



## Ghana Can Help Feed Africa



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 **Quick read**

## Introduction

**Ghana has it all when you consider the resources needed for agriculture and the economics of production. It is also hard to ignore government incentives for large-scale agribusiness and a readily available growing domestic market to sell finished products. This leaves Ghana well placed not just to be self-sufficient in food, but also contribute to the regions and continent's food supply.**

Ghana, formerly the Gold Coast, is located in the sub-region of West Africa of the African continent. It has a population of over 30 million, spanning a variety of ethnic, linguistic and religious groups. The median age is around 20.67 years, and about 60% of the population is between 15 to 64 years of age, according to current population estimates.

## Why Invest in Ghanaian Agribusiness?



Despite lower oil prices, all of the important economic organisations such as IMF and World Bank maintain a bright outlook for Africa and Ghana.

The critical fundamentals in Ghana that remain strong and keep its development from derailing include –

### Availability of Resources:

- Abundant agricultural land and water
- Large labour force
- Funding available for developing the country

### Economics of Resources:

- Superior climate for multiple crops per year
- Property costs are relatively low
- Proximity to local and world markets

### Demand for Sustainable Food:

- Ghana's population to double by 2050
- Ghana imports a significant amount of food
- Food demands outpacing population growth
- Local and worldwide growing demand of food

- Ghana has a very promising future in terms of agriculture
- It has abundant land and water, a good climate, a large labour force and strong financial backing
- Ghana's GDP in 2020 stood at 67.34 billion US dollars, with the agriculture sector contributing approximately 17.31%
- Agriculture currently is suffering from low growth and the government, through public private partnership are seeking to stimulate investment
- There is now a five-year tax holiday for companies producing cash crops
- Importers of plant and equipment are exempt from import duties
- The country has approximately 13.6 million hectares of fertile agricultural land for use, of these 7.3 million hectares are under cultivation
- To meet domestic demand, government is incentivising companies in the agriculture sector to go into large-scale mechanised farming.

### Government Stability and Support:

- One of the fastest growing economies in Africa
- Ghana's currency closely tied to US dollar
- Free elections for over two decades
- Ten-year tax holiday for Free Zones Enterprise
- Development
- Government and Chieftain support



## Agriculture and Ghana's Economy

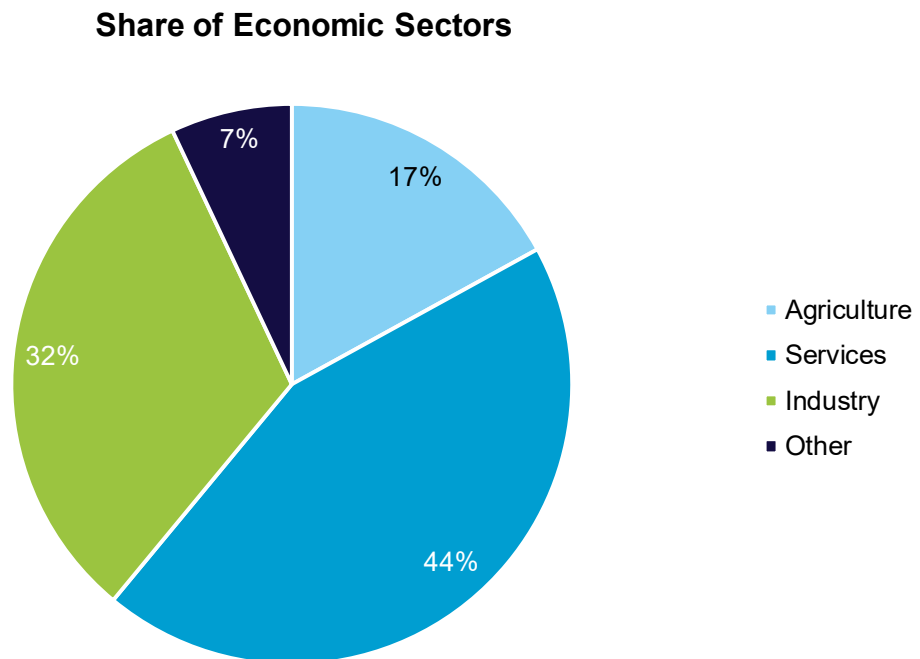
Ghana's economy is founded on three sectors namely, agriculture, industry and services. Its economy is driven by the private sector, which enjoys strong government support as government regards it as the engine of economic growth. This support creates an enabling environment for investment and thus opens the economy for growth. Ghana's GDP in 2020 stood at 67.34 billion US dollars, with the agriculture sector contributing approximately 17.31% as illustrated in Figure 1 below.

While the agriculture sector feeds the rest of the economy, it is experiencing slow growth. In an attempt to stem the tide of this slow growth in terms of contribution to GDP, the government has instituted a policy of Public Private Partnership (PPP) generally aimed at stimulating investment, especially in the agriculture sector. A notable incentive in PPP policy includes a five-year tax holiday for companies producing cash crops. Furthermore, importers of industrial plant and equipment for agriculture are also exempt from import duties.

The agriculture commodities with the highest production quantities include Cassava, Yams and Plantains. Large-scale businesses are quite intensively involved in the production of rice, maize, sunflower, soybeans including many other crops. The main farm produce contributing to GDP includes cereals; starchy crops; livestock (including cattle, sheep, goats, pigs and poultry); fisheries (including marine, inland and aquaculture); forestry and cocoa.

Ghana has approximately 13.6 million hectares of fertile agricultural land for use, of these 7.3 million hectares are under cultivation. To increase the supply of agricultural products to meet domestic demand, the Ghanaian government is incentivising companies in the agriculture sector to go into large-scale mechanised farming. Nonetheless, there are only a few large-scale mechanised companies operating in Ghana.

**Figure 1: Composition of Ghanaian GDP**



Source: World Bank/USA CIA/Farrelly & Mitchell Analysis



## Conclusion

Ghana is committed to improving physical infrastructure to facilitate business. Moreover, Ghana's reform programme to improve the investment climate for both local and international investors have made the country the best place for doing business in West Africa, ahead of Nigeria and Cote d'Ivoire. In addition, the 2019 Ease of Doing Business Report ranked Ghana 118.

Ghana Investment Promotion Centre (GIPC) was adjudged the Best Investment Promotion Agency (IPA) in West and Central Africa for the second time at the 2017 Annual Investment Meeting (AIM) Awards in Dubai, UAE.

Based on our research and local experience, we believe Ghana has enormous potential for existing companies and new entrants. A rich abundance of fertile land, favourable climate and favourable regulatory environment, make it a desirable location for highly scalable investments in primary agriculture and related downstream activities.



## Expert in this Insight

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