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Economic Report 2022-23

Ghana

June 2023

Executive Summary

Ghana's rapid growth of previous years was halted by the COVID-19 pandemic in 2020 and further slowed down by the effects of the Russian attack on Ukraine. These exogenous shocks led to a substantial macro-economic and sovereign debt crisis, that however had its root causes in pre-existing structural weaknesses and unsound economic policies. Throughout 2022, when the real dimension of the financing gap and debt levels became more apparent, growth projections had to be corrected to 3.2% in 2022 (instead of 5.5%) and to only 1.6% for the 2023 outlook, which is a *de facto* recession in a context where population growth stands at 3.3%. The fiscal deficit kept increasing over the months in 2022 and **public debt levels were declared unsustainable by the IMF in December 2022**, when debt levels shot up from a debt-to-GDP ratio of 78% in Mid-2022 to almost 88.1% by end of 2022 due to a rapid and substantial currency depreciation. As debt servicing became the largest spending item of government revenues, Ghana defaulted on most of its external debt in 2022 and had to restructure large portions of its almost equally substantial domestic debt in the first months of 2023. While this allowed to build up some modest reserves by June 2023, it put the local financial sector under severe stress, as the Domestic Debt Exchange Program led to massive income losses for banks, insurances and private bond holders. The state had to grant a costly exception from the debt swap to the pension funds, who would have otherwise collapsed and wiped out the still young pension system of Ghana.

As a response to the tighter financing situation, the government **narrowly focused on revenue mobilization** and did so mainly through the introduction of new or the increase of existing taxes as well as tariff adjustments. It is already visible that the short-sighted focus on raising taxes puts formal employees and formalized businesses under significant financial stress. These measures are even more strongly felt because the population also suffers from **high inflation**, reaching 54% in December 2022, which is the highest inflation recorded since 1996. The annual inflation projection for 2023 remains high at 45.4%. Alongside these deteriorations, Ghana's credit rating kept going further down throughout 2022, resulting in a devastating CCC with negative outlook and finally restrictive default RD when debts were no longer serviced by the sovereign. This has locked Ghana out from accessing international financial markets and has also restricted the private sector from accessing credit. With the policy rate of the central bank reaching 29.5% in early 2023, borrowing became prohibitively expensive for the private sector, who delay investments or reverse capital flows altogether.

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All these factors combined made it inevitable for the government to **return to the IMF** despite contrary political promises. In early July 2022, Ghana requested negotiations with the IMF, reached staff level agreement by mid-December for a USD 3 billion stabilization program and obtained board approval for the same on May 17th 2023. While the board approval and immediate release of the first tranche of USD 600 million has brought some confidence back, economic recovery cannot yet be recorded. Despite the manifold economic and social challenges, Ghana has not seen major public unrest in 2022 and 2023, apart from unions and pensioners peacefully protesting against the domestic debt exchange program.

With regards to the **private sector**, uncertainties and cost of business kept increasing throughout the reporting period. The rule of law continues to be unreliable for foreign companies, namely related to excessive tax claims and land-lease disputes. Companies related to importation – both for retail and local production – suffered massive losses due to the strong depreciation of the local currency. Many of them are no longer profitable, have reduced staff or closed altogether. Ghana is by now less seen as a good place to make business in the wider region and multinationals openly consider to transfer their West Africa HQs to neighbouring countries. Investments planned for 2022 were held back, leading to a decrease in FDI flows of 40% in 2022 alone. This is also true for companies active in the **cocoa sector**, usually a reliable and substantial cash-crop for Ghana, finding itself in massive difficulties due to lower yields, over-indebtedness, inefficiency and smuggling. **Extractives** are the only sector completely untouched by the current crisis and doing exceptionally well in 2022. After a slump in 2021, Ghana reclaimed its position as the largest gold producer on the continent in 2022. GDP growth in the extractives was 12.7% in 2022.

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1 ECONOMIC OUTLOOK AND ECONOMIC POLICY DEVELOPMENTS

Ghana's 2022 **economic growth** was revised downwards to 3.2% [5.4% in 2021], thus slowing down the promising rebound after the pandemic. Given the serious macro-economic turmoil the country fell into in the second half of 2022, this growth rate, although disappointing, is still noteworthy. It was driven by the **services sector,** which remained the largest **contributor** to GDP with 44.9%, followed by industry and agriculture at 34.2% and 20.9% respectively[1]. The **nominal GDP** for 2022 is estimated at USD 72,8 billion, up from 70.6 billion in 2021. Although Ghana benefitted from high prices of gold and oil in 2022, GDP in 2023 is projected lower at around USD 66.5 billion only.

Inflation increased steadily from 13.9% in January 2022 to a staggering 54.6% by December, the highest recorded inflation rate since 1996. Inflation was the main concern of Ghanaian consumers throughout 2022, who saw their purchasing power reduced every month. At the same time, the 2022 **national daily minimum wage** of GHS 13.53 (USD 1.73) was lifted to only GHS 14.88, which was ill received by the population. The value of the local currency, the Ghana Cedi, was CHF 1 = GHS 6.6 in January 2022, 8.8 in August and crashed rapidly to almost 15 in October 2022, making it the worst performing currency worldwide in 2022. It is now more stably oscillating at around 12.5, but the outlook is still marked by uncertainties. Besides the global inflation surge, disruptions in already weakened **supply chains** and uncertainties in the financial markets, Ghana continued to suffer from the effects of the Russian aggression, as it used to import 30% of its wheat flour and fertilizer from Russia and 60% of its iron rods and other metal sheets from Ukraine. Additionally, almost 20% of Ghana's manganese is usually shipped to Ukraine. The obstruction in trade further affected the economy and the harsh economic conditions in 2022 did not allow for investments aimed at import substitution. One positive development in the area of **import substitution** is the definition of five priority value chains that are by now no longer benefitting from subsidized trade financing, i.e. rice, poultry, vegetable oils, sugar and tomatoes.

The **higher input costs** for farmers, less fertilizer available and erratic rain patterns due to climate change led to reduced yields in the critically important **cocoa sector**, which is currently facing a multitude of challenges: the volume of the 2022/23 harvest is about 30-35% lower than the 2022/21 harvest. Out of this lower yield, a lot is currently being smuggled to neighboring countries, namely Côte d'Ivoire, as the difference in farmgate prices between Ghana and Ivory Coast are substantial. Ghana fixes the cocoa price in GHS at the beginning of every cycle. The price was not adjusted throughout 2022 despite the massive evaluation of the local currency. The prefinancing scheme used by the government's cocoa board (COCOBOD), a syndicated commercial loan, was problematic in 2022 already and might not materialize for the next harvest due to elevated risks. At present, cocoa processing plants, among them important Swiss companies, are running below capacity as they do not access fresh beans to process (some resorting to importation of cocoa beans from Ivory Coast!).

Ghana's 2020 **fiscal deficit** had soared to 11.4% due to a shortfall in government revenues and an increase in expenditures associated with the pandemic. This compelled authorities to suspend the fiscal responsibility law that had been put in place to limit annual fiscal deficits to 5% of GDP. The fiscal deficit in 2021 was 9.6% and was projected to narrow to 6.7% in 2022, an ambitious goal which was clearly missed (2022: 9.9%). Fiscal deficit is projected to remain elevated until at least 2025. The country's **debt-to-GDP ratio** jumped from 78.0% in March 2022 to 88.1% in December due to a rapid depreciation of the local currency, but alternative calculations by the Worldbank and the IMF set the debt to GDP ratio as high as 104%[2]. The estimate by the IMF is 98.1% debt to GDP, out of which 40.6% is domestic. Updated forecasts suggest that the debt levels are to remain high until at least 2027, where it should reach 86.1%.

[1] IMF Country Report No. 23/168.

[2] In mid-December 2022, the exchange rate jumped from 1:15 to 1:8 in less than a day and quite exactly at the time of the official deadline to report a country's debt to the IMF. It is still unclear if it was the announcement effect of the IMF-program alone or if some politically motivated manipulation took place in order to get better debt figures due to a stronger local currency.

It is important to know that in all these calculations, debts and contingent liabilities of the State-Owned Enterprises (SOEs) are not included, as they are not yet quantified.

The largest **expenditure items** of the government in 2022 were compensation of employees (about 688,000 public sector employees alone absorbing 31.78% of the 2022 tax revenues), interest payments for public debts (37.12% of tax revenues), whilst grants to other government units and capital expenditure were 21.25% and 19.6% to tax revenue respectively. The government's previous strategy to get more debt to cover its expenditures is no longer viable, as Ghana lost access to the international financial markets in the second half of 2022. The country therefore has to resort, apart from the USD 3 billion loan from IMF, to budget support operations by the Worldbank (USD 1.5 billion pledged) and the African Development Bank. Ghana's efforts to reduce its expenditures are not very ambitious nor is the state budget 2023 as such. Given the upcoming parliamentary and presidential elections and fiscal populism coming along with elections, the risk of so-called policy slippages (i.e. not fulfilling the IMF program's benchmarks) is elevated.

As a key measure to boost revenue mobilization, the Parliament of Ghana passed another three tax bills in 2023, after the introduction of the very controversial electronic transactions levy (**e-levy**) back in March 2022. As initially feared, the e-levy led to a substantial reduction of electronic transactions and its ambitious collection targets were missed by far. The COVID-19 levy is still in place. All this combined brings the total tax on goods and services up to 21% for a regular consumer[3]. At the same time, property taxes are still not collected throughout the country, as most properties remain un-valued. Tax exemptions are still quite numerous, but there is a growing recognition that the exemption regime needs to be streamlined. A positive development was the increase of royalties to be paid by mining companies, from an average 3% to 5%, e.g. for gold. Ghana remains a large **remittance** recipient in Sub-Saharan Africa in 2022 recording an influx of USD 4.7 billion, which is 4.4% more than in 2021.

In June 2022, President Akufo-Addo formally launched the long-awaited **Development Bank Ghana (DBG)** that has already amassed a total committed capital of USD 750 million, most of it from international development partners. The bank wants to correct a persisting market failure by providing long-term low interest rate financing for the private sector through commercial banks. Strategic sectors are: manufacturing, agriculture, ICT and allied services, tourism, as well as the mortgage and housing market. Considering that earlier attempts with the National Investment Bank and the Agricultural Development Bank did not succeed in solving the persisting problem of access to (affordable) finance for the private sector, expectations for the DBG are high. To date, the DBG has managed to launch a partial credit guarantee, which is a new instrument in the financial sector of Ghana, but no information on successful project financing (on-lending by partner banks) is available to date.

2 PRIORITY SECTORS AND OPPORTUNITIES FOR SWISS COMPANIES

The **Tree Crop Development Authority,** inaugurated in 2020 to implement part of the government's agricultural diversification agenda, focuses on the development of six tree crops: cashew, coffee, oil palm, coconut, mango and rubber. The economic potential and increasing regulatory support for agricultural produce presents an opportunity for investment in these value chains, despite persisting challenges pertaining to infrastructure, productivity and skilled labour. More recently, there is a better understanding which crops contribute significantly to a high import bill, namely rice and poultry, which are now declared strategic commodities for import substitution, among others (vegetable oil, tomatoes, sugar). This may open opportunities for Swiss companies specialized in agricultural processing (e.g. rice mills).

The cost of business, in the form of taxes and tariffs, legal uncertainties and unstable macro-

[3] VAT: 15%; National health insurance fund: 2,5%; Ghana Education Trust Fund: 2,5%; COVID-levy: 1%

economic indicators, especially the exchange rate, have changed the perception of Ghana as a good choice for a regional hub for multinational businesses. While the political stability, relative freedom, advanced ports and position as host of the secretariat to the African Continental Free Trade Area (AfCFTA) are a plus, neighbouring countries increasingly appear as equally or even more attractive. 2023 and 2024 will show if companies are indeed reducing their presence in Ghana or are leaving the country altogether.

Throughout 2022 and 2023, major **regulatory breakthroughs in the area of renewable energy (RE)** were achieved: the Public Utilities Regulatory Commission (PURC) finally defined and published a tariff for photo-voltaic net-metering, meaning that investments into solar energy systems will be much more affordable, as excess energy can be sold to the grid according to a specified tariff. Also, the notorious moratorium on RE projects was finally lifted in 2023, hopefully paving the way for long-awaited projects in this field. Several development partners, including Switzerland's State Secretariat for Economic Affairs, SECO, are rolling out large RE projects both for public and private entities. Swiss companies are well positioned to contribute to the energy transition, but one should bear in mind that Ghana's targets are not ambitious (10% of energy mix renewable until 2030) and that political interests might not be in favour of RE solutions.

As mentioned above, the **extractives sector** continues to do exceptionally well and seems untouched by the current economic downturn. It is therefore not surprising that the only Swiss owned company newly setting up business in Ghana in 2022 is active in (alluvial) gold mining. That said, gold mining in Ghana becomes increasingly risky due to large illegal and untransparent mining endeavours, increasingly attracting violent incidents on site, which is a rather new phenomenon for Ghana (but not for neighbouring countries). Mining is also responsible for deforestation, pollution of waterways and soils, as well as very precarious working conditions for miners, some being under-aged, therefore posing a reputational risk even to those mines who are operation legally and according to international standards.

In line with the above, the bilateral agreement between Ghana and Switzerland on the **Art. 6 of the Paris Agreement** will create opportunities for Swiss (and other) companies present in Ghana, as their future green investments can be ultimately financially beneficial once traded as carbon credits (ITMOs) between the two countries. Ghana is the first and so far only country in the world that has approved an Art. 6 project; it is situated in the area of less methane emitting rice cultivation.

3 FOREIGN ECONOMIC POLICY

3.1 Host country's policy and priorities

With the overall aim to sustain peace and stability in the West African sub-region, Ghana actively pursues **continental and regional integration** through AfCFTA and ECOWAS respectively. Ghana is also a committed member to the African Union, where it plays a leading role in collective efforts to promote peace, stability and economic development on the African continent. One of the goals of its diplomatic presence and activity is to attract foreign direct investments, political goodwill and international solidarity. A specific goal of Ghana's Economic Diplomacy is to support the national objective of diversifying and increasing Ghana's export base, although there is not much evidence for successfully opening new markets for its products abroad. At the same time, short-sighted measures to increase Ghana's revenue make the business environment and the cost of doing business increasingly unattractive. Reforms are currently not comprehensive and there is no platform for a public-private dialogue in the country that would allow to streamline measures by the government.

3.2 Outlook for Switzerland (potential for discrimination or comparative advantage)

Ghana is interested in strengthening the economic ties with Swiss companies and generally expresses its hopes to **attract more investments**, in particular in the productive industries where programs like “one district one factory” are still ongoing. The Ghanaian government is quite aware of obstacles restricting foreign investments, such as the stable delivery of reasonably priced energy, expensive credits, suboptimal physical infrastructure, the lack of steady application of laws and regulations, corruption and slowness of legal judgment as well as enforcement. In its rhetoric, the government intends to tackle these obstacles, but in reality, neither scope nor speed of concrete comprehensive reforms is congruent with high level declarations of intentions. **Free economic zones** on the other hand allow for substantial advantages for investors, in particular it is reported that access to energy is more reliable there and the level of bureaucracy lower. At the same time, the government quite openly tries to squeeze foreign companies by confronting them with excessive tax bills. Further, the currently proposed revision of the Ghana Import Promotion Act would contradict some essential pillars of international good practice in investment climate, should it be passed. Corruption and nepotism remain omnipresent and can affect international companies present in free-trade zones.

The public procurement office has developed a code of conduct, which seeks to promote inclusiveness and equal opportunity in procurements and the IMF program foresees a governance and anti-corruption diagnostics. Government declared the **fight against corruption** a policy priority. It created an Office of the Special Prosecutor tasked with pursuing grand corruption cases in the public sector. However, so far this has not resulted in significant changes nor in actual prosecution of corruption, which remains pervasive, namely in the public sector, e.g. public procurement. It is reported to be common for companies to get demands for bribes to win public tenders or to conclude contract negotiations or even obtain licenses.

The main sources of discrimination against foreign companies remain the **uneven enforcement of rules and corruption**. Existing rules are often not enforced or not applied in an even-handed, non-discriminatory manner and depend on informal arrangements between private persons and public officials. This creates uncertainty for foreign investors and exposes them to increased compliance risks. Under such circumstances, companies that comply with the rules may be at a disadvantage compared to others.

Ghana’s goal of strengthening **local processing** rather than exporting raw materials could be a good opportunity to increase production capacity on site. Promising value chains apart from the already mentioned extractives and agricultural commodities could be found in the recycling industry and more recently in textile production.

4 FOREIGN TRADE

4.1 Developments and general outlook

4.1.1 Trade in goods

Gold, crude oil and cocoa remained the top export commodities, and Ghana regained its position as the leading gold producer in Africa in 2022 after being overtaken by South Africa in 2021. The gold output reached 3.7 million ounces in 2022 and thus 32% more than in 2021, when only 2.8 million ounces were produced (the lowest level since 2008). **Switzerland purchased gold worth CHF 3.1 billion from Ghana in 2022** alone, which is equivalent to 65 tons of gold. In early 2023, Ghana introduced a highly controversial “oil for gold” scheme, which allowed it to purchase (Russian) refined oil in exchange for gold, thus reducing in-country demand for foreign exchange. Similarly, the Central bank announced the start of a domestic gold buying program in May 2022 to augment its reserves and in order to strengthen the local currency and slow down inflation. In 2022, 77’620 ounces of gold were sold to the Bank of Ghana to boost reserves. There was however no measurable positive effect on inflation, but it may have contributed to a certain stabilization of the currency.

Ghana retained its position as the world's second-largest cocoa producer next to Ivory Coast, together accounting for over 60% of world production. Ghana produced about 689,000 metric tons of cocoa beans in 2022, which is considerably less than in 2021. Other export products of Ghana include cashew, aluminum and manganese. On the **import side**, Ghana's top imports include motor vehicles for the transport of persons and goods, and vehicle parts, iron and steel, plastics, rice, cereal grains, cement as well as pharmaceutical products. Although an exporter of palm oil, Ghana remains a net importer of this particular commodity.

4.1.2 Trade in services

4.2 Bilateral trade[4]

Switzerland's total trade with Ghana increased from CHF 2.27 billion in 2021 to 3.25 billion in 2022, out of which CHF 3.1 billion is due to gold imports alone. This comprises CHF 3.2 billion worth of imports from Ghana to Switzerland (44% increase compared to 2021) and 28 million exports to Ghana (9% reduction compared to 2021). This makes Switzerland the second largest trade partner of Ghana, right behind China.

Gold remained the product with the largest share of imports and accounts for over 97% of the value of imports by Switzerland, followed by cocoa (about 2.4%). The bilateral trade deficit increased from CHF 2.21 billion in 2021 to CHF 3.1 billion in 2022. In terms of total trade volumes (imports and exports combined), **Ghana has advanced one position, moving from third to the second biggest trading partner of Switzerland in Sub Saharan Africa**. The 2022 trade volume between Switzerland and Africa stood at CHF 5.98 billion (2021: CHF 5.3 billion) without gold and CHF 22.6 billion (2021: CHF 18.22 billion) with gold.

4.2.1 Trade in goods

Notwithstanding these impressive statistics between Switzerland and Ghana, the trade volume excluding the two main commodities, i.e. gold and cocoa, remains very modest at about 0.6%. The potential for a more diversified trade and higher Swiss exports depends largely on further reforms to modernize the Ghanaian economy and facilitate trade, increase productivity, value-addition and local demand. The latter will be difficult in 2023, given the current economic situation.

Top exports from Switzerland to Ghana are pharmaceutical products, machinery, equipment and tools, perfumery and cosmetics as well as vehicle parts and accessories.

4.2.2 Trade in services (if data available)

No data available

5 DIRECT INVESTMENTS

5.1 Developments and general outlook

According to the 2023 UNCTAD`s World Investment Report, FDI flows to Ghana in 2022 experienced a 39% decline to $1.5 billion[5]. However, during the same period, the total investment stock saw a 3.6% rise (USD 41 billion in 2021 to USD 42 billion in 2022). The value of announced greenfield projects remained flat at $1.3 billion, while international project finance deals, at $358 million, were down from $1.8 billion in 2021.

[4] All figures obtained from the Swiss Foreign Trade Statistics (accessed in June 2023)

[5] World Investment 2023 Report, Accessed on 6th July 2023. Whilst Ghana`s in country analysis states a slight increase in FDI inflows for 2022, WIR states otherwise, although figures obtained for 2022 were almost the same appears 2021 figures were at variance and some methodological factors could be.attributed to this variation.

At the same time, the Ghana Investment Promotion Centre (GIPC) 2022 Report claims that Ghana recorded approximately USD 1.35 billion of FDI in 2022 (USD 1.29 billion in 2021 and USD 2.65 billion in 2020), representing an increase of 4.2% over that of 2021. A total of 15,296 jobs are expected to be generated with operations at full capacity from these investments. Meanwhile, the local share of the total investment for 2022 experienced a 35.5% growth (from USD 192.66 million to USD 260.98 million. In terms of the FDI Sectoral values, the services sector recorded the largest FDI value of USD 577.44 million followed by the Manufacturing and General Trade sectors with USD 347.87 million and USD 183.20 million respectively[6], according to the same domestic report.

As at December 2022, Fitch ratings downgraded Ghana`s Long-term local currency (LTLC) issuer default rating to C from `CC` primarily due to the local debt exchange program. This served as negative signal for private investments coupled with **depreciation of the Ghana Cedi** and **high inflation** crystalizing as another disincentive for private investments crippling most businesses.

5.2 Bilateral investment

The main sources of FDI to Ghana in 2022 were Australia (USD 355.6m), Singapore (USD 141m), Burkina Faso (USD 140m), China (USD 119.86) and India/UAE (USD 66.34m). Switzerland ranks only on position 26 in terms of FDI, investing some USD 3.62 million worth of investments from Switzerland in 2021.

As of June 2023, a total of 50 Swiss companies were operating in Ghana, most of them withholding new investments at present. The potential for increased investment depends on the further modernization and diversification of the economy, a conducive business environment and investment climate and a more reliable rule of law.

6 ECONOMIC AND TOURISM PROMOTION

6.1 Swiss foreign economic promotion instruments

The effects of Covid-19 on the tourism industry have been strong. In 2020, the government of Ghana had started a 10-year initiative "Beyond the Return" as a follow up to the largely successful 2019 "Year of Return". Despite the government's plans to make Ghana's tourism industry a key driver of the economy, investments in the sector remain minimal and infrastructure challenges are unresolved. The Swiss private sector has not expressed any interest in carrying out activities related with tourism in Ghana.

In terms of business hubs, Ghana is within reach of the Lagos office of Switzerland Global Enterprise (S-GE). Activities of S-GE in Ghana are currently marginal. A cooperation with AHK could be fruitful, as the **Economic Section** of the Swiss Embassy is small and **performs only a limited number of trade promotion activities**. The Embassy regularly hosts **Swiss Business Lunches** as a networking platform for Swiss companies, which is appreciated by the participating businesses.

Economic development cooperation remained a key pillar of Switzerland's collaboration with Ghana. Ghana is one of 13 priority countries – the only priority country in Sub-Saharan Africa aside South Africa – for SECO's economic development cooperation. The 2021-24 Cooperation Programme, with an envelope of at least CHF 65 million over four years, is in full implementation, with three substantial flagship programs and around 30 smaller activities ongoing in various sectors. The number of small activities is currently reduced and redirected to support the large projects. The IMF program approved in May 23 and subsequent policy-based lending operations by the Worldbank Group are excellent opportunities for

[6] All figures obtained from the Q4 2022 Quarterly Report of the Ghana Investment Promotion Center (accessed in June 2023)

Switzerland to align and streamline its activities with an overall strategic agenda. Cooperation with the **private sector** in order to unlock more and better jobs and more decent income opportunities, as well as the promotion of **attractive framework conditions** for sustainable growth are the priorities of SECO's country program with Ghana. Switzerland/SECO continues in particular to fund programs in the areas of decentralization support, photo-voltaic based net-metering, access to finance including financial infrastructure, as well as strengthening strategic value chains in different sectors, e.g. cocoa, cashew, shea, textile, palm-oil, and the recycling of e-waste.

6.2 The host country's interest in Switzerland

Ghana is interested to strengthen trade and investment relations with Switzerland as long-standing partners. Switzerland and "Swiss made" products continue to enjoy an excellent reputation in Ghana, but have become too expensive for many. A large number of Ghanaians tag Switzerland with innovation and high standards of quality.

The government would also welcome more investments of Swiss companies in Ghana (e.g. in green technologies, pharmaceuticals, automotive parts). In this regard, the Ghana Investment Promotion Centre has regularly invited the Embassy for its investment promotion activities. Ghana's wish for companies to add value in Ghana instead of exporting just raw materials was reiterated on several occasions, in particular as regards cocoa, where the government strives to have more processing steps set up in Ghana (producing of cocoa mass, cocoa butter, cocoa powder, chocolate), and gold, where the government would like to have part of the gold refined in Ghana and looks into ways to get the necessary international certification for the process. As for cocoa, Swiss companies actually contribute to value-addition on site, and the largest dried fruit processor in West Africa is the Swiss HPW, employing 1100 people in Ghana alone.

Due to the economic turbulences in 2022, the demand for economic development cooperation has increased, but policy dialogue with the government remains difficult. Nevertheless, Ghanaian counterparts appreciate the focus of Switzerland on economic development cooperation with its emphasis on improving the framework conditions for doing business and strengthening the institutional foundations for sound macro-economic management.

ANNEX 1 – Economic structure

Economic structure of the host country

	2018	2022
Distribution of GDP		
Primary sector	**19.5%**	**20.9%**
Manufacturing sector	**33.5%**	**34.2%**
Services	**47.0%**	**44.9%**
- of which public services[7]	**9.1%**	**8.1%**

Distribution of employment		
Primary sector	**41.03%**	**35.3%**
Manufacturing sector	**18.02%**	**12.5%**

[7] Entails the public administration and defense as well as social services: education, health and social work.

Services	**40.95%**	**52.2%**
- of which public services	**n/a**	**10.2%**

Source(s): Rebased 2013-2022 Annual Gross Domestic Product (April 2023 Edition). The employment figures from the Ghana Living Standards Survey 2017 (GLSS7) and the 2021 Ghana Population and Housing Census Report (all accessed on June 8 2023).

ANNEX 2 – Main economic data

Host country's main economic data

	2021 (Actual)	2022 (Est)	2023 Proj.
GDP (USD bn)	**79.3**	**73.7**	**70.6**
GDP per capita (USD)	**2,579**	**2,353**	**2,142**
Growth rate (% of GDP)	**4.2**	**3.2**	**1.5**
Inflation rate (%)	**12.6**	**54.1**	**29.4**
Unemployment rate (%)	**13.4**	**13.7**	**n/a**
Fiscal balance (% of GDP)	**-12.1**	**-11.0**	**-7.5**
Current account balance (% of GDP)	**-3.2**	**-2.1**	**-2.8**
Total external debt (% of GDP)	**43.4**	**42.4**	**57.5**
Debt-service ratio (% of exports)	**n/a**	**n/a**	**n/a**
Reserves (months of imports)	**2.4**	**0.7**	**0.8**

Source: IMF, Ghana Country Report 23/168, released in May 2023 (Accessed on 1st June 2023).

ANNEX 3 – Trade partners

Trade partners of Ghana **Year: 2022**

Rank	**Country**	**Exports** *from the host country* (USD million)	**Share**	**Change**[8]	**Rank**	**Country**	**Imports** *to the host country* (USD million)	**Share**	**Change**[9]
1	China	4562.15	23.3%	18.2%	1	China	2209.42	16.8%	-4.1%
2	Switzerland	3655.34	18.7%	18.2%	2	USA	1520.28	11.5%	3.8%
3	South Africa	3065.50	15.7%	18.2%	3	UK	899.42	6.8%	-28.8%
4	UAE	1028.37	5.3%	18.2%	4	India	605.28	4.6%	-4.5%
5	India	972.48	5.0%	18.2%	5	South Africa	594.47	4.5%	2.4%
6	Netherlands	859.65	4.4%	-13.8%	6	Vietnam	566.78	4.3%	-6.9%
7	UK	732.85	3.7%	35.8%	7	Belgium	551.94	4.2%	-5.1%
8	Nigeria	647.21	3.3%	18.2%	8	Turkey	549.91	4.2%	-7.4%
9	USA	533.36	2.7%	-28.5%	9	Canada	370.11	2.8%	-4.1%
10	Germany	285.67	1.5%	-0.7%	10	Germany	318.75	2.4%	-16.9%
					26	Switzerland	115.77	0.9%	-15.2%
	EU	2219.23	11.3%	-2.6%		EU	2289.29	17.4%	-6.7%
	Total (World)	19571.13	100%	12.5%		World	13189.79	100%	-6.8%

Source(s): IMF Direction of Trade Statistics (https://data.imf.org/regular.aspx?key=61013712). (Data accessed on 2nd June 2023).

[8] Exports change from the previous year in %

[9] Imports change from the previous year in %

ANNEX 4 – Bilateral trade

Bilateral trade between Switzerland and Ghana

Year	**Export** (CHF million)	*Change (%)*	**Import** (CHF million)	*Change (%)*	**Balance** (in million)	**Volume** (in million)
2018	27.99	-18.4	79.44	-7.6	-51.44	107.43
2019	37.36	33.5	85.53	7.7	-48.17	122.89
2020	28.94	-22.5	85.05	-0.6	-56.11	113.99
2021	**30.66**	**6.0**	**91.86**	**8.0**	**-61.19**	**122.52**
2022	28	*-9.0*	91	*-0.7*	-63	119
2023 (I-VI)**						

*) ‘Economic’ total (total 1): not including gold bars and other precious metals, currencies, previous stones and gems, works of art and antiques

**) Change (%) from the previous year

Exports	**2021** (% of total)	**2022** (% of total)
1. Pharmaceutical products	46.4	38.3
2. Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof	13.2	24.4
3. Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	8.5	6.7
4. Tools, implements, cutlery, spoons and forks, of base metal; parts thereof of base metal	8.3	2.5

Imports	**2021** (% of total)	**2022** (% of total)
1. Cocoa and cocoa preparations	87.1	85.1
2. Edible fruit and nuts; peel of citrus fruit or melons	8.8	8.6
3. Preparations of meat, of fish, of crustaceans, molluscs or other aquatic	1.1	2.9
4. Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit;	1.1	1.8

Source: Federal Office for Customs and Border Security, Accessed in June 2023

ANNEX 5 – Main investing countries

Main investing countries in Ghana **Year: 2020**[10]

Rank	**Country**	**Direct investment** (USD **million,** stock**)**	**Share**	**Variation** (stock)	**Inflows over past year (USD million)**
1	UK	3,131.94	24.3%	-14.9%	3682.12
2.	North Macedonia	2,109.71	16.4%	250.9%	601.18
3.	France	1,937.25	15.0%	-20.6%	2440.28
4.	United States	1,229.50	9.5%	327.8%	287.38
5.	Australia	1,099.91	8.5%	748.2%	129.68
6.	Nigeria	1,041.91	8.1%	45.9%	714.37
7.	South Africa	1,030.55	8.0%	8.4%	950.48
8.	Isle of Man	595.54	4.6%	890.9%	60.10
9.	Germany	395.36	3.1%	1839.0%	20.39
10.	United Arab Emirates	370.26	2.9%	26.4%	292.82
…	EU	-	-	-	-
17.	Switzerland	58.62	0.5%	-68.5%	186.37
…	World	12,889.33	100%	-5.2%	13,594

Source(s):IMF Coordinated Direct Investment Survey (https://data.imf.org/regular.aspx?key=61227424). The latest available data, Accessed in June 2023

[10] Available Data for Ghana accessible as at June 2023, is Year 2020