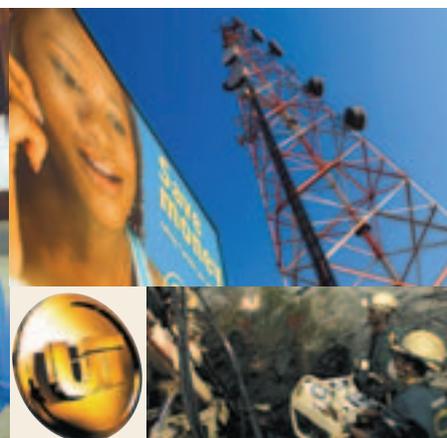
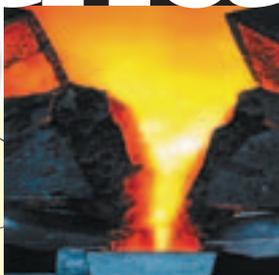


# Ghana



## INTERCONTINENTAL BANK

### New bank in town is African powerhouse



**Intercontinental is the 14th largest bank in Africa, and among the world's top 1000**

In 2006, Intercontinental Bank moved into the Ghanaian market when it received a universal banking license from the Bank of Ghana. As part of its market entry, Intercontinental had acquired Ghanaian Citi Savings & Loans, a micro finance non-banking financial institution, and Intercontinental Bank Ghana (IBG) officially opened its doors to the public on October 6th with a network of five business offices located in the major commercial and industrial metros of Accra and Tema.

Intercontinental Bank comes into the Ghanaian market with a very strong track record at home. Its 17 years of operation in Nigeria have been characterised by astronomical growth and development that have seen it rise to become the 14th largest bank in Africa, according to the Financial Times of London, and among the top 1000 banks in the world. It has also been given an AA+ rating by Fitch. In Ghana, IBG plans to rollout a number of new branches and is vigorously pursuing the twin strategy of customer service and innovative banking.

CEO Albert Mmegwa says that IBG aims to be among the country's top five banks by 2012, adding that Ghana's stability is a key selling point for new companies moving in. "I can see Ghana being the first choice for investors in West Africa within five years."

## West Africa's exception

**Celebrating its 50th anniversary this year, Africa's first independent nation has distinguished itself among its West African neighbours**

Although Ghana has experienced numerous government changes since independence in 1957, unlike many African nations, they were, on the whole, bloodless. And while regional neighbours have struggled to emerge from political instability over the last five decades, Ghana in this time has been consistently focused on economic development. This has been a distinguishing factor, and this experience will continue to set it apart from other African nations that have yet to complete this journey.

As early as the mid-1960s, Ghana began privatizing unprofitable state-owned enterprises, and in conjunction with international advisors, employed one economic programme after another, often to see them fail due to mismanagement or simple bad luck. This frustrating cycle reached its low point in the early 1980s when the country's economy neared collapse.

Then the upward turn began. Over the last 20 years stability and economic growth have been the norm. GDP has expanded at an average of 4%, and over the last two years, at 6%. Inflation and inter-

est rates have declined steadily. Most heartening is the reduction in the country's poverty rate, from over 50 percent in 1991 to 28 percent in 2006, which means that Ghana is on track to meet its Millennium Development goal of halving extreme poverty by 2008 - seven years ahead of the 2015 target.

In 2000, President John A. Kufuor was elected, and has since become one of Africa's most respected politicians. During his tenure, political institutions have been consolidated, rule of law strengthened and the economy opened. Today Ghana is, according to the US-based think tank Freedom House, one of few African countries considered "free."

Now investment in the financial sector is adding new vigour to the economy. Minister of Finance Kwadwo Baah-Wiredu says the government is determined to attract the kind of investment that can break the back of poverty.

In 2006, Ghana was recognized for its economic and democratic achievements when it signed a five-year, \$547 million anti-poverty compact with the United States' Millennium Challenge Corporation for agricultural and rural development. This honour was topped, however, when significant quantities of oil were recently discovered off its coast - a very clear sign that now there is no stopping development in Ghana. ●



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UBA

## Nigerian banks raise the bar

Nigeria's heavyweights have moved in to Ghana's banking sector, and all share the same belief that this is the market to launch regional expansion from. One such bank is United Bank of Africa (UBA), Nigeria's largest bank by assets with \$11 billion in 2006, West Africa's largest by branch network and the first Nigerian bank to open in Ghana.

"Ghana is of strategic importance to UBA. This is our first African location outside Nigeria and from here a whole lot of things are beginning to happen. We are using Ghana as our regional hub for the whole of Anglophone West Africa," states Nnamdi Okonkwo, CEO of UBA Ghana.

Mr Okonkwo adds that political stability was a huge draw, as were the government's favourable economic policies. "This is why we came here and we have seen it for ourselves. From the private sector perspective I can tell you that if I had a location for business in West Africa, Ghana would top the list and that is why UBA chose Ghana as our first outpost," he remarks. UBA Ghana has employed a similar approach to its successful Nigerian strategy — lots of branches aimed at reaching the blue collar worker. The bank pioneered the zero deposit account, which is especially important for a country where an estimated 70% of the economy is informal. Moreover, UBA Ghana's innovative firsts are shaking up the banking scene as well as widening its reach — a government priority.



**Nnamdi Okonkwo**  
CEO of UBA

MINISTRY OF FINANCE

## Financial sector pumps up the volume



Ghana's financial sector has experienced remarkable growth since an economic slump in 2001 led to a new banking act the following year aimed at ensuring fiscal discipline, stable exchange rates, improved financial inflows and reduced inflation. This was followed by the 2004 Banking Act, which strengthened regulation and supervision, significantly improving conditions for private institutions and leading to a mass migration of Nigerian banks next door while Ghanaian financial institutions such as Unique Trust started to hit the list of the country's top performing companies.

Today, with its 22 banks, active stock exchange and vibrant insurance industry, Ghana's financial services sector has the potential to be the catalyst for broader development in the country, and to establish Ghana as the imminent financial hub in West Africa. Recent initiatives include the setting up of an offshore banking system, which the government undertook in a joint effort with Barclays last September.

The rise in credit to the private sector (it grew by 32.6% in 2006, leading to a 41% jump in the sector's overall assets) is also furthering government objectives of stimulating SME growth. This has been supported by the Credit Reporting Act, which Minister of Finance and Economic Planning Kwadwo Baah-Wiredu says reduces risk for banks.

He adds, "We also have the micro finance and small loans centre which is being run by government, and the rural banks. Grants from government and donor agencies are channelled to these rural banks for on-lending to small enterprises, traders and farmers in the rural communities."

ZENITH BANK

## 'We aim to become a reference point in Ghana'

A subsidiary of Nigeria's Zenith Bank Plc, Zenith Bank Ghana has managed to attract just over 2% of market share since its establishment, drawing clients through a range of new products and services, such as its Pay Advance Salary Scheme and its toll-free telephone access. The bank has also focused on customer service, an effort that was rewarded in the 2006 banking awards where it was named second best bank in Ghana for customer service and corporate banking. "Our vision is to become a reference point in Ghana in the provision of prompt, flawless and innovative banking services," asserts CEO Andy Ojei. "We also strive to exceed customer expectations at all times. Our toll free telephone facility is the first and only one in the industry. Our e-business products are such that when you begin

to use them, you find yourself addicted to the products and the bank."

Despite its reputation as an upmarket bank, Mr Ojei says that Zenith Bank Ghana is committed to supporting small- and medium-sized businesses — a segment that currently represents 50% of Ghana's economy. "What is good for the economy should be good for the bank and not the other way round, and we as a bank are doing our best to identify and support promising enterprises," he states, adding that SMEs currently constitute roughly 80% of the bank's loan portfolio. "That is the only way we can add value to the economy. We recognize the fact that the margins are better at the lower end of the market if we put in the proper risk mitigants. As the second largest bank in Nigeria, we are pretty experienced in that regard."

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## BOST

## Building oil reserves

BOST is much more than Ghana's emergency petroleum lifeline. Also responsible for implementing government policy to ensure stability in supply and price levels of petroleum, its achievements following a 2001 restructure are noteworthy. It brought the first two reserve shipments of petroleum in the country's history, reorganised the sector by transferring five of its seven storage facilities to Tema Oil Refinery and contributed significantly to deregulation while managing to quadruple its own assets of \$50 million over seven years. Most impressive has been its ability to build up six weeks of reserves, something it expects to complete by year's end 2007, eight years ahead of schedule.

BOST has discovered a niche that may well define Ghana's economic future – the re-export of fuel. The country's recent oil discoveries only enhance this position.

Managing Director Addo Yobo says that the demand for tanks from international companies like Shell and Total has increased significantly. "We have been inundated by requests for storage tanks to be built, so we decided that we will set the infrastructure to produce storage tanks for the re-export of fuel from Ghana."

## GOLD FIELDS GHANA

## Turning new ground in development

**Transforming the mining industry into the national economic frontrunner has had ancillary benefits for local communities**

Gold Fields Ghana (GFG), a subsidiary of Gold Fields South Africa, is the largest producer of gold in the country, drawing over 900 million ounces from its Damang and Tarkwa mines last year. Gold is increasingly becoming the most important commodity in Ghana, eclipsing cocoa and contributing \$6 billion to the economy last year – 40% of Ghana's total export earnings.

GFG's two mines are OHSAS 18001 and ISO 14001 certified and represented a combined operating profit in the region of \$185 million in 2006. Plans to increase production at both installations over the course of 2007 and 2008 are being carried out within a framework of sustainable community development and social responsibility. In May of 2006, GFG signed an agreement to provide economic opportunities for indigenous workers and to operate best practice in the areas of resettlement, compensation, security, human rights and community development. Co-signed by USAID, the Ghana Responsible Mining Alliance is designed to ensure the realisation of effective, non-impact mining.

GFG's Sustainable Community Empowerment and Economic Development Programme (SEED) is designed to operate in tandem and seeks to improve

the economic and educational status of the 4,000 families in the 16 GFG stakeholder communities. USAID, the WHO and OICI, a leading developmental charity with a 30-year presence in Ghana are active partners in SEED. A scholarship scheme has placed 90 underprivileged youths in full-time education and GFG's foundation trust has constructed a number of schools and accommodation for teachers.

GFG's managing director, Johan Botha, expands, "At both of our mines we have community affairs departments. They are tasked with ensuring that healthy relationships are maintained with all stakeholders. These departments are also responsible for socio-economic investment in local communities. Each mine has a set amount of funds that can be used for this purpose and these are typically injected into our sustainable economic empowerment programme and the provision of infrastructure such as schools and medical facilities. The funds are determined by a set formula that ensures the correct balance between playing a vital role in the development of the host communities and ensuring that our mines remain sustainable."

Indeed, the equilibrium between the need of local communities and the needs of Ghana at large is the heart of mining industry. Joyce Ayree, CEO of the Ghana Chamber of Mines, explains, "In spite of the inconveniences that mining tends to create, without mining, modern economies could not exist." ●

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## TELECOM

## Ghana Telecom to deliver ICT to all corners of the country

**Major investment and proactive government policies have created a highly competitive telecom sector, in which Ghana Telecom is actively expanding its services**

"The Information and Technology Age has provided opportunities for Ghana to mitigate the problems of decades – long stagnation and poor economic performance," said Albert Kan-Dapaah, the minister of communication in 2005, when ICT was still a relatively fledgling sector. Now, just two years later, and despite a number of challenges still ahead, hopes remain high that ICT will help to alleviate poverty and transform Ghana into an information society.

Thanks to the government policies and regulatory interventions, as well as \$157 million in private investment that poured in between 2000 and 2005, Ghana's telecom industry is today competitive and vibrant. A number of obstacles, however, continue to hamper its growth and impact. High prices, a relatively poor quality of ICT services, the lack of a strong domestic backbone infrastructure and uneven access to infrastructure and services

**GT is working hard to make itself more attractive to investors**

are hurdles that Ghana must overcome if it is to embrace ICT as a vehicle for empowerment.

Ghana Telecom (GT), the national service provider, is in the best position to improve this situation. It has the most complete infrastructure and currently provides Internet access in all the major cities. It is also working to provide universal mobile coverage through technology and infrastructure upgrades.

"We are the only company that has got the copper, and we are providing ADSL technology to almost every regional capital in Ghana," states GT CEO Dickson Oduro-Nyaning. He adds that the company is currently investing heavily, and hopes to have every citizen in the country connected to mobile telephony by 2008. This goal is certainly feasible as there are already more than six million mobile phone subscribers in the country - over a quarter of the population.

GT's target of providing universal Internet coverage through wireless technology by 2010 may prove to be a much bigger challenge, however, as



**With Broadband4U, Ghana Telecom plans to bring broadband Internet to all regions of the country**

access to broadband service is still limited to less than one percent of the population. Nevertheless, GT remains undeterred. It recently launched its new high-quality product, Broadband4U, in various regions connecting homes, schools and offices with the rest of the world, and it plans to expand to other regional capitals soon.

GT says it will also move on to full privatisation now, following its partial privatisation in 1997. "We are working hard to capture a sizeable portion of the market to make the company more attractive for a strategic investor," says Mr Oduro-Nyaning. ●

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