

# Issue 5

September  
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# Living and working in GHANA



## LRI Africa

We offer support services  
for your business in  
Africa.

## LRI Africa Database

One of the biggest challenges international companies face in Africa is a shortage of qualified local manpower. In response to this issue, we have developed a large database of professionals who are available to work for you in Africa. These professionals have necessary knowledge and skills to undertake business in Africa. They will work for you as an in-house consultant. They are covered by our professional indemnity insurance and, as required, are supported by our London office.

Please contact us for your free access to the database.

In this latest issue of the LRI Africa newsletter, we look into what it is like to live and work in Ghana. In order for a business to be successful and fully integrated in a foreign country, and for relationships and trust between foreign nationals and the local population to grow, it is necessary that foreigners make every effort to learn about and respect the local customs, beliefs and ways of doing things.

LRI interviewed local Ghanaians to learn about some of the less well-known facts about life in Ghana, and some cultural nuances of the Ghanaian people. Focussing on the three key areas of daily life, work life and local customs, the aim is to give our readers an idea of what they should expect when setting up business and working in Ghana.

### Daily life in Ghana

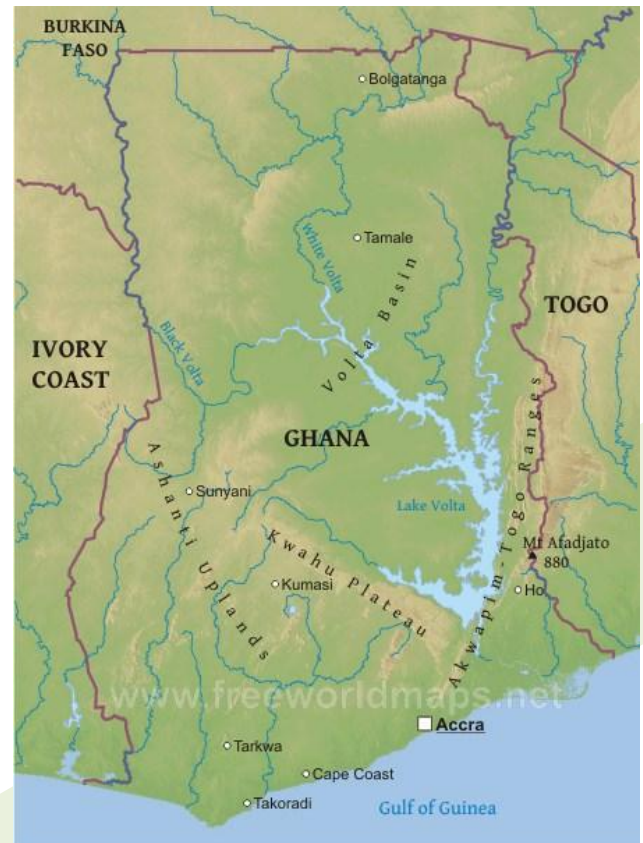
Ghana is divided into ten administrative regions with a population of over 25 million people. There are over 60 languages spoken throughout Ghana, but English is the only official language. Foreigners coming to work and/or do business in Ghana can easily communicate in English almost everywhere that they find themselves throughout the country.

Ghana, as a West African state, plays an integral part in the Economic Community of West African States (ECOWAS). Through ECOWAS treaties, protocols and accords, there is free movement of people across borders in the region. Ghana's international airport, the Kotoka International Airport (KIA) in Accra receives in excess of 800,000 arrivals per annum.

### Travel

Road transport is the mostly widely used form of transportation, with rail and water transportation limited. Road quality varies across the country with highways generally tarred and feeder (inland) roads generally sandy. Potholes are common throughout the country, including on tarred roads.

While inter-city travel is done largely by road, air travel is increasing as income levels rise. There are airports in Accra, Kumasi, Takoradi, Tamale and Sunyani, with a number of daily flights from Accra to Kumasi (17), Tamale (9), Takoradi (4) and Sunyani (1). Rail transport is



Map of Ghana.

Source: [www.freeworldmaps.net](http://www.freeworldmaps.net)

## Objectives and Services of LRI Africa

In Africa, political stability has been steadily improved years after civil wars were ended, and wealth has been brought to Africa by discoveries of natural resources.

Remarkable economic achievements have been observed in recent years. According to the African Development Bank, the economy in Africa has grown faster than in any other regions in the world. The current GDP of 26 billion dollars is projected to double by 2020. The region's work force will reach 1.1 billion by 2040, exceeding that of China and India combined.

Despite this promising prospect, not many international companies have entered the African market yet. This is not only because of lack of information available about the continent, but also because of lack of support services available in the continent. In view of this situation, LRI Africa has launched a comprehensive range of services at affordable rates, including:

- **Business research service for all the countries and sectors**
- **Project services from plan development and feasibility studies to execution and monitoring and management**
- **Mobilising in-house consultants to work as team members of our clients**

Please feel free to contact us for detailed information.

limited to the Greater Accra, Central, Western, Eastern and Ashanti Regions in the southern part of the country.

Traffic congestion is a major problem in Accra and Kumasi particularly. In Accra, large residential communities have developed on the outskirts of the city and due to the distance of these communities to the central business district, a large segment of working population make a long commute to work leaving home as early as 4 a.m. to avoid congestion. The majority of the local population commute to work by bus (which is called "Trotro" in local parlance). Traffic jams together with a lack of good road infrastructure in parts of the country may hamper movement.

### Safety and money

Ghana is generally a safe place for foreigners to work. In terms of handling money, cash is the preferred mode of payment for most transactions, although cashless transactions are increasing at a fast rate with credit and debit cards being accepted in hotels, restaurants and shops in the major cities in Ghana. In areas where credit, debit and e-zwich (local smart card payment system) cards may not be accepted, there are ATM machines which are Visa and/or MasterCard compatible.

### Power

Electricity supply is generally reliable but on occasion this reliability is influenced by several factors including high demand, reduced gas supply from the West African Gas Pipeline, equipment breakdown and low levels of rainfall which can affect water levels in the Akosombo dam, the major hydroelectric installation in the country. In practice, daily work life may therefore be hampered by power rationing several times a month by the electricity utilities. This can lead to an aggregate of day and evening power cuts close to about six days per month. The last major rationing took place in March 2014.

Where the situation will persist beyond a few days, the electricity distribution companies generally publish a Load Shedding Timetable in major dailies in Ghana and also on their website to enable businesses and households to plan appropriately.

### Communication

Communication across the country is straightforward. Most telephone usage is via mobile phone networks which completely overshadow landline usage and capacity. It is now commonplace for companies to have mobile network office lines rather than traditional landlines. Mobile network coverage is nationwide and is easily accessible in all major cities and towns across the country. The leading network in Ghana is MTN, which as of June 2014 holds 46% of the voice market share. Vodafone (22%) and Tigo (14%) follow, with the other networks holding less than 15%.

According to the National Communications Authority (NCA), as at June 2014 mobile subscriptions number over 29 million, well in excess of the total population of 25 million. Individuals therefore often have multiple subscriptions. It should be noted that mobile and landline network access may be limited or of poor quality in some remote areas such as Sekesua in the Eastern Region and Wassa Kakabo in the Western Region.

Both 3G and 4G mobile internet services are available in Ghana. As compared with mobile subscription, mobile data subscription stands at nearly 14 million. MTN also leads in data with a 51% share of the market. There are also numerous internet service providers who offer broadband and other services. Internet quality in Ghana is above average standards for the region.

### **Working life in Ghana**

Ghana over the years has proven to be a great investment destination for many international

## LRI Publications

LRI publishes detailed reports in a variety of areas related to the energy sector. The reports combine first-hand knowledge from interviews with expert analysis.

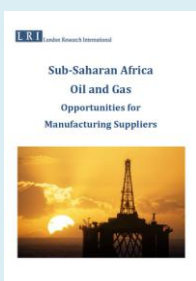
Details of two of our recent reports on Africa are given below. Browse our other publications [HERE](#).

### Sub-Saharan Africa Power Sector and Opportunities for Manufacturing Suppliers



A detailed look at the power sector in Nigeria, Kenya, Mozambique, Tanzania and South Africa, and the opportunities for industry suppliers in those countries.

### Sub-Saharan African Oil and Gas and Opportunities for Manufacturing Suppliers



A comprehensive examination of the oil and gas industry in Sub-Saharan Africa, this report provide specific country analyses of Nigeria, Angola, Mozambique, Tanzania, Ghana and Equatorial Guinea.

companies. Foreign companies operating in Ghana have thrived for several reasons, including the relative political and economic stability the country has enjoyed since the inception of the democratic 4<sup>th</sup> Republic in 1992. Ghana is one of the most peaceful and democratically sound countries in sub-Saharan Africa and has demonstrated its clear intention to continue down that path. These factors take away some of the attendant risks of investing in Africa and gives comfort to foreign companies. Ghana also has an attractive tax and investment regime through the Ghana Investment Promotion Centre and the Free Zones Authority (by virtue of their enabling legislation) that encourages foreign investment.

Against this backdrop, foreigners coming to work in Ghana will face no major challenges settling in. The typical working week is from Monday to Friday from 8 a.m. to 5 p.m. including an hour for lunch. Ghanaian law stipulates a maximum 40 hour work-week with compensation for employees who work overtime. In reality though, only public sector organisations comply with this requirement. Private sector businesses generally do not follow the requirement although it is mandatory. There are 13 holidays in a year, of which six are religious in nature.

Foreign companies operate in all sectors of the economy especially in mining, oil & gas, manufacturing, telecommunications and financial services, where they dominate. Some of these companies such as Stanchart (Standard Chartered) have operated in Ghana for over a century. Successful major foreign manufacturing companies include PZ Cousins, SC Johnson, Unilever, Diageo, Sab Miller and British American Tobacco. In the country's oil and gas sector, international majors such as Kosmos Energy, Tullow and Eni are engaging in significant exploration and production activities in Ghana. There are also a number of foreign owned banks from across the globe including Barclays Bank, Stanchart, UBA and Stanbic Bank. In the telecommunications sector, the players are largely foreign-owned. With the exception of the recent influx of oil and gas majors into Ghana, almost all successful foreign companies in Ghana have operated in Ghana for at least a decade.

Quite apart from experience and the fact that most foreign companies that operate in Ghana usually deploy business models that they have tried and tested elsewhere, the biggest factor that affects the success or otherwise of a foreign company in Ghana relative to local companies is access to cheap capital from the western world. **Local companies, for instance, have to borrow at interest rates well over 25-28% in Ghanaian Cedis (the local currency). Access to USD denominated loans in Ghana attracts interest in the region of 11-13%. This compares with foreign (especially Western) companies that are able to access funds with interest rates at less than 5% (AGI Business Barometer). Ghanaian companies therefore have significantly higher costs to be competitive against their foreign counterparts.**

To check foreign domination of all sectors of the economy, the Ghana Investment Promotion Centre Act, 2013 prohibits foreign companies from operating in certain sectors of the economy, including operation of a taxi service (where the fleet is <25 vehicles), production of schools books and stationery, retail of finished pharmaceutical products, and printing of recharge cards for use of subscribers to telecommunication services.

Through effective market research and due diligence, successful foreign companies have been able to introduce products and services that meet the needs of the Ghanaian public, and also export other products out of the country. Some manufacturing companies, for instance, register under the Free Zones Act in order to benefit from incentives therein and use Ghana as their base camp for export of their products to other countries in the sub-region.

Generally, foreign companies that excel in Ghana are pioneers of innovation in their various sectors and offer valuable products and services to their customers. **Such companies include MTN, Unilever, Maersk and Blue Skies.**

**MTN, for instance came into the Ghana mobile telecommunications market and through innovation beat the state-owned company (Onetouch at the time, now Vodafone) and another**



## African countries where we have done a research project in the last three years:

Angola, Equatorial Guinea, Ghana, Gabon, Cameroon, Nigeria, Republic of the Congo, South Africa, Kenya, Mozambique, Tanzania, Egypt, Libya, Algeria, Morocco, Tunisia

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private company (Mobitel at the time, now Tigo). MTN since then has dominated the industry completely and is the top telecommunications company in Ghana.

The same goes for Blue Skies, which was founded by Anthony Pile, a British national. Blue Skies is a pioneer in fresh cut fruits and has been since 1998, and through innovation continues to dominate the market. The company is well respected in Ghana and through the Blue skies Foundation has made positive contributions to the lives of the communities that grow fruits sourced by Blue Skies.

These companies attract and retain top talent and offer them great incentives and training opportunities. Invariably, these companies also tend to be socially responsible companies that give back to communities in which they operate as well as Ghana in general.

### Average wages

Within the last six years, public sector wages have increased significantly with the introduction of the Single Spine Pay Policy (SSPP). Through the SSPP, all public sector jobs were re-evaluated and placed on a new single vertical salary structure to ensure that public servants received equal pay for equal work. This consolidated all public servants on the same structure and as a result of the re-evaluation, pay rose generally across the board. The Government and the labour unions together set the minimum wage for employees every year. The current daily minimum wage is GHS 6, which is equivalent to about USD 1.61 (at an exchange rate of GHS 3.8 to USD 1). The SSPP notwithstanding, foreign companies generally pay better wages than local companies.

### Pensions

Ghana has a three tier pension scheme in force with only tier 1 being mandatory. Under the scheme, employers are required to contribute 13% (in addition to the employee's 5.5% contribution) to the compulsory tier 1 pension scheme. Failure to pay the contribution may lead to prosecution.

### Local partners

The inability for foreign companies to find suitable local partners may be simply because of a lack of suitable local companies. It can be very difficult to find a local company with the required technical capability in such sectors as oil & gas or power. Foreign companies may need to engage local companies in good faith without undermining their local expertise.

Workers rights are guaranteed under the 1992 Constitution, and the Labour Act of 2003 protects the interests of both employers and employees. Labour groups are active in Ghana and expect high levels of transparency by management in dealings with them. To effectively manage staff issues, foreign employers should ensure adequate training and put in place mechanisms for employee recognition and motivation. In practical terms, Ghanaian employees are better managed when there are clear rules and procedures for staff engagement.

In addition to the foregoing, Ghana has an effective dispute resolution framework in place to ensure that rights are protected and enforced. The judicial system has undergone reforms in recent years to ensure companies have their issues resolved expeditiously. The reforms led to the establishment of specialised courts such as the Commercial Courts, which focus on business related disputes. There is also emphasis on alternative dispute resolution mechanisms like arbitration and mediation which can speed up settlements.

### **Local Customs in Ghana**

Foreigners are welcome in Ghana and foreigners will find Ghanaian people warm and friendly. Foreigners are generally well perceived and viewed favourably as most Ghanaians believe that foreigners coming to work in Ghana come to invest capital and other resources which will

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create jobs for them and improve their lives. The recent involvement of Chinese immigrants in small scale mining in Ghana (which is illegal for foreigners to participate in) undermined Chinese credibility among Ghanaians.

Despite the welcoming attitude, there is growing sentiment for measures to be put in place to ensure that Ghanaians benefit from Ghanaian resource exploitation. This has resulted in the passage of local content regulations in the oil & gas sector as a means of ensuring that Ghanaians benefit from their national resources. Similar local content plans are in the pipeline for other sectors of the economy such as the power industry. In view of this, foreign companies seeking to enter the Ghanaian market should endeavour to partner with local companies where possible or ensure that locals are not excluded from their activities.

### Customs

By way of customs, foreigners will find that respect and deference is shown to elders and people in authority, and this is something that foreigners are expected to observe. Land acquisitions are one area where local customs also dominate. Foreigners seeking to acquire land will be required to participate in all the local customs which may involve presenting ceremonial drinks or presenting customary gifts to traditional authorities.

Foreigners should also be particularly aware of Ghanaians' relaxed attitude to time and punctuality. This should be considered when scheduling meetings and an exact time insisted upon.

Furthermore, when applying to regulatory bodies and governmental organisations, delays in applications should be expected. Except in limited circumstances such as where Ghanaian legislation stipulates clear response timelines, or in more progressive institutions like the Collateral Registry of the Bank of Ghana, applications for permits, licenses and other financial and government documents generally take longer than most foreigners will be accustomed to. This should be taken into account when planning work or project timeframes.

In Accra, there is usually a ban on noise-making (including drumming and playing of loud music) from May to June as part of local custom observed by the Ga ethnic group in preparation for their annual festival called the "Homowo". Depending on one's location in the city, noise making regulations are strictly enforced around this time. This should therefore be taken into account when planning open outdoor functions. Other major festivals include the Odwira, Aboakyire, Hogbetsotso, Damba and Adayase.

Of the six public holidays that are religious, four are Christian and two are Muslim.

Ghanaians are a very social people and a lot of activities are held over the weekend including weddings and funerals. Although these events are not work related, foreigners may need to attend to show solidarity with their business partners or employees. At these events it is customary to support by way of gifts or donations. Perpetually avoiding these invitations may be seen as inappropriate behaviour.



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