

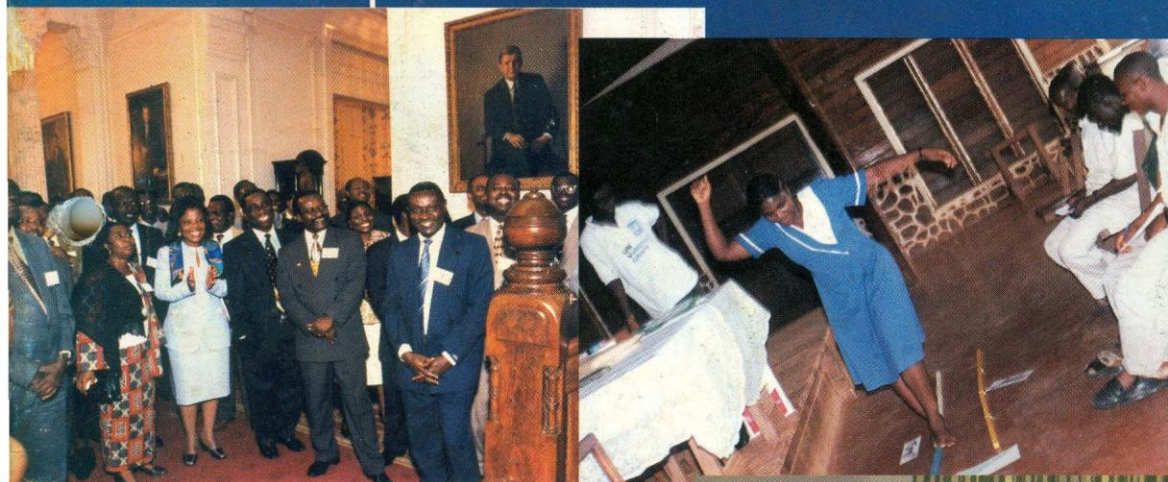


ENTERPRISE FORUM

THE BI-ANNUAL MAGAZINE OF THE PRIVATE ENTERPRISE FOUNDATION: VOL 1 NO. 2 JUNE - DECEMBER 2003 ISSN: 0855-3009

The Energy Situation in Ghana Implications For Business

- Coping With HIV/AIDS At The Workplace
- The Private Enterprise Foundation
-The Progress So Far



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ENTERPRISE FORUM

Volume 1- No. 2

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FOREWORD

In line with the policy of involvement in up-to-date information dissemination and performance up-dates- the Private Enterprise Foundation (PEF) is happy to produce this magazine. It is our objective to present views and ideas about the state of the private sector in Ghana and to lay bare the programmes- the actions- the results and the future expectations of the private sector.

This focus is very relevant because- in addition to the commitment of the private sector to rely on good performance and positive results- the Government has provided the guidelines for more dedicated service by the attachment to the Golden Age of Business. The private sector feels encouraged by the resolve of all the stakeholders to aspire towards improvements in the economy.

Through this magazine the private sector hopes to establish a reliable channel for communicating its goals and performance to its members and the general public. This is an opportunity to aspire to achieve greater development in agriculture- industry- services etc.

It is always a helpful strategy to have a given target to aim at- or an identified beacon to follow. The process promotes and facilitates specific actions to achieve the desired results.

The private sector is happy to be guided by the President's framework for growth and development: -that his interventions and leadership would be associated with the emergence of the Golden Age - the ultimate- the cutting edge position in business. We need to work to realize the Golden Age in Business.

After this re-assuring premise- it is up to the private sector to ascertain the sincerity of the proclamation by comparing the consensus policies and programmes- with scope to implementation and results. It will be unfair for the private sector to put the searchlight on Government actions and performance alone.

To the Private Enterprise Foundation- the stand of the President opens several doors of opportunity and it is up to the private sector to determine how to face the challenges- identify action points and resort to ingenuity and originality to make the necessary progress. The private sector should be capable of knowing how it can serve its own interests within the modules of facilitation and opportunity provided by Government policy- fashioned out of national priorities and the consensus building machinery available for agriculture industry and services. Having been convinced about the steps towards making the Golden Age of Business a reality and within the time frame provided- it is encouraging to note the commitment of Government to the following five priority areas:

- + Infrastructure development
- + Agriculture modernization
- + Social development
- Good governance
- Strengthening of the Private Sector

We will be looking forward to your contoured patronage of this publication. We shall welcome your comments as well as views from your perspective. Service is made of such inputs and we shall appreciate every encouragement and support that comes our way.

Dr. Osei Boeh-Ocansey
Director-General

The Private Enterprise Foundation

-The Progress So Far

During the 1960s and 1970s most developing countries including Ghana: - were of the strong conviction that governments alone reserved the right to promote and advance the cause of national economic development.

In the 1980s and 1990s- however- the conviction yielded to the pursuit of a market economy as the vehicle for the promotion of entrepreneurial development- which leads to a more efficient allocation of resources and motivates business creation and expansion.

Constraints in the macro-economic environment- it has been identified- tend to retard the growth of the private sector.

For example- the instability of the cedi- high inflation and high interest rates and their underlying causes are major issues which demand the attention of government- the private sector itself- and the donor community and civil society.

Within the private sector itself- there is a low level of managerial and entrepreneurial skills- low level of technology and techno-



Comparing Notes: Private - Public Sector Consultation (Left - Right) Hon. Kwame Bartels, Minister for Private Sector Development, Mrs. Elisabeth Villars, President, PEF Governing Council and Dr. Boeh-Ocansey, Director General, PEF

Consequently- developing countries are now relocating the drive of economic development from government to the private sector.

In Ghana- the failure of a government controlled economy resulted in the acknowledgement that the private sector is the way forward to the country's socio-economic development.

logical know-how- poor response to economic and: investment incentives- difficulty in accessing long-term investment capital- poor marketing channels and a difficult environment for micro and small enterprises.

To present unified voice in advocating for a stable macro-economic environment and influence government policies and regula-

tions
affecting
the
private
sector-
the
leaders

of four business associations- namely the Association of Ghana Industries (AGI)- Ghana National Chamber of Commerce and Industry (GNCCI)- Ghana Employers Association (GEA) and the Association of Federations of Ghanaian Exporters (PAGE) came together and founded the Private Enterprise Foundation (PEP) in 1994.

Membership of PEP increased from four to six following the admission of the Ghana Association of Bankers (GAB) and the Ghana Chamber of Mines (GCM) under its first Director-General- Mr. Kwasi Abeasi now Chief Executive of the Ghana Investment Promotion Centre (GIPC)

In the implementation of its programme 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 Private Enterprise Foundation is made up of the Governing Council- the Committee of Chief Executives and a directorate.

Present- Dr. Osei Boeh-Ocansey heads the directorate of the Foundation as its Director-General. The secretariat is manned by experienced research economists and other professionals.

PEP provides advocacy and promotional services on behalf of the Private sector. Advocacy involves information and interactions to influence the formulation of government policies through effective representations to Government.

In collaboration with member associations- PEF collects- analyses and disseminates relevant information on opportunities and resources.

To support the cause of serving the development needs of the private sector by influenc-

ing government policies and regulations in order to create a conducive environment for economic growth and national development- PEP has received support from the United Nations Development Programme (UNDP) - the United States Agency for International Development (USAID) - the Danish International Development Agency (DANIDA)-

Konrad Adenauer Foundation (KAF) and most recently- the Centre for International Private Enterprise (CIPE)- not forgetting the contributions of the membership of the Foundation and the private sector as a whole.

In its relations with the UNDP- PEP has implemented and continues to implement specific advocacy related programmes under the former's Private Sector Promotion Programme and currently the Promoting Private Sector Development Programme (PPSDP).

PEP is also implementing a project on the promotion of private sector growth through the enactment of appropriate business laws with support from the KAF - CIPE and USAID.

Another partner is the Family Health International (PHI) with which PEP collaborates to initiate and manage a workplace USAID funded HIV/AIDS/STDs programmes- the objective of which is to increase awareness about the HIV/AIDS epidemic and to provide education and counselling on how to cope with it.

Indeed- under the HIV/AIDS/STD programmes- 395 small business leaders in Kumasi- Accra- Ashaiman- Takoradi and Tamale have benefited by way of education while 165 workers/staff of some large companies have been trained as peer educators/ counsellors for the workplace HIV/AIDS programme.

The UK Department for International Development (DFID)- has also supported PEP to undertake a nationwide survey of Trade and Business Associations- a project

directed at ensuring an all-inclusive private sector engagement in policy formulation and implementation.

PEP has a programme to strengthen its efforts at achieving self-sustainability- build the capacity of business associations in Information Technology usage and to assist selected companies in Agro-Processing and Renewable energy.

PEP- by participating in important national- advisory- policy planning- policy formulation and monitoring committees- has earned national recognition as a private sector ADVOCATE and important partner in national development.

The Foundation has been able to influence government to see the need for a ministry for Private Sector Development- which will provide a point of focus or medium for coordinating and harmonizing government's initiatives and policies aimed at the development of the private sector.

PEP has also registered successes in promoting energy efficiency- having played a leading role in the establishment of the Energy Foundation. Considering the strategic importance of information technology in national development- PEP through World Link



Development Programme has supported the provision of computer hardware - software and internet connectivity to some Senior Secondary Schools to enhance teaching in the schools.

The Energy Foundation was established by the PEP in collaboration with the Ministry of Energy- the US Department of Energy and USAID.

While the Energy Foundation is responsible for the promotion of energy efficiency policies and practices- the World Links for Development Programme is involved in computer training and information technology in selected secondary schools in Ghana.

To improve the management efficiency of

small and medium-scale enterprises- PEP- under its Business Proration and Development Programme has also facilitate- end the training of over 1000 entrepreneurs in accounting- marketing and environmental management.

*Mrs. Rose K. Anang
Executive Director GEA
and Mr. Augustine
Adongo Chief Executive
FAGE*

*Mr. Krofah and Mr. Ato
Ampiah PEF Council
Members at the
Private - Public
Sector Consultation*

PEF has also initiated a Business Partnership Initiative under which a specialized PEF committee- comprising a group of ten multinational and local companies- works with Private Investors for Africa (PIA)- Brussels to improve the general environment for business to flourish.

Under the initiative- the committee in partnership with the Ministry of Justice and the Attorney General's Department is implementing aspects of the legal and Judicial Sector Reform Programmes- specifically in training- re-orientation and motivation for higher productivity.

PEF has grown into a national centre for advocacy and promotion of the private sector.

It cannot however- be denied that the achievements registered by PEF have come

about with support and assistance from development partners.

The Foundation has created a Policy/Research and Advocacy Unit- Contract Management Services Unit and the Business Development Unit- through which fee-based projects- are being provided on behalf of international development clients using expertise within the Foundation as well as from member organisations and consultants outside the Foundation.

In relation to its new focus and direction PEP also provides institutional capacity development and training- identifies and initiates contacts with technology-based enterprises in agribusiness- biotechnology energy efficiency- ICT etc. and assists to promote these contacts for effective performance.

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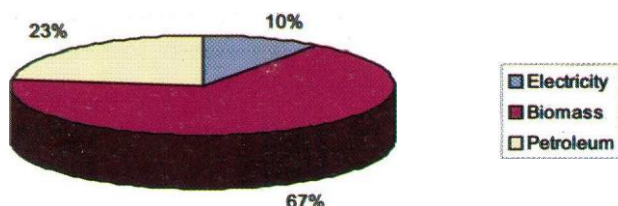
Bringing Companies and Investors Together

The Energy Situation in Ghana: Implications for Business

A provision of adequate and efficient supply of energy is fundamental to development- economic growth and social well-being. Energy supply in Ghana is dominated by biomass- which accounts for over 67% of total energy consumed in the country. Electricity accounts for a little over ten per cent (10%) of total end-use energy in Ghana whilst petroleum fuel constitutes 23%.

Fig. 1. below shows the types of energy used in Ghana.

Fig.1. Energy consumption by type



Electricity

Although electricity constitutes only a tenth of total energy used in Ghana- it is one of the key inputs for all industrial and commercial enterprises for the production of goods and services.

Besides electricity being a very important

resource in the productive processes of other economic activities- the electricity sector itself contributes a substantial proportion of GDP. Between 1990 and 2000- the value of services provided by the electricity sector grew from 43.2 Billion Cedis to 1-139 Billion Cedis. As a result of recent tariff increases- the value of electricity services has grown substantially reaching 1-178 Billion Cedis in 2001 and 2-752 Billion Cedis in 2002. Electricity consumption is growing at about

7% per annum.

Petroleum

Ghana imports all of its petroleum products- as crude is not available. Although efforts are underway to explore and estimate local production capacities- until crude oil is found in commercial quantities in Ghana- the country will continue to rely on imports to meet its petroleum needs.

Petroleum consumption in 2002 was 1.64 million metric tons with about 63% of that going into the transport sector. Fuel consumption is growing at 5% per annum and is expected to increase from 1.9million tons by the end of 2003 to reach 2.43 million tons by 2008.

Biomass

Biomass- in the form of charcoal- firewood and crop residues is used mostly in the residential sector as cooking fuel. Some industries also use biomass- mainly firewood for industrial process heating such as raising steam in sawmills for kiln dryers and other operation machinery and for electricity generation in Combined Heat and Power plants CHP. A sizeable amount of firewood is used in the catering industry.

Crop residue in the form of coconut husks and oil palm fibre and kernel shells are also widely used in vegetable oil mills in CHP plants to generate electricity and process heat.

Electricity Generation and Transmission

The total installed capacity of electric power in Ghana is about 1-877MW comprising

1-072MW of hydro generation (Akosombo and Kpong Stations) both on the Volta River and 550MW from Takoradi Thermal Power Station comprising TAPCO (330MW) and TICO (220MW). A 125MW gas/diesel fired power barge has recently been

operation. Owing to reduction in the capacity of the hydro plants as a result of poor rainfall and extreme over reliance on the hydro plants over the past decade- the VRA has installed a 100MW diesel powered Strategic Reserve Plant at Tema to forestall eventual shortages in an event of supply shortfalls.

Thirty-five percent (35%)- 675MW- of the installed capacity- made up TAPCO- TICO- and the Osagyefo Power Barge is located in the western part of the country. Besides the installed capacity of 1-877MW- Ghana is also able to import up to 250MW of power from La Cote D'Ivoire through an interconnection dating back to 1977. With the sole exception of the 220MW TICO plant all the power plants are owned and operated by the VRA. The TICO plant is a joint venture between VRA and CMS Energy of USA as the major shareholder (90%).

The Electricity Supply Situation

With all the above mentioned installed capacities- one would have expected. that power supply in Ghana would be one of the most reliable in Africa and one of the best in the world. On the contrary- electricity generation and supply in Ghana has suffered intermittent shortages since 1983 as a result of drought.

Generation reached its lowest level in 1984 when it was only about 6 percent of the 1982 level. It however picked up from 1985 and by 1989 had reached its 1982 level and continued growing until it slumped again in 1993. In 1994- 1995 and 1998 the country experienced load curtailment as a result of low energy availability from the hydro power plants owing to low water inflows into the dam. The installation of the Aboadze Thermal Power Plant in 1997 has resulted in considerable improvement in the situation. In recent times- owing largely to the curtailment in power supply to VALCO- available electric power capacity (1-370MW) exceeds system maximum peak demand (1-085MW) providing a reasonable reserve margin to meet domestic demand and export to Togo

and Benin. The existing electricity distribution system has an extensive network but this is characterized by high distribution losses (about 26%) owing to deteriorated equipment and inefficiencies associated with the billing system- and theft. This has not only negatively affected the revenue base of the utility companies but also- the reliability of supply of electricity to consumers.

Energy Sector Institutional and Policy Framework

Over the last decade- energy sector policy and the institutional framework have undergone some significant changes. Through the Power Sector Reforms (initiated in 1995)- which is aimed- inter alia- at increasing access of electricity to all sectors of the economy and ensuring efficiency in the operations of the utility companies- several institutional changes have been implemented. The sector reform is also intended to open up the power market to private sector investment and operation. A regulatory system has been set up with the establishment of the Public Utilities Regulatory Commission (PURC) and the Energy Commission.

Major steps required to advance the reforms are the rationalization of the distribution sector management and operations to bring them in line with the reform programme and also implementing the necessary C: operational and institutional mechanisms at the level of power generation and transmission. A sound macro-economic environment in the country is also a key pre-requisite to realize the participation of the private sector in the power sector.

Reforms in the petroleum sector includes the ultimate Liberalisation of the oil market to allow Oil Marketing Companies (OMCs) to import and/or produce and distribute fuel and remove state involvement by the petroleum business.

The Bulk Oil Storage and Transportation Company (BOST) has been established to build strategic reserves of fuel and to effect the transportation of fuel throughout the country using the most efficient means of transport.

Energy Pricing

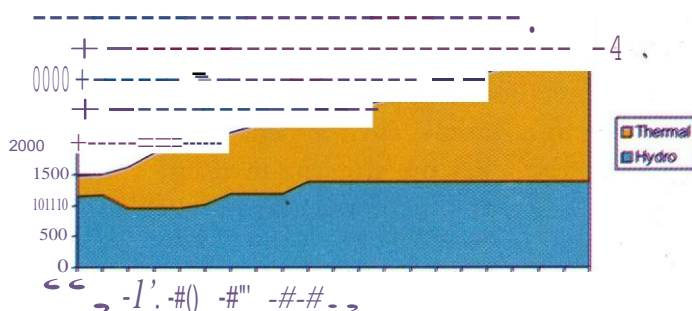
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Electricity

Electricity prices have in the past been kept low as part of government policy to make the service affordable to a large number of consumers. This situation was changed as part of the Energy Sector Reforms. The Public Utilities Regulatory Commission is now responsible for setting tariffs. As part of the reforms the consumers are now expected to pay for the full cost of power- with the PURC ensuring that tariffs are set in a way as not to allow the utilities to pass on their inefficiencies to the consumer.

Electricity prices have increased by 112% since 2001. Even though this is a significant increase- the utilities are still pushing for further increases- a situation that can be expected to persist as the electrical power generation mix continues to move from a heavy reliance on hydro power to thermal. The VRA has indicated that 65% of electricity supply in 2003 will be produced from thermal power plants. In the coming years thermal power will dominate the electricity supply system as shown in Fig.2 below.

Fig.2. Electricity Generation Mix (2000-2020)



Petroleum

The policy with regard to petroleum fuel is full cost recovery and equal price country wide irrespective of distance from the production area. This underlines the 94% price increase at the beginning of 2003. Petroleum prices are now set by the National Petroleum

Tender Board based on the import parity principle and is determined to a great extent by changes in the crude oil prices on the

world market.

Biomass

Wood-fuel pricing is unregulated and it is determined by the open market principle of supply and demand. A bag of charcoal in Accra is about ₵50-000- with transportation accounting for over 50%.

Implications of Energy Cost On Businesses

The energy cost component of business operations in Ghana ranges from less than one percent in small businesses to over 65% in the provision of potable water. In iron and aluminium smelting- energy accounts for 70-85% of the cost. Energy cost is therefore as important a cost component as labor and raw materials. Increasing energy costs impact directly on profits. The result is that the ability of Ghanaian businesses to effectively compete on both the local and the global market is affected negatively by rising energy costs.

Constraints on Service Delivery

With the exception of wood Fuels- there have been significant constraints in the delivery of energy service by the utility companies and suppliers. In the past- petroleum shortages have been experienced leading to long queues at fuel selling stations.

Electricity shortages have been experienced in 1984-1994- 1996 and 1998. These were the result of the low level of water in the Akosombo dam- technical problems with the TAPCO thermal plant- as well as transmission and distribution bottlenecks. The limitations in electricity delivery are due to inadequate maintenance of existing infrastructure and low level of investment in new generation- transmission and distribution infrastructure. It is expected that with the completion of repair of TAPCO- the completion of the Prestea-Obuasi transmission line and recent adjustment in tariffs- the situation will improve. Distribution bottlenecks will however continue to plague the power system until adequate investments have been made to rehabilitate and re-inforce the distribution

Electricity Supply Reliability

Electricity supply availability analysis co-mailed by PURC shows that VRA's hydro and transmission system availability in 2001 were both 97%- which exceeded the benchmarks set by PURC.

The number of hours lost per ECG connected industrial customer (SLT customers) was about 9.6 hours on the average compared to the benchmark of 30 hours' target set by PURC. This situation- however-varied from region to region with industrial customers in the Ashanti region experiencing hours' loss of 33.5 hours per customer-which exceeded the PURC target. Outages in the Tema area were also high at about 23 hours per industrial customer.

Except in the Volta (17 hours) and Western (87 hours) regions- the number of hours lost per private commercial business (Non-SLT) in all the regions served by ECG- exceeded the PURC target of 100 hours per connected customer. Distribution outages in Ashanti and Central regions were the highest averaging 703 hours per customer and 521 hours per customer respectively.

Customers (both SLT and Non-SLT) in the NED area experienced average hours lost per customer of 237 hours. This was above the benchmark set by PURC of 130 hours per customer.

Customer Satisfaction

A majority of private sector businesses are not satisfied with the quality of service being provided by the utilities. A recent survey conducted for the Private Enterprise Foundation (PEF) indicates that customer satisfaction is low and that there are some negative customer perceptions about the quality of service delivery by the utility companies. Customer dissatisfaction is attributed primarily- to frequent interruption in electricity supply. Other reasons include voltage fluctuations (particularly low voltage and

brownouts)- billing problems- disputed disconnections- high tariffs- irregular meter reading and problems associated with faulty meters.

Expected Improvements in service delivery

Ninety-eight percent (98%) of respondents when asked about improvements that they would expect from the utility companies cited un-interrupted and stable supply of electric power. Eighteen percent (18%) of respondents would like the utility companies to give them notice before any power cuts- while fifteen percent (15%) expect the utility companies to improve billing.

Impact of Poor Quality of Supply

The respondents identified three key impacts of poor supply quality on their operations. Poor supply quality was identified with frequent power surges and outages leading to:

1. Destruction of equipment and machinery

Most industries complained about destruction of equipment and machinery as a result of power surges and unannounced power cuts. Voltages surges are reported to reach 480 Volts instead of the normal 415 Volts.

2. Installation of expensive back-up power systems-mostly diesel generators.

Many of the large industries have installed back-up power (mainly diesel generators) to deal with power outages and in some cases voltage surges especially during the weekends. It is estimated that about 100MW of back-up capacity has been installed by industrial- commercial and mining companies countrywide.

3. Loss of Production.

Power outages result in loss of production bringing about huge financial losses to the companies.

What needs to be done by Stakeholders

In order to improve on the quality of Electricity service delivery in the country all the key stakeholders- particularly Government-regulatory agencies- electricity utilities and also the private sector and consumers generally- have very important roles to play. The respective roles of the key stakeholders are as follows:

Government's Role

1. Redefine power sector development policy towards fully fulfilling sectoral reform objectives;
2. Support re-capitalization of utility companies- to provide key up-front investments in distribution system;
3. Support speedy implementation of West African Gas Pipeline Project. The project would not only result in the reduction of cost of electricity production but will store- Nathon the basis for the generation of electricity in the country;
4. Expedite action on code of practice and standards of performance legislative instrument developed by Energy Commission
5. Ensure effective utility management and Boards- which are judged by performance criteria and accountable for stewardship
6. Provide active support to the drive towards waste reduction and efficient use of energy in industry and commerce.

The Role of the Public Utilities Regulatory Commission (PURC)

The PURC is expected to ensure the following through effective regulation:

1. Improvement in quality of service by monitoring performance and ensuring strict compliance to standards and adherence to operational benchmarks;

2. Ensure viability of utilities through efficient full cost rates.
3. Rationalize tariffs structure to ensure that the private sector and therefore commercial and industrial customers are not overburdened with the cross-subsidization of other customer categories;
4. Intensify in concert with sectoral agencies public awareness on electricity wastage and also conservation options;
5. Ensure fair competition in electricity generation especially with regard to procurement of power by public utility company- les.

The Role of the Energy Commission the Energy Commission should undertake the following as a matter of priority:

1. Complete and constantly review Strategic National Energy Plan to guide sectoral development particularly with the view to ensuring competitive procurement and supply of electricity;
2. Redefine threshold for bulk customers to provide clear signal to private sector industries to enable them procure power cost effectively;
3. Publish codes of practice and standards
4. Regulations should include compensation payments to customers by utilities for non-performance in respect of quality of service standards;
5. Publish performance of licensed utilities annually to ensure public assessment and evaluation.
6. Introduce and enforce regulations on minimum energy efficiency standards and labels for electrical appliances and industrial electric motors.

The Role of Utilities Companies

VRA and other Producers

1. Ensure adequate supply availability by ensuring regular supply of fuel especially for the thermal plants;
2. Minimize supply voltage fluctuations to distribution utilities;
3. Undertake transmission system re-enforcement to remove bottlenecks;

Distribution utilities (ECG/NED)

The distribution utility companies must commit to and implement the following actions:

1. Improve quality of service through rehabilitation and regular maintenance- reduction in operational losses- give better response to customer complaints;
2. Strengthen customer and marketing departments of the utilities and also expand Customer Service Centers;
3. Finalize and adopt customers' charters;
4. Accelerate implementation of system improvement investment programme;
5. Improve managerial and operational efficiency;
6. Improve staff performance through more focused job descriptions and performance incentives;
7. Improve on billing and bill collection.

The Role of Consumers

1. Avoid illegal connections and power theft.
2. Pay bills promptly.
3. Pursue energy conservation practices through the use of energy efficient equipment.

4. Maintain vigilance over the performance of utility companies.
5. Establish strong lobby mechanism to ensure the enforcement of rules and regulations that govern provision of Utility services.

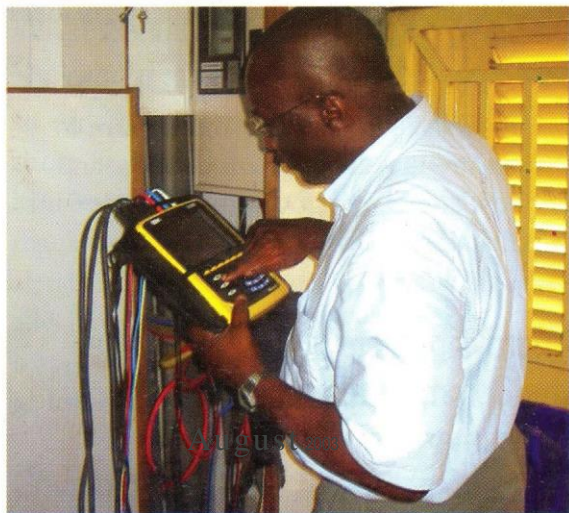
Improving Energy Efficiency: What the Commercial and Industrial Consumer should do.

The implementation of the improvement measures identified above for each of the stakeholders will take time. Industry will therefore have to take proactive steps to manage their power consumption efficiency to reduce the impact of energy cost on their competitiveness. Some of the initiatives that can be taken to improve industry's energy efficiency include the following:

Power Factor Improvements:

Industrial and commercial establishments in the country- which account for about 40% of electricity consumption in the country have largely used power inefficiency. As a result of the use of outmoded equipment and practices- Ghanaian enterprises tend to have poor power factors. Whereas the acceptable worldwide power factor level is at 95% or 0.95 (100% or 1.0 being the optimum) - many enterprises in Ghana have power factors ranging from 0.3 to 0.71 representing an intolerable amount of wastage.

To signal a waste situation- a power factor surcharge is automatically charged to enterprises with power factors below 0.95. These penalties- which can run into several millions of cedis- can be avoided by the installation of properly sized capacitors to improve the power factor to acceptable levels. This is one quick and sure way of saving on energy bills.



Company's

Conversion to Gas.

Industry- particularly the high energy intensive ones should begin planning to convert relevant parts of their operations and equipment to utilize gas upon the completion of the West African Gas Pipeline project. Use of gas- which is cheaper than liquid petroleum fuel will result in reduced operational costs.

A staff of Energy Foundation analyses an energy consumption

Monitoring and Targeting

The concept of Monitoring and Targeting is based on the fact that efficient performance can be measured only when the amount of energy used per unit of output is known. It is a computer-based performance-measuring tool that has been effectively utilized by a number of enterprises to monitor their energy consumption in relation to production. This allows for the early detection of unproved- ductive activities or energy wastage so that steps could be put in place to correct them.

Building Energy Management

Large commercial and office buildings with high lighting and air conditioning loads have a lot of potential for energy savings. Occupancy sensors- passive infra-red sensors and lighting retrofits are some of the technologies available today to reduce energy wastage in such buildings. Savings of between 7-25% are achievable.

Alternate Energy Sources

Industry should look at utilizing other sources of energy particularly renewable energy wherever possible. The Enterprises in the timber industry should look at generating energy from their off cuts and saw dust. The Benso Oil Palm Plantation (BOPP) and Twifo Oil Palm Plantation (TOPP) generate electricity from palm kernel shells and fibres which are crop residues.

Other energy management services available for industry to implement and reduce energy consumption include:	appropriate consumer groups and co-sequent application of the relevant tariffs;
1. Energy Audits and Energy Management strategies;	4. 'Refrigeration and Air Conditioning sys- tem improvements; ;
2. El ec tri ca l L oa d M an ag e m en t;	5. Boiler Efficiency and Heat Recovery;
3. Tariff Analysis. Some consume rs pay more than they ought to as a result of wrong classifica tion attributab le to ing orange. Tariff analysis enables correct classifica tion of consume rs into the	6. Compressed Air Systems monitoring and improvement;
	7. Efficiency Improvements in Furnaces and Kilns;
	8. Fuel Substitut ion
	The first step down the path to energy efficiency is getting a comprehensive energy audit conducted to identify areas of energy wastage and energy conservation opportune- ties.
	The Energy Foundation has trained staff and qualified engineers and suppliers to assist industry improve energy efficiency and save money.
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The Solar Alternative!

Perfect Power for the Next 5 Billion Years

Introduction to Photovoltaic.

The best form of energy on earth is actually not on the earth at all but rather sitting 93 million miles out in space in the form of the giant fireball we call the sun. A ball of gases over a million times larger than earth- the sun is essentially a giant nuclear fusion reactor with temperatures that range to 27 million °F. As it slowly converts all its hydrogen into helium

. incredible amounts of light and heat are

released. Every year- in fact- the sun bathes Earth in the energy equivalent of 200 million power stations- that is 15000 times more than all the energy currently used by the human race.

Yet only 6/100 of 1% of this energy is used- and most of that is consumed by earth's plants- the original solar collectors- who turn sunlight into food via photosynthesis.

Photovoltaics (PVs)- also called solar cells- is the most common way to capture the sun's energy. Made of semi-conducting materials- these cells release electrons when struck by the photons in sunlight. Efficient PV materials can turn up to 15% of the light they receive into electricity.

Ghana's Renewable Energy Sector.

Ghana's renewable energy resources are inadequately utilised. The use of photovoltaic to electricity- solar water heating- and other resources- has been exploited to a very limited extent. Experts believe that PVs and other renewable energy resources- like solar thermal- wind energy- biomass- could supply most of our heating and electrical needs.

Free- limitless- non-polluting- and available to varying degrees everywhere on the surface of our planet- renewable energy is destined to

assume a critical role in the creation of a sustainable economy.

The Government of Ghana- has ushered in the "Golden Age of Business". To turn this dream into reality- sustainable generated electrical power is needed in all areas of our development. The energy required for sustainable development- cannot be met by the existing power generating companies over the medium and long-term periods. Ghana will need about 1-800 megawatts of additional capacity over the next 20yrs. The conventional methods of power generation in our country are limited- expensive and partially unsustainable. Power producers from the Renewable Energy Sector are therefore required to augment the existing power generation. To this effect- the Government should make it a priority to create a level playing ground for all stakeholders.

Power generation using solar and wind. Time taken in research on the technology both in Ghana and abroad- where it has been extensively used- has led us to sum the potentials of solar and wind electric power generation.

COMPANY PRODUCT RANGE

Solar Products:

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- + Solar powered water-pumping systems for rural communities- both for consumption & irrigation.
- + Power for low-level energy systems for domestic household- including lighting-

Fans etc. - purposely for rural communities and estate developers.

- + Power systems for remote telecommunication systems.
- + Photovoltaic modules- charge regulators- inverters- wiring accessories- and mounting hardware.
- + Photovoltaic system monitors.
- + Solar batteries- batteries for uninterrupted power supply systems & alternative energy systems.
- + Solar air conditioners.
- + Crop dryers.
- + Bulk generation of power using solar thermal and wind energy.

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Our company- is ready and able- to assist the Ghana Government in achieving its objectives and to present a new image of this country and highlight our new sense of focus. What this will do in the short and long term is to send a clear signal to the outside world that we fully appreciate the issues at stake and know how to get there. This could be one simple but effective way of demonstrating that we are getting to be the gateway to the sub-region.

Regie Sawyerr

Deputy Chief Executive-

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14 August 2003

Six Years and Counting: The National Economic Dialogue

Economic Issues and Dialogue

Ghana as a nation has made tremendous progress towards achieving a stable platform for public-private

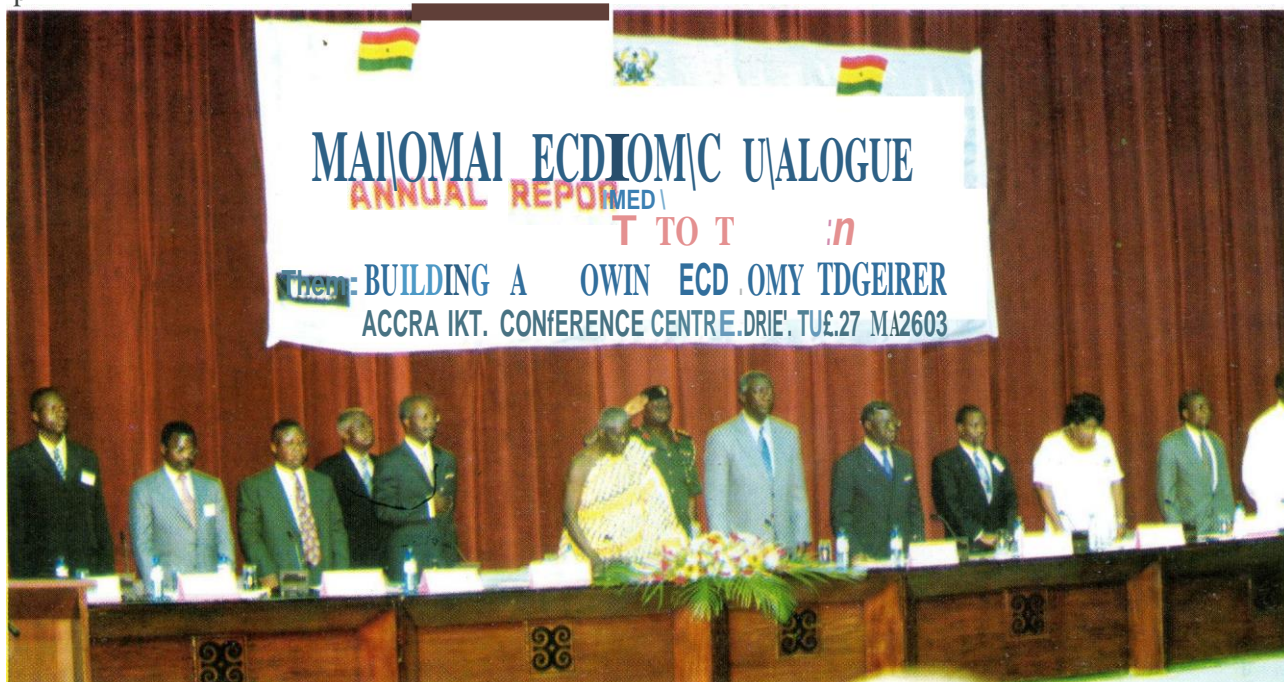
dialogue on matters of economic interest to the public. The 1992 elections and the accompanying changes affecting freedom of speech have gradually led to a society that tolerates dissent and engages in public-private dialogue on matters of national importance. Issues of economic growth and the welfare of the citizen's have become central themes at public-private fora. One such process is the popular annual event now known as the National Economic Dialogue (NED).

The Origins of National Economic Dialogue

The origins of the National Economic Dialogue can be found in March 1997 meeting known as the Akosombo Policy Forum to discuss ways to achieve the ambitious targets of the Vision 2020 document. The Forum identified problems facing the economy and stressed the crucial role for the pri-

ivate sector, in creating the economic take off leaders recognized as necessary to attain Vision 2020.

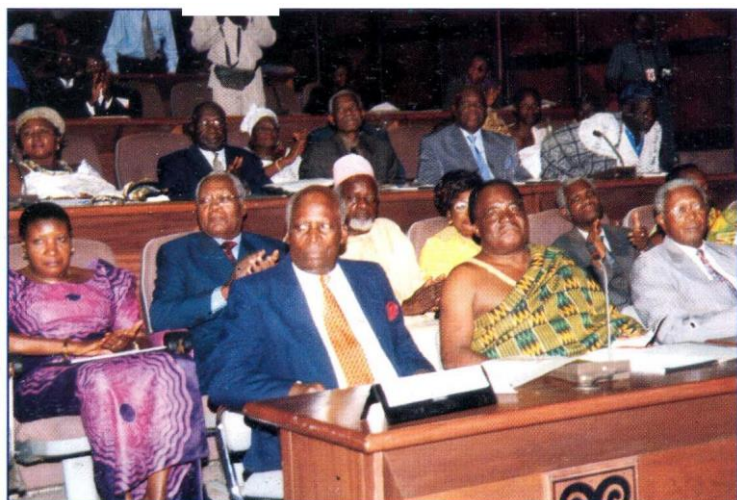
Three months later- in June of 1997 the Private Enterprise Foundation (PEF)- the Government of Ghana and USAID mission in Ghana brought together Ghanaian private sector business operators- policy makers and representatives of government with international experts met in Chapel Hill North Carolina- USA to discuss ways to achieve Ghana's growth goals. The theme of the event centered on competitiveness of Ghana in a global world. All stakeholders were represented. Senior government officials led by the then Vice President- private sector industry leaders- NGOs and Associations' representatives and members of the then opposition participated in the deliberations. The breakout sessions deliberated: on a strategy to promote Ghanaian international competitiveness. The event gave birth to the Spirit of North Carolina recognition for the need to enter into public-private dialogue and develop solutions together. This awareness - that is the need



to dialogue - is the driving force behind the multiple forums and dialogue events held in Ghana since June 1997.

Ghanaian Ownership of the Dialogue Process

The first large scale event in Ghana to dialogue on economic issues was held in September of 1997. PEP led a campaign to ensure that all civil society representatives were invited and participated. Findings and recommendations were vetted and owned as Ghanaian initiatives. The ownership of the reforms needed and the reform process itself- dialogue and consensus building- are now central to the purpose of the NED. Events of similar nature were held on an annual basis- except the year 2000. On the government side- the Ministry of Economic Planning and Regional Integration played an active and responsible role to host the process and the annual events.



Participants at 2003 NED

From National Economic Forum (NEF) to the National Economic Dialogue (NED)

The need to dialogue and own the reform agenda has played a central part in the three annual National Economic Dialogue events held in 2001- 2002 and 2003. The private sector- led by PEF- has played a key role in putting up the NED annual events.

The government has institutionalized the process: and an operational NED secretariat is expected to come into being soon. As of June 2003- the responsibility of managing the NED process has been moved to the

Planning Wing of the re-organized Ministry of Finance and Economic Planning under the auspices of the newly created position of the Minister of State for Planning. At the May 27- 2003 NED gathering- the government confirmed its commitment to the NED process and stated its intention to hold a general session next year. Quarterly reviews of progress towards reforms are expected to continue at the committee level.

The State of Dialogue in Ghana Today

Ghana has made enormous strides to debate and dialogue the many issues affecting its citizens. Many of such fora are held each week in Accra and in the regional capitals. Workshops to discuss technical findings of an issue- briefings to parliamentary sub-committees on legislation pending or expected to be brought before the Parliament- and forums for all stakeholders to discuss how a reform measure has impact or may impact them are a common occurrence. This was not the case ten years ago. The Spirit of North Carolina- the subsequent NED events and firm establishment of democracy have all encouraged the debate and discussion on economic issues to become more public. The next natural aim for such discussion platforms should be to ensure that the debate is well informed and founded on facts and technical information. The NED process can lead the way.

The Future of NED

The NED in the future could focus on a review of progress towards reforms based on public commitments made by the government. Reform implementation could be measured against the government's various public economic policy statements- most importantly the Annual Budget and Economic Policy Statement. The quarterly review sessions will track the reform process and produce briefs as inputs for the annual event.

The annual event would serve as a venue to hear from the private sector on the impact of the reforms undertaken on businesses and

16 August 2003



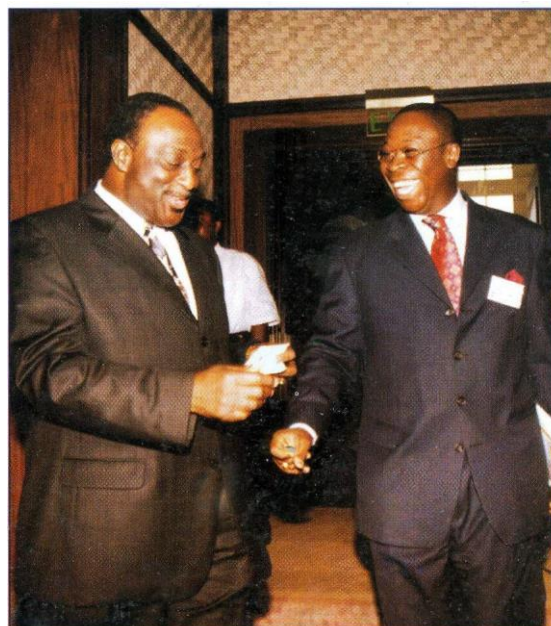
How it all began: At the first National Forum - North Carolina

for the government to explore new policy directions under consideration- with the private sector and other stakeholders. The essence of dialogue is to exchange views on an issue- as held by the stakeholders. The breakout sessions could be used to deliberate the findings of progress reports and for the government to hear reform suggestions and obtain feedback on its proposed ideas and plans. Suggestions accepted for consideration could then feed the policy process and- if adopted- be reflected in the next budget statement.

The Role of the Private Sector in the NED Process

The Private Enterprise Foundation- as the coordinating voice of the private sector would need to remain an integral part of the NED process. PEF should be encouraged to take and maintain a leadership role to monitor the NED process and help 4Dprove its' effectiveness- including the timely imple- mentation of the annual NED event. The Ghanaian private sector must ensure that reforms agreed to - in this case suggestions adopted from the NED process - are pursued and implemented- and that all stake-

holders fulfill their obligations and play their role- for the process to work effectively and have the intended effect. After all- it is the private sector of Ghana that stands to benefit the most from reforms enacted.



At NED 2003: Alan Kyerematen Minister of Trade and Industry takes time off, to share pleasantries with colleagues

Roundtable Discussion on the Public Procurement Bill

At a recent roundtable meeting organized by PEF in collaboration with Centre for International Private Enterprise (CIPE)- Washington DC the new Public Procurement Bill was discussed by stakeholders.

In his presentation the lead discussant made the following submissions:

- **Transparency and Market Access/Participation in International Competition:**

These were two separate issues- which he said must be treated as such and that all basic principles used in the Bill must be treated separately and clearly- and their relationships properly established.

While not compromising complete procurement liberalization to gain international competitiveness-local trade has a very strong linkage to international trade- commercial diplomacy and the WTO agreements. He cautioned the need to be certain about the modules- so as not to expose procurement entities to agreements that do not exist.

- **National Competitive Tendering:**

This is to be used solely in situations where only domestic suppliers or contractors are likely to be interested in submitting tenders. Therefore- the provision that "Ghanaian national contractors alone are to participate in procurement process only if foreign firms will not be interested in the contract" should be amended.

- **International Competitive Bidding:**

Again the provision that "foreign firms are

to be invited for contracts where effective competition cannot be obtained without inviting them to do so" needs further dilution and maybe deleted. **(Clause 44 & 45)**

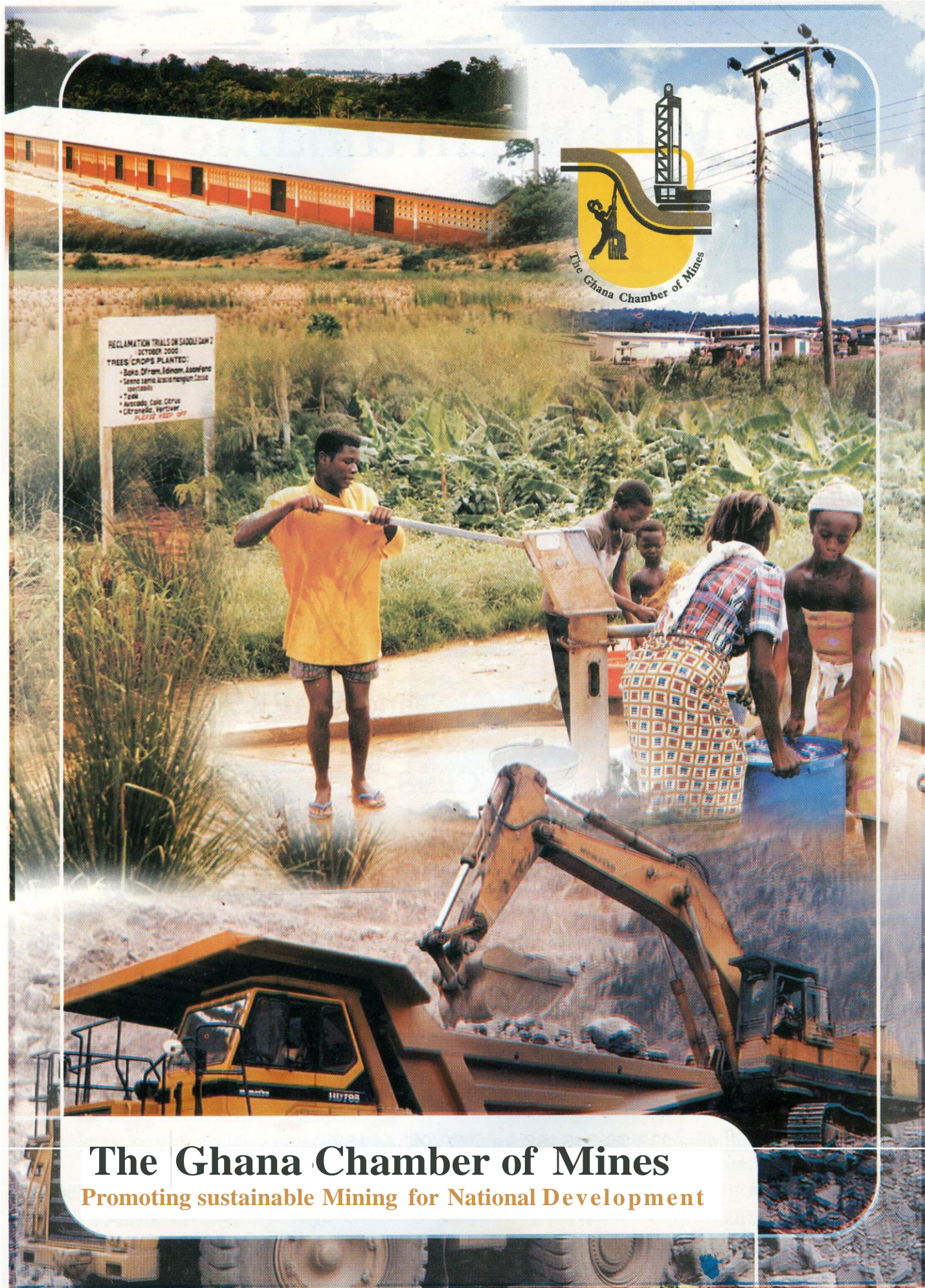
- **Others Issues:**

Were the descriptions of goods- works or services. This provision forbids the use of terminology or description of goods and services based on nationality. The provision prohibiting procuring entities from requiring Ghana made goods or services or goods and services from the West African economic sub-region or from countries with whom Ghana may have special arrangements should also be amended to elicit the specification in a manner that will afford one contractor to win the tender. The provision of this (clause 32) should also be reviewed to allow encouragement of international standards

+ The lead discussant also called for the revision or deletion of Clauses 94 and 91 (1) concerning international obligations such as the **WTO agreement** and offences relating to procurement respectively. He noted that strict adherence to market

access rules- opening all or most of government procurement to international competitive bidding. O. g, will crowd out and undermine government's desire to develop local industries

+ He closed his presentation with the observation that margins of preference and issues of over-dependence were undesirable. Some Malaysian experiences on procurement bill provided weak evidence and in some cases no linkages between the schedules and the bill.



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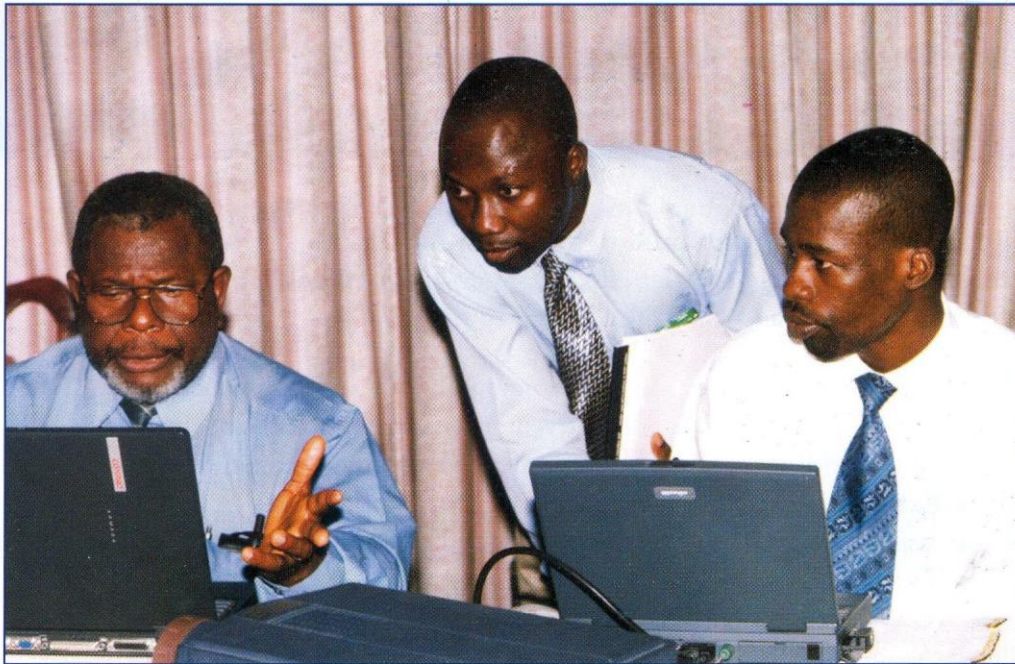
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Messrs Tesa Ayernor and Boakye Agyare, Research Assistants at PEF help Dr. Dordunoo, a Management Consultant at a Roundtable discussion on the Procurement Bill.

(Left - Right) John Klinigo Chairman at Roundtable discussion with Jesse Clotty, PEF's Director of Technical services and Dr. Dordunoo

General Comments and Recommendations

Participants made the following comments and recommendations:

- + The general public was still unclear of the consequences and the policy implications of bill and that information flow was limited on the demands of the public sector. For instance, what is government buying per annum- what type of goods- at what price- at what quality levels etc. The current focus of the bill was on creating a private sector monopoly- which was **not** considered as the solution.
- + The level of training in procurement is inadequate- and it was therefore suggested that the Ministry of Trade and Industry (MOTI) should organize training sessions to equip officials with the requisite skills to plan- implement and review procurement procedures. (capacity building programmes)
- + Encourage joint ventureship so as to benefit from the advantages of large- scale procurement especially in open international-



al competition using local agencies/institutions.

- + Local industries have the capacity to do procurement; they should therefore be encouraged. National competitive bidding should be the norm; while international competitive bidding should be considered the exception.
- + National policy address human resource developmentnational standards-conditions of contracts and other modifications of the tendering process.

" A disease which has killed over two million people in Africa in a single year - more than ten times the number that perished in wars and armed conflicts during the same period - looms as a potential threat to national security".

These were the words of Dr. Gro Harlem Brundtland in a statement delivered to the World Health Organization (WHO) Executive Board in January 2000. And she was referring to no other disease than the **HIV/AIDS** pandemic. For Ziafokye of the AIDS commission of Toronto- "There is no more urgent problem in the world today than the rapid spread of HIV infection. All humans ought to do what they can to address the matter".

The **HIV/AIDS** epidemic has been amply described not only as a health problem- but also a developmental one with serious consequences in every aspect of economic life. The worldwide statistics is frightening as far as Africa- south of the Sahara is concerned. According to the United Nations AIDS Control Programme (UNAIDS) and the World Health Organization (WHO)- the estimated number of people living with **HIV/AIDS** as at the end of year 2000- was 36.1million- 70% of which live in Sub Sahara Africa.

The age group that is most affected by the **HIV/AIDS** pandemic is between 30-34- although the peak age groups for women is between 25-34 and for men between 30-39. The worse scenario as far as the private sector is concerned is the fact that the impact of the epidemic is particularly severe on the productive population between the ages of 15-49- about 90% of all reported cases.

AIDS- according to research findings- kills so many adults in the prime of their working and parenting lives; it decimates the workforce- fractures and impoverishes families- orphans millions- and shreds the fabric

of communities. **HIV/AIDS** reduces productivity- increases insurance claims- increases recruitment and training costs through the replacement of employees' loss to **HIV/AIDS** and eventually causes loss of profit to employers.

Again- among the high risk groups are people often engaged in seasonal and yearly migration activity within Ghana and neighbouring countries. Companies that are classified as being in the high-risk zone have characteristics including the following:

- + Have relatively well-paid workers in areas of high unemployment- long-term losses of livelihoods- or short term stress or crises situations- the difference in wealth creates situations in which sexual exploitation can occur.
- + Employees frequent commercial sex workers or engage in extensive casual sexual relations
- + Have expert middle and upper level employees travel frequently

In Ghana- the first reported case of **AIDS** was reported in March 1986- when the National Technical Committee on **AIDS (NTCA)**- established in 1985- conducted a study- which revealed 45 cases comprising mainly returnee commercial sex workers with a female-male ratio of 5:1.

At the end of May 2001- between 350-000 to 500-000 people were estimated to have been living with **HIV/AIDS**. In the year 2002 alone- 11-603 cases of **HIV/AIDS** were reported in the country's health institutions and the records put the infection rate at 200 or more daily.

22 August 2003

Coping With HIV/AIDS At The Workplace.

The Role Of The Private Enterprise Foundation

Although Ghana's adult prevalence rate of 3.4% (NACP- 2001) could be said to be the lowest among the neighboring countries (Cote D'Ivoire-10. 76%- Burkina Faso- 7.17%- Togo-5.98%)- it nevertheless serves as a warning signal to all concerned- to set our priorities right if we are to avoid falling into the categories of our neighbours since our borders are so porous to check movements of people to and from these countries.

HIV/AIDS prevalence among commercial Sex workers is as high as 75% in Accra and- 82% in Kumasi according to the latest sentinel surveillance survey. It therefore becomes imperative that work- places must have a comprehensive HIV/AIDS programmes to educate the workforce about the dangers of the disease and consequent repercussions on the economy.

Against the background of the negative impact of the epidemic on businesses- the Private Enterprise Foundation (PEP) with technical support and funding from the Family Health International (PHI) and USAID respectively- has designed a comprehensive workplace HIV/AIDS education and prevention programme to provide awareness- education and training in HIV/AIDS is for businesses to establish and manage their own workplace Programmes.

The main components of the programme are advocacy- formation of HIV/AIDS committees and sensitization- under which top executives and managements of all companies- executives of identifiable worker's groups- unions- staff associations and top floor will be exposed to the implications of HIV/AIDS and the ways of combating it.

The programme is being executed through HIV/ AIDS committees established in the participating companies. And as part of the implementation- a cross section of the workforce of participating companies in the

formal sector was sensitized on **HIV/AIDS** after which a peer education programme followed in the companies.

For the informal sector- trade associations and small businesses associations sensitization programmes were also organised for their executives in Accra- Tema Ashaiman- Kumasi- Takoradi and Tamale- with 410 executives having so far benefited under the programme.

Another component of the **PEF/ FHI USAID workplace HIV/AIDSISTI programme** is the design of a company specific **HIV/AIDS** policy to guide the programme and help remove dissemination and stigmatization at the workplace.

Furthermore- 198 selected and interested workers have been trained in all the participating companies as peer educators to scale up the programme at the workplaces.

In all the programmes at the workplaces emphasis has been placed on the effective and prompt treatment of sexually transmitted infections (**STIs**)- with Voluntary Counseling and Testing (**VCT**) also receiving equal attention.

Emphasis has been placed on **VCT** because voluntary testing is the only way management can ascertain the real health situation at the workplace- for which reason- peer educators have been trained to intensify worker education programmes to make workers see the advantage of **VCT** so as to come to terms with their status and adjust their lifestyles.

To be able to determine the success or otherwise of the **PEF/ FHI USAID workplace HIV/ AIDSISTI programme**- another programme has been designed to monitor and evaluate the respective programmes at the various workplaces on a monthly basis.

Indeed- it is important to note that apart from the efforts of the PEP- individual companies in the private sector as well as some



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public institutions have embarked upon similar programmes to create awareness on the HIV/AIDS epidemic and educate the workforce on preventive efforts as well as ways of coping with having to live with the disease.

stigmatizing and

On May 12- 2003- the Bank of Ghana not only marked two years of its HIV/AIDS education programme - but also embarked on yet another campaign code-named

"GET CLOSER"- the objective of which is to sensitive both its staff and management on HIV/AIDS stigmatization and discrimination.

The **"GET CLOSER"** campaign is thus a manifestation of the Bank of Ghana's commitment to fighting stigmatization and discrimination towards people living with

HIV/AIDS (PLWHA): -a rare effort by a leading corporate institution.

Earlier on- the Bank had launched its **HIV/AIDS** education programmes as part of efforts to combat the **AIDS epidemic** and reverse its impact on the human resource base and on the socio-economic development process of the country.

The Bank of Ghana has accordingly established a fully furnished project secretariat at its clinic as part of its efforts to implement its workplace **AIDS education** programme.

Mining companies in Tarkwa and Obuasi and Ashanti Goldfields- for example- and other corporate bodies such as Unilever Ghana Ltd.- Standard Chartered Bank Ltd- and Coca-Cola Company Ltd are also on record to have designed programmes with the objective of giving a halt to the spread of HIV/AIDS among their workforce.

There also are public institutions that have gone beyond awareness creation on **HIV/AIDS** and have embarked upon the need for the workforce to appreciate the fact that People Living with **HIV/AIDS (PLWHA)** deserve care support- assistance and protection rather than

discriminating against them.

First to register its presence among these public sector institutions is the Ministry of Education- which has formed a task force to sensitize education workers- teachers- students and pupils- communicates- parent teacher associations (PTA's) Boards of Governors- among others- to be armed with Knowledge about the reality of the threat posed to every individual and to the future of education and the socio-economic development of Ghana.

Accordingly- a tool- dubbed the "**Journey of Hope**" OOH) has been designed to promote the participatory forms of preventing HIV infection.

The "Journey of Hope" tool- thus- forms part of the "**STOP AIDS LOVE LIFE**" campaign and uses the analogy of flood waters and crocodiles to represent the rising tide of the HIV/AIDS pandemic and the use of boats and bridges representing

prevention methods of abstinence- faithfulness and condom use to reach future islands which are individual future goals and aspirations being threatened by **HIV/AIDS**.

Quite recently- health workers in general and particularly the Ghana Registered Nurses Association (GRNA) also joined the trail of public institutions that have seen the need for protection of their workforce against **HIV/AIDS**.

On the part of the Ghana Registered Nurses Association- the response was to urge members to observe universal precautions as an intervention against nosocomial infections where they come into contact with the body fluids and blood products of their patients on a daily basis.

On May 7- 2003- the Health Services Workers' Union (HSWU) of the Trades Union Congress launched the **HSWU HIV/AIDS** education campaign- the objectives of which include the sensitization of health workers on their vulnerability and sus-

Customs Clearance and The GCNET Option

In response to the acute global economic competition brought about by globalisation and liberalization of trade and investment- as well as scarcity of investment capital- the Ghana Trade and Investment Gateway Project (GHATIG) was instituted.

GHATIG thus aims at positioning the country as the preferred destination of choice and also as the manufacturing-commercial- financial and transportation hub of the West African Sub-Region.

The project also has as its objective the attraction of a critical mass of export-oriented firms for the acceleration of an export-led growth- the creation of appropriate conditions and conducive environment- reduce the case of business transitions and promote the necessary infrastructural facilities and sources.

The Gateway Project- estimated to cost US\$50.5 million- is under the management of the Gateway secretariat and an oversight committee and is being implemented- ~~by~~ ^{through} the

agencies namely: the Customs

Excise

Preventive Service (CEPS)- the Ghana - 1? % s and Harbours Authority (GPHA) - the Ghana Free Zones Board- (GFZB)- the Ghana Investments Promotion Centre (GIPC)- the Environmental Protection Agency (EPA) and the Ghana Immigration Service (GIS)

To attract foreign direct investment for the acceleration of export led growth and remove the constraints to the development of trade as well as to enhance revenue mobilization- government embarked upon reforms in the processes- and procedures used by the Customs Excise and Preventive Service (CEPS) and other related agencies.

The goal ultimately of these reforms is to reduce and improve upon the processing time for trade and customs documentation and also prevent fraud- improve revenue col-

lection without unduly obstructing legitimate trade.

In November 2000- the Ghana Trade Net

/GCNET was therefore established to develop and operate a trade network for the transmission of messages and replies electronically between the various partners involved in the import and export process. This system of processing trade and customs documents through an electronic data interchange is known as the Ghana Customs Management System (GCMS).

From the perspective of CEPS- for example- the system allows the electronic integration of cargo manifest details and hence the monitoring of consignments and their movement- centralized verification of entries- "real time reporting of revenue and their reconciliation- while for the freight forwarder- or ship owner- the system ensures that declarations and manifests can be submitted expeditiously on a 24 hour/7-day basis and on a single contact point basis which- as a result- eliminates delays and costs associated with the processing of customs cleanness.

For the importer or exporter- the TradeNet/ GCMS is expected to ensure that goods are not only allowed through customs without delays- but are also allowed in a transparent and consistent manner.

In simplified terms- the GCMS /TradeNet facilitates customs clearances as it provides the flexibility for a declarant to process his/her declaration at any chosen time or place with the requisite connections- which the manual system is not able to do as it was operated only in the CEPS long room and only when the CEPS offices are opened.

Under the GCMS- the declarant can access a customs database that defines all customs codes- regimes- tariffs and exchange rates to

Continued on page 11

"Insurance and The Private Sector: Our Expectations of the Industry"

Insurance is a topical issue for the Private Sector. Recently- the Director General of the Private Enterprise Foundation had the opportunity to talk to players of the insurance Industry at a workshop organized by the National Insurance Commission. His speech is reproduced below.



Director General of PEF- Dr. Osei Boeh-Ocansey delivering his address

Introduction:

I am happy to be with you today as we discuss the all-important topic of insurance- especially as it affects the private sector. The Private Enterprise Foundation (PEF) as the main advocate for the private sector thinks a forum like this is rather overdue. It is said however that "It's better late than never-" and therefore we are most grateful to the organizers for this opportunity.

The business of business is full of risks. In

fact- only the very bold- actually venture into business. The private sector therefore- sees

the principle of insurance- "A system

28 August 2003

make large financial losses more affordable by pooling the risks of many individuals and business entities and transferring them to an insurance company or other large group in return for a premium" as very important and necessary- as it enables them to take calculated risks without bothering too much about the implications (note: too much).

The insurance industry in Ghana has grown-

although not quite fast enough- i: o its current position. The private sector does endorse the growth in the number of companies and does actually relish the competition it offers. We at the same time do remember that the industry has not been very stable- given the cases of certain insurance companies that collapsed- leaving companies having to re- align their risks.

The Private Enterprise Foundation

The Private Sector in Ghana is as varied as there are areas of operation. PEP's clientele covers the Association of Ghana Industries (AGI)- the Ghana National Chamber of Commerce and Industry (GNCCI)- the Ghana Employers Association (GEA)- the Federation of Associations of Ghanaian Exporters (PAGE)- the Ghana Association of Bankers (GAB) and the Ghana Chamber of Mines (GCM). The Foundation's advocacy activities however- do impact on the entire private sector. Each of this varied clientele does have specific risks associated with their businesses for which they require insurance.

The Experience of the Private Sector

1. I am told there are so many products currently on the market. Of these- Motor Insurance (Different Types)- Fire- Burglary- Goods/Cash in Transit- Counter Guarantees- Life and a few other personal insurance products are those that readily come to mind. I am however- not very sure whether the existing products you have meet all the needs of the Private Sector. We expect you to be more innovative in this area so as to enable us concentrate on the issue of doing business effectively.

Timely Payment of Claims

2. I am sure that you in the insurance industry are aware of the Private Sector's wariness in relation to insurance- even though the sector is aware of the numerous advantages insurance brings. One wonders

why any corporate entity would deny itself the benefit of having its risks shared with another body. Infect- I think insurance should be the easiest thing to sell if sold right. Most of the time- the perception is that insurers are quick to take the premium- but are most unwilling when it comes to paying claims. Sometimes- the time and effort it takes to get a claim makes insurance rather unattractive. We of the private sector would want to see claims paid as early as possible to enable the insured get back on his/her feet. Time is money and I am sure you know that as much as I do.

"In the case of companies a case of fire may cause cessation of normal operations for some time. There is loss of money as certain costs like salaries will still need to be incurred."

Effective Flow of Adequate and Reliable Information:

3. The Private Sector requires adequate flow of information from you to be able to make informed decisions on insurance products. The following issues need to be addressed: Take fire or motor insurance: In most cases where there has been fire outbreak or a motor accident- the insured is deprived of use of the asset or assets involved. In the case of companies, a case of fire may cause cessation of normal operations for some time. There is loss of money as certain costs like salaries will still need to be incurred. Can't these losses be covered by the insurance? Are your clients aware of these? What are you doing to get them to know? I am sure these facilities can entice the private sector to take up your products.

Current Constraints:

• Financial Guarantee:

Feedback from the private sector indicates that the insurance industry today is no

longer keen on providing counter-guarantee for bank loans and other such guarantees that the private sector requires to access funding or take advantage of certain business opportunities. We appreciate the fact that certain insurance companies have had rather bad experiences in this area. The question is: Should this prevent you from doing it? Certainly no. It only means that you need to do more due diligence and probably take up more re-insurance. Leaving this for the Government (**Sovereign Guarantee???**) will only make a mockery of the private sector- of which you incidentally are an integral part.

• Insurance for The Agricultural Sector

The Agricultural Sector- we all agree is the most important in our economy. Whilst very small- subsistence farmers dominate the sector; there are now a growing number of companies in the various units of this sector- especially for exports. There however do not seem to be any insurance products for this sector. I am challenging you to come out with products for the sector- whilst at the same time strengthening your- self -to properly evaluate your clients and monitor their performance. You may need to consider using the Insurance Score for these and other clients.

Other New Products:

We are aware of the following products offered in the US and Europe and which we would like you to introduce.

• The Business Owners Policy

This is specifically aimed at small and medium sized companies (SMEs). The Business owner's policy (**BOP**) is a package that includes:

1. Property insurance for buildings and contents owned by the company.
2. Business interruption insurance- which covers the loss of income resulting from

a fire or other catastrophe that disrupts the operation of the business. It can also include the extra expense of operating out of a temporary location.

3. Liability protection- this covers the legal responsibilities of companies for the harm companies may cause to others as a result of things that they and their employees do or fail to do in their business operations that may cause bodily injury or property damage due to defective products-faulty installations and errors in services provided.

• Professional Liability

For Consultants and other professionals like ourselves working in that capacity- there should be a product to cover us when we have professional troubles that bring costs to us.

Selecting an Insurance Company

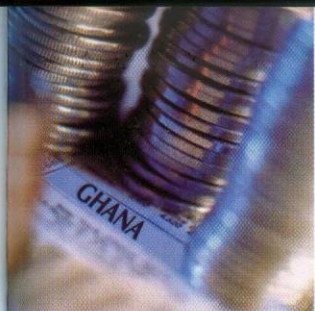
This is one area where the private sector has little information. Elsewhere we have agencies that rate insurance companies to help potential customers make informed choices on which insurance company to choose. The Private Enterprise Foundation will be happy to partner the National Insurance Commission in such a venture to provide reliable information on or rating of insurance companies.

Conclusion:

I am sure we all have the same interest. We do need each other. What has been lacking is continuous interaction- adequate flow of information and a certain level of commitment from *you* that we can rely on you for quick payment of claims when we need it.

With this assurance- I am sure we will be happy together.

Thank you.



To most people- owning their own businesses is something they very much want to do. The problem though- is most often not with finding adequate funding- but most especially- knowing what business to enter into. Through this medium- the Private Enterprise Foundation expects to bring to its audience the basic tools for identifying- setting up and running one's own business- by publishing selected issues related to the subject. We do hope you enjoy reading and try your hand at putting in practice what you read. We will appre-

STARTING YOUR OWN BUSINESS

A business is an entity- which uses materials- money- machinery and equipment or tools and appliances as well as human resource to turn out saleable goods and services. It is initiated by persons with entrepreneurial spirit and managed by individuals with the relevant technical and managerial skills to ensure efficiency.

People go into business for several reasons but ultimately the motivation to enter business is to make profit- so as to meet the necessities of life and to meet social and corporate responsibilities.

Undoubtedly- many people desire to enter business. Paradoxically these armies of people who are yearning to do business do not know what to do or how to go about it. The difficulty arises because the business field is so vast that one needs to follow some directions and indicators. Without a good purpose- direction and method- the result could be disastrous.

The first stage in starting a business or an enterprise is to think about what the business should be. The question you need to ask yourself is "what exactly do people want or need?" This requires the identification of a business opportunity.

A business opportunity is a project or business idea- which an entrepreneur accepts for

investments on the basis of certain assumptions about the technical and financial viability of the project. In business- a mere possibility is not an opportunity. **It** must include a good market scope- good return on investment (ROI)- a shorter pay back period- reliable sources of raw materials-labour- technical- favourable financial ratios- et cetera.

The identification of a business opportunity must be done and thought through with purpose- method and direction. You start this by scanning the environment- start by first looking at the government regulatory framework. All societies- communities and nations are governed by rules-laws and regulations that guide the running of business.

The government regulatory framework in Ghana includes the Companies Code- Investment Code- Industrial Policy

"In business, a mere possibility is not an opportunity."

Statement- Incentives for Export-oriented units- etc. This regulatory framework would inform persons desirous of entering into business the rules governing the conduct of businesses in the country- government priority areas for investment and areas where

there are incentives- concessions and reliefs. **It** also specifies the kind of controls exercised by government over the function of industrial enterprises.

After this comes Government programmes

projects e.g. The President's Special Initiative for salt- cassava- textiles and gar- ment- oil palm- and others like the Export Development and Investment Fund (EDIF) provide useful pointers for business opportunities. Other aspects of the environment to look out for when one intends to do business include basic features of the area and its resource inventory namely the population- its composition- occupational pattern **socio-economic background- culture-** national resources and others. The current business scene- the performance of existing businesses- import and export business (which ones are doing well?)- available local raw materials and skills- new or emerging technologies- products e.g. agro-based business services needed by other businesses and how these are adequately met and Similar others would guide one to identify an opportunity in business. When these "opportunities" have been identified- some initial screening is necessary to establish whether they are real opportunities or mere possibilities or potential. To establish this three (3) questions need to be asked

- (1) Can I make it? (2) Can I sell it?
- (3) Can I earn out of it?

When these questions have been positively and adequately answered one could say that he/ she has a real business opportunity worthy of investment. Activities carried out to find answers to these questions are what we commonly call feasibility studies.

The question- Can I make it? Entails the technical feasibility of the business or project. Here the issues are capital requirements- technology and equipment needed- raw materials and skills. Again in answering the question can I make it? there is the need to consider compatibility of the entrepreneur of the business in terms of training- education- interest- financial resources- personality and other attitude. It should also be mentioned that the consistency of a business with government policies such as environ-

g the question "Can I make it?"

The question 'Can I sell it?' relates to issues connected with market research- which entails analysis of the market- analysis of competitors and testing the market or sampling the product. Analysis of the market encompasses finding answers to questions such as "who are your customers?" Where are they? To what extent have their needs been met? Where are they located? - what would they like about your products? et cetera. An analysis of competitors covers matters such as where your competitors or potential competitors are? - how much is there, share of the market? - how much do they sell their products? - where do they sell them and at what prices? etc. Testing the market involves sending samples of the products or services to customers/potential customers for trial and getting the feedback to help in packaging the products/ services for the market.

The third question "Can I earn out of it (the business)? Involves issues related to the return on one's investment. Here one has to look at the cost of raw materials- labour- utilities and other administrative expenses and subtract from the returns if the business would break-even (not make profit or loss) if the business make profit then the business could be considered viable. **If** it breaks even- it would still be useful to look at certain expenditure items to see if they could be cut down- you could also look at the technology and

procedure of doing business to ensure efficiency.

With all the 3 (three) questions positively answered- a business opportunity is provided for investment.

In view of the many challenges and problems that businesses encounter- there have to be a well consolidated blue print to follow. We usually call this- a business plan- which like any map- helps to improve the user's chances of reaching his/her destination -in this case profitability and efficiency in business operations.

Bank Financing:

Bank Financing: The financial sector in Ghana has seen a steady growth- both in the number of banks and

financing institutions- and in the number and quality of products on offer. To most business people- knowing what facilities are available at which Bank of financial institution is sometimes a big challenge.

To help business people meet this challenge- the Africa Project Development Facility (APDF)- a project managed by the SME Department of the International Finance

Continued from page -27

ensure that the proper codes as well as duty and tax deductions are used. Also- errors delays and cost of repeated typing- paper processing and movement of SADs from the long room to the sheds is all eliminated and generation of reports for various decision making purposes are enhanced under the GCMS /GCNET regime.

The GCNET interfaces with the GCMS by means of an Electronic Data Interchange (EDI) platform that enables users of GCNET through the Front End Software (PES) to send and receive messages designated to mail boxes and the GCMS then retrieves from the GCNET declarations that have been submitted to the GCMS via the GCNET.

The system has a number of built-in security features including accessing it by a log or password and a database accountability password- which must- however- be periodically changed as a hedge against others finding out the password and using it.

The safety of the Network is guaranteed in as far as its function is to transmit text rather

than data or programmes- hence the difficulty to infect the system with computer viruses or corrupted data.

The full report- is available at **¢50-000.00** per copy from the offices of **APDF** at:
ISOA Roman Ridge- Accra.
Telephone **233-21-779804/779805**

Continued on page -35

than data or programmes- hence the difficulty to infect the system with computer viruses or corrupted data.

Under the GCMS /GCNET- all customs regimes and codes have been taken care of since as part of the systems development the Customs Procedure Codes (CPC) have been revised to be in conformity with the standards required by the World Customs Organization (WCO)- while the CEPS tariff book has also been extensively reviewed and updated to meet WCO standards.

Additionally- an on-time database which will show all the codes and regimes and other relevant data such as the prevailing exchange rates are available to GCNET users within the PES.

The following are the current GCNET shareholders- the -customs Excise and Preventive Service (CEPS)- SGS- Societe General de Surveillance S.A. (SGS)- the Ghana Shippers' Council (GSC)- the development Finance Holdings United (a subsidiary of Ghana Commercial Bank) and EcoBank Ghana Limited (EBG).

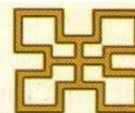
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apdf

Africa Project Development Facility

take advantage of the expertise offered by apdf

The Africa Project Development Facility (APDF) is a multilateral, donor-funded agency, managed by the International Finance Corporation (IFC) of the World Bank Group. APDF works with African entrepreneurs to develop viable businesses.

We give assistance in the preparation of market, technical and other feasibility studies needed to secure project financing. We also provide management/technical consulting services together with general or specific enterprise training. Specific areas include, Human Resource Development, Information Technology, Marketing, Finance and Production Planning.

APDF has an extensive network of contacts with local, regional and international sources of finance and technical expertise, as well as access to information on markets and technology.

We assist in promoting private sector investment and enterprise support in the productive sectors of the economy, such as agriculture, agro-industry, manufacturing, transport and tourism.

Private sector enterprises supported in Sub-Saharan Africa includes new businesses, modernization, expansion, diversification and rehabilitation of existing enterprises.

For Further Information, Please Contact:

The Africa Project Development Facility
150A Roman Road, Roman Ridge P.O. Box CT2638 Accra, Ghana
Tel: (233-21-779804/5, 7012170/1) Fax: (233-21-774961)
Email: mnje@ifc.org bamoako@ifc.org

Bank	Facility	Amount Available	Minimum	Maximum	Maximum Term	Interest Rate/Terms	Security	General Remarks
CAL MERCHANT BANK	Small Business Loan Portfolio Guarantee (LPC) Scheme (Source: USAID)	USD2M	Cedi Equivalent of USD 5-000	Cedi Equivalent of USD 15-000	5yrs	Cal's Base Rate+ margin of Between 2-5%p. a	<ul style="list-style-type: none"> Director's Guarantee Charge over borrowers Trade Stocks Mortgage/charge over tangible assets 	All SMEs with maximum asset value of USD150-000- Excluding timber processing- alcohol- and military sectors.
	Working Capital Facilities (Source: CAL)	Up to ₵11.5B Available for Each client	On merit of Proposal	On merit of Proposal	12mths	Cal's Base Rate+ margin of Between 2-5% p. a	<ul style="list-style-type: none"> Blue Chip - Parent Company guarantee or Unsecured Others - Charge over Stocks of company- Mortgage over landed Property 	Available to Enterprises in all sectors
	fixed Asset Acquisition (Source: CAL)	Up to ₵11.5B Available for Each client	On merit of Proposal	On merit of Proposal	36mths	Cal's Base Rate+ margin of 5%p. a	<ul style="list-style-type: none"> + Debenture over assets of company or equipment financed property Director guarantees Guarantee from Blue chip company or off shore bank Cash collateral Assignment of export proceeds 	Available to Enterprises in all sectors for fixed capital acquisition.
	Pre-shipment Finance (Source: CAL)	₵11.5B	On merit of Proposal	On merit of Proposal	12mths.	Cal's Base Rate+ Margin of Between 2-5%p. a	<ul style="list-style-type: none"> Charge over stocks Director's guarantees Mortgage over landed property 	Targeted at all fuel retailers with a valid dealer's agreement
	Petrel Scheme for Fuel retailers (Source: CAL)	₵5B	On merit of Proposal	₵100M (Unsecured)	12mths.	Cal's Base Rate+ margin of Between 2-5%p. a	<ul style="list-style-type: none"> Charge over stocks Director's guarantees Mortgage over landed property 	Available to all reputable pharmaceuticals manufacturers and Retailers for working capital and Expansions.
	Pharma Scheme For Pharmaceutical Companies (Source: CAL)	₵5B	₵20M	₵100M	12mths	Cal's Base Rate+ margin of Between 2-5%p.an	<ul style="list-style-type: none"> Assignment of export proceeds Charge over stocks Director's guarantees Mortgage over landed property 	Available to fust-class corporate clients in manufacturing- Mining- ICT- Construction- Leasing- Insurance. NTEs- Tourism & Services sector.
	African Development Bank Line of Credit (LOC) (Source: CAL)	US\$5.0M	On merit of Proposal	On merit of Proposal	Sirs	Cal's dollar Rate+ margin of Between 2-5%p. a	<ul style="list-style-type: none"> Assignment of export proceeds Charge over stocks Director's guarantees Mortgage over landed property 	Mainly Cash Collateral
	Pre and Post Export financing (Source: MAB)	Funds from Ministry of Finance currently in excess of ₵2.0B	₵5.0M			Int-15% p.a facility fee-2% Rekey able fee 0.4- 1%		

Bank	Facility	Amount Available	Minimum	Maximum	Maximum Term	Interest Rate	Security	Special Remarks
AGRICULTURAL DEVELOPMENT BANK	IFAD Scheme (Source: ADB)				1.5 yrs	27%	Group Guarantee	Targeted at Organized trade associations and vocation members at the micro level in agriculture
	Nucleus Out-grower Scheme (Source: ADB)				3 yrs	27%-30%	Charge over Immovable property / stocks	Available to Commercial Farmers with proven credentials and ability to influence and supervise other small scale farmers
	Cocoa Maintenance Scheme (Source: ADB)				1.5 yrs	27%-30%	Group Guarantee	Targeted at Cocoa farmers
	Fish Inventory Scheme (Source: ADB)				12 mths	33%	Charged over Immovable property / stocks	Available to Fishing Boat owners for commercial fishing purpose
	Coffee / Cashew Scheme (Source: ADB)				3 yrs	27%-30%	Charge over Immovable property / stocks	Targeted at Framers /Dealers engaged in Cashew/Coffee
	Cotton Scheme (Source: ADB)				3 yrs	Libor + 3%	Charge over Immovable property / stocks	Used as a support for Farmers / Dealers engaged in Cotton
	Food Crops	Not specified	On Merit	On Merit	12 mths	27%-30%	Group Guarantee	Targeted at Food Crops small holder farmers for Maize- Rice- Plantain etc.
BARCLAYS BANK	Corporate Loans andRevolving Overdrafts (Source: Barclays Bank of Ghana)	Open Ended	€50M	€32B (Unsecured)	4 yrs	Base Rate+ 0%-8% P.a	Various including: + Personal Guarantees • Corporate Guarantee • Negative pledge • Mortgage / charge over fixed assets • T-Bills or other security + Insurance guarantee	Available to SME's-large Corporates and Multinationals for working capital- and expansion etc.
GENERAL LEASING & FINANCE CO. LTD	European Investment bank Fund (EIB) (Source: EU)	Euro1M	Euro 50-000	Euro 500-000	3- 5years	Base rate + 3-6% depending on the risk on each transaction	Asset under finance	
	Operating Lease (Source: GLFC & Local Banks funds)	GHC11B	GHC200M	GHC2B	36 months	Base Rate + 3-6% depending on the risk on each transaction		

Bank	Facility	Amount Available	Minimum	Maximum	Maximum Term	Interest Rate/Fees	Security	General Remarks
NATIONAL INVESTMENT BANK	Term Loans Source: NIB	Not specified	On merit	On merit: Not more Than 2/3 of Total project cost	Syrs	35%	Assignment of Cash Security- Treasury bills- Charge over Landed Property- Plant & Machinery- Guarantees	Targeted at all sectors except gambling. Available for start-ups and expansions- working capital and equipment finance.
	EDIF				Unspecified	15%		
	HSBC				Syrs	7%		
	PEED				3yrs	9%		
BIDENBANK	FUSMED				Syrs	35%		
	DANIDASME Fund (CEDIS) (Source: Danish govt.)	¢4B	¢500-000	¢50-M	36 mths	20% (In Cedis)	Fund emphasis is on viability and not collateral. If available: <ul style="list-style-type: none"> • Personal Guarantee • Guarantee of Directors • Charge over equipment • Mortgage on landed property • Cash/Securities collateral 	Targeted at Exporters & Manufacturers in all sectors excluding trade and agriculture and used for working capital and capital equipment purchase
	Trade and Investment Fund (TIP) for Non-tradition GOG) a! Exporters (CEDIS) (Source: USAID through Ministry of Fine cue-GOG)	¢9.3B	¢500-000	Limit approved on merit.	60 mths	15% (In Cedis)	<ul style="list-style-type: none"> • Charge over export proceeds • Charge over equipment • Mortgage on landed property 	Available to Producers and Exporters of Non-traditional goods
	GTZ Fund for Pr01potior; of Micro and Small Enterprises (CEDIS) (Source: German Govt. & Govt. Of Ghana)	DM10M	¢2M	¢150-M	Seers	25% (In Cedis)	Fund emphasis is on viability and not collateral. If available: <ul style="list-style-type: none"> • Personal Guarantee • Guarantee of Directors • Charge over equipment • Mortgage on landed property • Cash/Securities Collateral 	The facility is available for Manufacturing- Service- Exporters & other sector excluding trade and agro-culture for start-up and expansion. prom-acts
	Private Enterprise & Export Development (PEED) Fund (Source: Bank of Ghana)		USD 10-000	USD 500-000	7Yrs	USUSD LIBOR+ 1.375% to 2.375%	<ul style="list-style-type: none"> • Charge over export proceeds • Mortgage on landed property • Change over equipment 	Available to all Small and Medium Scale Exporters for pre-export finance- purchase of capital equipment and working capital
	Export Development & investment Fund -EDIF (Source: Ghana Government)	Open -ended	USD1000	USDS00-000	60mths	15%	<ul style="list-style-type: none"> • Personal Guarantee • Charge over equipment • Mortgage on landed property 	Targeted at producers and exporters of non-taditional goods

Bank	Facility	Amount Available	Minimum	Maximum	Maximum Term	Interest Rate	Security	Collateral / Remarks
SSB BANK	Loan and overdrafts (Source: SSE)	Open -ended	On merit of Proposal	On merit of Proposal	12mths (Renewable)	Cedi Base rate+ 1%-8% p.a		Availablely to all business sectors
	Medium term Loans (Source: SSE)	Open -ended	On merit of Proposal	On merit of Proposal	3yrs	Cedi Base Rate + 2.5% p. a	Various as follows depending on merits of proposal. ● Company Director's Guarantee	Targeted at Manufacturers- and used for start-ups and Non-traditional exporters
	Special Transaction Lines (Source: SSE)	Open -ended	On merit of Proposal	On merit of Proposal	12mths	Cedi Base Rate+ 1%-8% p. a	● Mortgage over landed property	Availablely for Commercial and retail trade- Non traditional exporters and Contractor financing and fish wholesaling
	Export Bill Discount (Source: SSE)	Open -ended	On merit of Proposal	On merit of Proposal	12mths	Cedi Base Rate+ 1%-8% p.a	● Indenture on fixed and floating assets	Suitable for NTEs who transact business through L/Cs
	Guarantee -bid bonds -Performance Guarantees -Mobilisation advance guarantee -Cheque payment guarantee (Source: SSE)	Open -ended		On merit of Proposal	As requested	0.75% per Quarter	● Trust receipts on trade stocks ● Deed of hypothecation over trading stocks or receivables ● Assignment of export proceeds	For Bid Bonds and contractors working on internationally funded contracts
	Private Enterprise & Export Development (PEED) Fund (Source: Bank of Ghana)	N/A	On merit of Proposal	USD 500-000	7 yrs	US LIBOR+ 1.375% to 2.375%		Available for all Small and Medium Scale Exporters for pre-export finance- purchase of capital equipment and working capital
	European for Investment Bank (Source: SSBIEIB)	Open -ended	D100-000	D1M	5 yrs	20% p. a		Capital asset acquisition especially small companies
	Proparco or (Source: French Government)	Open -ended	On merit of Proposal	On merit of Proposal	3-8 yrs	US LIBOR+ 4% p.a		For the establishment- expansion restructuring of private companies
METROPOLITAN & ALLIED BANK	Pre and Post Export financing (Source: MAE)	Funds from Ministry of Finance currently in excess of c2.0B	c5.0M			Int-15% p.a facility fee-2% Receivable fee 0.4-1%	Mainly Cash Collateral	

Bank	Facility	Amount Available	Minimum	Maximum	Maximum Term	Interest Rate/ ecs	Security	General Remarks
STANDARD CHARTERED BANK LTD	Corporate Loans & Advance				1 yr	29-33% p. a	Assignment of debtors & stocks; charge on landed property & machinery	Corporate imports- manufacturing Exports & construction; service & insurance and working capital finance.
	Short Term Loan	Not Specified	Not Specified	On merit	1 yr	29-33%		Corporate imports- manufacturing Exports & construction
	Medium Term Loan				3 yrs	30-33%	Charge on landed Property	Corporate manufacturing/ construction
	Business Finance Scheme			GHC500M	1 yr	37%	Charge on landed Property; Cash; Bonds and other investments	SMEs with manufacturing & export potential
THE TRUST BANK	SMEFS (Small & Medium Enterprise Financing Scheme) (Source: FMO)	USD2.5M (Cedi equivalent)	¢50M	¢700M	3 yrs	Base Rate +5% p. a	Assignments of receivable-charge over Landed Property	Available to SMEs with Employee size of 30 with total Assets (excluding land & building) equivalent to USD 100-000. Used for expansions and working capital finance
	SMEFS (Small & Medium Enterprise Financing Scheme) (Source: SECO)	USD2.5M (Cedi equivalent)	¢50M	¢700M	3 yrs	Base rate +5% p. a	Assignments of receivable-charge over Landed Property	Available to SMEs with maximum employee size of 60 with Total assets (excluding to USD 200-000. Used for expansions and working capital finance
UNIBANK	Export Credit Facility (Source: PMO)	USD 2.5M	USD 50-000	USD 500-000	3 yrs	Base Prime +2 to 5% p. a	Export proceeds	Targeted at Non Traditional Exporters And payable in dollars
	Credit Line (Source: Unibank)				1 yr	8%(dollar rated)	Letters of credit & mortgage	Non-traditional Exporters
	Structured loans (Source: Unibank)				3 yrs 14	31-38%	Legal mortgages/landed property- receivable/contract proceeds- cash collaterals- stocks etc. Whichever is applicable and convenient.	
INTERNATIONAL COMMERCIAL BANK	Letters of credit (Source: ICB)		¢100M	¢6B	Up to 3mths		Change over property or other marketable asset.	Facility available to General Importers
	Export Loans (Source: 1 PEED 2. EDIF)		¢100M	¢6B	Up to 12 mths	15% per annum	Change over property or other marketable asset.	Targeted at Non traditional Exporters Covers both pre-shipment and post shipment finance
LA COMMUNITY BANK	Government Development Loans (Source: Ministry Of Women and Children's Affairs),		¢1M	¢2M	6mths		• Personal guarantee from group leaders	Available to women's group i.e Fisherman- Farmers and Traders.



Bank	Facility	Amount Available	Minimum	Maximum	Maximum Term	Interest Rate/terms	Security	Collateral Requirements
FIDELITY GROUP	LPO Finance (Source: Fidelity Ghana)	Not specified	USD 30-000	Open	1 year	Negotiable +1.5%	Assignment of proceeds and insurance guarantee	Available to Institutions- Enterprises & Corporate Bodies
	Invoice Discounting (Source: Fidelity Ghana)		USD 30-000			Arrangement fee +1.5% facility fee	Assignment of proceeds and insurance guarantee	Available to Institutions- Enterprises & Corporate Bodies
	Contractors Certificate Discounting (Source: Fidelity Group)		USD 20-000				Assignment of proceeds and insurance guarantee	Available to Construction firms
	Bridge Finance (Source: Fidelity Group)		USD 50-000				Assignment of receivables and insurance guarantee	Institutions- Enterprises & Corporate Bodies
FIRST ATLANTIC MERCHANT BANK	Venture capital (Source: Fidelity Group + External Facilities)	USD4.5M	USD 100-000	USD 800-000	7 yrs	N/A	Equity stake in business	Available to all businesses (excluding primary agriculture- Trading etc.)
	T.I.P. Trade & Investment Program (Source: USAID)	Open			12 mths	20%		Export Finance + Non-Traditional exporter + Covers pre-shipment and post shipment export finance • Working capital • Equipment finance
	Overdraft & Loans (Source: FAMBL)	Open	Negotiable	25% of Banks Net worth	1-year	Base rate of 29.5% plus premium	Various including: Charge over • Landed property • Directors guarantees • Cash collateral • Lien over stocks Assignments of • Export proceeds	All Sectors covers • Working capital • Import financing • Equipment finance
	EDIF	Open	Negotiable	Cedi equivalent of USD500-000	5 yrs	15%		
GHANA VENTURE CAPITAL FUND LTD	Venture Capital (Source: Ghana Venture Capital Funds Ltd + External Funds)	Not Specified	USD 100-000	USD 500-000	7 yrs	Not applicable	Share Ownership	Available as equity to Private Sector Enterprises in all sectors except trading. Currently fully invested and divesting.
	Participating Loan (Source: Ghana Venture Capital Funds Ltd. + External Funds)		USD 100-000	USD 500-000	5 yrs	Usd Rate - 12% ¢ Rate - 91 day Treasury Bill Rate	Charge over Immovable Property	Meant for all companies who are already benefiting from the Fund's investments. Currently fully invested and divesting.



Bank	Facilit		Minimum	Maximum	Maximum Term	Int'l n-t Ratdl	Alj	Securi	Compl'ral Remark
EMPRETEC GHANA FOUNDATION	Short/Medium term loans	1.5B	¢500-000 for micro enterprises	¢10M for micro enterprises	18 mths	35% p.a	Floating charge over assets of the business and guarantee by group executives		Micro credit is restricted to groups and associations
			¢ 10.0M for small & medium enterprises	¢ 50.0M for small & medium enterprises	18 mths	35% p.a	Floating charge over assets of the business and guarantee by two persons of good social & financial standing		Available to Small /Medium Scale Enterprises in all sectors
	Export Development & Investment Fund (EDIF) Credit	Open ended	On merit	Cedi equivalent of USD\$ 500-000	10 yrs	15% p.a	Fixed and floating charges- Mortgages & guarantees		EMPRETEC is a designated financial institution for the EDIF fund
OIKOCREDIT	Forex Loan		USD\$/Euro 50-000	USD\$/Euro 1-000-000	10 yrs	10% for Usd 9% for Euro	Landed Property- Equipment- Firm Sales Contracts		<ul style="list-style-type: none">Loans are for productive activities like agriculture and manufacturingLoans are given to SME's- micro finance institutions and credit unionsStart-ups are excluded.
	Local Currency loan		Equivalent of USD\$/Euro 50-000	Equivalent of USD\$/Euro 10-000	3 - 5 yrs	35.5%	Landed Property- Equipment- Firm Sales Contracts		<ul style="list-style-type: none">Loans are for productive activities like agriculture and manufacturingLoans are given to SME's- micro finance institutions and credit unionsInterest rates are reviewed bi-annual lyStart-ups are excluded
LEASEAFRIC	Finance Lease (Source: Leaseafric)	Not specified	USD 50-000	Not specified			Equipment Leased		Available to every Sector but for nonOspecialised equipment with evidence of local technical support
	Microlease (Source: Leaseafric)		USD 500	50-000	3 yrs	Negotiable	Equipment Leased and Insurance		Targeted at Individual Enterprises- Income generating Groups and members of trade associations and used for equipment finance
			On merit	On merit			Vehicle Leased		
	Auto Lease (Source: Leaseafric)		On merit	On merit	18 mths	Negotiable	Evidence of regular employment		
MERCHANT BANK	Consumer Finance (Source: Leaseafric)	Open ended	On merit of proposal		3 yrs	Base rate+ 0-10% p. a (in cedis) 20% below	<ul style="list-style-type: none">Mortgage over landed propertyDebenture over borrowing company's assetsDeeds of hypotheca tion		
	General loans and overdrafts (Source: Merchant Bank)	USD 100-000	On merit of proposal		1 year	GOG/BOG 180-day treasury bill rate	over trading stocks Unsecured		Managed Loan Fund for SMEs in the agricultural sector Funds for rural banks

Bank	Facility	Amount Available	Minimum	Maximum	Maximum Term	Interest Rate/Lease	Security	Keyline Remarks
ECOBANK	Medium Term Loan (Eco bank)				3 yrs			
	Short / Medium Term Loan / Credit facilities for Small / medium scale enterprises (Ecobank)				5 yrs	Negotiable		Available to Small / Medium Scale Enterprises in all sectors
	Trade & Investment Program (TIP) (Ministry of Finance)	¢ 24.5B	• On merit	On merit	3 yrs	15%		Available to Small/ Medium Scale Enterprises engaged in the production of non-traditional exports
	Forest Resource Management Program (FRMP) (Ministry of lands & Forestry)	USD1.57M	On merit	USD250-000	3 yrs	Citibank New York Prime rate + spread		Used as a credit support to firms engaged in wood processing for local and export market
GHANA LEASING COMPANY LTD.	European Investment Bank Facility (EIB)	€5.0M(approx)	100-000 Euro	1.0M Euro	12 yrs	EBG Base rate +spread		Targeted at Medium scale businesses in manufacturing and agro processing and related services with maximum of 500 employees
	Finance Lease (Source: Local + ARY4- EIB + Stanbic Mauritius Webster Bank + other External Funds)	USD7M ¢10B	USD 20-000	On merit of Proposal	5 yrs	Libor + 3-4% For dollar/ Euro based facility	Leased Equipment	These funds can be sought for the acquisition of equipment such as earth moving machines- mining equipment- cars trucks- computers sawmills and irrigation pumps etc.
	Sale & Lease Back (Source: Local + ABSA-EIB- Webster bank + other External funds)	USD3M ¢4B	USD 20-000			Treasury Bill rate+ 5-7% for Cedi Funds	Other collateral requirements on a case by case basis	
	Operating Lease (Source: Local + ABSA-EIB- Webster Bank + other External	USD2M ¢4B	USD 20-000					

Product	Amount	Currency	Maximum	Maximum Term	Interest Rate	Security	Remarks
Buyers Credit Line (for capital goods) Sources: HSBC- DZ Bank- INGB- HFBank	US\$10M	Euro	Euro 5.0M	5 yrs	3 mths EURO- BOR or 3 mths LIBOR margin of 1% - 4%	<ul style="list-style-type: none"> Charge over floating assets Legal mortgage Assignment of proceeds 	Available to Construction- Manufacturing- Agriculture- Services and Export sectors and used for the importation of capital goods
DZ Bank							Pre-export Financing
INGBHF-Bank							Short-term Financing
Motor finance (Source: GCB)	Open	On merit of Proposal	On merit Of Proposal	3 yrs	32.5-35%	<ul style="list-style-type: none"> Charge over motor vehicles Registration and comprehensive insurance in joint names of the bank and customer Legal mortgage Hypothecation of stock Keyman insurance 	Used for the purchase of Vehicle
Medium term loan (Source: GCB)				5 yrs	32.5-35%		
Short term loan (Source: GCB)				12 mths	32.5-35%	<ul style="list-style-type: none"> Legal mortgage Personal guarantee by Directors Assignment of receivables 	Available to enterprises in all sectors for expansions and working capital
Overdrafts (Source: GCB)			On merit of proposal	12 mths	32.5-35%	<ul style="list-style-type: none"> Legal mortgage Personal guarantee by Directors Assignment of receivables 	The interest rate applicable depends on the risk level of the exposure
EDJF Facility (Source: Ghana Govt. Export Development & Investment Fund)	Open	On merit of proposal		5 yrs	15%	<ul style="list-style-type: none"> Legal mortgage Personal guarantee by Directors Assignment of receivables 	Interest rate is fixed by EDIF

ABBREVIATIONS

ABSA	Amalgamated banks South Africa.	IFC	International Finance Corporation
APDF	Africa Project Development Facility	L/C	Letter of Credit
DEM	Deutsche (German) Marks	LIBOR	London Interbank Borrowing Rate
EIB	European Investment Bank	LPO	Local Purchase Order
EU	European Union	N/A	Not Available
FMO	Netherlands Development Agency	p.a	per annum
GCB	Ghana Commercial Bank	PEED	Private Enterprise & Export Development Fund
GHC	Ghanaian Cedi	TTB	The Trust Bank
GLFC	General Leasing & Finance Company	USAID	United States Agency For International Development
IFAD	International Fund For Agriculture Development	USD	US dollar

THE GHANA CHAMBER OF MINES

The Chamber of Mines is the peak minerals industry association in Ghana.

The Chamber represents the collective interests of companies involved in mineral exploration-production and processing in Ghana. Its activities are entirely funded by its member companies- which produce over 90 per cent of the nation's mineral output.

The Chamber has represented the industry's interests for almost 75 years- with the mission of building a dynamic private sector association- professionally managed to serve and harmonise the interests of its stakeholders.

One of the functions of the Chamber is to promote employment in the industry by cooperating with the government to create an appropriate environment for increased mining investment. This involves a number of challenges such as regulatory matters- monitoring- initiation of competitive mining laws-energy availability and pricing-

proactive community relations- as well as the responsible and diligent management of the environment. As part of its role in promoting mining- the Chamber is networking with other Chambers in Africa- particularly the sub-region to establish international collaboration and uniformity in mining policies.

Key Functions:

- + Advice and support on industry issues- including mining and sustainable development energy- and alternative livelihood projects.
- + Industry representation on key reference groups- at national level. This includes

representation on Government working parties and task forces- as well as on the committees of other industry organizations.

- + Organise workshops and seminars in areas of national and industry interest- including safety-environment- capacity utilisation and community relations
- + Position Ghana as the mining hub of West Africa
- + Research- development and adoption of best environmental mining practices in Ghana
- + Generate-collate and communicate statistical information on mining in Ghana

Membership Structure

The structure of membership is as follows:

Represented Members (Level A)	9
Represented Members (Level B)	2
Pre-production	1
Contract Mining Group	6
Exploration Members	4
Affiliate Members	18
Associate Institutions	6
Total	46

Gold Producing Members

Ashanti Goldfields Co. (AGC)

- AG Bibiani Mine
- AG Iduapriem Mine
- AG Obuasi Mine

Gold Fields Ghana

Abosso Goldfields

Bogoso Gold Mines

Bonte Gold Mines

Precious Minerals Marketing Corp.

Sian Goldfields

Bauxite Producing Members

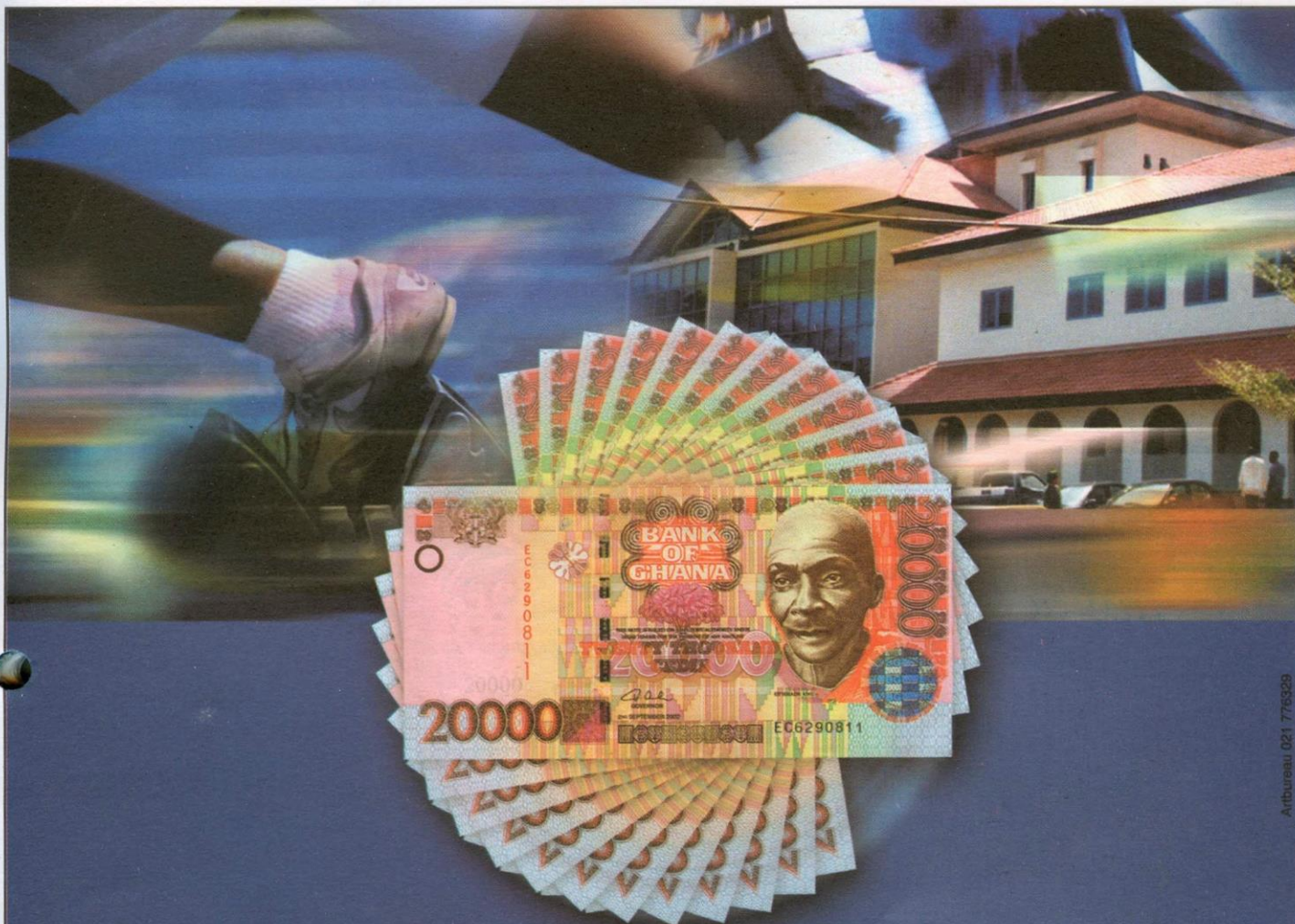
Ghana Bauxite Company

Manganese Producing Members

Ghana Manganese Company



President: Mr. Kwamena Anaman
Chief Executive Officer: Ms. Joyce Rosalind Aryee
Location: Minerals House- No. 10- 6th Street- Airport
Residential Area- Accra- Ghana.
Tel: 233 21) 760652- 761893- 761392
Fax: (233 21) 760653
E-mail: chamber@ghanachamines.com.gh
URL: www.ghanachamines.com



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