GHANA:
Agricultural Investment Opportunities

By Hon. KWESI AHWOI,
Minister of Food and Agriculture

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PRESENTATION OUTLINE:

- Agriculture Profile in Ghana
- Attractiveness of Ghana as an Investment Destination
- Brief History of Agric policies in Ghana
- Some Current Agriculture Investments Ghana
- Role of Government in Investment Attraction
- Investment Process
- Specific Fiscal Incentives to support investment
- Policy Issues to facilitate Investment
- Presentation of selected proposals for investment
  - Accra Plains Irrigation Project
  - Dawenny Irrigation Project
  - Commercial Rice Production
Agricultural investment opportunities in Ghana

Objectives

Agriculture in Ghana

- Contributes 36% to GDP (2008 figures)
- Annual growth rate averaging 6% p.a. (among the highest in SSA) over the last four years with cocoa contributing significantly to it.
- Employs about 56% of the 10 million workforce
- Average holding on family-operated farms is 2 hectares
- Rudimentary technology to produce about 80% of Ghana’s total agricultural output.

Land:
- Land area is 23,583,900 hectares
- 13,628,179 hectares (57%) is cultivable.
- 7,359,216 ha (54%) under cultivation in 2009
- 33,778 ha (0.44%) of cultivable land is irrigated,
- Ghana’s agriculture is generally rain-fed.

- Land ownership is customary (78%); state owned (20%); and 2% split ownership (partnership being state and customary owners.)
- Large scale farms and plantations produce mainly industrial crops, such as oil palm, rubber and coconut and to a lesser extent, maize, rice and pineapples.
Agricultural Investment Opportunities in Ghana

Brief History of Agric Investment policies

- Conducive agronomic conditions
- **Era of political volatility (67 – 82)**
  - Food self-sufficiency (Operation Feed Yourself [OFY] & Operation Feed Your Industries [OFYI]) dependent on involvement of total populace and large subsidies. Achieved large production increases (rice and maize self sufficiency and export in 1974/75)
- **Period of Structural Adjustment (83–92)**
  - Established macroeconomic stability, liberalized financial sector among others. Agric sector policy emphasis on cocoa and timber rehabilitation and export

Stable Democratic Regime (1992-2010)

Democratic Transition
- Restored rule of law
- Deepening enabling environment for private sector development
- Agriculture and rural development focus
- Clearly defined Food and Agriculture Sector Development Policy (FASDEP) formulated
  - Emphasis on food security and emergency preparedness
  - Application of science and technology with emphasis on research

**2009-Accelerated Agricultural Modernisation**
- Targeted agriculture development:
  - Mechanisation;
  - Irrigation;
  - Improved seed and fertilizer utilisation
  - Aggressive extension service delivery
- Emphasis on and support for small, medium and large scale agriculture production
Why is Ghana attractive?

- South – bimodal rains: horticulture (pineapples, banana), oil palm, rubber, cocoa,
- North – guinea savannah: cereals (maize, rice) sorghum, millet, horticulture (mango), biofuels (jatropha, sugarcane)
- Food Security:
  Currently self sufficient in staples (root and tubers viz, cassava, yams, plantain) but gravely deficient in cereals and pulses viz. maize, rice, soyabean, sorghum and in fish and meat.
  Urgent need for processing and value addition
Some of the Current Agricultural Investments

Agricultural investments include a range of production methodologies (large-scale cereals, large-scale horticulture, plantation tree-crops, out-grower schemes with/ without nucleus)

Key Investment Projects Under Implementation

- Jatropha (Biofuel Ghana) Norway
- Mango (ITFC)
- Soyabeans and groundnuts (Ghana Nuts)
- Sorghum (Ghana Breweries)
- Maize (Kwanim) - YIAP (Block Farm)
- Banana (Golden Exotics)
- Pineapple (Blue Skies)
- Oil Palm (GOPDC)
- Rubber (GREL)

Other discussions going on with Qatar, Republic of South Korea and Brazil

Available information indicates that over 20 companies from around the world, including China, Brazil, Germany, Italy, the Netherlands and Norway, are acquiring land in Ghana to produce biofuels mainly jatropha and sugarcane. Multinationals are attracted to Ghana by the land availability, soil types and a lack of regulation on acquisitions, according to the Food Security Policy Advocacy Network (FoodSPAN), based in the capital Accra.
### Role of Government to date

**Existing investments evolved from various initiatives, with differing degrees of Govt involvement**

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture Development projects</td>
<td>- Plantation schemes with out-grower arrangements established under donor-funded development projects. Initially run as state-owned enterprises, then privatized and now owned and managed by commercial enterprises.</td>
</tr>
<tr>
<td>Leasing of former state farms</td>
<td>- Former Govt farms have been transferred to private operators under de facto management contracts. Operator is responsible for inputs and marketing, and for raising finance.</td>
</tr>
<tr>
<td>Private initiatives with multiple land-owners</td>
<td>- Investors organize small-holders into out-grower schemes and provide inputs and marketing function.</td>
</tr>
<tr>
<td>Private initiatives with long-term lease</td>
<td>- Investors have negotiated with traditional authorities for long-term leases (~40 years) and established operations.</td>
</tr>
<tr>
<td>Inter-Governmental agreements</td>
<td>- Conversations started with Qatar; Brazil and Rep. of South Korea</td>
</tr>
<tr>
<td>Govt run irrigation schemes</td>
<td>- Govt owned and managed 22 formal irrigation schemes established in 60s &amp; 70s. Rehabilitation and management contracts required.</td>
</tr>
<tr>
<td>Medium Term Sector Investment Plan (METASIP)</td>
<td>- More effective coordination within GoG, better financial management and staffing procedures, formalized links with donors, NGOs and private sector</td>
</tr>
</tbody>
</table>
The Investment Process

- National development goals
- Investment promotion efforts
- Basic information on investment possibilities
- Facilitate access to land
- Project Implementation
- Facilitate with financing
- Provision of essential public infrastructure
- Register Investment

**GIPC responsible for investment promotion**

- Food and Agric Sector Devt Policy and Medium Term Agric Sector Investment Plan (METASIP) clearly set in National Medium Term Development Plan
- Constitution allows Govt to acquire land ‘for the public good’. Existing State Land can be leased to investors. Govt can use its good offices to assist securing of lease agreements between investors and traditional authorities. Land Banks

**Govt responsibility is to create enabling environment; facilitate contractual agreements; monitor project implementation to ensure development plans are adhered to.**

- EDIF provides funds for export promotion
  - ‘To be converted to EDAIF to provide targeted fund for agriculture.
  - ‘GTZ driven Out grower Value Chain Fund in place.

- Investors may request improved road access (Dept of Feeder Roads), power connections (ECG/VRA) or water rights for irrigation (Min. of Water Resources, Works and Housing)

- Investment is registered with GIPC and, if appropriate, GFZB. Criteria have to be met.
### Specific Fiscal Incentives

Various Acts provide specific fiscal incentives including tax relief, import duty exemptions etc to promote investment...

<table>
<thead>
<tr>
<th>Fiscal Incentive</th>
<th>Provisions</th>
<th>Eligibility Criteria</th>
</tr>
</thead>
</table>
| Derogations from Corporate Income Tax | **Under GIPC regulations:**  
Cocoa farmers and producers – exempt  
Cattle ranching – 10 years  
Tree crops (e.g. coffee, oil palm, shea butter, rubber and coconut) – 10 years  
Livestock (excluding cattle and poultry) – 5 years  
Fish farming, poultry and cash crops (e.g. horticulture) – 5 years  
Agro processing – 5 years  
**Under Free Zone regulations:**  
10 year derogation of corporate income tax  
Corporate income tax shall not exceed 8% thereafter | Investments in specific sub-sector registered with GIPC |
| Rebates on Corporate Income Tax | Manufacturing industries located in:  
Accra & Tema – no rebate  
Other regional capitals – 25 % rebate  
Elsewhere – 50% rebate  
After the initial 5-year tax holiday period, agro-processing enterprises, which use agricultural raw materials as their main inputs, shall have corporate tax rates fixed according to their locations as follows:  
Accra & Tema – 20%  
Other Regional Capitals – 10%  
Outside Regional Capitals – 0%  
All over Northern, Upper East, Upper West Regions – 0% | Investments to take place in specific locations registered with GIPC |
| Carry-forward losses | Tax losses are carried forward for five years and is lost if unutilized after the lapse of the fifth year. | Mining, farming and manufacturing businesses for export. |
| Investment Guarantees | **Free Transferability** of Capital, Profits and Dividends and payments for loan servicing;  
**Insurance Against Non-Commercial Risks** through membership of the Multilateral Investment Guarantee Agency (MIGA)  
**Double Taxation Agreements** have been agreed with 21 countries, of which some are awaiting ratification; Another 19 are pending for conclusion. | Must use formal banking system for transfers. |
| Exemption of import duties | From GIPC Act |  
Ghana is ranked the best in West Africa and the sixth in Africa for its good investment climate (World Bank’s Doing Business Report, 2008). |
Critical Policy Issues to facilitate investments

### Strategic decisions on land use

- Govt will endorse investment in “unused” land for large scale bio-fuel production, with necessary safeguards, to reduce country’s consumption of fossil fuel which currently stands at $1.5 billion per year. This is also consistent with global interests to cut down on the use of fuel.

- Government not very critical on costing the extra benefit to gain from the exploitation of water from the acquired land.

- The land tenure situation may be very complex, involving customary rights. Careful assessment of local contexts is critical, as well as long-term engagement with local interests (not just elites).

### Facilitating access to land

- The Ministry of Food and Agriculture in Ghana has initiated inter-agency consultations between the Ministries of Energy, Lands and Natural Resources, Environment Science and Technology, Chieftaincy Affairs, Local Government and Rural Development, and Finance and Economic Planning to develop the policy framework and guidelines for large scale land acquisitions by both local and foreign investors for plantation agric and biofuels development with the view to coming out with win-win modalities to protect the interests of investors and the food security and welfare of Ghanaians, the farmers and landowners.

- Governments [Commission is implementing a Land Administration Project to rationalise and ensure land registration and security of tenure.

- Agencies responsible for the establishment of land banks have made progress but will be required to move faster and provide additional data on soil types, suitability of specified crops, hydrology etc.

- Land owners who put in their registered land can either lease it out to investors or put it in the business as equity.
Financing agriculture

**Financing schemes**

- Export And Agricultural Development and Investment Fund (EADIF) about to be established to support medium to long term financing of Agriculture
- Out grower Value Chain Fund established and earmarked to provide medium to long term financing in agriculture.
- Government subsidy support for fertilizer and agric machinery
- Urgent need for crop insurance scheme

**Maximizing development impacts**

- Provide guidelines and framework for investors to understand investment processes in the country.
- Provide database on all available facilities; land and soil types, irrigation facilities, feeder roads, electricity etc.
- Provide specific infrastructure in identified potential agricultural belts (Horticulture, Accra Plains, Afram plains etc) to support strategic investment of committed investors.
Critical Policy Issues to facilitate investment

- Government’s establishment of a National Buffer Stock Company to provide a ready market for producers of cereals. (Initial focus)
- Mechanization program to establish at least one mechanization centre with full complements of machinery owned and managed by the private sector in each of the 170 districts. 85 AMSECs so far established
- Irrigation facilities are being rehabilitated for dry season and all year round farming, animal watering and agro-processing in all ten regions of the country.
- All these are being done in partnership with the private sector
<table>
<thead>
<tr>
<th>No.</th>
<th>Activity</th>
<th>Type of machinery/ equipment</th>
<th>Specification/ Capacity</th>
<th>Qty</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Land development</td>
<td>Bulldozer (crawler)</td>
<td>250 - 350 hp</td>
<td>50</td>
<td>For maize, rice, soya and sorghum production</td>
</tr>
<tr>
<td></td>
<td>2 Land preparation</td>
<td>Tractors (4WD, 2WD) with matching implements. Ploughs/harrows</td>
<td>(70-90 )/( 120-150 )hp</td>
<td>3500</td>
<td>---do---</td>
</tr>
<tr>
<td></td>
<td>Stone remover</td>
<td>1 tonner</td>
<td>50</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Crop management (maintenance/ protection)</td>
<td>Boom sprayers</td>
<td>600 litre</td>
<td>200</td>
<td>Maize, rice, soya</td>
</tr>
<tr>
<td></td>
<td>Fertilizer applicators /spreaders</td>
<td>1 tonner</td>
<td>300</td>
<td>Maize, rice, cassava</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Maize/cassava/soya bean Planters</td>
<td>2-6 rows</td>
<td>800</td>
<td>Maize planting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Seed drills/cultivators/ ridgers</td>
<td>2-6 rows</td>
<td>500</td>
<td>Rice, soya sowing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Slasher (rotary)</td>
<td>Tractor driven</td>
<td>150</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>4 Crop harvesting</td>
<td>Tractor mounted combine harvesters</td>
<td>70-90 hp</td>
<td>50</td>
<td>Rice harvesting</td>
</tr>
<tr>
<td></td>
<td>Self-propelled combine harvesters</td>
<td>70-100hp</td>
<td>40</td>
<td>Rice /maize harvesting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Maize picker /soya harvesters</td>
<td>70-100hp</td>
<td>20</td>
<td>Maize &amp; soya harvesting</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Reapers</td>
<td>10-15hp</td>
<td>100</td>
<td>Rice harvesting</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Primary processing</td>
<td>Rice Threshers</td>
<td>1 tonne/hr</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Multicrop threshers</td>
<td>1 tonne/hr</td>
<td>100</td>
<td>Maize, sorghum, soya threshing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Maize Shellers</td>
<td>1 tonne/hr</td>
<td>100</td>
<td>Maize</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Dryers (Continuous flow &amp; batch grain)</td>
<td>1 tonne/ batch</td>
<td>100</td>
<td>Maize, cassava chips</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hay/ Straw bailer</td>
<td>1 tonne/ hr</td>
<td>30</td>
<td>rice &amp; maize</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Secondary processing</td>
<td>Fruits processors</td>
<td>100</td>
<td>Pineapple, mango, orange, melons etc</td>
<td></td>
</tr>
</tbody>
</table>
BROAD INVESTMENT SECTORS

- Crops- food and industrial raw materials
- Fisheries- Emphasis on aquaculture
- Livestock- Poultry and feed lot development for cattle, small ruminants and piggery
- Agribusiness-
- Rice milling facilities
- Storage facilities- silos and warehouses
Urgent Investment projects
ACCRA PLAINS IRRIGATION PROJECT

PROJECT OBJECTIVES

• To develop 150,000 ha large scale mechanised irrigation agricultural complex within the Accra Plains
• To increase farmers income and reduce poverty through farming
• To train Ghanaian farmers within the Accra Plains area in modern farming techniques

PROJECT LOCATION

PROJECT AREA

PROJECT OUTPUT

• 5,000ha (First phase) of irrigated crop farming with modernized infrastructure.
• 33,000 tons of rice, 6,000 tons of maize, 56,775 tons of vegetables and 45,000 tons of fodder produced by Small/large scale farmers and agribusiness entities annually.
• Employment of about 22,000 unskilled labour as a result of increased agricultural activities
• Training centre for modernised farming
• Trained farmers’ groups and organizations
# ACCRA PLAINS IRRIGATION PROJECT

## Project Beneficiaries

- It concerns local native or immigrant farmers who may receive new plots altogether and areas to be allocated will range from 2.5 to 20 ha.
- Private promoters' category called "Agribusiness". Areas of attribute are multiples of 5ha modules.

## Project Activities

- **Demonstration Farming**
  - Technical support for operation of large-scale farm by Korean experts
  - Provision of farm machinery

- **Training of Farmers**
  - Provision of training programs for Ghanaian farmers and technical staff of Ghana Irrigation Development Authority
  - Organisation of farmers association for operation and maintenance of infrastructure and farming equipment/machinery

## Project Cost

The total investment cost including holdings development works amounting to US$ 99,303,940, or a total cost per hectare of US$ 19,861.

**Infrastructure Development**
- Development of paddy land (5000 ha)
- Construction of a pumping station, large storage reservoir, irrigation and drainage canal system, flood protection bunds
- Development of agro-processing complex with access road equipped with electricity and water supply.
- Construction of Training Centre and warehouse for farm machinery and inputs
ACCRA PLAINS PROJECT

PROJECT BUDGET

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Costs</td>
<td>924 809</td>
</tr>
<tr>
<td>Maintenance fees</td>
<td>902 081</td>
</tr>
<tr>
<td>Manpower costs</td>
<td>18 000</td>
</tr>
<tr>
<td>Global annual operating costs</td>
<td>1844 890</td>
</tr>
<tr>
<td>Costs per ha</td>
<td>369</td>
</tr>
<tr>
<td>Cost of m³ of water</td>
<td>367</td>
</tr>
</tbody>
</table>

INVESTOR INPUT

- Eighty million nine hundred and nineteen thousand and sixty four dollars (US $ 80 919 064)
- Rehabilitation of irrigation scheme
- Training program
- Expatriate experts and office operation
- Conduct of community, regional and national level workshops
- Provision of income generation activity
- Consultancy fees

GOVERNMENT INPUT

- Twenty million two hundred and twenty nine thousand seven hundred and sixty six dollars (US $ 20 229 766)
- Project office
- Office operation and convenience facilities such as electricity and internet
- Project coordinator
- Local experts, administrative and secretarial staff
**DAWENYA IRRIGATION PROJECT**

**Project Location:**
Dawhenya Irrigation Project Site, Dawhenya, Ghana (about 40km East of Accra)

**Project Duration (Tentative):**
24 month(s)

**Project Beneficiaries:**
250 families (around 1800 persons) of Dawhenya Village who fall below the poverty line. Ghana Irrigation Development Authority (GIDA) as coordinators of the project for the direct benefit of the local communities.

**Project Objective**
- Alleviate poverty situation in the rural community through rice productivity improvement through the rehabilitation of irrigation scheme
- Establish Ghanaian pilot irrigation scheme to disseminate to other areas in Ghana.

**Project Activities**
- The rehabilitation of the irrigation scheme
  - The rehabilitation of pumping station and the installation of new pumps to provide all year round agricultural water supply for rice and vegetable production.
  - The rehabilitation of irrigation canals which supply water to the paddy rice and other fields

- The reconstruction of Weir and rice milling and storage facility maintain produce quality in storage.
- The rehabilitation of feeder road to the project site and surrounding villages

**Capacity building of village famers association**
- Establishment and/or strengthening of farmer cooperatives on the Dawhenya Irrigation Project Site.
DAWENYA IRRIGATION PROJECT

PROPOSED BUDGET

The total investment cost including replacement of pumps is US$2,727,455.00 or a total cost per ha of US$12,397.52.

INVESTOR INPUT

- Two million, one hundred and eighty-one thousand, nine hundred and sixty-four dollars US dollars (US$2,181,964.00)
  - Rehabilitation of irrigation scheme and community centre
  - Training program
  - Expatriate experts and office operation
  - Conduct of community, regional and national level workshops
  - Provision of income generation activity

GOVERNMENT INPUT

- The Ministry of Food and Agriculture of the Republic of Ghana shall provide human and office space for the project
  - Five hundred and forty-five thousand, four hundred and ninety-one US dollars (US$ 545,491.00)
  - The project office
  - Office operation and convenience facilities such as electricity
A commercial rice production project with potential to diversify into maize growing, as well as livestock and poultry rearing. A detailed business plan available.

- Vast fertile agricultural lands, favourable climatic conditions and an attractive incentives regime; as well as the existence of a fairly good infrastructure make the proposed project bankable.

**Project Site advantage**

- The farming lands are situated in areas with tarred roads, electricity, piped water, abandoned rice mills - possibility of buying them from the government exists - lakes, rivers and dams for irrigation.

- Over 10,000 ha for establishing rice fields and another 20,000 ha also suitable for agricultural activities have been secured.

**Cost of Investment**

- The initial investment capital of **US$325,000**– mainly for machinery (implements, equipment and milling plant), and crop inputs.

**** Contact: **Agro-Business and Investment**
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Agronomist partner

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Email: ikes_12@yahoo.com.
# Ten Leading Agricultural Produce Export Earners

(Source: *Non-Traditional Export Performance Report 2009*)

<table>
<thead>
<tr>
<th>Product Description</th>
<th>2009 (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Frozen Tuna</td>
<td>27,667,412</td>
</tr>
<tr>
<td>2. Shea Nuts (Kerite Nuts)</td>
<td>26,853,367</td>
</tr>
<tr>
<td>3. Cashew Nuts</td>
<td>20,154,095</td>
</tr>
<tr>
<td>4. Fresh or Chilled Fish</td>
<td>19,933,918</td>
</tr>
<tr>
<td>5. Yams</td>
<td>12,032,058</td>
</tr>
<tr>
<td>6. Banana</td>
<td>11,589,533</td>
</tr>
<tr>
<td>7. Pineapples</td>
<td>10,628,229</td>
</tr>
<tr>
<td>8. Medicinal Plants &amp; Seeds</td>
<td>8,147,137</td>
</tr>
<tr>
<td>9. Coffee</td>
<td>1,696,967</td>
</tr>
<tr>
<td>10. Kola Nuts</td>
<td>1,463,200</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$140,165,916</strong></td>
</tr>
</tbody>
</table>
TEN LEADING PROCESSED/ SEMI-PROCESSED EXPORT PRODUCTS FROM GHANA. *(Source: Non-Traditional Export Performance Report, 2009.)*

<table>
<thead>
<tr>
<th>PRODUCT DESCRIPTION</th>
<th>2009 (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Cocoa Paste</td>
<td>$285,725,061</td>
</tr>
<tr>
<td>2. Canned Tuna</td>
<td>110,456,915</td>
</tr>
<tr>
<td>3. Articles of Plastics</td>
<td>93,821,523</td>
</tr>
<tr>
<td>4. Cocoa Butter</td>
<td>90,297,425</td>
</tr>
<tr>
<td>5. Veneers</td>
<td>39,006,475</td>
</tr>
<tr>
<td>6. Plywood</td>
<td>31,505,307</td>
</tr>
<tr>
<td>7. Natural Rubber sheets</td>
<td>24,834,381</td>
</tr>
<tr>
<td>8. Shea butter</td>
<td>19,010,304</td>
</tr>
<tr>
<td>9. Cut Pineapples</td>
<td>17,134,947</td>
</tr>
<tr>
<td>10. Milk &amp; Cream</td>
<td>13,427,408</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>725,219,746</strong></td>
</tr>
</tbody>
</table>
• This has been a teaser of the investment potential in Agriculture in Ghana

• THANK YOU