



- In This Issue
- Private Sector Remedy?
 - Energy Update
 - Business
 - Special Prosecutor Bill in a hurry...
 - Who's Who

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PRIVATE SECTOR REMEDY?



Private sector development is the name of the innovative game. The Government has carved out a number of policies and projects such as the 'One District One Factory' ("1D1F"), 'Planting for Food and Jobs', 'One Village One Dam' not forgetting the improved tax system by virtue of the 'Asempa' Budget of March 2017. The mantra is 'job creation'; the focus is increased investment within the private sector driven by local and foreign partnerships. Parliament has so far approved \$465 million for the setting up of 51 factories under the

1D1F initiative. This flagship initiative is a vision for industrialization.

Local and foreign investors alike have submitted applications to establish factories under the 1D1F policy initiative. The applications include expressions of interest and business plans for the program and the Government is in the process of developing a host of incentives for such investors.

The Ghana Investment Promotion Centre has reported an exciting first quarter, having experienced a surge in the number of visits from potential investors as a result of the business - friendly policies introduced by the Government.

The Ghana Free Zones Board is also riding on the wave of optimism. It has taken steps to acquire more land in the various districts to enable investors take advantage of the tax incentives guaranteed for businesses which operate within the 'free zones' borders of Ghana.

China in a development boost has pledged \$2 billion from the Chinese government's Private Sector Development Corporation. Pursuant to the agreement, the China National Building Materials and Equipment Import and Export Corporation ("CNBM") will provide up to 85% financing for viable projects recommended by the 1D1F Factory Secretariat.

These initiatives are by no means a silver bullet but they have generated a lot of investor confidence within the economy of which full advantage must be taken .

E N E R G Y U P D A T E



Renewable Energy Potential

Following the suit of international trend, the Government of Ghana is augmenting efforts to diversify the nation's power portfolio with clean and low cost Renewable Energy ("RE"). In a bold move, the Ministry of Energy announced that the Government will suspend the issuing of new licenses to thermal power Independent Power Producers ("IPPs") in favor of RE IPPs--this, in a bid to achieve the hefty goal of 10% renewable energy out of the country's total power index by the year 2020.

Before new RE IPPs can receive the green light, the Ghana Grid Company Limited ("GRIDCo") must conclude ongoing grid stability analysis to determine the capability of the existing grid framework for on-boarding additional power.

Further, the Ministry of Energy together with lawmakers aims to carve out a system of competitive bidding for the sector that will encourage transparency, fairness and bargain rates, as part of a planned general review of the Renewable Energy Act, 2011 (Act 832). Creating incentives for Ghanaians going solar, the Energy Commission has relaunched the National Rooftop Solar Project which promises to subsidize initial household investments at a scale of up to 30%. With a 60% national electrification rate, Ghana stands to become an African hub for renewable energy.

The nation is also receiving international support for the undertaking, notably from Germany and China, whose governments have committed millions-worth in solar power technology to support off-grid communities in Ghana.

ENI Starts Production Ahead of Schedule

ENI has launched production from the Integrated Oil and Gas Development Project, in the Offshore Cape Three Points (OCTP) block, off Ghana's western coast, in just two and a half years, and three months ahead of schedule, reaching another record time-to-market.

The OCTP integrated oil and gas development is made up of the Sankofa Main, Sankofa East and Gye-Nyame fields, which are located about 60 kilometres off

Ghana's Western Region coast. The fields have about 770 million barrels of oil equivalent ("mboe") in place, comprising 500 mboe and 270 mboe of non-associated gas (about 40 billion cubic meters).

The project includes the development of gas fields whose production will be utilized entirely by Ghana's domestic market. The development of national gas resources in Ghana is a high priority to improve access to energy in the country.

BUSINESS

Government has launched an initiative to reduce the time estimate for registering a new business in Ghana from the average of 14 days to a single day. In similar vein, a reduction in the processing time for a title search at the Land's Commission from 14 to 5 days is expected. Furthermore, the Government's technical partner for the implementation of the Single Window Project (West Blue Consulting) is currently working with key stakeholders in both the private and public sectors to fast-track trade facilitation processes at the ports with a view to improving the turn-around time at the ports.

The restructuring process of the **Energy Bond** as confirmed by the Energy Minister, Mr. Boakye Agyarko is almost complete. Government has initiated steps to issue the bond to take care of the legacy debt of approximately USD 2.5 billion in the Energy sector. The idea of the bond is to reset the

balance sheets of the sector agencies to zero. Fidelity Bank and Standard Chartered Bank have been appointed as Joint Lead Managers for the issuance of the bond.

President Akufo-Addo has confirmed that the **IMF Deal with Ghana** will not go beyond the April 2018 completion date. This is in line with the President's aim to move Ghana beyond aid. The Government will continue and complete the IMF program through the 2018 budget, which will be read in Parliament in November 2017 and will take effect from January 2018 to December 2018.

This year, the **Bank of Ghana** has systematically reduced its policy rate: from 22.5% to 21%. The Governor cited an improved economic outlook for the rate cut adding that economic activity continued to improve supported by a rebound in crude oil production. The central bank also expects headline inflation to continue to decline and increasing crude oil production, boosted by this month's launch of production at ENI's offshore Sankofa field, to lift economic growth.

The implementation of the **3% Flat rate Value Added Tax** as sanctioned by Parliament in April 2017 by virtue of the Value Added Tax (Amendment) Bill 2017 ("the Bill") has been met with deep seated controversy.

There have been calls on the Government to withdraw the flat rate scheme which came into force on 1st July 2017. Some industries, manufacturers and importers claim the implementation of the new tax law will lead to the increase in prices of goods and services, a claim Government and officials of the Ghana Revenue Authority have been quick to dispute. Members of the Association of Ghana Industries ("AGI") have been at the forefront of challenging the propriety of the new law. The Minister of Finance, Mr. Ken Ofori-Atta has committed to a series of engagements with all stakeholders to ensure the smooth implementation of the law.

SPECIAL PROSECUTOR BILL IN A HURRY.....

The President is keen to make good on his campaign promise to take a stand against corrupt practices. The Special Prosecutor Bill ("the Bill") sponsored by the Attorney General has been laid before Parliament amidst some debate as to the manner in which it was urgently laid before Parliament and whether the Bill is constitutionally sound.

The bigger picture however is that, the President and his team are revving to go. The Special Prosecutor, in accordance with the Bill, will be nominated by the Attorney General. The appointment by the President of the nominee will be subject to the approval of the majority of Parliament.

This is to ensure that the appointment is non-political with the appointee exercising a degree of independence from the normal chain of command.

WHO'S WHO?

Dr. Edward Nasigre Mahama

Appointed 'Ambassador-at-Large' on the 10th July 2017 by the ruling New Patriotic Party President of Ghana is Dr. Edward Nasigre Mahama, a five-time flagbearer of the People's National Convention and the party's candidate in the December 2016 elections. The fact that eyebrows have been raised in relation to his appointment comes as no surprise in a country where appointments across party lines remains uncommon.

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