 million US dollars, on November 19, 2013. Furthermore, the UNODC recently reported that Ghana has become one of the sources of methamphetamine from West Africa. Most revealing, in May 2013, Managing Director of a private security company operating at the Landside car parks of Ghana's international airport was arrested with two Nigerians and a

Colombian for conspiring to smuggle Afghan heroine to New York. The case is currently being prosecuted in the USA.

Trafficking in persons (including migrant smuggling) is also a prevalent crime in Ghana. It is designated as a country of origin, transit and destination for men, women and children subjected to forced labour and sex trafficking. Ghanaian ladies are recruited by fraudulent agencies and exported to countries in West Africa, Europe, the USA and the Middle East for forced labour and sexual exploitation or forced prostitution. Trafficking of young persons within the country is, however, more prevalent than transnational trafficking.

According to the INCSR, the proceeds of these crimes are laundered through investments in banking, insurance, real estate, automotive and general import businesses, and donations to religious institutions. The sale of cars stolen from abroad (mostly from the USA), and trade-based money laundering are sometimes used to repatriate 'profit' or to evade customs duties and other taxes. The emergence of the oil and gas sector, with its enclave nature of transactions, is also likely to increase Ghana's vulnerability to ML/TF. Accordingly, pursuant to section 21 (2) of the Anti- Money Laundering Act, 2008 (Act 749), the Minister by L.I. 1987 expanded the scope of reporting entities of Suspicious Transaction Reports to include operators in the Oil/Gas, Mining, Freight Forwarding and Timber sectors.

AML/CFT Situation

Ghana has continued to make significant progress in improving its AML/CFT regime since 2012 when it was placed under the FATF International Review process because of the high risks associated with the country's non-compliance with the key and core recommendations of the FATF Standards. A Public Statement was also issued on Ghana by the FATF in early 2012.

Ghana's fifth follow-up report to the GIABA Plenary in November 2013 showed that the country had made significant progress in addressing the deficiencies identified in its mutual evaluation, with considerable support from GIABA. This progress resulted in the country's exit from the FATF International Review process earlier in the year.

The specific actions undertaken by Ghana are discussed in Chapter Three of this report. To reinforce the momentum of progress recorded in the year, the Ghana Financial Intelligence Centre (FIC) signed an MoU with the FIUs of Burkina Faso, Cabo Verde and Guinea Bissau in 2013.

Conclusion

Ghana's enduring political stability, exemplary democratic consolidation and rapid economic growth are an advantage that is expected to help the country evolve a robust AML/CFT regime. The progress the country has made in the last eighteen months as a result of regional and international pressure and mentoring shows that Ghana has the capacity to attain compliance with acceptable international AML/CFT standards. What is required to

mobilize this capacity efficiently and effectively is political commitment at the highest level of decision-making.

Ghana should ensure that the current momentum is sustained and that the greatest political will is galvanized towards addressing the remaining deficiencies in the country's AML/CFT regimes. It should become clear to national authorities that its emergence as a petro-dollar economy comes with high risks. Sound governance practices, therefore, need to be put in place as the finance sector expands.

US Department of State Money Laundering assessment (INCSR)

Ghana is categorised by the US State Department as a Country/Jurisdiction of Primary Concern in respect of Money Laundering and Financial Crimes.

OVERVIEW

Ghana's President Akufo-Addo came to power in January 2017, having campaigned on a largely anti-corruption platform that raised awareness and popular expectations around issues of money laundering and financial crime. Romance scams, advance-fee-fraud, and other related fraud schemes remain the most prevalent forms of financial crime in Ghana, and there were reports of an increase in money laundering activities in the country. Money laundering is linked to proceeds of narcotics trafficking, fraud, and public corruption. Ghana's AML laws largely comply with international standards but are weakly and sporadically enforced. Ghana should invest in more capacity and funding for entities mandated to enforce existing laws. Apart from lack of enforcement, ineffective customer due diligence or KYC identification by most DNFBPs remains a major vulnerability in Ghana's AML regime.

VULNERABILITIES AND EXPECTED TYPOLOGIES

Ghana's main vulnerability remains enforcement of existing laws. Financial crimes are prosecuted by state attorneys from the Attorney General's Office and by police prosecutors who are not attorneys. There are no certified financial crime investigators trained in asset forfeiture in Ghana. While several state attorneys received general training in financial crime prosecution, only a few have specialized AML training, leaving most law enforcement officials without the complex skills and equipment required to investigate money laundering and financial crimes. DNFBPs, such as real estate agencies, legal professionals, trust and company service providers, precious metal dealers, and casinos, have few, if any, industry guidelines on AML. As of October 2017, Ghana's Financial Intelligence Centre (FIC), its FIU, reported that not one casino has filed a SAR to indicate potential financial crime. Also, six different governmental authorities issue national identification cards, each with their own policies and regulations. Cards are easily confused, forged, or fraudulently issued, facilitating identity theft as a precursor to financial crime.

Banks in Ghana do not provide offshore banking services. Ghana has designated four FTZ areas, but only one, the Tema Export Processing Zone, is active. Ghana also licenses factories outside the FTZ areas as free zone companies; most produce garments and processed foods. They must export at least 70 percent of their output. The Ghana Free Zone Board and the immigration and customs authorities monitor these companies.

KEY AML LAWS AND REGULATIONS

The Anti-Money Laundering Act of 2008 (Act 179), its Amendment in 2014 (Act 874), and the 2016 amendment of the Ghana's Companies Act, 1963 (Act 179) form Ghana's regulatory framework to prosecute money laundering and financial crimes. In March, President Akufo-Addo directed the Attorney General to initiate measures to amend the Criminal Offenses Act, 1960 (Act 29) to upgrade financial corruption crimes from a misdemeanor to a felony. As of December 2017, this amendment has not been ratified.

On November 14, 2017, Parliament passed a bill that includes a fairly robust asset forfeiture regime and creates a Special Prosecutor (SP) for corruption-related offenses. The new law allows the Attorney General to delegate corruption cases to the SP. The degree of independence the SP will actually have remains to be seen, although some safeguards to protect the SP's independence are included in the final version of the law.

Ghana should maintain its strong legal framework and strengthen implementation of legislation as it relates to AML. Following completion of a national risk assessment, the government established an Inter-Ministerial Committee to increase collaboration among the Ghana Revenue Authority, Financial Forensic Unit of the Criminal Investigation Department, and FIC to enhance interagency transparency and communications to fight financial crime and is developing an action plan to mitigate identified issues.

Ghana is a member of the GIABA, a FATF-style regional body. Ghana's most recent MER is not available electronically.

AML DEFICIENCIES

Although the constitution requires PEPs to declare assets, there is no penalty for failing to comply with regulations, nor can contents of their declaration be made public, except as the result of a criminal proceeding.

Bulk cash smuggling remains a popular way to launder proceeds of crime. In September 2017, the head of the FIC, a skilled technocrat and collaborative partner, was abruptly dismissed, without an official explanation. The sudden replacement of such a close partner has stalled international cooperation and raised doubts about the government's motivations.

ENFORCEMENT/IMPLEMENTATION ISSUES AND COMMENTS

Ghana is not subject to any U.S. or international sanctions or penalties.

Beginning in June 2017, the Economic and Organized Crime Office (EOCO) and FIC, with donor assistance, increased the number of financial crimes investigations they are conducting. However, law enforcement agencies still lack the robust capability to conduct

surveillance operations, hampering their ability to investigate significant financial crimes. Agencies lack specialized training and standardized procedures, impeding their ability to adequately prepare investigations for prosecution. Ghana's legal framework should be further strengthened to effectively address complex financial crimes.

Ghana and the United States do not have a MLAT, but records can be exchanged through other mechanisms such as the Egmont Group. Ghana is party to relevant multilateral law enforcement conventions that have mutual legal assistance provisions. Moreover, mutual legal assistance can be provided on a reciprocal basis through letters of request. Extradition between Ghana and the United States is governed by the 1931 U.S.-U.K. Extradition Treaty.

Current Weaknesses in Government Legislation (2014 INCRS Comparative Tables):

According to the US State Department, Ghana does not conform with regard to the following government legislation: -

Record Large Transactions - By law or regulation, banks are required to maintain records of large transactions in currency or other monetary instruments.

Arrangements for Asset Sharing - By law, regulation or bilateral agreement, the jurisdiction permits sharing of seized assets with third party jurisdictions that assisted in the conduct of the underlying investigation.

Ability to freeze assets without delay - The government has an independent national system and mechanism for freezing terrorist assets in a timely manner (including but not limited to bank accounts, other financial assets, airplanes, autos, residences, and/or other property belonging to terrorists or terrorist organizations)

EU White list of Equivalent Jurisdictions

Ghana is not currently on the EU White list of Equivalent Jurisdictions

World Governance indicators

[To view historic Governance Indicators Ctrl + Click here and then select country](#)

Failed States Index

[To view Failed States Index Ctrl + Click here](#)

Offshore Financial Centre

Ghana is considered to be an Offshore Financial Centre

US State Dept Narcotics Report 2017:

Ghana continues to be a transit point for illegal drugs, particularly South American cocaine and Southwest Asian heroin bound for European and North American markets. Marijuana is the main illicit drug used within Ghana and is trafficked within and from the country with increasing regularity, primarily to Spain. On August 22, more than two metric tons of cannabis were seized by the Customs Division of the Ghana Revenue Authority at Kpedze, near Ho in the Volta Region. Although there are no current statistics on cannabis cultivation within Ghana, some local law enforcement officials believe that cultivation increased in 2016.

Precursor chemicals obtained primarily from sources in Asia continue to be smuggled through Ghana's porous ports of entry for suspected use in clandestine labs to produce methamphetamine and psychotropic substances. According to Ghana's Narcotics Control Board (NACOB), the volume of drugs (cocaine, cannabis, heroin, and methamphetamine) seized within the first six months of 2016 declined markedly from the same period in 2015. NACOB reported that drug couriers are increasingly moving drugs from West Africa to the Gulf Region for further transshipment to Europe.

Ghana maintained a high degree of cooperation with the United States on counter-narcotics issues in 2016. The United States and Ghana continued successful law enforcement cooperation under the U.S. Drug Enforcement Administration's Sensitive Investigative Unit program, which uses special vetted personnel to pursue high-value cases. Supported by \$1 million in U.S. funding, the United Nations Office on Drugs and Crime also launched a new program in 2016 to provide basic equipment and training needed to establish police drug law enforcement units in four of Ghana's regions where these units do not currently exist. The United States increased funding during the year to further professionalize all substance use treatment staff in the country through the dissemination of U.S.-developed treatment curriculum and international credentialing, in partnership with the Colombo Plan. The United States also continued to support the Philip Foundation, a local non-governmental organization committed to reducing demand for illegal drugs. Through the West Africa Regional Training Center, the United States trained 780 mid-level Ghanaian criminal justice sector officials in 2016 on a range of skills from fundamental investigate criminal analysis to advanced narcotics investigations. In 2016, the United States provided training to the Ghanaian Navy on maritime vessel maintenance to support its drug interdiction efforts.

Ghana and the United States are both party to the 1931 extradition treaty with the United Kingdom, which has continued in force. There is no mutual legal assistance treaty between the two countries, although mutual legal assistance can be provided on a reciprocal basis through letters of request.

US State Dept Trafficking in Persons Report 2016 (introduction):

Ghana is classified a Tier 2 Watch List country - A country whose government does not fully comply with the Trafficking Victims Protection Act's minimum standards, but is making significant efforts to bring themselves into compliance with those standards.

Ghana is a source, transit, and destination country for men, women, and children subjected to forced labor and sex trafficking. The exploitation of Ghanaians, particularly children, within the country is more prevalent than the transnational trafficking of foreign nationals.

Ghanaian boys and girls are subjected to forced labor within the country in fishing, domestic service, street hawking, begging, portering, artisanal gold mining, quarrying, herding, and agriculture. Ghanaian girls, and to a lesser extent boys, are subjected to sex trafficking in Ghana. Sex trafficking is prevalent in the Volta region and is growing in the oil-producing Western Region. As part of a ritual to atone for sins of a family member, Ghanaian girls are subjected to servitude that can last for a few months or several years. Ghanaian girls and young women from the rural northern regions move to urban centers as far south as Accra to seek work as porters; they are at risk for sex trafficking and forced labor.

Ghanaian women and children are recruited and sent to the Middle East, West Africa, and Europe for forced labor and sex trafficking. Licensed and unlicensed agencies recruit young Ghanaian women for domestic service or hospitality industry jobs in Gulf countries. After their return, many of them reported being deceived, overworked, starved, abused, molested, and/or forced into prostitution. Ghanaian men were also recruited under false pretenses to go to the Middle East where they were subjected to domestic servitude and forced prostitution. In recent years, a few Ghanaian men and women were identified as victims of forced labor in the United States. Women and girls voluntarily migrating from Vietnam, China, and neighboring West African countries are subjected to sex trafficking in Ghana. Citizens from West African countries are subjected to forced labor in Ghana in agriculture or domestic service. Ghana is a transit point for West Africans subjected to sex trafficking in Europe, especially Italy and Germany. Reports increased of corruption and bribery in the judicial system, which hindered anti-trafficking measures.

The Government of Ghana does not fully meet the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so. The government investigated and prosecuted trafficking and trafficking-related crimes, including allegedly fraudulent labor recruiters and suspected child traffickers, conducted public awareness activities aimed at informing the public about the risks of human trafficking, and provided funding support facilitating two meetings of the Human Trafficking Management Board (HTMB). Despite these measures, the government did not demonstrate overall increasing anti-trafficking efforts compared to the previous reporting period; therefore, Ghana is placed on Tier 2 Watch List for the second consecutive year. The failure to provide adequate and timely operating funds for law enforcement and protection agencies continued to hamper the government's anti-trafficking efforts. As a result, the government did not increase prosecution efforts or assistance to victims. While the Anti-Human Trafficking Unit (AHTU) of the Ghana Police

Service (GPS) reported 238 investigations and referred 21 individuals for prosecution for trafficking-related crimes, the government reported no convictions in 2015. The government also reported identifying fewer victims overall than in the previous year. The government did not provide any funding for the human trafficking fund intended to support victim services or for maintenance or repair of its one shelter for child trafficking victims, which remained in poor condition and lacked basic security. Additionally, the government did not provide anti-trafficking training to police or attorney general's prosecutors. While the government issued a legislative instrument to implement the human trafficking act, it included changes to punishments for trafficking offenses and allowed for application of insufficiently stringent penalties.

Latest US State Dept Terrorism Report - 2009

In 2008, Ghana enacted the Counterterrorism Act, which called for implementation of a national identification card. The cards will contain biometric data such as fingerprints and photos, but the national identification card has not yet been introduced. Forms of identification with biometrics were not in widespread use, although the Ghanaian driver's license is issued with a fingerprint as part of the individual's application. Most citizens use their voter registration card and a passport for identification. In 2009, Ghanaian passports issued were machine readable but lacked biometric features.

Ghana passed an anti-money laundering law in 2008 that provided for the establishment of a Financial Intelligence Unit (FIU). At the end of 2009, the FIU was not yet operational. However, six potential FIU members, including the Chief Executive Officer, were identified and sent to the United States for training.

U.S. Africa Command provided technical and training assistance to the Ghanaian Navy for the three "Defender" class patrol boats they received in 2008 and the additional four boats delivered in December. The patrol boats are intended to improve maritime interdiction capacity and to address Ghana's limited ability to patrol its porous borders.

The Governments of Ghana and Togo signed an agreement in October to cooperate on crime and security problems such as human trafficking, small weapons trafficking, money laundering, and counterterrorism. The agreement is part of a larger strategy to accelerate regional integration and the free movement of persons, goods, and services; and to intensify trade and economic relations within the sub-region.

International Sanctions

None applicable

Bribery & Corruption

| Index | Rating (100-Good / 0-Bad) |
|--|---------------------------|
| Transparency International Corruption Index | 40 |
| World Governance Indicator – Control of Corruption | 51 |

Corruption poses an obstacle for businesses operating or planning to invest in Ghana. Nonetheless, corruption levels in Ghana remain low compared to other African countries. Low-level government employees are known to ask for a 'dash' (tip) in return for facilitating license and permit applications. Ghanaian anti-corruption law is primarily contained in the Criminal Code, which criminalizes active and passive bribery, extortion, willful exploitation of public office, use of public office for private gain and bribery of foreign public officials. The Public Procurement Act, the Financial Administration Act and the Internal Audit Agency Act have been introduced to promote public sector accountability and to combat corruption. The government has a strong anti-corruption legal framework in place but faces challenges of enforcement. Gifts and other gratuities offered to civil servants in the aim of influencing their duties are illegal, nonetheless, facilitation payments are not defined in law. **Information provided by GAN Integrity.**

US State Department

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.

Corruption and Government Transparency - Report by Global Security

Political Climate

Overall, Ghana is a stable and functioning democracy, especially when compared to other political systems in Western Africa. In July 2012, President Atta Mills passed away, and Vice President John Mahama became the interim head of the state. In December the same year, John Mahama was elected and became the President of Ghana. Former President Atta Mills was generally praised for boosting Ghana's economy, reducing poverty and, to some extent, curbing corruption. However, while his government introduced a range of anti-corruption initiatives, graft and corruption continue to be widespread, and political patronage systems continue to be deep-rooted.

Throughout his two terms in office, former President Kufuor (2001–2009), ran a zero-tolerance corruption policy and established several anti-corruption initiatives, such as the Office of Accountability. Although it is not clear whether such initiatives have had an impact on the general level of corruption in Ghana, it is widely agreed that they have great symbolic value in the fight against corruption. Whether or not the level of corruption is decreasing, it is commonly acknowledged that corruption in Ghana remains prevalent in the interactions that companies and the public have with public officials. The late President Atta Mills (2009–2012) took steps towards fighting corruption, such as directing all his appointees to declare their assets within seven days instead of six months as stipulated by law, according to a February 2009 article by Afrique en ligne. Also, a legislative draft to ensure the declaration of assets for all public office holders was sent to Parliament, and the former Minister of Interior, Cletus Avoka, urged senior police officers to sign 'performance contracts' to inject more competence and professionalism into the police force, as reported by Al Jazeera in a December 2009 article

Ghana holds relatively good positions on various indices of corruption and governance when compared to other countries in Africa, and donors and international financial institutions have been keen on supporting political will to curb corruption in Ghana. In spite of this, recent surveys reveal that the citizens have been sceptical of the effect of the government's recent anti-corruption efforts. According to Transparency International's Global Corruption Barometer 2010/2011, 36% of the surveyed households consider the government's efforts in

fighting corruption as ineffective, while 55% consider them effective. In addition, 60% of the household respondents believe that the level of corruption in Ghana has increased over the past three years. According to another household survey, Afrobarometer 2012, 30% of the surveyed households perceive that the current government is handling its fight against corruption in the government very badly. In 2007, large oil reserves were discovered in western Ghana, which has been the cause of much optimism on the part of the country's economic future and social welfare. However, it has also raised much debate on the need to avoid political mismanagement of the expected oil revenues. Nevertheless, a positive step with regards to revenue transparency of its mining, gas and oil sectors was reached in October 2010, as Ghana achieved full compliant status with the extractive industries transparency standard EITI. See the Ghana Extractive Industries Transparency Initiative (GHEITI) or the Public Anti-Corruption Initiatives' section of this profile for more information on this. Furthermore, in October 2011, an independent body, the Public Interest and Accountability Committee (PIAC) was set up as part of the Petroleum Revenue Management Law (ratified in April 2011). The PIAC is tasked with managing Ghana's oil revenue and to ensure transparency.

Business and Corruption

The liberal government of former President Kufuor paved the way for revitalising the private sector, liberalising markets and privatising several public companies. However, problems remain in relation to formalising business operations in the country, and corruption continues to be a problematic factor for doing business in Ghana. The informal sector in rural and urban areas continues to provide more than 90% of employment opportunities and, according to the World Bank & IFC Enterprise Surveys 2007, 69% of service companies report that they have to compete against unregistered or informal companies.

Many of the problems companies encounter stem not from regulations, but rather from continuing administrative inertia and corruption. Despite efforts made to make public administration more effective and to increase its outreach to the most remote parts of the country, the visibility of the state administration in rural areas is still limited and the issue of corruption has reportedly not been tackled successfully. The legitimacy and image of state officials are therefore seriously hampered in these areas, and companies are often subject to local rules and regulations and experience a greater corruption risk if they choose to operate in rural areas.

Transparency International's Global Corruption Barometer 2010/2011 reveals that 12% of the surveyed households consider the business/private sector to be 'extremely corrupt'. In the World Economic Forum Global Competitiveness Report 2012-2013, the surveyed companies cite corruption as the second most problematic factor for conducting business in Ghana, after access to financing. According to the report, companies consider the occurrence of irregular payments and bribes in Ghana as not uncommon. In the Enterprise Surveys 2007, more than one-third of the surveyed companies expect to make informal payments to get things done, while 10% see corruption as a major constraint to doing business in the country. Reports of continuing systemic corruption and expectations of facilitation payments, as well as continuing deficits in business financial management, accountability and integrity should

be taken seriously. For example, the US Department of State 2013 reports that foreign companies have been asked for 'favours' from contacts in Ghana, in return for facilitating business transactions. In addition, the same report also points out that the tender process is reportedly not conducted in a transparent manner, and that the government has previously set aside international tender awards in the name of national interest. Given this environment, foreign investors considering doing business in Ghana or those who are already doing so are advised to consult with experienced attorneys, to develop, implement and strengthen integrity systems, and to carry out extensive due diligence. In addition, companies are also recommended to use a specialised public procurement due diligence tool in order to mitigate the corruption risks associated with public procurement in Ghana.

Regulatory Environment

The government of former President Kufuor showed great commitment to attracting foreign investments by improving the regulatory environment for the private sector. The Ministry for Private Sector Development was created in 2000 and was mandated to coordinate efforts to strengthen the private sector and reduce bureaucratic restrictions and impediments to private investment. The Ghana Investment Promotion Centre (GIPC) functions as a one-stop shop to eliminate some of the bureaucratic obstacles facing investors, but continues to experience resistance from the various ministries, agencies and authorities responsible for the procedures it covers. The GIPC provides companies with information on and access to investor registration forms, start-up procedures, a land bank database, and general and sector-specific laws and regulations. Foreign investors are required to satisfy the provisions of the Investment Act as well as the provisions of sector-specific laws regulating banking, non-banking financial institutions, insurance, fishing, securities, and real estate. The Ghana Investment Advisory Council (GIAC) was also created to assist the government in developing policies aimed at improving the investment environment. The various initiatives help to streamline private sector regulations, and the result is illustrated in the World Economic Forum Global Competitiveness Report 2012-2013, where the surveyed business executives give a score of 3.4 on a 7-point scale to the burden of government regulation, (1 being 'extremely burdensome' and 7 'not burdensome').

Ghana has continued to increase the efficiency of its public services and has cut delays in property registration from six months to one. Starting a company, paying taxes and trading across borders have also been made easier. Transparency International's Global Corruption Report 2009 reports that the promotion and facilitation of registering a company and passing from informal to formal business are perceived by business executives to have decreased corruption. The administrative procedures related to obtaining various licences and permits remain time-consuming and costly compared to OECD countries. On the other hand, starting a company in Ghana requires fewer days and costs less, compared to the regional average. An entrepreneur is required to go through 7 procedural steps, a process which takes 12 days on average at a cost of approximately 18.5% of GNI per capita, while the average for the region is 8 procedural steps, 34 days, at a cost of approximately 67.3% of GNI per capita, according to the World Bank & IFC Doing Business 2013. Further reform efforts include government plans to increase infrastructure investment and revenue mobilisation through improved administration of the tax system with reduction in leakages and corruption.

According to the US Department of State 2013, high interest rates and limited access to capital can constitute restrictions for growth for local companies. For foreign companies, on the other hand, the most important obstacle for investment is the insecurity resulting from traditional land ownership structures and the complex legal system. Land ownership is based on traditional laws, which creates a high level of insecurity for investors and restricts access to finance, since land is generally not accepted as bankable security. Ghana's traditional court system and British-based 'modern law' legal systems exist in parallel, creating insecurity, especially among foreign investors, and sometimes making contract enforcement difficult. Delays in courts have led the government to introduce several initiatives to enhance investors' confidence in Ghana, including strengthening the legal framework regarding the settlement of commercial disputes. The GIPC Law, the Free Zones Law, the Labour Law, the Minerals and Mining Law outline dispute settlement procedures and provide for arbitration when no other means of dispute settlement can be agreed upon. New civil procedure rules and mandatory arbitration and mediation have reportedly reduced the time it takes to enforce contracts. The Ghana Arbitration Centre, an autonomous and non-profit institution, provides for arbitration and specialises in commercial and investment laws. Ghana's Commercial Court, a division of the High Court in Accra, tries cases in relation to commercial arbitration, intellectual property rights, commercial fraud, tax, and insurance. The court uses mediation and other alternative dispute resolution mechanisms in the pre-trial stage. In many cases, foreign companies may also choose to settle commercial disputes through international arbitration bodies. Ghana signed and ratified the Convention on the Settlement of Investment Disputes in 1966, which allows for arbitration under the International Centre for the Settlement of Investment Disputes (ICSID). However, the government has expressed a strong preference for handling disputes related to the energy sector under United Nations Commission on International Trade Law (UNCITRAL) rules. Ghana is also a signatory and contracting state to the New York Convention 1958. Access the Lexadin World Law Guide for a collection of legislation in Ghana.

Section 3 - Economy

Ghana's economy was strengthened by a quarter century of relatively sound management, a competitive business environment, and sustained reductions in poverty levels, but in recent years has suffered the consequences of loose fiscal policy, high budget and current account deficits, and a depreciating currency. Ghana has a market-based economy with relatively few policy barriers to trade and investment in comparison with other countries in the region, and Ghana is well-endowed with natural resources.

Agriculture accounts for nearly one-quarter of GDP and employs more than half of the workforce, mainly small landholders. The services sector accounts for about half of GDP. Gold and cocoa exports, and individual remittances, are major sources of foreign exchange. Expansion of Ghana's nascent oil industry has boosted economic growth, but the recent oil price crash reduced by half Ghana's 2015 oil revenue. Production at Jubilee, Ghana's offshore oilfield, began in mid-December 2010 and currently produces roughly 110,000 barrels per day. The country's first gas processing plant at Atubao is also producing natural gas from the Jubilee field, providing power to several of Ghana's thermal power plants.

As of 2015, the biggest single economic issue facing Ghana is the lack of consistent electricity. While the MAHAMA administration is taking steps to improve the situation, little progress has been made. Ghana signed a \$920 million extended credit facility with the IMF in April 2015 to help it address its growing economic crisis. The IMF fiscal targets will require Ghana to reduce the fiscal deficit by cutting subsidies, decreasing the bloated public sector wage bill, strengthening revenue administration, and increasing revenues. The challenge for Ghana will come as the MAHAMA Administration approaches the November 2016 elections, facing public dissatisfaction in the midst of economic austerity.

Agriculture - products:

cocoa, rice, cassava (manioc, tapioca), peanuts, corn, shea nuts, bananas; timber

Industries:

mining, lumbering, light manufacturing, aluminium smelting, food processing, cement, small commercial ship building, petroleum

Exports - commodities:

oil, gold, cocoa, timber, tuna, bauxite, aluminum, manganese ore, diamonds, horticultural products

Exports - partners:

India 25.2%, Switzerland 12.2%, China 10.6%, France 5.7% (2015)

Imports - commodities:

capital equipment, refined petroleum, foodstuffs

Imports - partners:

China 32.6%, Nigeria 14%, Netherlands 5.5%, US 5.4% (2015)

Banking

While Ghana's banking system has grown rapidly, it serves only about ten percent of the bankable population. The BOG, in collaboration with commercial banks, spearheaded the introduction of a National Payment System to ensure the delivery of financial services to all segments of the population. Stronger regulation of non-bank financial institutions (NBFIs) is a medium-term goal. For this purpose, the Non-Bank Financial Institutions Act, 2008 (Act 774) was enacted. The Act deals with licensing, capital, liquidity and other requirements for NBFIs. The requirements include ownership and corporate governance, accounts and financial statements, powers of supervision and control, receivership and liquidation. It is a key element of the efforts of the BOG to bolster regulation and supervision of NBFIs to meet the challenges of a dynamic and fast-changing financial sector. The Act requires NBFIs to conduct customer due diligence.

Stock Exchange

The West African Regional Stock Exchange (BRVM), headquartered in Abidjan, with local offices in each of the WAEMU member countries offers additional opportunities to attract increased foreign capital and to give private investors access to more diversified sources of financing.

Extract from IMF Financial System Stability Assessment Update (published June 2011)

Executive Summary

1. Since the 2003 FSAP Update, Ghana's financial system has undergone rapid growth and structural transformation. Although the financial system remains relatively underdeveloped, the number of intermediaries and their scale of operations have increased, most notably in banking, insurance, capital markets, and micro finance. The range of financial services has also broadened and corporate structures are becoming complex, with conglomerates gaining importance. In addition, foreign shareholding, particularly from within Africa, has increased in the banking and insurance sectors.

2. The authorities have been implementing reforms to enhance the financial system's resilience to shocks and its contribution to growth. The recommendations of the 2003 FSAP Update were incorporated into the revised Financial Sector Strategic Plan (FINSSP) and a comprehensive reform package was developed. New regulations for banks, insurance, pensions, and anti-money laundering (AML) were enacted. The authorities also modernized the trading and settlement infrastructure for capital markets, the national payments system, and accounting standards. In addition, they improved the framework for systemic liquidity management, and established institutions to improve the enforcement of creditor rights.

3. However, the FSAP team found that, despite these reforms, financial stability risks had heightened. Although, in the aggregate, the banking system was liquid, profitable and highly capitalized, nonperforming loans (NPLs) were very high and a significant segment of the banking industry was fragile. Stress tests undertaken by the team indicated that even a moderate deterioration in asset quality of banks would have led to insolvency of several

banks. In addition, gaps in the frameworks for bank resolution, systemic risk analysis, and crisis management rendered the Bank of Ghana (BOG) ill-equipped to deal with potential crises.

4. The vulnerabilities reflect the interplay of several factors, but state involvement is an important element. The state has controlling interests in five banks accounting for 29 percent of the banking system assets. The performance of these state-owned banks (SBs) has been poor, due to lending practices that focus on developmental objectives at the expense of prudential considerations. The losses of SBs have also created contingent liabilities for the government. Meanwhile, high fiscal deficits have compounded the NPL situation, as government arrears undermined the capacity of contractors to service their obligations to banks.

5. The other contributory factors include deficiencies in commercial banks' risk management, supervision and the insolvency regime. Commercial banks' internal controls and risk management practices have not kept pace with the industry's growth and changing risks. In addition, while government domestic arrears have been a recurring source of vulnerability, banks continued to rely on implicit government guarantees when lending to government service providers. Weaknesses in enforcing prudential regulations allowed banks to build up substantial loan concentrations while deficiencies in the analysis of individual bank risk and systemic risks have led to an under-appreciation of the stability risk implications. High credit risk is exacerbated by time consuming, legally complex, costly, and unpredictable procedures for taking collateral and enforcing creditor rights.

6. The nonbanking sector does not pose systemic risk, but a number of constraints undermine its efficient functioning and contribution to economic development. In particular, despite recent gains, long-term finance remains scarce, access to financial services is limited, and intermediation costs are high. The credit and collateral registries together with the commercial courts do not yet operate efficiently. Mechanisms are needed to enforce compliance with International Financial Reporting Standards (IFRS). The foreign exchange and domestic interbank markets are not sufficiently deep to support the efficient allocation of liquidity in the banking sector. Major efforts are also needed to bring the country into compliance with the Financial Action Task Force (FATF) standards. Moreover, the Social Security National Investment Trust's (SSNIT) sizeable portfolio in a very thin investment market introduces distortions in the financial system.

7. Against this backdrop, the mission recommended expediting actions to minimize stability risks while maintaining the momentum on the broader reforms. It urged the authorities to give priority to repaying government arrears that contributed to NPLs in banks, resolving the problem banks, addressing regulatory gaps, enhancing supervisory capacity and improving systemic risk analysis. It also underscored the need for a paradigm shift in the role the state plays in the financial sector. Preferably, the BOG should divest its shareholding

in commercial banks, SBs should be managed on commercial basis, and developmental projects should be financed using institutions whose liability structures are appropriately funded and do not put depositors' funds at risk. These efforts need to be underpinned by further reforms of the insolvency regime, the regulatory and supervisory oversight of the financial system. The mission also emphasized that success of financial sector reforms would hinge on progress to rein in macroeconomic imbalances and on timely policy responses to bank problems.

8. The policy actions recommended by the mission are summarized in Box 1 and more detailed recommendations are contained in Appendix I. Additional recommendations are detailed in the Report on the Standards and Codes on Compliance (ROSC) with the Basel Core Principles (BCP) for Effective Banking Supervision attached as Appendix VI and several technical notes.

9. The staff visit in March 2011 to update recent developments found that immediate stability risks have been attenuated, but underlying vulnerabilities remain. The authorities have made significant progress in implementing the recommendations of the FSAP Update. The government has repaid the bulk of the arrears that contributed to NPLs in the banking sector, banks have been largely recapitalized, and management of SBs has been strengthened. Some progress has also been made to address the deficiencies identified in micro and macro-prudential regulation and supervision. The FINSSP was being updated to integrate the recommendations of the FSAP Update into a comprehensive reform program. Nonetheless, key sources of vulnerabilities remain and would require a longer time frame to address, most notably the state's involvement in the banking sector and the deficiencies in commercial bank risk management, supervision, systemic risk analysis, insolvency regime, accounting, and prudential data. Therefore, the recommendations of the FSAP remain valid and a sustained and comprehensive reform effort will be key to achieving long-term financial stability.

Section 4 - Investment Climate

Executive Summary

Until recently one of the fastest growing economies in the world, Ghana's GDP growth rate slowed in 2015 to 3.9 percent. The country's economy is highly dependent on the export of primary commodities such as gold, cocoa, and oil, and consequently remains vulnerable to potential slowdowns in the global economy and commodity price shocks. Attracting foreign direct investment (FDI) continues to be a stated priority for the Government of Ghana (GOG), given the urgent need to restore the country's economic momentum and overcome an annual infrastructure funding gap of at least USD 1.5 billion.

Increased inflation and devaluation of the Ghanaian cedi since late 2013 has dampened the earlier macroeconomic success story – inflation hit 19.2 percent in March 2016 – the highest since early 2010. In April 2015, the GOG signed a three-year \$918 million extended credit facility agreement with the International Monetary Fund (IMF) in an effort to stabilize Ghana's struggling economy. In September 2015, Ghana's debt to GDP ratio rose above 70 percent. The Ghanaian currency, the cedi, lost almost 32 percent of its value in 2014 and slid another 15 percent in 2015. The nation suffered severe power outages in 2015, negatively affecting business and industry. Under the ongoing IMF program, Ghana's inflation, currency, and debt are beginning to stabilize but it will be critical that Ghana adheres to program guidelines to ensure long-term economic success. New power plants are coming online in 2016 that will help meet consumer and business demand and ameliorate the power outage issue. The nation is preparing for national presidential elections in November 2016.

Despite the current macro-economic challenges, Ghana's abundant raw materials (gold, cocoa, and oil/gas), good governance, political stability, and policy reforms makes it stand out as one of the better locations for investment in sub-Saharan Africa. Among the promising sectors are agribusiness, food processing, downstream oil, gas, and minerals processing, as well as the energy and mining-related services subsectors.

The current government administration acknowledges that foreign investment requires an enabling environment and is open to discussing issues that hinder foreign investment. However, implementation and enforcement of the laws, policies, and actions needed to attract FDI continue to lag. The burdensome bureaucracy, weak productivity, costly and difficult financial services, under-developed infrastructure, ambiguous property laws, frequent power and water cuts, and an unskilled labor force are the main factors that hinder FDI in Ghana.

Overall, while the investment climate in Ghana is relatively welcoming to foreign investment, especially compared to other countries in the sub-region, there are also troubling trends in investment policy. The passage of stringent local content regulations in the petroleum sector and public discussion of expanding local content provisions to other sectors are signals of future efforts to legislate restrictions on how international capital can be used within Ghana.

In sum, Ghana offers investors a business environment with features such as:

- A stable and predictable political environment

- No discrimination against foreign-owned businesses
- A free-floating exchange rate regime and guarantees that investors can transfer profits out of Ghana
- Investment laws that protect investors against expropriation and nationalization
- A lower degree of corruption than that of some regional counterparts.

Current market challenges:

- Although the existing legal framework recognizes and provides ways to enforce property rights, the procedure to obtain a clear title over land is often difficult, complicated, and lengthy.
- Lack of sufficient protection of intellectual property rights, including computer software and pharmaceuticals.
- A lengthy and complex process to establish a business, involving at least five government agencies.
- Local content regulations in the oil and gas sector that entered into force in November 2013.

Table 1

| Measure | Year | Index or Rank | Website Address |
|---|------|-------------------|--|
| TI Corruption Perceptions index | 2015 | 56 of 168 | transparency.org/cpi2014/results |
| World Bank's Doing Business Report "Ease of Doing Business" | 2016 | 114 of 189 | doingbusiness.org/rankings |
| Global Innovation Index | 2015 | 108 of 143 | globalinnovationindex.org/content/page/data-analysis |
| U.S. FDI in partner country (\$M USD, stock positions) | 2014 | USD 3.357 billion | http://unctad.org/en/PublicationsLibrary/wir2015_en.pdf |
| World Bank GNI per capita | 201 | USD 1590 | data.worldbank.org/indicator/NY.GNP.PCAP.CD |

Millennium Challenge Corporation Country Scorecard

The Millennium Challenge Corporation, a U.S. Government entity charged with delivering development grants to countries that have demonstrated a commitment to reform, produced scorecards for countries with a per capita gross national income (GNI) of \$4,125 or less. A list of countries/economies with MCC scorecards and links to those scorecards is available here: <http://www.mcc.gov/pages/selection/scorecards>. Details on each of the MCC's indicators and a guide to reading the scorecards are available here: <http://www.mcc.gov/pages/docs/doc/report-guide-to-the-indicators-and-the-selection-process-fy-2015>.

1. Openness To, and Restrictions Upon, Foreign Investment

Attitude toward Foreign Direct Investment

The GOG states that increasing FDI is a priority and acknowledges that attracting FDI requires an enabling legal environment. However, implementation and enforcement of the laws, policies, and actions needed to attract FDI has not kept pace.

In the past, the government passed laws to encourage foreign investment and replaced regulations perceived as unfriendly to investors. The 2013 Ghana Investment Promotion Center (GIPC) Act regulates investments in almost every sector, except minerals and mining, oil and gas, and the industries within Free Zones. Sector-specific laws further regulate banking, non-banking financial institutions, insurance, fishing, securities, telecommunications, energy, and real estate. In oil and gas specifically, these laws include specific local content requirements that could discourage international investment. Foreign investors are required to satisfy the provisions of the investment act as well as the provisions of sector-specific laws. In general, GIPC has streamlined procedures and reduced delays. More information on investing in Ghana can be obtained from GIPC's website, www.gipcghana.com.

Other Investment Policy Reviews

Ghana has not conducted an investment policy review (IPR) through the OECD.

Ghana has been a World Trade Organization (WTO) member since January 1995. The WTO last conducted a Trade Policy Review (TPR) in May 2014. The TPR concluded that the 2013 amendment to the investment law raised the minimum capital that foreigners must invest to levels above those specified in Ghana's 1994 GATS horizontal commitments, and excludes new activities from foreign competition. But it was determined that overall this would have minimum impact on dissuading future foreign investment due to the size of the companies traditionally seeking to do business within the country. An Executive Summary of the findings can be found at: https://www.wto.org/english/tratop_e/tp_r_e/tp398_e.htm

Laws/Regulations on Foreign Direct Investment

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 Act specifies areas of investment reserved for locals, 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.

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, 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 registering a business is a relatively easy procedure, the process involved in establishing a business is lengthy, complex, and requires compliance with regulations and procedures of at least five different government agencies including GIPC, Registrar General Department, Ghana Revenue Authority (GRA), Ghana Immigration Service, and Social Security and National Insurance Trust (SSNIT).

The World Bank's 2016 Doing Business report states that the average time to start a business in Ghana is 14 business days. This places Ghana 102 out of 189 – down from 96th in 2015.

GIPC requires foreign investors to satisfy a minimum capital requirement. The minimum capital required for foreign investors is USD 200,000 if they do a joint venture with local partners or USD 500,000 for enterprises that are wholly owned by foreign investors. Trading companies either entirely or partly-owned by foreigners require a minimum capital contribution of USD 1,000,000 and are required to employ at minimum 20 skilled locals. Capital contributions may be satisfied by remitting convertible foreign currency to a bank in Ghana or by importing goods, entering into lease agreements, incurring construction costs, or making local purchases valued at the required amounts. This minimum capital requirement does not apply to portfolio investments, enterprises set up for export trading, or their 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. Ghana restricts the issuance of mining licenses based on the size of the mining operation. Foreign investors are restricted from obtaining a small scale mining license for mining operations that equal an area less than 25 acres (10 Hectares). Non-Ghanaians may only apply for industrial mineral rights if the proposed investment is \$10 million or above.

The 2006 Minerals and Mining Act provides for a stability agreement, which protects the holder of a mining lease for a period of 15 years from future changes in law that may impose a financial burden on the license holder. When investment exceeds USD 500 million, lease holders can negotiate a development agreement which contains elements of a stability agreement and more favorable fiscal terms. Due to an increase in illegal mining and the need to clarify fiscal obligations of mining companies, Parliament passed a new Minerals and Mining (Amendment) Act (Act 900) in December 2015, which updated some sections of the original Act. One significant amendment will require the mining lease-holder to, "...pay royalty to the Republic at the rate and in the manner that may be prescribed." The previous Act 703 capped the royalty rate at six percent. The Minerals Commission (<http://www.eservices.gov.gh/MINCOM/SitePages/MINCOM-Home.aspx>) 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. 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 Petroleum Commission is charged with enforcing this law. A revision of PNDCL 84 regarding exploration and production is under Parliament consideration. Overall, the revision is viewed as a significant improvement over the existing law, although several loopholes need to be closed if the law is going to reflect global standards in accountability and transparency.

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.

Business Registration

All foreign companies are required to register with the Ghana Investment Promotion Center (GIPC), <http://www.gipcghana.com>, the government agency responsible for foreign investment in the country. This registration takes approximately 11 days to complete.

The purpose of the GIPC is to act as a one-stop shop for economic, commercial and investment information for international companies and business people interested in starting a business or investing in Ghana. With the exception of the extractive industries, international companies are free to establish a business in Ghana without prior approval of GIPC. However, the Ghanaian business environment is unique and guidance can be extremely helpful. Also, certain tax benefits are available under the law, which make registration with GIPC beneficial.

The World Bank Investing Across Borders (IAB) indicates that takes 10 procedures and 72 days to establish a foreign-owned limited liability company (LLC) that wants to engage in

international trade, in Ghana. This is longer than the IAB regional average for Sub-Saharan Africa. Foreign investors must obtain a certificate of capital importation, which can take 14 days. The local authorized dealer must confirm the import of capital with the Bank of Ghana, which will then confirm the transaction to the Ghana Investment Promotion Centre (GIPC) for investment registration purposes.

<http://iab.worldbank.org/data/exploreconomies/ghana#starting-a-foreign-business>

Specific information about setting up a business is available at the GIPC website:

<http://www.gipcghana.com/invest-in-ghana/doing-business-in-ghana.html>.

Note that mining or oil & gas sector companies are required to obtain licensing/approval from the following relevant bodies.

Ghana Investment Promotion Centre

Post: P. O. Box M193, Accra-Ghana

Telephone: +233 (0) 302 665125, +233 (0)302 665126, +233 (0) 302 665127, +233 (0) 302 665128/
+233 (0) 302 665129

Telephone: +233 (0) 302 244318254/ 244318252

Email: info@gipcghana.com

Website: www.gipcghana.com

Petroleum Commission Head Office

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Industrial Promotion

Ghana has put in place several schemes to promote exports of non-traditional products with a view to diversifying Ghana's export base to include preserved tuna, cocoa butter and paste, fresh vegetables, aluminum manufactures, wood manufactures, apparel, bananas, cassava, yam, fruit juices, dried fruits and palm oil. Key program elements include market access facilitation for export companies, technical advisory services on export product development, trade information services, and export-related human resources development. Grain crops, while traditionally not significant contributors to Ghana's economy, will grow in importance with support from international development partners.

Mining – primarily gold, manganese, diamonds and bauxite – as well as offshore oil and gas resources make up a significant portion of Ghana's exports and are a key focus of the government's efforts to promote local participation in industrial production.

A recent campaign by the GOG, driven primarily by the Ministry of Trade and Industry, promotes products "Made in Ghana." This campaign will continue to attract high level support as efforts are made to reduce Ghana's dependence on imports.

Limits on Foreign Control and Right to Private Ownership and Establishment

There are no significant limits on foreign investment nor are there differences in the treatment of foreign and national investors, either in terms of the level of foreign ownership or sector of investment in sectors of the economy other than the petroleum. By law, the Government of Ghana acquires an automatic 10 percent carried interest of all interests in oil and gas ventures.

The Petroleum (Local Content and Local Participation) Regulation 2013 (LI 2204) requires at least five percent indigenous Ghanaian company ownership in petroleum investments. This can be waived if there is no viable Ghanaian company capable of meeting this requirement. An indigenous company is defined as one that is incorporated in Ghana with at least 51% Ghanaian equity ownership and has at least 80% of its senior leadership positions held by Ghanaians. 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 have at least a 10 percent investment in the relationship.

Ghana's local content regulations in the oil and gas sector entered into force in November, 2013. It is difficult to determine the actual impact of these requirements until full implementation of the law takes effect. Some of the most concerning provisions of the local content 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 Petroleum;
- Requirement for Minister of Petroleum approval for all contracts/sub-contracts and purchase orders above USD 100,000;
- A maximum penalty of a five-year jail sentence for non-compliance.

Insurance

The National Insurance Commission (NIC) imposes nationality requirements with respect to the board and senior management of locally-incorporated insurance and reinsurance companies. At least two board members must be Ghanaians, and either the Chairman of the board or Chief Executive Officer (CEO) must be Ghanaian. In situations where the CEO is not a Ghanaian, the NIC requires that the Chief Financial Officer be Ghanaian. Minimum initial capital investment in the insurance sector is 15 million Ghana cedis (USD\$4 million).

Telecommunications

The National Communications Authority (NCA), under the Electronic Communications Act of 2008, regulates and manages the nation's telecommunications and broadcast sectors. The NCA restricts licenses in the 800 MHz band of spectrum to entities registered to operate in Ghana. Foreign investors seeking to operate in Ghana must create a joint venture or consortium that includes a minimum of 35 percent indigenous Ghanaian ownership in order to obtain a license. Applicants without the minimum 35 percent Ghanaian ownership in place within 13 months from the effective date of the license risk severe penalties. In 2013, a portion of Ghana's 4G Long-Term Evolution (LTE) bandwidth was auctioned under restrictions that prevented foreign-invested enterprises (FIEs) from being directly involved; three successful bidders are now in varying stages of building out 4G networks in Ghana's larger cities.

Privatization Program

Ghana currently has no formal privatization program, however the current government is prioritizing the creation of public private partnerships (PPPs) to restructure and privatize non-performing state-owned enterprises. The new PPP law establishing the administrative foundation for such partnerships is now with parliament for approval. Ghana's 2016 national budget highlighted at least 18 PPP projects to implement over the course of the year.

Screening of FDI

U.S. investors in Ghana are treated the same as any other foreign investor. There are sectors where foreign investors are allowed limited market access: telecommunications, 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. Nationals are allowed to enter into 99-year leases.

Most companies or individuals considering investing in Ghana or trading with Ghanaian counterparts find it useful to consult with a local attorney or business facilitation company. The Embassy maintains a list of local attorneys which is available through the embassy's Foreign Commercial Section (www.export.gov/ghana).

Competition Law

Ghana does not have a competition law.

2. Conversion and Transfer Policies

Foreign Exchange

The Ghanaian currency is the cedi (GHS) (notes) and the pesewa (GHP) (coins), with the GHS 50 as the largest bill in circulation. The Ghanaian Cedi vis-à-vis the U.S. Dollar depreciated by 31.3 percent in 2014 and by another 15.7 percent in 2015. In October 2015, the cedi began to stabilize around the GHS 3.8 to the USD 1 and has remained relatively steady since. As of March 31, 2016, USD 1 was equal to about GHS 3.83.

Ghana operates a free-floating exchange rate regime. 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. Ghana's investment laws guarantee that investors can transfer the following transactions 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 Act; 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. For details, please consult the GIPC Act (<http://www.gipcghana.com>) and the Foreign Exchange Act guidelines (<http://www.sec.org>).

Ghana's foreign exchange reserve needs are largely met through cocoa, gold and oil exports, government securities, foreign assistance, and private remittances. Fiscal problems and the fall in commodity prices have led to a steep depreciation of foreign reserves and inflation rates reached a six year high of 19.2 percent in March. The ongoing IMF program should continue to provide Ghana with stronger fiscal stability as long as the GOG adheres to the program's guidelines and recommendations.

Remittance Policies

There is a single formal 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 banks or institutions licensed to do money transfers. There is no limit on capital transfers as long as the transferee can identify the source of capital.

In February 2014, the government announced limits to foreign exchange withdrawals in an effort to stem the deterioration of the cedi and prevent the dollarization of the currency. By June, these limits were lifted, making it clear that this technique will only be used as a short term measure to deal with urgent economic concerns. However, companies have expressed concerns over a requirement to now submit all invoices valued in cedis.

3. Expropriation and Compensation

The Constitution sets out some exceptions and a clear procedure for the payment of compensation in allowable cases of expropriation or nationalization. Additionally, Ghana's investment laws generally protect investors against expropriation and nationalization. The Government of Ghana may, however, expropriate property if it is required to protect national defense, public safety, public order, public morality, public health, town and country planning, or to ensure the development or utilization of property in a manner to promote public benefit. In such cases, the GOG must provide prompt payment of fair and

adequate compensation to the property owner. The Government of Ghana guarantees due process by allowing access to the high court by any person who has an interest or right over the property.

U.S. investors are generally not subject to differential or discriminatory treatment in Ghana, and there have been no official government expropriations in recent times.

There have been no reported instances of indirect expropriation or any government action equivalent to expropriation during the past year.

4. Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Ghana's legal system is based on British common law and customary law. Investors should note that the acquisition of real property 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 and Regional Tribunals. Lawsuits are permitted and usually begin in the High Court. The High Court has jurisdiction in all matters, civil and criminal, other than those involving treason. 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 GOG established fast-track courts to expedite action in certain cases. These fast track courts, which are automated divisions of the High Court, were intended to oversee cases which can be concluded 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 with exclusive jurisdiction over all commercial matters. This Court also handles disputes involving commercial arbitration and the enforcement of 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. Ghana also has a Financial and Economic Crimes Court. It is a specialized division of the High Court that handles high profile corruption and economic crime cases.

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 2010 Alternative Dispute Resolution Act (Act 798 of 2010) provides for the settlement of disputes by mediation and customary arbitration, in addition to regular arbitration processes.

Bankruptcy

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.

Investment Disputes

Ghana's track record for sound governance and a relatively reliable legal system result in a dispute resolution process that benefits foreign investors, in comparison to other countries in the region.

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 dispute. 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 are still in litigation where they have remained since December 2012.

International Arbitration

The United States has signed three bilateral agreements on trade and investment with Ghana: a Trade and Investment Framework Agreement (TIFA), OPIC Investment Incentive Agreement, and the Open Skies Agreement. These agreements contain provisions for investment as well as trade dispute mechanisms.

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.

ICSID Convention and New York Convention

Ghana is a member state to the International Centre for the Settlement of Investment Disputes (ICSID Convention). Ghana is a signatory to the convention on the Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention).

There is a caveat for investment disputes arising from within the energy sector: the GOG has expressed a preference for handling disputes under the ad hoc arbitration rules of the U N Commission on International Trade Law (UNCITRAL Model Law).

Duration of Dispute Resolution – Local Courts

Legal disputes can run on for protracted periods and enforcement is a problem.

5. Performance Requirements and Investment Incentives

WTO/TRIMS

Ghana has not notified the WTO of any measures that are inconsistent with its Trade-Related Investment Measures (TRIMS) commitments. 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. Investors are not currently required to purchase from local sources or employ prescribed levels of local content, except in the upstream petroleum sector, which is subject to substantial local content requirements. Similar legislation is being drafted for the downstream petroleum and power sectors, but there is no clear timeline for its consideration. Generally, 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. Government officials have intimated that local content requirements should be applied to sectors other than petroleum, but currently no local content regulations have been promulgated for other sectors.

Investment Incentives

There are no requirements on physical location of investments. However there are tax incentives to encourage investment outside of the Accra/Tema area. 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 20 Ghanaians, the issuance of visa/work permits for expatriate staff is tied to the size of the investment and is very slow.

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 to 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 and pay 8 percent thereafter.

The corporate tax rate is 25 percent and this applies to all sectors except income from non-traditional exports (8 percent tax rate) and oil and gas exploration companies (35 percent tax rate). For some sectors there are temporary tax holidays. These sectors include Free Zone enterprises and developers (0 percent for the first ten years and 8 percent thereafter); real estate development and rental (0 percent for the first five years and 25 percent thereafter); agro-processing companies (0 percent for the first five years, after which the tax rate ranges from 0 percent to 25 percent depending on the location of the company in Ghana), and waste processing companies (0 percent for seven years and 25 percent 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. Under the new Income Tax law of 2015, all businesses can carry forward tax losses for at least three years.

The government charges a 15 percent Value Added Tax (VAT) plus a 2.5 percent 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. The government also charges a 1 percent Tourism Development Levy as seed money for the country's Tourism Development Fund. As of late 2014, petroleum products are subject to a 17.5 percent special petroleum tax.

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 USD 50,000, but not more than USD 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 USD 250,000, but not more than USD 500,000, entitles the enterprise to two automatic visas/work permits. An investment of USD 500,000, but not more than USD 700,000, allows the enterprise to bring in three expatriate employees. An investment of more than USD 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 by fully implementing the ECOWAS Common External Tariff (CET) in February 2016

Research and Development

U.S. and other foreign firms are not restricted from participating in government/authority and/or subsidized research and development (R & D) programs in Ghana. Under the new Income Tax law of 2015, businesses are now allowed to deduct R&D expenses, which are capital nature, before tax.

Performance Requirements

Generally, Ghana does not have performance requirements for establishing, maintaining, and expanding a business. However, as detailed earlier in this report, there are a few areas where the GOG does impose performance requirements including the oil and gas, insurance, and telecommunications sectors.

Data Storage

The Government of Ghana does not follow a forced localization policy in which foreign investors must use domestic content in goods or technology. In addition, there are no requirements for foreign IT providers to turn over source code and/or provide access to surveillance (backdoors into hardware and software or turn over keys for encryption).

6. Protection of Property Rights

Real Property

The legal system recognizes and enforces secured interest in property. The process to get clear title over land is 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 2016 Report, Ghana is ranked 77 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.

Intellectual Property Rights

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, the Berne Convention for the Prosecution of Literary and Artistic Works, the Paris Convention for the Protection of Industrial Property, the Patent Cooperation Treaty (PTC), the Singapore Trademark Law Treaty (STLT), and the Madrid Protocol Concerning the International Registration of Marks. Ghana is also a member of the World Intellectual Property Organization (WIPO), the English-speaking African Regional Industrial Property Organization (ARIPO), 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.

The Government of Ghana launched its National Intellectual Property Policy and strategy in January 2016. Devised to exploit intellectual property rights and strengthen legal and institutional framework, the strategy highlights and allocates resources across an initial 34 projects to be implemented over the succeeding 5 years (2016-2020). The projects address amendments of existing laws as well as the overdue automation of IP registration.

Piracy of intellectual property takes place in Ghana. Although precise statistics are not available for many sectors, counterfeit computer software regularly shows 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.

Resources for Rights Holders

Please contact the following at Mission Accra if you have further questions regarding IP issues:

Jimmy Mauldin
Economic Officer – Economic Section
No. 24 Fourth Circular Road, Cantonments, Accra, Ghana
233-030-274-1000
econaccra@state.gov

A list of local lawyers can be found at: <http://ghana.usembassy.gov/root/pdfs/attorneys.pdf>

American Chamber of Commerce Ghana
5TH Crescent Street, Asylum Down
P.O. Box CT2869, Cantonments-Accra, Ghana
Tel: 233 030 2247562/233 030 7011862
Fax: 233 030 2247562

Website: <http://www.amchamghana.org/>

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/>

7. Transparency of the Regulatory System

The Government of Ghana's policies on trade liberalization and investment promotion are guiding its effort to create a clear and transparent regulatory system. Out of 189 countries, Ghana slipped from its 2015 ranking of 70 to a 2016 ranking of 114 in the World Bank's Ease of Doing Business Survey. 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, Energy Commission, and the Public Utilities Regulatory Commission to oversee activities in the telecommunications, downstream and upstream petroleum, electricity and natural gas, 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.

8. Efficient Capital Markets and Portfolio Investment

Private sector growth in Ghana has been constrained by limited financing opportunities for private investment. Businesses still face many challenges in raising capital on the local market. While credit to the private sector has increased, levels have remained stagnant over the last decade and high government borrowing has driven up interest rates beyond 25 percent and crowded out private investment.

Capital markets and portfolio investment are gradually evolving. For a long time, the government had become highly dependent on the domestic capital market to raise funds for its budget. The share of the fiscal deficit financed through domestic debt is expected to be about 65 percent in 2016. Over the last several years, the domestic debt stock has shifted towards short term securities (maturities of one year or less), which now make up more than half of total marketable securities. The longest term domestic bonds debuted in 2013 with a seven-year maturity. Foreign investors are only permitted to participate in bond auctions with maturities of three years or longer, although the government is considering plans to open up the short-term market to foreigners as well. In 2014, foreign investors held about 26% (valued at USD 2.4 billion) of the total outstanding securities. Authorities are working to expand the secondary market to improve liquidity.

In 2007, only three years after reaching its highly indebted poor countries (HIPC) completion point, Ghana became the first sub-Saharan African country after South Africa to issue a Eurobond. The USD 750 million issuance was followed by additional Eurobonds in 2013 (USD 750 million), 2014 (USD 1 billion), and 2015 (USD 1 billion) as global investors chased yields in frontier and emerging markets. Total public debt, roughly evenly split between external and domestic, now stands at nearly 73 percent of GDP. The rapid accumulation of debt over the last decade has raised debt sustainability concerns. The government may face the challenge of refinancing the Eurobonds as they approach maturity. Meanwhile, short-term domestic government securities have increased over the last several years and now exceed the medium-term securities as a percentage of total debt, with demand for longer-dated bonds faltering due to the deteriorating macroeconomic environment.

As of December 2015, the Ghana Stock Exchange (GSE) has 40 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 activities on the Exchange. There is an 8 percent tax on dividend income. Foreigners are permitted to trade stocks listed on the GSE without restriction. There are no capital controls on the flow of retained earnings, capital gains, dividends or interest payments. The GSE composite index (GGSECI) has exhibited mixed performance.

Money and Banking System, Hostile Takeovers

Banks in Ghana are relatively small with the largest in the country, Ecobank Ghana Ltd., holding assets totaling about USD 1.3 billion. Out of the 29 banks in Ghana, the government has a majority ownership position in Ghana Commercial Bank (GCB) and fully owns the National Investment Bank (NIB). Central bank regulations require existing banks to maintain a minimum capital base of 60 million Ghana cedis (USD 16 million), while new banks entering the market are required to have 120 million Ghana cedis (USD 32 million) in capital. Overall, banks in Ghana are well-capitalized with an average regulatory capital amounting to 17.7 percent of risk-weighted assets in 2015, which is above the 10 percent prudential and statutory requirement. As of December 2015, the non-performing loans ratios had increased to 14.9 percent from 11.3 percent a year earlier. Despite the relatively strong aggregate financial soundness indicators, lending in foreign currencies to unhedged borrowers poses a risk and widely varying standards in loan classification and provisioning may be masking weaknesses in bank balance sheets. The Bank of Ghana is commissioning a special diagnostic audit to assess industry underwriting and credit evaluation practices, and has additional plans to strengthen the financial sector framework.

Recent developments in the non-banking financial sector indicate increased diversification, including new 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.

9. Competition from State-Owned Enterprises

Today only a handful of large SOEs remain, mainly in the transportation, power, extractive and airport management sectors. The largest SOEs are the Ghana Ports and Harbor Authority (GPHA), the Electricity Company of Ghana (ECG), the Volta River Authority (VRA), the Tema Oil Refinery (TOR), the Ghana Airport Company Limited (GACL), Ghana Cocoa Board (COCOBOD), Ghana National Gas Company Limited, and GNPC. Many of these receive subsidies and assistance from the government. Ghana has started the process of increasing private sector participation in ECG under its second Millennium Challenge Corporation (MCC) compact, a program that intends to increase the commercial viability of the utility. In turn, this will drive expanded opportunities for Independent Power Producers (IPPs) to enter the sector.

OECD Guidelines on Corporate Governance of SOEs

While the Government of Ghana does not actively promote adherence to the OECD Guidelines, 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, beginning in 2014 most state-owned enterprises were required to contract and service direct and government-guaranteed loans on their own balance sheet. The government's goal is stop adding these loans to "pure public" debt, paid by taxpayers directly through the budget.

Sovereign Wealth Funds

Ghana's only sovereign wealth fund is the Petroleum Holding Fund, which is funded by oil profits and flows to the Ghana Heritage Fund and Stabilization Fund. The Petroleum Revenue Management Act (PRMA), passed in 2011, spells out how revenues from oil and gas should be spent and includes transparency provisions for reporting by government agencies, as well as an independent oversight group, the Public Interest and Accountability Committee (PIAC). Section 48 of the Petroleum Revenue Management Act, 2011 (Act 815) requires the fund to publish an audited annual report by the Ghana Audit Service. The fund's management meets the legal obligations. Management of the Ghana Petroleum Fund is a joint responsibility between the Ministry of Finance and the Bank of Ghana. The Minister develops the investment policy for the GPF, and is responsible for the overall management of GPF funds, consults regularly with the Investment Advisory Committee and Bank of Ghana Governor before making any decisions related to investment strategy or management of GPF funds. The Minister is also in charge of establishing a management agreement with the Bank of Ghana for the oversight of the funds. The Bank of Ghana is responsible for the day-to-day operational management of the Petroleum Reserve Accounts (PRAs) under the terms of Operation Management Agreement.

<http://www.mofep.gov.gh/sites/default/files/reports/petroleum/2015%20Annual%20Report%20on%20the%20Petroleum%20Funds.pdf>

10. Responsible Business Conduct

Corporate social responsibility (CSR) is a growing concern among Ghanaian companies. The Ghana Club 100 is a ranking of the top performing companies, as determined by GIPC. It is based on several criteria, including a 10 percent weight assigned to corporate social responsibility, including philanthropy. Ghanaian consumers are not generally 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 is 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.

11. 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 New Patriotic Party (NPP) 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 (NDC) candidate John Dramani 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. President Mahama's term is now coming to an end and the next national elections are scheduled for November 2016.

In November 2015, President Mahama handily won the ruling NDC presidential primary with 95.1 percent of the 1.29 million votes cast. In October 2015, Nana Akufo-Addo won the NPP presidential primary for a third time and is slated to face Mahama for the presidency again in the November 2016 national elections. In the run up to the national elections the NPP has amplified its claims that the country's voter register is flawed and there have been several public but mostly peaceful protests over the past several months. While the rhetoric between political parties is likely to intensify in the lead up to elections, party leaders, diplomats, religious leaders, and civil society organizations are all advocating for a peaceful electoral process.

12. 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 2015 score and ranking on the Transparency International Global Corruption Perceptions Index slipped slightly from 2014, tying with Cuba for 56th place out of 167. In 2015, there were a number of corruption allegations involving government officials. Corruption in government institutions is pervasive. In fact, the judiciary is reeling from a major bribery scandal that was exposed in September 2015, resulting in 20 judges being fired and several others being suspended while the judiciary conducts internal inquiries into the allegations.

The Government of Ghana has 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. 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.

Commercial fraud in the form of scams is common in Ghana. Similar to the better-known Nigerian "419" scams, Ghana's homegrown 'Sakawa' fraud typically originates through unsolicited email proposals. The most common fraud scams are procurement offers tied to

alleged Ghanaian government or, more frequently, ECOWAS programs. U.S. companies frequently report being contacted by an unknown Ghanaian firm claiming to be an authorized agent of an official government procurement agency. Foreign firms that express an interest in being included in potential procurements are lured into paying a series of fees to have their companies registered or products qualified for sale in Ghana or the West Africa region. U.S. companies receiving offers from West Africa from unknown sources should use extreme caution and conduct significant due-diligence prior to pursuing these offers.

Offering the sale of gold or gemstones at discount prices is also a common form of fraud in Ghana. 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 U.S. visa fraudulently. American firms can request background checks on companies 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.export.gov/ghana.

The 1992 Constitution established the Commission for Human Rights and Administrative Justice (CHRAJ). Among other things, the Commission is charged with investigating 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 November 2015, President Mahama fired the CHRAJ Commissioner after she was under investigated for misappropriating public funds.

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. 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. The plan was approved by the Parliament in July 2014, but many of its provisions have not been implemented due to lack of resources.

UN Anticorruption Convention, OECD Convention on Combatting Bribery

Like most other African countries, Ghana is not a signatory to the OECD Convention on Combating Bribery.

Resources to Report Corruption

Commission on Human Rights and Administrative Justice (CHRAJ)

Old Parliament House, High Street, Accra

Postal Address: Box AC 489, Accra

Phone: 0302- 662150/ 664267/ 664561/ 668839

Fax: 0302- 660020/ 668840/ 680396/ 673677

Email: info@chrajghana.com

Website: <http://www.chrajghana.com/>

Economic and Organized Crime Office (EOCO)

Tel +233 30 266 9995

Tel +233 30 266 7485

Tel +233 30 266 4786

Website: <http://mail.eoco.org.gh/aboutus.html>

13. Bilateral Investment Agreements

Bilateral Taxation Treaties

The United States has signed several investment related agreements with Ghana: the Trade and Investment Framework Agreement (TIFA), OPIC Investment Incentive Agreement, and the Open Skies Agreement. In 2012, the U.S. and Ghana initiated exploratory BIT discussions but discussions have stalled over recent years.

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 internally ratified are: Barbados; Benin; Botswana; Bulgaria; Burkina Faso; Cote d'Ivoire; Cuba; Egypt; France; Guinea; Italy, Mauritania; Mauritius; Romania; Spain; Yugoslavia; Zambia, and Zimbabwe. Agreements with the United States, Pakistan, South Korea, North Korea, and Belgium are being discussed.

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.

14. Foreign Trade Zones/Free Ports/Trade Facilitation

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 import duty.

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.gh) 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 Free Zone businesses require work and residence permits.

15. Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

| Economic Data | Host Country Statistical source* | | USG or international statistical source | | USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other |
|--|----------------------------------|--------|---|--------|---|
| | Year | Amount | Year | Amount | |
| Host Country Gross Domestic Product (GDP) (\$M USD) | 2015 | 37,053 | 2013 | 48,137 | www.worldbank.org/en/country |
| U.S. FDI in partner country (\$M USD, stock positions) | N/A | N/A | 2012 | 3,629 | http://unctad.org/Sections/dite_fdostat/docs/webdiaeia2014d3_USA.pdf |
| Host country's FDI in the United States (\$M USD, stock positions) | N/A | N/A | 2012 | -7 | http://unctad.org/Sections/dite_fdostat/docs/webdiaeia2014d3_USA.pdf |
| Total inbound stock of FDI as % host GDP | N/A | N/A | 2014 | 60% | http://unctad.org/sections/dite_dir/docs/wir2015/wir15_fs_gh_en.pdf |

*Host country statistical data not available.

Table 3: Sources and Destination of FDI

| Direct Investment from/in Counterpart Economy Data | |
|---|---------------------------|
| From Top Five Sources/To Top Five Destinations (US Dollars, Millions) | |
| Inward Direct Investment | Outward Direct Investment |
| | |

| | | | | | |
|--|--------|------|---------------|-----|------|
| Total Inward | 13,076 | 100% | Total Outward | N/A | 100% |
| United Kingdom | 3,120 | 24% | N/A | N/A | N/A |
| Ireland | 2,373 | 18% | N/A | N/A | N/A |
| Cayman Islands | 1,475 | 11% | N/A | N/A | N/A |
| British Virgin Islands | 1,224 | 9% | N/A | N/A | N/A |
| France | 1,216 | 9% | N/A | N/A | N/A |
| "0" reflects amounts rounded to +/- USD 500,000. | | | | | |

Source: IMF Coordinated Direct Investment Survey, 2012

Note: Outward direct investment information is not available.

Section 5 - Government

Chiefs of State and Cabinet Members:

For the current list of Chief of State and Cabinet Members, please access the following - [Central Intelligence Agency online directory of Chiefs of State and Cabinet Members of Foreign Governments](#)

Legal system:

mixed system of English common law and customary law

International organization participation:

ACP, AfDB, AU, C, ECOWAS, EITI (compliant country), FAO, G-24, G-77, IAEA, IBRD, ICAO, ICC (national committees), ICRM, IDA, IFAD, IFC, IFRC, ILO, IMF, IMO, IMSO, Interpol, IOC, IOM, IPU, ISO, ITSO, ITU, ITUC (NGOs), MIGA, MINURSO, MONUSCO, NAM, OAS (observer), OIF, OPCW, UN, UNAMID, UNCTAD, UNESCO, UNHCR, UNIDO, UNIFIL, UNISFA, UNMIL, UNMISS, UNOCI, UNWTO, UPU, WCO, WFTU (NGOs), WHO, WIPO, WMO, WTO

Section 6 - Tax

Exchange control













Ghana has an Exchange Control Act that regulates, among other things, the following:

- a. Use of foreign exchange among residents
- b. Trading in gold (coins and/or bullion)
- c. Exports and import on bank notes
- d. Exports and export proceeds
- e. Capital and money market instruments.

The DTRD Regulations set a formula for calculating the amount of profits that a foreign company may repatriate to its home country at every point in time. There are restrictions to the amount allowed to be repatriated.

Treaty and non-treaty withholding tax rates

Ghana has exchange of information relationships through 11 DTCs, 1 TIEAs and 1 multilateral mechanism, Convention on Mutual Administrative Assistance in Tax Matters.

| Jurisdiction | Type of EOI Arrangement | Date Signed | Date entered into Force | Meets standard | Contains paras 4 and 5 | |
|----------------|-------------------------|-------------|-------------------------|----------------|------------------------|---|
| Barbados | DTC | 22 Apr 2008 | not yet in force | Yes | No |  |
| Belgium | DTC | 14 Jun 2005 | 17 Oct 2008 | Yes | No |  |
| France | DTC | 5 Apr 1993 | 1 Apr 1997 | Yes | No |  |
| Germany | DTC | 12 Aug 2004 | 14 Dec 2007 | Yes | No |  |
| Italy | DTC | 19 Feb 2004 | 5 Jul 2006 | Yes | No |  |
| Liberia | TIEA | 24 Feb 2011 | not yet in force | Yes | Yes |  |
| Montenegro | DTC | 25 May 2000 | not yet in force | Unreviewed | No |  |
| Netherlands | DTC | 10 Mar 2008 | 12 Nov 2008 | Yes | No |  |
| Serbia | DTC | 25 May 2005 | not yet in force | Unreviewed | No |  |
| South Africa | DTC | 2 Nov 2004 | 23 May 2007 | Yes | No |  |
| Switzerland | DTC | 23 Jul 2008 | 30 Dec 2009 | No | No |  |
| United Kingdom | DTC | 20 Jan 1993 | 10 Aug 1994 | Yes | No |  |

Methodology and Sources

Section 1 - General Background Report and Map

(Source: [CIA World Factbook](#))

Section 2 - Anti – Money Laundering / Terrorist Financing

| | Lower Risk | Medium Risk | Higher Risk |
|---|-----------------------------------|---------------------------------------|-----------------------------------|
| FATF List of Countries identified with strategic AML deficiencies | Not Listed | AML Deficient but Committed | High Risk |
| Compliance with FATF 40 + 9 recommendations | >69% Compliant or Fully Compliant | 35 – 69% Compliant or Fully Compliant | <35% Compliant or Fully Compliant |
| US Dept of State Money Laundering assessment (INCSR) | Monitored | Concern | Primary Concern |
| INCSR - Weakness in Government Legislation | <2 | 2-4 | 5-20 |
| US Sec of State supporter of / Safe Haven for International Terrorism | No | Safe Haven for Terrorism | State Supporter of Terrorism |
| EU White list equivalent jurisdictions | Yes | | No |
| International Sanctions / UN Sanctions / US Sanctions / EU Sanctions | None | Arab League / Other | UN , EU or US |
| Corruption Index (Transparency International) Control of corruption (WGI) Global Advice Network | >69% | 35 – 69% | <35% |
| World government Indicators (Average) | >69% | 35 – 69% | <35% |
| Failed States Index (Average) | >69% | 35 – 69% | <35% |
| Offshore Finance Centre | No | | Yes |

Section 3 - Economy

General Information on the current economic climate in the country and information on imports, exports, main industries and trading partners.

(Source: [CIA World Factbook](#))

Section 4 - Foreign Investment

Information on the openness of foreign investment into the country and the foreign investment markets.

(Source: [US State Department](#))

Section 5 - Government

Names of Government Ministers and general information on political matters.

(Source: [CIA World Factbook](#) / <https://www.cia.gov/library/publications/world-leaders-1/index.html>)

Section 6 - Tax

Information on Tax Information Exchange Agreements entered into, Double Tax Agreements and Exchange Controls.

(Sources: [OECD Global Forum on Transparency and Exchange of Information for Tax Purposes](#) [PKF International](#))

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