



# Monitoring Foreign Private Capital Flows in Ghana

## **2008 SURVEY REPORT**

RESEARCH DEPARTMENT - BANK OF GHANA  
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## EXECUTIVE SUMMARY

Over the last decade, emerging and developing countries have attracted substantial private capital flows to augment low levels of domestic savings and government revenues. These flows represent important financing sources for scaling up economic growth. In 2008, the Bank of Ghana embarked on a survey to monitor the scale and composition of private cross border capital flows and investor perceptions in Ghana. The survey findings will help improve coverage in compiling Balance of Payments (BOP) statistics; provide estimates of Ghana's International Investment Position (IIP) and provide a basis for formulating policies that would improve the investment climate. Questionnaires were administered to a representative sample of 286 enterprises in nine (9) major sectors of the economy, with a high response rate of 81.47 per cent.

### PRIVATE SECTOR CROSS BORDER CAPITAL

Ghana had a sizeable private foreign capital inflow of GH¢1,538 million equivalent to 10.9 per cent of GDP (or US\$1,589 million) in 2007. This brings the stock of such inflows to GH¢4,328 million (or US\$4,471 million) at the end of 2007. The inflows comprised direct equity investments of GH¢854 million (including reinvested earnings of GH¢330 million); trade credits (GH¢304 million); and loans (GH¢361 million). Private foreign capital outflows were estimated at GH¢98 million in 2007 raising the stock of private cross border assets to GH¢597 million. The net International Investment Position (IIP) of the private sector stood at GH¢3,731 million at the end of 2007.

### TYPE AND SECTOR DISTRIBUTION OF CROSS BORDER LIABILITIES

Sectors with the highest foreign direct equity investment flows in 2007 were transport, storage and communication (GH¢163.4 million), banking (GH¢58.9 million), and mining and quarrying (GH¢48.1 million). Together, these sectors accounted for 82.0 per cent of the total FDEI flows in 2007. Other sectors that benefited from such flows were real estate/property services (GH¢20.8 million), construction (GH¢12.4 million) and manufacturing (GH¢13.8 million).

Of the 9 surveyed sectors, only 4 attracted foreign portfolio equity investment (FPEI). FPEI stocks (in terms of book value) showed that Mining and quarrying attracted the highest portfolio investment contributing about 49.3 per cent of total portfolio investment in 2007, followed by Transport, Storage and Communication sector with 26.9 per cent.

The survey also showed that the stock of private sector debt increased to GH¢2,469.55 million in 2007, mostly in long-term maturities. The sectors with the highest private sector debt flows in 2007 were banking (GH¢366.2 million), mining and quarrying (GH¢218.6 million), transport, storage and communication (GH¢144.8 million) and manufacturing (GH¢131 million).

### CROSS BORDER CAPITAL ASSETS BY RESIDENT ENTERPRISES

Ghana's private sector cross-border capital assets increased by GH¢98 million to GH¢597 million in 2007. The increase comprised Gh¢14 million in equity capital and reinvested earnings, GH¢79 million in currencies and deposits of banks held by non-residents and GH¢5 million in trade credits.

## ORIGIN OF FDEI FLOWS

Foreign direct equity investments to Ghana originated mainly from Europe (60.7%) and Africa (38.0%). The top ten sources of FDEI inflows in 2007 were Mauritius (27.9%), France (19.4%), British Virgin Islands (18.4%), United Kingdom (16.9%), United States (5.9%), Togo (3.4%), Norway (3.3%), Israel (3.2%), Nigeria (2.1%) and Switzerland (1.9%).

## INVESTOR PERCEPTIONS

The survey of investor perceptions signaled inflation as the main economic factor which impacts negatively on business activities. Labour market rigidities such as staff turnover, wage levels, costs of skilled labour, and restrictions

regarding hiring of expatriates also had negative effects on enterprises. Domestic market size, access to international, regional and domestic finance; and efficiency of banking, telecommunication and internet services were viewed as positive.

Business entities gave strong signals to expand their activities over the next three years by improving existing facilities; investing in technology and capacity building; diversifying products and services; recruitment of additional local staff; and construction of new buildings and structures to enhance their operations indicating strong confidence in the Ghanaian economy.

## SECTION 1

# INTRODUCTION

Over the last decade, emerging and developing countries have attracted significant amounts of private capital flows to augment low levels of domestic savings and government revenues. These flows represent important financing sources which support infrastructural development and expand economic opportunities in recipient economies. According to the World Investment Report (2007), foreign direct investments (FDI) increased from US\$400 billion in 2000 to a record US\$1,833 billion in 2007. Of this, FDI inflow to Africa increased by 16.0 per cent to a record US\$53 billion, bringing the region's FDI stock to US\$393 billion which provided the needed capital to expand economic opportunities. The increased pace of capital flows to Africa in particular, is attributed to several factors including improved economic environments, increased investment opportunities, and abundant natural resources.

Increasingly, Ghana is emerging as one of the 'frontier' economies with a potential to attract private capital flows spurred on by an improved investment climate, economic and political stability, increased investment opportunities, and rising corporate profitability. While acknowledging the invaluable benefits of capital flows in reinforcing the growth process, the scale and scope of private capital flows needs constant monitoring to effectively manage its macroeconomic impact. Against this background, private capital flow surveys have gained prominence in countries such as South Africa, Uganda and Tanzania. BOG conducted the first private capital flow survey in 2000, which provided an essential step towards establishing a monitoring system for cross border capital. The second Foreign Private Capital Flows Survey (FPCFS) was conducted in 2008.

### OBJECTIVES OF THE SURVEY

The main objectives of the 2008 FPCF Survey were to (i) monitor the scale and nature of private capital flows; (ii) establish a monitoring system for both cross border assets and liabilities and investor perceptions; and (iii) improve coverage of the private sector's foreign investment in Ghana for compilation of Balance of Payments (BOP) estimates and the International Investment Position (IIP).

### ORGANISATION OF THE REPORT

*The report is structured as follows:* Section 2 presents analysis of the results beginning with general information on surveyed entities including actual investments, employment, and compensation of employees. In Section 3, we discuss the findings on private cross border foreign assets and liabilities, followed by analysis of the grossed up survey results with the BOP and IIP. Section 5 discusses the qualitative results of investor perceptions on the major constraints and challenges of private sector business entities. In the last section, we conclude and suggest some policy recommendations that may improve the investment climate further and contribute to additional private capital flows.

## ANNOTATIONS

**Foreign Direct Equity Investment (FDEI):**

This refers to net inflows of investment to acquire a lasting management interest (10% or more of voting stock) in an enterprise operating in an economy other than that of the investor. It is the sum of equity capital, reinvestment of earnings, other long-term capital, and short-term capital as shown in the balance of payments.

**Foreign Portfolio Equity Investment (FPEI):**

Refers to an investment in which a non-resident enterprise/individual has less than 10 per cent equity share in a resident entity.

**Foreign Assets (FA):**

Comprises shares held in other countries, long-term and short-term lending and investments in securities abroad

**Foreign Liabilities (FL):**

Includes equity capital, reinvestment of earnings, other capital (constituting FDI), portfolio equity (Non-FDI), and other long-term capital, and short-term capital.

## SECTION 2

# GENERAL QUANTITATIVE INFORMATION

### 2.1 ANALYSIS OF RETURNED QUESTIONNAIRE

Out of the 286 administered questionnaires, 233 were completed and returned, representing a high response rate of 81.47 per cent. In terms of distribution, entities without Foreign Assets and

Liabilities (FAL) accounted for 50.64 per cent of the total. Response within the individual categories pointed to high responses from the banking sector, closely followed by the mining and quarrying sector, microfinance, insurance and manufacturing sectors.

**TABLE 1: RETURNED QUESTIONNAIRE BY ISIC (NUMBER OF ENTITIES)**

|   | Entities Administered | Entities Returned | % of Total Returned | Response Rate(%) |
|---|-----------------------|-------------------|---------------------|------------------|
| <b>AGRICULTURE</b>  |                       |                   |                     |                  |
| Agriculture, Hunting, Forestry and Fishing                      | 18                    | 12                | 6.29                | 66.67            |
| <b>INDUSTRY</b>   |                       |                   |                     |                  |
| Mining and Quarrying  | 15                    | 14                | 5.24                | 93.33            |
| Manufacturing   | 60                    | 51                | 20.98               | 85.00            |
| Electricity, Gas and Water                                      | 4                     | 2                 | 1.40                | 50.00            |
| Construction  | 16                    | 13                | 5.59                | 81.25            |
| <b>SERVICES</b>   |                       |                   |                     |                  |
| Wholesale, Retail Trade, Catering and Accommodation Services    | 25                    | 20                | 8.74                | 80.00            |
| Transport, Storage and Communication                            | 28                    | 24                | 9.79                | 85.71            |
| Financing, Insurance, Real estate Tourism and Business Services | <b>115</b>            | <b>95</b>         | <b>40.21</b>        | <b>82.61</b>     |
| <i>Banking</i>  | 30                    | 30                | 10.49               | 100.00           |
| <i>Micro Finance</i>  | 23                    | 20                | 8.04                | 86.96            |
| <i>Insurance</i>  | 22                    | 19                | 7.69                | 86.36            |
| <i>Real Estate</i>  | 7                     | 2                 | 2.45                | 28.57            |
| <i>Tourism</i>  | 8                     | 3                 | 2.80                | 37.50            |
| <i>Business Services</i>  | 25                    | 21                | 8.74                | 84.00            |
| Community , social and personal services                        | 5                     | 2                 | 1.75                | 40.00            |
| <b>Total</b>  | <b>286</b>            | <b>233</b>        | <b>100.00</b>       | <b>81.47</b>     |

#### 2.1.1 TURNOVER BY SECTORS

Mining and Quarrying recorded the highest proportion of 17.93 per cent in 2006 and 20.97 per cent in 2007 of total turnover as shown in Table 2. This is followed by Finance, Insurance, Real Estates and Business Services with 17.62 and 18.70 per cent for 2006 and 2007 respectively. The

lowest share of turnover was in Community, Social and Personal services.

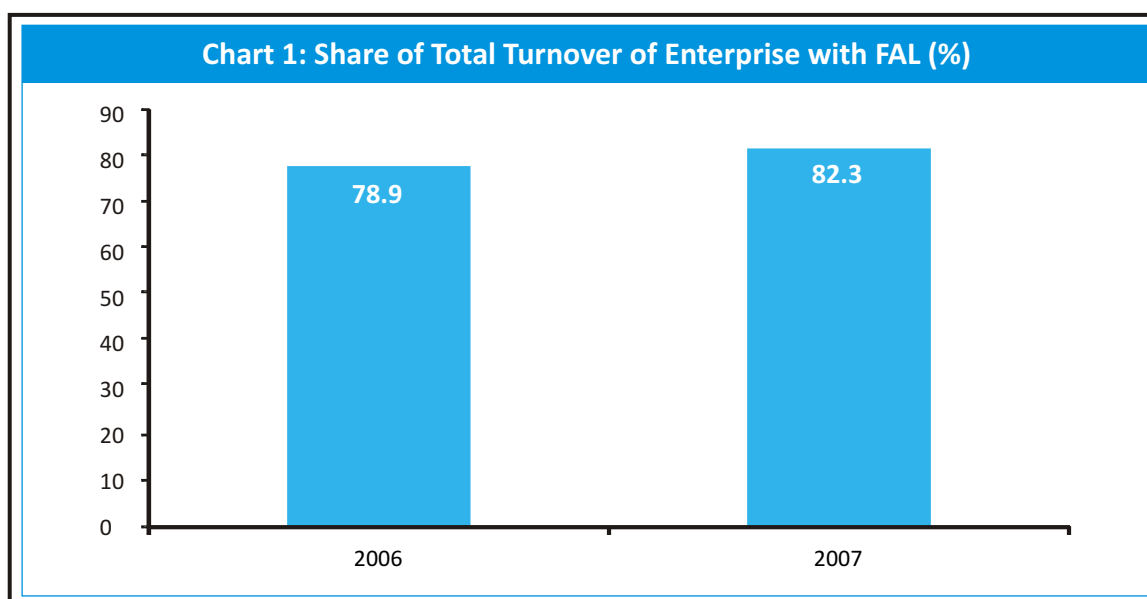
In terms of sector growth, Wholesale, Retail Trade, Catering & Accommodation Services registered the highest growth of 79.88 per cent followed by Mining and Quarrying with 50.01 per cent.

**Table 2: Turnover by Sectors (GH¢ millions)**

|   | 2006            | Share (%)     | 2007            | Share (%)     | % change 2006 to 2007 |
|---|-----------------|---------------|-----------------|---------------|-----------------------|
| Agriculture, Hunting, Forestry and Fishing                      | 216.22          | 4.16          | 211.88          | 3.18          | (2.01)                |
| Mining and Quarrying  | 931.94          | 17.93         | 1,397.99        | 20.97         | 50.01                 |
| Manufacturing   | 1,367.56        | 26.32         | 1,451.06        | 21.77         | 6.11                  |
| Electricity, Gas and Water                                      | 336.71          | 6.48          | 394.80          | 5.92          | 17.25                 |
| Construction  | 340.51          | 6.55          | 395.25          | 5.93          | 16.07                 |
| Wholesale, Retail Trade, Catering and Accommodation Services    | 352.00          | 6.77          | 633.16          | 9.50          | 79.88                 |
| Transport, Storage and Communication                            | 735.07          | 14.15         | 934.77          | 14.02         | 27.17                 |
| Financing, Insurance, Real estate Tourism and Business Services | 915.74          | 17.62         | 1,246.44        | 18.70         | 36.11                 |
| <i>Banking</i>  | 700.51          | 13.48         | 948.08          | 14.22         | 35.34                 |
| <i>Micro Finance</i>  | 74.08           | 1.43          | 98.31           | 1.47          | 32.70                 |
| <i>Insurance</i>  | 103.10          | 1.98          | 134.22          | 2.01          | 30.19                 |
| <i>Real Estate</i>  | 11.95           | 0.23          | 28.88           | 0.43          | 141.59                |
| <i>Tourism</i>  | 5.57            | 0.11          | 8.01            | 0.12          | 43.82                 |
| <i>Business Services</i>  | 20.53           | 0.40          | 28.95           | 0.43          | 41.03                 |
| Community, Social and Personal Services                         | 0.68            | 0.01          | 0.26            | 0.00          | (62.35)               |
| <b>Total</b>  | <b>5,196.43</b> | <b>100.00</b> | <b>6,665.60</b> | <b>100.00</b> | <b>28.27</b>          |

The share of entities with Foreign Asset Liabilities' (FALs) contribution to total turnover in 2007 was GH¢5,486.19 million representing 82.3 per cent of the total as compared to GH¢4,099.09

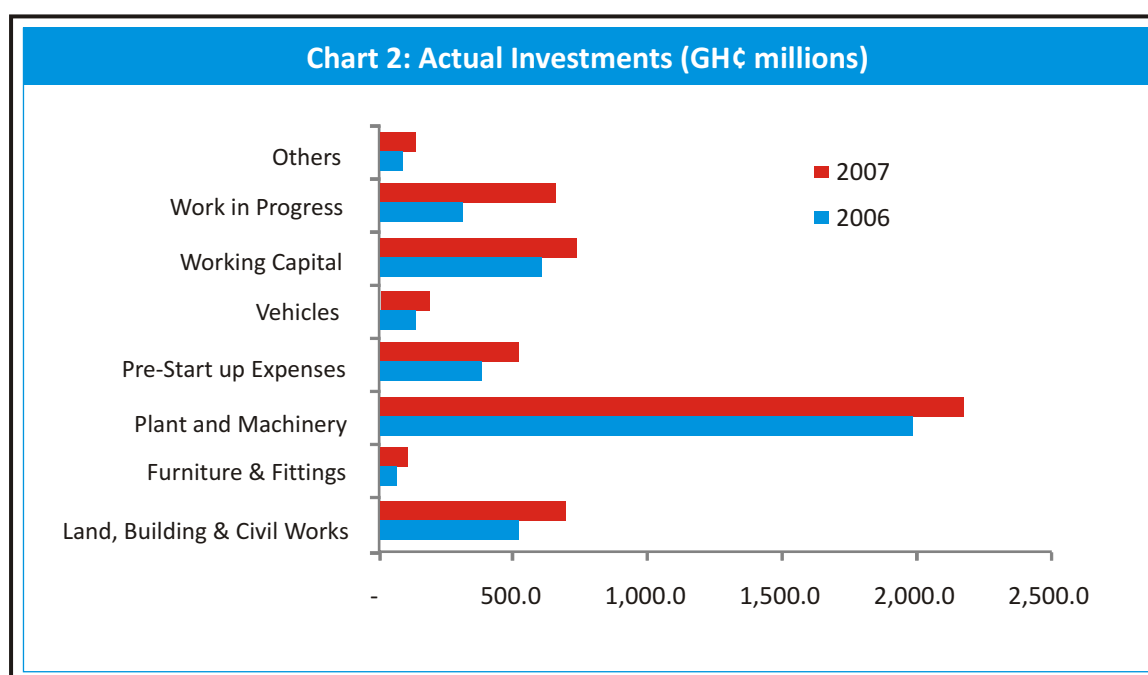
million in 2006 representing 78.9 per cent of turnover for the year.



### 2.1.2 ACTUAL INVESTMENTS

Total investments in the sectors surveyed increased by 26.13 per cent from GH¢3,984.45 million in 2006 to GH¢5,025.63 million in 2007. The highest investments were recorded in plant and machinery which reflects heavy capital outlays especially in the mining and manufacturing sectors. Work in progress recorded the highest growth rate of 116.59 per cent followed by 'Other types' of Investment (91.79%), Furniture and Fittings (46.81%), Pre-start up expenses (32.96%) and Land and Building (32.30%). The growth in "Other types of Investment" was

dominated by expenses in computer and computer related items, which are essential for automation and enhancing competitiveness in a number of sectors especially the banking, insurance and micro finance services. A major component of pre-start up expenses was mine development costs. The increases in plant and machinery, work in progress and working capital are significant and consistent with the increase in turnover. All things being equal, investments in these subcategories are expected to result in increased production and productivity of these entities.



The sectoral distribution of investments indicates that Mining and Quarrying accounted for 26.22 per cent of total investments for 2006 and 31.79 per cent for 2007. This is largely due to the use of heavy capital requirements in the form of plant and machinery, mine development, and pre-start up expenses. This was followed by Electricity, Gas and Water; and Transport, Storage and Communication with 23.17 per cent and 15.77 per cent respectively for 2006 and 20.19 per cent and

16.12 per cent for 2007. In the banking sector, deposit money banks held a large proportion of their investments in the form of working capital, building and civil works.

**Table 3: Annual Investments by Sector**

|  | 2006            |               | 2007            |               | Yr-on-Yr<br>%<br>change |
|--|-----------------|---------------|-----------------|---------------|-------------------------|
|  | GH¢m            | % of<br>total | GH¢m            | % of<br>Total |                         |
| Agriculture, Hunting, Forestry and Fishing                         | 28.15           | 0.71          | 42.98           | 0.86          | 52.67                   |
| Mining and Quarrying   | 1,044.63        | 26.22         | 1,597.60        | 31.79         | 52.93                   |
| Manufacturing  | 606.52          | 15.22         | 647.42          | 12.88         | 6.74                    |
| Electricity, Gas and Water   | 923.18          | 23.17         | 1,014.58        | 20.19         | 9.90                    |
| Construction   | 84.39           | 2.12          | 120.42          | 2.40          | 42.69                   |
| Wholesale, Retail Trade, Catering and<br>Accommodation Services    | 93.47           | 2.35          | 108.67          | 2.16          | 16.26                   |
| Transport, Storage and Communication                               | 628.15          | 15.77         | 810.18          | 16.12         | 28.98                   |
| Financing, Insurance, real estate Tourism and<br>Business Services | 568.65          | 14.27         | 678.22          | 13.50         | 19.27                   |
| <i>Banking</i>   | <i>423.07</i>   | <i>10.62</i>  | <i>468.15</i>   | <i>9.32</i>   | <i>10.66</i>            |
| <i>Micro Finance</i>   | <i>80.82</i>    | <i>2.03</i>   | <i>102.01</i>   | <i>2.03</i>   | <i>26.23</i>            |
| <i>Insurance</i>   | <i>32.29</i>    | <i>0.81</i>   | <i>40.09</i>    | <i>0.80</i>   | <i>24.15</i>            |
| <i>Real Estate</i>   | <i>14.58</i>    | <i>0.37</i>   | <i>50.74</i>    | <i>1.01</i>   | <i>248.01</i>           |
| <i>Tourism</i>   | <i>11.91</i>    | <i>0.30</i>   | <i>12.80</i>    | <i>0.25</i>   | <i>7.40</i>             |
| <i>Business Services</i>   | <i>5.98</i>     | <i>0.15</i>   | <i>4.43</i>     | <i>0.09</i>   | <i>(25.87)</i>          |
| Community, Social and Personal services                            | 7.31            | 0.18          | 5.56            | 0.11          | (23.98)                 |
| <b>Total</b>   | <b>3,984.45</b> | <b>100.00</b> | <b>5,025.63</b> | <b>100.00</b> | <b>26.13</b>            |

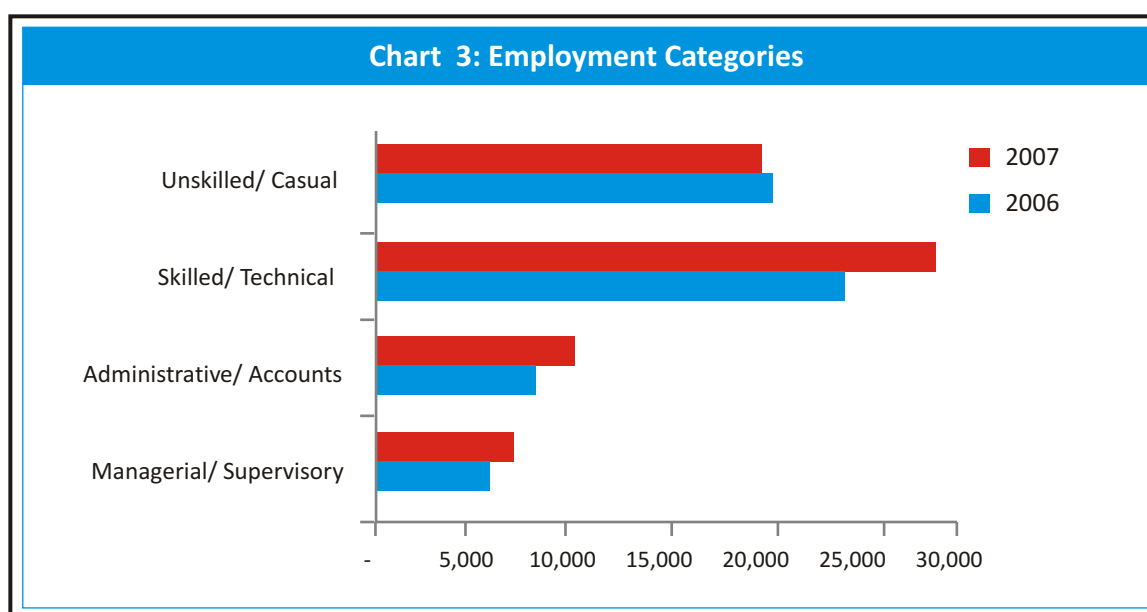
### 2.1.3 EMPLOYMENT TRENDS

According to the survey results, employment levels in entities went up by 12.26 per cent from 58,580 in 2006 to 65,761 in 2007. The number of employed workers was dominated by male employees with a share of 79.56 per cent and 78.18 per cent in 2006 and 2007 respectively. This

notwithstanding, the number of female employees increased by 2,377 (19.85%) over the two year period. The number of foreign workers also increased marginally by 18. Cumulatively, Ghanaians accounted for the largest share of workers employed by surveyed entities.

**Table 4: Employment by Gender and Nationality**

|                         | 2006          |               |            |           | 2007          |               |            |           |
|-------------------------|---------------|---------------|------------|-----------|---------------|---------------|------------|-----------|
|                         | Local         |               | Foreign    |           | Local         |               | Foreign    |           |
|                         | Male          | Female        | Male       | Female    | Male          | Female        | Male       | Female    |
| Managerial/Supervisory  | 4,288         | 1,362         | 185        | 8         | 4,977         | 1,708         | 205        | 10        |
| Administrative/Accounts | 4,805         | 3,330         | 77         | 7         | 6,051         | 4,034         | 70         | 7         |
| Skilled/Technical       | 20,446        | 3,764         | 16         | 1         | 23,824        | 5,034         | 18         | 2         |
| Unskilled/Casual        | 15,298        | 2,337         | -          | -         | 15,051        | 2,620         | -          | -         |
| <b>Total</b>            | <b>46,329</b> | <b>11,957</b> | <b>278</b> | <b>16</b> | <b>51,118</b> | <b>14,331</b> | <b>293</b> | <b>19</b> |



In terms of categorisation, the findings indicated that more jobs were created in the skilled/technical category. The results further revealed that over the two year period, there has been a marked change in administrative

(23.64%), skilled/technical (19.20%) and managerial/supervisory (18.09%) employment categories. The number of unskilled employees fell by 470 employees.

**Table 5: Employment by Sector**

|   | 2006             |               | 2007             |               | % change     |
|---|------------------|---------------|------------------|---------------|--------------|
|   | No. of Employees | % of total    | No. of Employees | % of total    |              |
| Agriculture, Hunting, Forestry and Fishing                      | 6,152            | 10.50         | 6,815            | 10.36         | 10.78        |
| Mining and Quarrying  | 6,863            | 11.72         | 7,868            | 11.96         | 14.64        |
| Manufacturing   | 14,001           | 23.90         | 13,688           | 20.81         | (2.24)       |
| Electricity, Gas and Water                                      | 5,000            | 8.54          | 5,047            | 7.67          | 0.94         |
| Construction  | 5,679            | 9.69          | 5,185            | 7.88          | (8.70)       |
| Wholesale, Retail Trade, Catering and Accommodation Services    | 3,383            | 5.78          | 3,311            | 5.03          | (2.13)       |
| Transport, Storage and Communication                            | 2,688            | 4.59          | 7,406            | 11.26         | 175.52       |
| Financing, Insurance, Real Estate Tourism and Business Services | 14,760           | 25.20         | 16,379           | 24.91         | 10.97        |
| <i>Banking</i>  | 9,744            | 16.63         | 11,413           | 17.36         | 17.13        |
| <i>Micro Finance</i>  | 607              | 1.04          | 1,055            | 1.60          | 73.81        |
| <i>Insurance</i>  | 887              | 1.51          | 937              | 1.42          | 5.64         |
| <i>Real Estate</i>  | 1,006            | 1.72          | 692              | 1.05          | (31.21)      |
| <i>Tourism</i>  | 354              | 0.60          | 420              | 0.64          | 18.64        |
| <i>Business Services</i>  | 2,162            | 3.69          | 1,862            | 2.83          | (13.88)      |
| Community, Social and Personal services                         | 54               | 0.09          | 62               | 0.09          | 14.81        |
| <b>Total</b>  | <b>58,580</b>    | <b>100.00</b> | <b>65,761</b>    | <b>100.00</b> | <b>12.26</b> |

Further analysis of the employment data show that the manufacturing sector absorbed 20.81 per cent of the total workforce of surveyed entities in 2007, recording a decline in share from 23.9 per cent in 2006. The respective shares of the 2007 workforce in the banking, and mining and quarrying sectors were 17.36 and 11.96 per cent, up from 16.63 and 11.72 per cent in 2006. Together, these three sectors accounted for over 50 per cent of the workforce of surveyed entities in 2007. The dominance of these three sectors is partly due to their large representation in the sample survey.

Over the period, transport, storage and communication; micro finance; banking; and mining and quarrying sectors recorded marginal increases in the total workforce whilst the real estate; construction; and business services sectors recorded decreases in employment.

#### 2.1.4 COMPENSATION OF EMPLOYEES

Total compensation to resident employees, defined as compensation of employees in terms of salaries and wages, payments in kind, pension fund contributions, director's fees and any other form of payments, increased by 47.35 per cent from GH¢442.02 million in 2006 to GH¢651.34 million in 2007. Comparatively, non-resident employees received GH¢20.56 million and GH¢41.18 million in 2006 and 2007 respectively. Cumulatively, total payments made by foreign investment enterprises increased by GH¢156.32 million during 2007 from GH¢408.57 million in 2006.

**Table 6: Compensation of Employees (GH¢)**

|                        | 2006               |                   | 2007               |                   |
|------------------------|--------------------|-------------------|--------------------|-------------------|
|                        | With FAL           | No FAL            | With FAL           | No FAL            |
| Resident employees     | 388,007,559        | 33,299,800        | 523,414,501        | 86,292,685        |
| Non-resident employees | 20,563,962         | 154,633           | 41,182,150         | 160,234           |
| <b>Total</b>           | <b>408,571,521</b> | <b>33,454,433</b> | <b>564,896,652</b> | <b>86,452,919</b> |

#### 2.1.5 GAIN/LOSS ON THE SALE OF FIXED ASSETS

Table 7 refers to the net gains/loss made in the sale of fixed assets by entities. In 2007, gain on the sale of fixed assets totalled GH¢7.67 million compared with GH¢4.70 million in 2006. The analysis by sectors reveals that the construction, manufacturing and banking sectors reported significant gains in the sale of fixed assets.

#### 2.1.6 GAIN/LOSS IN FOREIGN EXCHANGE

The results of the survey indicate that cumulatively, entities registered GH¢23.00 million and GH¢20.36 million net gain in foreign exchange in 2006 and 2007 respectively. Significant portions of the foreign exchange gains were registered in the banking, and mining and quarrying sectors. Other sectors such as transport, storage and communication; construction; and electricity, gas and water sectors registered exchange rate losses.

**Table 7: Gains (losses) in Foreign Exchange and Fixed Assets (GH¢ millions)**

|  | Gain /loss in Foreign Exchange |               | Gain/loss in fixed assets |             |
|--|--------------------------------|---------------|---------------------------|-------------|
|  | 2006                           | 2007          | 2006                      | 2007        |
| Agriculture, Hunting, Forestry and Fishing                       | 0.04                           | (0.02)        | 0.10                      | (0.02)      |
| Mining and Quarrying   | 13.09                          | 4.49          | 0.12                      | 0.13        |
| Manufacturing  | 0.12                           | 1.87          | 1.20                      | 1.17        |
| Electricity, Gas and Water                                       | (6.53)                         | (3.48)        | 0.09                      | 0.01        |
| Construction   | (3.56)                         | (5.09)        | 1.75                      | 2.30        |
| Wholesale, Retail Trade, Catering and Accommodation Services     | (0.20)                         | (0.25)        | 0.01                      | 1.56        |
| Transport, Storage and Communication                             | (0.47)                         | (11.43)       | 0.10                      | 0.22        |
| Financing, Insurance, Real Estate, Tourism and Business Services | 20.51                          | 34.27         | 1.33                      | 2.31        |
| <i>Banking</i>   | <i>18.60</i>                   | <i>31.38</i>  | <i>1.01</i>               | <i>1.41</i> |
| <i>Micro Finance</i>   | <i>0.04</i>                    | <i>0.16</i>   | <i>0.10</i>               | <i>0.33</i> |
| <i>Insurance</i>   | <i>1.32</i>                    | <i>2.56</i>   | <i>0.18</i>               | <i>0.18</i> |
| <i>Real Estate</i>   | <i>(0.02)</i>                  | <i>(0.21)</i> | <i>0.04</i>               | <i>0.38</i> |
| <i>Tourism</i>   | <i>0.54</i>                    | <i>0.35</i>   | -                         | -           |
| <i>Business Services</i>   | <i>0.03</i>                    | <i>0.04</i>   | -                         | <i>0.00</i> |
| Community , social and personal services                         | -                              | -             | -                         | -           |
| <b>Total</b>   | <b>23.00</b>                   | <b>20.36</b>  | <b>4.70</b>               | <b>7.67</b> |

## 2.2 SOCIO-ECONOMIC CONTRIBUTION OF FOREIGN DIRECT INVESTMENT

The findings showed that all foreign investment enterprises in the 9 surveyed sectors made social contributions as part of their Corporate Social Responsibility (CSR) efforts. The contributions were mainly targeted at Education, Health and

Welfare, and Environment. In 2007, a total of GH¢94.49 million was spent on corporate social activities, representing an increase of 114.7 per cent from GH¢44.01 million expended in 2006. The major sector beneficiaries of the increased CSRs were education, health and Welfare, religious activities, and environmental protection.

**Table 8: Corporate Social Responsibility Expenditures of FDI Enterprises (GH¢ millions)**

|                      | 2006         | 2007         | % Change      |
|----------------------|--------------|--------------|---------------|
| Arts and Culture     | 0.19         | 4.22         | 2,118.41      |
| Education            | 4.54         | 30.96        | 581.49        |
| Health and Welfare   | 16.25        | 35.09        | 115.95        |
| Religious Activities | 0.26         | 5.74         | 2,151.15      |
| Sports Development   | 5.77         | 3.63         | (37.16)       |
| Environment          | 7.33         | 10.38        | 41.73         |
| Safety and Security  | 0.09         | 0.27         | 214.07        |
| Water and Sanitation | 0.51         | 0.21         | (58.52)       |
| Other Activities     | 9.08         | 3.99         | (56.04)       |
| <b>Total</b>         | <b>44.01</b> | <b>94.49</b> | <b>114.70</b> |

## SECTION 3

# PRIVATE CROSS BORDER FOREIGN ASSETS AND LIABILITIES

### 3.1 FOREIGN LIABILITIES (FL)

The grossed up survey results of private cross border liabilities indicate that total equity stock levels expressed in book value terms increased from Gh¢3,173 million in 2006 to Gh¢4,803

million (or 51.4% growth) in 2007. All the components of foreign liabilities covered in the survey registered growth. The bulk of the foreign liabilities were in the form of FDI inflows.

**Table 9: Composition of Stock of Foreign Liabilities (Book Value)**

|   | 2006         |              | 2007         |              |
|---|--------------|--------------|--------------|--------------|
|   | Amount GH¢ m | % of Total   | Amount Gh¢m  | % of Total   |
| <b>1. Foreign Direct Investment (FDI)</b> | <b>2,772</b> | <b>87.4</b>  | <b>3,958</b> | <b>82.4</b>  |
| a) Equity                                 | 696          | 21.9         | 879          | 18.3         |
| b) Reinvested Earnings                    | 690          | 21.7         | 966          | 20.1         |
| c) Other Capital                          | 1,386        | 43.7         | 2,113        | 44.0         |
| <b>2. Non-FDI</b>                         |              |              |              |              |
| a) Portfolio Equity                       | <b>33</b>    | <b>1.0</b>   | <b>54</b>    | <b>1.1</b>   |
| <b>3. Other Investments</b>               | <b>368</b>   | <b>11.6</b>  | <b>791</b>   | <b>16.5</b>  |
| <b>Grand Total [1+2+3]</b>                | <b>3,173</b> | <b>100.0</b> | <b>4,803</b> | <b>100.0</b> |

### 3.2 DISTRIBUTION OF FOREIGN EQUITY LIABILITIES (FEL)

This sub-section presents survey findings on foreign equity liabilities which include equity, private sector external debt (PSED) and other claims, are presented and analyzed in terms of stocks and transactions. Equity liabilities are represented by FDEI<sup>1</sup> and FPEI<sup>2</sup>.

From the survey results, 115 enterprises had either Foreign Direct Equity Investment (FDEI) or Foreign Portfolio Equity Investment (FPEI).

Sixty (62) enterprises had both FDEI and FPEI. 15 enterprises had only FPEI whilst 38 had only FDEI. In terms of magnitude based on book values, FDEI increased from GH¢696 million in 2006 to GH¢879 million representing 21.9 per cent of total FL. Although the survey results showed that very few foreign enterprises had claims on resident entities (portfolio equity liabilities) in Ghana, and as a result constitute a smaller proportion in terms of total FL, a significant growth of 63.6 per cent was registered between 2006 and 2007.

<sup>1</sup>Foreign Direct Equity Investments (FDEI) refers to an investment in which non-resident enterprise/individual has more than 10 per cent or more of the ordinary equity shares in a resident entity.

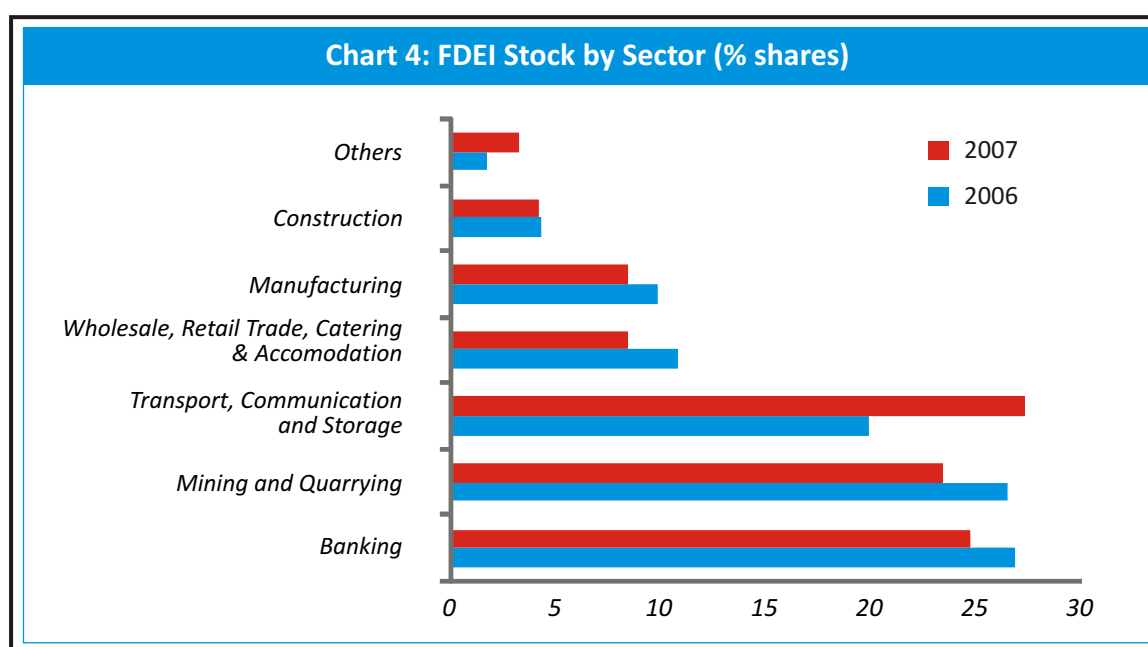
<sup>2</sup>Foreign Portfolio Equity Investment (FPEI) refers to an investment in which a non-resident enterprise/individual has less than 10 per cent equity shares in a resident entity.

The survey results also revealed that some enterprises recorded negative book values over the period 2006 and 2007. This was attributed to huge losses made in some of the years which eroded marginal gains achieved during either the preceding years or the subsequent period.

### 3.2.1 FDEI STOCK BY SECTOR

At the sector level, total foreign direct equity investment in 2006 and 2007 was largely explained by net transactions of GH¢163.4

million, GH¢58.9 million, and GH¢48.1 million in the transport, storage and communication; banking; and mining and quarrying sectors respectively. Together, these sectors accounted for 82.0 per cent of the FDEI flows, and 73.3 per cent and 75.5 per cent of FDEI stock in 2006 and 2007 respectively. The FDEI by economic sector also indicated substantial increases in real estate/property services, construction and manufacturing of GH¢20.8 million, GH¢12.4 million and GH¢13.8 million respectively.



The book values of equity capital that went to mining and quarrying; communication, transportation and storage; and banking sectors were GH¢263.9 million, GH¢198.2 million and GH¢268.6 million in 2006 and GH¢312.0 million, GH¢361.7 million and GH¢327.5 million in 2007. Mining recorded an equity capital (paid up share capital) of GH¢138 and GH¢239 million equivalent to 39 per cent and 51 per cent of the total equity capital in 2006 and 2007 respectively. The banking sector had the second largest share amounting to GH¢94 million and GH¢95 million equivalent to 26 per cent and 21 per cent of total

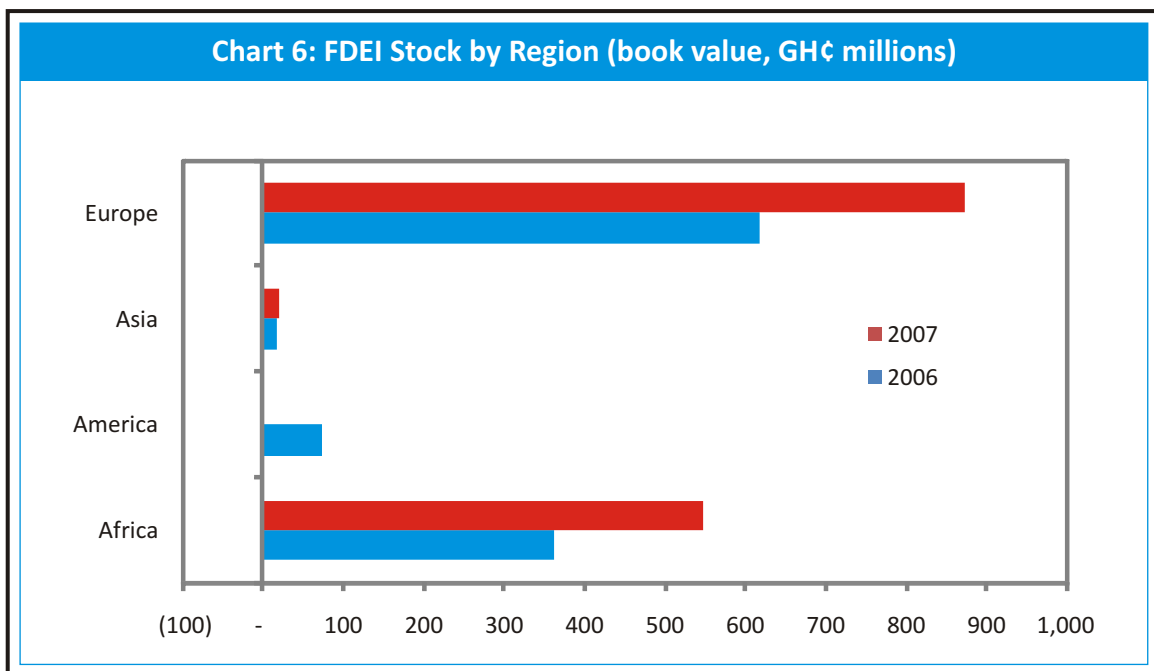
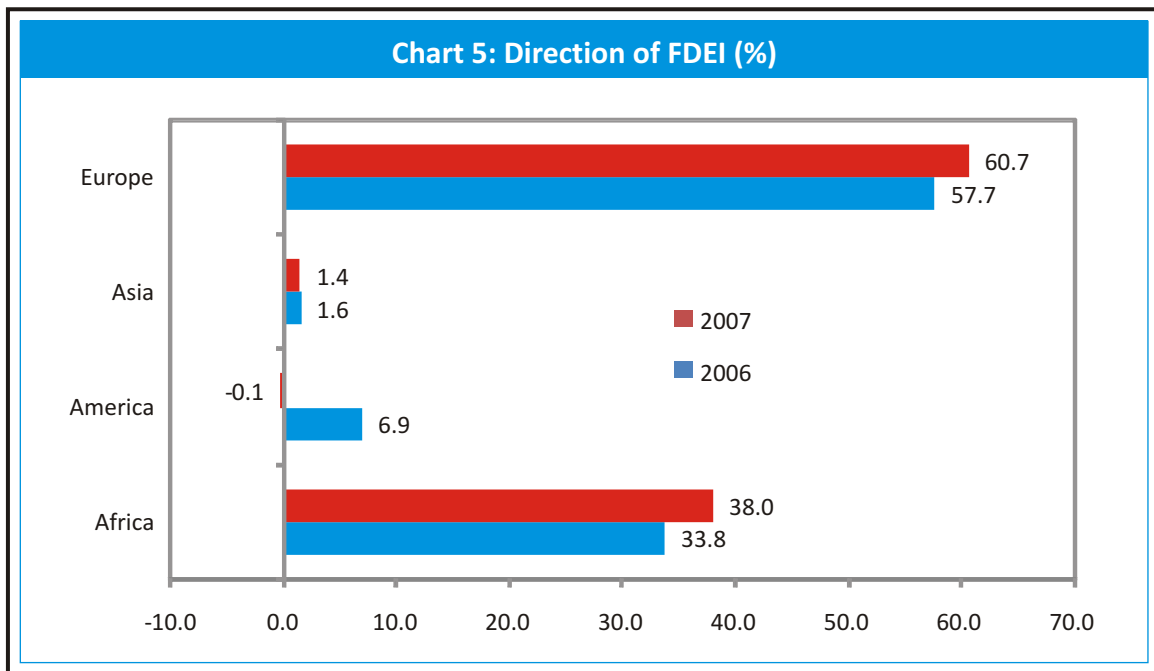
equity capital in 2006 and 2007. Accumulated reinvested earnings (accumulated retained earnings) was highest in transport, storage and communication amounting to GH¢182 million and GH¢344 million in 2006 and 2007 respectively.

### 3.2.2 DIRECTION OF FDEI

Europe emerged as the leading source of FDEI in 2006 accounting for a relative share of 57.72 per cent, followed by Africa with 33.78 per cent, America (6.85%) and Asia (1.64%). In 2007,

Europe accounted for a relative share of 60.68 per cent, Africa (38.02%), Asia (1.40%) and America with a negative 0.11 per cent. The observed negative book value recorded in FDEIs originating from America partly reflects the long-term nature of investments emanating from this region directed mainly at mining and quarrying. Such investment activities involve huge capital

outlays at the implementation phase but with a high projected stream of income in the long run. As a result, some of these entities recorded huge losses in their books which were transferred to their Income Surplus Accounts as retained earnings.



Mauritius accounted for the highest FDEI stocks (book value terms) of 21.72 per cent in 2006. Other important sources of FDEI flows were the United Kingdom (18.06%), British Virgin Islands (15.96%), France (15.45%) and United States (8.01%).

The main sources of FDEI in 2007 were Mauritius (27.97%), France (19.36%), British Virgin Islands (18.44%), United Kingdom (16.92%) and the United States (5.95%).

**Table 10: Top Ten Sources of FDEI (GH¢)**

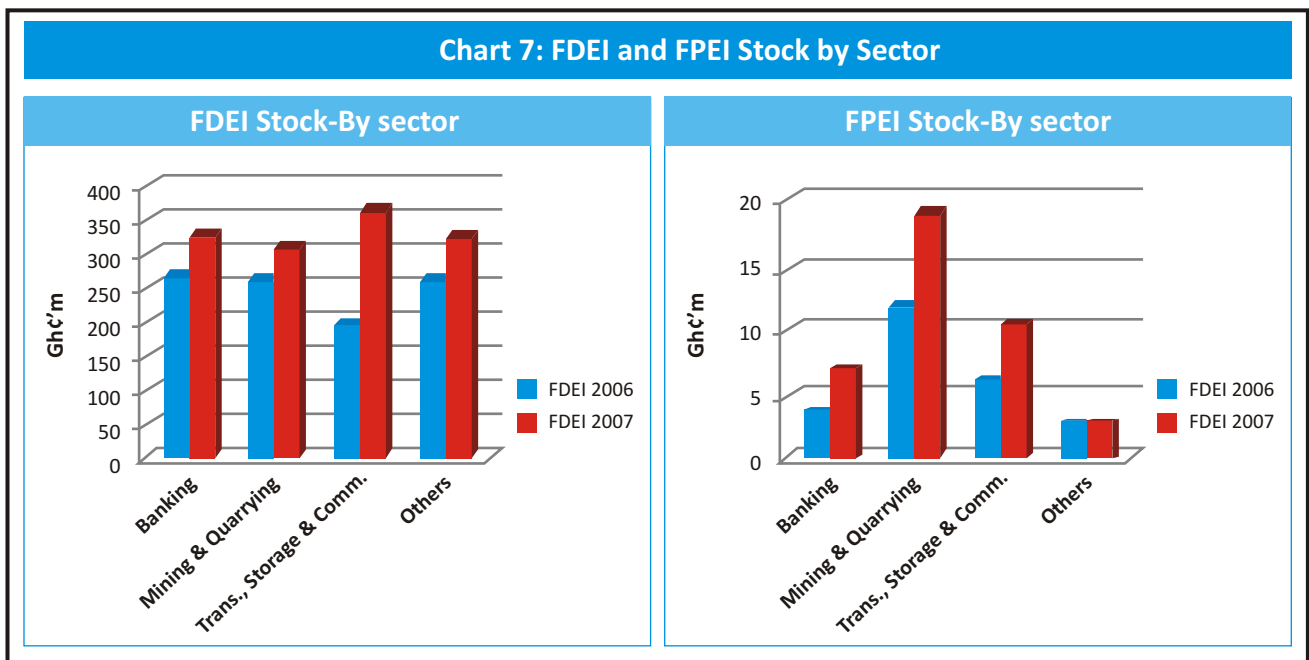
| Country                  | 2006           | % share |
|--------------------------|----------------|---------|
| 1 Mauritius              | 232,141,578.18 | 21.72   |
| 2 United Kingdom         | 193,059,115.22 | 18.06   |
| 3 British Virgin Islands | 170,550,086.03 | 15.96   |
| 4 France                 | 165,133,530.50 | 15.45   |
| 5 United States          | 85,650,770.21  | 8.01    |
| 6 Togo                   | 43,521,819.62  | 4.07    |
| 7 Israel                 | 42,014,602.00  | 3.93    |
| 8 Norway                 | 33,925,378.70  | 3.17    |
| 9 Spain                  | 28,264,000.00  | 2.64    |
| 10 Nigeria               | 25,974,666.27  | 2.43    |
| Country                  | 2007           | % share |
| 1 Mauritius              | 402,322,110.80 | 27.97   |
| 2 France                 | 278,427,742.95 | 19.36   |
| 3 British Virgin Islands | 265,152,117.97 | 18.44   |
| 4 United Kingdom         | 243,325,663.77 | 16.92   |
| 5 United States          | 85,579,964.29  | 5.95    |
| 6 Togo                   | 49,039,003.21  | 3.41    |
| 7 Norway                 | 47,185,712.80  | 3.28    |
| 8 Israel                 | 45,561,654.00  | 3.17    |
| 9 Nigeria                | 30,520,137.83  | 2.12    |
| 10 Switzerland           | 27,053,692.37  | 1.88    |

### 3.2.3 FPEI STOCK BY SECTOR

Of the 9 surveyed sectors, only 4 attracted FPEI. FPEI stocks in terms of book value showed that Mining and Quarrying attracted the highest portfolio investment contributing about 49.6 per cent of total portfolio investment in 2006, followed by Transport, Storage and Communication sector with 24.9 per cent. Similarly, in 2007,

the afore mentioned sectors contributed 49.3 per cent and 26.9 per cent respectively. Overall transactions on portfolio investment during the two year period, increased by GH¢14.5 million (or 60.4% growth), from GH¢24 million in 2006 to GH¢38.4 million in 2007. During 2006 and 2007, insurance and leasing sectors contributed only GH¢0.4 million to portfolio investments.

Chart 7: FDEI and FPEI Stock by Sector



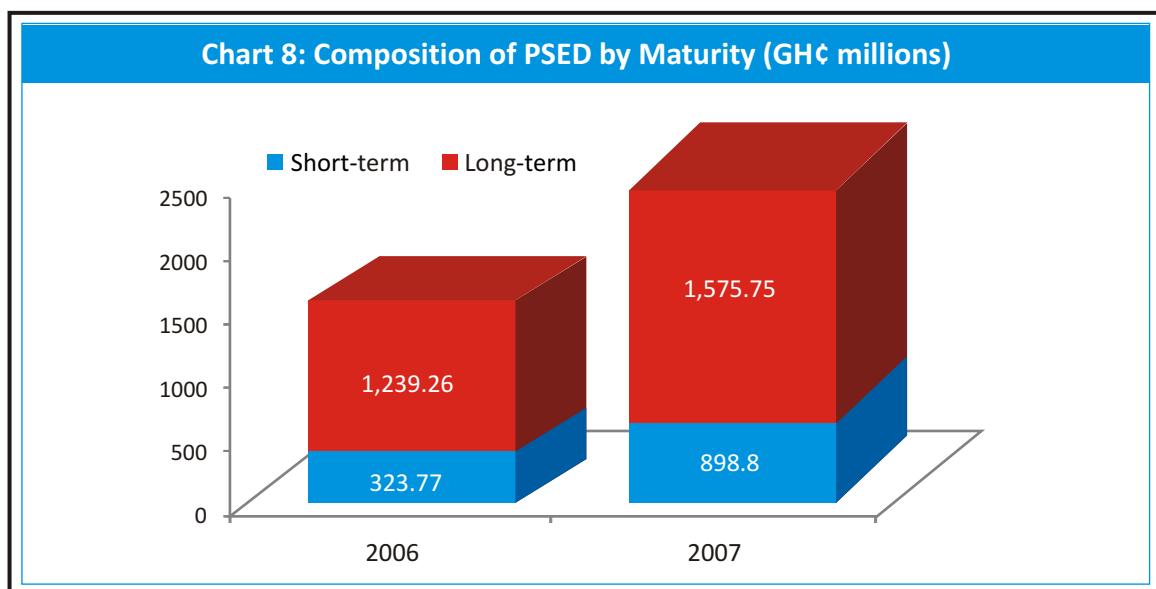
### 3.3 FOREIGN NON-EQUITY LIABILITY

#### 3.3.1 OVERVIEW OF PSED STOCKS

The stock of Private Sector External Debt (PSED<sup>3</sup>) increased by 58.0 per cent from GH¢1,563.03 million in 2006 to GH¢2,469.55 million in 2007.

Notably, 63.8 per cent of the total PSED had long-term maturities, with short-term debt accounting for the remaining 36.2 per cent in 2007.

Chart 8: Composition of PSED by Maturity (GH¢ millions)



<sup>3</sup>PSED refers to external or foreign borrowings by the private sector

### 3.3.2 COMPOSITION OF PSED STOCKS

Mining and quarrying had the highest share of PSED outstanding balance of GH¢876 million and GH¢1,094 million in 2006 and 2007 respectively. This was followed by the banking sector with GH¢202 million in 2006 increasing to GH¢568 million in 2007, and accounting for respective 13 per cent and 23 per cent of total debt stock. The manufacturing and transport, storage and communication sectors had almost equal

shares of 10 per cent for the two consecutive years.

The largest debt inflow of GH¢366 million was recorded in the banking sector followed by an increase of GH¢219 million in the mining sector. Communication, transportation and storage and manufacturing sectors registered increases of GH¢145 million and GH¢131 million respectively in their stock of debt during 2007.

**Table 11: PSED Stock by Sector (GH¢ millions)**

| Sectors/Credit Type  | Outstanding Balance |         |                |         | Change<br>(GH¢ m)<br>2006 - 2007 |
|--|---------------------|---------|----------------|---------|----------------------------------|
|  | 2006                | % Share | 2007           | % Share |                                  |
| Agriculture, Hunting, Forestry and Fishing                   | 6.0                 | 0.4     | 7.4            | 0.3     | 1.6                              |
| Banking  | 202.0               | 12.9    | 568.0          | 23.0    | 366.2                            |
| Business Services  | 3.0                 | 0.2     | 8.7            | 0.4     | 5.6                              |
| Construction   | 59.2                | 3.8     | 60.5           | 2.5     | 1.3                              |
| Electricity, Gas and Water                                   | 2.0                 | 0.1     | 1.5            | 0.1     | 0.0                              |
| Insurance  | 0.4                 | 0.0     | 0.0            | 0.0     | -0.4                             |
| Leasing Companies  | 4.1                 | 0.3     | 3.8            | 0.2     | -0.3                             |
| Manufacturing  | 160.6               | 10.3    | 291.6          | 11.8    | 131.0                            |
| Micro-Finance  | 0.8                 | 0.1     | 12.8           | 0.5     | 11.9                             |
| Mining and Quarrying   | 876.2               | 56.1    | 1,094.8        | 44.3    | 218.6                            |
| Transport, Storage and Communication                         | 146.7               | 9.4     | 291.5          | 11.8    | 144.8                            |
| Wholesale, Retail Trade, Catering and Accommodation Services | 103.0               | 6.6     | 129.1          | 5.2     | 26.1                             |
| <b>Total PSED</b>  | <b>1,564.0</b>      |         | <b>2,469.7</b> |         | <b>906.5</b>                     |

### 3.4 CROSS BORDER CAPITAL LIABILITIES OF THE PRIVATE SECTOR

Private cross border liabilities (with monetary statistics loans on banks) and equity capital adjusted for revaluations and other capital components (not grossed up) show that in 2007, FDI flows as a share of private capital flows was 55.49 per cent and FDI flows as a share of GDP was 11.0 per cent. Comparatively, FDI stock as a share of private capital year-end stock declined

from 71.48 per cent in 2006 to 65.8 per cent in 2007. However, as a share of GDP, FDI stock increased from 23.91 per cent to 30.97 per cent in 2007.

Ghana had a sizeable liability position of about GH¢4,328 million by the end of 2007. Over time, the accumulated liability position primarily reflects the cumulative inflows of private cross border capital of GH¢1,538 million. The composition of the liabilities comprising the cross border private capital of the international investment position statement is varied, covering long-term

private investments made for business considerations (foreign direct investment), trade credit provided to finance imports (supplier's credit) and exports (pre-finance), loans and currency and deposits of non-residents held by domestic banks.

**Table 12: Private Cross Border Liabilities (stocks and derived flows)  
from survey estimates (GH¢ millions)**

|   | IIP<br>31-Dec-06 | BOP<br>2007  | IIP<br>31-Dec-07 |
|---|------------------|--------------|------------------|
| <b>Liabilities</b>                            | <b>2,789</b>     | <b>1,538</b> | <b>4,328</b>     |
| <b>Direct investment in reporting economy</b> | <b>1,994</b>     | <b>854</b>   | <b>2,847</b>     |
| <i>Equity capital and reinvested earnings</i> | 997              | 330          | 1,327            |
| Equity capital                                | 501              | 132          | 632              |
| Reinvested earnings                           | 496              | 198          | 695              |
| <i>Other capital</i>                          | 997              | 524          | 1,520            |
| <b>Portfolio investment</b>                   | <b>24</b>        | <b>15</b>    | <b>39</b>        |
| Equity securities                             | 24               | 15           | 39               |
| <b>Financial derivatives</b>                  |                  |              |                  |
| <b>Other investment</b>                       | <b>772</b>       | <b>670</b>   | <b>1,442</b>     |
| <i>Trade credits</i>                          | 265              | 304          | 569              |
| Long-term                                     | 91               | 110          | 202              |
| Short-term                                    | 174              | 193          | 367              |
| Banks   | 0                | 0            | 0                |
| Long-term                                     | 0                | 0            | 0                |
| Short-term                                    | 0                | 0            | 0                |
| Other sectors                                 | 265              | 304          | 569              |
| Long-term                                     | 91               | 110          | 202              |
| Short-term                                    | 174              | 193          | 367              |
| <i>Loans</i>                                  | 413              | 361          | 774              |
| Long-term                                     | 350              | 76           | 426              |
| Short-term                                    | 63               | 285          | 348              |
| Banks   | 202              | 366          | 568              |
| Long-term                                     | 153              | 80           | 233              |
| Short-term                                    | 49               | 286          | 335              |
| Other sectors                                 | 211              | -5           | 206              |
| Long-term                                     | 197              | -4           | 193              |
| Short-term                                    | 14               | -1           | 12               |
| <i>Currency and deposits</i>                  | 94               | 5            | 99               |
| Banks   | 94               | 5            | 99               |
| Other sectors                                 |                  |              |                  |

*Note: All estimates are from the survey except loans and currency and deposit liabilities of banks which are obtained from the consolidated balance sheet of banks compiled for the monetary and financial statistics.*

The stock of cross border liabilities in Ghana totalled GH¢4,328 million in 2007 compared with GH¢2,789 million in 2006 and was dominated by direct investment. Direct investment liability stocks amounted to GH¢2,847 million in 2007 and GH¢1,994 million in 2006 reflecting an increase of GH¢854 million during 2007. The findings show that reinvested corporate earnings constituted an important means of financing foreign direct investment during 2007. It accounted for about 50 percent of the total stock of foreign direct investment, suggesting a high level of investor confidence in Ghana's economy. Inter-company borrowing (other capital) was however the largest component of direct investment with the stock increasing from GH¢997 million in 2006 to GH¢1,520 million in 2007, an increase of GH¢524 million during 2007.

In contrast to the active non-resident's investment in directly managed enterprises in Ghana abroad, there has been relatively little interest in foreign portfolio investments, that is, acquisition of equity stakes lower than 10 per cent of the total. However, the stock of portfolio investments increased by about GH¢15 million to about GH¢39 million in 2007 from GH¢24 million in 2006.

The principal remaining item of cross border capital liabilities is 'other investment' which comprises trade credit, loans and currency and deposits. In this category, the stock of outstanding trade credit as at 2007 was GH¢569 million. Trade credit increased by GH¢304 million during

2007 from the estimated stock of GH¢265 million for year ending 2006. All trade credit was acquired by the other sectors (private sector excluding banks). Loans constituted the largest component of the stock of other investment, estimated at GH¢774 million. The bulk of the stock of loans had long-term maturities estimated at GH¢426 million. However, the increase in the stock of loans by GH¢361 million from GH¢413 million in 2006 to GH¢774 million in 2007 was due to an increase of GH¢285 million in short-term loans compared to an increase of GH¢76 million for long-term loans. Overall, Ghana attracted considerable private cross-border capital in 2007 to augment domestic investment, validating the gains of macroeconomic stability and liberal policies that have been pursued to attract foreign resources.

#### 3.4.1 SELECTED INDICATORS OF CROSS BORDER CAPITAL LIABILITIES

Private cross border liabilities and equity capital adjusted for revaluations and other capital components (no grossed up) show that in 2007, FDI flows as a share of private capital flows was 55.49 per cent and FDI flows as a share of GDP was 11.0 per cent. Comparatively, FDI stock as a share of private capital year-end stock declined from 71.48 per cent in 2006 to 65.8 per cent in 2007. FDI stock as a share of GDP however, increased from 23.91 per cent to 30.97 per cent in 2007.

Table 13: Selected BOP and IIP Indicators (%)

| Indicators   | 2006             | 2007        |                  |
|--|------------------|-------------|------------------|
| FDI flows as a share of private capital flows            |                  | 55.49       |                  |
| FDI flows as a share of GDP                              |                  | 11.01       |                  |
| FDI stock as a share of private capital stock (year end) | 71.48            | 65.80       |                  |
| FDI Stock as a share of GDP (year end)                   | 23.91            | 30.97       |                  |
|  | IIP<br>31-Dec-06 | BOP<br>2007 | IIP<br>31-Dec-07 |
| Total Liabilities (GH¢ m)                                | 2,789            | 1,538       | 4,328            |
| Direct investment in reporting economy (Gh¢m)            | 1,994            | 854         | 2,847            |

### 3.5 FOREIGN ASSETS (FA)

This section presents the findings and analysis of Foreign Assets (FA) in the form of equity and non-equity attributable to the enterprises that were surveyed. The survey requested respondents to provide information on their investments in foreign countries. FA comprises shares held in other countries, long-term and short-term lending and investments in securities abroad.

#### 3.5.1 CROSS BORDER CAPITAL ASSETS OF RESIDENT ENTERPRISES

Ghana's total stock cross-border capital assets of the private sector was estimated at GH¢597 million in 2007, up from GH¢499 million in 2006. Direct investment was obtained from the survey results in the form of equity capital and reinvested earnings. No information was provided

on other capital assets. An increase in equity capital and reinvested earnings of GH¢14 million was recorded in 2007, adding to the stock of GH¢123 million estimated for 2006. The stock of portfolio equity investment in equity securities was marginal while the bulk of 'other' investment in the form of currencies and deposits were held by non-residents. The total stock of currency and deposit assets of banks held by non-residents in 2006 amounted to GH¢345 million, increasing by GH¢79 million to GH¢424 million in 2007. Trade credit assets increased from the 2006 stock level of GH¢30 million to GH¢35 million in 2007. The much lower level of the asset position relative to the liability position indicates that on a net basis, Ghana has been a recipient of financial flows.

**Table 14: Private cross border assets (stocks and derived flows)  
from survey estimates (GH¢ millions)**

|   | IIP<br>31-Dec-06 | BOP<br>2007 | IIP<br>31-Dec-07 |
|---|------------------|-------------|------------------|
| <b>Assets</b>                                 | <b>499</b>       | <b>98</b>   | <b>597</b>       |
| <b>Direct investment abroad</b>               | 123              | 14          | 137              |
| <b>Equity capital and reinvested earnings</b> | <b>123</b>       | <b>14</b>   | <b>138</b>       |
| Equity capital                                |                  |             |                  |
| Reinvested earnings                           |                  |             |                  |
| Other capital                                 |                  |             |                  |
| <b>Portfolio investment</b>                   | <b>0.35</b>      | <b>0.00</b> | <b>0.35</b>      |
| Equity securities                             | 0.35             | 0.00        | 0.35             |
| Debt securities                               |                  |             |                  |
| <b>Financial derivatives</b>                  |                  |             |                  |
| <b>Other investment</b>                       | <b>375</b>       | <b>84</b>   | <b>459</b>       |
| <i>Trade credits</i>                          | 30               | 5           | 35               |
| Banks   | 0                | 0           | 0                |
| Other sectors                                 | 30               | 5           | 35               |
| <i>Loans</i>                                  | 0                | 0           | 0                |
| Banks   | 0                | 0           | 0                |
| Other sectors                                 | 0                | 0           | 0                |
| <i>Currency and deposits</i>                  | 345              | 79          | 424              |
| Banks   | 345              | 79          | 424              |
| Other sectors                                 |                  |             |                  |

*Note: All estimates are from the survey except loans and currency and deposit liabilities of banks which are obtained from the consolidated balance sheet of banks compiled for the monetary and financial statistics.*

## SECTION 4

# BOP AND IIP WITH GROSSED UP SURVEY RESULTS

A balance of payments statement was compiled incorporating the grossed up survey estimates for comparison purposes with the initial balance of payments statement. To allow for a comprehensive assessment of the grossed up survey results' effect on the BOP, additional data from other sources known to be reliable for BOP estimation were incorporated with the survey data. The sources used included the monetary and financial statistics estimates and the Bank for International Settlements (BIS). Table 15 shows the balance of payments estimates with and excluding survey results in both Ghana Cedis and US dollars.

Comparison of the BOP with and without survey results in US\$ shows a deterioration of US\$463.49 million in the current account arising from the increase in the deficit on the income account. The current account deteriorated from a deficit of US\$2,152 million to a deficit of US\$2,615 million. The increased deficit on the income account was due to the inclusion of estimates of US\$276 million reinvested earnings debits provided by the survey and estimated interest payments on the stock of private debt of US\$158.62 million. These estimates worsened the services and income balance from a deficit of US\$300.67 million to a deficit of US\$764.37 million. The capital and financial account reflects the observed effects of using the grossed up survey results on the balance of payments estimates. Overall, the financial account improved when the survey estimates were incorporated from a surplus of US\$2,591.42 million to a surplus of US\$3,505.39 million in 2007.

The increase in the surplus on the financial account was equivalent to an additional inflow to the balance of payments of US\$913.97 million. The additional inflow was sufficient to more than offset the deterioration of US\$463.49 million on the current account. Much of the additional flows in the financial account were due to higher estimates of foreign direct investment in Ghana, trade credit liabilities and loan liabilities of US\$294.96 million, US\$544.15 million, and US\$291.91 million relative to the initial estimates respectively. It is also worth noting that the combined estimate from the monetary and financial statistics report and the Bank for international settlements on the net foreign assets of banks and other sectors of US\$58 million was much smaller than the initial BOP estimate of US\$252.89 million increase in currency and deposit liabilities.

Overall, the comparison showed a higher overall balance of payments surplus of US\$890.23 million compared to the initial BOP surplus of US\$439.95 million suggesting additional inflows of about US\$450.28 million. Net errors and omissions increased because of the increase in the net inflows to the BOP without corresponding increases in the use of funds. The increase in the errors and omissions could be interpreted as representative of lower estimates for some of the outflows on the current account such as imports of goods and services especially considering the importance of the sector to the economy as suggested by the sector distribution of FDI.

Table 15: Comparison of Survey Based and Current BOP Estimates

|  | 2007 without<br>survey results<br>(US\$ millions) | 2007 with<br>survey results<br>(US\$ millions) | 2007 without<br>survey results<br>(GH ¢ millions) | 2007 with survey<br>results (GH¢<br>millions) |
|--|---|--|---|---|
| <b>A. CURRENT ACCOUNT<br/>BALANCE(A1+A2+A3)</b>            | <b>-2,151.47</b>                                  | <b>-2,615.16</b>                               | <b>-2,016.57</b>                                  | <b>-2,451.19</b>                              |
| A1. Goods Account(Trade Balance)                           | -3,893.98   | -3,893.98                                      | -3,649.82   | -3,649.82                                     |
| a) Total Exports (fob)                                     | 4,172.14  | 4,172.14                                       | 3,910.55  | 3,910.55                                      |
| b) Total Imports (fob)                                     | -8,066.11   | -8,066.11                                      | -7,560.37   | -7,560.37                                     |
| A2. Services and Income                                    | -300.67   | -764.37  | -281.82   | -716.44                                       |
| A3. Current Transfers (net)                                | 2,043.18  | 2,043.18                                       | 1,915.07  | 1,915.07                                      |
| <b>B. CAPITAL AND FINANCIAL ACCOUNT<br/>BALANCE(B1+B2)</b> | <b>2,591.42</b>                                   | <b>3,505.39</b>                                | <b>2,428.94</b>                                   | <b>3,285.60</b>                               |
| B1. Capital Account  | 188.14  | 188.14   | 176.34  | 176.34  |
| a) Capital Transfers inflows (credit)                      | 188.14  | 188.14   | 176.34  | 176.34  |
| B2. Financial Account; excluding<br>financing items        | 2,403.28  | 3,317.25                                       | 2,252.60  | 3,109.26                                      |
| a) Direct Investment                                       | 970.38  | 1,244.00                                       | 909.54  | 1,166.00                                      |
| i) Direct investment abroad                                |   | -21.34   |   | -20.00  |
| ii) Direct investment in Ghana                             | 970.38  | 1,265.34                                       | 909.54  | 1,186.00                                      |
| b) Portfolio Investment                                    | 799.84  | 806.75   | 749.69  | 756.16  |
| Assets   | 0.00  | 0.00   | 0.00  | 0.00  |
| Liabilities  | 799.84  | 806.75   | 749.69  | 756.16  |
| Equity Securities  | 14.43   | 21.34  | 13.52   | 20.00   |
| Debt Securities  | 785.41  | 785.41   | 736.16  | 736.16  |
| c) Financial derivatives, net                              |   |  |   |   |
| d) Other Investment  | 633.07  | 1,266.51                                       | 593.37  | 1,187.10                                      |
| Assets   | 0.00  | 44.70  | 0.00  | 41.90   |
| Trade credits  |   | -7.58  |   | -7.10   |
| Loans  |   |  |   |   |
| Currency and Deposits                                      |   | 52.28  |   | 49.00   |
| Other Assets   |   |  |   |   |
| Liabilities  | 633.07  | 1,221.80                                       | 593.37  | 1,145.20                                      |
| Trade credits  | -94.15  | 450.23   | -88.25  | 422.00  |
| Loans  | 474.33  | 766.24   | 444.59  | 718.20  |
| Currency and Deposits                                      | 252.89  | 5.33   | 237.03  | 5.00  |
| Other Liabilities  |   |  |   |   |
| <b>C. OVERALL BALANCE(A+B)</b>                             | <b>439.95</b>                                     | <b>890.23</b>                                  | <b>412.37</b>                                     | <b>834.41</b>                                 |
| <b>D. RESERVES AND RELATED ITEMS</b>                       | <b>-439.95</b>                                    | <b>-890.23</b>                                 | <b>-412.37</b>                                    | <b>-834.41</b>                                |
| a) Reserve assets  | -413.11   | -413.11  | -387.21   | -387.21                                       |
| b) Use of Fund credit and loans                            |   |  |   |   |
| c) Exceptional Financing                                   |   |  |   |   |
| d) Errors and Omissions                                    | -26.84  | -477.12  | -25.16  | -447.20                                       |

An aggregate international investment position statement was compiled from the grossed up survey results, the monetary and financial statistics report of the Bank of Ghana the monetary authorities' balance sheet and the consolidated balance sheets of commercial banks, the Bank for International Settlements (BIS) banking statistics and debt statistics compiled by the Bank of Ghana. Specifically, the grossed up survey results provided estimates for foreign direct investment of banks and other sectors, portfolio investment of banks and other sectors, trade credit of other sectors, and loans of other sectors. The monetary and financial statistics provided estimates for the monetary authority and the commercial banks foreign assets and liabilities of loans and currencies and deposits, while the debt statistics were used for government's debt stock. The BIS provided estimates of currency and

deposit assets of other sectors. (Technical notes explaining the adjustments and additional considerations taken into account in compiling both the BOP and the IIP are provided as Appendix 1).

The overall IIP showed a net position of about US\$5,427.7 million in 2007 having increased from a net liability position of US\$2,550.8 million. This comprised total asset stocks of US\$3,779.7 million and US\$4,191.4 million and total liabilities of US\$6,330.5 million and US\$9,614.1 million for 2006 and 2007 respectively. Developments in the IIP generally indicated that Ghana attracted and retained a considerable amount of cross border capital in 2007.

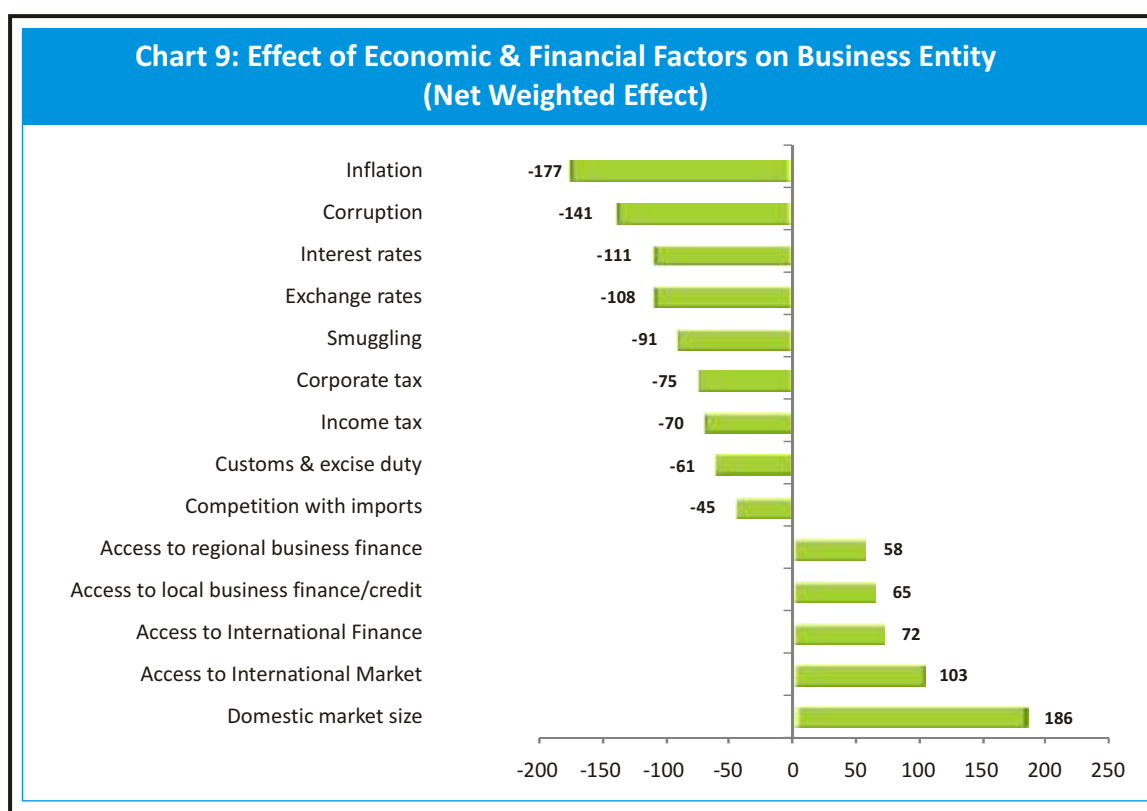
## SECTION 5

# INVESTOR PERCEPTIONS

The survey on investor perceptions requested entities to rate the effect of economic and financial factors; efficiency and cost of support services; effect of labour, and health factors; and efficiency of regulatory and other government agencies on their businesses. The impact of each factor was assigned a rating ranging from +2 to -2, where +2 indicates a “strong positive effect”, +1 “limited positive effect”, 0 “no effect”, -1 “limited negative effect” and -2 “strong negative effect”.

### 5.1 EFFECT OF ECONOMIC AND FINANCIAL FACTORS

The results show that entities in Ghana rated inflation as the most important economic factor which impacts negatively on their business activities. Among the factors considered, the net weighted effect of inflation on business entities scored the highest of negative 177 points, followed by corruption with negative 141 points, interest rates (-111 points), exchange rates (-108 points) and smuggling (-91 points). Competition with imports scored the least negative effect on business entities, with negative 45 points.

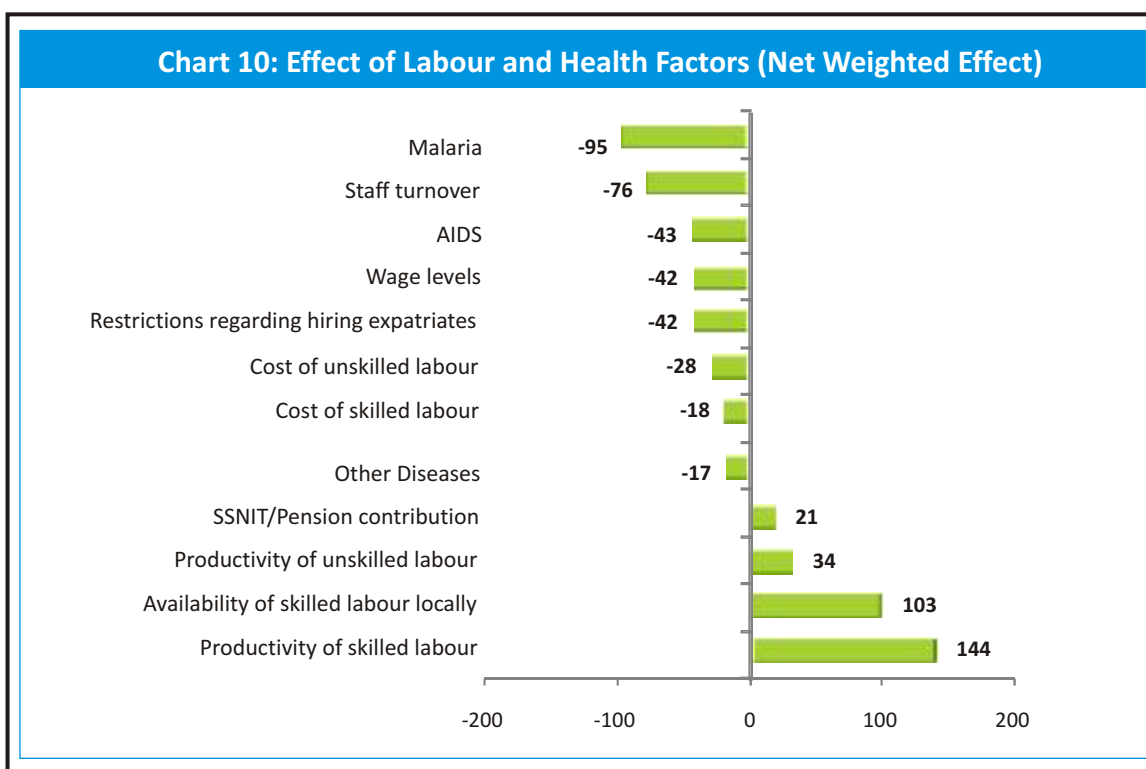


More than 50 per cent of respondents identified inflation as having a strong negative effect on business operations and investments. In addition, more than 40 and 30 per cent acknowledged high interest rates; and unstable exchange rates and corruption as posing challenges on their investments.

The factors with strong positive impact on business entities consists of domestic market size (ranked the highest) followed by access to international markets, suggesting that enterprises have a ready market for their products and services. Others factors such as access to local, regional and international finance were also rated as having positive effects on business entities.

## 5.2 EFFECT OF LABOUR AND HEALTH FACTORS

The results indicate that investors perceive the availability and productivity of local labour as having strong positive effects on business entities. However, staff turnover, wage levels and costs associated with both unskilled and skilled labour, and restrictions regarding hiring of expatriates had strong negative effects on business entities. On health factors, Malaria ranked the highest, with a strong negative effect (-95 points) on business activities.



Sixty (60) per cent of respondents revealed that restrictions on hiring expatriates had negative effects on their business while 44, 37, 51 and 52 per cent of respondents considered the cost of skilled labour, cost of unskilled labour, staff turnover and wage levels respectively as detrimental to their entities. However, 61, 69 and 49 per cent of respondents perceived the availability of skilled labour, productivity of skilled labour and productivity of unskilled labour respectively as having strong positive impacts on business operations. This implies that while most entities affirmed improving trends in labour productivity, its associated costs proved prohibitive.

Among the health factors, 59 per cent of respondents identified malaria as having negative impact on business entities, while 62 per cent indicated that HIV/AIDs had no effects on their operations. For 'other' diseases, 64 per cent of respondents indicated that it did not have any effects on their businesses. These findings highlight the significant impact of malaria on labour productivity in the country.

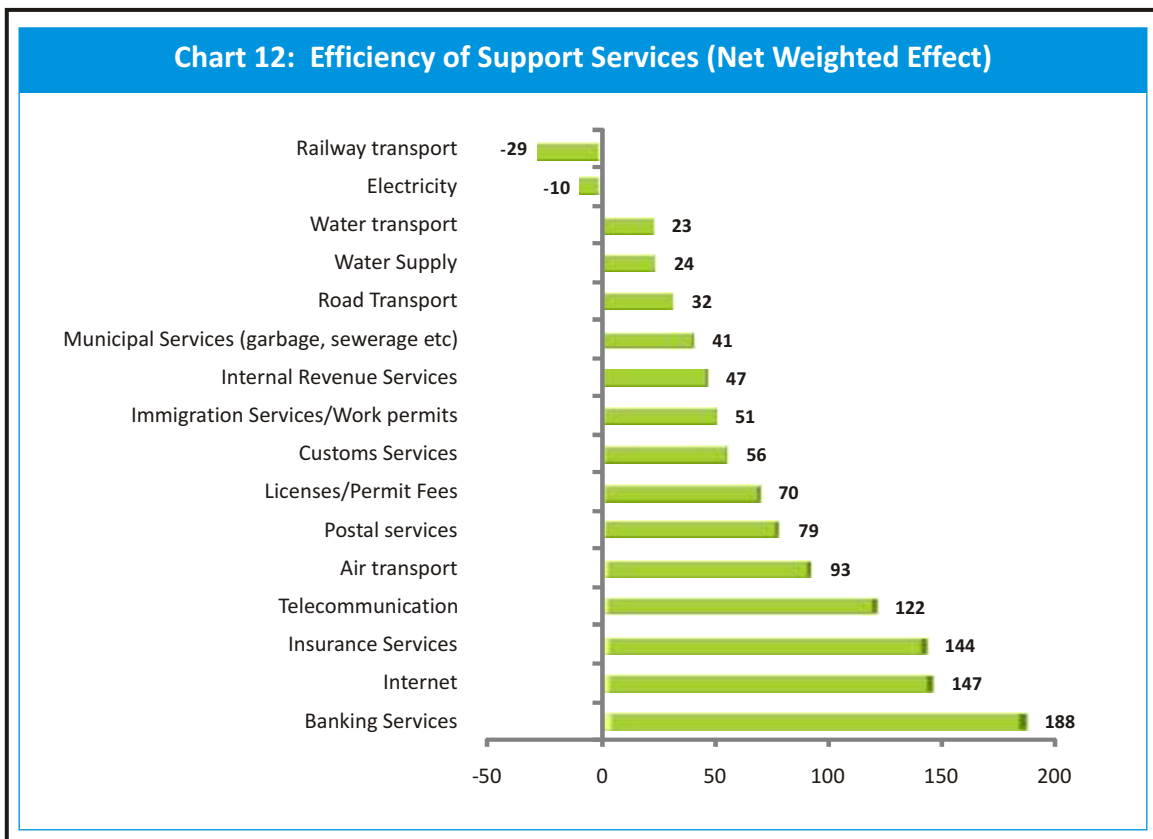
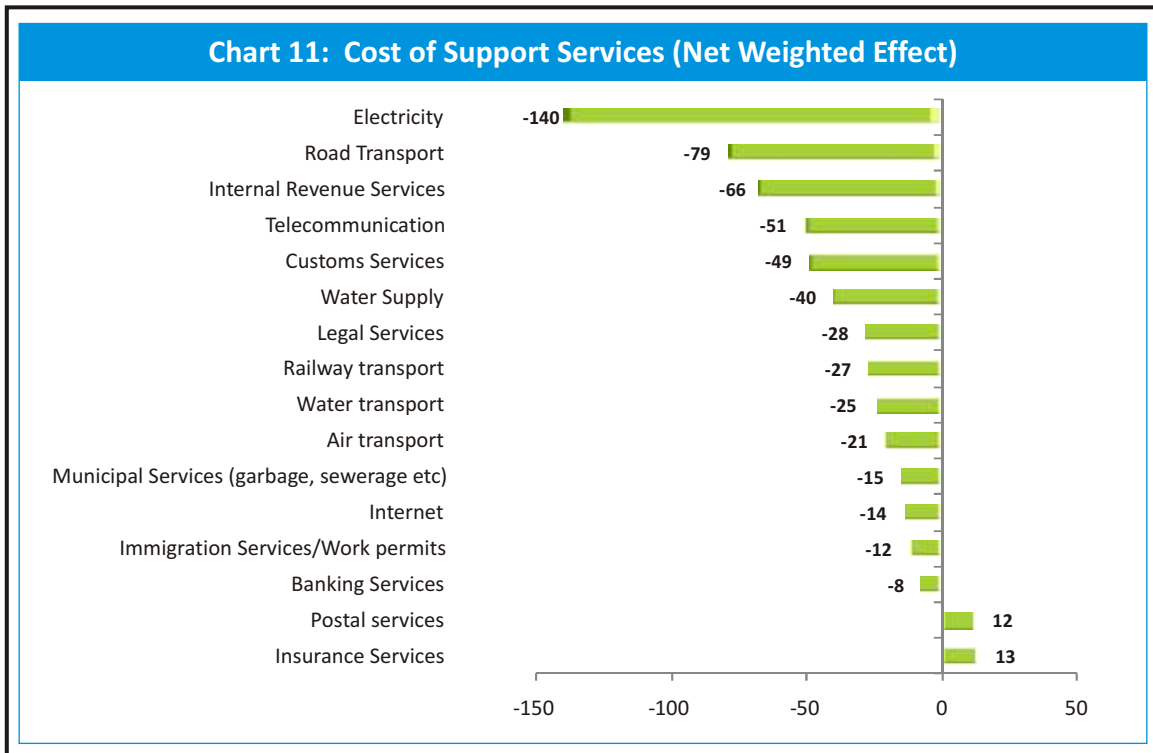
### 5.3 COST AND EFFICIENCY OF SUPPORT SERVICES

The existence of efficient and reliable infrastructural and support services is a major factor in attracting and maintaining investments whilst inefficiencies in providing such services act as disincentives to doing business. Excluding postal and insurance services, the net weighted effect of cost of support services were strongly rated as having negative effects on entities. The dominant services with high costs include electricity, road transport, internal revenue services, telecommunication and customs services. Banking services exerted the least cost on business entities. Although the costs of providing these services were rated as having negative impacts on business entities, the effi-

ciency of support services (excluding railway transport and electricity) were ranked as having strong positive effects. Banking services ranked the highest with a strong positive net weighted effect on entities and therefore the most efficient, followed by Internet services. It is useful to note however, that commercial banks were also included in the surveyed entities so the results on cost and efficiency of banking services may be slightly biased.

More than 60 per cent of respondents indicated that efficiency and cost of rail and water transport do not have any significant impact on their activities, primarily because the infrastructural base for these transportation modes is not fully developed within the country. In terms of air and road transport, 51 per cent and 46 per cent of respondents considered them as efficient in the conduct of their businesses but 34 per cent and 58 per cent highlighted costs associated with these means of transport as having strong and limited negative effects on the conduct of business respectively.

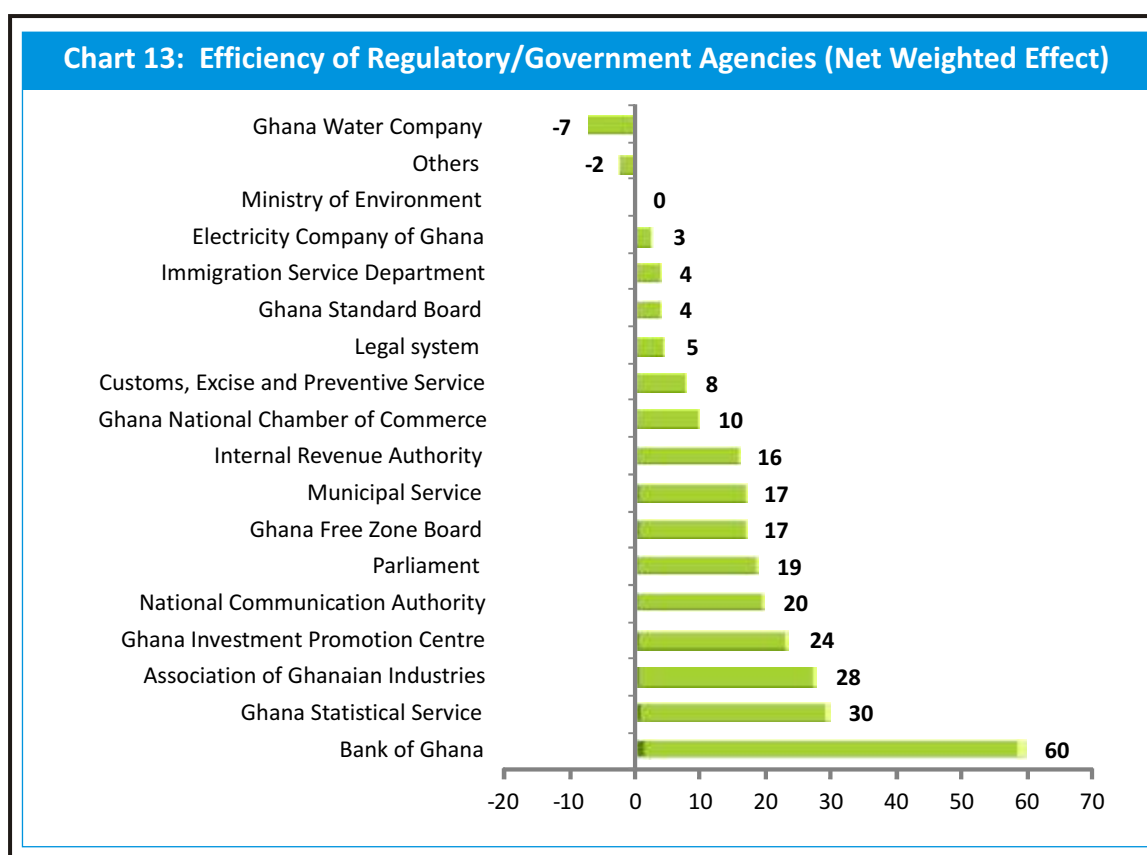
The availability of reliable source and cost of energy are necessary inputs for entities when undertaking investment projects. Seventy (75) per cent of respondents indicated that the cost of electricity had a negative effect on their investments while 53 per cent rated the service as inefficient. The cost of telecommunication also remains high with 19 per cent of respondents indicating its strong negative effect on their activities despite the liberalization of the telecommunication industry. The results also revealed that 41 per cent and 55 per cent of respondents rated customs services and internal revenue services as having negative effects on their businesses.



## 5.4 EFFICIENCY OF REGULATORY AGENCIES

The survey showed a general approval of some regulatory and government agencies among respondents. With the exception of Ghana Water Company, most of the respondents rated the operations of regulatory agencies as efficient but with diverse degrees of efficiency. The net

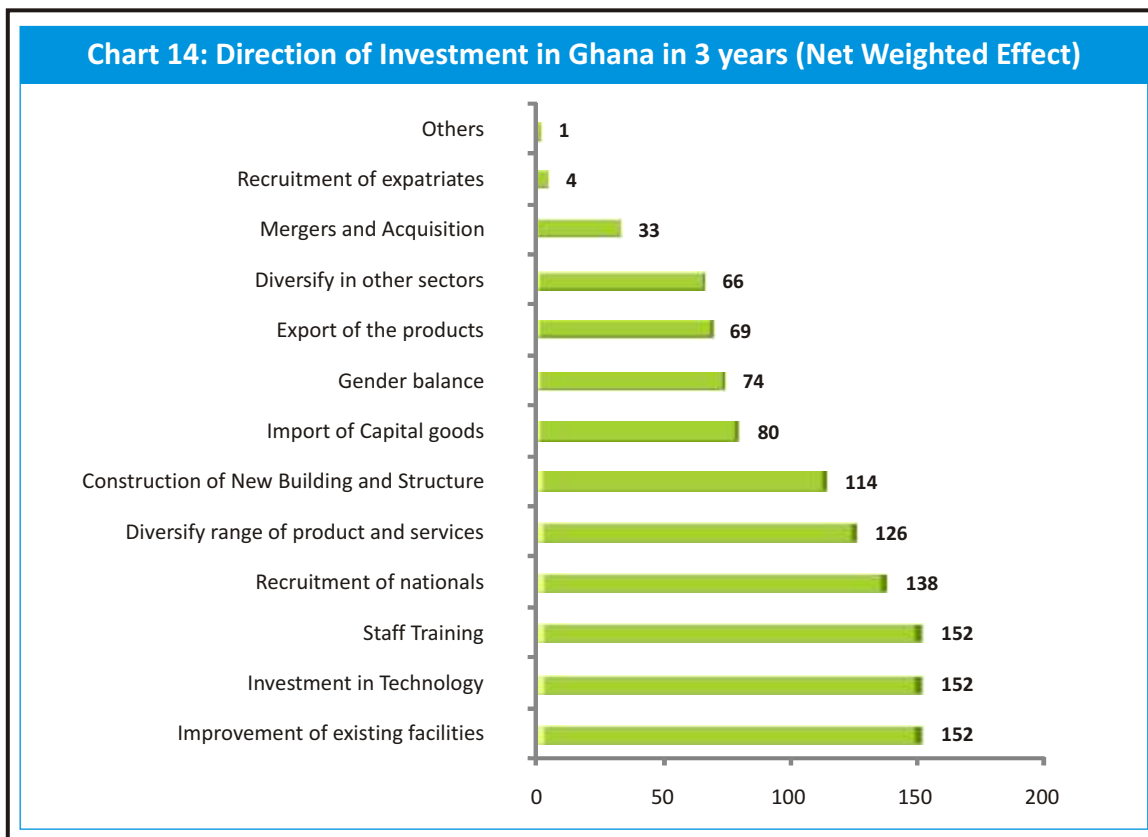
weighted results rated the regulatory and supervisory activities of the Bank of Ghana (BOG) as having a strong positive effect on their business entities, followed by Ghana Statistical Service, Association of Ghanaian Industries and the Ghana Investment Promotion Council. The Legal system, Ghana Standard Board, Immigration Services and Electricity Company of Ghana were rated as having least positive effects on entities.



## 5.5 DIRECTION OF INVESTMENT

The survey examined factors which project the direction of investment by business entities in Ghana over the next three years. Responses had ratings of +1 for “business expansion”, 0 ‘maintain’ and -1 “scale down operations”. According to the results, perceptions of business entities on the direction of investment over the medium

term were particularly strong and in favour of business expansion rather than contraction. For instance, business entities have projected to expand their activities over the next three years by improving existing facilities, investing in technology as well as capacity building. Other activities include diversification of products and services, recruiting more local staff and constructing new buildings and structures.



Majority of the respondents (83%) have plans to recruit more staff (Ghanaians) in the medium term while 74 per cent intend to retain the number of recruited expatriates. Continuous staff training remains a priority for most entities (91%) since capacity building is considered a key management tool for retaining and upgrading staff competence levels in order to raise productivity.

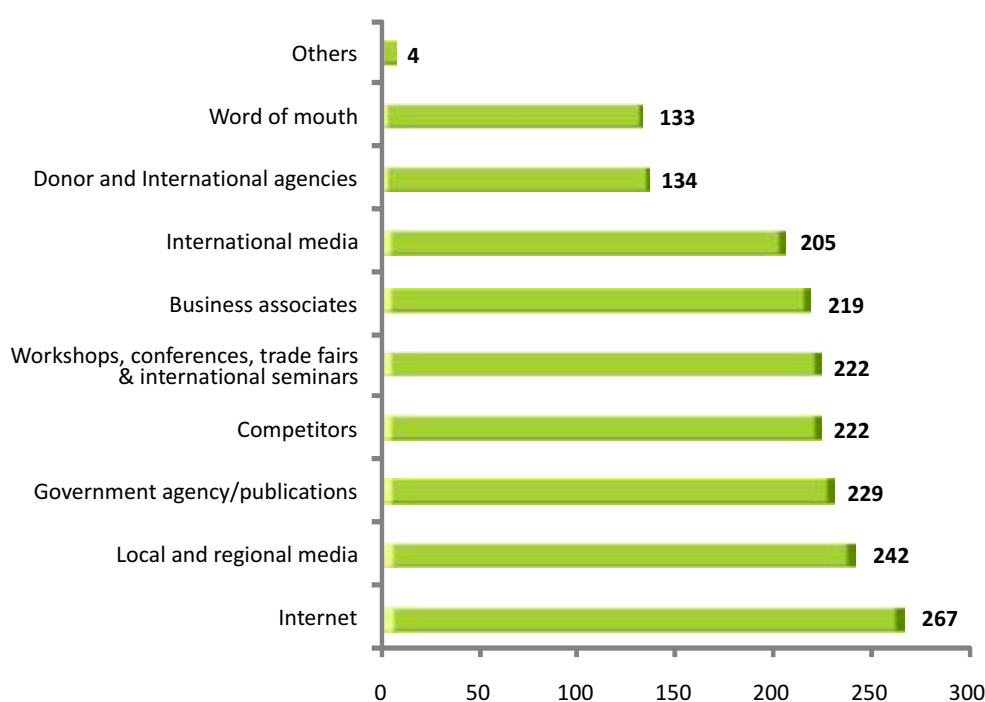
Business consolidation through mergers and acquisition was not identified as a major investment strategy over the next three years. However, more than 90 per cent of respondents plan to invest in technology and improve on existing facilities. In addition, 75 per cent of the entities have given strong indications to diversify their range of products and services whilst 40 per cent may diversify into other sectors. In terms of infrastructural development, 70 per cent of respondents plan to expand structures and construct new buildings.

The survey further revealed that over 40 per cent of the entities intend to export some of their products which gives a needed boost to export diversification with positive implications for Ghana's balance of payments.

## 5.6 SOURCES OF INVESTMENT INFORMATION

Business entities were requested to rate the usefulness of sources of information on their investment decisions with +2 indicating 'a very useful source', +1 'quite useful' and 0 'not useful'. The net effect of the results showed that businesses rated the 'internet' (267 points) as the most useful medium of information for investment decisions. Others such as local and regional media, government agencies/publications and workshops and conferences also serve as vital sources of information for investment decisions.

Chart 15: Usefulness of Sources of Investment Information (Net Weighted Effect)



In terms of percentages, the most important sources of information for entities were internet (63%), local and regional media (51%), government agency/publications (46%), competitors (45%), workshops/seminars (43%) and business associates (41%). The other significant sources of information considered quite useful by entities include donor and international agencies (51%), and international media (46%).

Other sources of information (81%) and word of mouth (38%) were not considered by the entities as too useful.

## SECTION 6

# CONCLUSION AND POLICY RECOMMENDATIONS

The survey of cross border capital flows has provided good quality data and evidential support that after decades of economic, trade and financial sector reforms, Ghana is increasingly attracting foreign investments for economic development. Developments in the International Investment Position (IIP) generally indicate that Ghana not only attracted but retained considerable proportions of cross border capital in 2007. This trend can be sustained with more openness and better integration into the world economy.

### MAIN FINDINGS

- i. Majority of the entities surveyed were located in the Accra-Tema metropolis. The bulk of the entities surveyed were concentrated in the Manufacturing and Finance sectors with the two accounting for 62.7 per cent of the total.
- ii. Based on the shareholding and ownership results, domestic and foreign investors complement each other in the production of goods and services. Entities with FAL (wholly or jointly owned) contributed 78.9 per cent of total turnover in 2006 and 82.3 per cent in 2007. Total employment reported by foreign investment enterprises accounted for 86.7 per cent in 2007. The high turnover and employment results indicate that the production and productive capacities of entities with no FAL were relatively lower compared with entities with FAL.
- iii. The bulk of actual investments went to plant and machinery, reflecting heavy capital outlays required by the mining, manufacturing and electricity, gas and water sectors.

Together, the three sectors accounted for 64.6 per cent of total actual investment in 2006 and 64.8 per cent in 2007.

- iv. Foreign Liabilities (FL) recorded an annual growth of 51.4 per cent in 2007. Of this, 82.4 per cent was in the form of FDI inflows, with non-equity liabilities (other capital) constituting a greater share. Non-equity liability flows increased by 52.5 per cent between 2006 and 2007. Most of the flows were short term transactions which call for closer monitoring due to its implications for foreign exchange management.
- v. Substantial foreign direct equity investments (FDEI) and retained earnings were registered in 2007 mainly in the Banking; Mining and Quarrying; and Transport, Communication and Storage sectors.

These findings have highlighted the scale and scope of cross-border capital inflows in Ghana and underscores the need for continuous monitoring, together with assessment of investor perceptions. Effective monitoring of such inflows may strengthen the process of building a strong database to accurately gauge Ghana's position as an attractive investment destination. Additionally, it could provide good quality data that will better inform the decision-making process towards promoting increased financing for development activities.

The major challenges encountered by the BOG cross border capital survey included lack of timely and uniform reporting standards of financial statements by enterprises and non-compliance with the survey guidelines by some

entities. To this end, concerted efforts from all stakeholders, supported by sensitisation and awareness campaigns, may be required to close data gaps in future surveys.

Beyond cross-border capital flow surveys, it is important to note that good policies that create conducive economic environment for both local and foreign investors act as strong 'pull' factors in attracting foreign investment as well as safeguards the economy from the potential downside risks of a surge in capital inflows. To help ensure sustained growth in capital flows to the country, there may be the need to

- Improve the domestic investment environment through (i) macroeconomic stability, (ii) stronger regulatory frameworks including protection and property rights, (iii) improved public investment in infrastructure and 'human capital' that complements and 'crowds in' private investment.
- Strengthen financial sector supervision and regulation to develop and deepen capital markets to expand prospects for investments.
- Closely monitor financial leverage of investment projects, particularly short term debt as opposed to equity financing which is more permanent. There is evidence to show that capital inflows in the form of debt financing are procyclical and transitory, subject to sudden reversals which may halt investment projects and/or pose macroeconomic risks.
- Introduce incentives for investment projects in other sectors such as manufacturing to diversify the observed sectoral pattern of investment opportunities in favour of mining and quarrying. This will not only spread investment projects across other sectors but also enhance technology transfer and promote value addition to the country's primary commodity products.
- The concentration of entities within the Accra-Tema metropolis may need to be widened through targeted policy measures and incentives that provide the needed impetus to attract and spread investment opportunities across the country.
- Encourage transparency and standards in record keeping especially in firms engaged in foreign transactions. This will ensure access to timely data (compiled from surveys of this kind) for effective monitoring of private capital flows into the country.

## Appendix 1: TECHNICAL NOTES

### SAMPLING TECHNIQUE

The 2008 FPCFS employed a straightforward sampling technique to select a representative sample that best meets the objectives of the study. The selection was targeted at enterprises with Foreign Assets and Liabilities (FAL) and engaged in capital and financial accounts transactions. With this criterion, a sample size of 350 entities was targeted, out of which questionnaires were administered to 286 enterprises.

### INTERVIEWERS MANUAL

Interviewers conducting the Foreign Private Capital Flows Survey (FPCFS) 2008 used an 'Interviewers Manual' as accompaniment to fieldwork activities such as questionnaire administration, information retrieval and on-site editing. The manual detailed requisite tools and procedures intended to help with overall planning, co-ordination, and progress assessments of the survey.

### DATA ENTRY AND VALIDATION

The Balance of Payment and Statistics Office at the Bank of Ghana's Research Department conducted an extensive editing of the captured survey results. The Office used a rigid system and other manual routines to validate the data for accuracy and consistency to improve its quality before analysis.

### GROSSING UP FACTOR

The survey results were grossed up by using the ratio estimation method combined with an auxiliary variable. The method is suitable for

estimation of finite population totals, means and variances using similar statistics of auxiliary variables whose population estimates are known. According to the methodology, let  $y_i$ , and  $x_i$  for  $i=1, 2, \dots, N$  be the values of a survey variable  $y$  (foreign direct equity capital stock) and a positively correlated auxiliary variable  $x$  (corporate tax payments) on the  $i$ th unit of a finite population of size  $N$ . Suppose that  $x_i$ 's are known and an estimate is needed for the population mean of  $y$  on the basis of a sample  $s$  of fixed size  $n$ . Then, it is known that the sample mean

$$\bar{y} = \frac{\sum_{i=1}^n y_i}{n} \quad (1)$$

provides an unbiased estimate of the population mean  $\bar{Y}$ . But, use of the auxiliary variable  $x$  very often provides an estimator with increased accuracy. With this objective when the population mean  $\bar{X}$  of  $x$  is known, the traditional ratio method estimates  $\bar{Y}$  by

$$\bar{Y} = \bar{y} \frac{\bar{X}}{\bar{x}} \quad (2)$$

Where,

$$\bar{x} = \frac{\sum_{i=1}^n x_i}{n} \quad (3)$$

By manipulation of equation 2, the estimate for the population total for the variable of interest can be estimated as

$$\sum_{i=1}^N Y_i = N \frac{\sum_{i=1}^n y_i}{n} \left[ \frac{\sum_{i=1}^N X_i / N}{\sum_{i=1}^n x_i / n} \right] \quad (4)$$

Equation 4 simplifies to

$$\sum_{i=1}^N Y_i = \sum_{i=1}^n y_i \frac{\sum_{i=1}^N X_i}{\sum_{i=1}^n x_i} \quad (5)$$

Where  $\sum_{i=1}^n y_i$  is the equity capital of the enterprises that reported FDI among the top 100 tax payers of corporate tax (corporate tax payment is the auxiliary variable),  $\sum_{i=1}^N X_i$  is the total corporate tax paid by the top 100 tax payers and is the estimate for the sample total of the auxiliary variable of all enterprises covered by the sample that are also part of the population for the auxiliary (such as the corporate tax paid by all enterprise in the top 100 tax payers covered in the sample of the survey).

The computations to derive the grossing up factor using equation 5 are summarized below.

| <b>Grossing up of survey results (figures in GH¢ millions except for number of tax payers)</b>                                 |              |
|--|--------------|
| <b>Responding number of enterprises among top 100 tax enterprises</b>  | <b>42</b>    |
| o/w enterprises with FDI   | 30           |
| <b>2007 corporate tax contribution of the top 100 tax payers (a)</b>   | <b>204</b>   |
| o/w 2007 corporate tax contribution of the 42 enterprises surveyed (b)   | 147          |
| o/w 2007 corporate tax contribution by the 30 enterprises with FDI   | 133          |
| <b>Total 2007 equity capital and retained earnings stock reported by all surveyed enterprises (c)</b>                          | <b>1,327</b> |
| o/w 2007 equity capital and retained earnings stock for 30 responding enterprises among the top 100 corporate tax payers (d)   | 1,039        |
| Grossed up equity capital and retained earnings stock for all enterprises among the top 100 corporate tax payers (e) = d/(b/a) | 1,440        |
| <b>Derived grossing up factor (f) = e/d</b>  | <b>1.4</b>   |

The derived grossing up factor was 1.4 and was applied to all survey estimates from the sample to derive estimates for the entire population of enterprises. It should however be noted that the methodology used is best suited for samples selected using simple random sampling without replacement which implies that the selected sample should fully be representative of the structure of the population. However, in the absence of a register of all enterprises, the method used provides reasonable estimates of the total.

## GROSSED UP SURVEY RESULTS

Firms were classified by industry according to the major activity of the firm as a whole. For a firm engaged in more than one line of business but which consists of a single establishment, the major activity is determined on the basis of gross receipts or sales. The major activity of each establishment of a multiunit firm is determined in the same way, but in combining these establishments, employment is the factor used to determine the major activity of the firm as a whole.

Transactions for 2007 were derived as the changes in stock positions of 2006 and 2007. All stock positions for foreign investment are valued at book value.

Survey estimates of loans and currency and deposit liabilities of banks were replaced with position estimates recorded in the monetary survey as derived from commercial bank balance sheet statements. Almost all survey responses were validated using financial statements submitted by the respondent enterprises.

Conversion of foreign currency denominated assets and liabilities to Ghana Cedis for capture in the data base was done using end period mid exchange rates for end period data on stocks and average mid exchange rates for transaction data.

The stocks and transactions of liabilities exclude those of the monetary authority and government and are comprised of banks and other financial and non-financial private enterprises. Stocks of equity capital and reinvested earnings were proportionately adjusted upwards by revaluations (capital surplus) and other components constituting the book value of reported in financial statements of enterprises. All figures derived for stock and transaction from the monetary survey are maintained as reported and are not grossed up as they cover all banks.

In the overall BOP, due to the incomplete reporting on interest payments on debt by responding enterprises, interest payments were estimated by applying the average 6 months libor rate on US dollars for 2007 (estimated at 4.77%) plus an estimated premium of 2% to the grossed up outstanding stock of debt in US dollars (US\$ 2,343 million) as at December 31, 2006.

In the overall IIP compiled (including all sectors of the economy - monetary authority, general government, banks and other sectors), reserve assets and liabilities of the monetary authority are obtained from the monetary authorities balance sheet in the monetary and financial statistics report while government debt stock is obtained from the debt compilers. Government debt stock provided had IMF debt which was taken out and record as the stock of loan liabilities of the monetary authority as use of fund credit. In addition, the sovereign bond was taken out of total debt stock excluding IMF debt and classified as portfolio debt security liability of general government as bonds and notes.

## Appendix 2:

| Foreign Direct Equity Investments, Paid-up Share Capital (GH¢ m) |                       |            |                       |            |                   |             |
|--|-----------------------|------------|-----------------------|------------|-------------------|-------------|
|  | 2006                  |            | 2007                  |            | Flows during 2007 | % Change    |
|  | Paid up share capital | % Share    | Paid up Share capital | % Share    |                   |             |
| <b>Foreign Direct Equity investments</b>                         | <b>355.66</b>         | <b>100</b> | <b>463.98</b>         | <b>100</b> | <b>108.33</b>     | <b>30.5</b> |
| Agriculture, Hunting, Forestry and Fishing                       | 3.05                  | 0.86       | 3.05                  | 0.66       | -                 | 0.0         |
| Banking  | 93.76                 | 26.36      | 95.39                 | 20.56      | 1.63              | 1.7         |
| Business Services  | 0.32                  | 0.09       | 0.32                  | 0.07       | 0.00              | 0.3         |
| Construction   | 10.21                 | 2.87       | 10.26                 | 2.21       | 0.05              | 0.5         |
| Electricity, Gas and Water                                       | 0.01                  | 0.00       | 0.01                  | 0.00       | -                 | 0.0         |
| Insurance  | 1.15                  | 0.32       | 2.43                  | 0.52       | 1.28              | 110.9       |
| Leasing Companies  | 0.74                  | 0.21       | 1.96                  | 0.42       | 1.22              | 164.9       |
| Manufacturing  | 28.20                 | 7.93       | 28.66                 | 6.18       | 0.46              | 1.6         |
| Micro-Finance  | 4.99                  | 1.40       | 7.40                  | 1.60       | 2.42              | 48.5        |
| Mining and Quarrying   | 137.98                | 38.80      | 238.80                | 51.47      | 100.81            | 73.1        |
| Real estate / Property Services                                  | 0.07                  | 0.02       | 0.07                  | 0.01       | -                 | 0.0         |
| Transport, Communication and storage                             | 6.35                  | 1.79       | 6.74                  | 1.45       | 0.39              | 6.2         |
| Wholesale, Retail Trade, Catering and accommodation              | 68.83                 | 19.35      | 68.90                 | 14.85      | 0.07              | 0.1         |

| Foreign Direct Equity Investments, Accumulated Retained Earnings (GH¢ m) |                               |               |                               |               |                   |             |
|--|-------------------------------|---------------|-------------------------------|---------------|-------------------|-------------|
|  | 2006                          |               | 2007                          |               | Flows during 2007 | % Change    |
|  | Accumulated Retained Earnings | % Share       | Accumulated Retained Earnings | % Share       |                   |             |
| <b>Foreign Direct Equity investments</b>                                 | <b>353.78</b>                 | <b>100.00</b> | <b>510.93</b>                 | <b>100.00</b> | <b>157.15</b>     | <b>44.4</b> |
| Agriculture, Hunting, Forestry and Fishing                               | (0.33)                        | (0.09)        | (0.16)                        | (0.03)        | 0.17              | -50.8       |
| Banking  | 69.31                         | 19.59         | 94.70                         | 18.54         | 25.39             | 36.6        |
| Business Services  | 2.93                          | 0.83          | 1.67                          | 0.33          | (1.26)            | -42.9       |
| Construction   | 30.75                         | 8.69          | 43.10                         | 8.44          | 12.35             | 40.2        |
| Electricity, Gas and Water   | 1.77                          | 0.50          | 2.25                          | 0.44          | 0.49              | 27.4        |
| Insurance  | (0.16)                        | (0.04)        | 0.18                          | 0.04          | 0.34              | -215.1      |
| Leasing Companies  | 0.74                          | 0.21          | 1.96                          | 0.38          | 1.22              | 164.9       |
| Manufacturing  | 37.08                         | 10.48         | 48.17                         | 9.43          | 11.08             | 29.9        |
| Micro-Finance  | (0.21)                        | (0.06)        | (0.04)                        | (0.01)        | 0.17              | -81.4       |
| Mining and Quarrying   | (3.45)                        | (0.97)        | (62.34)                       | (12.20)       | (58.89)           | 1708.5      |
| Real estate / Property Services  | 0.09                          | 0.03          | 0.17                          | 0.03          | 0.08              | 87.8        |
| Transport, Communication and Storage                                     | 181.58                        | 51.33         | 344.45                        | 67.42         | 162.87            | 89.7        |
| Wholesale, Retail Trade, Catering and Accommodation                      | 33.66                         | 9.52          | 36.81                         | 7.20          | 3.14              | 9.3         |

**Sector Distribution of Foreign Direct Equity Stocks and Flows (GH¢ m)**

|   | 2006         |              | 2007           |              | Flows during 2007 | % Change     |
|---|--------------|--------------|----------------|--------------|-------------------|--------------|
|   | Book value   | % Share      | Book value     | % Share      |                   |              |
| <b>Foreign Direct Equity investments</b>            | <b>997.1</b> | <b>100.0</b> | <b>1,326.8</b> | <b>100.0</b> | <b>329.7</b>      | <b>100.0</b> |
| Agriculture, Hunting, Forestry and Fishing          | 3.2          | 0.32         | 3.3            | 0.2          | 0.1               | 0.0          |
| Banking   | 268.6        | 26.9         | 327.5          | 24.7         | 58.9              | 17.9         |
| Business Services                                   | 3.3          | 0.3          | 2.2            | 0.2          | -1.2              | -0.4         |
| Construction  | 43.2         | 4.3          | 55.6           | 4.2          | 12.4              | 3.7          |
| Electricity, Gas and Water                          | 1.8          | 0.2          | 2.3            | 0.2          | 0.5               | 0.1          |
| Insurance   | 2.0          | 0.2          | 5.1            | 0.4          | 3.1               | 1.0          |
| Leasing Companies                                   | 0.6          | 0.1          | 2.8            | 0.2          | 2.2               | 0.7          |
| Manufacturing                                       | 98.9         | 9.9          | 112.7          | 8.5          | 13.8              | 4.2          |
| Micro-Finance                                       | 5.2          | 0.5          | 8.1            | 0.6          | 2.8               | 0.9          |
| Mining and Quarrying                                | 263.9        | 26.5         | 312.0          | 23.5         | 48.1              | 14.6         |
| Real estate / Property Services                     | 0.2          | 0.0          | 20.9           | 1.6          | 20.8              | 6.3          |
| Transport, Communication and storage                | 198.2        | 19.9         | 361.7          | 27.3         | 163.5             | 49.6         |
| Wholesale, Retail Trade, Catering and Accommodation | 107.9        | 10.8         | 112.7          | 8.5          | 4.8               | 1.5          |

**Sector Distribution of Foreign Portfolio Equity Stocks and Flows (GH¢ M)**

|  | 2006        |              | 2007        |              | Transactions during 2006 and 2007 | % Change     |
|--|-------------|--------------|-------------|--------------|-----------------------------------|--------------|
|  | Book value  | % Share      | Book value  | % Share      |                                   |              |
| <b>Foreign Portfolio Equity investments</b>          | <b>24.0</b> | <b>100.0</b> | <b>38.5</b> | <b>100.0</b> | <b>14.5</b>                       | <b>100.0</b> |
| Agriculture, Hunting, Forestry and Fishing           | 0.0         | 0.0          | 0.0         | 0.0          | 0.0                               | 0.0          |
| Fishing  |             | 0.0          |             | 0.0          | 0.0                               | 0.0          |
| Banking  | 4.1         | 17.1         | 7.2         | 18.6         | 3.1                               | 21.1         |
| Business Services                                    | -           |              | -           |              |                                   |              |
| Construction   | -           |              | -           |              |                                   |              |
| Electricity, Gas and Water                           | -           |              | -           |              |                                   |              |
| Insurance  | 0.1         | 0.3          | 0.2         | 0.5          | 0.1                               | 0.7          |
| Leasing Companies                                    | 0.0         | 0.2          | 0.1         | 0.2          | 0.0                               | 0.3          |
| Manufacturing  | 0.9         | 3.6          | 0.5         | 1.2          | -0.4                              | -2.6         |
| Micro-Finance  | 1.0         | 4.3          | 1.3         | 3.4          | 0.3                               | 1.9          |
| Mining and Quarrying                                 | 11.9        | 49.6         | 19.0        | 49.3         | 7.0                               | 48.7         |
| Real estate / Property Services                      | -           |              | -           |              |                                   |              |
| Transport, Storage and Communication                 | 6.0         | 24.9         | 10.4        | 26.9         | 4.4                               | 30.1         |
| Wholesale, Retail Trade, Catering and Accommodations | 0.0         | 0.0          | 0.0         | 0.0          | 0.0                               | -0.1         |

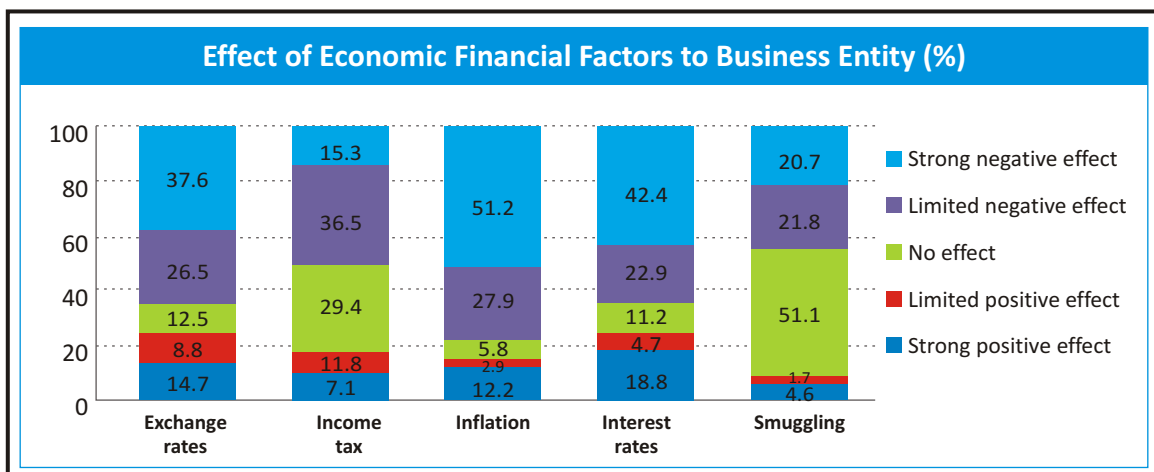
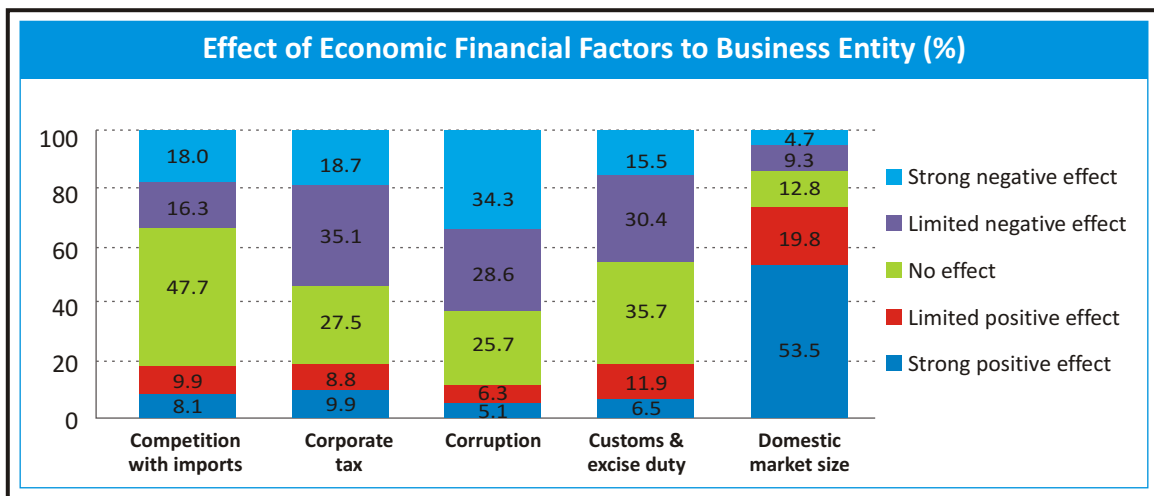
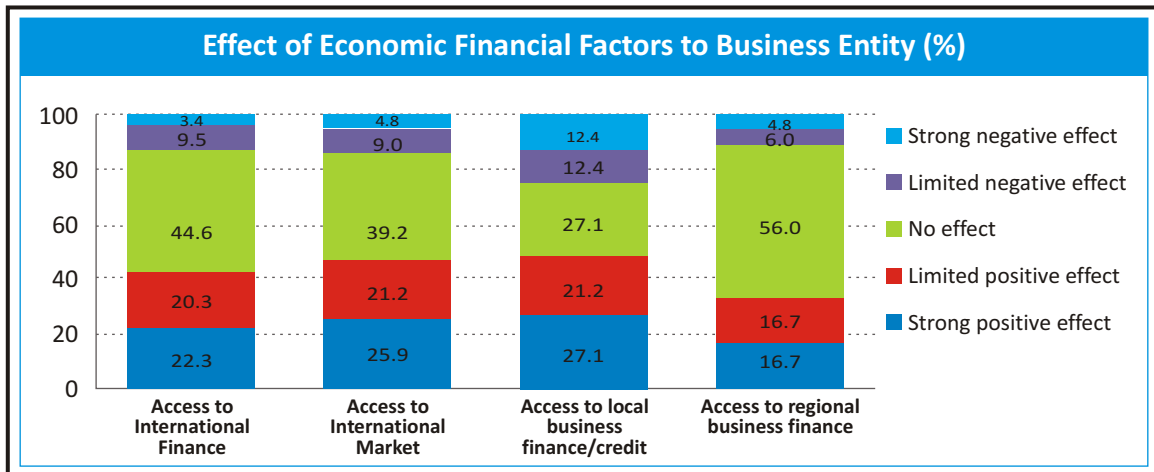
### Long-term Private Sector Debt by Sector (GH¢ millions)

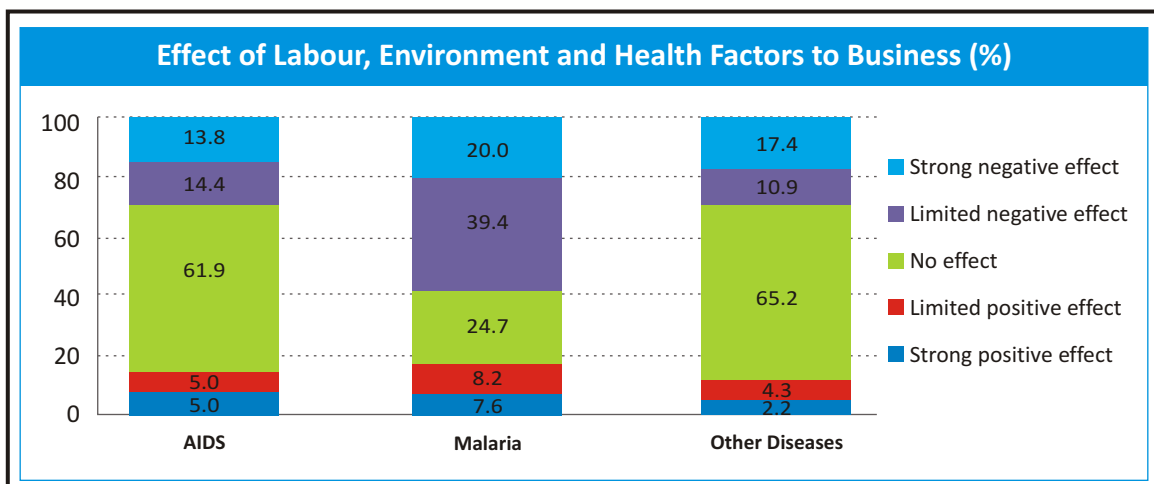
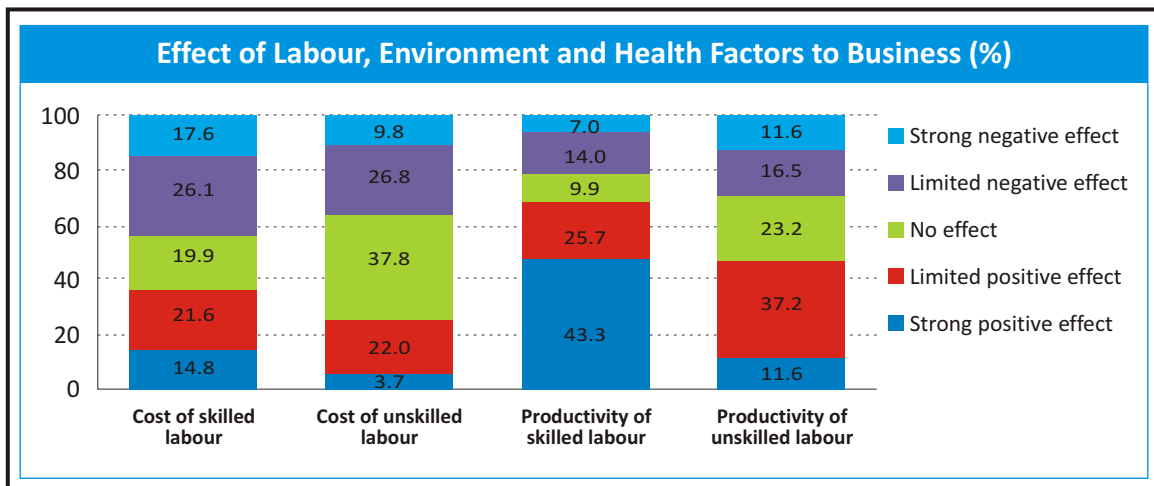
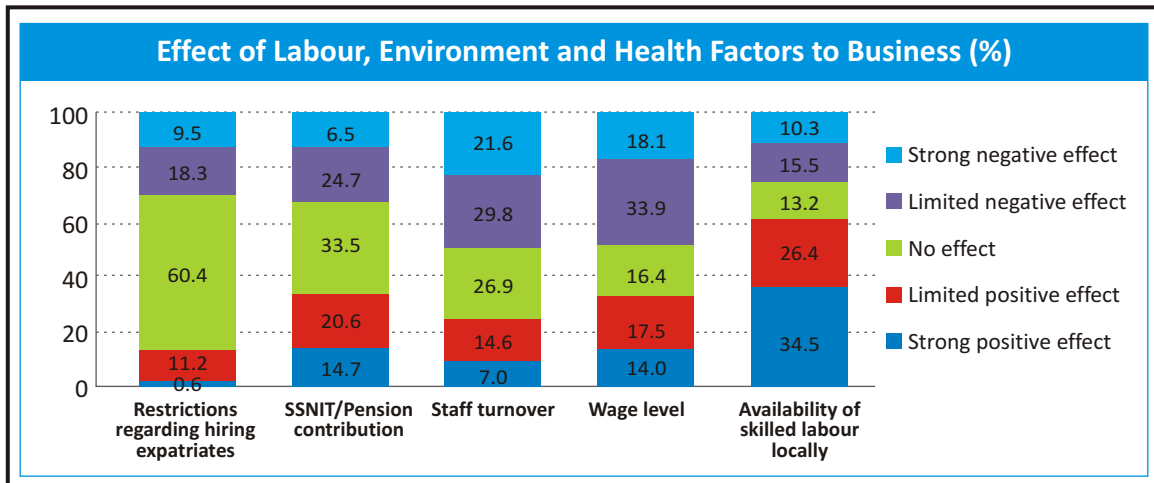
| Sectors/Credit Type   | Outstanding Balance |               |                 |               | % Change<br>2006 - 2007 |
|---|---------------------|---------------|-----------------|---------------|-------------------------|
|   | 2006                | % Share       | 2007            | % Share       |                         |
| <b>LONG - TERM</b>  |                     |               |                 |               |                         |
| Agriculture, Hunting, Forestry and Fishing                      | 0.64                | 0.05          | -               | -             | (100.00)                |
| Banking   | 152.67              | 12.32         | 232.75          | 14.77         | 52.45                   |
| Business Services   | 0.29                | 0.02          | 0.02            | 0.00          | (93.44)                 |
| Construction  | 50.90               | 4.11          | 52.56           | 3.34          | 3.27                    |
| Electricity, Gas and Water                                      | -                   | -             | -               | -             |                         |
| Insurance   | 0.42                | 0.03          | 0.02            | 0.00          | -95.47                  |
| Leasing Companies   | 4.06                | 0.33          | 3.78            | 0.24          | (6.77)                  |
| Manufacturing   | 111.91              | 9.03          | 89.95           | 5.71          | (19.62)                 |
| Micro-Finance   | 0.82                | 0.07          | 12.76           | 0.81          | 1,461.44                |
| Mining and Quarrying  | 766.23              | 61.83         | 891.95          | 56.61         | 16.41                   |
| Real estate / Property Services                                 | -                   | -             | -               | -             |                         |
| Transport, Storage and Communication                            | 135.85              | 10.96         | 274.43          | 17.42         | 102.00                  |
| Wholesale, Retail Trade, Catering and<br>Accommodation Services | 15.48               | 1.25          | 17.53           | 1.11          | 13.25                   |
| <b>Sub-total</b>  | <b>1,239.26</b>     | <b>100.00</b> | <b>1,575.75</b> | <b>100.00</b> | <b>1,333.52</b>         |

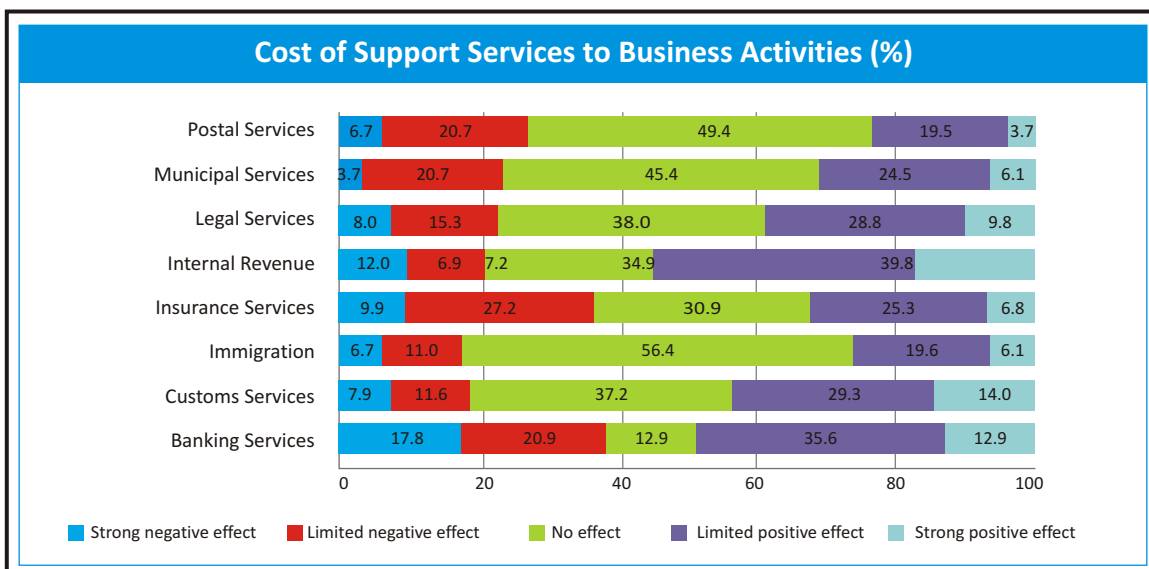
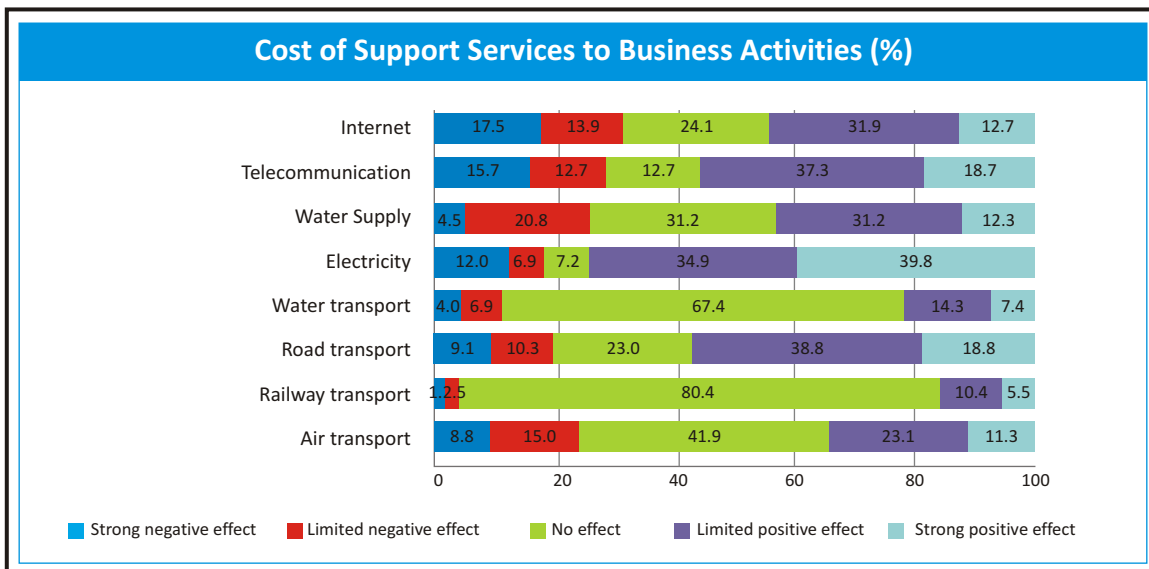
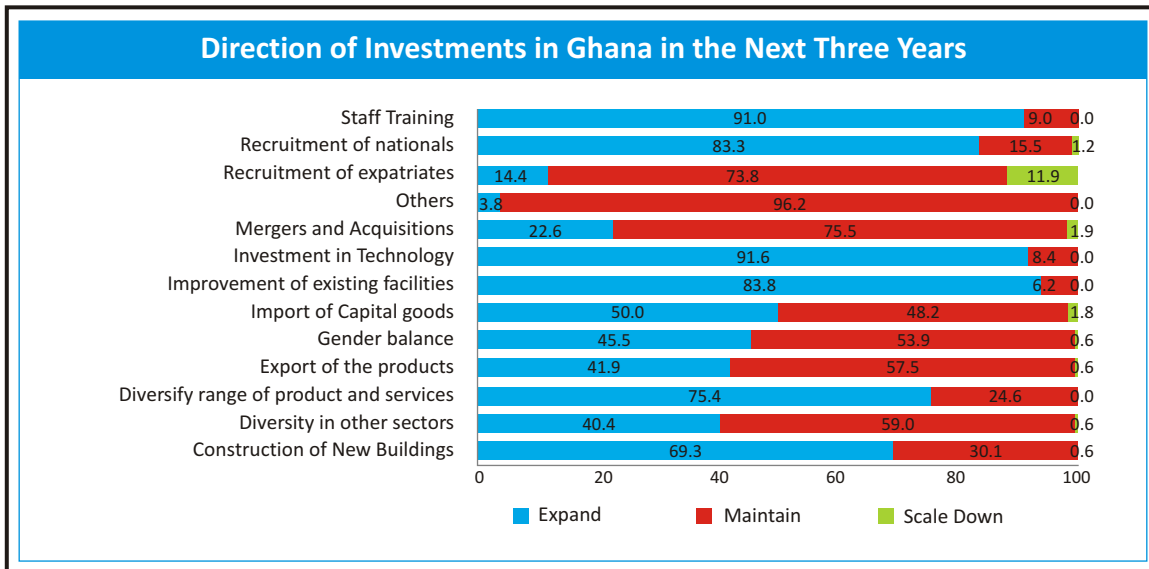
### Short-term Private Sector Debt by Sector (GH¢ millions)

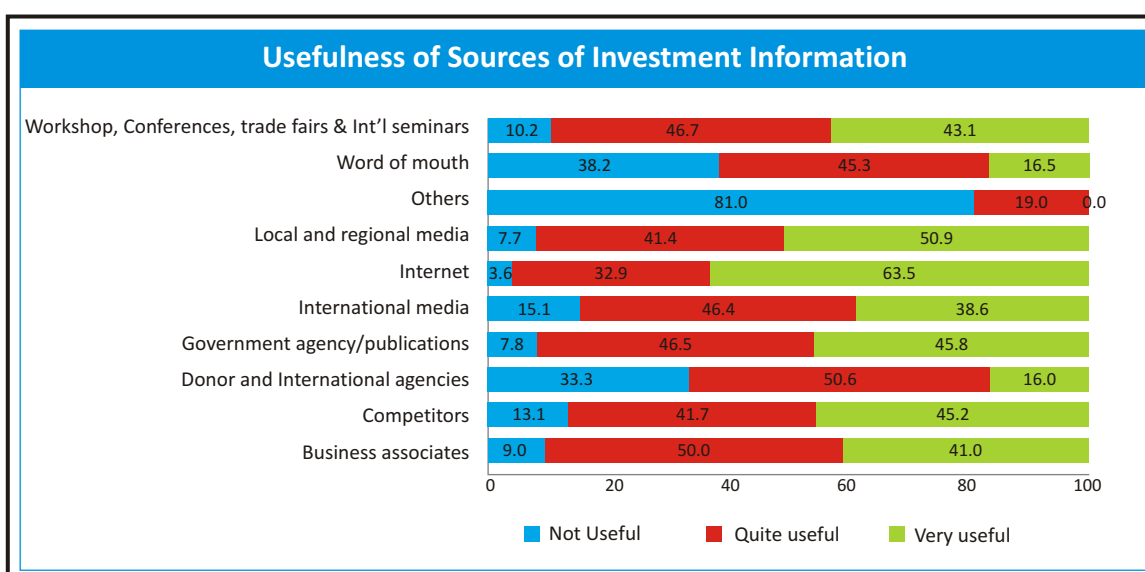
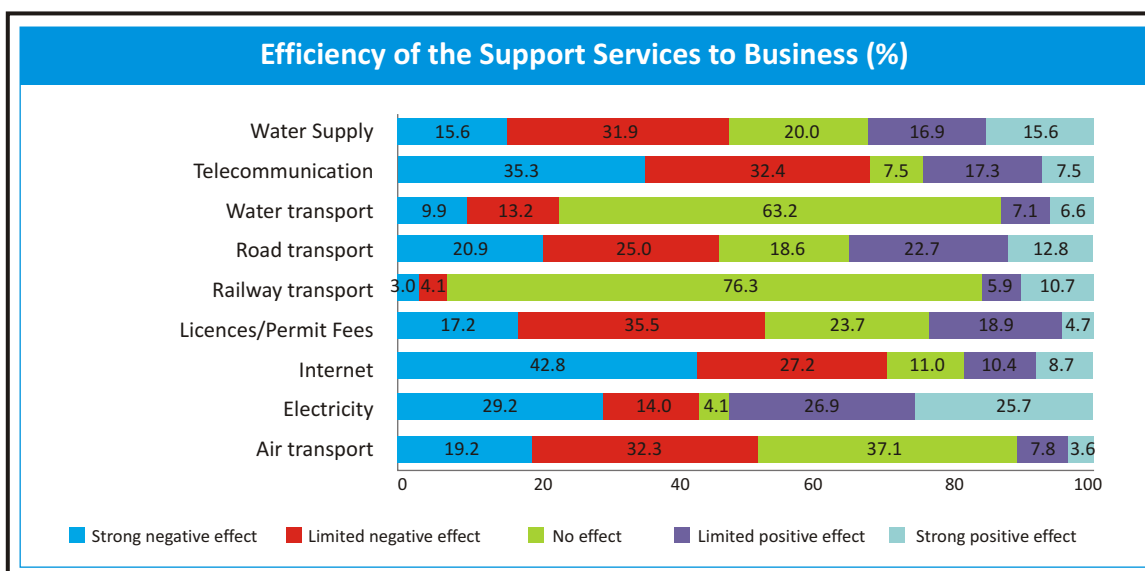
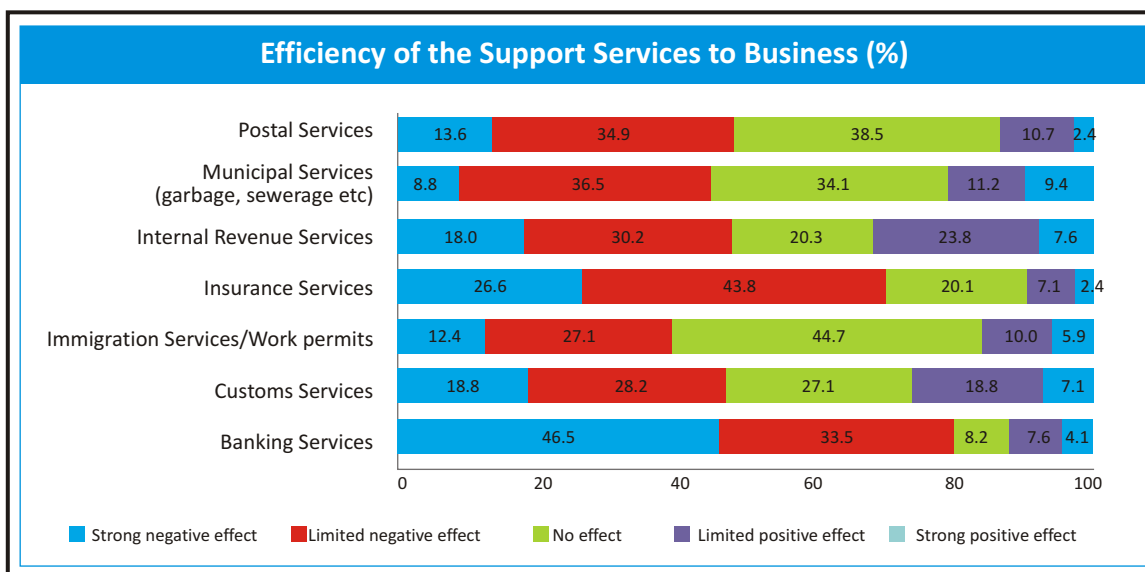
| Sectors/Credit Type   | Outstanding Balance |               |               |               | % Change<br>2006 - 2007 |
|---|---------------------|---------------|---------------|---------------|-------------------------|
|   | 2006                | % Share       | 2007          | % Share       |                         |
| <b>SHORT-TERM</b>   |                     |               |               |               |                         |
| Agriculture, Hunting, Forestry and Fishing                      | 5.14                | 1.59          | 7.37          | 0.83          | 43.35                   |
| Banking   | 49.04               | 15.15         | 335.20        | 37.50         | 583.50                  |
| Business Services   | 2.83                | 0.87          | 8.66          | 0.97          |                         |
| Construction  | 8.30                | 2.56          | 7.98          | 0.89          |                         |
| Electricity, Gas and Water                                      | 1.50                | 0.46          | 1.53          | 0.17          |                         |
| Insurance   | -                   | -             | -             | -             |                         |
| Leasing Companies   | -                   | -             | -             | -             |                         |
| Manufacturing   | 48.64               | 15.02         | 201.64        | 22.56         | 314.52                  |
| Micro-Finance   | -                   | -             | -             | -             |                         |
| Mining and Quarrying  | 109.95              | 33.96         | 202.80        | 22.69         | 84.46                   |
| Real estate / Property Services                                 | -                   | -             | -             | -             |                         |
| Transport, Storage and Communication                            | 10.85               | 3.35          | 17.09         | 1.91          | 57.46                   |
| Wholesale, Retail Trade, Catering and<br>Accommodation Services | 87.52               | 27.03         | 111.52        | 12.48         | 27.42                   |
| <b>Sub-total</b>  | <b>323.77</b>       | <b>100.00</b> | <b>893.80</b> | <b>100.00</b> | <b>1,110.72</b>         |

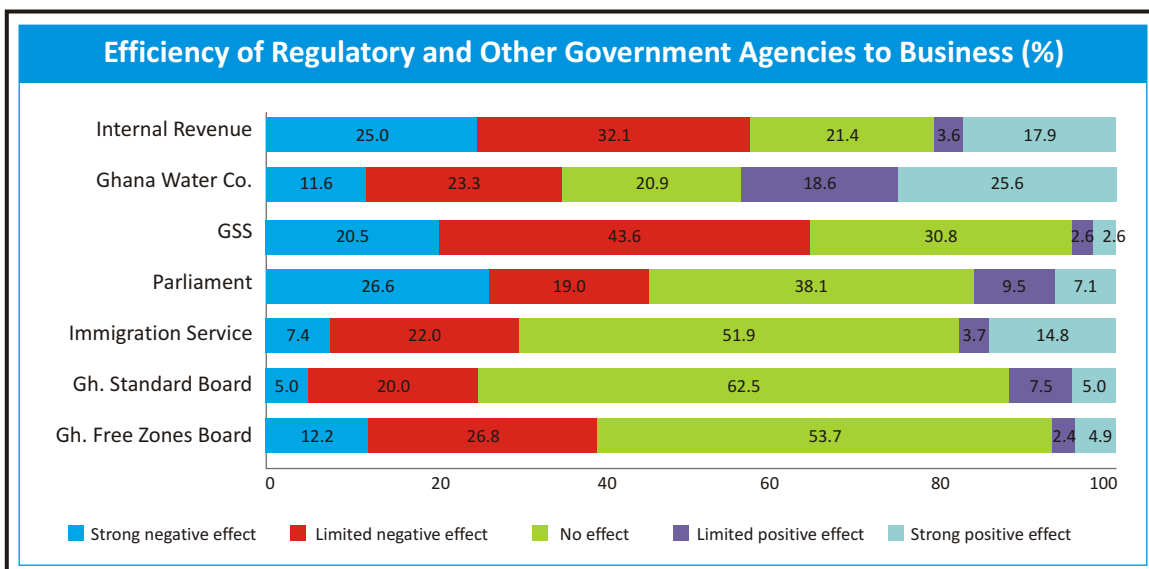
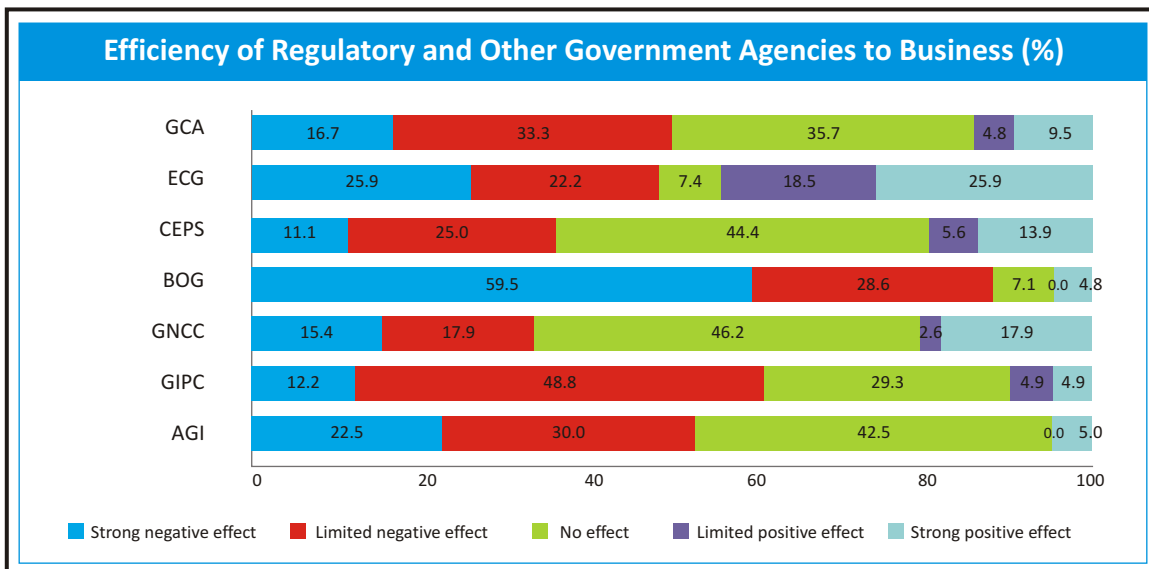
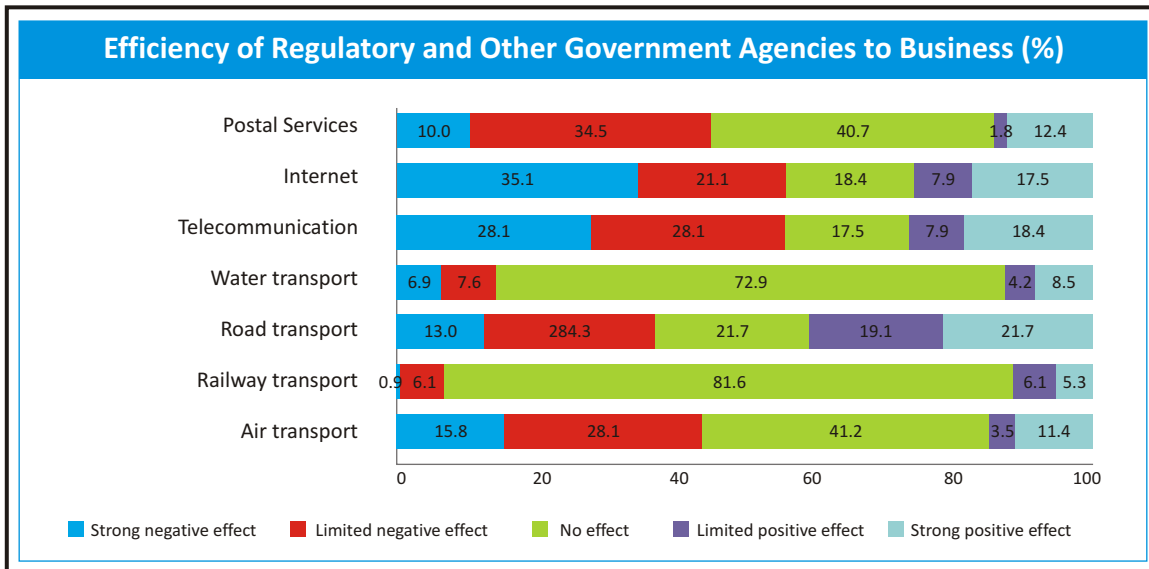
## Appendix 3: INVESTOR PERCEPTIONS FROM FPCFS 2008

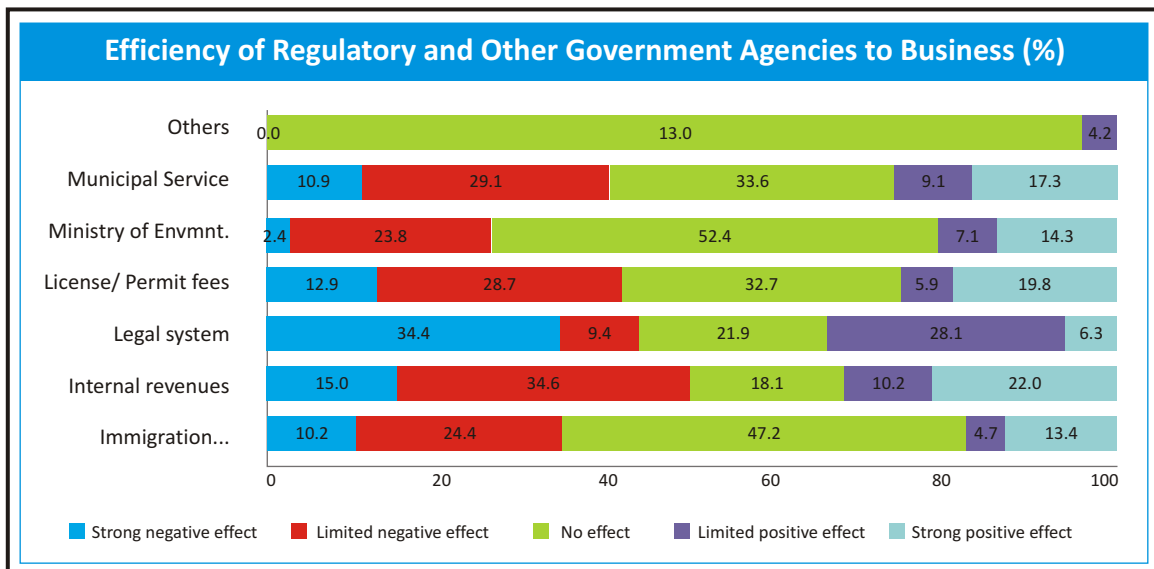
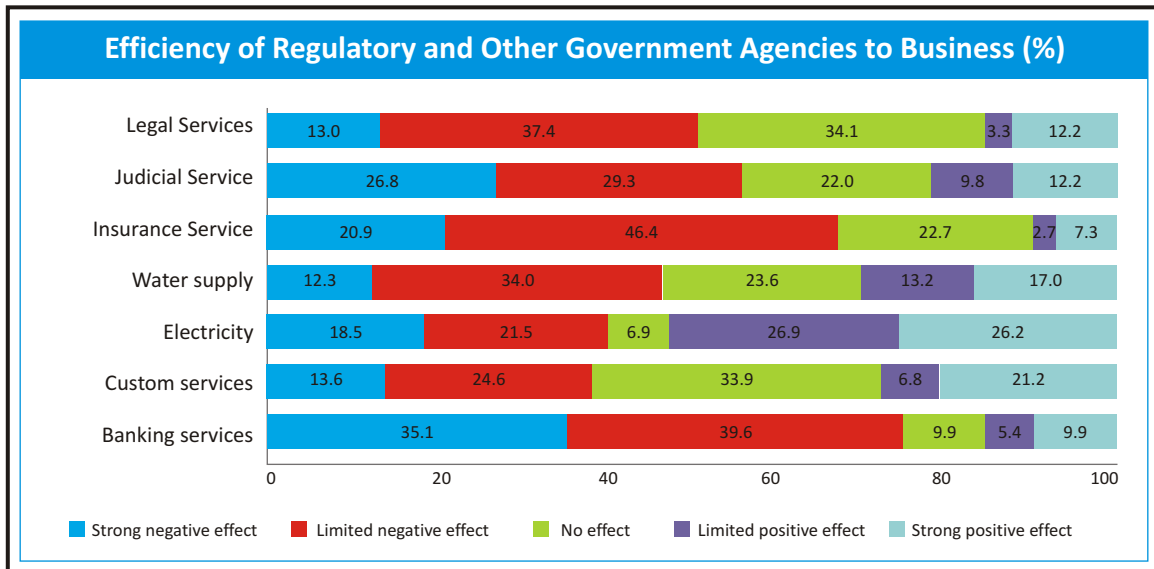












# Appendix 4: FPCFS QUESTIONNAIRE (PRIVATE ENTREPRISES)

## PART 1: GENERAL INFORMATION

(All respondents should complete Part 1 & 5, while for Parts 2,3 and 4, the filtering questions (Table 1.11) will guide you on which parts to fill)

### 1.1 Name, Contacts and Other Information

1.1a Entity Name: \_\_\_\_\_

1.1b Contact Person and Position \_\_\_\_\_

1.1c Alternative Contact Person and Position \_\_\_\_\_

1.1d Physical Address: \_\_\_\_\_ Postal Address: \_\_\_\_\_

Tel: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail: \_\_\_\_\_

Website: \_\_\_\_\_

1.1e Date of Commencement of Operation: \_\_\_\_\_

1.1f Investment License Number: \_\_\_\_\_

### 1.2 Shareholding Structure Of The Entity as at 31st December 2006 and 31st December 2007.

| Table 1.2: Shareholding Structure as at 31st December 2006 and 31st December 2007 |             |                      |                                  |            |
|---|-------------|----------------------|----------------------------------|------------|
| Name of Share holder  | Nationality | Country of Residence | Ownership Stake (% Shareholding) |            |
|   |             |                      | 31-12-2006                       | 31-12-2007 |
| 1.  |             |                      |                                  |            |
| 2.  |             |                      |                                  |            |
| 3.  |             |                      |                                  |            |
| 4.  |             |                      |                                  |            |
| 5.  |             |                      |                                  |            |

### 1.3 Entity Turnover For 2006 and 2007 in GH¢

Please enter the total turnover of your entity for the years 2006 and 2007 in GH¢

| Table 1.3: Total Turnover for the years 2006 and 2007 in GH¢ |                                |                                |
|--|--------------------------------|--------------------------------|
|  | 31 <sup>st</sup> December 2006 | 31 <sup>st</sup> December 2007 |
| Total Turnover <i>including</i> Other Income                 |                                |                                |

## 1.4 Industrial Classification

Please tick in the box to indicate the Industrial Classification, and also enter the percentage contribution of the Industrial Classification on the turnover

**Table 1.4: Industrial Classification (Sector)**

| Industrial Classification                            | Tick sector | % share contribution to entity's turnover |
|--|-------------|---|
| <b>1. Agriculture, hunting, forestry and fishing</b> |             |   |
| 1.1 Agriculture                                      |             |   |
| 1.1a Floriculture                                    |             |   |
| 1.1b Fruits and Vegetables                           |             |   |
| 1.1c Dairy and Dairy products                        |             |   |
| 1.1d Livestock                                       |             |   |
| 1.1e Other Agriculture                               |             |   |
| 1.2 Hunting  |             |   |
| 1.3 Forestry   |             |   |
| 1.4 Fishing and Fish farming                         |             |   |
| <b>2. Mining and quarrying</b>                       |             |   |
| 2.1 Mining   |             |   |
| 2.2 Exploration                                      |             |   |
| 2.3 Quarrying  |             |   |
| <b>3. Manufacturing</b>                              |             |   |
| 3.1. Agro-industry                                   |             |   |
| 3.1a Edible oil                                      |             |   |
| 3.1b Grain milling products                          |             |   |
| 3.1c Tobacco and tobacco products                    |             |   |
| 3.1d Cotton and Textiles                             |             |   |
| 3.1e Other Agro industry                             |             |   |
| 3.2 Food and beverages                               |             |   |
| 3.2a Beverages                                       |             |   |
| 3.2b Other Food Products                             |             |   |
| 3.3. Machinery, motors & equipment                   |             |   |
| 3.3a Metal and metal products                        |             |   |
| 3.3b Electronics                                     |             |   |
| 3.3c Other machinery                                 |             |   |
| 3.4 Chemicals and petroleum                          |             |   |
| 3.4a Pharmaceuticals                                 |             |   |
| 3.4b Manufacture of paints                           |             |   |
| 3.4c Manufacture of Soap                             |             |   |
| 3.4d Other Chemical Products                         |             |   |
| 3.5. Other manufacturing                             |             |   |
| 3.5a Leather and Footwear                            |             |   |
| 3.5b Paper and paper products                        |             |   |
| 3.5c Rubber and Plastic products                     |             |   |
| 3.5d Furniture and Fittings                          |             |   |
| 3.5e Other (specify)                                 |             |   |
| <b>4. Electricity, gas and water</b>                 |             |   |
| 4.1 Electricity                                      |             |   |
| 4.2 Gas  |             |   |
| 4.3 Water  |             |   |
| <b>5. Construction</b>                               |             |   |
| 5.1 Bricks and Tiles                                 |             |   |
| 5.2 Cement, Lime and Plaster                         |             |   |
| 5.3 Building and Construction                        |             |   |

**Table 1.4: Industrial Classification (Sector) cont'd**

| <i>Industrial Classification</i>  | <i>Tick sector</i> | <i>% share contribution to entity's turnover</i> |
|---|--------------------|--|
| <b>6. Wholesale &amp; retail trade, &amp; catering &amp; accommodation services</b> |                    |  |
| 6.1 Wholesale   |                    |  |
| 6.2 Retail Trade  |                    |  |
| 6.3 Catering  |                    |  |
| 6.4 Accommodation Services  |                    |  |
| <b>7. Transport, storage &amp; communication</b>                                    |                    |  |
| 7.1 Transport   |                    |  |
| 7.2 Storage   |                    |  |
| 7.3 Posts and Telecommunication   |                    |  |
| 7.4 Computer and related activities   |                    |  |
| <b>8. Financing, insurance, real estate, Tourism &amp; business services</b>        |                    |  |
| 8.1 Banking   |                    |  |
| 8.2 Micro finance   |                    |  |
| 8.3 Insurance   |                    |  |
| 8.4 Real estate / property services   |                    |  |
| 8.5 Tourism   |                    |  |
| 8.6 Business services   |                    |  |
| <b>9. Community, social and personal services</b>                                   |                    |  |
| 9.1 Health Care Services  |                    |  |
| 9.2 Education Services  |                    |  |
| 9.3 Security Services   |                    |  |
| 9.4 Other (specify)   |                    |  |
| <b>10. Activities not covered above (please specify)</b>                            |                    |  |

1.4.1 Entity's Activities (Describe activities your entity is involved in) \_\_\_\_\_

**1.5 Actual employment as at 31st December 2006 and 31st December 2007  
(enter exact numbers)**

*Please Enter The Exact Number Of Employees For Each Nature Of Employment Or Category.*

**Table 1.5: Actual employment as at 31st December, 2006 and 31st December, 2007**

| Nature of Employment    | 2006  |        |         |        | 2007  |        |         |        |
|-------------------------|-------|--------|---------|--------|-------|--------|---------|--------|
|                         | Local |        | Foreign |        | Local |        | Foreign |        |
|                         | Male  | Female | Male    | Female | Male  | Female | Male    | Female |
| Managerial/Supervisory  |       |        |         |        |       |        |         |        |
| Administrative/Accounts |       |        |         |        |       |        |         |        |
| Skilled/Technical       |       |        |         |        |       |        |         |        |
| Unskilled/Casual        |       |        |         |        |       |        |         |        |

## 1.6 . COMPENSATION OF EMPLOYEES FOR THE YEARS 2006 AND 2007 IN GH¢

Please enter the values (in GH¢) of compensation of employees for the years 2006 and 2007.

| Table 1.6: Compensation of Employees during the years 2006 and 2007 in GH¢ |          |              |          |              |
|--|----------|--------------|----------|--------------|
| Type of Compensation   | 2006     |              | 2007     |              |
|  | Resident | Non-Resident | Resident | Non-Resident |
| Salaries and Wages   |          |              |          |              |
| Fringe Benefits  |          |              |          |              |
| SSNIT/Pension  |          |              |          |              |
| Directors Fees   |          |              |          |              |
| Other (specify)  |          |              |          |              |
| Other (specify)  |          |              |          |              |
| <b>Total</b>   |          |              |          |              |

## 1.7 Actual Investment as at 31st December 2006 and at 31st December 2007 in GH¢

Please enter the values (in GH¢) of actual investment under each type of investment.

| Table 1.7: Actual investment as at 31st December, 2006 and 31st December, 2007 in GH¢ |                                |                                |
|---|--------------------------------|--------------------------------|
| Type of investment  | 31 <sup>st</sup> December 2006 | 31 <sup>st</sup> December 2007 |
| Land  |                                |                                |
| Building and Civil Works  |                                |                                |
| Plant and Machinery   |                                |                                |
| Vehicles  |                                |                                |
| Furniture and Fittings  |                                |                                |
| Pre- Start up Expenses  |                                |                                |
| Working Capital   |                                |                                |
| Work in progress  |                                |                                |
| Other (specify)   |                                |                                |
| <b>Total</b>  |                                |                                |

## 1.8 Gains/Loss from Foreign Exchange and sales of Fixed Assets during 2006 and 2007.

Please enter the other items as requested for in GH¢.

| Table 1.8: Gains/Loss from Foreign Exchange and sales of Fixed Assets during the years 2006 and 2007 in GH¢. |      |      |
|--|------|------|
| Item   | 2006 | 2007 |
| Gain/Loss in Foreign Exchange  |      |      |
| Gain/Loss on the sale of Fixed Assets  |      |      |

### 1.9. Net profit/Loss, Dividends and Retained Earnings during 2006 and 2007

Please enter the values (in GH¢) of the net profit/dividends/retained earnings.

| Table 1.9 Net Profits/Loss, Dividends and Retained Earnings during 2007 and 2006 in GH¢ |   |      |      |
|---|---|------|------|
| No.   | Item  | 2006 | 2007 |
| 1.  | Net profit/loss (after tax) for the year                |      |      |
| 2.  | Total dividends declared for the year                   |      |      |
| 3.  | Total dividends paid / profits remitted during the year |      |      |
| 4.  | Total retained earnings for the year                    |      |      |

### 1.10 Corporate Social Responsibility during 2006 and 2007 in GH¢

| Table 1.10: Please enter the value of the activities you performed (where applicable) |                     |                    |      |
|---|---------------------|--------------------|------|
| No.   | Item                | Amount Spent (GH¢) |      |
|   |                     | 2006               | 2007 |
| 1   | Education           |                    |      |
| 2   | Health and welfare  |                    |      |
| 3   | Safety and Security |                    |      |
| 4   | Arts and Culture    |                    |      |
| 5   | Sports Development  |                    |      |
| 6   | Environment         |                    |      |
| 7   | Water               |                    |      |
| 8   | Road                |                    |      |
| 9   | Religious           |                    |      |
| 10  | Other (Specify)     |                    |      |
|   | <b>Total</b>        |                    |      |

### 1.11 Which parts (2 or 3 or 4) of this questionnaire are relevant to you?

The table below provides filtering questions that will help you decide the parts to answer, please tick in the appropriate box.

| Table 1.11: Filtering Questions (FQ) |   |     |    |
|--------------------------------------|---|-----|----|
| Filtering Questions (FQ)             |   | Yes | No |
| FQ1                                  | Do non-resident entities, governments or individuals hold shares (equity) in your entity? If yes, please complete Tables 2.1, and 2.2.                                  |     |    |
| FQ2                                  | Does your entity borrow from non-resident entities/individuals or have outstanding loan commitments? If yes, please complete Tables 3.1 and 3.2                         |     |    |
| FQ3                                  | Do non-resident entities, governments or individuals have any other monetary claims against your entity other than shares and loans? If yes, please complete Table 3.3. |     |    |
| FQ4                                  | Does your entity own shares (equity) in non-resident entities? If yes, please complete Table 4.1.   |     |    |
| FQ5                                  | Has your entity lent money to non-resident entities or individuals or has unpaid amounts outstanding? If yes, please complete Tables 4.2 and 4.3.                       |     |    |

NB: If you ticked 'no' for every question, please proceed to part 5 (investor perception)

## PART 2: FOREIGN EQUITY INVESTMENT (SHARES) IN THIS ENTITY (Liabilities)

### Methods of Estimating Market Value

Please indicate (by ticking) the method(s) used in estimating the market value of equity. Indicate also the person carrying out the estimation of the market value of equity.

| No. | Method                                      | Tick (✓) |
|-----|---|----------|
| 1.  | Valuation Approach                          |          |
| 2.  | Income                                      |          |
| 3.  | Stock exchange/securities                   |          |
| 4.  | Net Asset Value                             |          |
| 5.  | Other Valuation approach ( <i>specify</i> ) |          |

| No. | Title           | Tick (✓) |
|-----|-----------------|----------|
| 1.  | CEO             |          |
| 2.  | Director        |          |
| 3.  | Accountant      |          |
| 4.  | Finance Manager |          |
| 5.  | Auditor         |          |

Please complete this PART if your entity in Ghana had non-resident shareholders during 2006 and 2007. Report all values in units and in GH¢. See item 4 of the Instructions on Page v.

### 2.1 Equity (10% or more) held in your entity by non-residents as at end-2006 and end-2007 and associated transactions during 2006 and 2007.

Please complete this section if non-resident entities hold 10% or more shares in your entity:

In the Table 2.1, please enter aggregate data by country, for all non-resident entities each owning 10% or more of the equity or equivalent voting rights in your entity (Foreign Direct Equity Investment).

To ensure we do not have to get back to you for clarification, enter N/A where the question is not applicable.

| No. | Item   |                                      |  |  |
|-----|--|--------------------------------------|--|--|
| 1.  | Country of residence/ International Organisation                   |                                      |  |  |
| 2.  | Purchases of shares in your entity by non-residents during 2006    |                                      |  |  |
| 3.  | Sales of shares in your entity by non-residents during 2006        |                                      |  |  |
| 4.  | Other Equity Transaction during 2006♣                              |                                      |  |  |
| 5.  | <b>Book Value of Equity as at 31<sup>st</sup> December 2006:</b>   |                                      |  |  |
|     | <i>O/w:</i>  | <i>Paid-up Share Capital:</i>        |  |  |
|     |  | <i>Share Premium:</i>                |  |  |
|     |  | <i>Accumulated Retained earnings</i> |  |  |
|     |  | <i>Revaluations:</i>                 |  |  |
|     |  | <i>* Others:</i>                     |  |  |
| 6.  | Estimated Market Value of Equity at 31 <sup>st</sup> December 2006 |                                      |  |  |
| 7.  | Purchases of shares in your entity by non-residents during 2007    |                                      |  |  |
| 8.  | Sales of shares in your entity by non-residents during 2007        |                                      |  |  |
| 9.  | Other Equity Transaction during 2007♣                              |                                      |  |  |
| 10. | <b>Book Value of Equity as at 31<sup>st</sup> December 2007:</b>   |                                      |  |  |
|     | <i>O/w:</i>  | <i>Paid-up Share Capital:</i>        |  |  |
|     |  | <i>Share Premium:</i>                |  |  |
|     |  | <i>Accumulated Retained earnings</i> |  |  |
|     |  | <i>Revaluations:</i>                 |  |  |
|     |  | <i>* Others:</i>                     |  |  |
| 11. | Estimated Market Value of Equity at 31 <sup>st</sup> December 2007 |                                      |  |  |

♣ These should include any transactions related to: new equity issues (Greenfield investment), rights issue of shares, net value from mergers and acquisitions and additional capital contribution by share holders.

\* Others - any other equity component e.g. un remitted dividends, equity swaps etc

NB: In case you have more than three countries investing in your entity please provide data on separate page(s) or sheet(s)

## 2.2 Equity (less than 10%) held in your entity by non-residents as at end-2006 and end-2007 and associated transactions during 2006 and 2007.

Please complete this section if non-resident entities or individuals hold less than 10% equity in your entity:

- In the Table 2.2, please enter aggregate data by country, for all non-resident entities each owning less than 10% of the shares or equivalent voting rights in your entity (Foreign Portfolio Equity Investment).

To ensure we do not have to get back to you for clarification, enter N/A where the question is not applicable.

**Table 2.2 Equity held in your entity by non-residents (each owning less than 10%) & transactions in GH¢**

| No. | Item   |                               |  |  |
|-----|--|-------------------------------|--|--|
| 1.  | Country of residence/ International Organisation                   |                               |  |  |
| 2.  | Purchases of shares in your entity by non-residents during 2006    |                               |  |  |
| 3.  | Sales of shares in your entity by non-residents during 2006        |                               |  |  |
| 4.  | Other Equity Transaction during 2006♣                              |                               |  |  |
| 5.  | <b>Book Value of Equity as at 31<sup>st</sup> December 2006:</b>   |                               |  |  |
|     | O/w:   | Paid-up Share Capital:        |  |  |
|     |  | Share Premium:                |  |  |
|     |  | Accumulated Retained earnings |  |  |
|     |  | Revaluations:                 |  |  |
|     |  | * Others:                     |  |  |
| 6.  | Estimated Market Value of Equity at 31 <sup>st</sup> December 2006 |                               |  |  |
| 7.  | Purchases of shares in your entity by non-residents during 2007    |                               |  |  |
| 8.  | Sales of shares in your entity by non-residents during 2007        |                               |  |  |
| 9.  | Other Equity Transaction during 2007♣                              |                               |  |  |
| 10. | <b>Book Value of Equity as at 31<sup>st</sup> December 2007:</b>   |                               |  |  |
|     | O/w:   | Paid-up Share Capital:        |  |  |
|     |  | Share Premium:                |  |  |
|     |  | Accumulated Retained earnings |  |  |
|     |  | Revaluations:                 |  |  |
|     |  | * Others:                     |  |  |
| 11. | Estimated Market Value of Equity at 31 <sup>st</sup> December 2007 |                               |  |  |

♣ These should include any transactions related to: new equity issues (Greenfield investment), rights issue of shares, net value from mergers and acquisitions and additional capital contribution by share holders.

\* Others - any other equity component e.g. un remitted dividends, equity swaps etc

NB: In case you have more than three countries investing in your entity please provide data on separate page or sheet

## PART 3: NON-EQUITY LIABILITIES FROM NON-RESIDENTS (Refer to page 10 for the Asterisk explanation)

### 3.0 Borrowings from non-resident by your Commercial Bank

Please complete Tables 3.1 and 3.2 for long-term and short-term debt (including any arrears) respectively, if your commercial bank borrows from non-resident entities, individuals or organizations (external borrowings).

- Exclude domestic (resident-to-resident) borrowings in both foreign and local currencies.
- To ensure we do not trouble you for clarification, enter N/A where not applicable.
- In case of recipient sector specify the sector.

### 3.1 Long-term External Borrowings

Long-term borrowing constitutes borrowing with original maturity of 12 months or more. Please supply total outstanding balances for the years as at end-December 2006 and 2007 and transactions during the years 2006 and 2007 for each individual loan in the currency contracted.





\*... See Notes on Page 10

<sup>1</sup>All bold fields are mandatory

<sup>2</sup>In case the terms of the loan change during the period under review please provide data on separate page or sheet

<sup>3</sup>Disbursements received from the creditor.

<sup>3</sup>Repayments to the creditor

<sup>4</sup>Same as in Table 1.4, Page 2

|  |  |
|--|--|
| <p><b>* CREDITOR INSTITUTION GROUP</b></p> <p>a) Commercial Banks<br/> b) Other Financial Institutions.<br/> c) Parent Company<br/> d) Subsidiary<br/> e) Other related companies<br/> f) Supplies/Buyers<br/> g) International Organisations (IO)<br/> h) Syndicate</p>             | <p><b>** CREDIT TYPE</b></p> <p>a) Borrowing from related companies<br/> b) Trade credits<br/> c) Bonds and notes<br/> d) All other borrowing</p>  |
| <p><b>*** GUARANTEE STATUS</b></p> <p>a) State-Owned Overseas Commercial Bank<br/> b) Parent Commercial Bank<br/> c) Local Private Comm. Bank<br/> d) Overseas Private Comm. Bank<br/> e) Government<br/> f) International Organisations (IO)<br/> g) Overseas Private Companies</p> | <p><b>**** PURPOSE</b></p> <p>a) Financing of Project<br/> b) On-lending<br/> c) Services<br/> d) Multiple Purpose<br/> e) Leasing<br/> f) Import of Raw Materials<br/> g) Import of Machinery<br/> h) Other Imports<br/> i) Working Capital/Bridging<br/> j) Finance Capital Increase or Contribution</p> |
| <p><b>***** METHOD OF PRINCIPAL PAYMENT</b></p> <p>a) Equal Principal Payment<br/> (monthly or half-yearly or yearly)<br/> b) Annuity<br/> c) Proportional<br/> Unequal Payments (please provide details<br/> separately, stating dates and amount)<br/> d) Others</p>               |  |

### 3.3 Other Claims by non-residents other than equity and borrowings in the currency contracted.

Other claims by non-residents may include namely; management fees, financial derivative, custody accounts, administered fund, franchise, currency and deposit money, bonds and notes, money market instruments etc. held by your Commercial Bank.

Please complete this question if non-resident entities or individuals have other claims on your commercial bank other than shares and external borrowings covered in Table 3.1 and 3.2.

**Table 3.3: Other Claims by non-residents other than shares and External borrowings in the currency contracted**

| Item  | Claims by non-residents in your Commercial Bank |  |  |
|---|---|--|--|
| 1. Type of claim (namely; management fees, financial derivative, custody a/c, administered fund, franchise, currency and deposit money, bonds and notes, money market instruments etc.) |   |  |  |
| 2. Currency (e.g. GH¢, US\$, Euro (€), GBP(?) etc.)   |   |  |  |
| 3. Creditor Country / International Organization of counterpart   |   |  |  |
| <b>4. Opening balance as at 1<sup>st</sup> January 2006</b>   |   |  |  |
| 5. Value of Liability received from non -residents in your Commercial Bank during 2006  |   |  |  |
| 6. Settled liabilities during 2006  |   |  |  |
| <b>7. Value as at 31 December 2006</b>  |   |  |  |
| 8. Value of Liability received from non -residents in your Commercial Bank during 2007  |   |  |  |
| 9. Settled liabilities during 2007  |   |  |  |
| <b>10. Value as at 31 December 2007</b>   |   |  |  |

## PART 4: INVESTMENT (ASSETS) ABROAD BY THIS COMMERCIAL BANK

### 4.0. Methods of Estimating Market Value

Please indicate (by ticking) the method(s) used in estimating the market value of equity. Indicate also the person carrying out the estimation of the market value of equity.

**Table 4.0 (a): Methods of Estimating Market Value**

| No. | Method                    | Tick (✓) |
|-----|---------------------------|----------|
| 1.  | Valuation Approach        |          |
| 2.  | Income                    |          |
| 3.  | Stock exchange/securities |          |
| 4.  | Net Asset Value           |          |
| 5.  | Other (specify)           |          |

**Table 4.0 (b): Estimation carried out by**

| No. | Title           | Tick (✓) |
|-----|-----------------|----------|
| 1.  | CEO             |          |
| 2.  | Director        |          |
| 3.  | Accountant      |          |
| 4.  | Finance Manager |          |
| 5.  | Auditor         |          |

### 4.1. Holdings of shares by your Commercial Bank in non-resident entities

Please complete Table 4.1 as follows:

- In Column A, please enter aggregate data for your holdings of shares in non-resident entities that are each 10% or more.
- In Column B, please enter aggregate data for your holdings of shares in non-resident entities that are each less than 10%.
- To ensure we do not have to get back to you for clarification, enter N/A where not applicable.

**Table 4.1: Holdings of equity by your Commercial Bank in non-resident entities equivalent in GH¢**

| No. | Item   | Equity held by your Commercial Bank  |                                     |
|-----|--|--------------------------------------|-------------------------------------|
|     |  | A.<br>Holdings (each 10% or more)    | B.<br>Holdings (each less than 10%) |
| 1.  | Country of investment *  |                                      |                                     |
| 2.  | Purchases of shares by your commercial bank in non-resident entities during 2006 |                                      |                                     |
| 3.  | Sales of shares by your bank in non-residents during 2006                        |                                      |                                     |
| 4.  | <b>Book value of equity as at 31<sup>st</sup> December 2006</b>                  |                                      |                                     |
|     | <i>O/w:</i>  |                                      |                                     |
|     |  | <i>Paid-up Share Capital:</i>        |                                     |
|     |  | <i>Share Premium:</i>                |                                     |
|     |  | <i>Accumulated Retained earnings</i> |                                     |
|     |  | <i>Revaluations:</i>                 |                                     |
|     |  | <i>* Others:</i>                     |                                     |
| 5.  | <b>Estimated market value of shares at 31 December 2006</b>                      |                                      |                                     |
| 6.  | Purchases of shares by your commercial bank in non-resident entities during 2007 |                                      |                                     |
| 7.  | Sales of shares by your bank to non-residents during 2007                        |                                      |                                     |
| 8.  | <b>Book value of equity as at 31<sup>st</sup> December 2007</b>                  |                                      |                                     |
|     | <i>O/w:</i>  |                                      |                                     |
|     |  | <i>Paid-up Share Capital:</i>        |                                     |
|     |  | <i>Share Premium:</i>                |                                     |
|     |  | <i>Accumulated Retained earnings</i> |                                     |
|     |  | <i>Revaluations:</i>                 |                                     |
|     |  | <i>* Others:</i>                     |                                     |
| 9.  | <b>Estimated market value of shares at 31 December 2007</b>                      |                                      |                                     |

\*In case you hold equity in more than one country please provide data on separate page or sheet to be provided by the interviewer.

#### 4.2. Lendings to Non-Residents / Holding of Assets abroad by your commercial bank

Please complete the table below if your commercial bank lent to non-resident entities or held assets abroad during 2006 and 2007.

**Table 4.2 Lendings to non-residents / Long-term Holdings of Deposits abroad (equivalent in GH¢.)**

|     | Long-Term lending (with original maturity of 12 months or more)        | DEBTOR INSTITUTION GROUP   |                                   |                             |                       |  |                         |
|-----|--|--|-----------------------------------|-----------------------------|-----------------------|--|-------------------------|
|     |  | A.<br>Lending to Entities (or branches) in which you hold 10% or more equity (excluding trade credits to affiliates) | B.<br>Trade credits to affiliates | C.<br>Currency and Deposits | D.<br>Bonds and Notes | E.<br>Trade Credits to unaffiliated entities | F.<br>All Other Lending |
| 1.  | Recipient Country *  |  |                                   |                             |                       |  |                         |
| 2.  | <b>Outstanding balance as at 1<sup>st</sup> Jan 2006</b>               |  |                                   |                             |                       |  |                         |
|     | <i>O/w:</i>  |  |                                   |                             |                       |  |                         |
|     |  | <i>Balance of Principal</i>  |                                   |                             |                       |  |                         |
|     |  | <i>Balance of Principal Arrears</i>  |                                   |                             |                       |  |                         |
|     |  | <i>Balance of Interest Arrears</i>   |                                   |                             |                       |  |                         |
| 3.  | External lendings/holdings with Non-Resident entities during 2006      |  |                                   |                             |                       |  |                         |
| 4.  | Tenure of lending**  |  |                                   |                             |                       |  |                         |
| 5.  | External loans/holdings re-paid by Non-Resident entities during 2006   |  |                                   |                             |                       |  |                         |
| 6.  | Principal arrears received during 2006 from non resident entities      |  |                                   |                             |                       |  |                         |
| 7.  | Principal arrears created during 2006 by non resident entities         |  |                                   |                             |                       |  |                         |
| 8.  | Interest due and received during 2006 from non resident entities       |  |                                   |                             |                       |  |                         |
| 9.  | Interest arrears received during 2006 from non resident entities       |  |                                   |                             |                       |  |                         |
| 10. | Interest arrears created during 2006 by non resident entities          |  |                                   |                             |                       |  |                         |
| 11. | <b>Outstanding balance as at 31<sup>st</sup> Dec 2006</b>              |  |                                   |                             |                       |  |                         |
|     | <i>O/w:</i>  |  |                                   |                             |                       |  |                         |
|     |  | <i>Balance of Principal</i>  |                                   |                             |                       |  |                         |
|     |  | <i>Balance of Principal Arrears</i>  |                                   |                             |                       |  |                         |
|     |  | <i>Balance of Interest Arrears</i>   |                                   |                             |                       |  |                         |
| 12. | External lendings/holdings to Non-Resident entities during 2007        |  |                                   |                             |                       |  |                         |
| 13. | External lendings/holdings repaid by Non-Resident entities during 2007 |  |                                   |                             |                       |  |                         |
| 14. | Principal arrears received during 2007 from non resident entities      |  |                                   |                             |                       |  |                         |
| 15. | Principal arrears created during 2007 by non resident entities         |  |                                   |                             |                       |  |                         |
| 16. | Interest due and received during 2007 from non resident entities       |  |                                   |                             |                       |  |                         |
| 17. | Interest arrears received during 2007 from non resident entities       |  |                                   |                             |                       |  |                         |
| 18. | Interest arrears created during 2007 by non resident entities          |  |                                   |                             |                       |  |                         |
| 19. | <b>Outstanding balance as at 31<sup>st</sup> Dec 2007</b>              |  |                                   |                             |                       |  |                         |
|     | <i>O/w:</i>  |  |                                   |                             |                       |  |                         |
|     |  | <i>Balance of Principal</i>  |                                   |                             |                       |  |                         |
|     |  | <i>Balance of Principal Arrears</i>  |                                   |                             |                       |  |                         |
|     |  | <i>Balance of Interest Arrears</i>   |                                   |                             |                       |  |                         |

\* In case the entity lent to non-residents in more than one country please provide data on separate page or sheet

\*\* Short term in case the maturity period of the asset is less than 12 months otherwise it should be considered long-term.

### 4.3 Other Claims on non-residents other than equity and borrowings in the currency contracted.

Other claims by non-residents may include namely; management fees, financial derivative, custody accounts, administered fund, franchise, currency and deposit money, bonds and notes, money market instruments etc. held by your entity.

Please complete this question if you have other claims on non-resident entities or individuals other than shares and external borrowings covered in Table 4.2

**Table 4.3: Other Claims on non-residents other than shares and borrowings (loans) in the currency contracted.**

| Item |  | Claims by non-residents in your Commercial Bank |  |  |
|------|--|---|--|--|
| 1.   | Type of claim (namely; management fees, financial derivative, custody a/c, administered fund, franchise, currency and deposit money, bonds and notes, money market instruments etc.) |   |  |  |
| 2.   | Currency (e.g. GHC, US\$, Euro (€), GBP(?) etc.)   |   |  |  |
| 3.   | Creditor Country / International Organization of counterpart   |   |  |  |
| 4.   | <b>Opening balance as at 1<sup>st</sup> January 2006</b>   |   |  |  |
| 5.   | Value of Liability received from non -residents in your Commercial Bank during 2006  |   |  |  |
| 6.   | Settled liabilities during 2006  |   |  |  |
| 7.   | <b>Value as at 31 December 2006</b>  |   |  |  |
| 8.   | Value of Liability received from non -residents in your Commercial Bank during 2007  |   |  |  |
| 9.   | Settled liabilities during 2007  |   |  |  |
| 10.  | <b>Value as at 31 December 2007</b>  |   |  |  |

## PART 5: INVESTOR PERCEPTIONS (All respondents should complete this part)

### Instructions for Questions in Table 5.1 5.4

In tables 5.1 5.4 please rate the effect (on your business activities) of each factor on a scale of -2 to +2 where: +2 = "Strong positive effect", +1 = "Limited positive effect", 0 = "No effect", -1 = "Limited negative effect" and -2 = "Strong negative effect"

Please indicate your rating in the space provided ( )

**Table 5.1: Effect of Economic and financial factors to your business entity**

| Factor |   | Rating<br>2008 |
|--------|---|----------------|
| 5.1.1  | Domestic market size                    | ( )            |
| 5.1.2  | Smuggling                               | ( )            |
| 5.1.3  | Corruption                              | ( )            |
| 5.1.4  | Competition with imports                | ( )            |
| 5.1.5  | Access to international markets         | ( )            |
| 5.1.6  | Corporate tax                           | ( )            |
| 5.1.7  | Income tax                              | ( )            |
| 5.1.8  | Customs and excise duty                 | ( )            |
| 5.1.9  | Interest rates                          | ( )            |
| 5.1.10 | Exchange rates                          | ( )            |
| 5.1.11 | Inflation                               | ( )            |
| 5.1.12 | Access to local business finance/credit | ( )            |
| 5.1.13 | Access to international finance         | ( )            |
| 5.1.14 | Access to regional business finance     | ( )            |
| 5.1.15 | Others (specify)                        | ( )            |

**Table 5.2: Efficiency and cost of the following support services**

|        |  | Rating - 2008 |      |
|--------|--|---------------|------|
| Factor |  | Efficiency    | Cost |
| 5.2.1  | Electricity                                | ( )           | ( )  |
| 5.2.2  | Road transport                             | ( )           | ( )  |
| 5.2.3  | Railway transport                          | ( )           | ( )  |
| 5.2.4  | Water transport                            | ( )           | ( )  |
| 5.2.5  | Air transport                              | ( )           | ( )  |
| 5.2.6  | Postal Services                            | ( )           | ( )  |
| 5.2.7  | Telecommunication                          | ( )           | ( )  |
| 5.2.8  | Internet                                   | ( )           | ( )  |
| 5.2.9  | Customs Services                           | ( )           | ( )  |
| 5.2.10 | Internal Revenue Services                  | ( )           | ( )  |
| 5.2.11 | Insurance Services                         | ( )           | ( )  |
| 5.2.12 | Banking Services                           | ( )           | ( )  |
| 5.2.13 | Water Supply                               | ( )           | ( )  |
| 5.2.14 | Immigration Services/ Work permits         | ( )           | ( )  |
| 5.2.15 | Municipal Services (garbage, sewerage etc) | ( )           | ( )  |
| 5.2.16 | Legal Services                             | ( )           | ( )  |
| 5.2.17 | Licences/ Permit Fees                      | ( )           | ( )  |
| 5.2.18 | Others (specify)                           | ( )           | ( )  |

**Table 5.3: Effect of Labour, Environmental and health factors to your business activities**

|        |   | Rating |
|--------|---|--------|
| Factor |   | 2008   |
| 5.3.1  | Restrictions regarding hiring expatriates | ( )    |
| 5.3.2  | Staff turnover                            | ( )    |
| 5.3.3  | Wage levels                               | ( )    |
| 5.3.4  | Availability of skilled labour locally    | ( )    |
| 5.3.5  | Cost of skilled labour                    | ( )    |
| 5.3.6  | Productivity of skilled labour            | ( )    |
| 5.3.7  | Productivity of unskilled labour          | ( )    |
| 5.3.8  | Cost of unskilled labour                  | ( )    |
| 5.3.9  | SSNIT/Pension contribution                | ( )    |
| 5.3.10 | Malaria                                   | ( )    |
| 5.3.11 | AIDS                                      | ( )    |
| 5.3.12 | Other Diseases (specify)                  | ( )    |

**Table 5.4: Efficiency of Regulatory and Other government agencies to your business activities**

|        |   | Rating |
|--------|---|--------|
| Factor |   | 2008   |
| 5.4.1  | Electricity Company of Ghana Limited    | ( )    |
| 5.4.2  | Ghana National Chamber of Commerce      | ( )    |
| 5.4.3  | Ghana Water Company                     | ( )    |
| 5.4.4  | Ghana Standards Board                   | ( )    |
| 5.4.5  | Internal Revenue Authority              | ( )    |
| 5.4.6  | Immigration Service Department          | ( )    |
| 5.4.7  | Legal System                            | ( )    |
| 5.4.8  | Ministry of Environment                 | ( )    |
| 5.4.9  | Customs Exercise and Preventive Service | ( )    |
| 5.4.10 | Parliament                              | ( )    |
| 5.4.11 | Ghana Investment Promotion Centre       | ( )    |
| 5.4.12 | Ghana Freeze Zone Board                 | ( )    |
| 5.4.13 | Bank Of Ghana                           | ( )    |
| 5.4.14 | Association of Ghana Industries         | ( )    |
| 5.4.15 | Judicial Services                       | ( )    |
| 5.4.16 | Ghana Communications Authorities        | ( )    |
| 5.4.17 | Ghana Statistical Service               | ( )    |
| 5.4.18 | Other (specify)                         | ( )    |

In this **Table 5.5**, please indicate the direction of your investments in Ghana in the next three years of each aspect on a scale of -1 to +1 where:

+1 = "Expand", 0 = "Maintain" and -1 = "Scale Down"

Please enter your score on each aspect in the space provided ( )

| Table 5.5. The direction of your investment in Ghana in the next 3 years |  |       |
|--|--|-------|
| Aspect   |  | Score |
| 5.5.1  | Diversify in other sectors                 | ( )   |
| 5.5.2  | Diversify range of product and services    | ( )   |
| 5.5.3  | Staff Training                             | ( )   |
| 5.5.4  | Recruitment of nationals                   | ( )   |
| 5.5.5  | Recruitment of expatriates                 | ( )   |
| 5.5.6  | Gender balance                             | ( )   |
| 5.5.7  | Investment in Technology                   | ( )   |
| 5.5.8  | Import of Capital goods                    | ( )   |
| 5.5.9  | Export of the products                     | ( )   |
| 5.5.10   | Improvement of existing facilities         | ( )   |
| 5.5.11   | Mergers and Acquisition                    | ( )   |
| 5.5.12   | Construction of New Building and Structure | ( )   |
| 5.5.13   | Others (specify)                           | ( )   |

**Table 5.6:** On a scale of 1- 3 please rate the usefulness of the listed sources of information in your investment decisions where:

+2 = "Very useful", +1 = "Quite useful" and 0 = "Not useful"

Please enter your score on each source in the space provided ( )

| Table 5.6 Usefulness of the listed sources of information in your investment decisions |  |        |
|--|--|--------|
| Source /Utility  |  | Rating |
| 5.6.1  | Local and regional media                                       | ( )    |
| 5.6.2  | International media  | ( )    |
| 5.6.3  | Internet   | ( )    |
| 5.6.4  | Government agency/ publications                                | ( )    |
| 5.6.5  | Donor and International agencies                               | ( )    |
| 5.6.6  | Business associates  | ( )    |
| 5.6.7  | Competitors  | ( )    |
| 5.6.8  | Word of mouth  | ( )    |
| 5.6.9  | Workshops, conferences, trade fairs and international seminars | ( )    |
| 5.6.10   | Other (specify)  | ( )    |

5.7 Please indicate below any issue not discussed in this questionnaire that you may wish to bring to the attention of policy makers.

## Appendix 5:

# 2008 FPCFS QUESTIONNAIRE

## (Deposit Money Banks)

### PART 1: GENERAL INFORMATION

(All respondents should complete Part 1 & 5, while for Parts 2,3 and 4, the filtering questions (Table 1.11) will guide you on which parts to fill)

#### 1.1 Name, Contacts and Other Information

1.1a Name of Commercial bank: \_\_\_\_\_

1.1b Contact Person and Position \_\_\_\_\_

1.1c Alternative Contact Person and Position \_\_\_\_\_

1.1d Physical Address: \_\_\_\_\_ Postal Address: \_\_\_\_\_

Tel: \_\_\_\_\_ Fax: \_\_\_\_\_ E-mail: \_\_\_\_\_

Website: \_\_\_\_\_

1.1e Date of Commencement of Operation: \_\_\_\_\_

1.1f Investment License Number: \_\_\_\_\_

#### 1.2 Shareholding Structure Of The Entity as at 31st December 2006 and 31st December 2007.

**Table 1.2: Shareholding Structure as at 31st December 2006 and 31st December 2007**

| Name of Share holder | Nationality | Country of Residence | Ownership Stake (% Shareholding) |            |
|----------------------|-------------|----------------------|----------------------------------|------------|
|                      |             |                      | 31-12-2006                       | 31-12-2007 |
| 1.                   |             |                      |                                  |            |
| 2.                   |             |                      |                                  |            |
| 3.                   |             |                      |                                  |            |
| 4.                   |             |                      |                                  |            |
| 5.                   |             |                      |                                  |            |

#### 1.3 Commercial Bank Turnover For 2006 and 2007 in GH¢

Please enter the total turnover of your Commercial Bank for the years 2006 and 2007 in GH¢

**Table 1.3: Total Turnover for the years 2006 and 2007 in GH¢**

|  | 31 <sup>st</sup> December 2006 | 31 <sup>st</sup> December 2007 |
|--|--------------------------------|--------------------------------|
| Total Turnover <i>including</i> Other Income |                                |                                |

#### 1.4. Actual employment as at 31st December 2006 and 31st December 2007 (enter exact numbers)

Please enter the exact number of employees for each nature of employment or category.

**Table 1.4: Actual employment as at 31st December, 2006 and 31st December, 2007**

| Nature of Employment    | 2006  |        |         |        | 2007  |        |         |        |
|-------------------------|-------|--------|---------|--------|-------|--------|---------|--------|
|                         | Local |        | Foreign |        | Local |        | Foreign |        |
|                         | Male  | Female | Male    | Female | Male  | Female | Male    | Female |
| Managerial/Supervisory  |       |        |         |        |       |        |         |        |
| Administrative/Accounts |       |        |         |        |       |        |         |        |
| Skilled/Technical       |       |        |         |        |       |        |         |        |
| Unskilled/Casual        |       |        |         |        |       |        |         |        |

#### 1.5. Compensation of Employees for the years 2006 and 2007 in GH¢

Please enter the values (in GH¢) of compensation of employees for the years 2006 and 2007.

**Table 1.5: Compensation of Employees during the years 2006 and 2007 in GH¢**

| Type of Compensation | 2006     |              | 2007     |              |
|----------------------|----------|--------------|----------|--------------|
|                      | Resident | Non-Resident | Resident | Non-Resident |
| Salaries and Wages   |          |              |          |              |
| Fringe Benefits      |          |              |          |              |
| SSNIT/Pension        |          |              |          |              |
| Directors Fees       |          |              |          |              |
| Other (specify)      |          |              |          |              |
| Other (specify)      |          |              |          |              |
| Total                |          |              |          |              |

#### 1.6. Actual Investment as at 31st December 2006 and at 31st December 2007 in GH¢

Please enter the values (in GH¢) of actual investment under each type of investment

**Table 1.6: Actual investment as at 31st December, 2006 and 31st December, 2007 in GH¢**

| Type of investment       | 31 <sup>st</sup> December 2006 | 31 <sup>st</sup> December 2007 |
|--------------------------|--------------------------------|--------------------------------|
| Land                     |                                |                                |
| Building and Civil Works |                                |                                |
| Plant and Machinery      |                                |                                |
| Vehicles                 |                                |                                |
| Furniture and Fittings   |                                |                                |
| Pre- Start up Expenses   |                                |                                |
| Working Capital          |                                |                                |
| Work in progress         |                                |                                |
| Other (specify)          |                                |                                |
| <b>Total</b>             |                                |                                |

### 1.7. Gains/Loss from Foreign Exchange and sales of Fixed Assets during 2006 and 2007.

Please enter the gains or losses from foreign exchange translation operations in GH¢

**Table 1.7: Gains/Loss from Foreign Exchange and sales of Fixed Assets during the years 2006 and 2007 in GH¢**

| Item                                    | 2006 | 2007 |
|---|------|------|
| Gain (Loss) in Foreign Exchange         |      |      |
| Gain (Loss) on the sale of Fixed Assets |      |      |

### 1.8. Net profit/Loss, Dividends and Retained Earnings during 2006 and 2007

Please enter the values (in GH¢) of the net profit/dividends/retained earnings

**Table 1.8: Net Profits/Loss, Dividends and Retained Earnings during 2007 and 2006 in GH¢**

| No. | Item  | 2006 | 2007 |
|-----|---|------|------|
| 1.  | Net profit/loss (after tax) for the year                |      |      |
| 2.  | Total dividends declared for the year                   |      |      |
| 3.  | Total dividends paid / profits remitted during the year |      |      |
| 4.  | Total retained earnings for the year                    |      |      |

### 1.9. Corporate Social Responsibility during 2006 and 2007 in GH¢

**Table 1.9: Please enter the value of the activities performed by your bank (where applicable)**

| No. | Item                | Amount Spent (GH¢) |      |
|-----|---------------------|--------------------|------|
|     |                     | 2006               | 2007 |
| 1   | Education           |                    |      |
| 2   | Health and Welfare  |                    |      |
| 3   | Safety and Security |                    |      |
| 4   | Arts and Culture    |                    |      |
| 5   | Sports Development  |                    |      |
| 6   | Environment         |                    |      |
| 7   | Water               |                    |      |
| 8   | Road                |                    |      |
| 9   | Religious           |                    |      |
| 10  | Other (Specify)     |                    |      |
|     | <b>Total</b>        |                    |      |

### 1.10. Which parts (2 or 3 or 4) of this questionnaire are relevant to you?

The table below provides filtering questions that will help you decide the parts to answer, please tick in the appropriate box.

| Table 1.10: Filtering Questions (FQ) |  |  | Yes | No |
|--------------------------------------|--|--|-----|----|
| Filtering Questions (FQ)             |  |  |     |    |
| FQ1                                  | Do non-resident entities, governments or individuals hold shares (equity) in your Commercial bank? If yes, please complete Tables 2.1, and 2.2.                                  |  |     |    |
| FQ2                                  | Does your Commercial Bank borrow from non-resident entities/individuals or have outstanding loan commitments? If yes, please complete Tables 3.1 and 3.2                         |  |     |    |
| FQ3                                  | Do non-resident entities, governments or individuals have any other monetary claims against your Commercial Bank other than shares and loans? If yes, please complete Table 3.3. |  |     |    |
| FQ4                                  | Does your Commercial Bank own shares (equity) in non-resident entities? If yes, please complete Table 4.1.   |  |     |    |
| FQ5                                  | Has your Commercial Bank lent money to non-resident entities or individuals or has unpaid amounts outstanding? If yes, please complete Tables 4.2 and 4.3.                       |  |     |    |

NB: If you ticked 'no' for every question, please proceed to part 5 (investor perception)

## PART 2: FOREIGN EQUITY INVESTMENT (SHARES) IN THIS COMMERCIAL BANK (Liabilities)

### Methods of Estimating Market Value

Please indicate (by ticking) the method(s) used in estimating the market value of equity. Indicate also the person carrying out the estimation of the market value of equity.

| No. | Method                             | Tick (✓) |
|-----|------------------------------------|----------|
| 1.  | Valuation Approach                 |          |
| 2.  | Income                             |          |
| 3.  | Stock exchange/securities          |          |
| 4.  | Net Asset Value                    |          |
| 5.  | Other Valuation approach (specify) |          |

| No. | Title           | Tick (✓) |
|-----|-----------------|----------|
| 1.  | CEO             |          |
| 2.  | Director        |          |
| 3.  | Accountant      |          |
| 4.  | Finance Manager |          |
| 5.  | Auditor         |          |

Please complete this PART if your Commercial Bank in Ghana had non-resident shareholders during 2006 and 2007.

Report all values in units and in GH¢. See item 4 of the Instructions on Page v

### 2.1 Equity (10% or more) held in your Commercial bank by non-residents as at end-2006 and end-2007 and associated transactions during 2006 and 2007.

Please complete this section if non-resident entities hold 10% or more shares in your Commercial bank: In the Table 2.1, please enter aggregate data by country, for all non-resident entities each owning 10% or more of the equity or equivalent voting rights in your commercial bank (Foreign Direct Equity Investment). To ensure we do not have to get back to you for clarification, enter N/A where the question is not applicable.

**Table 2.1: Equity held in your bank by non-residents (each owning 10% or more) and transactions in GH¢**

| No. | Item   |                                      |  |  |
|-----|--|--------------------------------------|--|--|
| 1.  | Country of residence/ International Organisation                         |                                      |  |  |
| 2.  | Purchases of shares in your Commercial bank by non-residents during 2006 |                                      |  |  |
| 3.  | Sales of shares in your bank by non-residents during 2006                |                                      |  |  |
| 4.  | Other Equity Transaction during 2006♣                                    |                                      |  |  |
| 5.  | <b>Book Value of Equity as at 31<sup>st</sup> December 2006:</b>         |                                      |  |  |
|     | <i>O/w:</i>  | <i>Paid-up Share Capital:</i>        |  |  |
|     |  | <i>Share Premium:</i>                |  |  |
|     |  | <i>Accumulated Retained earnings</i> |  |  |
|     |  | <i>Revaluations:</i>                 |  |  |
|     |  | <i>* Others:</i>                     |  |  |
| 6.  | <b>Estimated Market Value of Equity at 31<sup>st</sup> December 2006</b> |                                      |  |  |
| 7.  | Purchases of shares in your Commercial bank by non-residents during 2007 |                                      |  |  |
| 8.  | Sales of shares in your bank by non-residents during 2007                |                                      |  |  |
| 9.  | Other Equity Transaction during 2007 ♣                                   |                                      |  |  |
| 10. | <b>Book Value of Equity as at 31<sup>st</sup> December 2007:</b>         |                                      |  |  |
|     | <i>O/w:</i>  | <i>Paid-up Share Capital:</i>        |  |  |
|     |  | <i>Share Premium:</i>                |  |  |
|     |  | <i>Accumulated Retained earnings</i> |  |  |
|     |  | <i>Revaluations:</i>                 |  |  |
|     |  | <i>* Others:</i>                     |  |  |
| 11. | <b>Estimated Market Value of Equity at 31<sup>st</sup> December 2007</b> |                                      |  |  |

♣ These should include any transactions related to: new equity issues (Greenfield investment), rights issue of shares, net value from mergers and acquisitions and additional capital contribution by share holders.

\* Others - any other equity component e.g. un remitted dividends, equity swaps etc

NB: In case you have more than three countries investing in your entity please provide data on separate page(s) or sheet(s)

## 2.2 Equity (less than 10%) held in your commercial bank by non-residents as at end-2006 and end-2007 and associated transactions during 2006 and 2007.

Please complete this section if non-resident entities or individuals hold less than 10% equity in your commercial bank:

- In the Table 2.2, please enter aggregate data by country, for all non-resident entities each owning less than 10% of the shares or equivalent voting rights in your bank (Foreign Portfolio Equity Investment).

To ensure we do not have to get back to you for clarification, enter N/A where the question is not applicable.

**Table 2.2 Equity held in your Commercial Bank by non-residents (each owning less than 10%) and transactions in GH¢**

| No. | Item   |                                      |  |  |
|-----|--|--------------------------------------|--|--|
| 1.  | Country of residence/ International Organisation                         |                                      |  |  |
| 2.  | Purchases of shares in your Commercial bank by non-residents during 2006 |                                      |  |  |
| 3.  | Sales of shares in your bank by non-residents during 2006                |                                      |  |  |
| 4.  | Other Equity Transaction during 2006♣                                    |                                      |  |  |
| 5.  | <b>Book Value of Equity as at 31<sup>st</sup> December 2006:</b>         |                                      |  |  |
|     | <i>O/w:</i>  | <i>Paid-up Share Capital:</i>        |  |  |
|     |  | <i>Share Premium:</i>                |  |  |
|     |  | <i>Accumulated Retained earnings</i> |  |  |
|     |  | <i>Revaluations:</i>                 |  |  |
|     |  | <i>* Others:</i>                     |  |  |
| 6.  | <b>Estimated Market Value of Equity at 31<sup>st</sup> December 2006</b> |                                      |  |  |
| 7.  | Purchases of shares in your Commercial bank by non-residents during 2007 |                                      |  |  |
| 8.  | Sales of shares in your bank by non-residents during 2007                |                                      |  |  |
| 9.  | Other Equity Transaction during 2007♣                                    |                                      |  |  |
| 10. | <b>Book Value of Equity as at 31<sup>st</sup> December 2007:</b>         |                                      |  |  |
|     | <i>O/w:</i>  | <i>Paid-up Share Capital:</i>        |  |  |
|     |  | <i>Share Premium:</i>                |  |  |
|     |  | <i>Accumulated Retained earnings</i> |  |  |
|     |  | <i>Revaluations:</i>                 |  |  |
|     |  | <i>* Others:</i>                     |  |  |
| 11. | <b>Estimated Market Value of Equity at 31<sup>st</sup> December 2007</b> |                                      |  |  |

♣ These should include any transactions related to: new equity issues), rights issue of shares, net value from mergers and acquisitions and additional capital contribution by shareholders.

\* Others - any other equity component e.g. unremitted dividends, equity swaps etc

NB: In case you have more than three countries investing in your commercial bank please provide the extra data on separate page or sheet

## PART 3: NON-EQUITY LIABILITIES FROM NON-RESIDENTS (Refer to page 10 for the Asterisk explanation)

### 3.0 Borrowings from non-resident by your Commercial Bank

Please complete Tables 3.1 and 3.2 for long-term and short-term debt (including any arrears) respectively, if your commercial bank borrows from non-resident entities, individuals or organizations (external borrowings).

- **Exclude domestic (resident-to-resident) borrowings in both foreign and local currencies.**
- To ensure we do not trouble you for clarification, enter N/A where not applicable.
- In case of recipient sector specify the sector.

#### 3.1 Long-term External Borrowings

Long-term borrowing constitutes borrowing with original maturity of 12 months or more. Please supply **total outstanding balances** for the years as at end-December 2006 and 2007 and **transactions** during the years 2006 and 2007 for each individual loan **in the currency contracted**.

Table 3.1: Long-term External Borrowing from Non-Residents (Maturity period of 12 months or more)

| No  | Particulars  | Loan No.1 | Loan No.2                    | Loan No.3 | Loan No.4 |
|-----|--|-----------|------------------------------|-----------|-----------|
| 1.  | Creditor Institution Group*  |           |                              |           |           |
| 2.  | <b>Credit Type**</b>   |           |                              |           |           |
| 3.  | Recipient Industrial Classification <sup>4</sup>   |           |                              |           |           |
| 4.  | Guarantee Status***  |           |                              |           |           |
| 5.  | <b>Creditor Country/International Organization</b>   |           |                              |           |           |
| 6.  | Others (Specify)   |           |                              |           |           |
| 7.  | Purpose of Borrowing****   |           |                              |           |           |
| 8.  | <b>Loan Currency</b>   |           |                              |           |           |
| 9.  | Total Loan Amount  |           |                              |           |           |
| 10. | Date of Agreement  |           |                              |           |           |
| 11. | Disbursement method  |           |                              |           |           |
| 12. | Date of First disbursement   |           |                              |           |           |
| 13. | Date of Last disbursement  |           |                              |           |           |
| 14. | Principal payment method *****   |           |                              |           |           |
| 15. | Payment installments (yearly)  |           |                              |           |           |
| 16. | First Principal Payment Date   |           |                              |           |           |
| 17. | Last Principal Payment Date  |           |                              |           |           |
| 18. | Interest terms *****   |           |                              |           |           |
| 19. | Interest rate  |           |                              |           |           |
| 20. | Days in interest year  |           |                              |           |           |
| 21. | <b>Opening balance as at 1<sup>st</sup> January 2006<sup>v</sup></b>   |           |                              |           |           |
|     | O/w:   |           |                              |           |           |
|     |  |           | Balance of Principal         |           |           |
|     |  |           | Balance of Principal Arrears |           |           |
|     |  |           | Balance of Interest Arrears  |           |           |
| 22. | External borrowings <sup>2</sup> received from Non-Residents during 2006 (Disbursements)                             |           |                              |           |           |
| 23. | External borrowings <sup>3</sup> paid to Non-Residents during 2006 (Principal Repayments)                            |           |                              |           |           |
| 24. | Principal arrears created during 2006  |           |                              |           |           |
| 25. | Principal arrears paid during 2006   |           |                              |           |           |
| 26. | Interest due and paid during 2006  |           |                              |           |           |
| 27. | Interest arrears created during 2006   |           |                              |           |           |
| 28. | Interest arrears paid during 2006  |           |                              |           |           |
| 29. | Other transactions during 2006 (debt forgiveness, re-scheduling, write-off, debt/equity swaps etc) Please specify... |           |                              |           |           |
| 30. | Fees paid in 2006 O/w:   |           |                              |           |           |
|     | ▪ Commitment fees  |           |                              |           |           |
|     | ▪ Mobilisation fees  |           |                              |           |           |
|     | ▪ Penalty interest   |           |                              |           |           |
| 31. | <b>Outstanding balance as at 31<sup>st</sup> Dec 2006<sup>^</sup></b>  |           |                              |           |           |
|     | O/w:   |           |                              |           |           |
|     |  |           | Balance of Principal         |           |           |
|     |  |           | Balance of Principal Arrears |           |           |
|     |  |           | Balance of Interest Arrears  |           |           |
| 32. | External borrowings <sup>2</sup> received from Non-Residents during 2007 (Disbursements)                             |           |                              |           |           |
| 33. | External loans <sup>3</sup> paid to Non-Residents during 2007 (Principal Repayments)                                 |           |                              |           |           |
| 34. | Principal arrears created during 2007  |           |                              |           |           |
| 35. | Principal arrears paid during 2007   |           |                              |           |           |
| 36. | Interest due and paid during 2007  |           |                              |           |           |
| 37. | Interest arrears created during 2007   |           |                              |           |           |
| 38. | Interest arrears paid during 2007  |           |                              |           |           |
| 39. | Other transactions during 2007 (debt forgiveness, re-scheduling, write-off, debt/equity swaps etc) Please specify... |           |                              |           |           |
| 40. | Fees paid in 2007 O/w:   |           |                              |           |           |
|     | ▪ Commitment fees  |           |                              |           |           |
|     | ▪ Mobilisation fees  |           |                              |           |           |
|     | ▪ Penalty interest   |           |                              |           |           |
| 41. | <b>Outstanding balance as at 31<sup>st</sup> Dec 2007</b>  |           |                              |           |           |
|     | O/w:   |           |                              |           |           |
|     |  |           | Balance of Principal         |           |           |
|     |  |           | Balance of Principal Arrears |           |           |
|     |  |           | Balance of Interest Arrears  |           |           |

\*... See Notes on Page 10

<sup>1</sup>All bold fields are mandatory

<sup>2</sup>In case the terms of the loan change during the period under review please provide data on separate page or sheet

<sup>3</sup>Disbursements received from the creditor.

<sup>4</sup>Repayments to the creditor

\*If your bank has more than 3 (three) loans, requests the interviewer to provide more recording sheet.

<sup>v</sup>Not applicable if a loan was contracted after 31st December 2006.

<sup>^</sup>Not applicable if loan was contracted in 2007



\*... See Notes on Page 10

<sup>1</sup>All bold fields are mandatory

<sup>2</sup>In case the terms of the loan change during the period under review please provide data on separate page or sheet

<sup>3</sup>Disbursements received from the creditor.

<sup>3</sup>Repayments to the creditor

<sup>4</sup>Same as in Table 1.4, Page 2

## EXPLANATORY NOTES FOR PARTS WITH ASTERISK IN TABLE 3.1 FOR EXTERNAL BORROWINGS FROM NON-RESIDENTS

|  |   |
|--|---|
| <p><b>* CREDITOR INSTITUTION GROUP</b></p> <p>a) Commercial Banks<br/>b) Other Financial Institutions.<br/>c) Parent Company<br/>d) Subsidiary<br/>e) Other related companies<br/>f) Supplies/Buyers<br/>g) International Organisations (IO)<br/>h) Syndicate</p>              | <p><b>** CREDIT TYPE</b></p> <p>a) Borrowing from related companies<br/>b) Trade credits<br/>c) Bonds and notes<br/>d) All other borrowing</p>  |
| <p><b>*** GUARANTEE STATUS</b></p> <p>a) State-Owned Overseas Commercial Bank<br/>b) Parent Commercial Bank<br/>c) Local Private Comm. Bank<br/>d) Overseas Private Comm. Bank<br/>e) Government<br/>f) International Organisations (IO)<br/>g) Overseas Private Companies</p> | <p><b>**** PURPOSE</b></p> <p>a) Financing of Project<br/>b) On-lending<br/>c) Services<br/>d) Multiple Purpose<br/>e) Leasing<br/>f) Import of Raw Materials<br/>g) Import of Machinery<br/>h) Other Imports<br/>i) Working Capital/Bridging<br/>j) Finance Capital Increase or Contribution</p> |
| <p><b>***** METHOD OF PRINCIPAL PAYMENT</b></p> <p>a) Equal Principal Payment<br/>(monthly or half-yearly or yearly)<br/>b) Annuity<br/>c) Proportional<br/>Unequal Payments (please provide details separately, stating dates and amount)<br/>d) Others</p>                   |   |

### 3.3 Other Claims by non-residents other than equity and borrowings in the currency contracted

Other claims by non-residents may include namely; management fees, financial derivative, custody accounts, administered fund, franchise, currency and deposit money, bonds and notes, money market instruments etc. held by your Commercial Bank.

Please complete this question if non-resident entities or individuals have other claims on your commercial bank other than shares and external borrowings covered in Table 3.1 and 3.2.

**Table 3.3: Other Claims by non-residents other than shares and External borrowings in the currency contracted**

| No. | Item   | Claims by non-residents in your Commercial Bank |  |  |
|-----|--|---|--|--|
| 1.  | Type of claim (namely; management fees, financial derivative, custody a/c, administered fund, franchise, currency and deposit money, bonds and notes, money market instruments etc.) |   |  |  |
| 2.  | Currency (e.g. GH¢, US\$, Euro (€), GBP(£) etc.)   |   |  |  |
| 3.  | Creditor Country / International Organization of counterpart   |   |  |  |
| 4.  | <b>Opening balance as at 1<sup>st</sup> January 2006</b>   |   |  |  |
| 5.  | Value of Liability received from non -residents in your Commercial Bank during 2006  |   |  |  |
| 6.  | Settled liabilities during 2006  |   |  |  |
| 7.  | <b>Value as at 31 December 2006</b>  |   |  |  |
| 8.  | Value of Liability received from non -residents in your Commercial Bank during 2007  |   |  |  |
| 9.  | Settled liabilities during 2007  |   |  |  |
| 10. | <b>Value as at 31 December 2007</b>  |   |  |  |

## PART 4: INVESTMENT (ASSETS) ABROAD BY THIS COMMERCIAL BANK

### 4.0. Methods of Estimating Market Value

Please indicate (by ticking) the method(s) used in estimating the market value of equity. Indicate also the person carrying out the estimation of the market value of equity.

**Table 4.0 (a): Methods of Estimating Market Value**

| No. | Method                    | Tick (✓) |
|-----|---------------------------|----------|
| 1.  | Valuation Approach        |          |
| 2.  | Income                    |          |
| 3.  | Stock exchange/securities |          |
| 4.  | Net Asset Value           |          |
| 5.  | Other (specify)           |          |

**Table 4.0 (b): Estimation carried out by**

| No. | Title           | Tick (✓) |
|-----|-----------------|----------|
| 1.  | CEO             |          |
| 2.  | Director        |          |
| 3.  | Accountant      |          |
| 4.  | Finance Manager |          |
| 5.  | Auditor         |          |

### 4.1. Holdings of shares by your Commercial Bank in non-resident entities

Please complete Table 4.1 as follows:

- In **Column A**, please enter aggregate data for your holdings of shares in non-resident entities that are each 10% or more.
- In **Column B**, please enter aggregate data for your holdings of shares in non-resident entities that are each less than 10%.
- To ensure we do not have to get back to you for clarification, enter N/A where not applicable.

**Table 4.1: Holdings of equity by your entity in non-resident entities equivalent in GH¢**

| No. | Item   | Equity held by your Commercial Bank  |                                     |
|-----|--|--------------------------------------|-------------------------------------|
|     |  | A.<br>Holdings (each 10% or more)    | B.<br>Holdings (each less than 10%) |
| 1.  | Country of investment *  |                                      |                                     |
| 2.  | Purchases of shares by your commercial bank in non-resident entities during 2006 |                                      |                                     |
| 3.  | Sales of shares by your bank in non-residents during 2006                        |                                      |                                     |
| 4.  | <b>Book value of equity as at 31<sup>st</sup> December 2006</b>                  |                                      |                                     |
|     | <i>O/w:</i>  |                                      |                                     |
|     |  | <i>Paid-up Share Capital:</i>        |                                     |
|     |  | <i>Share Premium:</i>                |                                     |
|     |  | <i>Accumulated Retained earnings</i> |                                     |
|     |  | <i>Revaluations:</i>                 |                                     |
|     |  | <i>* Others:</i>                     |                                     |
| 5.  | <b>Estimated market value of shares at 31 December 2006</b>                      |                                      |                                     |
| 6.  | Purchases of shares by your commercial bank in non-resident entities during 2007 |                                      |                                     |
| 7.  | Sales of shares by your bank to non-residents entities during 2007               |                                      |                                     |
| 8.  | <b>Book value of equity as at 31<sup>st</sup> December 2007</b>                  |                                      |                                     |
|     | <i>O/w:</i>  |                                      |                                     |
|     |  | <i>Paid-up Share Capital:</i>        |                                     |
|     |  | <i>Share Premium:</i>                |                                     |
|     |  | <i>Accumulated Retained earnings</i> |                                     |
|     |  | <i>Revaluations:</i>                 |                                     |
|     |  | <i>* Others:</i>                     |                                     |
| 9.  | <b>Estimated market value of shares at 31 December 2007</b>                      |                                      |                                     |

\*In case you hold equity in more than one country please provide data on separate page or sheet to be provided by the interviewer

#### 4.2. Lending to Non-Residents / Holding of Assets abroad by Your Entity

Please complete the table below if your entity lent to non-resident entities or held assets abroad during 2006 and 2007

**Table 4.2. Lendings to non-residents / Long-term Holdings of Deposits abroad (equivalent in GH¢.)**

|     | Long-Term lending (with original maturity of 12 months or more)        | DEBTOR INSTITUTION GROUP   |                                   |                             |                       |   |                         |
|-----|--|--|-----------------------------------|-----------------------------|-----------------------|---|-------------------------|
|     |  | A.<br>Lending to Entities (or branches) in which you hold 10% or more equity (excluding trade credits to affiliates) | B.<br>Trade credits to affiliates | C.<br>Currency and Deposits | D.<br>Bonds and Notes | E.<br>Trade Credits to un-affiliated entities | F.<br>All Other Lending |
| 1.  | Recipient Country *  |  |                                   |                             |                       |   |                         |
| 2.  | <b>Outstanding balance as at 1<sup>st</sup> Jan 2006</b>               |  |                                   |                             |                       |   |                         |
|     | <i>O/w:</i>  |  |                                   |                             |                       |   |                         |
|     |  | <i>Balance of Principal</i>  |                                   |                             |                       |   |                         |
|     |  | <i>Balance of Principal Arrears</i>  |                                   |                             |                       |   |                         |
|     |  | <i>Balance of Interest Arrears</i>   |                                   |                             |                       |   |                         |
| 3.  | External lendings/holdings with Non-Resident entities during 2006      |  |                                   |                             |                       |   |                         |
| 4.  | Tenure of lending**  |  |                                   |                             |                       |   |                         |
| 5.  | External loans/holdings re-paid by Non-Resident entities during 2006   |  |                                   |                             |                       |   |                         |
| 6.  | Principal arrears received during 2006 from non resident entities      |  |                                   |                             |                       |   |                         |
| 7.  | Principal arrears created during 2006 by non resident entities         |  |                                   |                             |                       |   |                         |
| 8.  | Interest due and received during 2006 from non resident entities       |  |                                   |                             |                       |   |                         |
| 9.  | Interest arrears received during 2006 from non resident entities       |  |                                   |                             |                       |   |                         |
| 10. | Interest arrears created during 2006 by non resident entities          |  |                                   |                             |                       |   |                         |
| 11. | <b>Outstanding balance as at 31<sup>st</sup> Dec 2006</b>              |  |                                   |                             |                       |   |                         |
|     | <i>O/w:</i>  |  |                                   |                             |                       |   |                         |
|     |  | <i>Balance of Principal</i>  |                                   |                             |                       |   |                         |
|     |  | <i>Balance of Principal Arrears</i>  |                                   |                             |                       |   |                         |
|     |  | <i>Balance of Interest Arrears</i>   |                                   |                             |                       |   |                         |
| 12. | External lendings/holdings to Non-Resident entities during 2007        |  |                                   |                             |                       |   |                         |
| 13. | External lendings/holdings repaid by Non-Resident entities during 2007 |  |                                   |                             |                       |   |                         |
| 14. | Principal arrears received during 2007 from non resident entities      |  |                                   |                             |                       |   |                         |
| 15. | Principal arrears created during 2007 by non resident entities         |  |                                   |                             |                       |   |                         |
| 16. | Interest due and received during 2007 from non resident entities       |  |                                   |                             |                       |   |                         |
| 17. | Interest arrears received during 2007 from non resident entities       |  |                                   |                             |                       |   |                         |
| 18. | Interest arrears created during 2007 by non resident entities          |  |                                   |                             |                       |   |                         |
| 19. | <b>Outstanding balance as at 31<sup>st</sup> Dec 2007</b>              |  |                                   |                             |                       |   |                         |
|     | <i>O/w:</i>  |  |                                   |                             |                       |   |                         |
|     |  | <i>Balance of Principal</i>  |                                   |                             |                       |   |                         |
|     |  | <i>Balance of Principal Arrears</i>  |                                   |                             |                       |   |                         |
|     |  | <i>Balance of Interest Arrears</i>   |                                   |                             |                       |   |                         |

\* In case the entity lent to non-residents in more than one country please provide data on separate page or sheet

\*\* Short term in case the maturity period of the asset is less than 12 months otherwise it should be considered long-term.

### 4.3 Other Claims on non-residents other than equity and borrowings in the currency contracted.

Other claims by non-residents may include namely; management fees, financial derivative, custody accounts, administered fund, franchise, currency and deposit money, bonds and notes, money market instruments etc. held by your entity.

Please complete this question if you have other claims on non-resident entities or individuals other than shares and external borrowings covered in Table 4.2

| Table 4.3: Other Claims on non-residents other than shares and borrowings (loans) in the currency contracted  |   |  |  |
|---|---|--|--|
| Item  | Claims by non-residents in your Commercial Bank |  |  |
|   |   |  |  |
| 1. Type of claim (namely; management fees, financial derivative, custody a/c, administered fund, franchise, currency and deposit money, bonds and notes, money market instruments etc.) |   |  |  |
| 2. Currency (e.g. GH¢, US\$, Euro (€), GBP(£) etc.)   |   |  |  |
| 3. Creditor Country / International Organization of counterpart   |   |  |  |
| <b>4. Opening balance as at 1<sup>st</sup> January 2006</b>   |   |  |  |
| 5. Value of Liability received from non -residents in your Commercial Bank during 2006  |   |  |  |
| 6. Settled liabilities during 2006  |   |  |  |
| <b>7. Value as at 31 December 2006</b>  |   |  |  |
| 8. Value of Liability received from non-residents in your Commercial Bank during 2007   |   |  |  |
| 9. Settled liabilities during 2007  |   |  |  |
| <b>10. Value as at 31 December 2007</b>   |   |  |  |

## PART 5: INVESTOR PERCEPTIONS (All respondents should complete this part)

### Instructions for Questions in Table 5.1 5.4

In tables 5.1 5.4 please rate the effect (on your business activities) of each factor on a scale of -2 to +2 where: +2 = "Strong positive effect", +1 = "Limited positive effect", 0 = "No effect", -1 = "Limited negative effect" and -2 = "Strong negative effect"

Please indicate your rating in the space provided ( )

| Table 5.1: Effect of Economic and financial factors to your business entity |        |     |
|---|--------|-----|
| Factor  | Rating |     |
|   | 2008   |     |
| 5.1.1 Domestic market size  | ( )    | ( ) |
| 5.1.2 Smuggling   | ( )    | ( ) |
| 5.1.3 Corruption  | ( )    | ( ) |
| 5.1.4 Competition with imports  | ( )    | ( ) |
| 5.1.5 Access to international markets                                       | ( )    | ( ) |
| 5.1.6 Corporate tax   | ( )    | ( ) |
| 5.1.7 Income tax  | ( )    | ( ) |
| 5.1.8 Customs and excise duty   | ( )    | ( ) |
| 5.1.9 Interest rates  | ( )    | ( ) |
| 5.1.10 Exchange rates   | ( )    | ( ) |
| 5.1.11 Inflation  | ( )    | ( ) |
| 5.1.12 Access to local business finance/credit                              | ( )    | ( ) |
| 5.1.13 Access to international finance                                      | ( )    | ( ) |
| 5.1.14 Access to regional business finance                                  | ( )    | ( ) |
| 5.1.15 Other s (specify)  | ( )    | ( ) |

**Table 5.2: Efficiency and cost of the following support services**

|        |  | Rating - 2008 |      |
|--------|--|---------------|------|
| Factor |  | Efficiency    | Cost |
| 5.2.1  | Electricity                                | ( )           | ( )  |
| 5.2.2  | Road transport                             | ( )           | ( )  |
| 5.2.3  | Railway transport                          | ( )           | ( )  |
| 5.2.4  | Water transport                            | ( )           | ( )  |
| 5.2.5  | Air transport                              | ( )           | ( )  |
| 5.2.6  | Postal Services                            | ( )           | ( )  |
| 5.2.7  | Telecommunication                          | ( )           | ( )  |
| 5.2.8  | Internet                                   | ( )           | ( )  |
| 5.2.9  | Customs Services                           | ( )           | ( )  |
| 5.2.10 | Internal Revenue Services                  | ( )           | ( )  |
| 5.2.11 | Insurance Services                         | ( )           | ( )  |
| 5.2.12 | Banking Services                           | ( )           | ( )  |
| 5.2.13 | Water Supply                               | ( )           | ( )  |
| 5.2.14 | Immigration Services/ Work permits         | ( )           | ( )  |
| 5.2.15 | Municipal Services (garbage, sewerage etc) | ( )           | ( )  |
| 5.2.16 | Legal Services                             | ( )           | ( )  |
| 5.2.17 | Licenses/ Permit Fees                      | ( )           | ( )  |
| 5.2.18 | Others (specify)                           | ( )           | ( )  |

**Table 5.3: Effect of Labour, Environmental and health factors to your business activities**

|        |   | Rating |
|--------|---|--------|
| Factor |   | 2008   |
| 5.3.1  | Restrictions regarding hiring expatriates | ( )    |
| 5.3.2  | Staff turnover                            | ( )    |
| 5.3.3  | Wage levels                               | ( )    |
| 5.3.4  | Availability of skilled labour locally    | ( )    |
| 5.3.5  | Cost of skilled labour                    | ( )    |
| 5.3.6  | Productivity of skilled labour            | ( )    |
| 5.3.7  | Productivity of unskilled labour          | ( )    |
| 5.3.8  | Cost of unskilled labour                  | ( )    |
| 5.3.9  | SSNIT/Pension contribution                | ( )    |
| 5.3.10 | Malaria                                   | ( )    |
| 5.3.11 | AIDS                                      | ( )    |
| 5.3.12 | Other Diseases (specify)                  | ( )    |

**Table 5.4: Efficiency of Regulatory and Other government agencies to your business activities**

|        |   | Rating |
|--------|---|--------|
| Factor |   | 2008   |
| 5.4.1  | Electricity Company of Ghana Limited    | ( )    |
| 5.4.2  | Ghana National Chamber of Commerce      | ( )    |
| 5.4.3  | Ghana Water Company                     | ( )    |
| 5.4.4  | Ghana Standards Board                   | ( )    |
| 5.4.5  | Internal Revenue Authority              | ( )    |
| 5.4.6  | Immigration Service Department          | ( )    |
| 5.4.7  | Legal System                            | ( )    |
| 5.4.8  | Ministry of Environment                 | ( )    |
| 5.4.9  | Customs Exercise and Preventive Service | ( )    |
| 5.4.10 | Parliament                              | ( )    |
| 5.4.11 | Ghana Investment Promotion Centre       | ( )    |
| 5.4.12 | Ghana Free Zone Board                   | ( )    |
| 5.4.13 | Bank Of Ghana                           | ( )    |
| 5.4.14 | Association of Ghana Industries         | ( )    |
| 5.4.15 | Judicial Services                       | ( )    |
| 5.4.16 | Ghana Communications Authorities        | ( )    |
| 5.4.17 | Ghana Statistical Service               | ( )    |
| 5.4.18 | Other (specify)                         | ( )    |

**Table 5.5,** Please indicate the direction of your investment in Ghana in the next 3 years. In this Table 5.5 please indicate the direction of your investments in Ghana in the next three years of each aspect on a scale of -1 to +1 where: +1 = “Expand”, 0 = “Maintain” and -1 = “Scale Down”

Please enter your score on each aspect in the space provided ( )

| Table 5.5. The direction of your investment in Ghana in the next 3 years |  |       |
|--|--|-------|
| Aspect   |  | Score |
| 5.5.1  | Diversify in other sectors                 | ( )   |
| 5.5.2  | Diversify range of product and services    | ( )   |
| 5.5.3  | Staff Training                             | ( )   |
| 5.5.4  | Recruitment of nationals                   | ( )   |
| 5.5.5  | Recruitment of expatriates                 | ( )   |
| 5.5.6  | Gender balance                             | ( )   |
| 5.5.7  | Investment in Technology                   | ( )   |
| 5.5.8  | Import of Capital goods                    | ( )   |
| 5.5.9  | Export of the products                     | ( )   |
| 5.5.10   | Improvement of existing facilities         | ( )   |
| 5.5.11   | Mergers and Acquisition                    | ( )   |
| 5.5.12   | Construction of New Building and Structure | ( )   |
| 5.5.13   | Others (specify)                           | ( )   |

**Table 5.6:** On a scale of 1- 3 please rate the usefulness of the listed sources of information in your investment decisions where:

+2 = “Very useful”, +1 = “Quite useful” and 0 = “Not useful”

Please enter your score on each source in the space provided ( )

| Table 5.6 Usefulness of the listed sources of information in your investment decisions |  |        |
|--|--|--------|
| Source /Utility  |  | Rating |
| 5.6.1  | Local and regional media                                       | ( )    |
| 5.6.2  | International media  | ( )    |
| 5.6.3  | Internet   | ( )    |
| 5.6.4  | Government agency/ publications                                | ( )    |
| 5.6.5  | Donor and International agencies                               | ( )    |
| 5.6.6  | Business associates  | ( )    |
| 5.6.7  | Competitors  | ( )    |
| 5.6.8  | Word of mouth  | ( )    |
| 5.6.9  | Workshops, conferences, trade fairs and international seminars | ( )    |
| 5.6.10   | Other (specify)  | ( )    |

5.7 Please indicate below any issue not discussed in this questionnaire that you may wish to bring to the attention of policy makers.

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