

PEF

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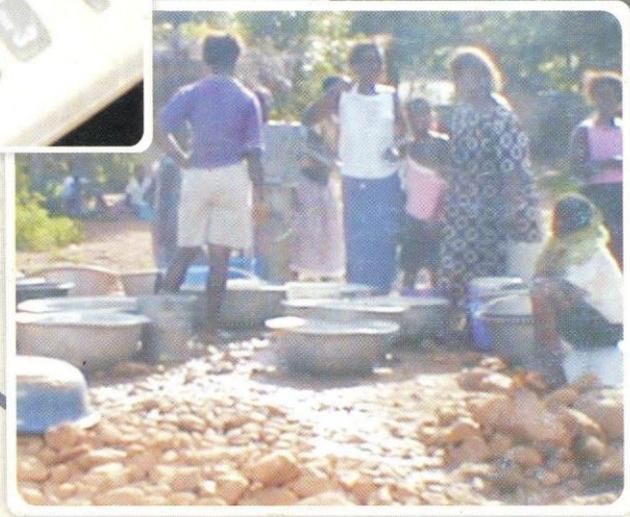
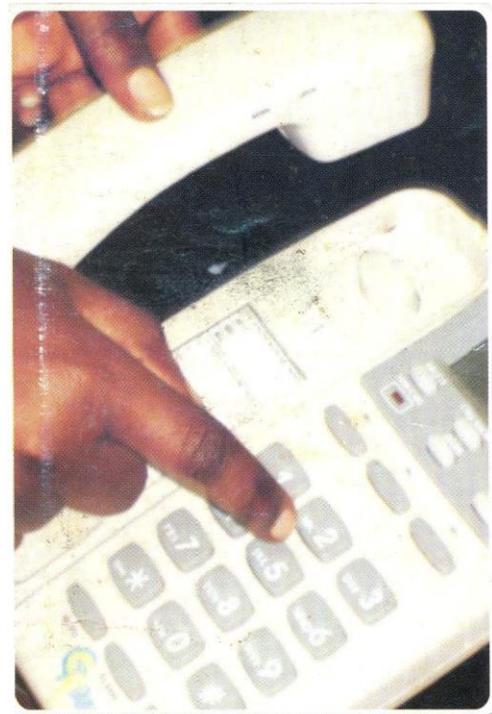
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telecommunications Sector in Ghana

Ghana's Trade Policy

Electricity Company of Ghana-

Challenges and Studies





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REFLECTIONS ON

UTILITY SERVICES IN GHANA

The Private Enterprise Foundation (PEP) has noted with concern the various comments and frustrations that different classes of consumers have expressed about the utility services in Ghana. PEP recognized the seriousness of the developments and decided to undertake a very thorough review of the situation and to move on to finding the best steps to produce reliable remedies and results.

PEP felt justifiably that a well-coordinated, evidence-based report would provide a reliable basis to find which should be the lasting solution. The exercise was therefore not one to find fault with the agencies involved or with the attitude of consumers and clients. The main objective was to isolate and define pertinent and feasible actions that would provide the economy with reliable, dependable and sustainable utility services. The issues to be addressed include:

- What facilities need to be provided and maintained
- What attitudinal changes do we expect from the implementing agencies and from consumers
- How faithfully will the decisions arrived at be implemented.

The current focus on the state of delivery of utility services in Ghana is a bold attempt to address the generally unsatisfactory state of service delivery of utilities in Ghana. It is good to address the deficiencies, but it is still better policy to select those actions that would bring positive and lasting change in the utility provision environment and to muster courage and commitment to enforce the rules, regulations and practices. We hope the intervention with regard to the state of service delivery by the utility companies would be beneficial to the economy. Actions of this nature should bring more meaning and credence to the assertions concerning the reliable enabling environment needed for profitable investment.

The development of a nation is usually closely linked with the welfare status of its citizens in terms of socio-economic amenities. This line of thinking sees development basically in the provision of social amenities such as health, education, water, electricity, telecommunications, roads and other physical infrastructure on the ground. This school of thought believes that as the quality of these facilities improves, the

standard of living of the people also rises, all things being equal. The extent of the development is based on the



accessibility and affordability of these services to the majority rural and peri-urban poor.

It is however to be noted that with the operations and growth of businesses in mind, it is clear that unless the efficient and effective delivery of these socio-economic amenities can be guaranteed, the mere quantum of services provided without quality, will not ensure real growth and development.

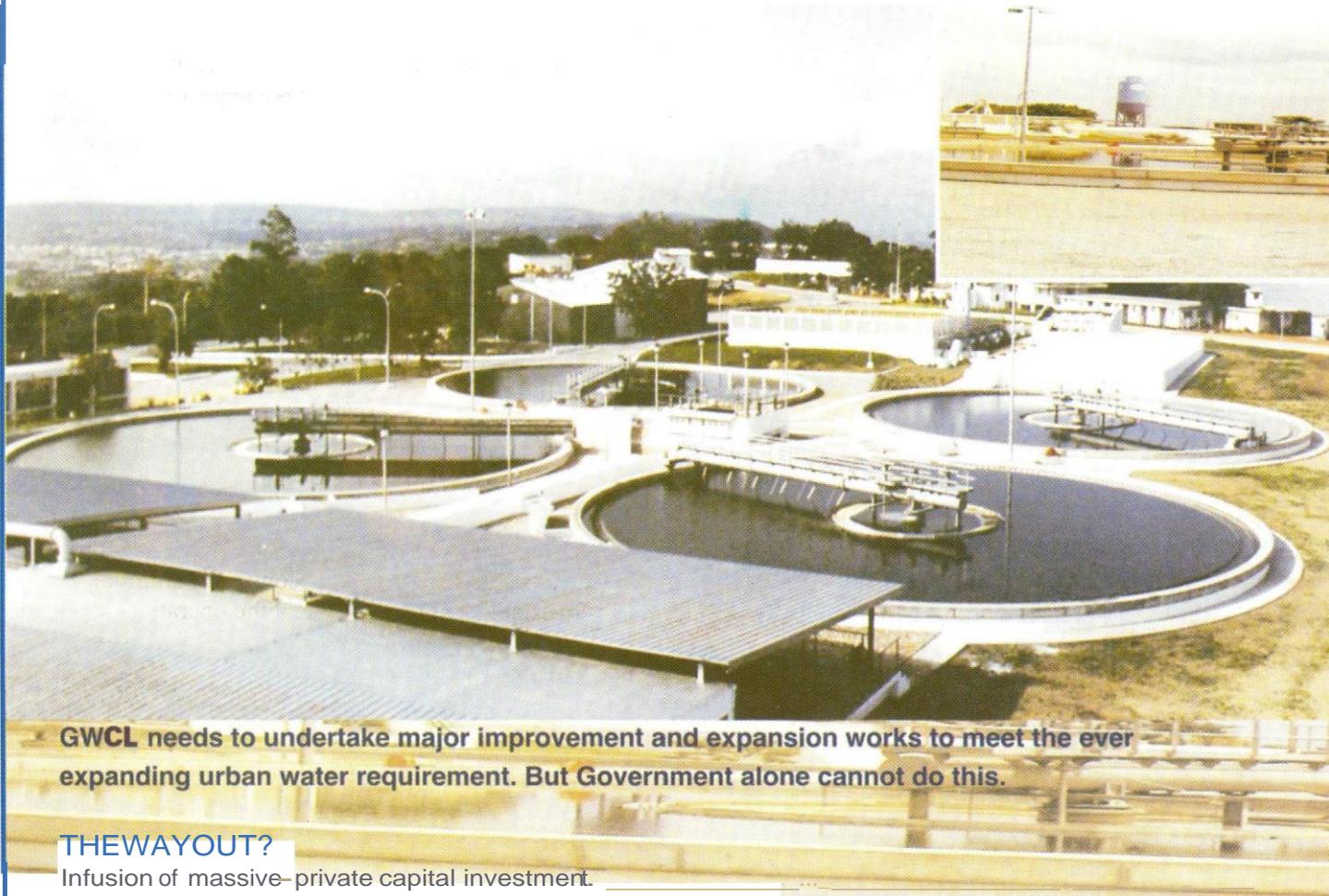
A critical review of the utility sub-sector is a priority in view of the important role that these amenities play in the socio-economic development of Ghana. In recent times there has been a debate at various workshops and public fora involving the quality of delivery by the sector to consumers in general, and the private sector in particular. No doubt, the debate has revealed some issues of concern for both the local entrepreneur and the foreign investor. There have also been some public anxieties on the question of privatizing the utilities, especially the water sector in Ghana. Government is in favor of this and is ready to enter into partnership with the private sector. The question therefore is; will the ordinary Ghanaian be better off by the arrangement or would privatization increase hardships related to supply of water?

Some perspectives on the current state of delivery of Water, electricity and telecommunications are addressed to establish how these affect the operations of businesses in Ghana, as well as to address some of the worrying issues in the public domain. What does the utility sector hold for the future development of the country? Where do we as a nation move from, and how do we do that? From the experience of private sector operators, utility service delivery in the country has not been reliable. For instance, most complaints often include interrupted water supply, unannounced power outages, unreliable telephone services, poor infrastructure, etc. These observations have adversely affected the production processes and hence, the cost of production.

There have been efforts to address the problems posed by unreliable utility services. This is because a reliable utility sector is vital for private sector development. Five separate studies on water, electricity and telecommunications services delivery to the Private sector have been conducted by the Private Enterprise Foundation and the findings have been presented to consumers, service providers and policy makers for their review and necessary actions. The articles which follow are responses to the interaction between PEP and the utility service providers.



Ghana Water Company Limited



GWCL needs to undertake major improvement and expansion works to meet the ever expanding urban water requirement. But Government alone cannot do this.

THEWAYOUT?

Infusion of massive-private capital investment.

PRIVATE INVESTMENT OPPORTUNITIES EXIST IN:

1. Financing of Turnkey Projects.
2. Introduction of innovative Maintenance Systems.
3. Private Sector Involvement in Water Supply and Sewerage Operations
4. Establishment of Subsidiary Companies to Operate Drilling Unit, Workshops, Stores and GWCL Training School.
5. Establishment of Chemical Plants for the Production of Chlorine, Calcium Hypochlorite, Aluminum Sulphate, Soda Ash etc.

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ELECTRICITY COMPANY OF GHANA: CHALLENGES & STRATEGIES

INTRODUCTION

The Power Sector's role in national development is critical. Without electrical energy to turn on the wheels of industry, Ghana cannot expect to survive in the global economy.

Electricity must be available, adequate, reliable and economic for competitive industrial output. The performance of Electricity Company of Ghana (ECG) as the main distributor of electrical energy in the Southern part of Ghana is crucial for the private sector.

Issues like power outages (planned & unplanned) and quality of supply (low and high voltages) become topical since substandard performance in these areas tends to be very expensive to the users.

This analysis covers the state of the electricity distribution system as operated by ECG, the challenges faced by the Company and the strategies it is adopting to improve its service delivery and quality of supply.

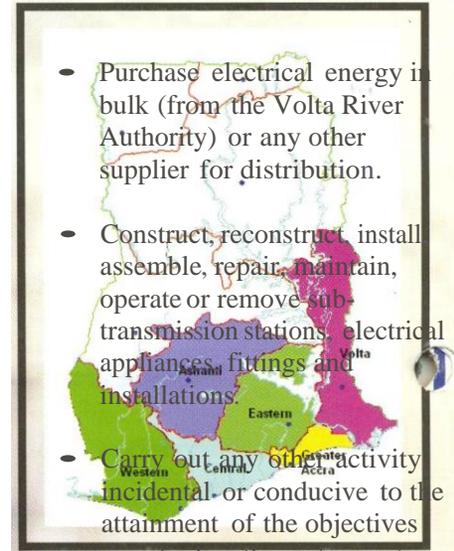
HISTORICAL BACKGROUND

ECG is a private limited liability company wholly owned by the Government of Ghana and engaged in the distribution and supply of electrical energy in the southern part of Ghana.

OBJECTS OF THE COMPANY

The Company exists to:

- Transmit, supply and distribute Electricity



- Purchase electrical energy in bulk (from the Volta River Authority) or any other supplier for distribution.
- Construct, reconstruct, install, assemble, repair, maintain, operate or remove sub-transmission stations, electrical appliances, fittings and installations.
- Carry out any other activity incidental or conducive to the attainment of the objectives specified in the instrument above.

- Operate on sound commercial lines.

VISION

The Electricity Company of Ghana Limited is in the business of distributing electricity in Ghana. The Company is committed to operating at internationally accepted standards of quality, security, profitability and environmental friendliness through the co-operative effort of well-developed and competitively motivated personnel using the state-of-art technology to become and remain the Number One Choice in the industry.

AREA OF OPERATION

- ECG distributes and supplies power in Southern Ghana.
- The area of operation comprises the following geographical regions of Ghana: Ashanti, Greater Accra, Eastern, Western, Volta and Brong Ahafo.

- Lack of modern operational facilities
- Power outages and low system voltages

CHALLENGES AND STRATEGIES

In its operations, ECG is faced with a number of challenges. They may be categorized as technical, commercial and financial.

Technical Challenges

With a customer population growth rate of about 10% per annum a

energy demand growth rate of about

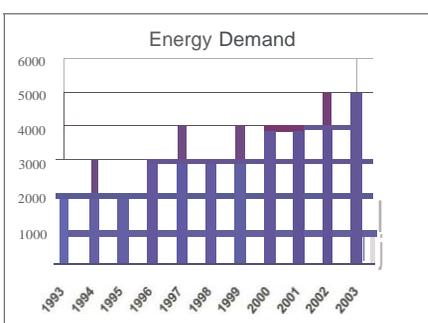
8% per annum, the distribution network (cables, conductors, service wires etc.) should double every seven (7) years. This has not happened due to inadequate infrastructural investment

The technical problems facing the company include the following:

- High energy demand
- Overloaded networks/substations
- Obsolete equipment (33kV and

CURRENT COMPANY PROFILE

Items	2002	2003	2004
Customer population	969,674	1,093,494	1,225,013
Sales (Gwh)	3,199.75	3,342.87	3,540.47
Purchase (Gwh)	4,326.29	4,495.96	4,818.06
Sales (¢ billion) including levies	1,675,211.98	2,433,726.23	2,747,146.09
Revenue Collection (¢ billion)	1,345,346.88	2,113,367.26	2,733,419.40
Revenue) Sales Ratio (%)	80.3	86.8	99.5
Debtor/Sales Ratio (days)	175	169	141
System Losses (%)	26.04	25.65	26.52
Power Demand (MW)	728	775	800.8
Energy Demand (Gwh)	3,199.75	3,342.87	3,540.47
Customer growth rate per annum (%)	8.5	12.7	10.9
Energy Demand growth rate (%)	7	10.7	10.3
Power Demand growth rate (%)	8	6.5	3.3
Staff Strength	4,146	4,484	4,610
Customer to staff Ratio	234	244	263



Major Projects handled by ECG

Notwithstanding Government's inability to provide ECG with the US\$ 100 million needed to bridge the investment gap, ECG through some bilateral arrangements (guaranteed by the Government) and internally generated funds has been able to raise US\$ 200 million over the last couple of years to undertake some urgent and critical projects.

Major projects handled in the period include-

1. National Electrification Project (NEP) (Urban Component) 1995-1999 World Bank (IDA) USD 40m. Kaase, Baatsona, Dansoman and Kwashieman primary substations were built under this project.
2. Accra 2nd Bulk Supply Point (Distribution portion) SIDA with SEK60m.
3. Refurbishment of 33kV and 11kV Switchboards of Accra Network KfW (Germany) DMIOm
4. Accra Supervisory Control and Data Acquisition Project SCADA phase 1. USD 2M

SIDA USD 2.5 million covering 13 Primary Substations for:

5. Upgrade of Primary Substations in major cities including primary Substations BC, D, E, and L all of Accra from 2x10 to 2x20 MVA capacities.
6. Reinforcement & Development of new distribution schemes nationwide

A company study in 1998 with assistance of World Bank Consultants estimated that an amount of US \$185m was needed for the network improvement over a period of 5 years.

The PURC in 1999 recognized the investment problem and suggested that Government provide ECG with an Investment fund of about US \$100 million to bridge the financial gap required to bring the network to the required reliability. The suggestion was not carried through and now to address the above technical challenges, the Company requires an amount of US \$240 million to upgrade the distribution network to its required level of efficiency within the next 5 years.

Strategies for Improvement

ECG is implementing the following strategies to address its technical challenges:

- Upgrade sub-transmission networks to provide firm capacity and alternative sources of supply
- Reinforce and expand the Distribution networks
- Install shunt capacitors at Primary substations to improve system voltage and reduce technical losses
- Introduce live-line work
- Modernize operations
 - Install SCADA in the distribution system
 - Automate Long Rural Networks.
 - Computerize the Network Database - DEGIS.
- Install WAN and LAN for effective voice and data transfer.
- Train and develop staff to build their capacities to respond to modern technological advancements.

On-going activities

- *Distribution Engineering and Geographic Information System (DEGIS)*

ECG has started the modernization of its business processes through Information and Communications Technology (ICT). The DEGIS project is to enable ECG to computerize its Network assets, improve fault tracing and asset management is financing the project at a cost of US \$20m from its own resources and hopes to complete it by December 2005

- *Supervisory Control and Data Acquisition (SCADA)*

The Government of Sweden. The SCADA system will reduce the down time in power restoration and enhance efficiency in control operations.

Commercial Challenges

The main challenges in the commercial operations are revenue collection difficulties and high system losses.

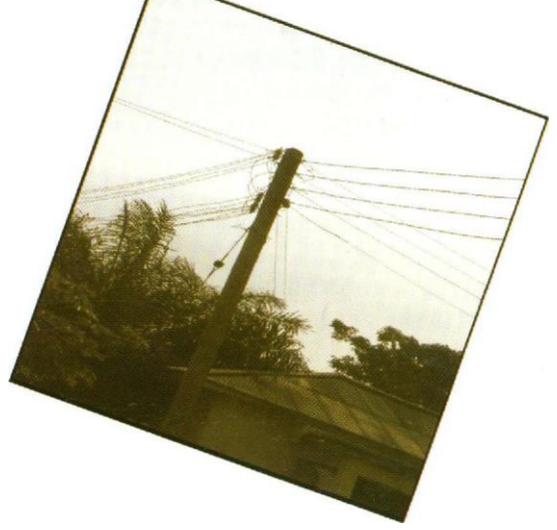
Factors contributing to the revenue collection difficulties and high system losses include:

- A. External Factors:
 - Culture of non-payment of bills by customers
 - Poor payment of bills by sensitive institutions such as Ghana Water Company Limited (GWCL), Ghana Broadcasting Corporation (GBC) and other State Owned Enterprises (SOEs)
 - Low Distribution Service Charge tariff component.
 - Power Theft/Illegal connections
 - Ineffective offset arrangement for settling MDAs bills
 - Disconnection Policy by Regulator on Tariffs. (42-day mandatory bill notice before disconnection can be effected on defaulters).
- B. Internal Factors
 - Delays in service connections and high connection charges leading to power thefts.
 - Metering and Billing errors

Continued on page 20

The first phase of the SCADA project which involved half of Accra primary substations (13 no) was completed on December 3, 2004 at the cost of US \$2m. The second phase which includes the remaining Accra primary substations and those of Tema have also started. This second phase of the SCADA project is

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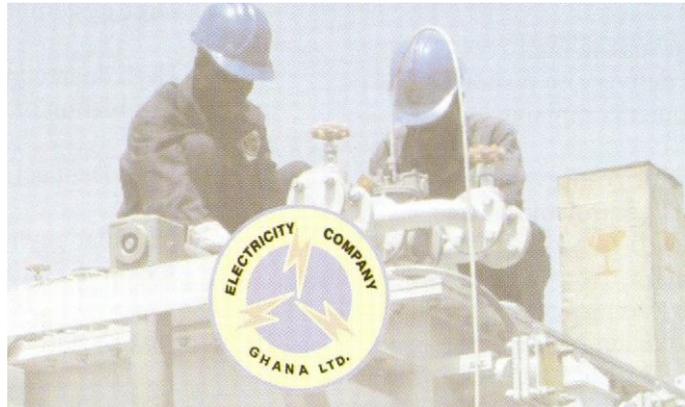
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E-MAIL: ecgho@ghana.com

The Name Behind Power Distribution In Ghana

Strategies to address Commercial Challenges

- Continuous education of customers and general public on the need to pay for electricity usage.
- Train and develop staff to improve customer service delivery e.g. respond promptly to customer complaints.
- Intensify the activities of Revenue Protection Units to control and reduce commercial losses.
- Modernize meter reading activity by using automatic meter reading (AMR) technologies.
- Continue to make representation to PURC for appropriate adjustment of DSC which will make the distribution companies viable.
- Expand installation of prepayment system to cover major urban and metropolitan areas using Build Operate and Transfer (BOT) arrangement.
- Step-up installation of energy audit meters at Bulk Supply Points, Primary and secondary substations to monitor and check energy consumption.
- Government to ensure that inter-utility (ECG), VRA, GWCL and GOG) set off arrangement is working effectively.
- Government to give free hand for sensitive SOEs to be disconnected if they fail to pay or Government take over their utility bills for payment.
- Seek arrangement to the legislation on Termination of Service to reduce the 42 mandatory days before disconnection to 28 days' maximum.

Financial Challenges

Since 1995 ECG has been making net losses. This is due mainly to inadequate distribution service charge (DSC) and unstable foreign exchange rates. In 2001 the company was able to make a profit of ₵110 billion and this was due largely to stable exchange rates. Since then the Company has been making losses.

The other factors which have contributed to this state of affairs include:

- Irregular tariff increases in the past
- High system losses
- High depreciation cost arising out of the revaluation of existing assets
- High Debt servicing requirements
- Irregular payment of MDAs and some sensitive SOEs bills.

Strategies to Address Financial Challenges

- ECG will continue to make representation for an adequate DSC which will be cost reflective.
- ECG is seeking financial assistance from the Government and multilateral donors to upgrade the network to acceptable standard as stated in the PURC Transitional Plan. As stated earlier, an amount of US \$240 million will be needed within the next 5 years to implement the projects.
- Timing of asset revaluation to coincide with the timing of PURC's tariff review for PURC to capture the re-valued asset in the tariff review.

OBLIGATION OF STAKEHOLDERS

The challenges of ECG can be addressed with the support and cooperation of all stakeholders.

Government of Ghana to:

- Assist ECG to obtain funds for system expansion and improvement programs.
- Help ECG's financial restructuring programme
- Promote sound legal framework for the utilities to go about their activities without hindrance.
- Pursue the implementation of the Power Sector Reform Policy.

PURC:

- Should be committed to the timetable for the implementation of economic tariff.
- Should amend LI 1651 requiring a further notice of 14 days prior to termination of service for non-payment of bills.
- Review the structure of tariff to address the compound house effect.
- Formulate fair energy wheeling charges in deregulated market.

Energy Commission to:

- Set realistic performance standards and targets
- Publish the grid code
- Set clear rules and regulations on the deregulated market (Bulk Supply Customers)

VRA to:

- Deliver adequate and reliable supply of electricity.

Customers to:

- Be prepared to pay realistic economic tariff.
- Pay promptly their bills.
- Cooperate with ECG in stemming illegal connections.

CONCLUSION

Owing to lack of funds to invest in the distribution system, ECG Management has had to cope with aged and weak distribution network in order to keep the system afloat. The injection of the necessary investment capital in the distribution system is therefore very critical and should be one of the Government's priority issues to be addressed.

It is expected that with the support and cooperation from stakeholders, ECG will be able to raise the necessary investment capital of US\$240 million in the next five years to improve, reinforce, expand and modernize the distribution system in Ghana.

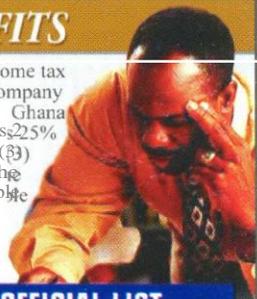
The Company will then be in the position to deliver adequate, reliable, safe and secure electricity that will help turn the economic wheel of the nation for the better.

LIST ON THE GHANA STOCK EXCHANGE - THERE ARE BENEFITS

- Listing on the GSE provides the most appropriate source of long term capital for expansion and growth as well as enabling the original owners realize part of their holdings with time, if they so wish.
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- Listed shares are more freely traded thus enhancing the value through wider ownership and as a result, additional financing is easier to raise through the issue of more shares.
- Listed companies are generally more acceptable to bankers and financiers.

- Furthermore, income tax applicable to a company fully listed on the Ghana Stock Exchange is 25% for the first three (3) years instead of the generally applicable rate of 30%.



Listing Requirements at a Glance

CRITERIA	FIRST OFFICIAL LIST	SECOND OFFICIAL LIST	THIRD OFFICIAL LIST
Prior Existence/Accounts	At least, five consecutive years of audited account.	At least, three consecutive years of audited account.	One year (May be waived).
Stated Capital	₵100 million - minimum	₵50 million - minimum	Minimum of ₵20 million at the time of Secondary market Trading
Public Holdings (as a % of Issued Share Capital)	25% minimum (excluding employees)	25% minimum (excluding employees)	At least 25% (may be modified)
Amount of:			
(a) Preference or equity Shares	(a) ₵30 million - minimum	(a) ₵15 million - minimum	(a) ₵5 million - minimum
(b) Corporate Bonds/Stock	(b) ₵100 million - minimum	(b) ₵200 million - minimum	(b) ₵20 million - minimum
Minimum No. Of Holders			
(a) Preference/equity	(a) To be prescribed in each case.	(a) To be prescribed in each case.	(a) To be agreed with Exchange in each case.
(b) Debt	(b) 100 holders, at least.	(a) 100 holders, at least	(b) 50 holders.
Documentation	Prospectus for public offerings.	Prospectus for public offerings.	Exchange required for public offering.
Management	Sound Integrity, competence and know-how.	Sound Integrity, competence and know-how.	"Short Prospectus" prescribed by the Exchange
History of Profitability	Reasonably profitable, on aggregate during minimum prior period of existence.	Reasonably profitable, on aggregate during minimum prior period of existence.	Reasonably profitable, on aggregate during minimum prior period of existence.
		Initial and Annual Listing Fees	as per sale in GSE Rule Book.

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minimum prior period of existence.

As per in GSE Rule Book.

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THE TELECOMMUNICATIONS SECTOR IN GHANA

Ministry of Communications

The telecommunications sector is undergoing rapid transformation and the fierce competition is resulting in the country-wide expansion of telephone service particularly in the mobile cellular sector. The cumulative impacts of strategies taken over the years have led to this significant explosion.

In a report prepared for Kina Telecom, the Ghana telecommunications market in 2003 totaled \$384 million, with wireless the largest sector at \$157 million, 41% of the total.

With the number of fixed lines in the year 2004 standing at 313,321, number of payphones at 11,037 and number of mobile cellular lines at 1,695,000, the telecommunications industry has witnessed one of the fastest growth rates in the country. By March 2005, the total penetration was about 9.0 per cent, almost nine times the year-end 2000 (National Communications Authority Report).

Beginning of Telecom Sector Reforms

Ghana has been at the forefront of ICT revolution in Africa for more than a decade. Ghana pursued an Accelerated Development Programme (ADP) 1994-2000 for telecommunications with the aim to meet demand for telephone services forecast to be between 300,000 and 500,000 customer lines by the end of 2000. The short-term focus was on strategies addressing priority business demand whilst at the same time measures were adopted to promote broad-based development of the sector.

Government at the time was concerned about access to improved telephone services for the general public particularly in the North of the country. The Upper, Northern, Volta and Brong-Ahafo regions contain 40% of the population and yet had less than 3,800 telephone connections (6 lines per 10,000 people). The thrust of the Policy therefore was to court investment resources to expand local networks, strengthen the institutional and operational capability of the Ghana Posts and Telecommunication Corporation as

well as encouraging



new operators to enter the telecommunications market while at the same time pressing ahead with the restructuring of Ghana Telecom.

f

Under the programme, the Government adopted strategies that authorized the licensing of two national network operators, Ghana Telecom and a new independent operator, WESTEL. Government also supported new financing arrangements to promote investment in new telecommunications infrastructure throughout the country by privatizing Ghana Telecom through the sale of a strategic stake to Telekom Malaysia Berhad (TMB). Other measures at privatization involved the removal of restrictions on private network construction, creation of a single regulatory agency, the National Communications Authority, and finally adopted a liberal policy towards the authorization of value-added services that permitted the authorization of data communication networks and Internet Providers.

By the year 2000, Ghana had in addition to the two fixed network operators, three cellular mobile companies namely; Millicom Ghana Ltd, Scancom Ltd and Celltel Ltd. The number of telephone lines stood at 186,000 for fixed lines and cellular subscription of less than 200,000.

New Telecommunications Policy

The Duopoly granted for the development of fixed network operation ended in 2002 and with this also ended the 5-year management consultancy granted to the strategic investor in Ghana Telecom.

In response to the invitation for strategic investment to undertake Government's specified assignment in telecommunication development, Telenor Management Partner (TMP) was appointed to implement a Business Plan which among other things provided for the extension of telephone service to every town with senior secondary school for Internet and other applications, improvement of quality of service on the existing and proposed telecommunications infrastructure, training and capacity

building, and the elimination of malpractices in the telecommunications sector.

The expansion and modernization of the telecommunications infrastructure was desired for the promotion of ICT as the vehicle for the nation's development. The national ICT Policy and Plan was launched with the vision to transform Ghana in the Information and Technology Age, taking into account the aspirations and the key provisions of key socio-economic development framework documents including the Ghana Poverty Reduction Strategy.

As part of the policy development process, the New Telecommunications Policy was developed with the following objectives:

- Improve universal access to telephone, Internet and multimedia service.
- provide connection to all schools, medical clinics and Government offices;
- fully open, private and competitive Markets;
- provide affordable prices of telecommunication services;

- Streamline efficient and effective regulation of the industry; and
- Create profitable investment opportunities For businesses in all segments of the market.

The strategies adopted for the effective implementation of the policy have included the creation of a vibrant, equitable and transparent regulatory regime, attainment of strong and fair regulatory legislation and the development of human capacity within the regulatory authority.

State of the Industry

The telecommunication industry is currently composed of three fixed Wire-line operators, Ghana Telecom, Capital Telecom and Westel. The four cellular operators are Kasapa, Scancom, Millicom, and Ghana Telecom's OneTouch. Another infrastructure platform is provided by Voltacom (Fibre Optics and Wireless).

This is being de-coupled from Volta River Authority (VRA) and to be registered as a private sector company providing wholesale services for the ICT industry. Meanwhile Broadband wireless is provided by 3'd Rail, Ghana National Petroleum Corporation (GNPC) and NetAfrica.



SUMMARY OF Telecom MARKET IN GHANA

AS AT 31st MARCH 2005 (Source: NCA)

Item	Company	Type of Service		Subscribers
		Fixed	Mobile	
1	Ghana Telecom Co. Ltd	Fixed	Payphones	310,058 10,872
2	Ghana Telecom Co. Ltd	Fixed	Payphones	2,768 165
3	SCANCOM (Areeba)		Mobile	1,012,000
4	MILLICOM GH. LTD (Mobitel)		Mobile	350,000
5	KASAPA		Mobile	63,000
6	CAPITAL TELECOM	Fixed		500
7	GHANA TELECOM (OneTouch)		Mobile	270,000

Total No. of Fixed Lines: 313,321

Total No. of Payphones: 11,037

Total No. of Cellular Lines: 1,695,000

Total of all Services: 2,019,358

Disputes among the operators have been resolved with and there is complete harmony and cooperation in the discharge of their operations. A demonstration of the harmony was exhibited for instance, in their resolution to operationalize and contribute to the Ghana Investment Fund for Telecommunications (GIFTEL) that was launched in December 2004.

The Ministry of Communications and the National Communications Authority (NCA) are in the process of reviewing the NCA Act 524 for further development of the sector. The telecommunications sector would receive a major boost when the national fiber backbone project

This time round, the bulk of the capacity of the 600 kilometers of the Voltacom system would be used in the telecommunications sector for ICT development.



takes off.

THE CURRENT STATE OF SERVICE PROVISION BY GHANA WATER COMPANY LIMITED

Background

The Ghana Water Company Limited (GWCL) is a Public Company primarily charged with the responsibility of abstracting, treating, transporting, storing, and distributing potable water in all urban areas in Ghana for domestic, public, commercial and industrial use.

Its Mission is to ensure potable water is available in adequate quantity and quality in all urban Centres in the country.

The company's vision is to become a reliable and reputable utility provider, valued by its customers and approbatively participating in Ghana's economic recovery agenda.

History of Potable Water Supply in Ghana

Public water supplies in Ghana date back to the 1920s. The hydraulics division of Public Works Department (PWD) was then responsible for construction and operation of the systems. In 1948, the Rural Water Development Department was created with responsibility for provision and management of rural water supplies. In 1958, after Ghana's independence, a new division called the Water Supply Division (WSD), (with its headquarters in Kumasi) was established within the Ministry of Works

and Housing (MWH) to assume responsibility for both urban and rural water supplies.

In 1965, the WSD was transformed by an Act of Parliament (Act 310) to become the Ghana Water and Sewerage Corporation (GWSC) with additional responsibility for sewerage services. However, in February, 1999, GWSC was converted into a Limited Liability Company as Ghana Water Company Limited (GWCL) in compliance with the Statutory Corporations (Conversion to Companies) (Schedule Amendment) Instrument of 1998 (LI 1648). The company has a nine-member Board of Directors which has the over-all responsibility for setting sectoral policies and control of company programs. As the successor company, GWCL took over all the assets, rights, liabilities and obligations of GWSC.

Before Ghana's Independence in 1957, there were about 35 pipe-borne water supply systems in the country. In a

bid to promote rapid national development after independence, the Government launched a crash programme for rapid urban water supply expansion and accelerated rural water development. As a result, by 1999 there were about 208 pipe-borne and over 10,000 hand pumped borehole systems in the country.

To further accelerate water supply coverage, restructuring of the water sector commenced in the early 1990s with the aim of involving the Private Sector in both rural and urban water supply operations. In 1999, the Community Water and Sanitation Agency was established to facilitate small town and rural water supplies. GWSC was subsequently changed to GWCL to manage urban systems and thus transferred 124 small town water systems to the District Assemblies for community management.

GWCL is now responsible for only urban water supply and is in the process of being restructured to involve the Private Sector in its operations to make the company lean, efficient and cost effective.

Other initiatives taken to facilitate the restructuring process include:

- Setting up the Water Resources Commission to be responsible for the holistic management of water resources in the country.
- Setting up of the Public Utilities Regulatory Commission with responsibility for tariff setting and regulating the performance of utility service providers.

CURRENT STATE OF SERVICE PROVISION

Currently GWCL operates about 87 urban water supply systems. The installed Capacity of all the systems is 738,000m³/day. Current production from all the systems is about 572,000m³/day while estimated current demand to meet all domestic, public, commercial/industrial demand is 1,050,000m³/day.

Several factors account for the gap between installed capacity and current production. The key factors are raw water source problems, loss of production time due to power fluctuation or outages, and obsolete equipment.

THE WAY FORWARD

To improve sector performance, four critical areas need overhaul and attention. These are



- Improved Water Resources management
- Removal of negative internal and external impact forces (Institutional reform)
- Ensuring cost recovery through charging of economic tariffs as well as increased financial support from Government and External Support Agencies
- Involving the private sector through participation and partnership in management and service delivery.

IMPROVED WATER RESOURCES MANAGEMENT

Measurement, collection, storage and dissemination of hydrological data, until the mid-sixties, were the responsibility of the Hydrological services division of the PWD. When GWSC was created, this responsibility was transferred to the AESC, now AESL. This function is now performed by the Hydro Division of the Ministry of Works and Housing. Special studies are carried out by the Water Resources Research Institute (WRRI) operating under the auspices of the Council for Scientific and Industrial Research.

The collection of Meteorological data and its dissemination is the responsibility of the Meteorological Services Department. Overall, data collection with respect to the Water Sector is quite satisfactory.

Analysis carried out by Nathan Consortium (Water Sector Studies, 1970) showed that the potentially available surface water resources in Ghana exceed the identifiable needs. (A fraction of the Volta River alone can meet all identifiable needs; the problem is cost associated with transporting water from surplus areas to deficient areas.) The availability of groundwater is fairly satisfactory countrywide though yield from boreholes and sunk wells is such that the use of groundwater is principally suitable for rural water delivery. The main problems that exist with respect to water resources are the holistic use, proper management, issues of water rights and pollution prevention and control. Though GWCL through its act of incorporation has priority to the use of the Nation's water resources, the Water Resources Commission has now been put in place to ensure proper management of the Nation's water resources.

Degradation in the form of deforestation and other abuse in our catchment areas leads to high evaporation rates, heavy siltation and poor raw water quality. Presently the Company faces source problems at a number of its intakes especially in the dry season.

INSTITUTIONAL REFORM

A number of external and internal Impact Forces negatively affect GWCL's performance. Unless institutional reforms take place, many of the negative

impact forces will continue to stifle and impede effectiveness and efficiency.

At GWCL, the internal impact forces include corporate governance / value systems, corporate structures (e.g. management authority and styles); human resources¹ management (e.g. recruitment, redeployment, training² and compensation); financial resources (revenue generation, expenditure budgeting and control); and physical assets (acquisition and management). The external forces include national policies; pricing policy, environmental policies (control and quality of the environment); public perceptions (public image and concerns); demographic factors (demand and gender issues); inflation (effect on cost of operations, affordability of tariffs); and currency fluctuations (effect on debt servicing, exchange losses) etc.

PRIVATE SECTOR PARTICIPATION AND FULL COST RECOVERY

Though water supply is regarded as a social service, the product 'potable water' is an economic good and unless cost recovery can be assured, sustainability of service provision to meet customer satisfaction will prove very, \ difficult. The average tariff approved for the Company over the past several years average about 50% of the cost of providing the service. Unless this pattern changes, the quality of service delivery will continue to dip.



Under the Public Utilities Regulatory Commission (PURC), significant improvement on cost recovery has been made. Current average rates are about 75% full cost recovery but there is room for improvement.

Involvement of the Private sector in service delivery, in one form or the other has a potential of revamping the sector. The table below gives a Menu of Institutional Options and role of Market Incentives:

Table 1: Options and Level of Market Incentives

Range of Re- sponsibility	Menu of Institutional Options
LOW	PUBLIC SECTOR
Role of Market Incentive	XXXXXXXXX (8) Government departments
	XXXXXXXXX (7) Parastatal
	XXXXXXX (6) Service Contracting
	XXXXXXX (5) Management Contracting
	XXXXXX (4) Leasing
	XXX (3) XXX Concessions (including BOT/BOO etc.)
	(2) X Co-operative/Communal Arrangements
	Private Entrepreneurship X (1)
HIGH	PRIVATE

It can be seen from the table that the one way to increase the role of market incentive is to involve the private sector. This is exactly what Government policy for the sector seeks to achieve presently.

CONCLUSION

To conclude, water supply delivery in urban areas in Ghana can be undertaken in such a manner as to ensure reliable and satisfactory service provision that meets customer satisfaction. The surest way to achieve this goal is acknowledgement, accepting and implementing the responsibilities and rights of all stakeholders.

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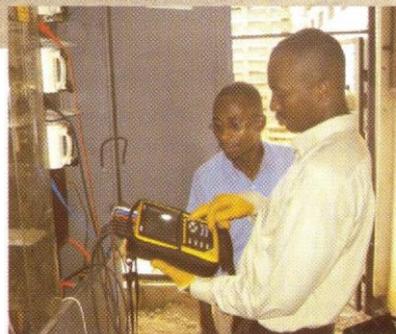
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ENERGY FOUNDATION



GHANA'S TRADE POLICY

Introduction

Ghana's participation in the multilateral trading system began in the mid 1980's with the liberalization of both domestic and foreign trade. The former entailed the removal of price and distribution controls by franchise, as well as less state intervention in economic activity with policies such as deregulation and divestiture of state owned enterprises. Foreign trade liberalization entailed the removal of trade barriers and easing of foreign currency controls to ensure international competitiveness of local production.

The current government has shown its commitment to freer trade and economic reforms with the launch of a new Trade Policy document in February 2005. This policy is set within the context of the country's long-term strategic vision of achieving middle income status by 2012 and becoming a leading agro-industrial country in Africa. The trade policy provides clear and transparent guidelines for the implementation of Government's domestic and international trade agenda. It is also a key tool in achieving the Government's development goals and objectives, particularly as outlined in the Ghana Poverty Reduction Strategy (GPRS) document. The fundamental principle underlying the Trade Policy is that the private sector is the engine of growth, with Government providing a trade enabling environment to actively stimulate private sector initiatives.

In view of Ghana's relatively small market, economic growth must necessarily come through increased international trade. But this will also depend primarily on adding value to Ghana's natural resources and enhancing the competitiveness of local production which in turn can only be achieved through industrialization. Hence, the Ministry of Trade and Industry has developed two parallel strategies to contribute to the realization of Government's development objectives, namely:

- An Export-Led Industrialization Strategy
- A Domestic Market-Led Industrialization Strategy based on Import Competition

The success of the strategies depends on the competitiveness of local producers in both the domestic and international markets.

For some years now, Import Competing Industries have been reported to be facing a number of threats that inhibit their growth. The factors usually noted as being responsible for aggravating the situation have included the inflow of unaccustomed goods through unfair trading practices and also, infringement on intellectual property

rights, importation of imitation products that may usually



carry lower prices. Local manufacturers of skin and hair care products, cigarettes, and textiles in particular, are those seriously affected by these developments.

Export earnings from Non-Traditional Products are expected to grow significantly under the new Trade Policy. After experiencing a drop in earnings from \$404.4m in 1999 to \$400.7m in 2000, Non-Traditional Export earnings considerably had increased to \$560m in 2003 and over \$704m in 2004. Ghana has the potential to substantially increase her current level of earnings from Non-Traditional Exports and there is the need to focus on how to deliver on this potential.

Strategies

The two parallel strategies, i.e. an export-led industrialization and a domestic market-led industrialization based on import competition are to be achieved through the full spectrum of trade policy instruments across seven thematic areas:

1. Multilateral Trade

The Government fully recognizes that international trading rules have a direct impact on Ghana's development, especially in the context of globalization. In this regard, the Government will:

- Fully participate in negotiations in multilateral trading fora to ensure Ghana's national interests are secured, and that the trading rules provide the best opportunities for Ghana's development.

- Retain as much policy flexibility at the national level as possible and ensure Ghana retains the right to adequately support domestic producers.

- Promote Ghana's goods and services internationally.

2. Creating A Fair and Transparent Import-Export Regime

- To encourage investment and raise competitiveness in both exports and imports and provide lower prices to consumers, the Government will:

- Provide simple and clear import and export rules that are transparently applied.

- Provide a level of protection to producers which will encourage the development of competitive local industries.

- Ensure that export incentives and any export regulations will effectively support the development of a competitive export sector.

3. Facilitating Trade

The Government's twin strategies of export-led industrialization and domestic market oriented industrialization based on import competition rely critically on the smooth passage of goods and services across Ghana's borders. In this regard, Government will:

- Ensure speedy and efficient customs clearance and standards inspections for exports, imports and transit goods.
- Facilitate the provision of adequate infrastructure and ensure effective management of ports, airports and land borders.
- Support exporters to comply with international standards
- Negotiate international standards that are favorable to Ghana's exports
- Ensure exporters have access to adequate trade finance facilities

4. Enhancing Production Capacity For Domestic and Export Markets

Export-led and domestic market-oriented industrialization depend primarily on developing supply capacity. It is therefore imperative for Ghana to develop sufficient and competitive production capacity to take advantage of market access opportunities. The Government will:

- Increase access to investment finance and land.
- Facilitate an adequate supply of water, road, telecom, electricity and other services.
- Ensure adequate technical training to increase labor productivity and management efficiency.
- Support technological upgrading, product research and development, particularly for strategic export sectors.
- Enforce effective competition rules.
- Promote strategic upstream and downstream production linkages.

5. Domestic Trade and Distribution

An efficiently functioning domestic market is essential for the development and distribution of products for both local consumption and export. It also promotes consumer welfare. The Government will:

- Ensure adequate financial, market and transport infrastructure is provided to efficiently distribute goods and services within Ghana.

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- Support smooth transmission of prices across Ghana through minimum price intervention
- Support producers and consumers to obtain fair prices for sales and purchases (e.g. enhance collective bargaining power of small producers)
- Promote productive and storage activities that minimize price fluctuations.



6. Consumer Protection and Fair Trade

An environment that promotes fair trade and affords protection to consumers is important for the development of efficiently functioning markets and enhances consumer welfare. The Government will:

- Develop and enforce effective competition, public procurement and consumer protection legislation.
- Ensure national product standards are effectively enforced on locally manufactured and imported goods
- Ensure consumers have adequate access to information and that their interests are effectively represented in Government policy and interventions

7. Protection of Intellectual Property Rights

New inventions, innovative ideas, design and creativity contribute to social and economic growth. Protection of intellectual property rights encourages the development of new technologies to increase agricultural and industrial production, promotes domestic and foreign investment, facilitates technology transfer and improves competitiveness. The Government will:

- Protect and effectively administer intellectual property rights.
- Facilitate technology transfer, particularly in strategic sectors.

The Trade Policy provides essentially, broad guidelines for concrete action in the area of trade. The actual implementation will be effected through a Trade Sector Support Programmed whose Policy Action Statement will specify activities to be undertaken annually. This Programmed will be driven primarily by the Ministry of Trade and Industry but will be coordinated through a cross Ministerial Trade Policy Coordinating Committee, in recognition of its cross cutting nature.

The large TAXPAYERS UNIT (LTU)

Background

Before the creation of the LTU, the IRS and the VAT Service made separate efforts to monitor the operations of large taxpayers through their specialized units: the Large taxpayers Office (LTO) of the IRS and the Large Trader Control and Excise Unit of the VAT Service.

However, since the administration and operations of these two units were under separate revenue agencies, opportunities and valuable information that should have been shared to ensure optimum revenue collection and to enhance taxpayer service were not being realized. Separate administrations also resulted in duplication of efforts on the part of tax officers and subsequent loss of productive hours to large taxpayers.

2. To secure tax revenue by ensuring compliance with basic return filing and payment obligations.
3. To improve the effectiveness of audit activity.
4. To improve the management of tax arrears. economy.

What is the LTU?

The Large Taxpayers Unit (LTU) is a tax administration that focuses efforts on their natively few taxpayers that account for a large percent of total tax collection. The LTU is responsible for the administration of all tax liabilities of the large taxpayers i.e. VAT, Corporate Income Tax, PAYE and Excises. It is organized along functional lines and operates in close coordination with CEPS. The LTU is an amalgamation of the existing Large Taxpayers Office (LTO) of the IRS and the Large Trader Control and Excise Unit of VAT Service.

Why the LTU?

The LTU has been created for the following reasons:

1. To provide a fully integrated unit which will facilitate the amalgamation of the filing, processing and auditing functions of all the tax liabilities of each large taxpayer. It is envisaged that the LTU will link the information and operations of Customs, IRS and VAT for large taxpayers, monitor their import and export activities, and provide services that are commensurate with their contribution to the

5. To provide better services to taxpayers.
6. To provide sufficient focus on the large taxpayers.

Mandate of the LTU

The LTU is mandated to

1. Administer efficiently and effectively the Value Added Tax Act, the Internal Revenue Act and the Excise Duties Act for large taxpayers by providing them with timely and quality services.
2. Introduce a custom 'gold card' program that would provide reduced physical inspections, fast release of goods and immediate payment of, *φ*' drawback claims.
3. Operate the Unit in close cooperation with CEPS.
4. Ensure the effective collection of taxes from the large taxpayers.

Objectives

The LTU has the following objectives

1. Secure tax collections and improve RAGB's revenue performance by undertaking Research on large taxpayers to avoid potential revenue loss.

2. Improve service to the large tax payers by been
- Providing a 'one stop center for all their tax matters with the exception of customs duty.
 - Facilitating the establishment of good customer relations with the larger taxpayer community.
 - Developing educational programs to inform taxpayers on their rights and
 - Ensuring that the LTU staff are trained to adopt a customer oriented approach in their dealing with large taxpayers.
 - Carrying out coordinated audits of VAT and income tax, minimizing the disruption to tax payer operations.
 - Creating an integrated taxpayer ledger
 - Introducing a custom 'gold card' program.
3. Introduce modern audit procedures and collection techniques and implement computer systems to improve the efficiency and effectiveness of tax administration.
4. Provide a pilot site to develop a functional and trader segment based organization where VAT, corporate income tax, PAYE, withholding tax and excise tax administration will be integrated and will include better integration with customs.

Who pays Tax at the LTU

Certain criteria have been established to select large taxpayers. The criteria used include:

1. Annual Turnover
2. Number of employees for whom PAYE is deducted
3. Amount of total revenue yield over previous years or potential revenue yield.
4. Taxpayers with complex tax issues and industry sectors that need special tax expertise
5. Notable companies and multinationals.

Initially, companies with an annual turnover in excess of 30 billion (15 billion for insurance companies) and all employers with more than 500 employees have

selected. It may be necessary to centralize company files from certain industry sectors such as banking and mining or type of tax such as excise in order to keep expertise together and improve audit efficiency. For this reason, companies outside the parameters set above for annual turnover will pay tax at the LTU.

The main industry sectors represented used these criteria are: banking, mining, petroleum product distribution, construction, utility services, telecom and communication services, government ministries/departments/agencies, manufacturing, general trade, services, automobile dealers, insurance, IT providers.

Approximately 360 companies have been initially selected to form the nucleus of large taxpayers whose tax affairs would be administered by the LTU.

With experience gained in the administration of the LTU, the selection criteria used to categorize large taxpayers will be reviewed to determine if they need to be amended to identify large taxpayers.

Benefits

The LTU will provide immense benefits for both the large taxpayer and the professional tax official. The LTU will: -

1. Improve compliance with tax laws by:

- a. Ensuring that tax returns are filed on time and payment received on due dates.
 - b. Ensuring returns are audited on a timely basis and the correct tax collected promptly.
 - c. Ensuring fair and equitable application of tax laws to all large taxpayers.
2. Reduce paper burden and cost to both the large taxpayer and the revenue administration
 3. Eliminate duplication of effort
 4. Provide modern services to large taxpayers
 5. Provide more challenging careers for staff
 6. Encourage specialization in sectoral tax administration
 7. Reflect a professional image of the revenue administration by providing timely information and streamlining and simplifying tax procedures.



The 3

BENEFIT OF THE SSNIT PENSION SCHEME

1. OLD AGE / RETIREMENT PENSION
2. INVALIDITY PENSION
3. SURVIVORS' LUMP SUM

WHAT ARE THE QUALIFYING CONDITIONS?

1 OLD AGE / RETIREMENT PENSION

- Must have attained the age of 60
- A reduced pension could be paid between the ages of 55-59 and
- Must have contributed for a minimum period of 240 months.

2 INVALIDITY PENSION

- Must have been a member for a minimum period of 36 months
- Must have made at least 12 monthly contributions in aggregate within the last 36 months
- Must be certified invalid by the SSNIT Medical Board.

3 SURVIVORS' LUMP SUM

- When a member dies before retirement
- Should not have attained 72 years at the time of death if member is a pensioner.

FOR FURTHER ENQUIRIES CONTACT:

THE HEAD OF PUBLIC AFFAIRS DEPARTMENT,
SSNIT PENSION HOUSE,
P.O. BOX M149, ACCRA

TEL: 021- 667731/4-9,668663-5 EXT. 2205 • 2207 • 2209 • 2210 • 2212

TEL/FAX: 021- 667742 • 686373 or any SSNIT Branch



We deliver on our promise!

DISTRICT BUSINESS COALITIONS

A PEF Project to Strengthen Private-Public Partnership at the District Level

INTRODUCTION

Policies, regulations and institutions that promote an enabling environment for the private sector can make a substantial contribution towards poverty reduction.

Over the years, the Government of Ghana has made efforts to create an enabling environment supportive of private

- sector development. In the main, however, these efforts have failed to reach the private sector at the district level. The private sector is increasingly being ignored in the policymaking process at the district level as a result of the lack of effective dialogue between micro and small scale enterprises and the District Assemblies. It is against this background that the Private Enterprise Foundation (PEF) with support from the Business Sector Advocacy Challenge (BUSAC) Fund undertook a pilot project in four (4) districts Tachum (BrongAhafo region), Ejisu-Juabeng and Kwabre (Ashanti region), and Dangme East (Greater Accra region) to strengthen private sector participation in policy Making.

- Entrepreneurs are not consulted on issues that affect their operations, e.g. the fixing of rates

Situational Analysis Report

An initial study undertaken at the beginning of the project veiled that:

- All the district administrations recognized the importance of the private sector in generating employment, revenue, etc.;
- There was obvious misunderstanding by the district administrations of the importance of the business community's role in policy debate;

Whilst the private sector lacked the capacity to advocate on behalf of its constituents, the public sector also lacked the capacity to advocate on behalf of the private sector;

- Whilst avenues existed at the district level for the private sector to make inputs into district level policies, such avenues are rarely utilized (except in districts where the USAID funded Government Accountability Improves Trust (GAIT) Project was on-going;

Project Activities

First, it was crucial to begin changing the mentality of the business community and the public actors. This was important because the private sector at the district level felt it had little power to influence legislation. The private sector's inability to influence policy stems from the limited access to information, the absence of a process by which the district assembly could accept and handle inputs from the private sector, as well as the limited knowledge about how the local government administration works.

The second element involved the institutionalization of a system-based advocacy process within the districts. PEF recognizes that if the private sector's mindset about advocacy were to change, it would have to come through business associations as they already have the capacity to mobilize grassroots support. The process embarked upon provided district business associations with a framework to plan, implement and evaluate public policy advocacy initiatives.

The third aspect involved proposing changes to the district assembly process. Public actors have to

consciously involve private sector actors in the design, implementation and evaluation of policies.

Project Results

- To overcome the inherent challenge to developing a sustainable public policy advocacy effort within the districts, PEF focused on an approach to build coalitions among business associations and to allow them to gain both confidence and strengthen their relationship with public actors. District Business Coalitions were formed in each of the pilot districts. These are groups of business associations that collaborate to develop a unified programme that can be mainstreamed into public policy programs.
- An organizational 'diagnostic' study of business associations was undertaken to assess their capacity and determine potential partners. The diagnostic study was used as a guide to design programme activities and provide baseline information for measuring the development and impact of the project. PEF then conducted basic

E11terpris

and levies.

association management training for the District

programmes were designed to business association management and governance skills to executives and leaders of the business associations. The training also highlighted the role of business associations in exercises in democracy, whereby associations serve as the voice of the business community at the district level. The programme included sessions on strategic planning, organizational and corporate governance, the legislative process, advocacy, and the role of business associations in democratic societies. The training programme also served as "dialogue conferences" in which both local government officials and the business community were sensitized to the benefits of engagement and collaboration.

- Each Coalition was assisted in addressing a key policy issue at the district level.

Project Achievements

1. The Tax Stamp

It was observed that the business community at the district level had very little knowledge about the rationale for the taxes/rates/levies being collected. There was therefore the need to provide appropriate information and guideline for the Taxes. It was observed that this was a cross-cutting issue affecting the business community in all the pilot districts. Officials from the Internal Revenue Service (IRS) and the District Assemblies (DAs) were invited to educate the business community on the New Tax Stamp and the Taxes/Levies charged by the DAs with respect to which taxes are payable, why they are paid and what to expect when taxes are paid.

Follow-up advocacy activities by the Techiman District Business Coalition resulted in a review of the tax rates. The current rate ranges from ₵50,000 to ₵150,000 for most of the traders instead of the initial rate of ₵150,000 to ₵250,000. Table-top sellers and hawkers now have to pay ₵30,000, a decrease of 40% from the initial amount of ₵50,000.

The private sector at Dangme East was educated on the Tax Stamp by officials of the Internal Revenue Service from Ashiaman since the IRS has no office in the district. The setting up of an IRS office in Dangme East District is on the agenda of the Coalition.

2. Credit facilities

Access to credit was identified by the Ejisu-Juabeng District Business Coalition as a major hindrance to enterprise development. The Coalition invited officials of the Juabeng Rural Bank to discuss how to improve Business Associations' access to credit from the Bank.

3. Representation of business associations at District Assembly General Meetings

The Techiman District Business Coalition is seeking representation as non-voting members in the District Assembly General Meetings to enable them present their views. The issue is still being discussed at the district level.

4. Market promotion

After the training sessions, a gari-producing association in Dangme East District sought assistance funds from the BUSAC Fund to undertake advocacy activities which resulted in educational institutions in the district purchasing gari produced by the association instead of purchasing the commodity from outside the district.

The Way Forward

Although the project has increased the advocacy capacity of business associations through the establishment of the District Business Coalitions, there are more challenges ahead. First, funding for the initial project, which was provided by the BUSAC Fund, will come to an end. The sustainability of the coalitions will now depend on their capacity to source funding to support headlock activities. While the initial achievements were impressive, the empowerment of the private sector at the district level would require a long term advocacy promotion rather than a short term one.

The second challenge to private sector participation is local governments' willingness to respond to input from the business community. Though initial cooperation has been established, unless the Coalitions and the District Assemblies aggressively continue their efforts, the current momentum may be lost. Without the appropriate resources to sustain the effort, the Coalitions cannot effectively participate in policy formulation and implementation at the district level.

The third challenge to the Coalitions is the ability of business associations to put aside their individual interest and present a common front to effectively influence policies at the district level.



programmes were designed to

3. Representation of business associations at

PROFESSIONAL SING GHANAIA, NONTRADITIONAL EXPORT BUSINESS

The story of FAGE began in the early 80's when government felt the urgent need to diversify Ghanaian exports by encouraging non-traditional exports. It recognized the immense potentials of non-traditional exports in foreign exchange generation for the country. The country's export strength then lay solely in cocoa, gold and other mineral resources in their raw state, unprocessed timber and electricity.

While government developed the structures to promote and enhance non-traditional exports, it became obvious that one important link was missing from the plan to move the sector forward. That link was a non-state private sector body with the relevant skills and expertise to be the focal and convergent point for Ghanaian exporters. That body would be the mouth-piece of non-traditional exporters and its critical role would be to advocate and protect the interests of its constituent exporters as well as develop products and services that would enhance their performance leading to an upwards adjustment of export returns.

Having identified that missing link, the **Federation of Associations of Ghanaian Exporters (FAGE)** was formed in April 1992 with the assistance of USAID as a private, non-governmental, not-for-profit member-based organization to fill that gap in the country's trade and export development plan. FAGE was set up as the

umbrella organisation of export associations and exporting firms in the country.

The objectives of FAGE include the following:

- To consider all issues concerning exports and to represent and articulate views and opinions, make suggestions and make recommendations to Government, other agencies and foreign entities.
- To influence policy measures related to trade with a view to improve the environment and enhancing exports.
- To promote the expansion and diversification of Ghanaian exports to foreign markets
- To improve the performance and welfare of products associations and their members.

- To offer specialized services to its members and exporting entities that will facilitate and promote exports from Ghana

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Such services include:

- Establishing and maintaining standards
Secure and exchange information on trade regulations, tariffs, fiscal charges and other marketing techniques and business practices
- Documentation services and the securing of funding for export production processes and marketing
- To identify the training needs of small-scale businesses and conduct appropriate training

It has been a good thirteen years now (13) since FAGE was set up. In addition to its advocacy functions, FAGE has over the years developed a wide range of business solutions and other interventions that would enhance export competitiveness increase the level of professional practice among exporters at the firm level and create efficiency among non-traditional export operators.

Today as a result of its good work, FAGE has maintained a broad based membership of fifteen product associations and several exporting firms. The range of N.T. Es of members include fruits, vegetables and other agricultural produce, food items, handicraft products, clothing, textiles, and other manufactured items.

PRODUCTSANDSERVICES

The range of products and services are:

- Policy and Business Development Initiatives
- PAGE's Quarterly Magazine: The Export News
- Weekly Price Bulletin
- Directories and Other Market/Technical Publications
- Customized Market Surveys/Technical Research
- E-Business Applications - WWW Design and Hosting
- Internet Access and Electronic Productivity Tools
- Training Workshops and Seminars

Critical among the products and services are the provision of market and trade information packages, business-advisory services, training, and marketing and other export development and management support programmes.

This is an exciting project and exporters and the business



CHALLENGES

A major challenge confronting PAGE is changing its dependence on donor support and changing into an organisation that generates its own income through well-defined customer and client based services. Sustaining the organizational and program development gains made so far is another uphill task.

SUCSESSES

In the face of difficulties, PAGE has achieved some successes. Critical among them is the establishment of the legitimacy off AGE as a representative body of exporters. Indeed, PAGE's credibility as an organization capable of championing the interests of the export community and developing products and services to advance the export business has been greatly enhanced.

Through the initiative of PAGE, member associations are also beginning to understand the need for good governance practices which are key to business development procedures. PAGE has over the years organised training programmes, offered market information to members and carried out business counseling sessions on various aspects of the Exporting industry. PAGE has been persistent and Consistent in its advocacy role on behalf of exporters and we draw satisfaction from the fact that a greater number of issues raised have received or are receiving attention.

FAGE has also organised a wide range of training programmes for exporters and offered support to export associations. Recognizing the importance of ICT in exports, PAGE has assisted member associations and corporate bodies to develop their websites.

CURRENT ACTIVITIES

Work on PAGE's Exporters' Resource Center is in progress. When completed, the centre will have about three Business Incubation Centers (B.I. Cs) and a training room fitted with computers. Each BIC would be fully equipped with a computer hooked to the Internet, a telephone, fax and photocopier among other secretarial inputs that can immediately put any exporter in touch with his or her business partner. The Resource Center would have a library stocked with books, catalogues, and other documents to facilitate research by exporters. Already a satellite facility is under installation which when completed will improve access to electronic information.

community are encouraged to patronize the services to be offered at the centre when completed.

PAGE is working with GTZ to explore ways of strengthening export associations to grow them into strong advocacy and financially sound entities. PAGE is also exploring ways of securing market openings for members. We are also discussing ways of assisting N. T. Es to maximize returns from their participation in exhibitions.

— Enterprise Forum Jan. - Jul. 2005 —

FUTURE OUTLOOK FOR PAGE

PAGE's goal is to become an independent self-financing export business solutions provider with a strong international consulting capability. In the years ahead the Federation will continue its work with all stakeholders in the export business community as well as its network of local and international partners to deliver and/or add value to export operations and thereby increase the contribution of non-traditional exports to the overall development of Ghana. PAGE is working on strategies that would offer exporting firms access to the West African market and beyond. Other future programmes include the development of codes of conduct and practices to guide the conduct of business in the export sector.

ACKNOWLEDGEMENT

At this point, PAGE wishes to acknowledge all who in their various capacities have contributed to its hard but successful journey this far. We appreciate the immense direct support of the USAID who until recently have been a partner rather than just a sponsor. PAGE also appreciates the support received from the entire members of the Executive Council who have been a "true pillar of support". The assistance of such international organisations as UNDP, GTZ, APDF and state organisations such as MOTI, MPSD, EDIF and several

our major sponsors. PAGE sees USAID more as

PAGE is dedicated to its goal of working to enhance the performance of Ghanaian N.T. Es and we welcome any support and comments that would assist us to achieve our goals.

Critical among the products and services are the provision This is an exciting project and exporters and the business

Ghana Free Zones Board

Gateway to West Africa

The Ghana Free Zones Board promotes, facilitates, monitors and regulates investments under the free zone scheme. The free zone programme provides investors the opportunities to use Ghana as a focal point to produce goods and services mainly for export.

WHY INVEST IN GHANA?

Ghana has the following unique advantages for free zone investments

- A stable political environment within the West African sub region
- Abundant, adaptable and easily trainable labour force
- A competitive daily minimum wage rate
- Duty free access of manufactured exports to USA (AGOA) and European Union (EU) markets
- No restrictions on issuance of work and residence permits to free zone investors and expatriates
- Excellent sea and air connections with daily flights to Europe and USA
- Strategic and central location within West Africa providing access to a market of 250 million people
- An already existing industrial base
- A dynamic private sector willing to collaborate with foreign partners
- A committed and progressive government private sector participation
- A high degree of personal safety
- A truly hospitable people

INVESTMENT GUARANTEES

Ghana is a signatory to a number of investment guarantees, which serve to mitigate the risk of doing business. These include:

- Signatory to Multilateral Investment Guarantee Agency (MIGA) Convention
- Dispute settlement guarantees also include:
 - Dispute settlement guarantees under United Nations Commission on international Trade Law (UNCITRAL Rules)
 - Convention of the International Centre for the Settlement of International Disputes (ICSID) International Chamber of Commerce
 - Ghana Government Guarantee against expropriation and nationalization

Ghana has also signed bilateral investment protection agreements with a number of countries.

INCENTIVES

The extensive and generous incentives packaged in the Free Zone Act (1995) for investors interested in developing and operating free zone enclaves and single-factory free zones in Ghana include:

- 100% exemption from payment of direct and indirect duties and levies on all imports for production and exports from free zones;
- 100% exemption from payment of income tax on profits for 10 years and shall not exceed 8 per cent thereafter;
- Total exemption from payment of withholding taxes from dividends arising out of free zone investments;
- 100% ownership of shares by any investor-foreign or national-in a free zone enterprise is allowed;
- There are no conditions or restrictions on repatriation of dividends or net profit.
- Unlimited expatriate quota

PRIORITY SECTORS

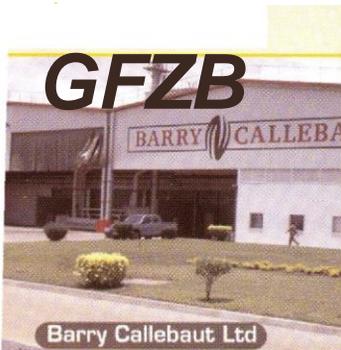
Ghana has comparative advance in the following sectors:

- Information and Communication Technology (ICT)
- Textile/apparel Manufacturing
- Agro-food Processing
- Seafood Processing
- Jewellery/Handicraft Production
- Metal/Hand Tool Fabrication
- Light Industry/Assembling Plant
- Ceramic Tiles Manufacturing
- Pharmaceuticals
- Ethnic Beauty Products
- Floriculture

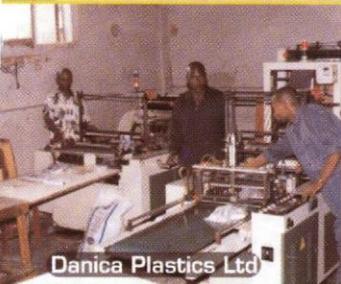
Tema Export Processing Zone

- Offers a range of property options including factory shells, office space and serviced lands.
- Located 5km from Ghana's largest sea port with a concentration of labour, industries and well developed infrastructure
- Dedicated utility supplies like water, electricity, telecommunication services all at affordable rates
- The convergence of all frontline export investment promotion institutions into a one-stop-shop

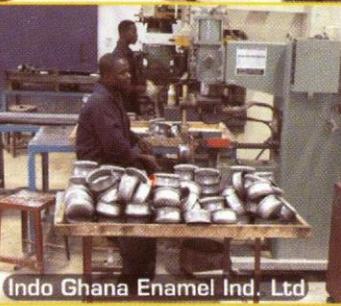
The TEPEZ is also linked to the airport and seaport by a first class road network.



Barry Callebaut Ltd



Danica Plastics Ltd



Indo Ghana Enamel Ind. Ltd



Tongu Fruits Ltd



Network Knitwear Ltd



Top Industries Ltd

21) 780535, 785037, 785038 FAX: (+ 233 21) 780536, 780537
E-mail: info@gfzb.com. gfzbes@ghanatel.com.gh Website: www.gfzb.com

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SOLIDARITY MESSAGE AT THE 27TH ANNUAL GENERAL MEETING OF THE SOCIETY OF PRIVATE MEDICAL AND DENTAL PRACTITIONERS- GHANA

BY DR. OSEI BOEH-OCANSEY, DIRECTOR-GENERAL, PEF

On behalf of the Governing Council of the Private Enterprise Foundation and on my own behalf, I wish to thank you most sincerely for extending an invitation to PEF to be part of the opening ceremony of the 27th Annual General Meeting (AGM) of your society.

Indeed, for the private sector in Ghana to be the 'Engine of Growth', we need to chart a common path for the rapid development of our country and to be able to meet targets set in the Millennium Development Goals and under the Ghana Poverty Reduction Strategy.

May I take this opportunity to give a brief background of the Private Enterprise Foundation. I am here assuming that most of your membership has sparse knowledge about the Foundation.

The Private Enterprise Foundation (PEF) is a national centre for advocacy and promotion of the private sector. It is a non-political, not-for-profit organization incorporated in 1994, as a company limited by guarantee under the Companies code.

The mission of PEF is to service the development needs of the private sector by influencing government policies and regulations in order to create an enabling environment for a private sector-led economic growth strategy and national development.

Members of the Foundation are:

- The Association of Ghana Industries (AGI)
- Ghana National Chamber of Commerce and Industry (GNCCI)
- Ghana Employers Association (GEA)
- Federation of Associations of Ghanaian Exporters (FAGE)
- Ghana Association of Bankers (GAB) and
- Ghana Chamber of Mines (GCM)

In the implementation of its programmes of action, PEF works in close collaboration with the Association of Small Scale Industries (ASSI), Ghana Association of Women Entrepreneurs (GAWE), Ghana Association of Consultants (GAC) and the Ghana Real Estate Developers Association (GREDA).

The theme of this year's AGM is 'THE CHALLENGE OF MALARIA'. You could not have chosen a better theme at this time given the contribution of malaria to out-patient medical statistics and under-five mortality rates. This is because, from the records, malaria accounts for about 44% of all out-patients seen at health facilities and 22% of under-five mortality throughout the country. And if we should add the contributions of HIV / AIDS and Tuberculosis, then one sees the pressing need for serious Public-Private sector collaboration.

Through the Global Fund, funding has been made available to the country to fight these three killer diseases. The question that needs to be answered is 'how have the private medical practitioners and their associations positioned themselves to play active roles in these programmes? Are you well represented on the Country Coordinating Mechanism (CCM) of the Global Fund?

Do you know enough about the CCM?

At the G8 Business Action for Africa Conference, part of the G8 Heads of State summit, in July 2005 in the UK, it was resolved that to tackle the critical health problems, halt the destruction of skills and family structures and address Africa's legacy of poverty, the Global Fund shall benefit from a comprehensive and well-funded support.

PEF has participated in a few key initiatives in the health sector. One example is the Treatment Acceleration Project, sponsored by the World Bank, designed to use non-governmental, private and community-based support activities to complement public sector-based treatment activities and provide a continuum of care for the poor in urban and rural low-income settings; and increase the number of people being treated through the extension of company treatment benefits to include all members of surrounding communities, NGOs and associations of PLWHA. The Foundation has been keen in trying to help build capacities of private sector health providers in terms of equipment, logistics and human resources.

As part of the preparations towards the implementation of the Treatment Acceleration Project (TAP), PEF undertook an exercise in 2004 to ascertain the status of private health providers in four regions (Gt. Accra, Ashanti, Western and Eastern), with respect to accreditation.

It is disappointing to report that out of twelve private clinics assessed, only three had attained Ministry of Health

Enterprise Foundation.

— Enterprise Forum Jan.- Jun. 2005 —

accreditation as at May 2004. PEF, working with you, will advocate strongly and monitor closely the capacity building component under the TAP. Since 2001, PEF, in collaboration with Family Health International (FHI) initiated and managed a USAID funded workplace HIV / AIDS Programme in selected companies and Trade Associations in three Regions of Ghana with remarkable success. The programme's activities included Advocacy at all levels, assisting companies to develop workplace policies, establishing workplace programmes through the training of peer educators/counselors, development, pre-testing, and production of BCC/IEC materials for the companies and their surrounding communities, Media advocacy on workplace programmes, promotion on CT /PMTCT and Condom Use.

E OF YOUR SOCIETY IN THE HEALTHINSURANCE SCHEME

One point I want to challenge your association to deliberate on at this meeting is the role of private medical and dental practitioners in the National Health Insurance Scheme. Have we positioned ourselves well to be part of the scheme? Were we even involved in the planning stages of the scheme and how? Answers to these and other questions will give a clear direction and indication of the position of the association in the implementation of the National Health Insurance Scheme. As far as we at PEF are concerned, we fully endorse the participation of private sector practitioners in the scheme since you are already providing services to a large segment of the population around the country.

At this juncture, I will want to assure your society that the Private Enterprise Foundation is prepared to team up with you to work in collaboration with the public sector to provide effective health care delivery in the country. Even though you are highly skilled health professionals, most of you are owner-managers of enterprises. Most of these enterprises will be classified as Small or Medium-sized Enterprises (SMEs) which have characteristics and frustrations in common with other SMEs; business registration, expansion and growth; credit or finance; corporate governance; taxes; corruption; public-private partnerships; the business environment.

These concern you; they are also preoccupations of the Private Enterprise Foundation. I am more convinced now that Private Sector Development in Ghana as the engine for economic growth and poverty elimination will be impaired or at best stunted, unless the Society of Private Medical and Dental Practitioners-Ghana is empowered to make a contribution commensurate with its potential.

I wish you all the best in your deliberations and look forward to welcoming you into the fold of the Private

SOLIDARITY MESSAGE AT 2005 AGM OF THE GHANA CHAMBER OF MINES

BY DR. OSEI BOETH- OCANSEY DIRECTOR- GENERAL, PEF

It gives us great pleasure for us to be able to join you today in celebrating 77 solid years of active and continuous service; we are indeed proud to be part of the celebration.

On behalf of the Governing Council of the Private Enterprise Foundation, and on my own behalf, I do congratulate the Ghana Chamber of Mines on the occasion of your 77th anniversary. Your achievements over the decades have contributed immensely to making Ghana one of the leading mining countries in the world.

It is widely recognized that mining firms in the country, including members of GCM, contribute about 40 percent of foreign exchange earnings (US\$ 908m in 2004), and about 4.9 percent of the Gross Domestic Product (GDP) is expected this year from

the sector; avenues of employment are offered to many Ghanaians (16,000 in 2004) and through stability agreements, many member firms of GCM expend a (ONE) percentage of their turnover on community development projects.

Yet, paradoxically, there are widely circulated reports that, links between extractive industries and poverty in developing countries, according to some studies, reveal that countries highly dependent on the mining sector have low standards of living and high poverty rates, while their economies are vulnerable to external shocks; that the growth of mining in many areas had brought increased social conflict, displacement and pollution, all of which impacted directly on poor communities which depended on land and water for their livelihood.

We all know that the Ghana Chamber of Mines works tirelessly to ensure that mining activities bring greater benefits to local communities and the national economy and to continuously reduce the negative human and environmental impacts, in collaboration with respective agencies of State.

This year, the 77th anniversary of the Ghana Chamber of Mines, is also a year of great significance for Ghana and Africa. At Gleneagles in Scotland, leaders of the rich and powerful G8 nations will meet in July under UK's chairmanship. In September, the world will review progress on the United Nations' Millennium Development Goals set out to halve world poverty by 2015. Africa has been placed at the center-stage of world attention by its record of staggering poverty and stagnation. UK's Commission for Africa has proposed a coherent package to give Africa a big push on many fronts at once. A private sector response is

sector response is being marshaled, and I am confident that the mining industry in Ghana will be counted among the champions.

At the heart of Africa's accelerated development are economic growth and governance.

GCM collaborated with the Private Enterprise Foundation to successfully execute its assignment when the Foundation was appointed by the Governing Council of the National African Peer Review Mechanism in 2004 to prepare the country's self-assessment on Corporate Governance. The report covered how companies are governed in Ghana and how their activities impact on the stakeholder population, broadly defined to include consumers, communities, employees, boards of directors and their members; the report also assessed compliance with standards and codes, including laws, regulations and rules, binding at the national level or through international treaties.

Ghana was the first country to be peer-reviewed under the APRM, an instrument of the African Union's New Partnership for Africa's Development (NEPAD), amply demonstrating the increasing transparency and improvements in national governance which are beginning to yield dividends, showing in the national economic statistics and which in time should translate to a positive impact on the lives of citizens at the community, corporate and household levels.

In a recent report, the World Bank (December 2004) ranked African countries with respect to Public Procurement reform progress towards a functioning legal framework, the practice of modernized procedures, independent fiduciary control, transparency, effective anti-corruption measures, etc. as follows:

South Africa	72
Uganda	65
Ghana	60
Tanzania	55
Mauritius	55
Malawi	50
Madagascar	50
Mali	40
Senegal	37.5
Kenya	37.5
Burkina Faso	37.5
Nigeria	32.5
Cote d'Ivoire	25
Gambia	17.5
Togo	2.5

Ghana ranks a close third after South Africa and Uganda

GCM and other members, under the aegis of the PRIVATE ENTERPRISE FOUNDATION, hold quarterly meetings with the Ministry for Private Sector Development and PSI and bi-annual meetings with the Presidency.

Many concerns of member companies have been presented directly to the highest political leaders and legislators of the land and many have received prompt attention, some of which solutions have been cited in the 2005 National Budget and Economic Policy Statement.

Together with GCM, the Foundation is working assiduously at the review of outdated business laws in order to help improve the legal and regulatory environment and further reduce the burden on businesses in their quest to grow this economy from poverty reduction to wealth creation for the benefit of the peoples of Ghana.

We doff off our hats to the Ghana Chamber of Mines, in recognition of its laudable achievements and particularly, its active involvement in the activities of the PRIVATE ENTERPRISE FOUNDATION.

We salute the President, Executive Council, Management and the general membership of the Ghana Chamber of Mines on this most auspicious occasion of your 77th anniversary and wish you all many more years of profitable business.

GB: BUSINESS ACTION FOR AFRICA SUMMIT

5-6 JULY, 2005 LONDON

Statement presented to Prime Minister Tony Blair, President of G8 Heads of State summit, 6-8 July, 2005. Gleneagles-Scotland

The Summit launched Business Actions for Africa (BAA), which is a business campaign to support Africa's development, and brought together over 330 African and international companies from 36 countries. We are united in the belief that business should be an active partner with governments, donor institutions and other parts of civil society in supporting sustainable development in Africa. The meeting was opened with a welcome address from Prime Minister Tony Blair President of the G8, and closed by President Obasanjo, Chairman of the African Union (AU) and NEPAD Heads of State and Government Implementation Committee and Secretary of State

for International Development, Hilary Benn. President Mwanawasa and Deputy Prime Minister Lehohla addressed the meeting together with Ministers from Algeria, Cameroon, Egypt, Rwanda, Senegal, South Africa and 80 private sector speakers. The Summit was co-sponsored by the G8 and NEPAD, and organised by the Commission for Africa and Commonwealth Business Council.



HEADLINE MESSAGES FROM BUSINESS

Africans through AU/NEPAD have resolved to take responsibility for the renaissance of their continent, and transformation of social, economic and political governance has begun in many African countries. Given a fair chance, fair trade and good government, Africans will transform their economic and social prospects.

The language of intergovernmental debate - of debt, aid, poverty and conflict dominates the way Africa is

discussed externally, reinforcing perceptions of a continent of problems. But Africa deserves increasingly to be seen, a continent of opportunity. Africa's new business leaders, and most investors in Africa, feel this growing sense of confidence. We therefore call on governments to respond more vigorously to the private sector's perspectives and experience on what works, and to build a genuine partnership for growth with us.

We support the G8 Africa Action Plan and the need for significant increases in the quantity and quality aid flows to support investment in health, education, agriculture, capacity building and infrastructure. There should be transparency in the governance of such funds and that they should not be deployed in such a way as to increase public sector dominance of African economies. Sustainable growth- and with it a continuing reduction in the numbers of people living in poverty- can only be achieved through the strengthening of the private sector and the efficient operation of market economies. Africa needs to reverse past capital flight, increase FDI and its percentage of world trade, and use the skills of the Diaspora.



Reliable infrastructure is essential if business is to thrive, and the continent suffers from an acute lack of sound infrastructure. Some 80% of the population lack access to electricity, and growth is dependent on power supply. In the independent power and mobile telephony sectors demonstrate that effective public private partnership delivers results. We urge the G8 to support efforts by African governments to develop clear plans for infrastructure investment which extends such partnership models.

Africa's opportunities are severely curtailed by the exclusion of much of the continent from participation in the global economy. We note the raising of standards, the transfer of know-how and the augmentation of capacity which generally accompanies responsible international investment. We commend the Global Compact as a framework of standards on the environment, corruption and human and labour rights to which all companies active in Africa should adhere.

RECOMMENDATIONS TO THE G8 LEADERS

- **Trade Reform:** The most critical step is for the G8 and the World Trade Organisation to create a more favourable trade regime for Africa especially in those areas in which Africa has a comparative advantage. We look to the developed world in particular, to set a fixed rapid timetable to dismantle distorting agricultural subsidies and to end dumping of surplus production. We also advocate measures to simplify rules of origin and to dismantle non-tariffs which discriminate against Africa. Efforts should also be made to support trade capacity, and to allow Africa to participate in the services sector.
- **Improving Aid:** We welcome well-planned aid and debt relief, but are concerned that some aid can undermine market forces or reinforce dependence. We note the frustration of many African countries and private companies that aid delivery should be better coordinated so as to build rather than consume governmental capacity, and should be directed at growth and investment. Welcome the call made at the Summit by NEPAD to focus on performance delivery and to streamline procedures, to simplify rules and to improve the coherence of aid delivery. The private sector is ready to assist this process and we suggest that the G8 Presidency urgently facilitate a dialogue between donors, African governments and the private sector on aid systems.
- **Governance:** We urge the G8 to give full recognition to the African Peer Review Mechanism as an innovative framework by which to plan, measure and assess reforms.

Rigorously implemented it can provide for the first time, African benchmarks against which aid and support can be planned and assessed and real performance assessed.

- **AU/NEPAD Investment Climate**

Facility:

In this context, we urge G8 and other donors to support the AU/NEPAD Investment Climate Facility (ICF), as a new instrument to engage the private sector to assist governments to implement the

APRM economic and governance reforms.

It is essential make Africa better place to do more business: to enable the establishment of more indigenous businesses; to reform and codify property rights; to address is, of fair competition; and to encourage more companies to grow and to enter the formal economy so as to strengthen the tax base.

The ICF is innovative, being African and from the private sector, and merits support.

- **Global Fund:** We recommend comprehensive and well-funded support to the Global Fund to tackle the critical health problems- HIV/AIDS, malaria and TB. The effect of HIV/AIDS pandemic on the destruction of skills and family structures has to be halted. Funding support for these priorities provide a necessary under-pinning to address Africa's legacy of poverty, through a proven vehicle.

RECOMMENDATIONS TO AFRICAN GOVERNMENTS:

- **African leadership:** As noted above, we welcome the emergence of the African Union and of NEPAD and its Peer Review Mechanism for spreading good governance and creating an African owned system of measuring performance. Effective and transparent operation of the APRM is a key to investor and donor confidence in African countries. We hope that governments will invite the private sector to be an active partner in each review process.
- **The Role of the Private Sector:** Government should try to step back from those areas in which business can better deliver. Too often well-intentioned efforts by government stifle business, over regulate, and tax out enterprise. African governments need to give greater priority to

removing impediments to doing business and improve the investment climate for domestic and foreign investors - by creating societies based on the rule of law, transparency, pluralism, rules on fair competition, and efficient public sector management.

- **Market Access and Economies of Scale:**

The fragmentation of national markets is a major impediment to growth and requires more urgent action. It is vital that African governments make progress in reducing tariffs and breaking down non-tariff barriers to regional markets. Other restraints on inter-African trade include poor infrastructure links and inefficient and onerous customs procedures. There also need to be more regionally focused, cross-border health, education, especially in higher education, and infrastructure projects which will meet human needs and improve competitiveness. At this stage not all countries can expect to develop scientific, health and educational centres of excellence and this may best be developed on a co-operative regional basis.

- **Corporate and Public Accountability:**

We welcome the increasing adoption of the Extractive Industries Transparency Initiative within Africa and call upon more countries and companies to work together, with parliaments and civil society to increase transparency through full accounting for the receipt, management and expenditure of the revenues. As proposed by the Commission for Africa, we recommend that this model be applied in other sectors.

BUSINESS ACTION FOR AFRICA: WHAT WE PLAN TO DO

We believe that capacity building through responsible business practices, such as those promoted by the Global Compact and UNDP's "Growing Sustainable Business in Least Developed Countries" programme will strengthen business' contribution towards the achievement of the Millennium Development Goals. To scale-up such pro-poor approaches, governments must actively encourage principled corporate practices and enable an environment in which companies are motivated to operate ethically. At the conference we identified the following actions by which we aim to improve growth and reinforce the support of the private sector as a collective group:

- **The AU/NEPAD Investment Climate Facility:**

The ICF received strong support from governments and private sector leaders at the Summit and companies and business associations were urged to support it as an innovative response by business to generating growth.

- **Customs and Trade Facilitation:**

The BAA working group of companies is ready to assist interested African countries and the AU/NEPAD Investment Climate Facility (ICF) to take full advantage of trading opportunities by making customs organisations work more efficiently, fairly and effectively, processing goods promptly and without corruption or unnecessary delay. This group also encourages the GS to give customs reform a high priority and to work with the private sector and African governments to improve this under appreciated way to boost trade, to attract investment and to generate legitimate government revenues.

- **Boosting SME Development and Access to Financial Markets:**

Key challenges for the development of SMMEs in many African countries are threefold: overcoming onerous bureaucratic requirements; gaining access to capital; and gaining access to markets despite weak infrastructure or trade barriers. B A commends the development of imaginative

mechanisms which address these problems through mobilising largely commercial funds, including the local banking system, sometimes in local supply chain development.

The many examples include the \$100m East African Small Enterprise Fund, Fair Fund, Enables (a network of entrepreneurs using ICT as an enabler), Zimele, and the idea of an SMME Passport. The aim is to support a rapid expansion of SMMEs through a combination of equity, commercial loans, access procurement opportunities and mentoring. There is an important role for larger companies to help commercially aggregate and apply leading-edge technology to process products, for example, for agricultural small holders and bona fide

artisanal miners. This will help to make rural communities more viable and stem the exodus to cities, and should be carried out in cooperation with civil society organisations. BAA will work to promote partnerships designed to facilitate such SME development initiatives.

- **HIV/AIDS:**

In addition to securing increased funding for HIV/AIDS in Africa, international businesses active in Africa have a clear responsibility to invest in the prevention and treatment of HIV/AIDS to protect and support their workforces, to assist local communities and to help sustain the viability of host societies. Companies were also asked to support the Global Business Coalition on HIV/AIDS, and to partner with governments and donors in the delivery of treatment programmes.

- **High level Skills and Technology:**

There is enormous potential for technology to provide innovative solutions to skill development critical to the workforce. The G8 countries can assist the renewal of higher education and the development of science and technology by supporting regional centres of excellence. The Diaspora is highly skilled and can be an important resource in building high level skills.

- **Business Integrity:**

Corruption, unless tackled, undermines all Initiatives. It is a global problem which affects all societies, but it hits the poorest hardest. Companies need to take an uncompromising stance of zero tolerance, and business leaders need to ensure compliance in their companies. There is a role for business to work with governments to remove the opportunities of corruption by making administrative processes simpler, creating transparent tendering and procurement, and ensuring disclosure through Codes of Conduct on disclosure of interest and political party funding. The private sector should work with developed country governments to facilitate the return of stolen funds to Africa.



+ **Youth Enterprise, Skills and Employment:**

Investment in young people, particularly young women, as part of core business practice has been shown to provide high economic returns. BAA will showcase youth skills and enterprise programmes, and encourage business to Scale-up efforts in industry sectors by collaborative action.

+ **Changing Perceptions of Africa:**

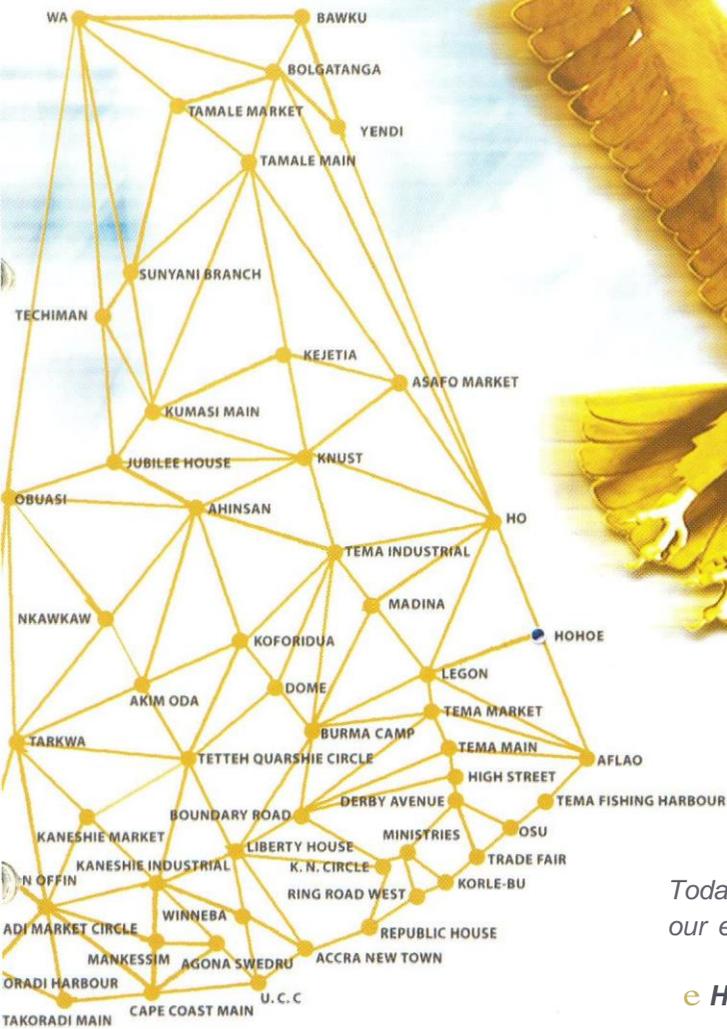
Unbalanced, stereotypical and negative perceptions of Africa are not just driven by the media but also commentators. This needs to be changed to reflect a more balanced view of a continent and its many success stories. The media has a responsibility for balanced reporting while business must be more vocal about the many examples of successful investments.

CONCLUSION

In the coming months businesses are committed to driving BAA as a business campaign to mobilise the voice of the private sector in maintaining interest in the work of the Commission for Africa, especially in the run-up to the WTO meeting in December in Hong Kong, and as a mechanism for practical cooperation on assisting the African development agenda. Companies and business associations are asked to commit to the Business Action Plan for Africa and identify how their organisations policies and plans will support the goals. We will also assist NEPAD in mobilising and supporting the African private sector.

PEF Ghana collaborated with the Summit organisers and was represented at the summit by its Director - General, Dr. Osei Boeh - Ocansey

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we are now at 54

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