Comment
The new neutrality
Back page

FT
- Financial Times
- Management Review by Harvard Business Service

Inside

Interview
UT Holdings ready to compete at global level
Pages 20/21

BUSINESS DAY GHANA

www.businessdayghana.com Monday 21 – Sunday 27, July 2014 * VOL. 1, * NO.26 GH¢ 2

High cost of living: 817 Ghanaians renounce their citizenship

So far, the high cost of living in Ghana had forced 817 people mostly women to relocate to other countries after renouncing their citizenship in 2013, the government have said last week.

All the 450 females and 367 males who sought citizenship in Germany, Netherlands, Norway, Denmark, Austria, Hong Kong and China were granted. Almost every week, people come over to naturalise as Germans unlike in previous times

The majority of the applicants

Continues on page 5

President John Dramani Mahama

Vice President Kwesi Bekoe Amissah-Arthur

High food prices 'killing' Ghanaians

VINCENT MUSAH

Increase in petroleum prices last week has pushed up prices of basic foodstuffs such as plantain, yam, cassava, and other local staples, while house rents are also steadily moving upwards with weak regulatory body to control it.

The price of petrol (premium) was up by 23.08 per cent translating a litre of the commodity, which, hitherto, sold at GH¢2.73 per litre is now GH¢3.36 a litre. The price hike compelled Ghana's transport union to increase transport fares last Monday by 15 per cent.

A market survey by Business Day at the Central Business District of Accra showed that prices of food stuffs had increased significantly following an increment in petroleum prices.

Two weeks ago, a bowl of lo-

Continues on page 4

Sponsored by

www.mcottley.com\capital

McOttley Capital

McOttley Capital Limited

INTEREST RATES

	DATE	PERCENTAGE
INFLATION RATE	June. 2014	15.00
BoG POLICY RATE	July. 2014	19.00%

TREASURY SECURITIES RATES

18/07/-2014

91 Day Bill	24.3109
182 Day Bill	25.8819
1 Year Note	22.500%
2 Year fixed rate note	23.000

MONEY & CURRENCY MARKETS

Daily Interbank FX Rates

18-07-2014	BUY	SELL
£ (Pound Sterling)	Gh¢5.1830	Gh¢5.1890
US$ (Dollars)	Gh¢3.0320	Gh¢ 3.0340
€ (Euro)	Gh¢.4.1000	Gh¢4.1040

Source: BoG

Food & beverage companies sack 500 workers

ELVIS ADJETEY

Some companies in the food and beverage sub-sector are reportedly laying off workers as they

Continues on page 4

More trouble for Zoomlion

... As more workers plan to exit

FRANCESCA ACQUAH

Challenges facing Zoomlion Ghana Limited seem far from over as some aggrieved workers are planning to leave the company over allegations of unpaid salaries.

While an unconfirmed 600 aggrieved workers are believed to have already left the company, others have declared their intentions to exit the company since they have lost hope in the organization.

According to some workers who spoke to Business Day, despite their commitment to their daily duties, they do not receive their salaries as agreed. Their salaries delay close to six months before settlements are made.

They explained that, despite having to receive GHS150 cedis every month, the long delay and accumulation of the meagre salary is making living conditions very unbearable for themselves and their families.

In an interview with a worker who lives at Teshie, she complained that despite having to go to work at Labone every morning to sweep, she has to wait up to four months to receive her salary.

"I take vehicle from Teshie to Labone every day and yet it takes 4 months before I receive my wages that had been delayed' she exclaimed.

Another worker who resides in Osu but works at the Accra sport stadium and 37 espoused a similar situation adding that she was fed up because she was currently in debt.

"Though am working I have to be taking money from people in order to survive with my family. I go to the stadium and 37 areas every day. As at now am ill but still go to work, am fed up and I think I should follow my colleagues who had already left," she opined.

"I really suffered; my colleagues and I thought things would change so we stayed for that long period. I worked for 5 years but had to leave. Our supervisors enjoyed and invested whiles we went hungry and suffer. I would rather sell kenkey than work with Zoom Lion again, another woman from La, told Business Day.

"This people had not been fair to me at all. I work but do not get paid at the end of the month. It comes at times but not always and it takes months. I had to borrow money and was in debts. Due to this, no one was willing to help me when my child got ill and he died because I could not afford his bills and even food. I have really regretted", another worker lamented.

Despite the general outcry of some Zoomlion workers, checks by Business Day revealed that those who rode bikes through various residences to collect rubbish were better off since they could depend on money given by clients, even when monthly salaries delay.

According to one of the workers, from January to June this year, an estimated 600 workers had left, with indications of many more aggrieved workers to quit the company before the year ends.

As at the time of filing this report, all efforts to contact management of Zoom Lion to respond to the issue had proven futile.

Hawkers hampering work on Circle Interchange

The Department of Urban Roads has scheduled to team up with the Accra Metropolitan Assembly (AMA) to begin warding off hawkers from the construction site of the Kwame Nkrumah Interchange.

According to the Department, the activities of hawkers are hampering work, which is 40 per cent complete.

"There are excavator trenches that people try to sit right in there trying to sell their wares," the Director of Urban Roads, Alhaji Abass Awolu, pointed out. That definitely is not safe for the person selling the wares because if there is a deep excavation and somebody falls in, we will then have a major accident on our hands," he stated.

As a result, he said, the Department will team up with the AMA to drive the hawkers from the site.

"We will work together with the Accra Metropolitan Assembly and the sub-metro in that area so that we can keep the hawkers away from the construction sites."

He announced that the footbridge that controls human movement in that area, regarded as one of the busiest in the country, will be pulled down in November.

He said the contractors have managed disruptions caused by construction relatively well.

Work on the three-tier interchange, estimated at €74.88 million, began in October, 2013.

Jointly funded by the governments of Ghana and Brazil, the project is expected to be completed in 2015.

Ghana, France to sign €800,000 financing agreement

VINCENT BAFFOUR-ACHEAMPONG

Ghana is set to sign a financing agreement for a grant of €800,000 from the French Priority Solidarity Funds.

The signature signing, which will be done in the next few weeks, was announced by the France Ambassador to Ghana, H.E Frédéric Clavier at a reception to celebrate the French National Day.

According to the ambassador, the new financing agreement between France and Ghana is to consolidate accountability mechanisms existing at the central and local levels of government.

"I am glad to announce the next signature of a new Financing Agreement between Ghana and France in a few weeks for a grant of 8 hundred thousand euros from the French Priority Solidarity Funds. In partnership with the ministries of Local government and Public Sector Reform, the project aims to consolidate accountability mechanisms existing at the central and local level, as well as to innovate in this matter to reinforce citizen participation to the public decisions", Ambassador Clavier stated.

He explained that with the mutual confidence and understanding between France and Ghana, a new chapter in the history of the two nations had been deepened. This, he said, gave both nations the means to tackle the main subjects of international trade agenda for now and the future.

H.E Frédéric Clavier also added that France's confidence in Ghana's economic prospects has fuelled the continuous bilateral trade between the two countries. This, he said, was evident by the launching of the French Chamber of Commerce and Industry in Ghana.

"The launching of the French Chamber of Commerce and Industry in Ghana, last May, in the presence of the Vice President of the Republic of Ghana, H.E Kwesi Amissah Arthur, illustrates the confidence of the business community of my country in the process of economic development and French investments in Ghana", he stated.

According to him, in 2014, France in Ghana represents 60 companies, more than 475 million dollars of investments and nearly 1.7 billion dollars of bilateral trade, with the figures on a regular trend of growth.

McOttley Holdings trains university students

McOttley Holdings, one of the leading financial and real estate institutions in the country, has given a three-month hand on internship opportunity to ten students drawn from both the public and private universities across the country.

The aim of the internship was to provide the students with practical training related in their respective fields of study and bridges the gap between industry and academia.

The Chief Executive Officer

of the company, Mr. Kwesi Livingstone, said the company will continue to engage students as its way of supporting the efforts of universities to build the manpower base of the country.

"Practical training for students is very important for us as a responsible company. When universities partner industry, it is then that students will be able to see how things they learn theoretically are done on the field," Mr. Livingstone stated, adding that, the interns were assigned to work in the various subsidiaries of the McOttley Holdings which include McOttley Capital, McOttley Money Lending and McOttley Properties.

The students were drawn from the University of Ghana, Central University College, the Kwame Nkrumah University of Science and Technology (KNUST), Pentecost University College, University of Professional Studies and Takoradi Polytechnic.

McOttley Holdings organises blood donation exercise

One of the leading and real estate company in Ghana, McOttley Holdings, as part of its corporate social responsibilities, has organised a blood donation exercise as a humanitarian service to save lives.

The Chief Executive Officer of the company, Mr. Kwesi Livingstone, said the exercise which was carried out by the staff of the company and some members of the public was an effort to contribute to the acute blood shortage at the national blood bank.

"Blood, which is the live wire of human life, cannot be manufactured by any means, except donated by a person to save another's life," the CEO of McOttley Holdings indicated, disclosing that the blood donation exercise would be an annual event.

Mr Livingstone discouraged the practice where people only donate blood when their family or loved ones are in dying need of blood transfusion, adding that, "blood donation is a moral responsibility." He said Ghana has lost and is still losing many precious lives due to shortage of blood at the NBS.

Recently, John Ahadjie, a Deputy Chief Blood Donor Recruitment Officer of the National Blood Service (NBS) at Korle-bu Teaching Hospital, said the country needs 250,000 units of blood annually.

He said through donation of blood from churches, corporate bodies, individuals, civil society organisations and non-governmental organisations, the stock at the NBS is improving and appealed for more supply to save lives.

The Non-Executive Director of McOttley Holdings, Richard Dugan, on his part, expressed gratitude to the staff of his outfit and members of the public who took part in the blood donation exercise.

$300m loan for Ghana armed forces in limbo

Ghana's parliament has been dragging its feet in approving a $300-million loan from Russia amid indications the country's public debt continues to snowball.

In July the Bank of Ghana revealed that the country racked up a public debt – external and public – of 58.4 billion cedis at the end of March.

The total amount is up from 52.1 billion cedis in December 2013 and accounts for 55.4 percent of the gross domestic product.

Compensation of employees – mostly comprised of wages and salaries which has been identified as the biggest contributor to the government's budget deficit which at 4.1 billion cedis is lower than the target of 4.4 billion.

However, as a result of reduced revenues, the amount is 47 percent of domestic revenues.

Last year's compensation of employees for the same period was 44.1 percent.

Meanwhile, in parliament the passing of a $300 million that would go towards logistics and the provision of equipment for the Ghana Armed Force's peacekeeping troops in Mali and Sudan is once again under review.

The loan, proposed to be issued by Russian investment bank VTB Capital, has been on the table since March, when the ministry of Defence presented its case to parliament.

The minority called for thorough due diligence on the conditions of the loan when it was first proposed.

A point contention was that the terms of the loan stated that the facilitator will earn $5 million but will not be held responsible should anything go wrong.

The minority argue that few changes have been made to the agreement.

Most of the majority insists that the loan is necessary to ensure the upkeep of the Ghanaian troops on peacekeeping missions.

Ecobank Investment gets license in Kenya

EBI Investment Corporation Kenya Limited, a subsidiary of Ecobank Capital has been granted an investment bank license by the Capital Markets Authority in Kenya.

Ecobank Capital registered as Ecobank Development Corporation)is the investment banking arm of the Ecobank Group, with operating offices currently in Abidjan, Accra, Lagos and Douala.

They include dealing membership of five African stock exchanges the Ghana Stock Exchange, Nigerian Stock Exchange, Bourse Régionale des Valeurs Mobilières in Abidjan, Douala Stock Exchange and Bourse des Valeurs Mobilières d'Afrique Centrale in Libreville.

Ecobank Capital's entry into Kenya follows its acquisition of the investment advisor Iroko Securities Kenya Limited in July 2013 and subsequent application to the Capital Markets Authority for an investment bank license in November 2013.

Ecobank Capital joins a growing number of financial services institutions in Kenya which are moving into investment banking to complement their commercial banking services.

Speaking when he announced the CMA licensing, Ehouman Kassi, Managing Director of Ecobank Kenya and head of Ecobank's East Africa regional cluster, said "increased corporate activities in the East Africa and SADC regions have created a vibrant environment for investment banking".

Ghana to receive $ 300,000 for renewable energy

SHEILA A. WILLIAMS

Ghana is to receive up to US$300,000 to undertake development of a renewable energy investment plan.

Ghana has been chosen as part of nine (9) African countries who are to receive funding and operational support from the CIF's renewable energy program to undertake the project. The funding is to be given by the Climate Investment Fund's (CIF) Scaling-up Renewable Energy in Low Income Countries Programme (SREP), a program established to scale up the deployment of renewable energy solutions and expand renewable markets in the world's poorest countries.

This came to light at the just ended semi-annual Climate Investment Funds (CIF) governing body meetings held June 25-28, 2014, in Montego Bay, Jamaica.

The countries are Ghana, Benin, Lesotho, Madagascar, Malawi, Rwanda, Sierra-Leone, Uganda and Zambia. This increases the number of African countries piloting CIF climate-smart investment plans to 25, nearly half of all 55 countries in sub-Saharan Africa.

An independent Expert Group selected the countries from a group of 40 countries expressing interest in joining the SREP. The SREP sub-committee agreed that it will provide up to $300,000 for each country to undertake development of an SREP investment plan.

"This move sends an impressive signal for change," stated SREP co-chair Erastus Wahome, representative for Kenya, the first country to operationalize a CIF transformational geothermal programme in Africa.

"The additional donor support for energy transformation is a clear sign of confidence in the success we've already seen taking place in low-income countries in Africa and other regions, and a sign of developing countries' continuing enthusiasm to commit to CIF-style transformation. Some of the criteria used to select the countries included low energy access rates, existence of an enabling policy and regulatory environment, renewable-friendly energy development strategies, strong governance capacity, and capacity for implementation.

Bank of Ghana to introduce deposit protection scheme

FROM BUSINESS DESK

The Bank of Ghana is to introduce a Deposit Protection Scheme to consolidate its mission of promoting confidence in the financial system, especially in relation to protecting the savings of depositors.

The scheme will also encourage financial inclusion and access to formal financial services.

To this end, a draft Deposit Protection Bill has been finalized for onward submission to Parliament for passage into law.

Dr Henry Wampah, Governor of the Bank of Ghana, who announced this at the 14th annual working luncheon of the Ghana Association of Bankers (GAB) in Accra, said the fallout from the global financial crisis had aroused interest in the protection of consumers of financial services.

"Inherent vulnerabilities and risks, coupled with the learnt lessons of the global financial crisis calls for a re-thinking of the legal and regulatory regime of our industry," he said, in a speech read on his behalf by Dr Abdul –Nashiru Issahaku, the Second Deputy Governor.

Dr Wampah said the Bank is also working on the revision of the Banking Act, while a draft proposal of the Bank and Specialized Deposit-Taking Institutions Bill, had been prepared and was under-going review.

He said the new Bill would incorporate some of the missing links in the current Act, including consolidated supervision, reinforcement on exposures of connected nature, prompt corrective actions, Islamic Banking, and detailed Resolution Framework.

On the performance of the cedi, Dr. Wampah said pressures on the local currency still persisted although there was some moderation in the pace of depreciation on a month-on-month basis.

He said anticipated proceeds from the cocoa syndicated loan and from the Eurobond issuance estimated at almost US$3bn would provide significant support for the market in the second half of the year. Besides, the onset of gas production in the fourth quarter of the year would also reduce oil imports going forward.

However, he said, the current depreciation of the cedi, while inimical to import-driven businesses and on the flip-side supports export-oriented companies which in my opinion lends itself to profitable funding opportunities for banks to foster economic growth.

At a press conference after the GAB annual general meeting, the President of the GAB, Mr Simon Dornoo, underscored the continued commitment of members to support the growth of small and medium enterprises (SMEs).

He said contrary to impressions that members did not like to finance the SME sector, evidence from the loan books of members clearly showed that the level of support to the sector was huge.

Mr. Dornoo said while the strategy of banks might vary as to how they support the sector, evidence existed to show that the SME sector was a major beneficiary of bank credit.

Agbogbloshie market in Accra

High food prices 'killing' Ghanaians

Continued from page 1

cal rice which was sold at 6.00 Ghana cedis has now increased to 7.00 Ghana cedis. A bowl of maize which was priced at 2.00 Ghana Cedis has also shot up to 2 Ghana cedis, 50 pesewas. Three large-size tubers of yam is sold between 12 Ghana Cedis and 15 Ghana cedis while three pieces of cassava attract 2.00 Ghana cedis.

Bambara beans are now sold at 6 Ghana Cedis; 50 pesewas a bowl as against 6.00 Ghana cedis last two weeks. Groundnut was sold at 8.Ghana Cedis 50 pesewas a bowl but now increased by 50 pesewas. Wheat is now sold at 10.00 Ghana cedis instead of 9.00 Ghana Cedis.

Gari is selling at 3.Ghana Cedis 50 pesewas a bowl as against 3.00 Ghana cedis while millet and white beans still maintained their prices of 3.00 Ghana Cedis and 6.00 Ghana Cedis respectively.

A maxi bag of polish rice is now being sold at 150 Ghana Cedis as against 120 Ghana cedis a fortnight ago. A bowl of sugar now sells at 8 Ghana cedis 50 pesewas as against 8 Ghana cedis.

A crate of tomatoes which was sold at 370 Ghana Cedis now sells at 400 Ghana Cedis, a mini size bowl of fresh pepper sells at 35.Ghana cedis as against 15.Ghana Cedis last month. A packet of Maggie cube now sells at 11 Ghana cedis instead of 9 Ghana 50 pesewas.

At the livestock market, as at last two weeks, a big size local goat was 250 Ghana cedis but is now selling at 400 Ghana cedis, medium size goat also attracts a price of 150 Ghana cedis while a small size goat also sells at 200 Ghana cedis

Some market women who spoke to Business Day, said because of high prices of foodstuffs and other commodities, there was low patronage on their goods, and that had affected sales.

High cost of living: 817 Ghanaians renounce their citizenship

Continued from page 1

were health professionals, mostly doctors and nurses, who were offered job opportunities with better conditions in the countries that do not accept dual citizenship.

Germany led the way by granting 538 people from Ghana citizenship followed by Netherlands (233), Norway (32), Denmark (7), Austria (5) and Hong Kong as well as China with one each.

Interior minister Kwasi Ahwoi last week told journalists at a 'meet-the-press series' meeting that the main motive for the renunciation was "economic reasons."

A top official in the ministry responsible for the migration unit described the situation as very alarming. "The rate at which Ghanaians are naturalising as Germans is alarming.

"Almost every week, people come over to naturalise as Germans unlike in previous times, when they go seeking for greener pastures," he said.

In contrast 39 foreigners Ghanaians citizenship and 29 applications were approved while the remaining 10 are outstanding.

Of these, 17 people were Lebanese, five Indians and one each from Nigeria, Korea, Egypt, America, Britain and Liberia.

Ahwoi pledged government's commitment to ensure all agencies collaborate to provide safe and secure environment for economic activities to thrive and consolidate the nation's middle income status.

The Monetary Policy Committee of Bank of Ghana raised the policy rate by 100 basis points after the committee's meeting on July 9, while the government statistician also announced that year-on-year inflation soared to 15.0% in June from 14.8%, in May.

Food & beverage companies sack 500 workers

Continued from page 1

battle skyrocketing operational costs.

Business Day Ghana has learnt that one of the companies importing food had laid off about 500 workers between May and June this year. Another company has sent home about thirty expatriate staff during the period.

Their umbrella body, the National Union of Teamsters and General Workers (NUTEG) says it has been duly notified by other companies about their plans to send home more workers.

NUTEG is attributing the development to high inflation, the fast depreciating cedi as well as high taxes and utility tariffs. Over the past six months inflation has increased from 13.5 to 15 percent with the Cedi also depreciating by about 27 percent.

Desmond Sackey, NUTEG General Secretary told Business Day that some of the retrenched workers are not being paid their retrenchment packages due to their dire financial situations of their employers. He said his office has been inundated with calls from affected employees who are agitating over the matter.

"We are suffering; yesterday my office was besieged by frustrated workers who are being laid off. I also had a mail that one other company will lay off forty one workers by the end of July. So are we building an economy of unemployed youth? If you can't expand the economy to create more jobs, why can't you sustain those who are already in employment? So when they are laid off and they go home and they can't make ends meet, they become social liabilities on this country. Government must do all it can to stabilize the Cedi, "he noted.

Mr. Sackey said food prices have soared by 100 percent between January and June this year.

"A bag of rice which was 75 Ghana Cedis in January is now 150 Cedis. A 3 Kilogram weight of Chicken which was 40 Ghana Cedis is now 90 Ghana Cedis, more than 100 percent increase. Fuel prices have gone up by 23 percent, and cost of transportation has also gone up. So the additional cost of transporting the food will be passed on to consumers. But workers' salary remains the same. So the prices will go up but they cannot afford them".

Mr. Sackey however cautioned government against the withdrawal of subsidies as proposed by some analysts and social commentators. The proposal followed government's inability to pay subsidies to oil distributors and the associated fuel shortages.

He is warning that the total withdrawal of subsidies will worsen the living standards of workers, adding that a social democratic government cannot justify any attempt to withdraw subsidies.

UK Visa cannot be subsidized - High Commissioner

VINCENT BAFFOUR-ACHEAMPONG

The British High Commissioner, Jon Benjamin, says the United Kingdom (UK) visa services could not be subsidised by the British tax payer since visa fees are set to cover the overall cost of the service, including the handling, processing and assessing of visa applications.

According to him, the fact that a visitor can genuinely pay for their airfare to and from the UK and their upkeep there, the visa price is a small part of that overall cost.

"We are not unique in charging visa fees, far from it. In fact, the price of a visa for a British national to visit Ghana is comparable to that paid by a Ghanaian national to visit the UK. Our visa service is not a profit making enterprise", the High Commissioner stated," the High Commissioner said this in response to a media publication stated that Ghanaians lose seven million dollars annually to UK Visa.

He explained that the commission's visa fees for Ghanaians were comparable with those paid by British nationals visiting Ghana and as such UK visa fees were not unique or profit making enterprises.

He also stated that the story's assertion that the revenues generated annually, from Ghana, by the High Commission, goes to the coffers of the UK government was untrue.

British High Commissioner to Ghana, Jon Benjamin

Mr. Benjamin continued: "I would like to take this opportunity to remind your readers that the UK is open for business to genuine visitors who wish to visit our country. Visa applicants both in and from Ghana and indeed in all other cases around the world need to demonstrate that their reason for visiting the UK is genuine; that they have the financial means to support themselves while they are there; and that they intend to return to the country of their residence afterwards."

Microfinance caters for 60% of unemployed

FRANCESCA ACQUAH

The Ghanaian microfinance sector has provided job opportunities for 60 per cent of unemployed youth.

Mrs. Mary-Ann Nana Aba Yankson, managing director of EMWL capital located in Teshie, told Business Day the springing up of microfinance institutions has reduced the unemployment situation by providing job opportunities for 60% of the unemployed in Ghana.

'It has reduced unemployment. I give microfinance 60% in the area of unemployment", Mrs. Yankson stated.

According to her, Microfinance is also catering for the communities at large, due to the services they provide. She said unlike the banks, services of microfinance are flexible, accessible and more convenient, thereby making it a preferred choice in the various communities.

In providing financial services for customers, Mrs. Yankson explained that the requirements by microfinance institutions were by far easier and less demanding and this has created a conducive atmosphere for more microfinance companies to spring up.

"Lots of processes are required in the banks, especially when it comes to savings and loans. Unlike microfinance, there are fewer requirements. It is fast, no queues and very different".

She explained that with their main target being to serve the communities and low income earners, they try their possible best to make their systems more effective and flexible as possible.

Indomie business booms in Ghana

DIANA NARTEY

The demand for indomie noodles by most Ghanaians is gradually creating a new source of Business Avenue and raking in large profits for sellers.

With incomes as high as GHS800 cedis a day being raked in by some indomie sellers, it is no surprise more people are venturing into the noodle business at the expense of the once popular 'bread and egg' business which took over the streets of Accra some time back.

The business, which is said to be lucrative, is seeing a massive increase in the number of sellers due to the interest Ghanaians have generated in the noodles. It is common now to find 'tea joints' serving the popular and 'profitable' indomie noodles as well.

Business Day's checks around various locations in Accra showed that on the average, about five indomie joints can be located in the same area, not far from each other.

Some of these sellers begin business from dawn to night, morning to evening; with those who sell the noodles on part time basis working in the evenings only.

A woman who sells indomie at a bus station explained that the business was lucrative with a lot of patronage from people in and around the station. According to her, with a mini pack and large pack of indomie going for GHS5.00 and GHS8.00 respectively, she makes about GHS 800 cedis daily.

"I begin my business from 3am at dawn to 10pm at night. About more than 100 people buy indomie in a day because I am in a station and so many people come in to board buses. There are always people in the station almost 24hrs a day. Averagely, I make about 800.00 a day", she revealed.

Some sellers explained that despite doing other jobs during the day, they sell the indomie noodles on part time basis in the evenings for extra income.

"I am a teacher but i do this indomie business as a part time business. I start from 5pm and close at 10pm. I sell to more than 30 people each evening and I make about 350.00 cedis", a lady explained to Business Day.

A woman at Dome market also added, "I cannot tell the number of people I sell to in each day because they are many. I do this business alongside others but the indomie business is better and gives more money. Besides a lot of people like it so the income is as good as the business itself" she simply stated.

An interview Business Day had with some of these indomie sellers and consumers showed that a lot of Ghanaians, both young and old, enjoy the noodles with young singles patronizing even more.

Gold exports drop exports drop

JOHN KELLY

Estimates provided by the Bank of Ghana (BoG) indicate that merchandise trade deficit for the period January to May this year contracted sharply on the back of a significant decline in imports, outperforming the slowdown in exports.

Total merchandise exports were $5.9 billion, down by 7.5 percent from the US$6.3 billion recorded in the same period of 2013. This was mainly due to lower earnings in gold and crude oil.

Gold exports amounted to US$1.8 billion as both gold prices and volumes fell by 17 and 7 percent year-on-year respectively. This compares with gold export earnings of US$2.3 billion in the corresponding period of 2013.

Cocoa beans and products amounted to US$1.5 billion compared with US$1.3 billion for 2013, representing a growth of 14.4 percent.

Crude oil exports declined to US$1.6 billion from US$1.7 billion in 2013 on the back of lower production volumes which fell by 8 percent although prices inched up marginally by 1.3 percent. Non-traditional export earnings, including timber and other minerals remained unchanged at US$1 billion.

Total imports declined to US$6 billion for the period under review, down by 17.8 percent compared with US$7.3 billion in same period of 2013.

This was attributed to a 19.7 percent year-on-year decline in Non-oil imports to US$4.6 billion while Oil imports fell by 11 percent to US$1.4 billion.

The trade deficit therefore narrowed significantly to US$156.6 million from January to May this year, compared with a deficit of US$990.8 million in the corresponding period of 2013.

Total remittances to individuals increased to US$692 million in January to May this year from US$652 million in the same period of 2013.

Developments in the foreign exchange market indicated that the cedi cumulatively depreciated by 26.7 percent against the US dollar in the first half of 2014 compared with 3.4 percent depreciation same period last year.

Gross International Reserves (GIR) at end-June 2014 was US$4.5 billion, corresponding to 2.5 months of import cover, compared with US$5.6 billion at end-December 2013. This development partly reflects the seasonality in foreign exchange flows during the year.

Corruption hits NHIS biometric registration exercise

DIANA NARTEY

A current rush for the new biometric NHIS cards is said to be creating confusion at various registration centers as people are alleged to be paying 'bribes' to avoid joining long queues.

The new biometric registration system, which is said to register a maximum of 200 people per day, is creating long queues at the various registration centers as people are seen forming queues as early as 3:00 am.

With these long queues coupled with the limited number of registrations per day, people are said to be paying registration officers GHS10.00 cedis to avoid joining the queues and be among those to be registered for the day.

Despite the long queues that had formed at some of these centers, some people were seen by passing the queues and entering the offices only to appear and drive off after a few minutes.

A beneficiary who spoke to Business Day explained that he had to pay GHS 10 cedis to avoid joining the queue.

"I came in when they had just finished giving out the numbers. I pleaded with a worker to help me register for my son who was sick, but I had to pay 10 cedis to him before I had the card," he added.

"I'm registering for myself and my two children and now I have paid 10 cedis for each of us to a worker to get the cards registered, because I cannot join this long queue I will be late for work," another stated.

Another lady explained that though she had not paid herself, she had witnessed a lady who paid a sort of bribe to one of the workers to help her through.

These actions by some of the officers is said to be causing confusion at these centers as those in the queues have expressed their displeasure at what they describe as "unfair" treatment by the NHIS officers handling the registration.

According to them, they wake up early to join queues in order to be among the 200 to be registered for the day and as such it was unfair for others to pay money and skip the queue to be registered.

"I came here as early as 3:00am to join the queue, so that my name will be added to the first 200 people who will be registered so it is unfair for people to pay and jump the line. That means that some of us will not be registered for that day", an agitated beneficiary explained.

"We cannot wake up and come here to join a queue at dawn just for others to come in and pay extra amount for their cards to be registered for them without joining the queue, it does not show respect", an elderly lady exclaimed.

As at 5:30am when Business Day got to Amasaman NHIS registry office, people were already queuing even before the offices were opened. The authorities from Amasaman NHIS office explained that only 200 people can be registered in a day which includes pregnant women with their scanned pregnancy documents.

This new directive from the head office, they say is due to the capacity of the biometric machine per day. The biometric registration enables people to receive their NHIS cards on the same day unlike the old system where one has to wait for a number of days before receiving the card.

SSNIT personels pay 4 cedis for the renewal of their cards; children pay two cedis while others pay 22 cedis for a renewal.

Per the new arrangement, applicants are numbered up to 200 for a day's registration while the remaining ones are given numbers and asked to return the next day.

Good news for electricity sector

Ghana (ECG,) has engaged a Swedish company to produce 1,000 megawatts of power using the environmentally friendly tidal wave technology.

To this end, the Swedish company would utilise the exceptionally strong tides at the Ada Estuary by placing a hydro power plant under the sea to convert the energy of the tide into energy, the ECG announced over the weekend.

George Marfo, Manager of ECG Training School who announced this during a workshop for journalists on the operations of the company, said the move was part of the ECG's commitment to engage power producers to generate adequate amount of electricity for distribution to customers.

He disclosed that the Swedish company which signed an agreement with the ECG last week would by December generate five megawatts of power and would periodically upgrade its generation capacity by 200 megawatts until it reaches the intended 1000 megawatts by 2016.

Mr Marfo said owing to the growing demand for power; the initiative would ensure adequate power for businesses and domestic use.

He said the technology to be employed by the company has been deployed successfully in Peru where the tides are not as strong as that of the Ada Estuary.

He said studies in the area indicate that it is a suitable location to site the underwater hydro plant.

Mr Marfo also said the ECG had engaged two other independent power producers who had use the technology to generate power on ships to produce 450 megawatts of electricity for the company.

He said that most of the current power imbalances in the national grid was as a result of generation difficulties.

Tidal energy is produced through the use of tidal energy generators. These large underwater turbines are placed in areas with high tidal movements, and are designed to capture the kinetic motion of the ebbing and surging of ocean tides in order to produce electricity.

Tidal power has great potential for future power and electricity generation because of the massive size of the oceans.


Leadership
BUSINESSDAY
BOOKCLUB
TRANSFORMING LEADERSHIP
BILL CLINTON Back to Work
START WITH WHY
SIMON SINEK
STRENGTHS BASED LEADERSHIP
TOM RATH
BARRY CONCHIE
The Art of War
Sun Tzu
THE LAST WORD ON POWER
TRACY GOSS
THE WORLDLY PHILOSOPHERS
LEAN IN
SHERYL SANDBERG
HOW REMARKABLE WOMEN LEAD
NO EXCUSE LEADERSHIP
lessons from the U.S. Army's Elite Rangers
Thick Face, Black Heart
CHIN-NING CHU
PRIMAL LEADERSHIP
EMOTIONAL INTELLIGENCE
HOW TO LEAD
Why Should Anyone Be Led by YOU?
Rob Goffee - Gareth Jones
YOU DON'T NEED A TITLE TO BE A Leader
MARK SANBORN
THE NEW LEADER'S 100-DAY ACTION PLAN
PRINCIPLE-CENTERED LEADERSHIP
STEPHEN R. COVEY
JOHN BALDONI
LEAD BY EXAMPLE
Management
GOOD TO GREAT
JIM COLLINS
GREAT BY CHOICE
Jim Collins
Morten T. Hansen
HOW THE MIGHTY FALL
JIM COLLINS
101 MISSION STATEMENTS FROM TOP COMPANIES
JEFFREY ABRAHAMS
COMPETITIVE STRATEGY
Michael E. Porter
Michael E. Porter
Leading Change
John P. Kotter
BUILT TO LAST
EXECUTION
LARRY BOSSIDY
& RAM CHARAN
FISH!
Fundamentals of PROJECT MANAGEMENT
JOSEPH STIGLITZ
Manager's HANDBOOK
BUSINESS
...over one hundred thousand exciting titles to choose from
for Enquiries please call:
Felix: +233243226596
www.businessdayonline.com
NEXT DAY DELIVERY
BOOKS FOR SALE


GET SMART!
Open a Fidelity Smart Account in 5 minutes.
4000 1235 3845 0875
SMART
ACCOUNT
Presenting... Banking that's smarter, and more accessible!
Fill one form, present a valid ID and GHc 10.00, and in
FIVE minutes you have a Fidelity Smart Account and a
Smart ATM card.
Visit a registered Smart Agent near you today.
FIDELITY BANK
Contact Centre: 3355 | www.fidelitybank.com.gh

Are we ready to tackle Ebola?

In recent times, Ebola has been ravaging most of the West Africa sub-region and the World Health Organisation (WHO) says the current Ebola epidemic in West Africa "shows a mixed picture".

WHO reports that there have been 844 cases, including 518 deaths, in Guinea, Sierra Leone and Liberia as of July 6. The organization's statement suggests that, the growing number of cases in these countries means that there is still a problem with active viral transmission.

The health ministers of 11 neighbouring nations met in Accra recently to streamline a joint strategy to stem Ebola's deadly advance and come out with a three million dollar fund to fight the deadly disease.

Business Day however thinks that the most critical thing for Ghana to do at this point is to take a pro-active stand by co-ordinating the response mechanism to a deadly disease like Ebola. It is better to step up surveillance and sensitization machinery now and we face the negative consequences of the disease.

Ebola is a reality in many West African countries and the peculiar manifestations of the disease should make the leaders feel concerned. We must go into a season of enlightenment and solution-seeking straightaway.

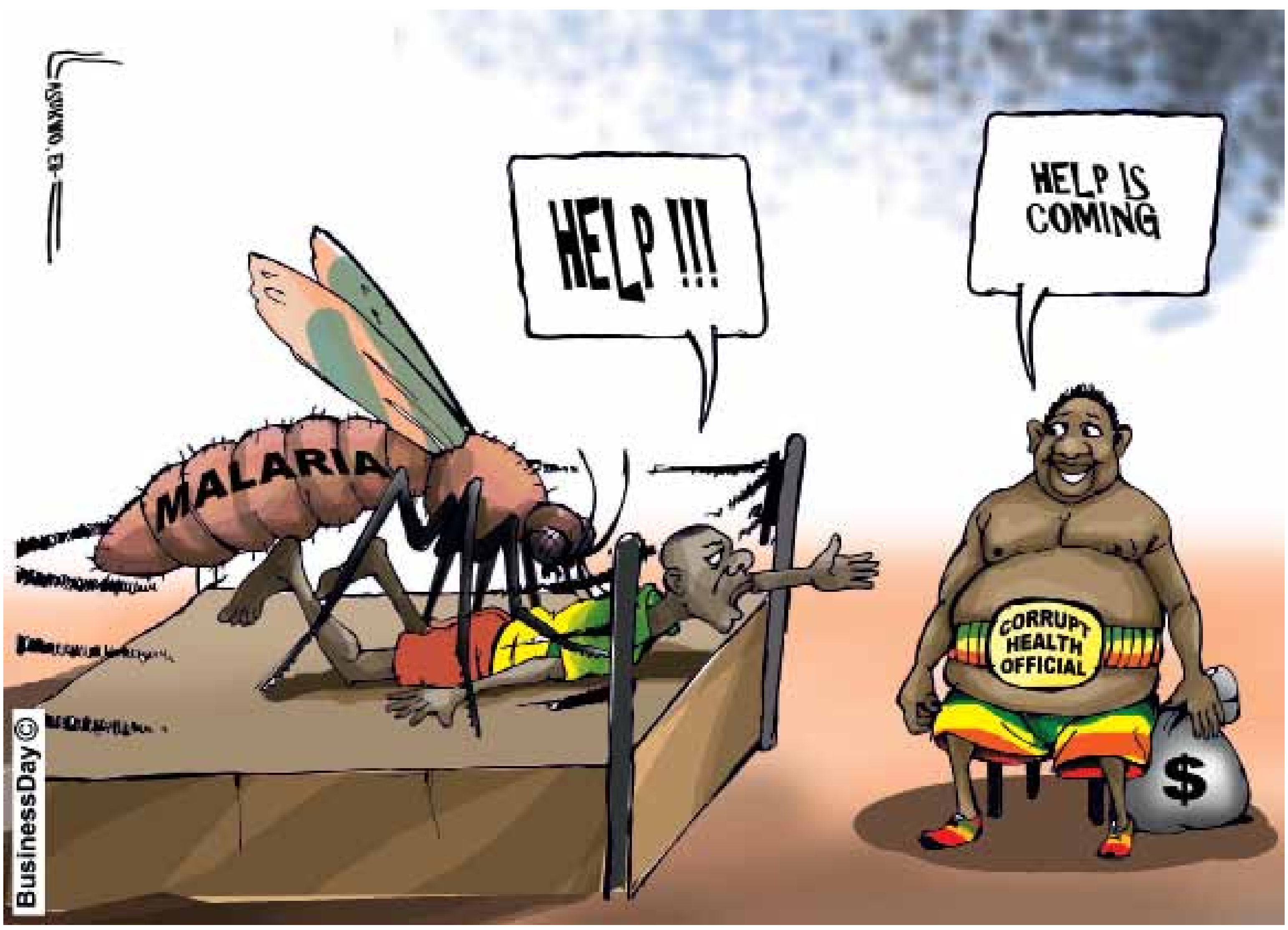
We should be worried because, once a patient is infected with Ebola, the incubation period is four to 16 days. The onset of the disease is sudden, with fever, chills, headache, anorexia, and muscle pain.

As the disease progresses, nausea, vomiting, sore throat, stomach pain, and diarrhea are common. Most patients develop severe haemorrhages, usually between Day 5 and 7. Bleeding occurs from multiple sites, including the digestive tract, lungs and gums. Death occurs within seven to 16 days.

WHO warns that the virus is contagious and has a fatality rate of up to 90 per cent. The virus is transmitted to people from wild animals and fruit bats. It spreads in the human population through person-to-person transmission.

Hospitals and inadvertent laboratory exposures are also its conduits. These are issues that should guide discourse on the disease to prevent an epidemic. Ebola virus has no known treatment or vaccine. The challenge is to control and be alert to all likely sources.

We need to criminalize non-vaccination of domestic animals susceptible to the virus as carriers. Our local health inspectors and the state government must be alert, while our tertiary health facilities should be adequately equipped to deal with the threat, in case something untoward happens.



The inverted world of mobile capital

Continued from page 11

increase that percentage to at least 50%.

Moreover, a merged foreign company would be treated as a US company for tax purposes (regardless of share ownership) if its management and control functions and a substantial share of its economic activity – sales, employment, or assets – are located in the US. If enacted, the legislation would apply these new conditions retroactively to inversions occurring from May 2014.

Such policies will not address the underlying causes of inversions, will add to the widely acknowledged distortions in the corporate tax regime, and are likely to have negative unintended consequences. To meet the tougher new ownership requirements, US companies might respond by breaking up their business units into smaller pieces – reducing their market value and the returns to their shareholders and workers. Likewise, to meet the tougher new management and control conditions, US companies might respond by shifting more of these functions, and the jobs and investment (especially in research and development) associated with them, to foreign locations.

The proposed anti-inversion measures would also make it more likely that US companies are the target, rather than the acquirer, in cross-border M&A deals. Corporate tax reform should make the US a more attractive place for business activity; threatening US corporations with tougher rules on cross-border M&A and retroactive tax increases will have the opposite effect.

The US should learn from the British example. In 2008, several large UK companies threatened to redomicile in Ireland because of its lower corporate tax rate. The British government responded by cutting its corporate tax rate from 28% to 20% by 2015; introducing a territorial tax system that exempts UK-based companies' foreign earnings from domestic taxation; enacting a "patent box" that provides a 10% corporate rate on patent-related income; and adopting a new 10% non-incremental, refundable R&D tax credit. So far, these innovations appear to be attracting companies, investment, R&D, and jobs to the UK.

Bold and prompt US action to reform the corporate tax system is essential. Sadly, that is not likely in a deeply divided Congress in an election year.

Laura Tyson is an economic adviser to the Alliance for Competitive Taxation, an independent group of US companies committed to corporate tax reform.

Creative destruction at work

CARL BENEDIKT FREY

Carl Benedikt Frey is a research fellow at the Oxford Martin School, University of Oxford, and Doctor of Economic History at Lund University.

Throughout history, technological progress has created enormous wealth but also caused great disruption. The United States' steel industry, for example, underwent a major transformation in the 1960s, when large, integrated steel mills were gradually put out of business by mini mills, destroying the existing economic base of cities like Pittsburgh, Pennsylvania, and Youngstown, Ohio. The mini mills, however, vastly increased productivity, and created new types of work elsewhere.

The story of US steel illustrates an important lesson about what the economist Joseph Schumpeter called "creative destruction": Long-run economic growth involves more than just increasing output in existing factories; it is also implies structural changes in employment.

We can observe a similar phenomenon in the current information and communications technology (ICT) revolution, which has affected most areas of the modern workplace, even those not directly associated with computer programming or software engineering. Computer technologies have created prosperous new businesses (even business clusters) while making certain manufacturing workers redundant and sending older manufacturing cities into decline.

But the likes of Detroit, Lille, or Leeds have not suffered because of falling manufacturing output; on the contrary, output has been growing in these cities over the past decade. Instead, their decline stems directly from their failure to attract different types of jobs. To a large extent, this is a failure of policy. Rather than trying to preserve the past by propping up old industries, officials should focus on managing the transition to new forms of work. This requires a better understanding of emerging technologies, and how they differ from those that they are supplanting.

An important feature of the Industrial Revolution's early manufacturing technologies was that they replaced relatively skilled artisans, which in turn increased demand for unskilled factory workers. Similarly, Henry Ford's assembly line for manufacturing cars – introduced in 1913 – was specifically designed for unskilled workers to operate machinery, thereby allowing the company to produce its popular Model T – the first car that middle-class Americans could afford.

Indeed, much of the story of industrial development over the last century can be seen in terms of competition between an increasingly educated workforce and new technology that would dispense with their skills. We have already seen the impact – not least in the car industry – of robots that can carry out the routine jobs that were once performed by thousands of middle-income assembly-line workers.

Even greater workplace disruption lies ahead. Though history counsels caution in predicting how technological progress will play out, we already have a reasonable idea of what computers will be able to do in the near future, because the technologies are already being developed. We know, for example, that a wide range of skilled professions can be simplified with the help of "big data" and sophisticated algorithms.

One frequently cited example of this process is the Symantec Clearwell eDiscovery platform, which uses language analysis to identify general concepts in documents, and boasts of analyzing and sorting more than 570,000 documents in just two days. Clearwell is transforming the legal profession by using computers to assist in pre-trial research and perform tasks normally undertaken by paralegals – and even by contract or patent lawyers.

In the same way, improved sensory technology means that many transportation and logistics jobs will soon be fully automated. And it is not far-fetched to imagine the likes of Google's self-driving cars making bus and taxi drivers redundant one day. Even hitherto secure, low-skilled service occupations may not escape automation. Demand for personal and household service robots, for example, is already growing by about 20% annually.

Labor markets may once again be entering a new era of technological turbulence and widening wage inequality. And this highlights a larger question: Where will new types of work be created? There are already signs of what the future holds. Technological progress is generating demand for big data architects and analysts, cloud services specialists, software developers, and digital marketing professionals – occupations that barely existed just five years ago.

Finland offers valuable lessons in how cities and countries should adapt to these developments. Its economy initially suffered from the failure of its biggest company, Nokia, to adapt to smartphone technologies. Yet several Finnish start-ups have since built new enterprises on smartphone platforms. Indeed, by 2011, former Nokia staff had created 220 such businesses, and Rovio, which has sold more than 12 million copies of its smartphone-based video game, "Angry Birds," is crowded with former Nokia employees.

This transformation is no coincidence. Finland's intensive investment in education has created a resilient labor force. By investing in transferable skills that are not limited to specific businesses or industries, or susceptible to computerization, Finland has provided a blueprint for how to adapt to technological upheaval.

Booming until it hurts?

In recent months, concern has intensified among the world's financial experts and news media that overheated asset markets – real estate, equities, and long-term bonds – could lead to a major correction and another economic crisis. The general public seems unbothered: Google Trends shows some pickup in the search term "stock market bubble," but it is not at its peak 2007 levels, and "housing bubble" searches are relatively infrequent.

But the experts' concern is notable and healthy, because the belief that markets are always efficient can survive only when some people do not completely believe it and think that they can profit by timing the markets. At the same time, this heightened concern carries dangers, too, because we do not know whether it will lead to a public overreaction on the downside.

International agencies recently issued warnings about speculative excesses in asset markets, suggesting that we should be worried about a possible crisis. In a speech in June, International Monetary Fund Deputy Managing Director Min Zhu argued that housing markets in several countries, including in Europe, Asia, and the Americas, "show signs of overheating." The same month, the Bank for International Settlements said in its Annual Report that such "signs are worrying."

Newspapers are sounding alarms as well. On July 8, the New York Times led its front page with a somewhat hyperbolic headline: "From Stocks to Farmland, All's Booming, or Bubbling: Prices for Nearly All Assets around World Are High, Bringing Economic Risks." The words "nearly all" are too strong, though the headline evinces the newfound concern.

It is not entirely clear why the alarms are sounding just now, after five years of general expansion in markets since they hit bottom in early 2009. Why aren't people blithely expecting more years of expansion?

It seems that this thinking is heavily influenced by recent record highs in stock markets, even if these levels are practically meaningless, given inflation. Notably, just a month ago the Morgan Stanley Capital International All Country World Index broke the record that it reached on October 31, 2007.

The International Monetary Fund announced in June a new Global Housing Watch website that tracks global home prices and ratios. The site shows a global index for house prices that is rising, on a GDP-weighted basis, as fast as during the boom that preceded the 2008 crisis, though not yet reaching the 2006 record level.

There is also the US Federal Reserve's announcement that, if the economy progresses as expected, the last bond purchase from the round of quantitative easing that it began in September 2012 will be in the month after the Federal Open Market Committee's October 2014 meeting. That kind of news story seems also to affect observers' thinking, though it is not really much in the way of news, given that everyone has known that the Fed would end the program before long.

The problem is that there is no certain way to explain how people will react to such a policy change, to any signs of price overheating or decline, or to other news stories that might be spun as somehow important. We simply do not have much well-documented history of big financial crises to examine, leaving econometricians vulnerable to serious error, despite studying time series that are typically no more than a few decades long.

Until the recent crisis, economists were talking up the "great moderation": economic fluctuations were supposedly becoming milder, and many concluded that economic stabilization policy had reached new heights of effectiveness. As of 2005, just before the onset of the financial crisis, the Harvard econometricians James Stock (now a member of President Barack Obama's Council of Economic Advisers) and Mark Watson concluded that the advanced economies had become both less volatile and less correlated with each other over the course of the preceding 40 years.

That conclusion would have to be significantly modified in light of the data recorded since the financial crisis. The economic slowdown in 2009, the worst year of the crisis, was nothing short of catastrophic.

In fact, we have had only three salient global crises in the last century: 1929-33, 1980-82, and 2007-9. These events appear to be more than just larger versions of the more frequent small fluctuations that we often see, and that Stock and Watson analyzed. But, with only three observations, it is hard to understand these events.

All seemed to have something to do with speculative price movements that surprised most observers and were never really explained, even years after the fact. They also had something to do with government policymakers' mistakes. For example, the 1980-82 crisis was triggered by an oil price spike caused by the Iran-Iraq war. But all of them were related to asset-price bubbles that burst, leading to financial collapse.

ROBERT J. SHILLER

Robert J. Shiller, a 2013 Nobel laureate in economics, is Professor of Economics at Yale University and the co-creator of the Case-Shiller Index of US house prices

(c) Project Syndicate

ANNE KRUEGER

Anne Krueger, a former World Bank chief economist and former first deputy managing director of the International Monetary Fund, is Professor of International Economics at the School of Advanced International Studies, Johns Hopkins University.

(c) Project Syndicate

Argentina's sovereign bondage

Sovereign debt has been back in the news recently, this time because of a United States Supreme Court ruling concerning Argentine debt. As a result of the ruling, a complicated issue is likely to become even more so.

Sovereign debt has been a major feature of the international financial system for centuries. Kings borrowed, often internationally, to finance wars and other expenditures. When they couldn't pay, as sometimes happened, sovereigns defaulted.

Today, sovereigns are more often democratically elected governments, but they still borrow. And they still occasionally find themselves in situations in which their debt has become unsustainable and they need outside help to continue to meet their debt-service obligations.

When private firms (or subnational governments) become insolvent, there are normally legal bankruptcy procedures to determine what to do. Without such procedures, a market economy would be unable to function.

In part, this is because creditors would otherwise stop extending credit and demand repayment at the first sign of trouble. This is because the first creditors to be paid would receive the full amount owed to them, leaving less for later creditors – and thus creating an incentive for all creditors to rush for the exits even before debt servicing had become impossible.

CommentsView/Create comment on this paragraph- Moreover, in many cases, the value of the troubled entity's assets as a going concern is greater than it would be if the assets were sold separately. In such cases, all creditors would be better off with a debt write-down than with dissolution. Bankruptcy law thus protects creditors from each other by preventing an outcome that would needlessly harm all of them.

In the case of sovereign debt, however, there is no binding international law that permits bankruptcy. Though some routine practices have emerged as international capital markets have grown, they remain ad hoc. Given the uncertainty involved, and that sovereign debtors can repay domestic-currency debt simply by printing money, creditors have typically demanded significantly higher interest rates if bonds are not issued under the law and in the currency of an advanced country – often the United States or the United Kingdom.

When a sovereign decides that its foreign debt is unsustainable, the government and its creditors have had to negotiate among themselves about what to do. For sovereign bonds held by other sovereigns, the Paris Club of creditor countries has developed procedures for handling the debt. But when private creditors hold sovereign debt, organizing them creates a new challenge with each episode.

When debt is unsustainable, there are several possible negotiating outcomes. Sometimes, debt-service payments are rescheduled and perhaps stretched out over a longer period, thus giving the debtor country time to regain its ability to pay. Sometimes, creditors agree to exchange the old bonds for new ones, which have either a lower face value or lower interest payments. Few governments refuse to pay at all in any form.

Argentina defaulted on its debt in 2001. After several difficult years, the country managed to negotiate an exchange of outstanding bonds for bonds with a considerably lower face value. About 93% of creditors accepted the exchange and received new bonds with a face value that was about one-quarter of that of the old bonds. After 2005, Argentina maintained debt service on the new bonds.

But some creditors held out, and sued Argentina in New York (as the bonds were issued under New York law). Argentine bonds (like most others) had a so-called pari passu clause that committed the government to treat all bondholders alike. The holdouts claimed that, if the new bonds were being serviced in full (as they were), equal treatment required that the holdouts should receive the full amount owed to them (including not only interest but also principal).

The US Second Circuit Court of Appeals ruled that Argentina was bound to honor its obligations to the holdout bondholders in the same proportion (namely 100%) as the holders of the exchange bonds. It was that ruling that the Supreme Court recently upheld.

Under the court order, Argentina may not pay the holders of the new bonds unless it also pays the holdouts, and no US financial institution can serve as an intermediary to make payments for Argentina. As a result, Argentina must either pay the holdouts in full or default on the new bonds.

Regardless of how the current impasse is resolved, the ruling raises many questions for issuers and holders of sovereign debt. If creditors now believe that holding out makes it more likely that they will receive full value at a later date, restructuring sovereign debt and restoring a debtor economy's normal functioning will be more difficult.

Since the Argentine crisis, most new bonds have been issued with collective action clauses (CACs), under which bondholders are obliged to accept restructuring if a specified share (usually around 70%) agree to it.

As time passes, there are fewer and fewer outstanding bonds that do not contain CACs. But CACs may not resolve the problem entirely, because a vote would be required for each separate bond issue, and a holdout position could be achieved by buying up the blocking percentage of a small issue.

The inverted world of mobile capital

A growing number of American companies are seeking to move their legal headquarters abroad by acquiring or merging with foreign companies. In the latest case, Medtronics plans to acquire Irish-based Covidien, a much smaller company spun off by US-based Tyco, and move its legal headquarters to low-tax Ireland, culminating in the largest ever "inversion" or "redomiciliation" of a US company. Walgreens is reportedly considering moving its headquarters to the United Kingdom by acquiring the remaining public shares of Alliance Boots, the Swiss-based pharmacy giant.

Such deals reflect the deep flaws in the United States' corporate tax system. The US has the highest statutory corporate tax rate among developed countries and is the only G-7 country clinging to an outmoded worldwide tax system under which the foreign profits earned by US-headquartered companies incur additional domestic taxes when they are repatriated.

By contrast, all other G-7 countries have adopted "territorial" systems that impose little or no domestic tax on the repatriated earnings of their global companies. This difference puts US-headquartered multinationals at a disadvantage relative to their foreign competitors in foreign locations. To offset this, US multinationals take advantage of a deferral option in US tax law.

Deferral allows them to postpone – potentially indefinitely – the payment of US corporate tax on their foreign earnings until they are repatriated. Not surprisingly, as their foreign earnings have grown as a share of total earnings, and as foreign corporate tax rates have plummeted, US companies' stock of foreign earnings held abroad has soared, now topping $2 trillion.

The US system thus implies significant costs, as companies hold more cash abroad, borrow more to finance domestic cash requirements, and invest more in foreign locations. Deferred earnings are "locked out" of the US economy: the government receives no tax revenues from them, and they are not directly available for domestic use by US companies. This undermines their ability to compete with foreign companies in acquiring other US companies. It also makes investments by US shareholders in domestic companies less attractive relative to investments in foreign companies that can distribute their foreign profits in the US without an additional tax penalty.

Overall, deferral distorts corporate balance sheets, imposing efficiency costs on US companies that are estimated to be 5-7% of deferred earnings. As the stock of deferred earnings grows, these costs accumulate, and moving legal headquarters abroad through cross-border acquisitions becomes a logical step for US companies with a large stock of deferred earnings abroad. Companies like Medtronics can then use future foreign earnings in the US with little or no repatriation tax. Such companies have a strong incentive to redomicile abroad even to finance their US investments.

To be sure, strategic rather than tax considerations drive corporate mergers and acquisitions. The recent surge in cross-border M&As to a seven-year high is the result of ample cash, strong balance sheets, cheap financing, and buoyant stock markets. But tax considerations play a major role in corporate decisions regarding how acquisitions are financed and where a merged entity is located. Large balances of foreign earnings are available to many US firms to finance their foreign acquisitions, and the competitive disadvantages of the US corporate tax system militate against locating the merged entities in the US.

Though American officials rail against "inversions" as unpatriotic, they are an efficiency-enhancing response to the flaws in the corporate tax system. As the prospects for corporate tax reform deteriorate, cross-border mergers with redomicilation are becoming an attractive option for many of America's most competitive global companies. And the pressure on other companies to follow suit intensifies as more inversion deals are done.

Under current law, US companies can move their legal headquarters abroad for tax purposes by buying a smaller foreign company as long as the acquired company's shareholders end up owning at least 20% of the combined company. To discourage inversions via cross-border M&A, President Barack Obama's administration and several Democratic members of Congress have proposed legislation that would

Continues on page 9

LAURA TYSON

Is a former chair of the US President's Council of Economic Advisers, is a professor at the Haas School of Business at the University of California, Berkeley, and a senior adviser at The Rock Creek Group


MTN FOOTBALL
Menu
10:00
TEXT
RIO
TO
300
TO RECEIVE LIVE UPDATES
Options
Select
Exit
Live football, all the time!
Get ball by ball commentary directly from the world's greatest football event in Brazil.
Visit mtnplay.com.gh for all the football action.
Welcome to the New World.
onmobile
MTN

WEST AFRICA

West Africa: Ebola, terrorism and trade high on ECOWAS summit agenda

West African leaders have reiterated their commitment to fighting the Ebola outbreak and to tackle the growing security threat in the region.

The leaders made the commitment during an Economic Community of West African States (ECOWAS) meeting held in Ghana's capital, Accra, on Thursday.

An Ebola outbreak, which has so far claimed about 500 lives in Guinea, Sierra Leone and Liberia, featured prominently at the 45th ordinary Session of the ECOWAS heads of States and government.

"There is therefore the need to find emergency and long term measures that will stem the disease in the region forever," said ECOWAS chairman and Ghana's President, John Dramani Mahama.

Research institutions in the sub region need to collaborate on finding solution to the Ebola disease epidemic, he told delegates.

"We must do everything within our means and power to defeat this deadly disease, we must exercise vigilance and caution and avoid any panic or misinformation," Mahama added.

Growing terrorist activity particularly in Nigeria and Mali, has become an obstacle to democracy and a threat to regional stability, the leaders said.

ECOWAS Commission president Kadre Desire Ouedraogo expressed frustration that despite numerous strides made in the region, peace and stability still remained under threat.

He condemned the activities of Boko Haram in northern Nigeria and called for united regional front to fight organised crime, human rights violations and drug trafficking plaguing the sub-region.

The leaders also called for an increase trade and removal of several trade barriers militating against trade liberalisation in order to reach full inter-regional trade integration.

Member states were pressed on to take steps to remove all challenges to trade and commercial activities within the region.

"The lingering difficulties that many enterprising West African citizens face in doing business across our borders must be addressed," Ouedraogo said.

Source: The Africa Report.

IVORY COAST

Ivory Coast: Gold output to reach 22 tonnes by 2016

Côte d'Ivoire gold output is expected to reach 22 tonnes in 2016, an increase of around 30 percent from 2014 estimates, due to the start-ups of two new mines, the country's mines minister has revealed.

Ivorian gold production was 15.5 tonnes in 2013 and is due to reach 17 tonnes this year as the cocoa-growing West African nation seeks to encourage development of its long-neglected mining sector in an effort to diversify its economy from agriculture.

The West African country is an economic powerhouse for the region with growth expected to top 9 percent this year, helped by rising foreign investment and increasing demand for commodities.

"We are currently at more than 15 tonnes, and we expect close to 20 tonnes between now and 2015 and 22 tonnes in 2016," Jean-Claude Brou told reporters at a press conference.

Around 140 exploration permits have been allocated, the minister adding, and this will help expand future production.

Brou said two new mines being built this year were expected to start production by 2016, without giving their names.

Canada's Endeavour Mining opened its Agbaou gold mine earlier this year, with annual production expected to reach three tonnes.

Randgold and Newcrest are other large operators in Ivory Coast's mining sector.

Source: Reuters

CAMEROON

Gambia: Major reforms at Bakau fishing center

The Bakau Fishing Center has been undergoing major improvements thanks to a new selected committee, instituted by the current overseer of the facility, Alkalo Dou Bojang.

Since his appointment late last year by the Kanifing Municipal Council (KMC), the alkalo and his committee have left no stone unturned to make this site more productive and beneficial to the coastal dwellers.

Speaking to the Daily Observer in a recent interview, the Bakau alkalo said that his first job was to institute a vibrant committee that would help steer the affairs of the centre given that the site was losing its footing at the time of their take over.

"After selecting a new committee, we wasted no time to start the work and we were able to generate an amount of D150, 000 as revenue in the first three months of our management. We then started to embark on some renovation works that were needed including expansion of the electricity," he disclosed.

Bojang explained that the electricity expansion was meant to enable women smoke their fish at the centre more effectively so that they too can also benefit from the project. He also informed that the new committee had also embarked on an environmental project at the site with a view to averting the frequent erosion that sometimes affects activities at the centre.

"We also found out that some sheds were not in good shape, and so, we decided to invest D30, 000 to buy new corrugated iron sheets to renovate some of them for the use by the target beneficiaries," he further disclosed. He added that since the center is a community project, the new committee also deemed it prudent to plough back some little revenue to support some community initiatives, citing their donation of D10, 000 to the Bakau Central Mosque to support its annual Qur'anic recitation as an example.

Source: The Daily Observer

SENEGAL

Senegal: Mobile technologies are catalysts for development in Senegal

Alcatel-Lucent is supporting the Senegalese government, represented by the Minister of Health and Social Action, the Minister of Communication and Digital Economy and local partners, by participating in the "mDiabetes" program launched by the World Health Organization (WHO) and the International Telecommunications Union (ITU) as part of the "Be Healthy, Be Mobile" initiative.

The mDiabetes project in Senegal is one of the larger mHealth projects Alcatel-Lucent is involved in. It aims at combating diabetes with an ambitious and innovative campaign based on mobile technology, designed to improve prevention by raising awareness among diabetic patients as well as training health professionals. SMS messages as well as applications will be used as tools in the campaign.

"Senegal is ready for this mDiabetes project which is in a way a natural extension of the eDiabetes program developed by UNFM. Since 2009, it has helped to establish strong ties of cooperation between France and Senegal around diabetes and new technologies," said Dr. Kleinebreil, Vice-President of the UNFM (Université Numérique Francophone Mondiale - a NGO specialized in using ICTs for education in Africa).

This project is a multiple partnership involving many major stakeholders such as the Senegalese government (Ministry of Health and Ministry of Communication), ITU (International Telecommunications Union), the WHO (World Health Organization), ASSAD (Senegalese Association for the Assistance and Support of Diabetes Patients), the African branch of the International Diabetes Federation, the NGO UNFM, the Marc Sankalé Diabetes Center, Alcatel-Lucent, Sonatel/Orange, BUPA (global international health insurance and services company), and Sanofi.

The Minister of Health and Social Action of Senegal, Dr. Awa Marie Coll Seck, announced during this ceremony that "Mobile phones offer potential that can be used for driving messages that promote health. Other mHealth projects around the globle have proven the effectiveness of using cell phones for messages about health".

In order to overcome illiteracy and to make the initiative more effective, the Minister of Health and Social Action is planning to create voice messages that offer advice to people with diabetes. This initiative, which is inaugurated around the fasting month of Ramadan, is the first stage of the project in Senegal, with a larger and wider-reaching initiative which will be launched in November 2014.

Within the framework of this partnership, Alcatel-Lucent will provide the Ministry of Health and their partners in Senegal with the MNC technological platform mBox as in-kind contribution to the project and will be responsible for coordinating the SaaS platform (software services) and SAP mobile services for the pilot application of "mDiabetes". This platform will enable mobile services like SMS messages or other applications for widely distributing messages to be used for raising awareness and providing training for people with diabetes who have been identified by the National Center for Combating Diabetes, as well as training health professionals via cellular phones. The aim is to help implement strategies for preventing and combating diabetes and non-communicable diseases. For the end user, i.e. the person suffering from diabetes, it is an opportunity to directly interact with health professionals for better prevention and management of their disease.

For several years, Alcatel-Lucent has been actively working to promote social innovation in multi-stakeholder partnership mode to support mHealth and mLearning programs for health, which aim at providing better access to information on projects relating to health or training. These partnerships are built with companies from the private sector, governments, NGOs, international organizations and development banks, foundations and social entrepreneurs and are key to scaling mHealth

"We are convinced of the value of this project for improving the conditions for diabetes patients in Senegal and are genuinely delighted to be involved as a technological partner in contributing to the success of the mDiabetes project, which aims to improve prevention, raise awareness and combat diabetes and non-transmissible diseases in Senegal. This is an ambitious initiative which could ultimately be replicated in other countries in the fight against diabetes or any other disease," said Alpin Verlet, Managing Director of Alcatel-Lucent for West and Central Africa.

Source: CIO East Africa

NIGERIA

Nigeria: Nigeria risks scare investors out of equities into bonds

Fund managers in Nigeria have been moving cash into government bonds this year and selling riskier assets, dampening a stock market rally as uncertainty over forthcoming elections and growing security risks hit demand for equities.

Nigeria's main stock index returned 44 percent in dollar terms in 2013, thanks to a stable naira currency, making it one of the best performing African equity markets.

The gains boosted its allure as an investment destination, attracting foreign investors and pension funds.

But Africa's largest economy has since suffered currency weakness, down almost 3 percent this year, and is beset by uncertainty over upcoming elections, coupled with April's abduction of over 200 schoolgirls by Islamist group Boko Haram.

That, plus a string of bombs across the north and centre of Nigeria - including three in the capital Abuja - blamed on the militants, have brought it home to many foreign investors that Africa's top oil producer faces grave security problems.

Nigeria's stock index has struggled to rise much above a 43,000 point resistance level. It is up 4 percent this year, lifted largely after index compiler MSCI reweighted Nigeria, making it the second biggest in its frontier index after Kuwait.

The stock exchange in the first quarter said that local participation in the equity market had waned as domestic buyers composed mainly of retail investors stayed wary of stocks, which fell more than six percent during the period.

"Once elections are over, there will be greater clarity. The safest thing to do at this point is to buy bonds," said Adeniyi Falade, managing director of Crusader Sterling Pension, which manages over 100 billion naira ($616 million) in pension funds.

Asset management firm FSDH, which manages over 50 billion naira, said it viewed the equity market as overbought and had cut its exposure in favour of treasury bills. At the end of March, pension funds had 13 percent of industry assets worth 4.2 trillion naira invested in equities and 68 percent in government bonds, data from the pensions regulator showed. Pension funds can invest half of their portfolio in stocks.

Security Risk

Nigeria rebased its GDP in April, pushing it up to $500 billion and enabling it to overtake South Africa to become the continent's largest economy, although it also slashed growth estimates for 2012 and 2013.

But a spike in violence by Boko Haram in the same month underscored the growing instability faced by Nigeria.

It had previously had a muted impact on financial markets, as attacks had been largely restricted to the north, but this year they have radiated towards the centre again to cities such as Jos and the capital Abuja.

Falade said fund allocation to bonds had risen to 70 percent in the third quarter as portfolios took less risk, a situation he expects to continue until after elections in February 2015.

Sub-Saharan Africa's second-biggest stock index witnessed a one-off rally to hit a four-month high in June after MSCI increased Nigeria's weighting to 19 percent, from 12 percent, in its frontier market index.

"There is more exposure to fixed income. Our current allocation is 80-85 percent," said Micheal Oyebola, managing director at FBN Capital Asset Management, whose assets under management rose to 32 billion naira in under a year, from 4 billion naira.

"We have found out that most of our clients are risk averse," he said, adding that yields on treasury bills were attractive at around 12 percent for the one-year note, as against a 5 percent dividend yield on stocks.

Nigeria has taken advantage of the liquidity in debt markets to raise 4.37 trillion naira in treasury bills in the first quarter as yield hungry-investors sought to lock-in rates.

Source: The Africa Report

GUINEA

Guinea: Russia's Rusal starts Dian-Dian bauxite project in Guinea

Russia's Rusal, the world's largest aluminium producer, has launched the Dian-Dian bauxite project in Guinea, the company said in a statement on Thursday.

The decision to start the project comes amid continuing talks between Rusal, whose net debt stood at $10.3 billion at the end of March, and its creditors over debt restructuring.

Dian-Dian is the world's largest bauxite deposit with reserves of 564 million tonnes, the company said. Bauxite is used to producer alumina, which is then used for aluminium production.

The first stage of the Dian-Dian project involves the construction and putting into operation by 2016 of a bauxite mine with an annual capacity of 3 million tonnes with the potential for a further increase of up to 6 million tonnes, Rusal said.

The total investment for the first stage of the project will be more than $220 million, with a significant part of this budget reserved for infrastructure development in Guinea, specifically railway and port development.

To transport bauxite from the mine, a new 25 km road will be built, Rusal said.

With the capital spending of $73 million per year over three years, Rusal will be able to finance it internally and will be able to increase its bauxite self-sufficiency to 93 percent from 74 percent in 2013, Morgan Stanley said in a note.

Source: The Africa Report

NIGERIA

Nigeria: Companies to Introduce terrorism Insurance

The Commissioner for Insurance, National Insurance Commission of Nigeria (NAICOM), Mr. Fola Daniel, has said that terrorism insurance would soon be introduced in the country.

According to him, insurance companies would soon come out with policies to cover terrorism insurance. Economic Confidential quoted Daniel to have said this at a recent retreat in Uyo, Akwa Ibom State.

The NAICOM boss noted that insurance is dynamic, saying that there should be no area of risk that should be regarded as no go area in the business. He described terrorism as major challenge in the country.

"Two years ago, some foreign multinational began to add terrorism or kidnapping to their portfolio and Nigerian companies were not ready for it. This became an excuse to wanting to export 90 per cent of such a risk abroad.

"What we did at the commission was to call insurers and let them know that nothing is spectacular about kidnapping that you cannot have an endorsement that will enable you to introduce kidnapping to your portfolio and a few of the companies rose to the challenge and added it to their policies so there is no longer an excuse to take this business abroad," he explained.

Continuing, he said the government can serve as reinsurers, citing the hurricane attack in the United States where insurers played their role but government paid heavily.

"If we don't, one smart director will one day recommend that one special agency be set up for terrorism outside NEMA and insurers will complain that someone has taken over their business.

"So we threw the challenge to Nigeria Insurance Association (NIA) to start something, make noise, do write-ups in the newspaper to let people know that we can do it but we need government to augment and this is the case in Britain, it is the case in America and am sure government will listen," he said.

Responding to enquiries as to why Nigerian insurance industries are afraid of selling terrorism insurance, he said: "It might not be true that we are not covering terrorism but we don't have an insurance cover for terrorism per se in Nigeria country but the insurance industry is picking the bill of all the soldiers that have died while fighting terrorism which come under the Group Life Policy of either the military or the Nigerian Police.

"Terrorism as an insurance on its own is what we do not have currently but it is doable because who are the losers under the current arrangement? It is the ordinary Nigerians that are dying.

"You can see all the houses that were burnt; there is no insurance cover for them whatsoever. I know the government is trying a lot to compensate but the government has limited resources."

CAMEROON

Cameroon: Bike riders in constant discussions on fare review

Following the communiqué from the Prime Minister's Office readjusting the prices of one litre of premium grade (supper) from FCFA 569 to FCFA 650 and a litre of gasoil from FCFA 520 to FCFA 600, both transporters and commuters have not been at ease.

Though accompanying measures to bridge the fuel increase gap like the reduction in some taxes and salary increase has been carried out, both parties are still not satisfied.

The recent increase in taxi fare by FCFA 50 has left bike riders to wonder aloud on their fate.

"We are still concerting on the increase in bike fare. It is difficult to tell how much a drop cost since we base our calculation on the distance. It is certain that sooner or later, the distance we now accept for FCFA 100, will be charged at FCFA 200 since we use fuel as well," Pierre Ndem, a bike rider disclosed.

Some bike riders in the economic capital have slightly increased fare especially during rush hours which leaves the commuter with two choices- to shorten the distance by trekking in order to pay the normal tariff, or comply with the bike rider's fare.

Since the news on fuel increase was announced, various transport syndicates have been deliberating on the matter.

A day after the readjustment in the prices of some petroleum products, the Association of Bike Riders in Cameroon, met in Douala and unanimously agreed not to be used by political enemies to create chaos in the country.

Still in Douala, the Minister of Transport, Robert Nkili held talks with transporters on the fuel issue and on July 10 in Yaounde, the Minister of Labour and Social Security, Gregoire Owona dialogued with 14 representatives of National Transport Unions who accepted to

The untold story of Whirlpool's 6th sense feature:

What is this much made noise about Whirlpool's 6th sense feature that everybody seems to be talking about? Curious minds contacted Dean Nunoo – Head of Sales & Marketing at Ederick Limited to get some insight into what this is all about.

Whirlpool has been manufacturing home appliances for over 100 years and has as a result, mastered the art of forward-thinking manufacturing with the consumer in mind. Amazingly, Whirlpool has created a feature that no other appliance manufacturer is able to replicate – 6th Sense! Whirlpool's 6th Sense is a technological marvel that senses what you need to give you what you want. Whirlpool's 6th Sense simply senses, adjusts and controls intuitively. Let's discuss in some more detail on how this wonderful feature works in a few appliances – for the sake of space, we will talk about four appliances;

Air-Conditioners – The 6th Sense feature in all Whirlpool air conditioners ensures that the unit is not constantly working hard unnecessarily and thus prolonging the life of the compressor. So how does this work? Well, the air conditioning unit is able to intuitively decide on when to work hard, when to just chill and when to relax. In effect, the unit is able to decide on what chilling mode to be in depending on the amount of bodies in a room. So, a Whirlpool air conditioner will work differently if there is no one in a room, when you have one person in a room or when you have guests and have a full house. This technology is futuristic and ultimately saves us money because the unit is not constantly using the same amount of electricity all of the time like other air conditioners do. The unit automatically decides on how much electricity to use depending on the number of people in a room. This also accounts for why the compressors on Whirlpool's air conditioners last longer than any other brand because there is less pressure on the compressors and therefore prolongs their life spans. As we all know, the compressor is the main brain of most appliances and longevity of a compressor is key!

Washing Machines – The 6th Sense feature in all Whirlpool washing machines ensures that the right amount of energy (electricity), water, detergent and effort is used anytime we do our laundry. How is this possible? Well, the drums in all Whirlpool washing machines are designed with a built-in scale which is able to weigh the load that we put in the washing machine. 6th Sense technology allows intuitive communication to the washing machine how heavy the load is, the fabric type and dirt level and therefore prescribes the amount of time needed to do the washing. This eliminates unnecessary long washes which results in excessive electricity consumption. This also saves enormously on water usage and the amount of detergent needed for the wash since the technology enables the washer to determine exactly what it needs to do the job and nothing more. In short, a Whirlpool washing machine will automatically use less electricity consumption, less water, less detergent to wash 5 shirts compared to the amount it will use to wash 5 pairs of jeans. This saves the consumer of electricity and water usage which is very scarce and expensive in these parts of the world.

Refrigerators & Freezers - The 6th Sense feature in all Whirlpool refrigerators & freezers ensures that the compressors on the units are not constantly working hard all the time but rather determines when to work extra hard or when to just maintain the right temperature. Whirlpool refrigerators and freezers will work hard to keep your foods fresh or frozen at just the right temperature and the compressor will go into dormant mode periodically when it has attained that perfect temperature. The units will work extra hard on an extra-ordinary hot day to make sure that the food and produce you have in your refrigerators are kept fresh and will work less harder on a very cool day or in the rainy seasons to ensure that the right temperature is always maintained. This again prevents unnecessary pressure and stress on the compressors which are the main brains of the unit - this will ultimately save you money on your electricity bills.

Built-in Ovens - The 6th Sense feature in all Whirlpool built-in ovens ensures that cooking disappointments are thing of the past – I call them ''THE OVENS WITH AN EXTRA SENSE" How is this possible? Well, the intelligent and intuitive 6th Sense technology takes care of the whole cooking process - monitoring energy output and usage, adjusting cooking time and keeping you in total control of your cooking experience and even giving you an audible warning when it's time to stir or turn your dish. A Whirlpool 6TH SENSE oven knows how to fill your life with flavour, constantly sensing and adapting time and temperature to give you the perfect cooking results.

You can also enjoy its special pre-set chef-tested settings and prepare delicious meals at the touch of a button, but of course, you can also cook the traditional way just like the way Grandma taught you! It is interesting to note that our Whirlpool 6TH SENSE ovens combine a powerful heating element with a unique airflow distribution to give you the perfect meal for the family or for that special guest.

By heating the entire cavity evenly and constantly refreshing the air, you can cook completely different dishes simultaneously – like fish, quiche and cakes together even if their cooking temperatures vary by as much as 30°C – this saves you time in the kitchen and more importantly saves you massively on energy bills.

Melcom renovates Maternity Block of 37 Military Hospital

VINCENT MUSAH

As part of its social responsibilities, Melcom Group of Companies has renovated the Maternity Block of the 37 Military hospital in Accra to improve health delivery.

The project, which was under the Melcom Care Foundation repainted the block and replaced items such as louver blades, ceiling fans, wiring system and light bulbs at an amount of GHc 30,000.

Also, the foundation donated food and other hospital materials for the benefit of patients who visit the hospital.

Speaking to the media, the Communications Director, Mr. Gordon Avenorgbo stated that as a part of a yearlong celebration of the companies 25 years operation in Ghana, Melcom has commenced the process of giving back to members of the community, who patronize goods from company.

He explained that the foundation selected the Maternity Block of the hospital due to the deplorable state of condition in which it was.

"This is our own way of helping refurbish the 37 Military Hospital for the benefit of all Ghanaians", he said.

According to him, Melcom will continue to aid strategic institutions in the country particularly, health organizations to help give back to the society.

He disclosed that the company has plans to replicate the gesture across the country including, a blood donation exercise to help refill the blood banks in the country.

Receiving the donation, Colonel Dr. Samuel Adjei, expressed the hospital's gratitude to the Management of Melcom.

He used the opportunity to appeal to other private agencies to aid the hospital by assisting patients who are unable to acquire some personal items like wheel chair, and clutches.

Policy Rate hike slow Cedi depreciation

KWAME ASARE

The recent one percent increase in the Bank of Ghana's Policy rate to 19 percent will help slow the Cedi depreciation as well as reduce inflation, Ecobank Research has predicted.

According to its research analysis, though the recent hike in the policy rate will have a negative impact on current portfolio holdings, in terms of pricing, while increasing bond yields, it will however provide foreign exchange liquidity to slow the rate of depreciation of the Cedi.

The report urged the Central Bank and the Finance Ministry to do more, in terms of policy formulation and implementation to stem a likely reversal of capital flows and reduce volatility in the currency and equity markets.

There is also a need to reduce the high government spending, which is exerting downward pressure on the currency through robust import demand. In addition, the authorities would need to address the structural imbalance between the supply of dollar and the actual demand for dollar in the market.

Continuing, it stated that raising the policy interest rate has reduced the risk that foreign investors could exit the market amid growing interest towards developed economies and the growing attractiveness of their respective investment assets.

BOST expands storage facilities

The Bulk Oil Storage and Transportation Company Limited (BOST) has begun an expansion programme on its oil storage facilities throughout the country to commence a comprehensive commercialization programme.

The systems when fully upgraded is expected to make the Saharan countries the number one target markets and serve as the main supply point for bulk oil purchase by oil companies operating in the Brong Ahafo, Northern, Upper East and Upper West regions.

This came to light when a team of officials from the company's Head Office led by Mr Salifu Nat Acheampong, Corporate Communications Manager of the Company took journalists round one of the depot in Bolgatanga where operations have stalled for about five years.

According to Mr Acheampong, the new BOST is expected to be the leading logistics company in Ghana and would this time be more efficient, be able to adequately manage losses, reduce man contact and establish larger automation systems to improve the overall performance of the company.

He said the new BOST when fully in operation by the close of the year, would create job avenues for the people in the Upper East Region because it is expected that more of the oil companies both local and foreign would establish their offices within these Depot jurisdictions and employ more of the people.

He praised the new Management Board of the company for their outstanding determination to get things working for the growth of the company and said government which is the sole shareholder is prepared to support the management team to bring the necessary growth through the expansion programme.

The Corporate Communications Manager reiterated the advantages in upgrading the system and said it would reduce transportation cost of carting oil products from the various depots dotted in the country, especially those cited in northern Ghana and improve trade among oil companies both local and international. It would also build a better business environment between Ghana and other neighbouring countries.

Mr Acheampong indicated that as part of its urge to be a leading logistics company in Ghana in the next two years, his outfit has coded the upgrading programme 'operation 24', which would guide the company's management to pursue its vision in the next 24 months. The Bolgatanga Depot Manager, Reverend Eddison Coffie, indicated that the Depot could store up to 46,500,000 liters of gasoline and diesel, adding that, the facility has two storage tanks for the former and five for the latter.

He said the expansion work would replace pumps with higher capacities to facilitate pumping of oil products faster, adding that, the expansion

Court rules against Parliamentary Service

ELVIS ADJETEY

...For violating the rights of its workers

The Labour Division of the Accra High Court has ruled against the Parliamentary Service in a seven year tussle over the unionization of its employees.

After years of agitations, the Financial, Business and Services Employees Union (FEBSU) dragged the Parliamentary Service to the National Labour Commission (NLC) in May 2010, accusing it of violating provisions in the Labour Act 2003 (Act 651).

Under the Section79 (1) every worker has the right to form or join a trade union with the exception of workers of the Armed Forces, the Police Service, the Prison Service as well as the Security and Intelligence Agencies.

Although the Chief Labour Officer issued parliamentary staff with a Collective Bargaining Certificate, the Parliamentary Service Board refused to sign the Constitution of the Standing Negotiation Committee. The board also ignored a directive from the NLC to sign the document in compliance with the Labour Act.

This compelled the NLC to sue the Parliamentary Service Board over its opposition to the unionization of its workers. Giving the ruling, the court presided over by His Lordship Justice Quist referred to Section 172 of the Labour Act,2003 Act 651 that provides that:

"Where a person fails or refuses to comply with a direction or an order issued by the Commission under this Act, the commission shall make an application to the High Court for an order to compel that person to comply with the direction or order".

The court upheld the earlier directive of the NLC and asked the Parliamentary Service Board to comply with it. Part of the ruling states:

"It is hereby ordered that, the Parliamentary Service Board must comply with the orders of the National Labour Commission to allow the plaintiff the right to form an in house union of their choice to promote their rights and interests under the Labour Act 2003, Act 651 and Article 24(3) of the 1992 Constitution of Ghana".

Maxwell Tetteh, Chairman of the Parliamentary Services Employees Union has hailed the ruling in an interview with Business Day Ghana.

"We are very happy about the ruling. At the moment there are some internal matters we are handling with our employers. Some of the issues are related to the substantive matter so we have to deal with the matter tactfully. But we will meet the executives and decide on our next line of action", he explained.

The Ghana Federation of Labour (GFL) also petitioned the NLC over the matter. It cited a letter signed by the Clerk of Parliament as far back as 2008, asking the parliamentary staff to join an internal instead of an external union. The GFL argued that the directive was illegal since the labour laws prevent only workers of the Security and Intelligence Services from unionizing.

Ford unveils 17 new cars for Ghana, others

Ford Motor Company has announced 17 new vehicles for Sub-Saharan Africa including Ghana, as carmakers jostle for position in one of the last major markets where potential growth remains largely untapped.

The models, among 25 to be introduced by 2016 in a broader product offensive across the Middle East and Africa, draw on the U.S. auto giant's global vehicle architectures to offer more up-to-date features for markets such as South Africa.

"Middle East and Africa is the final frontier for global automotive growth," Ford's regional chief Jim Benintende has said last week.

He added: "We're putting the infrastructure and people in place to participate."

Western carmakers are showing renewed interest in Africa, in some cases reviving previously abandoned manufacturing sites or considering new ones. Chinese brands are also a growing presence on the streets of cities such as Nairobi and Lagos.

On Wednesday, PSA Peugeot Citroen announced the gradual resumption of car assembly in Nigeria, Africa's most populous country, and said it may soon add a second and third model there. Total vehicle sales across the Middle East and Africa region are expected to grow 40 percent by the end of the decade, according to Ford's projections.

The planned model roll-out includes updated versions of the Focus compact and Fusion large car, escorted by Ford's resurrected Mustang sports car.

They bring a step up in fuel economy, touch-screen connectivity and other features intended to hone Ford's competitiveness against more spartan rivals in African markets.

At the start of this year, Ford created its Middle East & Africa business unit in a region that includes 67 countries, part of which until this year reported to Ford's Europe operations, part to North America and part to Asia-Pacific.

Ford sold about 200,000 autos in the Middle East and Africa in 2013, including a sales increase of 40 percent in South Africa to 64,500 vehicles, its top market in the region. Its second-biggest market in the region is Saudi Arabia, where it sold 54,000 vehicles last year. IHS Automotive consultancy said Ford was fifth in South African auto sales last year with a 9 percent market share and sixth in Saudi Arabia with a 4 percent market share.

But Ford's long-established South African manufacturing base may yet be undermined by industrial unrest.

Ford was forced to halt one of its two plants in the country this week as a wave of strikes that had crippled the mining sector and broader economy spread to auto suppliers, with workers seeking pay increases of 12 percent to 15 percent. The stoppages have also hit General Motors, Toyota, and Mercedes-Benz and may soon affect BMW and Nissan unless resolved swiftly.

Ford regional chief Benintende has sought to play down suggestions that unrest could ultimately force the Dearborn, Michigan-based automaker to move production elsewhere.


Liberty
Freedom Fund
Unit Trust
returned
54%
on investments
in 2013...
And is off to a great start in 2014, with
prospects of better returns this year.
With Liberty, you can invest with confidence.
Tel: +233 302 952 288 / +233 303 301 486 / +233 302 948 867 Fax: +233 303 301 487
Email: info@libertygh.com | Website: www.libertycapital.com.gh
LIBERTY
ASSET MANAGEMENT LIMITED.

Small BUSINESS Journal

Smallholder farmers receive $85m grant

COLLINS BOATENG

The Alliance for Green Revolution in Africa (AGRA), has invested over 85 million dollars as grants, to expand the capacities of some 800,000 smallholder farmers in Ghana.

The aim is to transform the agricultural potential of Ghana, which had been a priority of AGRA, with specific objective of transforming agricultural productivity among smallholder farmers to reduce poverty and food insecurity.

Dr. Kwasi Ampofo, Country Head of AGRA, disclosing this to Business Day in Accra said some two million people would be reached through the grant system, to enable them get out of poverty by the year 2020, through sustainable use of quality seeds, fertilizer and policy reforms.

AGRA, which is being funded by the Bills and Rockefeller Foundations, partners with some government and private sector implementing organizations, to roll out practical and effective projects that would be beneficial to the smallholder farmers to improve their economic conditions.

"AGRA believes that Ghana has the potential to transform its smallholder farming into a commercially viable and sustainable enterprise.

AGRA is focusing on strengthening smallholder agriculture in the country's potential breadbasket areas," he said.

Dr. Ampofo said AGRA worked with seed value chain actors to get good seeds to farmers, built networks of agro-dealers to supply farmers with critical inputs, expanding farmer access to affordable credits and linking farmers to buyers.

He indicated that AGRA's breadbasket strategy was in line with the Government of Ghana's Medium-Term Agricultural Development Plan, to transform the country's agricultural sector.

Madam Garcia Armelle Chedoi Honvoh, Head of Business Development of Image-AD Ghana, briefing the press said her outfit had received 957,475 dollars under AGRA's Market Access Programme, to provide mobile and internet-based software, that would link thousands of farmers in Ghana with a wide range of information and services, to boost crop yields and to locate buyers to make transactions more transparent.

She said the project known as mFarms, had profiled over 20,000 farmers in Ghana on the platform, which allows them to build relationships with marketing agents and other aggregators for mutual benefits.

Madam Honvoh indicated that the technology used mobile phones and software to send SMS and voice messages to farmers about extension services, marketing and all other important messages relating to agriculture, to ensure that smallholder farmers achieved increased productivity across the value chain.

Mr. Toatoba Joshua, Operations Manager of Savanna Farms Marketing Company, indicated that his company, which deals with farmers and buyers, had utilized the mFarms software and had achieved cost reduction since bulk messages could be sent to many farmers at a go, regarding agricultural produce.

Madam Mariam Alhassan of Wumpini Agro-Chemicals, an agro-chemical dealer based said the company would continue to makes good use of the platform to sell its products to retailers.

1st quarter records low fiscal outturn

LAWRENCE SEGBEFIA

A review of Government's macroeconomic targets set in the 2014 budget indicates that Ghana has missed all major pointers aimed at ensuring fiscal prudence and debt sustainability.

The fiscal policy objective of the 2014 budget aimed at improving revenue mobilization, rationalizing and enhancing the efficiency of public expenditures, as well as implementing new debt management reforms.

In this regard, the budget emphasized overall budget deficit as its fiscal anchor, and targeted a reduction in the deficit from 10.1 percent of Gross Domestic Product (GDP) in 2013 to 8.5 percent of GDP in 2014.

However, preliminary data from January to May of this year indicates that, both revenue and expenditure were below their respective targets for the period.

The shortfall in revenue was lower than the shortfall in expenditure, resulting in cash fiscal deficit equivalent to 3.6 percent of GDP, against a target of 3.5 percent. This compares to a deficit equivalent of 4.0 percent of GDP for the same period in 2013.

Total revenue and grants for the period was GH¢9,043.8 million, equivalent to 7.9 percent of GDP, against a target of GH¢9,527.9 million, equivalent to 8.3 percent of GDP.

This means that, from January to May this year, revenue generation and government expenditure have fallen below the expected target that is required to enable the economy operate at optimum level.

Explaining the development in parliament during the Mid-Year Review of the Budget and Supplementary Estimates, the Minister of Finance, Mr. Seth Terkper stated that, the shortfall in total revenue and grants for the period was as a result of low disbursement of project grants from development partners, coupled with low domestic revenue collections.

According to him, grant disbursements from development partners was 69.0 percent lower than the budget target and 72.0 percent lower than the outturn recorded during the same period of 2013.

He stated that, the lower than expected outturn of grants was due to the slow disbursement of project grants from development partners, resulting in project implementation delays in the signing of mixed credit agreements.

On domestic revenue mobilisation, total tax revenue amounted to GH¢7,076.8 million, 2.7 percent lower than the budget target of GH¢7,273.7 million. He explained that the shortfall in tax revenue compared to the target was partly due to the slowdown in economic activity, the delay in the implementation of the change in petroleum excise from specific to ad valorem, lower than anticipated revenue from excise taxes as well as the delay in the implementation of the VAT on fee based financial services.

In addition, the decline in gold prices on the world market and rising operating cost led to lower corporate income taxes from the mining sector.

In nominal terms tax revenue was 33.6 percent higher than the outturn recorded for the same period in 2013.

Mr.Terkper explained that the sturdy year-on-year growth in tax revenue was mainly due to strong performance of oil tax revenue, which was about 179.3 percent higher than the budget target, and 211.5 percent higher than the outturn for the same period in 2013.

He further stated that the strong performance of oil revenue was mainly due to the payment of part of 2013 corporate income taxes in the first quarter of the year as well as higher oil price and quantities.

However, of the total tax revenue, non-oil tax revenue for the period was GH¢6,463.9 million, 8.3 percent lower than the Budget target and 26.6 percent higher than the outturn for the same period in 2013.

Total expenditure, including payments for the clearance of arrears and outstanding commitments from January to May this year amounted to GH¢13,170.9 million, representing11.5% of GDP, against a target of GH¢13,587.5 million, showing 11.8% of GDP.

Ghana lost $200m to poultry import

COLLINS BOATENG

The Ministry of Food and Agriculture, in collaboration with the Ghana National Association of Poultry Farmers through the national livestock strategy policy is to produce 30,000 metric tons (MT) of broiler meat this year.

The production is expected to increase by 60,000MT by the year 2016, with an aim of reducing the countries meat importation burden by 40%.

The spiral effect of increased livestock and poultry production as enshrined in the policy is to help reduce the incidence of poverty among food farmers who are livestock keepers and to boost local capacity in the production, processing and marketing of broiler chicken.

Deputy Minister of Food and Agriculture Dr. Alhassan Ahmed Yakubu speaking at the launch of the Ghana broiler re-vitalization project in Accra said the country from 2010-2012, imported approximately 200,000 metric tons of chicken valued at $200 million which is equivalent to 2.6 million chickens per week.

Indicating that Ghana's poultry imports have more than quadrupled since 2002 and increasing at a rate of 5% annually.

He observed that last year alone Ghana's total meat imports rose from 97,719MT in 2012 to 183,949MT registering an increase of 88%, adding that, currently the country consumes an average of 225,000MT of meat annually.

"Interestingly domestic production constitutes only 30% of our meat production while Poultry imports alone constitute 80% of our total meat imports. Definitely this situation if allowed to continue will spell the doom of the poultry industry in Ghana," he said.

The minister noted that it is a fact that meat intake in Ghana is one of the lowest in the world with an estimated poultry consumption of 12 eggs and 1.2kg meat per annum while the world average is 154 eggs and 9.7 kg meat respectively.

According to him the important safeguards in the project is its contractual agreements that have been made between the sponsor and hatcheries, feed millers, farmers, processors and marketers who would be off-takers at agreed and negotiated prices.

He said this would increase the supply of meat, animal and dairy products of domestic production from the current aggregate level of 30% to 50% of national requirement by two years to come.

Dr. Ahmed Yakubu said plans are far advanced in terms of hatching eggs earmarked for the project, the eggs would be hatched by selected hatcheries and the day old broiler chicks would be made available to selected hub farms for brooding.

Outlining the brooding process he noted that hub farms will subsequently work with small farms as "satellite" farms to grow more broilers for them under production contracts adding that the hub farmers would be selected based on farmer's acceptance and commitment to the terms and conditions of the project, Farmer's experience in broiler production, Availability of space and Performance in similar projects in the past.

He said the hub farmers will be financially and operationally be responsible for the satellite farmers and are the channels through which resources (funding/inputs) will get to the satellite farms.

He pointed out that the ministries technical team would jointly supervise the satellites to ensure conformity to quality standards and avoidance of side marketing of the mature broilers with expectation that the birds would be ready within the 45th day where marketing and distribution could commence.

He was optimistic that all products will meet the desired quality and packaging standards with no compromises whatsoever. The minister said a project of this nature is necessary and crucial to the survival of our broiler industry, as Ghana is deficient in her meat and milk requirements.

Unfortunately the present levels of livestock and poultry production are woefully inadequate to meet the animal protein needs of 24 million human populations, resulting in Ghana becoming a net importer of frozen meat of which poultry meat constitutes the highest proportion.

"It is also important to note that my Ministry has put in place mechanisms to ensure that market is secured for the broilers that would be churned out by this project", these include, among others, strict enforcement of import permit quotas for meat imports and evidence of purchase of locally produced chicken by importers before the issuance of new permits to them" he stressed.

He said the designing the project, were informed and encouraged by the President's call for patronage of "Made in Ghana" products in order to conserve foreign exchange used in importing huge quantities of frozen meat and to create jobs in the country.

"Granted the current per capita consumption increases over a 5 year period from 6.8kg to 23kg annually, it will require approximately 392 million birds to meet national demand" he added.

He mentioned that about 260,000 direct jobs would be created while an additional of 500,000 rural farm jobs will emerge from the production of feed inputs like Soya and Maize if attention is given to kick-start such a transformation in the poultry industry.

"The Ministry of Food and Agriculture will reduce imports of poultry products by 40% this year to create space for marketing of locally produced chicken" he stated. In a development he refutes the allegation that the ministry has banned the importation of poultry products into the country.

He explained that it aimed at regulating the level of imports so as to create space for local poultry production and not total ban as speculated though the laws and regulations on frozen meat imports will be strictly enforced he advised all importers to register with the Veterinary Services Directorate and also to acquaint themselves with the procedure and requirements for importation of meat products copies of which are available at the Veterinary Services Directorate.

He however invited both local and foreign entrepreneurs to invest in the industry especially in the provision of processing, storage and packaging infrastructure which according to him are critical areas to bring a great transformation in the poultry industry.

"We want to assure any investor of the preparedness of the Ministry of Trade and industry to facilitate the realization of such a noble venture" nevertheless any importer who brings in meat products without a permit will be arraigned before the courts for prosecution as enshrined in the Diseases of Animals Act of 1961," he cautioned.

CEO Interview

UT Holdings ready to com

PROFILE

What started as a non-bank financial Institution (Finance House) licensed by the Bank of Ghana to provide customers with fast and efficient short-term loans and real returns on investments has now grown to become one of Ghana's biggest brands and companies operating beyond the country's shores.

With an indigenous touch and a vision to take an African brand worldwide, the UT brand has extended its services, from the 'unbanked' informal sector, to cover the formal sector and provide top notch services that is only unique to the brand.

From a non-bank financial service provider, UT's success and growth over the years has birth what currently exists as UT Group, a diverse but synergistic business that is able to offer value added services to customers across the various industries.

In an interview with Business Day, the External Affairs Manager of UT Holdings, Sophia Lissah shared all about the UT brand, current subsidiaries of UT Holdings and the vision of the company in the next few years.

VINCENT BAFFOUR-ACHEAMPONG

What are UT Holdings all about?

I think that, the Bank is what people know because the bank is the one that started as a financial institution. UT Holdings is the mother company for the Bank and all other subsidiaries. It is the biggest and most diversified private company in Ghana. When it comes to the bank however, we don't actually call UT Holdings the mother company, we describe it as 'a son giving birth to the father'. Even though it is an umbrella company for the other subsidiaries, it came out of the Bank.

When we realized that our companies were growing, it became necessary to have one company that has oversight for all of them, to make sure that things are coordinated and the brand is well managed so that we don't have things being done haphazardly. So that is how come UT HOLDINGS was established.

How long has UT Holdings been in existence?

UT Holdings came into being on 19th October, 2006 so that would make it eight (8) years in October this year.

Can you breakdown UT Holdings for us with regards to the various subsidiaries?

We do not fix the bank under the holdings. It is a kind of an offshoot of the Holdings because definitely the Holdings has shares in the bank. At the moment the Holdings has about 40% shares in the bank. We started at 100% but it started dropping because we had others coming on board and now it is 60% so we don't call it our child per say, we refer to the bank as an affiliate and the others as subsidiaries.

The other subsidiaries under UT Holdings are UT LIFE INSURANCE, UT LOGISTICS, UT PROPERTIES, UT COLLECTIONS which is a debts collection company, UT PRIVATE SECURITY, and we also have two subsidiaries outside Ghana, which are UT FINANCIAL SERVICES NIGERIA and UT FINANCIAL SERVICES SOUTH AFRICA.

> UT LIFE INSURANCE provides life insurance products to our customers but also on its own, it also provides other insurance facilities like Education Policy, funeral plans, mortgage insurance among others to the public

What makes each of the subsidiaries different in its own way?

For now, because of the name UT, that is the binding force for all of them and that is the brand name so the moment you see UT you know that this is our product. Nevertheless, they all provide different diversified services even though, we try to create synergies through the various organizations.

For instance, UT LIFE INSURANCE provides life insurance products to our customers but also on its own, it also provides other insurance facilities like Education Policy, funeral plans, mortgage insurance among others to the public.

UT LOGISTICS is into freight forwarding, collateral management, commodities trading, and things like that. When it comes to collateral management people come for loans from the bank and they go and buy stuff they want to come and sell but when they come they realize they

"UT in general now has a staff strength of over 1300. About 700 alone goes to the bank and the others are distributed like that"

pete at global level

We started at 100% but it started dropping because we had others coming on board and now it is 60% so we don't call it our child per say, we refer to the bank as an affiliate and the others as subsidiaries

do not have immediate money to clear the goods. What the logistics does is to manage the items they have bought and help them to sell and as they sell, they pay the bank.

UT PROPERTIES actually started as the company that was valuing the cars and properties people used as collateral for the bank, but with time, we realized that the services started spreading and we could actually manage the properties.

For instance, all UT facilities are being managed by UT PROPERTIES. We decided to go into residential properties, built by UT PROPERTY, which are currently being rented at Oyibi. We also have similar properties at Kasoa.

At the same time, if somebody comes for a loan from the bank and uses their house as collateral and they default and asks us to sell the property so that we can make the money out of it, UT PROPERTIES is supposed to take care of it; there again the synergy is there. We also have housing loans, provided by the bank, that allows you to buy UT PROPERTIES.

UT COLLECTION is also basically about debt collection. One thing Ghanaians know UT for is our ability and strength when it comes to debt collection and we think that this is something we have done over the years and perfected. So we felt we could go out and help others as well and in doing it, other institutions have come to us to help them collect their debt and it is our strongest point.

UT PRIVATE SECURITY has certain facilities that most of the security companies do not have. We have CCTV which is being monitored at a central point and we can help institutions, hotels, banks, and all others have this facility. We also have the man guards, which is normally what other private security companies are doing.

How has the market been like for UT Holdings?

Every industry has its pluses and minuses. One key thing that has worked for some of our subsidiaries is the name UT. That same name has been a serious minus for other subsidiaries. For instance, if you are a bank and I come to you that am from UT PRIVATE SECURITY and I am providing security, it will be difficult to trust me. There are some institutions who have been provided CCTV cameras and they are excited about it but when they hear the name UT, they become cautious because they find it hard to believe that the company's services and its product has nothing to do with UT bank. So that's been the challenge for some subsidiaries. In the industry they are all doing quite well. The name has helped others but for others it has not helped.

What is the staff strength of UT Holdings?

Holdings itself does not have to have a massive crowd. It does not employ too many people directly but through the subsidiaries, UT in general now has a staff strength of over 1300. About 700 alone goes to the bank and the others are distributed like that.

How does the company see itself in the next 5 years?

I think as a company, we really want to establish ourselves as a formidable Holdings company that is able to compete with any Holdings company worldwide. We want to build a company that is able to groom other smaller businesses and is able to export business to other African and international nations. In short, UT Holdings has started but in the next five years we want to be the company that is taking an African brand global.

National News

Organized labour divided over fuel price agitations

ELVIS ADJETEY

Some constituents of organized labour have disassociated themselves from the agitations over the recent fuel price hikes.

Eleven labour unions under the umbrella of the Ghana Federation of Labour (GFL) have fallen out with the Trades Union Congress, the Civil and Local Government Staff Association of Ghana, The Ghana Medical Association, the Ghana National Association of Teachers and the Industrial and Commercial Workers Union over the matter.

The TUC and the four labour unions are vehemently opposing the decision by the National Petroleum Authority to increase the prices of Premium and LPG by 23.08 percent and 15.68 percent respectively.

They contend that government is being insensitive to the plights of Ghanaians by increasing prices, taxes and other charges without a commensurate increase in salaries.

The unions which issued a purported statement on behalf of organized labour accused government of mismanaging the exchange rate and unfairly passing on the associated fuel price increases to consumers.

They have vowed to legitimately push for a review of the current pricing regime for fuel and other utilities due to the worsening economic and social conditions. But after an emergency meeting in Tema, the various constituents of the GFL accused the TUC of taking a unilateral decision without consulting the other constituents of organized labour.

GFL Secretary General Abraham Koomson tells Business Day Ghana the TUC is coercing the other labour centers and their constituents to support the decision which was taken without recourse to the due process.

"I had a call from the TUC Secretary General Kofi Asamoah this morning inviting me to a press conference on this issue. You are now inviting me to be part of it after drafting your statement and taking your decision without consulting us. This does not make sense. Are they saying they are more experienced or write better than us?

The organized labour structure must be followed. So we will not be part of what they are doing. They can issue the statement on behalf of their respective unions, that's fine. But you can't issue a statement on behalf of organized labour when you have not consulted all constituents before taking a decision," he stated.

Mr. Koomson said any decision taken to demonstrate and possibly strike would be hasty and premature. He explained that a delegation from organized labour must first meet government over the matter before taking such a decision.

According to him, although the GFL is equally worried about the prevailing economic conditions, it wants organized labour to be strategic and realistic with its demands in order not to worsen the impact on working people.

MTN upgrades network infrastructure

MTN Ghana says it is continuously making investments in network infrastructure to boost voice and data technology to ensure seamless communication for corporate and individual clients.

Speaking at the monthly meeting of the Ghana-South Africa Business Chamber (GSABC), Mr Michael Ghartey, Key Account Manager at MTN Business, said the company had a bouquet of services that would allow corporate and business clients to reap the benefits of communications technology.

He said it is the goal of MTN to lead in the delivery of digital content and it is doing so through the offer of dedicated internet backbone infrastructure to ensure a high level of service delivery to clients at all times.

The platform offers products and services including, leased lines (international and national), dedicated internet, shared IP connect service, VPN over Mobile, Wi-Fi Hotspots, Co-Location Hosting services, Hosted Messaging and Collaboration and Cloud Computing and Virtualization.

Mr Ghartey said businesses that signed onto MTN's Business Solutions would reduce operational and capital expenditures

since they would not need capital to set up their communications solutions.

The MTN Business Solution has been established to provide innovative and cutting edge communications services to the public and private sector organizations, small, medium and large scale enterprises across the country.

He noted that in today's corporate world, businesses cannot survive without communication services, and this is what MTN Business seeks to offer.

Ms Eleanor Sarpong, Senior Manager Regulatory Affairs, said MTN is the only telecommunications provider to have met the license conditions for the rollout of 3G sites in all the districts of the country.

She said to achieve its ambition to provide seamless service to customers, MTN undertakes quarterly customer surveys to get to know their challenges, do an assessment and institute solutions to resolve the challenges.

Ms Sarpong said feedback received is used in undertaking measures to enhance the network quality. Mr Kojo Dougan, President of GSABC, said the Chamber aims to facilitate the building and nurturing of mutually beneficial relationship between Ghanaian and South African businesses operating in both countries.

Samsung unveils mobile phone

Samsung Electronics, the global leader in technology has launched a new mobile device called the Galaxy K Zoom in Accra, which comes with a 24 month warranty.

Building on from last year's Galaxy S4 Zoom, the Galaxy K Zoom offers a slimmer body with most of the smartphone components built from the Galaxy S5, as the Super AMOLED screen has grown from 4.3 to 4.8 inches which makes viewing more pleasurable.

Jaspreet Singh, Business Leader for Handheld Products, Samsung said, the K Zoom has been crafted for portability, fun, ease and captures brilliant images and videos.

He said, the device is also stocked with the best apps and functions for dynamic consumers and can capture moments with an amazing 10x optical zoom and still stay connected and productive.

"The device, which is designed to offer the best camera experience in a mobile phone, is armed with a 10x optical zoom that retracts into its remarkably slim body and a 20.7 megapixel BSI CMOS sensor. The Galaxy K zoom captures crisp, sharp images, as well as Full HD videos at 60p, even when zoomed in," he said.

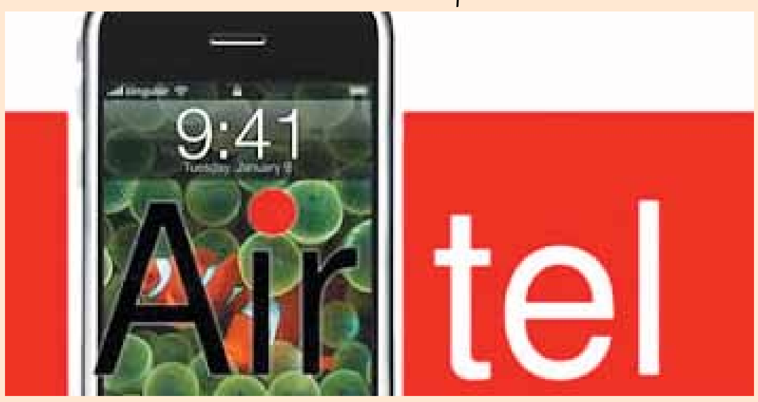
Mr Singh said, the features available in the K Zoom make it perfect to serve the everyday photography needs of journalists, students, and corporate individuals among others to run their day to day lives while capturing the best of very important moments.

"As part of activities marking the launch of the Galaxy K Zoom in Ghana, Samsung will be giving users and hopeful users of the phone the opportunity to become famous in a competition dubbed 'ru K Zoom Selfie Ready' and will make use of the Selfie Alarm feature on the Galaxy K Zoom.

The competition will require participants to take beautiful selfies of themselves and post on to Samsung Social Media platforms to stand the chance of featuring on a Samsung billboard. Mr Singh has however called on the media to help combat the influx of fake Samsung products in the market which is affecting mobile phone producers world over.

"We entreat the media to work with us, make us their first point of contact and help us flush out these fake goods so that our cherished customers can enjoy authentic, genuine products," he said.

Airtel sells 3,100 telecoms towers to raise $2bn



India's top mobile phone carrier Bharti Airtel Ltd said it will sell about 3,100 telecoms towers in four African countries to Helios Towers Africa, in keeping with its plans to sell most of its transmitter towers in Africa in a process that could raise up to $2 billion.

Helios Towers, founded by George Soros-backed Helios Investment Partners, claims to have the largest number of telecoms towers held by an independent company focused exclusively on Africa.

The sale of Bharti Airtel's towers will expand Helios's tower coverage in Africa to over 7,800, the company said in a statement on Wednesday.

Bharti Airtel's African business has been a drag on the company, which has to yet to turn a profit there four years after spending $9 billion to acquire money-losing mobile phone assets.

The Indian company will have full access to the towers under a long-term lease contract, the company said.

With the deal, aimed at driving cost efficiencies, tower operations-related personnel will be transferred from Airtel to Helios, Bharti Airtel said.

Bharti entered Africa in 2010 with the $9 billion acquisition of Kuwaiti telecoms group Zain's operations on the continent.

Indian billionaire Sunil Mittal, who heads the company, said in May Africa represents one-third of Bharti's business.

FT

23

FT
24

FT
25

FT
26

FT
27

Top Hotels in Ghana

Ramada Beach Resort: A place of natural beauty

LAWRENCE SEGBEFIA

Situated at the beautiful shore of Nungua, it is a spectacle to behold the eye-catching ambience of the ocean, while one enjoys the serene and bliss of the Ramada Resort Coco Beach Hotel in Accra.

Set within six sprawling acres, Ramada Resort is a haven of leisure for the city-weary soul. A short drive away from the Airport, the resort is conveniently close to the city, yet far removed from its din and bustle.

The beach is always kept clean to ensure that you enjoy its exotic loungers, snacks and drinks, waiter service and permanent security. Most cardinal is the warm and welcoming nature of staff of the hotel, making you feel home away from home.

The hotel combines the best of both worlds. The ambience of a resort. The amenities of a deluxe hotel. In addition to sea view Chalets and deluxe rooms, the resort houses three top-notch banqueting facilities of varying capacities, two restaurants, a bar , and a massive long swimming pool that make Ramada Resort the most sensible choice for a relaxing stay while in Accra.

The Executive chalets, are designed to provide luxurious accommodation with a separate bedroom, living area and dining area. Modern design and private sit out area combine to offer impeccable elegance.

Ramada Resort, offers 180 Rooms and Chalets, a vast choice of accommodation in Accra. From the standard room, situated amidst the lush greens to the Executive Chalets, and a luxurious abode for a privileged few.

All rooms feature furnishings and decor that contains bathrooms, a relaxing sitting area, individually controlled air conditioning, satellite television, International Direct Dialing telephones, minibar and working area.

The furnishings and fabrics have all been exclusively designed to complement the beach location, with all the rooms having a private balcony, overlooking either the gardens or the ocean view.

No matter what you crave for, I can guarantee you an outstanding, lip smacking dining experience, amidst the most idyllic environment.

For dining in Accra, each of the restaurants and bar is designed to complement its surroundings, where you could enjoy the sound of waves, while you dine.

Or maybe, for you, your room might just be the perfect place to dine. Whether it is a lazy breakfast in bed, lunch or a romantic private dinner, you would be delighted by an in- room dining options.

What your eyes cannot skip is the Anigye fie Sea View Restaurant and Bar located in the lower level, coupled with the summer huts, which serve as an extension, comprising an idyllic setting with a view of the swimming pool and the Atlantic ocean.

It does not end there; Anigye fie serves you breakfast, lunch, evening snacks and dinner with a la carte menu.

Offering more than 3500 square feet of flexible indoor meeting space and above 7000 square feet of picturesque outdoor space, the Ramada Resort, is amongst the best suited place to have a business meeting in Accra.

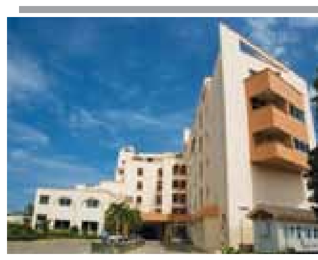
In recent times, the hotel has hosted corporate heads, dignitaries and industry leaders, so whatever you have in mind, can be executed to perfection.

So when next you get to town for a relaxation or for business, try the Ramada Resort Coco Beach Hotel in Nungua, and be met with a special treat from world class hotel management.

Golden Tulip Accra Hotel
Address: Liberation Road, Accra
Tele: +233 (0) 30 2213161
Email: info@goldentulipaccrahotel.com, reservations@goldentulipaccrahotel.com

Golden Tulip Kumasi City
1, Rain Tree Street, Kumasi, Ghana
Tel: +233 32 2083777
Fax: +233 32 2083711
Email: info@goldentulipkumasicity.com, reservations@goldentulipkumasicity.com

Labadi Beach Hotel
Address: No 1 La Bypass, Accra, Ghana
Tel: +233 (30) 277 2501/6
Email: labadi@legacyhotels.com

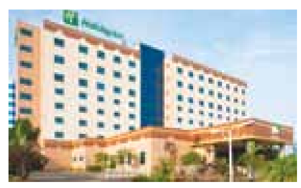


African Regent Hotel
Address: 237/238 Airport West, Accra
Telephone: + 233-30-2765 180 - 2 / + 233-30-2770-442
Email: info@african-regent-hotel.com, afropolitan@african-regent-hotel.com

Oak Plaza Hotel
Address 1: East Airport Hotel, Dede Plaza, Close to Action Chapel, Accra
Address 2: East Legon Hotel,# 2 Nai Tetteh Street, Accra
Phone: East Airport +233 302 210630-59, East Legon: +233 302 518847
Email: res@oakplazahotel.com / sales@oakplazahotel.com

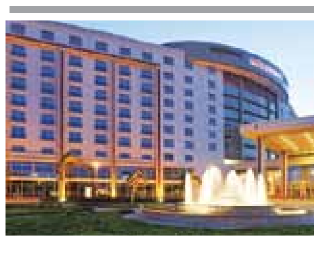
Busua Beach Resort
Agona Ahanta, Takoradi, Ghana
Tel: +233 3120 93307-9, +233 020 6388029
Fax: +233 31 20 21858
Email: busua@gbhghana.net, info@gbhghana.net.

Mövenpick Ambassador Hotel Accra
Address: Independence Avenue, Ridge, Accra
Tel: +233 302 611 000
Email: Reservations.accra@moevenpick.com



Fiesta Royale Hotel
Address: North Dzorwulu, Accra
Tel: (+233) 302 740810, (+233) 302 740811
Email: reservations@fiestaroyalehotel.com, info@fiestaroyalehotel.com

Best Western Premier Accra Airport Hotel
17 White Avenue, Airport Residential Area, Accra
Tel: +233 302216570,
Fax: +233 302766905



Novotel Accra City Centre Hotel
Address: Barnes Road, Accra, Tel: (+233)302/63 38 63,
Fax. (+233)302/667533
Email: H1021@accor.com

gtc energy

Driving Excellence Across the Energy Industry in Emerging Economies

GTC Energy is a specialised unit of GTC that provides comprehensive and integrated solutions to the energy industry in emerging economies. We deliver effective and sustainable solutions at international standard with local understanding.

GTC Energy works in three areas to deliver customised, integrated energy solutions:

Training
- Workshops, seminars, e-learning, m-learning
- Courses in Oil and Gas, Power and Electricity, Economics and Finance, Operations Management, Health and Safety

Asset Development and Divestment
- Innovative solutions tailored for challenges in oil and gas asset development and divestment
- Long-term asset development solutions for marginal oil and gas fields, created in close collaboration with our network of international and local technology and financing partners

Operations, Maintenance and Commissioning
- Support for pre-commissioning of new oil and gas projects and production facilities
- Minimising risk in oil and gas production and operation by enhancing HSES industry standards and procedures
- Support for maintaining and upgrading existing oil and gas production facilities

Partner With Us

GTC Energy is seeking partnerships with small or medium consultancies, or corporate organisations in Ghana.

How will you benefit from this partnership?
- A model that fits your current business
- Utilisation of your current structure without increasing costs
- Credibility of an established international organisation
- International branding and high profile products
- Unlimited earning potential
- Ability to leverage your own network

Essential requirements
- Proven track record in running a successful business
- A network in the public sector and the energy industry

Submit your profile to: **recruitment@gtcenergy.com**

www.gtcenergy.com

Join us in celebrating the GTC group 10th anniversary

There are amazing gifts, articles and special offers to mark a decade in building capacity worldwide.

BigOffer BigInfo BigQuiz

http://10years.thegtcgroup.com

GTC Energy, 210 New Kings Road,
London SW6 4NZ,
United Kingdom
Tel: +44 (0)20 3266 1001
Email: **enquiries@gtcenergy.com**
www.gtcenergy.com

Training Offering
International Training | Regional Training | Local Training

Locations
London | Dubai | New York | Boston | Abuja
Kuala Lumpur | Cape Town | Accra | Lagos | Nairobi

ISOQAR BAC Middlesex University London

Case Study

Simple rules for a complex world

DONALD SULL AND KATHLEEN M. EISENHARDT

A decade ago, in the course of studying why certain high-tech companies thrived during the Internet boom, we discovered something that surprised us: To shape their high-level strategies, companies like Intel and Cisco relied not on complicated frameworks but on simple, specific rules of thumb. Typically, managers had identified one critical process where a bottleneck impeded growth, and then crafted a handful of guidelines to manage that process. This approach helped companies to bridge the gap between strategy and execution – to make on-the-spot decisions and adapt to rapidly changing circumstances while keeping the big picture in mind.

At the time, we knew that simple rules worked in practice, but now – as a result of subsequent research that we and others have done – we have a much richer understanding of why they are effective and how to construct them.

SIMPLE RULES IN ACTION

The story of America Latina Logistica, or ALL, illustrates how simple rules can help companies shape strategy in an uncertain environment. In the late 1990s, the government of Brazil privatized the country's run-down freight lines. ALL was spun off from the Brazilian railway authority in 1997 to manage one of the country's eight freight lines. Its new management team took over an organization that was bureaucratic, overstaffed and bleeding cash. Middle managers were confused about what to do, and many pushed their local agendas at the expense of the company's overall best interests. The team decided to adopt a simple-rules approach:

ALIGNING ACTIVITIES WITH CORPORATE OBJECTIVES. To set a clear direction, the senior managers decided on four companywide priorities: cut costs, expand services to existing customers to grow revenues, invest selectively to improve infrastructure, and build an aggressive corporate culture. The management team identified capital budgeting as a critical bottleneck keeping the company from achieving its objectives. Next, ALL's CEO assembled a cross-functional team to develop simple rules for prioritizing capital spending. Any proposal, the rules said, should:

+ remove obstacles to growing revenues,
+ minimize upfront expenditure,
+ provide benefits immediately, and
+ reuse existing resources.

The simple rules aligned key decisions with corporate objectives. In addition, they translated the broad priorities "expand services to existing customers" and "cut costs" into clear guidelines that managers and employees understood and could act upon. The rules helped people avoid the paralysis that often strikes when they're confronted with too many alternatives.

ADAPTING TO LOCAL CIRCUMSTANCES. Once they understood the rules and their underlying rationale, ALL's employees generated a series of innovative proposals based on what they had to work with. While its competitors were spending lavishly on new equipment, ALL repaired decommissioned engines, bought used locomotives from African carriers and replaced damaged sections of the main line with dismantled tracks from abandoned parking stations. One front-line employee came up with the idea of increasing the size of fuel tanks to lengthen the distance engines could go without refueling.

That inventive, from-the-ground-up approach contrasted sharply with the way investment decisions had been made in the past: The Brazilian railway authority had issued detailed investment guidelines that left local employees with little scope to exercise their creativity or judgment. That system was efficient, but the new management team decided that the company needed adaptability more than efficiency.

FOSTERING COORDINATION. Strategies often falter in execution because of insufficient coordination across the organization. Misunderstandings are inevitable when business units, functions or subsidiaries have differing worldviews. Employees frequently attribute breakdowns to incompetence or bad faith on the part of colleagues in other departments. The cross-functional team that created ALL's rules included the head of each department as well as the CEO. As a result, the rules functioned as an explicit agreement across units to guide decision-making.

MAKING BETTER DECISIONS. Many people believe that complex problems require complex decision-making models. But adding more variables leads decision-makers to give too much weight to peripheral considerations. Complex models also demand huge volumes of data, are susceptible to computational errors, and hinge on assumptions about unknowable variables such as disruptive technologies that, if wrong, can throw off the results.

Within three years, ALL's Brazilian rail operations had increased revenues by 50 percent. When it went public in 2004, it had grown to be Latin America's largest independent logistics company, had the most extensive rail network in Latin America, was noted for its performance-oriented culture, and was listed among the best employers in Brazil.

RULES FOR DEVELOPING SIMPLE RULES

IDENTIFY A BOTTLENECK THAT IS BOTH SPECIFIC AND STRATEGIC. Single out a place in the organization where opportunities or investments exceed resources and, as a result, keep the organization from achieving its major objectives. The bottleneck needs to be a relatively narrow, well-defined process or process step, not a broad aspiration. Most organizations face multiple bottlenecks, of course. But managers should not develop simple rules to address every constraint. Instead, they should focus on one or two critical areas where rules will have the greatest impact.

LET DATA TRUMP OPINION. Before developing simple rules, we ask managers to write down what they think the rules will be. They are almost always wrong. Shoot-from-the-hip rules typically overweigh recent experience, reflect personal biases and ignore anomalous data. The best rules, in contrast, draw on a thoughtful analysis of historical experience.

USERS MAKE THE RULES. Managers' first instinct is often to draft a set of rules to send down the chain of command. But it's the people who will apply the rules who are best able to craft them. They can also test the rules in real time to evaluate whether they are too vague, limiting or cumbersome. Letting users develop the rules can help a cross-functional team sort through tough decisions. On the flip side, the lack of top executive commitment is the best predictor that simple rules will fail. Senior executives undermine simple rules for several reasons: They don't trust their team to develop or use the rules, they don't want their personal discretion constrained, or they prefer to keep decision criteria vague. Regardless of the rationale, lukewarm support from the sponsoring manager dooms simple rules to failure.

THE RULES SHOULD BE CONCRETE. Rules shouldn't be difficult to grasp; they can translate into simple yes-or-no criteria.

THE RULES SHOULD EVOLVE. Simple rules should change with the company and the market and as managers gain a richer understanding of what their strategy means in practice. Managers can foster that evolution by building in periodic checkpoints and capping the total number of rules.

Simple rules represent the beating heart of strategy. When applied to a critical bottleneck, carefully crafted and used in a mindful manner, simple rules can guide the activities that matter. In a world of hard trade-offs, they are one of the few ways managers can increase alignment, adaptation and coordination all at once.

(Donald Sull is a professor of management practice at the London Business School and a global expert on managing in turbulent markets. Kathleen M. Eisenhardt is a professor at Stanford University and a co-director of the Stanford Technology Ventures Program.)

SIDEBAR 1

IDEA IN BRIEF

How can managers make sure that everyone in an organization is focused on the same strategy but has the flexibility to innovate and adapt to local circumstances? The answer is not a complicated framework but a set of simple rules that help employees make decisions on the fly, act on them and respond quickly to shifts in the environment. Developing such rules involves three steps:

1. Set corporate objectives.

+ What are we trying to achieve – profitability, growth, innovation, social good?

2. Identify a bottleneck that keeps you from achieving those objectives.

+ Where do opportunities most exceed the resources (time, money and people) available to pursue them?

+ What specific process (or step in a process) would help us manage that problem?

3. Create simple rules for managing the strategic bottleneck.

+ What experiences has our company had with that process?

+ What worked, what didn't, and why?

Brought to you courtesy of First Bank of Nigeria

FirstBank Since 1894

SIDEBAR 2

The science
How simple rules make it easier to act

Complex situations create many possible courses of action, which can confound employees on the front line. A recent body of research by psychologists demonstrates that when faced with a superabundance of alternatives, people are afraid of making the wrong choice. As a result they delay decisions, default to the safest option or avoid choosing altogether.

In one experiment by Sheena Iyengar and Mark Lepper, shoppers were presented with free samples of six types of jam. Forty percent of passers-by approached the table, and 30 percent bought a jar of jam. However, when 24 types of jam were offered, 60 percent of shoppers approached the booth, but only 3 percent bought a jar. Another study found that three-quarters of eligible employees participated in 401(k) plans that offered only two funds, but participation dropped to 61 percent for plans with dozens of funds.

Because they are easy to put into practice, simple rules can induce action without unnecessarily limiting options. Research by Brian Wansink and colleagues has shown that by following one simple rule, people attempting to lose weight shed, on average, a pound a month. Other research shows that microentrepreneurs who learned accounting as a series of simple rules such as "Separate business and personal accounts" and "Pay yourself a set salary every month" were more likely to improve their accounting practices and business results than those who learned accounting the way it is traditionally taught – as a set of broad principles.

HOW SIMPLE RULES FARE AGAINST COMPLEX MODELS

A growing body of evidence shows that simple rules match or beat more-complicated analyses across a wide range of decisions. Simple rules outperformed state-of-the-art statistical models in forecasting the likelihood that customers would repurchase in 2 out of 3 industries (and tied them in the third). They matched sophisticated algorithms in effectiveness at allocating funds across asset classes. And they tied or beat complicated approaches in a range of nonbusiness applications, including identifying where criminals lived, picking winners at Wimbledon and guessing which of two cities had a larger population.

HOW SIMPLE RULES DIFFER FROM CHECKLISTS

All firms must balance two conflicting but equally important demands: efficiency (which comes from exploiting standard opportunities) and flexibility (which allows an organization to seize unexpected opportunities).

Checklists like the ones that pilots use before takeoff or that surgical teams run through to prepare for an operation are extremely helpful when the challenge is to perform a process repeatedly and efficiently. They lay out clear tasks that together constitute the steps in an optimal process. Simple rules, in contrast, are most useful when the challenge is to adapt quickly to changing circumstances. They set the boundaries of acceptable behavior while leaving ample scope for flexibility within those limits.

Computer simulations have shown that in stable markets, managers can choose between the flexibility of simple rules and the efficiency of codified processes and still do well. As an environment's dynamism increases, however, flexibility grows in importance, and simple rules become imperative.

SIDEBAR 3

Spotting a bottleneck

Managers understand conceptually that bottlenecks are places where opportunities or investments exceed resources, but they struggle to identify them in practice. Here are some examples that may inspire your own thinking.

eToro: An online social trading platform

The bottleneck: Customers loved a feature that allowed them to copy trades made by successful traders. The company wanted to grow that business – but needed more star investors to use its services.The Fix: A process that helped account managers cultivate potential gurus more quickly

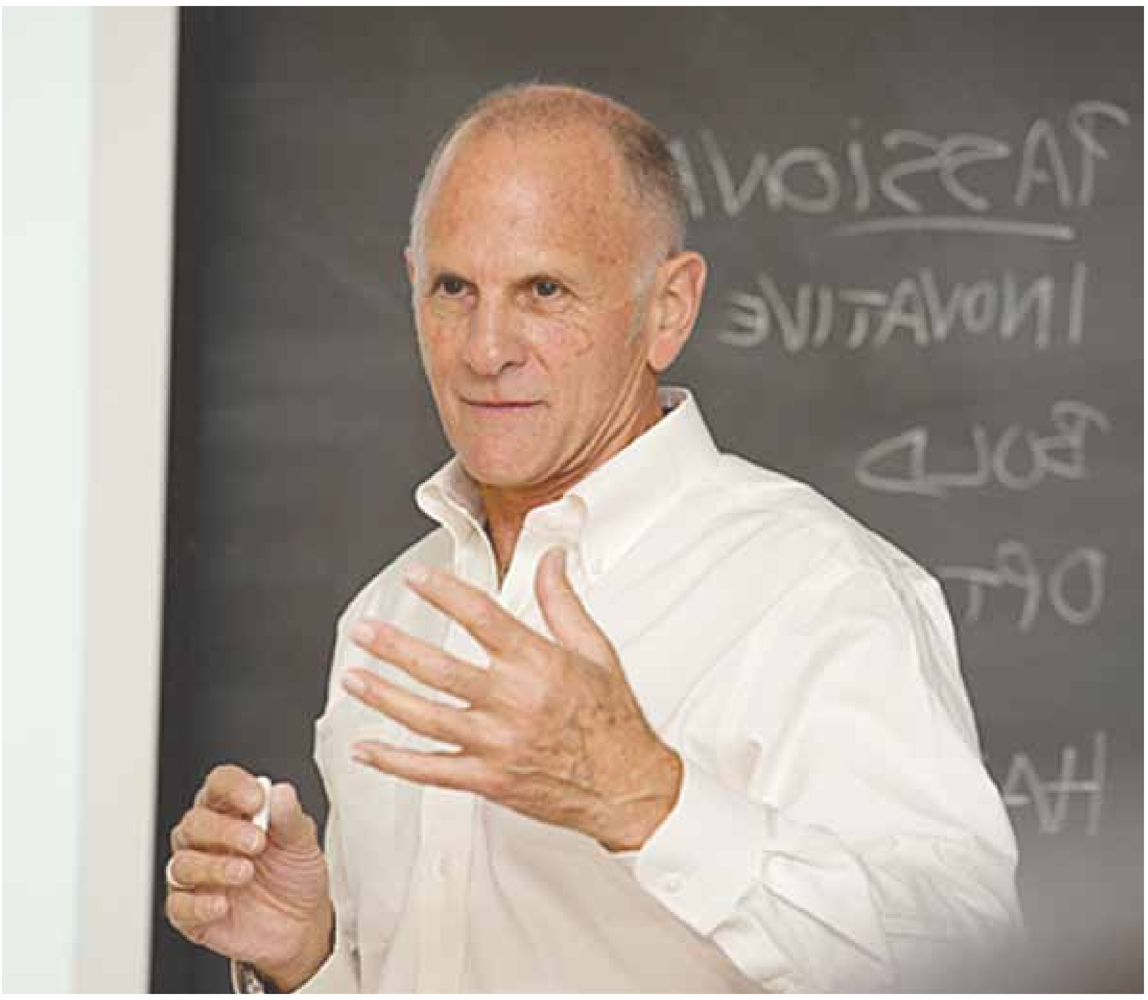
Primekss: A concrete technologies company

The Bottleneck: Hundreds of contractors wanted to distribute the company's innovative industrial cement; accommodating all the requests would require more engineering resources than the company had.The Fix: Rules for identifying potential franchisees that could succeed with minimal support

Alachua County Organization for Rural Needs: A nonprofit that provides medical care for migrant workers in Florida

The Bottleneck: Demand for services was infinite, but volunteer medical professionals had limited time.

The Fix: Rules that clinic staff would handle all paperwork and "hassles" so that doctors could be focused 100 percent on patient care.



What makes work worth doing?

TERESA AMABILE AND STEVEN KRAMER

"Far and away, the best prize that life offers is the chance to work hard at work worth doing."

— Theodore Roosevelt, Sept. 7, 1903

President Roosevelt's assertion 109 years ago still rings true today. Our research found that people's everyday work lives are greatly enriched when they make progress at work that they find meaningful. But what makes work worth doing?

Sometimes it's obvious. No one would question whether trying to cure disease is worth doing. The same goes for inventing and making products that enhance people's lives. But is all work worthwhile? Our own research focused on knowledge workers – highly educated people doing creative work and solving complex problems – and readers often ask whether our findings apply to manual laborers or workers in the service industries. We believe they do apply, but only when workers feel that they are making a contribution to something or someone they value.

Chip Conley, the founder of the successful boutique hotel chain Joie de Vivre, eloquently made this point in a TED Talk. Conley described a housekeeper – an immigrant from Vietnam named Vivian – who worked in the first hotel that he purchased. According to Conley, Vivian found great satisfaction in the emotional connection that she made with her co-workers and hotel guests. She found joy in making people who were away from home comfortable, because she knew what it was like to be far away from home. Vivian found work that was worth doing and, like most hotel housekeepers, she worked hard at it.

We, too, have seen how meaning can make work that might seem dull or repetitive rich and rewarding. When Teresa went to get an annual blood test, she noticed that the woman who was about to draw her blood was smiling broadly. Teresa remarked, "You certainly look happy today." The phlebotomist replied that she was happy because there were lots of tubes lined up waiting to be filled with blood; that meant that she would be drawing lots of blood. No, she was not some kind

of sadist. Rather, she went on to explain that the vast majority of illnesses are first detected by simple blood tests, and having lots of test tubes lined up meant that she had the opportunity to help lots of people.

Sadly, too many people seem to find their work unfulfilling. As a result, they are disengaged and less productive than they might be. If you are a leader, you can help change that by doing two things. First, make sure that the work you assign to employees actually serves a purpose for someone or something they value. Second, make sure that employees understand how their own everyday actions contribute to that goal.

Adam Grant, of the University of Pennsylvania's Wharton School, studied workers at a call center who were raising money for student scholarships. This work can be particularly frustrating because only a small minority of calls lead to contributions. Grant assigned the workers to three experimental groups. In one, the workers heard a student speak about how the scholarship money had helped him. A second group simply received letters of thanks from students, while the third group had no contact with the students who benefited from the fundraising. The results were astonishing. After one month, call center workers who had heard the student speak more than doubled the calls they were making and tripled the amount of money they raised. In contrast, there was no change in the other two groups. Making a personal connection with a real person who benefited from their work allowed the call center workers to feel the true worth of their efforts; that contact put a real face to the fruits of their labor.

If you are a leader, be creative in considering ways to help your employees see the impact of their work on others. Make sure they know that their work is worth doing.

(Teresa Amabile is a professor of business administration at Harvard Business School. Steven Kramer is a psychologist and independent researcher. They are co-authors of ``The Progress Principle.")

Brought to you courtesy of First Bank of Nigeria
FirstBank Since 1894

When consumers win, who loses?

For most companies, doing what's best for consumers makes sense. But for economies, it can be dangerous.

To understand why, start by thinking of an economy as simply two groups: producers and consumers. Government policies can favor producers through import restrictions, low corporate taxes, low regulation and easy commercial credit. Alternatively, they can favor consumers with free trade, low sales taxes, pro-consumer regulation and easy consumer credit. Either group can also get direct subsidies: tax breaks and grants for companies or transfer payments for consumers.

Every economy is a mix, but usually one group gets more goodies than the other. China is famous for its producer-oriented economy – a capitalist paradise where tariffs, government supports and generous bank loans make it easy to build a company. Consumers (and workers) have few rights and little access to credit. Experts often call on China to do more to favor its consumers.

The United States, though it had similar producerist tendencies in the 19th century, is now at the opposite extreme. Why don't economists call for the U.S. to strike a balance? Because prevailing theory – the neoclassical economics that drives most American policy – doesn't recognize a conflict. In the ideal market, companies compete so effectively that all the value they create goes to consumers, save for the minimum needed to pay for capital and labor. In theory, the choice between producers and consumers needn't be made, because serving the latter supposedly ends up strengthening industries.

Unfortunately, this theory is making a lot of American consumers poorer right now. Sure, they can buy flat-screen TVs for incredibly low prices. But that's little help if they're unemployed. The effect of putting too much weight on consumers has been to make the U.S. economy less competitive. Its companies invest abroad not only because labor elsewhere is cheaper but also because these places favor producers, offering a better chance of success. In thoroughly globalized markets, U.S. firms are weak fish swimming in a lake stocked with piranhas – the supercompetitors spawned by governments less concerned with stock market efficiency.

What would a more balanced economy look like? In the past decade, the supposed welfare state of Germany shifted away from consumers. Value-added taxes went up, as did the retirement age. The revenue gains from taxes on fossil fuels and lower-value-added manufacturing went to support Germany's higher-value-added industrial goods and renewable energy sectors, in the form of vocational training and research and development. A government in favor of free trade within the European Union worked to keep EU tariffs up on industrial goods from outside the EU. Because this prevented Asian rivals from undercutting German producers, domestic companies had the confidence to invest and keep workers employed. Yet the tariffs were low enough that these industries could not devolve into complacent oligopolies. They had to seek growth elsewhere, and their worldwide competitiveness is a big reason Germany emerged from the Great Recession with lower unemployment and debt than those of other nations.

In the United States there have been cuts to public pensions and some lowering of business taxes. But such actions have been taken in the context of debates over government's size, not to re-balance the interests of producers and consumers. (Thus, some have argued against government spending on vocational training, though that would help producers.) By reframing the choice and recognizing that voters care more about jobs than consumption, U.S. policymakers could create a strong economy in which producers remain healthy – because the customer is not always right.

(Richard A. D'Aveni is a professor of strategic management at the Tuck School of Business at Dartmouth College and the author of``Strategic Capitalism.")

Sidebar 2: Too much information

Over the past two decades, a wide range of experiments have shed light on how an excess of information and choice impairs decision making.

One of the most common consumer responses to the excess is to forgo a purchase altogether. In a classic experiment, Sheena Iyengar, then a doctoral student and now a professor at Columbia Business School, set out pots of jam on supermarket tables in groups of either six or 24. About 30 percent of those who were given six choices bought some jam; only 3 percent of those confronted with 24 choices did. As the psychologist Barry Schwartz demonstrates in The Paradox of Choice, an excess of input leads to angst, indecision, regret, and ultimately lowered satisfaction with both the purchase process and the products themselves. Dozens of related lines of research confirm what now seems like common sense: Too much choice or too much information can be paralyzing.

Consumers themselves say they're overwhelmed. A 2004 survey conducted by the market research firm Yankelovich found that two-thirds of respondents felt "constantly bombarded with too much marketing and advertising." (And it's safe to say that eight years later, the bombardment has only increased.) The implication for marketers is clear: Aggressive engagement that overloads consumers' already-saturated brains may backfire. But the hundreds of marketing executives we interviewed told us that their engagement strategies were designed expressly to achieve more-frequent interaction and deepened relationships.

Compounding the overload problem is the human penchant for overthinking trivial decisions and second-guessing. The explosion of messages and product data feeds this tendency, one consequence of which is a "spiral of discontent." Research by the University of Florida's Aner Sela and Wharton's Jonah Berger shows that the more challenging a decision is to make, the more important people imagine it to be. Think about consumers trying to choose among an array of poorly differentiated products, such as digital cameras: The difficulty of wading through the choices increases the perceived importance of the decision. This in turn causes people to spend even more time and effort on the decision, which further increases its apparent importance. A trivial purchase decision can thus spiral into a disproportionately complicated and time-consuming one â(euro) ‘’ and the process creates consumers who are less happy, not more. Indeed, 41 percent of those we surveyed expressed anxiety about the purchases they'd made, and 20 percent conducted research after the purchase, still looking to validate their decisions.

Sidebar 3: About the research

Over a three-month period, Corporate Executive Board conducted pre- and postpurchase surveys of more than 7,000 consumers in the U.S., the U.K. and Australia, covering a wide range of ages, income levels, and ethnicities.

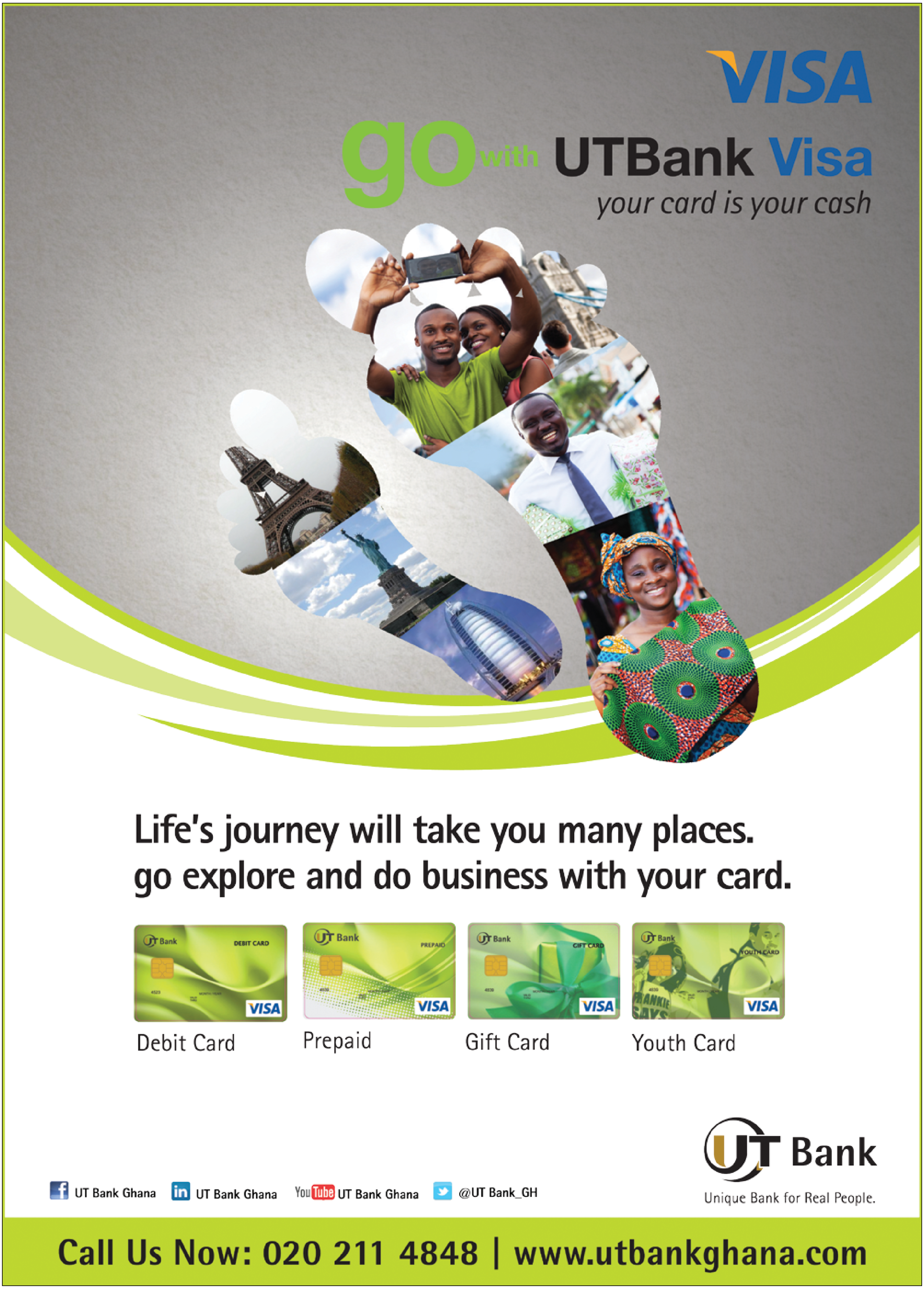
Respondents were asked dozens of questions about their attitudes and purchase experiences across a variety of price points and channels in categories including apparel, cars, luxury goods, one-time items (such as airline tickets), and ongoing services (such as cell phone service).

Questions explored shopping duration, effort required, purchase-related research, the consumer's state of mind, his relationship with the brand, the frequency of his interactions with the brand, and the likelihood of repurchasing and recommending.

In addition, we interviewed 200 CMOs, brand managers, and other marketing executives representing 125 consumer brands in 12 industries globally, asking about their strategies and beliefs concerning drivers of stickiness

Brought to you courtesy of First Bank of Nigeria Plc

FirstBank Since 1894


VISA
go with UTBank Visa
your card is your cash
Life's journey will take you many places.
go explore and do business with your card.
Debit Card
Prepaid
Gift Card
Youth Card
UT Bank
Unique Bank for Real People.
UT Bank Ghana
UT Bank Ghana
YouTube UT Bank Ghana
@UT Bank_GH
Call Us Now: 020 211 4848 | www.utbankghana.com

Competing for talent in every geography

ERIC KNIGHT

In the late 1990s, Steven Hankin of the consulting firm McKinsey & Co. provoked a lot of discussion when he coined the phrase "the war for talent." As the phrase became more popular, others used it to warn corporations of impending talent shortfalls, advocating that it be considered a strategic business challenge. Since the dot-com bust, the Great Recession and other upheavals, the imperative has taken a back seat, but the challenge still remains.

The original thesis of the war for talent was predicated on significant demographic shifts, such as aging populations in the West. While still relevant, those shifts are now part of a larger equation. Consider these new realities:

+ Many countries insist that foreign companies benefit the local community. Jobs have become a currency, and economic policymakers must use them as part of the bargain for entering a new market.

+ Many foreign firms that had an edge a couple of decades ago now face competition for local talent from homegrown companies.

+ It is increasingly difficult to send expatriates to some of the new frontiers of growth. Talent is needed in Angola, Mongolia and Vietnam - places where the infrastructure is different from what an expat would experience in London, Paris or Sydney.

+ Skill levels vary widely. Multinationals accustomed to attracting talent trained in the West now have to recruit locally where education levels can sometimes be inconsistent.

General Electric is one of many corporations now confronting these challenges. With more than 60% of our workforce based outside the United States, we must compete in every geography and get it right.

In the U.S. and Western Europe, the challenges center on talent replenishment and knowledge transfer to assure that productivity remains high even as the baby boomer generation starts to retire. We have a number of initiatives to address these challenges, including partnerships to promote academic achievement and programs to hire military veterans.

In Africa, where talent potential is great but education and skill levels vary, we are working with local universities and technical institutions to co-create curricula that strengthen skills, particularly in technical disciplines.

In other countries where an advanced talent pool is more established, notably China and India, competition is intense. Here, training and continuing education are critical differentiators, so establishing our leadership-development centers in Shanghai and Bangalore was crucial to demonstrating our commitment to local talent.

A workforce-planning process that can size demand in different geographies - coupled with an appropriate level of investment in learning and development - is key to addressing the global talent challenge.

(Raghu Krishnamoorthy is GE's vice president of executive development and chief learning officer.)

(C) (2014) Harvard Business Review. Distributed by New York Times Syndicate


PAYING FOR ASO-OKE IN LAGOS ISLAND FOR THE WEDDING..


YOUR FIRSTBANK CARD IS EVERYTHING YOU NEED


CHECKING INTO THE BURJ AL ARAB IN DUBAI...

Contact us: 01-4485500; 0700FIRSTCONTACT (0700-34778-2668228); firstcontact@firstbanknigeria.com
complaints@firstbanknigeria.com | www.firstbanknigeria.com | RC 6290 | SMS short code: 30012
FirstBankofnigeria @FirstBankngr Firstbankngr FirstBank Nigeria FirstBank Nigeria
ABU DHABI • BEIJING • DR CONGO • GHANA • GUINEA • JOHANNESBURG • LONDON • NIGERIA • PARIS • SIERRA LEONE • THE GAMBIA
Join FirstClub
www.firstclub.firstbanknigeria.com
-You First-
FirstBank Since 1894

What military service could teach MBAs

GRETCHEN GAVETT

In 1980, male military veterans were in charge of almost 60 percent of large public companies in the United States. By 2006, a mere 6.2 percent of these businesses had CEOs with military experience.

These numbers, from a January National Bureau of Economic Research working paper by Efraim Benmelech and Carola Frydman, aren't necessarily surprising. As the duo explained to me over email, "the decline in military CEOs is a reflection of broader trends in the U.S. population." Indeed, the number of U.S. military personnel has declined dramatically from the 12 million at the end of World War II.

Using Forbes 800 and Execucomp surveys that identify company CEOs, and aided by additional research into military service, age and education, Benmelech and Frydman were able to compare firms run by veterans with those run by executives without any military experience. Then they asked a question: "Has the disappearance of executives who served in the military from the C-suite had a real impact on corporate America?"

The answer is yes.

"Military CEOs seem to cope better under pressure, which is important for firms that experience distress, or for firms that operate in industries that are in distress," the authors told me. "This seems to stem from military training and experience in difficult situations."

In addition, "military CEOs are also more conservative in making investments and are much less likely to be involved in financial fraud." Furthermore, the researchers found that while some military CEOs held MBAs, this fact didn't have much to do with the tendency of these executives to avoid fraud or act conservatively about investments.

To be clear, not all non-veteran CEOs behave differently from their military counterparts. But given these newly identified characteristics of military CEOs and their significant drop-off since 1980, it's worth pausing to consider what current and future business leaders might be missing out on - and how to fill that gap. "We need to better define what aspects of leadership are unique to veteran CEOs, and then we need to think about how to incorporate those into business education," say Benmelech and Frydman.

"In general, it seems like a good idea to highlight ethics and leadership even more."

(Gretchen Gavett is an associate editor at Harvard Business Review.)

Facebook's unbundling strategy makes perfect sense

Niraj Dawar

Can a company built on the ideas of scale and network effects unbundle its offering into multiple brands and still thrive? Facebook is about to find out.

Unbundling has a compelling strategic and competitive rationale for Facebook. It has implications that extend far beyond the social media company's stated goal of designing single-purpose apps for mobile usage. "Facebook is not one thing," Mark Zuckerberg said in a recent interview with The New York Times. And clearly, the more things Facebook becomes to its customers, the less chance it has of being felled by a single savvy competitor or by the obsolescence of a single social network. But what will unbundling do to its sources of competitive advantage?

Today Facebook enjoys three advantages over its rivals: technological capabilities, economies of scale in its infrastructure and most importantly, network effects. Network effects favor Facebook because for those who want to socially network, it makes sense to congregate on Facebook where everybody else is hanging out. There is only one square in the global village, and it's run by Facebook.

At the same time, Zuckerberg appears to recognize that the Facebook brand as a single monolithic entry point cannot be everything to all people. Users have different needs, and those needs can be served with separately branded products that deliver different experiences and attract different customer segments. Each brand — whether it's Facebook, Messenger, WhatsApp or Instagram — claims a distinct territory within the social space. The strategic bet is that a single customer interface isn't necessary to maintain or even strengthen Facebook's technological lead and infrastructure scale.

But what about network effects? Could unbundling pose a threat? Not necessarily. First, the brands that Facebook currently operates (Messenger, WhatsApp, Instagram and the social networking site itself) have hundreds of millions of users, and each of these brands enjoys greater network effects than all but its largest potential rivals. Secondly, Facebook may believe it's worth sacrificing some network effects in order to build distinct brands and pre-emptively occupy social space.

Facebook's new strategy is a smart one. By having multiple brands in the marketplace, by pre-emptively building and acquiring new types of social space and by serving multiple segments or "use cases," the company is both hedging its competitive risk and staying ahead of its customers' needs. Get ready for the many faces of Facebook.

(Niraj Dawar is a professor of marketing at the Ivey Business School in Canada. He is the author of "Tilt: Shifting Your Strategy From Products to Customers.")

Brought to you courtesy of First Bank of Nigeria

The solution tablets for Ghana 'fainting' economy

MIKE OSIKOYA

The writer is Mike Osikoya CEO, Mikensy Consulting Limited
He resides in Ghana.
m.oyemade@gmail.com
0248951379.
For similar articles, visit www.mikensyconsulting.com/articles

I am not a medical practitioner, and I cannot claim to know much about medicine either. The best interaction I had with medical profession was during my 'O' level days when I took Biology as one of my science subjects during my school certificate examination. Aside from that, I like watching some medical programmes like Dr. 90210 on cable television and occasionally when I feel tired and I needed to go to the hospital for some medical check-up are other occasions that I can say I see what medicine is all about.

Medicine is a profession so many people like. Most parents always prefer their wards to go to the university and study medicine or pharmacy as a course.

After reading much about Ben Carson, the retired American neurosurgeon and columnist, He wrote some nice books like " The Gifted Hands and Think Big." I became so thrilled about the profession and the kind heartedness of the people that practice the profession.

When a person goes into coma and needs revival, traditionally, what we do is to look for some buckets of water and pour it on the fainted person to get him or her revived or get some flexible items to fan him for some air so that s/he can come back to life. Sometime it may even get so crude to the extent of forcing any hard object, like spoon within the reach of the rescue operators into the mouth of the person to prevent him/her from chaining the jaw and subsequently pass on from that state of coma.

For medical personnel, who know the ABC of reviving a fainting person, they don't approach it in that crude manner instead; they allow the victim to sit down in a particular position that would allow him/ her to have access to fresh air. This is more scientific and result oriented.

Looking at our economy and the approach we are adopting to bring it back on its feet, it looks to me like we have been attempting to revive the ailing economy using the "crude and traditional" approach described above in order to resuscitate the Ghana 'fainted' economy.

Why fainting (syncope)?

Fainting, "blacking out," or syncope is the temporary loss of consciousness followed by the return to full wakefulness. This loss of consciousness may be accompanied by loss of muscle tone that can result in falling or slumping over. Fainting is differentiated from seizure, during which patients may also lose consciousness.

Fainting is a sudden loss of consciousness, usually temporary and typically caused by a lack of oxygen in the brain. Sometimes syncope may be just that - a fainting episode with no medical importance. On some occasions, however, it may be caused by a serious illness, condition or disorder. Every case of fainting should be treated as a medical emergency until the cause is known and signs and symptoms have been treated. Anybody who has recurring fainting episodes should contact their doctor says medical experts.

What are the signs and symptoms of fainting (syncope)?

A symptom is something the patient senses and describes, while a sign is something other people, such as the doctor notice. The hallmark sign is evident to anyone around - the patient passes out, faints, and suddenly loses consciousness.

The following signs and symptoms may precede a fainting episode. A feeling of heaviness in the legs, Blurred vision, Confusion, Feeling warm or hot, Lightheadedness, dizziness, a floating feeling, Nausea, Sweating, Vomiting, Yawning.

When a person faints, the following signs may be evident: The individual may be falling over, the patient may be slumping, and the person may be unusually pale. There may be a drop in blood pressure; there may be a weak pulse.

If you look at Ghanaian economy from this medical (syncope) point of view, you will agree that the economic health of the nation is suffering from all the signs and symptoms mentioned above.

The Chief Medical Director (Ministry of Finance and Economic Planning) and its medical support team including the Chief Matron (Bank of Ghana) have to come up with serious diagnoses to explain what we have to do to stop this repeated fainting of the economy. I don't think they should allow the wailing and crying of "sympathizers" that is Ghanaian public to confuse us of knowing what to do.

The issue is that our "medical officers" cannot afford to throw their hands into the air and allow things to get worse than this as it happened to Brazilians' defense against their Germans opponents when they conceded seven cheeky goals in a world cup semi final match. In a competition the country hosted to the utmost disbelief of their supporting home fans after spending colossus sum of money to prepare for the world event tagged we are Brasil.

We should be able to safe our people from the trauma of seeing things degenerate to the level of disrepair as if there is no solution in sight or nobody cares. We must sense it from the people in power that this government cares and it is God that cures.

We have seen that the traditional approach of pouring water, blowing some air into the face of the economy by releasing some quick money to pay the oil marketers for them to resume supply of fuel from their action of No Money No Fuel episode of last few weeks. Secondly, forcing some hard object like 17.5% VAT down the throat of the people to generate additional taxes for government in order to keep the economy running at least for now cannot solve the huge and massive challenges we have at hand.

The need some level of ingenuity that is "economic surgery" on the part of the medical team to prevent the economy from locking the jaw permanently and God forbid bad thing, that it would be pronounced dead.

Let us attempt to look at some of the symptoms and signs that suggest that the economy has fainted before we approach the problem with a solution in mind like professional medical personnel. If you look at the description above, a symptom is something the patient senses and describes, while a sign is something other people, such as the doctor notice.

It is a common knowledge that there is high rate of unemployment in the country; inflation is on the rise every day. As I am writing this article, Government statistical department has given the current inflation rate at all time high of 15%. The Monetary Policy rate is raised to 19% by the MPC just last week. The exchange rate is hovering around Ghc3.5 to a dollar in the parallel market; there is huge amount of infrastructural deficiencies in the system, arrears of statutory allocations to NHIA, GETFUND, District Assembly Common Fund etc. persistent increase in fuel prices and other utilities like water and electricity bills.

Recently, government suspended increase in VAT rate from 15 to 17.5% and inclusion of banking services in vatable items e.tc after a huge outcry by many banking services users. These are some of the signs that the economy is having a huge drop in blood pressure which is one of the symptoms of Syncope.

What should we be doing at this time to revive the ailing economy?

We need Leadership Response

First thing first, there is need for our President to bring his leadership skills to bear and restore public confidence in the leadership of the country. Quickly, this can be done by giving message of hope backed by action but must go a step further than the usual state of the nation address. It should be tagged state of the economy address with actionable agenda by getting the people to quickly put some 'early wins' under their belt.

Let me explain this further, Mr. President should play the leadership role that biblical Moses played when the people of Israel were at the wilderness, when food and water became a serious issue of concern just as we are experiencing in today's Ghana.

There have been serious complaints and murmuring among the people like the Israelites did to Moses in the wilderness. Some people are even calling on Mr. President to step down and resign honorably to safe the ship of the country from heading towards total collapse. There is no reason for such calls for now; I think the endurance level of some of our people is very low. What I think they should be asking is what solutions should Mr. President deploy that would take us out of this wilderness of economic hardship.

The call on Mr. President to step down is not new, when Moses delays in coming down from the mountain, people gathered together and demanded for other gods. 'When the people saw that Moses was so long in coming down from the mountain, they gathered around Aaron and said, "Come, make us gods who will go before us. As for this fellow Moses who brought us up out of Egypt, we don't know what has happened to him." (Exodus 32:1)

In order to give quality advise to our President, I did some deep study of my Maxwell Leadership Bible and I got some stuff that are relevant and quite germane to our situation and these steps I will recommend to the leadership of our country. This talked about;

The law of navigation: planning and structure

As a good leader, Moses methodically arranged the tribal camps in the wilderness. He set the tabernacle in the center and arranged the priests around its four sides (North, South, East and West of the country). Then he symmetrically distributed the Twelve Tribes (In our own case Ten Regions) around the priests and Levites, (Regional Chief Executives) with three tribes on each of the four sides.

We would do well to plan and organize as Moses did.

1. Plan to plan. Give time for planning and organizing because we know as a student of management that Prior Proper Planning Prevents Poor Performance. Planning is winning.

2. Determine your primary purpose. What's the big picture? What are you trying to do?

3. Assess the situation. Understand where you sit before trying to develop a strategy.

4. Prioritize the needs. Make sure the team agrees on the most important goals.

5. Ask the right questions. Ask about market, leadership, revenue, reporting, and evaluation.

6. Set specific goals. Write goals that are realistic, measurable, and convictional.

7. Clarify and communicate. Communication links planning and implementation.

8. Identify possible obstacles. Mentally walk through all you are trying to pull off.

9. Have an open system approach to your planning. Be sympathetic to your environment.

10. Schedule everything you can. Get things on the calendar and set deadlines.

11. Budget everything you can. Determine both the costs and due dates of projects.

12. Monitor and correct. Progress is like a canoe trip; constantly adjust your course

13. Study the results. Evaluation prevents stagnation and exaggeration.

Mr. President should remember that, anyone can steer the ship, but it takes a leader to chart the course. You are the leader no matter the hush and cry in the system the buck stop at his desk.

Mr. President should as a matter of urgency, address the nation by stating steps being taking to revive the ailing economy. This must be specific and actionable with a short time frame using SMART rule (Specific, Measurable, Actionable, Relevant and Realistic and Time Bound) as a performance measurement. Our people want to hear some message of hope like Moses did when he came down from Mount Sinai with two tablets of the testimony in his hand. Our own equivalent of tablets of testimony can be called "tablets of solution" for the ailing economy.

The Tablets of Solution

Some of the "tablets" to be administered now is how to work with the RCEs (Regional chief Executives) to create a minimum of 1,500 jobs per Region in the next two to three months through Agricultural Support Action Project (ASAP). Government can do this by earmarking Ghc300m from the expected Cocoa money and Euro Bond facility. This will be a practical demonstration to the people that government has genuine plans to reduce unemployment in the country.

Immediately, this will create about 15,000 jobs in the agricultural sector for teeming population of unemployed youth. With an initial grant of Ghc20,000 per youth farmer in their respective regions, this will open up so many regions in the country and encourage self employment among our people. The money should not be seen as a national cake to be distributed along party lines but it must be made available to all interested people and repayable within the first three years. Consequently, you will expect to see each youth farmer employing additional 2 to 3 people to take the total number of employment generation to about 60,000 within the next 10 months.

Government should look at the possibility of making the economy run 24/7 for the next two years. Increase productivity is always the solution to any recession. If we are able to increase the productivity level of everyone in the country by about 50% above the current level, we could bounce back to full economic stability within the next two years. What we have to do is to ensure that electricity, water and security is running 24/7 in all major city centers around the country while people go about their day or night duties as if they are all working during normal day.

We can start this 24/7 project with Government MDAs. This will open up opportunity for additional jobs to be created for more people and by so doing expand the economy further. Expectedly, the question people would ask is how we get money to pay the people running night shift when we are still struggling to pay day workers. That should not be a thing of worry at all. If the productivity can be measured and the people are working not sleeping on duty, the money will come from the service they render to the public and consumers of these services if they derive benefit from service provided.

The $3 billion Euro bond and cocoa money if converted to cedi at the current rate of exchange will provide government with something over 9 billion cedis. This is a huge injection to the economy, but the issue is not in the quantum of the money injected but the correct application of the fund that is important. The expected cash injection is capable of turning the situation around for the country within one year if well managed. I will expect that Government will plan utilization of this money adequately to ensure that it brings desire benefits to the economy and the people.

How can we do that?

About GHc 300m can be earmarked for the ASAP that will benefit almost 15,000 people who will be employed in the next couple of months to increase food production and reduce unemployment as a matter of priority as already stated above.

Another GHc 200m can be allocated as an intervention fund to bring back to life companies that are going through financial crisis. We can call it Ailing Industries Intervention Fund (AIIF). We can do this by identifying ten major companies with strategic national importance to the country to benefit from the intervention fund with average of Ghc 20m as soft loan to each identified companies. This amount must be repaid back within 3-5 years from their operational profits.

The companies to be supported must have capacity to employ average of 500 to 1,000 skilled and unskilled people within the next one year after the injection. This will give provide additional 5,000 to 10,000 jobs in addition to 45,000 from youth farmers' programme.

Finally, I don't think Government should embark on any new building project either schools, roads or airport from this money. What I think they should do is to carry out an inventory of all government on- going projects and prioritize the ones nearing completion and release fund for them to be completed within the next few months. All statutory allocations backlogs to MDAs (NHIA, GETFUND, and District Assembly Common Fund) should be released immediately to enable them settle all arrears due to their suppliers and vendors. This will demonstrate government sincerity in honoring its obligations. Maintenance culture should be brought back to the fore to put our roads, hospital and other infrastructures back in order instead of embarking on new ones that we may not have immediate cash to complete.

Let me conclude with this instructive quote by one of the Americans revered philosophers' Benjamin Franklin he said and I quote 'Friends and neighbors complain that taxes are indeed very heavy, and if those laid on by the government were the only ones we had to pay, we might the more easily discharge them; but we have many others, and much more grievous to some of us. We are taxed twice as much by our idleness, three times as much by our pride, and four times as much by our folly."

WEEKLY FINANCIAL TELEGRAPH FOR THE PERIOD 14-Jul-14 TO 18-Jul-14

McOttley Capital

Research@mcottley.com P. M. B 410 Cantonment, Accra +233-302-982-959 www.mcottley.com

Market Benchmark	Current Week	Previous Week	Change(%)	YTD(%)
GSE Composite Index (CI)	2,332.62	2,365.72	-1.40%	8.74%
Financial Stock Index (FSI)	2,146.34	2,144.52	0.08%	20.14%

The local bourse within the week saw decline in the performance barometer. The GSE-composite index lost 1.4 percent to close the week at 2332.62 with a return of 8.74 percent. However, The Financila stock index gained 0.08 percebt to close the week at 2146.34 points with a year-to-date return of 20.14 percent. ETI had the highest price change with about 3.6 percent, followed by EGL and TLW. GGBL also had the least price chnage of about 16.8, followed by MLC, SIC and UTB. GGBL dominated trading in terms of value traded accounting for 26.1 percent of the total vaue traded for the week under review. ETI also dominated trading interms of volume accounting for 35.6 percent of the total volume trading.

WEEKLY TRADING ACTIVITIES

TOP FIVE (5) GAINERS

Equity	Current Price	Change
ETI	0.29	3.6%
EGL	1.80	2.9%
TLW	35.05	1.2%

TOP FIVE (5) LOSERS

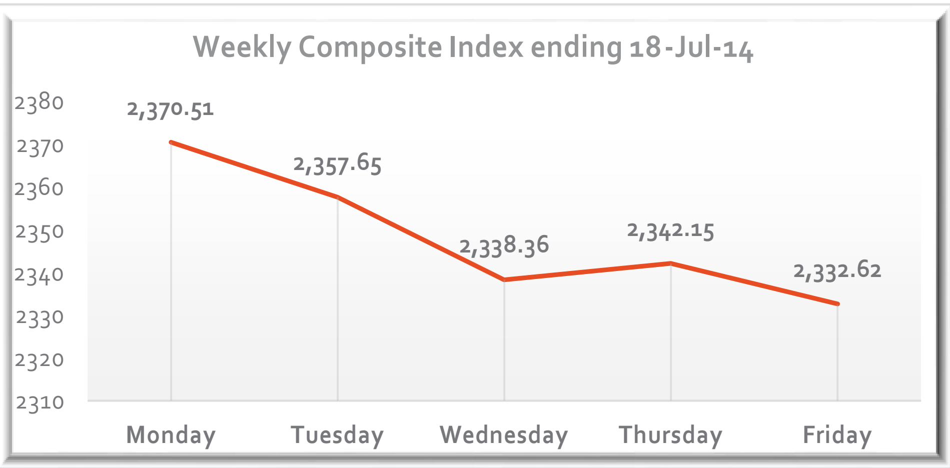
Equity	Current Price	Change
GGBL	3.95	-16.8%
MLC	0.30	-9.1%
SIC	0.42	-4.5%
UTB	0.39	-2.5%
PZC	0.55	-1.8%

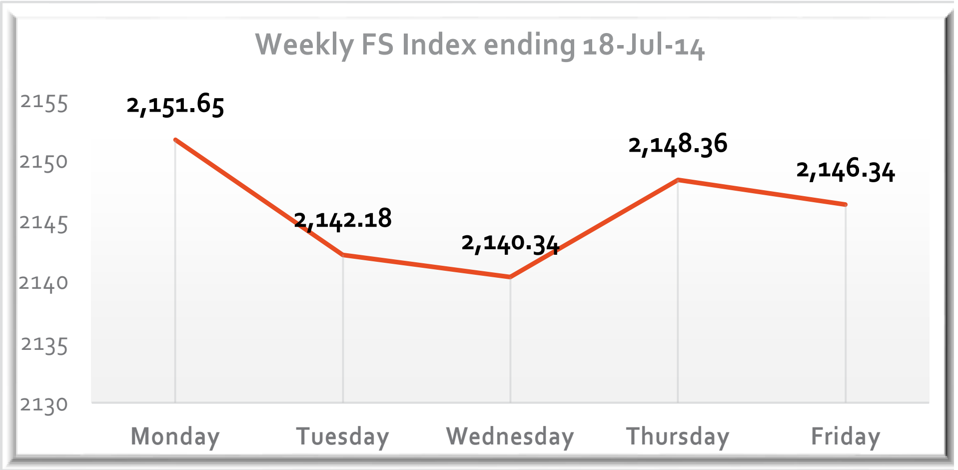
TOP FIVE (5) VALUE TRADED

Equity	Value Traded(¢)	% of Market
GGBL	989,697	26.1%
FML	869,926	22.9%
SCB	459,365	12.1%
TOTAL	331,762	8.7%
ETI	218,024	5.7%

TOP FIVE (5) VOLUME TRADED

Equity	Volume Traded(units)	% of Market
ETI	773,000	35.6%
TBL	454,700	20.9%
GGBL	250,500	11.5%
FML	131,000	6.0%
EGL	90,300	4.2%





WEEKLY INTERBANK FOREX MOVEMENT

Pairs Code	Week Open Buying	Week Open Selling	Week Open Average	Week End Buying	Week End Selling	Week End Average	Weekly Change %
USDGHS	3.0219	3.0243	3.0231	3.0093	3.0117	3.0105	-0.42%
GBPGHS	5.1635	5.1682	5.1659	5.1597	5.1645	5.1621	-0.07%
EURGHS	4.1176	4.1207	4.1192	4.0963	4.0988	4.0976	-0.52%
JPYGHS	0.0298	0.0298	0.0298	0.0294	0.0295	0.0295	-1.17%

WEEKLY TREASURY BILL RATES

Securities	Discount Rate	Interest Rate
91 days Treasury Bill	22.92	24.31
182 days Treasury Bill	22.92	25.88
365 days Treasury Bill	------	22.50
2 Year Fixed Rate Note	------	23.00

WEEKLY COMMODITY MARKET ACTIVIES

Commodity	Old Price	New Price	Change(%)
Gold	1313.42	1322.97	0.007
Crude Oil	107.16	111.07	0.036
Cocoa	1314.40	3106.00	1.363
Coffee	162.85	171.80	0.055

Investment Advisory Fund Management Asset Finance Corporate Finance Private Equity Venture Capital Research and Due-diligence

DISCLAIMER

The information contained in this publication is for information purposes only. McOttley Capital does not hold itself out as providing any legal, financial or other advice. We advise you to conduct your own due diligence before making any and all investment decisions. Any investments, trades, speculations or decis ions made on the basis of any information found in this publication expressed or implied herein are committed at your own risk, financial or otherwise.

TRAVEL INSURANCE

With up to €250,000 in insurance, medical bills will be the last thing on your mind as you explore the wonders of the world.

And with the magnetic card, you won't even need to carry bulky papers around. Talk to Provident Life today and take a journey you'll never forget.

ProvidentLife

Provident Life Assurance Company Limited Ring Road Central, P.O. Box AN 5754 Accra North Tel: 0302 252 132 / 233938/230646/230638/230664
Fax: +233 302 230706 Website: www.provident-gh.com, E-MAIL: life@provident-gh.com

The new neutrality

YURIKO KOIKE

Yuriko Koike, Japan's former defense minister and national security adviser, was Chairwoman of Japan's Liberal Democratic Party's General Council and currently is a member of the National Diet
(c) Project Syndicate

Throughout the Cold War, the Soviet Union used every imaginable threat and inducement – including the ultimate prize of reunification – to bring about a neutral Germany. But German leaders of both the left and the right, from Konrad Adenauer to Willy Brandt, spurned every Soviet offer. Will authoritarian mercantilism now succeed where communism failed?

Countries join alliances, or entities such as the European Union, because these groups make the benefits and obligations of membership as unambiguous as anything in international relations can be. For Germany and South Korea, however, relationships with historic allies – NATO and the United States, respectively – appear to be changing before our eyes.

Through their huge purchases of goods, with promises of even more to come, today's authoritarian/mercantilist regimes in Russia and China may be about to achieve by commerce what the Soviets could not achieve by bribery and threats. And the scale of that commerce is breathtaking, with German exports to China growing from $25.9 billion a decade ago to $87.6 billion in 2011, while South Korea's exports have increased from $53 billion to $133 billion during the same period of time.

A form of stealth neutralism, indeed, appears to be entering both countries' diplomacy. Witness Chinese President Xi Jinping's recent trip to South Korea, German Chancellor Angela Merkel's unwillingness to impose effective sanctions on Russia for its intervention in Ukraine, and the business-only focus of her just-concluded visit to China. In both Germany and South Korea, the idea that historic alliances may offer fewer tangible benefits than tacit neutrality – particularly in terms of exports – appears to be taking root, especially among business elites.

Xi's visit to Seoul was another bold step in China's systematic efforts to wean South Korea from its commitment to the US-led international economic order. By offering to permit South Korea to settle its bilateral trade accounts in renminbi, and to launch the first-ever Sino-South Korean initiative toward North Korea, Xi is seeking to convince South Korea's leaders that the country's future, including reunification, will be determined in Beijing. China's invitation to South Korea to participate in a new Asian Infrastructure Investment Bank (alongside other countries in Asia and the Arab world, but excluding Japan and India) furthers Xi's efforts to create an alternative financial system, with the AIIB mimicking the Asia Development Bank's work.

China's embrace of South Korea is part of a long-term strategy to turn it into a subordinate state in terms of foreign and national security policy (much as Finland kowtowed to the Soviet Union throughout the Cold War). And yet, though courted by all sides in the struggle to maintain stability in Northeast Asia, South Korea now runs the risk of becoming isolated. Every gesture by the South toward one of the protagonists – China, the US, Japan, and North Korea – elicits so much pressure by the others that its government must then somehow devise a compensatory policy.

CommentsView/Create comment on this paragraphFor example, following President Park Geun-hye's request that Xi honor the Korean assassin of a Japanese prime minister, to which Xi readily agreed, she began to discuss joining the US-led Trans-Pacific Partnership free-trade negotiations, in order to assuage the US. As China continued to pursue an anti-Japanese propaganda campaign throughout 2013, Park felt obliged to make some effort to revive ties with Japan by sending a private envoy to Prime Minister Shinzo Abe to seek talks on reconciling their disputes.

Given its insecurity, a by-product of the Korean Peninsula's long division, South Korea requires, above all, calm and steady partners. But frequent changes in US policy toward Northeast Asia in recent years have disoriented South Korean policymakers, while Chinese policy, though consistent, confronts South Korea's leaders with choices that they appear unprepared to make.

As a result, South Korea's elite appears to be splitting into pro-Chinese and pro-American factions that transcend party lines. Over a period of time, the only beneficiaries are likely to be those who call for "Finlandization" of the Korean peninsula.

Meanwhile, the impact on German foreign policy of the country's deepening economic ties with Russia has been evident throughout the Ukraine crisis. Though Merkel frequently admonished the Kremlin about its intervention in Ukraine, German public opinion – particularly that of the country's business leaders – tied her hands. Indeed, German big businesses have been the main obstacle to imposing the type of systemic sanctions that might have dissuaded Russian President Vladimir Putin from annexing Crimea and continuing to back the insurgency (which Russia itself incited) in eastern Ukraine.

This is not the only recent case in which Germany has distanced itself from its allies and partners. In Libya in 2011, Germany refused to offer even rudimentary material support to the military intervention staged by its British and French allies. Germany has also continuously failed to meet its commitment to spend 2% of its GDP on defense, at the same time that it has insisted that troubled EU economies stick to austerity budgets that limit their deficits to a fixed proportion of their economic output.

Indeed, throughout the eurozone crisis, Germany did the absolute minimum – and always at the last possible moment – to assist its EU partners. And German leaders' obsession with maintaining their country's "golden decade" of exports appears to have gagged them on topics like China's human rights abuses and its aggressive behavior toward its Asian neighbors. That silence is being rewarded with the first-ever joint cabinet sessions between a democracy and a communist dictatorship, which will take place in Berlin this autumn.

Getting globalization right

Recent evidence suggests that much of the world has entered a period of low financial-market volatility. But this is no time for complacency; more turbulent times are likely to lie ahead.

Over the last quarter-century, rapid technology-driven globalization – characterized by the physical and virtual integration of the global economy, including the opening of world markets – has contributed to the fastest increase in incomes and population in history. But, while globalization has created unprecedented opportunity, it has also unleashed a new form of systemic risk – one that threatens to devastate political institutions and national economies.

Systemic risk is intrinsic to globalization. Greater openness and integration necessarily increase the potential for cascading crises and amplification of shocks.

As individuals and societies become richer, they come into closer contact with one another – virtually, through communication technologies, and physically, through population growth, urbanization, and travel. Meanwhile, rising consumption of products like food, energy, and medicine enhances the externalities, or spillover effects, of individual choices, with the connectivity of global systems increasing these effects' range and impact.

For example, taking an antibiotic may be a rational individual decision. But when billions of people take antibiotics, and livestock producers use them to boost efficiency, they often become ineffective. The same paradox applies to energy use, owing to the destructive impact of large-scale carbon emissions. Even the consumption of basic necessities like food (production of which can have major environmental consequences) and water (given limited supplies) is not exempt.

Furthermore, increased openness and market integration, driven by rapid technological change, is exacerbating divisions within and among societies. Those who miss the globalization train at the start often are unable to catch up later.

Nowadays, the world's most pressing challenges – from climate change to cyber-crime – increasingly transcend national borders, making them extremely difficult to address effectively. Worse, they can have a cascading effect, with, say, a pandemic or cyber-attack provoking a financial or political crisis and imposing costs disproportionately on those who can least afford them. The vectors of connectivity – such as the Internet, financial markets, airport hubs, or logistics centers – facilitate "super-spreading" of globalization's effects, both positive and negative.

Though the systemic risks brought about by globalization cannot be eliminated, they can be mitigated, if world leaders work together and learn from past mistakes. Unfortunately, neither appears likely.

For starters, national politics in key countries is largely moving away from cooperation, with rising inequality and social fragmentation making it difficult for governments, especially in democracies, to make tough decisions. At the same time, populations are rejecting regional and global institutions. Europe, for example, is witnessing an upsurge in support for nationalist parties, like Britain's UK Independence Party, and increasingly loud calls for self-determination, such as in Scotland and Catalonia.

Equally problematic, the world has largely failed to learn from globalization's most obvious and far-reaching consequence yet: the 2008 financial crisis. While it is impossible to safeguard the system fully, sound regulation and effective oversight could have prevented the crisis, or at least reduced its impact on millions of people's livelihoods. The problem was that central banks, finance ministries, and multilateral organizations like the International Monetary Fund – the pillars of the global economy's institutional framework – failed to grasp globalization's emerging characteristics and effects, owing partly to the difficulty of discerning structural shifts in the huge mass of data now available.

In this sense, the crisis should have served as a wake-up call, spurring the financial sector, policymakers, and multilateral organizations to take action to enhance systemic stability. But, despite employing tens of thousands of highly educated economists whose primary job is to determine how best to protect the financial system from globalization's destabilizing effects, these institutions seem to be even less willing to act now than they were before the crisis.

This is particularly true in the advanced economies, where depleted financial reserves and political paralysis are preventing constructive investments in areas like infrastructure and education, which can enable citizens to take advantage of globalization's benefits.

Making matters worse, some of these countries have reduced their contributions and commitment to the reform of regional and global institutions, which are essential to managing systemic risks.

IAN GOLDIN

Ian Goldin, Director of the Oxford Martin School at the University of Oxford and Vice-Chair of the Oxford Martin Commission for Future Generations, is the co-author of The Butterfly Defect:
(c) Project Syndicate

Published by BusinessDay Ghana Ltd., No: 16-OAK Street, Teshie-Nungua Estate, Accra. Tel: +233 243226596, **email:.businessdaynews@gmail.com**
Managing Editor, Felix Dela Klutse. All correspondence to P.O. Box 1540, Kaneshie-Accra-Ghana, Accra, Ghana. **Lagos Office**: The Brook, 6 Point Road, GRA, Apapa, Lagos.

LAURA TYSON

Is a former chair of the US President's Council of Economic Advisers, is a professor at the Haas School of Business at the University of California, Berkeley, and a senior adviser at The Rock Creek Group

RUCHI GUPTA

Senior Research Analyst,
BusinessDay

AMOAH-DARKWAH EMMANUEL

Is Integrity Ambassador and Associate Chartered Economist

MIKE OSIKOYA

Mike Osikoya is CEO of
Mikensy Consulting Limited
He leaves in Ghana.
m.oyemade@gmail.com
0248951379

PAUL FRIMPONG

Frimpong is a chartered economist (Ch.E. |ACCE Global)) and writes on the macro-economy and global affairs.

MIKE OSIKOYA

Mike Osikoya is CEO of
Mikensy Consulting Limited
He leaves in Ghana.
m.oyemade@gmail.com
0248951379

KOFI A. ANNAN

Kofi A. Annan, a former secretary-general of the United Nations, is the founding chair of the Kofi Annan Foundation and also chairs The Elders and the Africa Progress
(c) Project Syndicate

MIKHAIL GORBACHEV

Mikhail Gorbachev was the last head of state of the Soviet Union, and helped to bring about a peaceful end to the Cold War, for which he was awarded the Nobel Peace Prize in 1990
(c) Project Syndicate

5 African techpreneurs going global

Given the increase in number of technology users, the rapid growth of mobility & the Internet, and increasing interest in Africa as a source of solutions, innovation and technical talent, the case for the continent being able to leapfrog in some ICT market segments (including mobile payments) is strong.

Africa's ever-increasingly competitive technology environment features a number of people who have attracted domestic and international attention for their skill, talent and achievements.

In this list, ITNewsAfrica takes a closer look at 'techpreneurs' who have attracted interest from abroad, those who are making serious inroads internationally.

Given the increase in number of technology users, the rapid growth of mobility & the Internet, and increasing interest in Africa as a source of solutions, innovation and technical talent, the case for the continent being able to leapfrog in some ICT market segments (including mobile payments) is strong.

Africa's ever-increasingly competitive technology environment features a number of people who have attracted domestic and international attention for their skill, talent and achievements.

In this list, ITNewsAfrica takes a closer look at 'techpreneurs' who have attracted interest from abroad, those who are making serious inroads internationally. In this list, ITNewsAfrica takes a closer look at 'techpreneurs' who have attracted interest from abroad, those who are making

NDC needs innovative ministers like Ofosu Ampofo – Ologo

ZAINABU ISSAH

A leading member of the ruling National Democratic Congress, NDC Mr. Michael Ologo has said Ghana needs innovative ministers like former Local Government minister Samuel Ofosu Ampofo to stir the affairs of the economy.

The chief Executive Officer of Timax Group made the declaration as guest on the entrepreneur forum on RADIOXYZ 93.1FM with host Farida Khailann in Accra on Monday.

He said "Hon Samuel Ofosu Ampofo was one minister who unbelievably was able to create so many social intervention modules under the Ministry of Local Government, A ministry we all knew was unattractive, but Ampofo was able to turn it around. Programmes such as the lesdep, and what have you were created, during the short time he was the local Government minister, so Ghana needs Innovative ministers like him".

In responding to a question by the host in regards to how government is expected to create entrepreneurial programmes for the youth. Mr. Ologo posited the need for our education curriculums to capture innovative and creative thinking subjects, He also highlighted on how our ministries in Ghana could link with sister ministries overseas, "some countries have the solution to some of the challenges we face today in Ghana, because they have been there before".

Mr. Ologo also opined that, it is time Government effectively decentralizes its activities in order to put the destiny into the hands of the people at the Grassroots, That way we can build the economy from bottom up.

A leading member of the ruling National Democratic Congress, NDC Mr. Michael Ologo has said Ghana needs innovative ministers like former Local Government minister Samuel Ofosu Ampofo to stir the affairs of the economy.

The chief Executive Officer of Timax Group made the declaration as guest on the entrepreneur forum on RADIOXYZ 93.1FM with host Farida Khailann in Accra on Monday.

He said "Hon Samuel Ofosu Ampofo was one minister who unbelievably was able to create so many social intervention modules under the Ministry of Local Government, A ministry we all knew was unattractive, but Ampofo was able to turn it around. Programmes such as the lesdep, and what have you were created, during the short time he was the local Government minister, so Ghana needs Innovative ministers like him".

In responding to a question by the host in regards to how

Workers demonstrate against oil service firm

ZAINABU ISSAH

More than 50 workers of Schlum Berger, an oil service firm in the Western Region, on Monday demonstrated against the management for poor working conditions.

The workers wore red arm bands and chanted war songs in front of the company's premises at Apremdo near Takoradi.

They complained bitterly against the oil firm for not increasing their salaries for the past two years because they had proposed to join a labour union.

When the GNA contacted Mr. Fuseini Iddrisu, General Secretary of the General Transport and Petroleum and Chemical Workers Union (GTP-CWU) of the Trade Union Congress (TUC), he said the workers petitioned the Union and expressed their interest to join the union about two years ago.

Therefore, he said, the union also wrote a letter to the management of Schlum Berger in January 2012 to cooperate in order to facilitate the process of unionizing the workers.

He said when the workers are unionized it would help them to get a bargaining certificate to negotiate with management for better working conditions and Collective Bargaining Agreement (CBA).

However, Mr. Iddrisu said, since 2012, the management of the oil firm was not cooperating to ensure

FT Gov't supports pre-paid water meters

ZAINABU ISSAH

The Ministry of Water Resources, Works and Housing has expressed its support for the new policy of the Ghana Water Company Limited (GWCL) to introduce prepaid meters for water consumption by commercial and industrial customers.

According to the Ministry, "GWCL does not intend, at this moment, to apply the same policy to residential and domestic consumers".

A statement issued by the Ministry and signed by Alhaji Collins Dauda said: "This policy has become necessary because of the willful non-payment of the necessary charges by a number of large-scale users of water, including some producers of sachet water".

The statement added that the efficient monitoring of water usage by commercial and industrial customers, followed by timely charging and payment, will enhance the capacity of GWCL to produce and supply safe potable water to the public in a more sustainable and affordable way.

The prepaid water system is based on the principle that the water consumptions are calculated, and consumers are charged accordingly in advance. Consumers spend the amount of water loaded from credit sales offices by loading the credit to water meters via smart cards.

The water meter cuts off the water by closing its valve when the credit ends, but when the consumer re-loads the spare credit in smart card to the water meter, the valve will re-open. The spare credits

US fears faster Iran progress…

Drought has caused widespread crop failures, killed thousands of cattle and kept food prices high, leaving much of the population struggling to survive in the driest regions of Ethiopia, Kenya, Somalia and Uganda. But as needs rise, the ability of aid agencies to respond is being limited by the global economic downturn, which has led some donor governments to scale back aid, and by the higher priority other donors attach to the crises in Afghanistan and Pakistan.

Ahead of December's Copenhagen climate conference, Oxfam said the east African crisis was directly linked to climate change, which has increased the frequency of droughts in the region from once a decade to every two or three years.

The aid agency launched a £9.5m ($15m, €10.3m) appeal to fund food delivery to 750,000 people, but its call is dwarfed by the United Nations World Food Programme, which has a funding shortfall of $977m in the region for the next six months.

"The scale of funding available is not going to meet everyone's needs, but we don't want to be donor-bashing because we understand the constraints they're under,"

said one aid official. The WFP, which obtains funds from western donors such as the US, the European Union, Japan and Canada, says only 10 per cent of its needs in the region are funded.

"There is anecdotal evidence of some donors having cut their aid budgets," said Ben Heaven Taylor, an Oxfam funding manager. "But what tends to happen is there's a lag of couple of years until you see the impact of a recession on aid."

The drought has had a disproportionate impact on the pastoralist communities who live in the most arid parts of east

Nigeria: Globacom outlines cable expansion plans

ZAINABU ISSAH

A Ghanaian Entrepreneur and Businessman, Mr. Paul Forjoe has expressed confidence in increased foreign direct investment (FDI) and in-flows into Ghana and other developing countries this year.

He noted the gradual but positive turnaround of the US and Chinese, coupled with the systematic economic recovery in Europe and Japan after the global economic meltdown in 2008, and said this gives hope for global economic growth in 2014.

Captain Forjoe, Managing Director of Mere Plantations Ltd. and a Director of Mere Power Nzema Ltd. — an independent power generating company, was sharing his thoughts on the economic outlook for 2014 in an interview with the media and also noted that the Ghanaian economy for 2014 should be bright and full of opportunity if government increases financial discipline coupled with foreign and local private sector investment.

He expressed the business community's concern about the rate of increase in Government expenditure and the resulting large budget deficits over the last few years, which have led to high inflation and an unstable, depreciating cedi.

Captain Forjoe was however pleased to note a firm determination in the 2013/2014 budget to reign in government expenditure and cut waste from the public sector.

"Should the policy initiatives planned to raise revenue and curb waste in the Public Sector be implemented faithfully by govern

He noted the gradual but positive turnaround of the US and Chinese, coupled with the systematic economic recovery in Europe and Japan after the global economic meltdown in 2008, and said this gives hope for global economic growth in 2014.

Captain Forjoe, Managing Director of Mere Plantations Ltd. and a Director of Mere Power Nzema Ltd. — an independent power generating company, was sharing his thoughts on the economic outlook for 2014 in an interview with the media and also noted that the Ghanaian economy for 2014 should be bright and full of opportunity if government increases financial discipline coupled with foreign and local private sector investment.

He expressed the business community's concern about the rate of increase in Government expenditure and the resulting large budget deficits over the last few years, which have led to high inflation and an unstable, depreciating cedi.

Captain Forjoe was however pleased to note a firm determination in the 2013/2014 budget to reign in government expenditure and cut waste from the public sector.

"Should the policy initiatives

Ghanaian consumers suffocates under high cost of living

A Ghanaian Entrepreneur and Businessman, Mr. Paul Forjoe has expressed confidence in increased foreign direct investment (FDI) and in-flows into Ghana and other developing countries this year.

He noted the gradual but positive turnaround of the US and Chinese, coupled with the systematic economic recovery in Europe and Japan after the global economic meltdown in 2008, and said this gives hope for global economic growth in 2014.

Captain Forjoe, Managing Director of Mere Plantations Ltd. and a Director of Mere Power Nzema Ltd. — an independent power generating company, was sharing his thoughts on the economic outlook for 2014 in an interview with the media and also noted that the Ghanaian economy for 2014 should be bright and full of opportunity if government increases financial discipline coupled with foreign and local private sector investment.

He expressed the business community's concern about the rate of increase in Government expenditure and the resulting large budget deficits over the last few years, which have led to high inflation and an unstable, depreciating cedi.

Captain Forjoe was however

US fears faster Iran progress…

A Ghanaian Entrepreneur and Businessman, Mr. Paul Forjoe has expressed confidence in increased foreign direct investment (FDI) and in-flows into Ghana and other developing countries this year.

He noted the gradual but positive turnaround of the US and Chinese, coupled with the systematic economic recovery in Europe and Japan after the global economic meltdown in 2008, and said this gives hope for global economic growth in 2014.

Captain Forjoe, Managing Director of Mere Plantations Ltd. and a Director of Mere Power Nzema Ltd. — an independent power generating company, was sharing his thoughts on the economic outlook for 2014 in an interview with the media and also noted that the Ghanaian economy for 2014 should be bright and full of opportunity if government increases financial discipline coupled with foreign and local private sector investment.

He expressed the business community's concern about the rate of increase in Government expenditure and the resulting large budget deficits over the last few years, which have led to high inflation and an unstable, depreciating cedi.

Captain Forjoe was however pleased to note a firm determination in the 2013/2014 budget to reign in government expenditure and cut waste from the public sector.

US fears faster Iran progress...

In order to secure supplies of cocoa, the challenge for the multinational stakeholders in the sector has been to reach the small-scale farmers who dominate cocoa growing, helping them enhance productivity and, at the same time, improve their livelihoods. Mr Owusu is a village elder of Cashierkrom, one of the 36 cocoa growing communities taking part in a $1m three year project run in partnership with the Rainforest Alliance, an environmental not-for-profit group, Olam International, agricultural traders, and the Ghana Cocoa Board, the state cocoa authority.

In West and Central Africa – including Ivory Coast, Ghana, Nigeria and Cameroon – some 2m small-scale farms are responsible for more than 70 per cent of world production.

With land in limited supply, increased harvests will have to come from improved yields on existing farms, which cocoa experts say are well below their potential.

US fears faster Iran progress...

In order to secure supplies of cocoa, the challenge for the multinational stakeholders in the sector has been to reach the small-scale farmers who dominate cocoa growing, helping them enhance productivity and, at the same time, improve their livelihoods. Mr Owusu is a village elder of Cashierkrom, one of the 36 cocoa growing communities taking part in a $1m three year project run in partnership with the Rainforest Alliance, an environmental not-for-profit group, Olam International, agricultural traders, and the Ghana Cocoa Board, the state cocoa authority.

In West and Central Africa – including Ivory Coast, Ghana, Nigeria and Cameroon – some 2m small-scale farms are responsible for more than 70 per cent of world production.

With land in limited supply, increased harvests will have to come from improved yields on existing farms, which cocoa experts say are well below their potential.

Compared with a theoretical maximum of 1.5 tonnes per hectare, Ghana's average yield is about 350kg-400kg per ha, while Indonesia, the third largest cocoa producer after Ivory Coast and Ghana, produces about 800kg per ha, according to TechnoServe, a development NGO.

The RA-Olam programme promotes environmentally friendly cultivation, while helping farmers develop supplementary means to increase their income – especially between harvests – such as keeping bees and selling honey, or rearing grass-cutter, a rabbit-like large rodent that is a local delicacy.

In addition, Olam provides zero interest loans, free seedlings, and offers farmers training in organisational and business skills, such as accountancy.

African farming: I
about to increase

ZAINABU ISSAH

Elijah Owusu, from the village of Cashierkrom in western Ghana, says his life as a cocoa farmer is a lucrative one. But Mr Owusu, one of the 720,000 cocoa farmers in the west African country, acknowledges that life can also be tough for many farmers: "When there's no income, then nobody wants to work in the farms".

In Ghana and neighbouring Ivory Coast – which together produce almost 60 per cent of the world's cocoa supplies – cocoa has been the principal earner of foreign currency and the cornerstone of the economies for decades.

However, poor returns for farmers, urbanisation, competition from other crops, and climate change threaten the supply of cocoa. International chocolate makers, cocoa traders and processors are talking about a 1m tonne "cocoa deficit" in 2020.

The threat in Africa is particularly acute, with illegal miners offering lump sum payments to buy cocoa farmers' land. In addition, the average age of cocoa growers is rising and yields are falling as the trees age.

In Ghana, the government is phasing out fertiliser and pesticide subsidies for cocoa farmers.

In order to secure supplies of cocoa, the challenge for the multinational stakeholders in the sector has been to reach the small-scale farmers who dominate cocoa growing, helping them enhance productivity and, at the same time, improve their livelihoods.

Mr Owusu is a village elder of Cashierkrom, one of the 36 cocoa growing communities taking part in a $1m three year project run in partnership with the Rainforest Alliance, an environmental not-for-profit group, Olam International, agricultural traders, and the Ghana Cocoa Board, the state cocoa authority.

In West and Central Africa – including Ivory Coast, Ghana, Nigeria and Cameroon – some 2m small-scale farms are responsible for more than 70 per cent of world production.

With land in limited supply, increased harvests will have to come from improved yields on existing farms, which cocoa experts say are well below their potential.

Compared with a theoretical maximum of 1.5 tonnes per hectare, Ghana's average yield is about 350kg-400kg per ha, while Indonesia, the third largest cocoa producer after Ivory Coast and Ghana, produces about 800kg per ha, according to TechnoServe, a development NGO.

The RA-Olam programme promotes environmentally friendly cultivation, while helping farmers develop supplementary means to increase their income – especially between harvests – such as keeping bees and selling honey, or rearing grass-cutter, a rabbit-like large rodent that is a local delicacy.

nitiatives cocoa yields

In addition, Olam provides zero interest loans, free seedlings, and offers farmers training in organisational and business skills, such as accountancy.

Mr Owusu says the training, which includes practical skills such as pruning, has boosted his farm's output from about 4.5 tonnes to more than 9 tonnes.

The initiative is part of Singapore-based Olam's cocoa projects in Ghana, which involves more than 15,000 farmers. In Nigeria and the Ivory Coast, Olam runs sustainability programmes, helping 50,000 growers with the support of its customers, chocolatiers Blommer and Nestlé and Costco, the retailer.

"There is a lot of work to be done by traders such as us and chocolate manufacturers," says Gurinder Goindi, head of cocoa at Olam Ghana.

Many other companies also offer help to farmers. This ranges from funding – as growers often lack access to capital – to providing fertiliser and training, as well education for children.

Numerous initiatives involve trading companies such as Armajaro, now part of Ecom Agroindustrial, Cargill and ADM; chocolate makers such as Mondelez and Mars; as well as donors that include Germany's GIZ and the Bill & Melinda Gates Foundation.

In fact, so many programmes have been launched that a survey in 2012 by the International Cocoa Organisation (ICCO), the intergovernmental group overseeing the sector, counted 64 initiatives worldwide on cocoa sustainability, involving 60 agencies or companies.

It noted the "proliferation of mostly uncoordinated, at times competing initiatives in cocoa-producing countries", adding that the outcomes of these programmes were "disjointed, often without any involvement with existing structures in the countries".

Laurent Pipitone at the ICCO says the organisation is pushing for more harmonisation of the stakeholders, including the certification agencies such as RA, UTZ, and Fairtrade.

Bill Guyton, president of the World Cocoa Foundation (WCF), the umbrella development and sustainability body with 110 companies involved in the cocoa and chocolate sectors, believes that the existence of all these projects is not necessarily a bad thing. The WCF participates globally in various social, productivity, and research initiatives, which in Africa reach 400,000 farmers.

"I think the innovation comes through different projects where new ideas are tested," he says, adding that when one group finds something that works, others can come together and help widen the project on a larger scale.

He also stresses the importance of involving local government agencies and institutions.

"Private companies can't do it alone," says Mr Guyton.

With land in limited supply, increased harvests will have to come from improved yields on existing farms, which cocoa experts say are well below their potential.

Compared with a theoretical maximum of 1.5 tonnes per hectare, Ghana's average yield is about 350kg-400kg per ha, while Indonesia, the third largest cocoa producer after Ivory Coast and Ghana, produces about 800kg per ha, according to TechnoServe, a development NGO.

The RA-Olam programme promotes environmentally friendly cultivation, while helping farmers develop supplementary means to increase their income – especially between harvests – such as keeping bees and selling honey, or rearing grass-cutter, a rabbit-like large rodent that is a local delicacy.

In addition, Olam provides zero interest loans, free seedlings, and offers farmers training in organisational and business skills, such as accountancy.

Mr Owusu says the training, which includes practical skills such as pruning, has boosted his farm's output from about 4.5 tonnes to more than 9 tonnes.

The initiative is part of Singapore-based Olam's cocoa projects in Ghana, which involves more than 15,000 farmers. In Nigeria and the Ivory Coast, Olam runs sustainability programmes, helping 50,000 growers with the support of its customers, chocolatiers Blommer and Nestlé and Costco, the retailer.

"There is a lot of work to be done by traders such as us and chocolate manufacturers," says Gurinder Goindi, head of cocoa at Olam Ghana.

Many other companies also offer help to farmers. This ranges from funding – as growers often lack access to capital – to providing fertiliser and training, as well education for children.

Numerous initiatives involve trading companies such as Armajaro, now part of Ecom Agroindustrial, Cargill and ADM; chocolate makers such as Mondelez and Mars; as well as donors that in-

US fears faster Iran progress…

In order to secure supplies of cocoa, the challenge for the multinational stakeholders in the sector has been to reach the small-scale farmers who dominate cocoa growing, helping them enhance productivity and, at the same time, improve their livelihoods. Mr Owusu is a village elder of Cashierkrom, one of the 36 cocoa growing communities taking part in a $1m three year project run in partnership with the Rainforest Alliance, an environmental not-for-profit group, Olam International, agricultural traders, and the Ghana Cocoa Board, the state cocoa authority.

In West and Central Africa – including Ivory Coast, Ghana, Nigeria and Cameroon – some 2m small-scale farms are responsible for more than 70 per cent of world production.

With land in limited supply, increased harvests will have to come from improved yields on existing farms, which cocoa experts say are well below their potential.

US fears faster Iran progress…

In order to secure supplies of cocoa, the challenge for the multinational stakeholders in the sector has been to reach the small-scale farmers who dominate cocoa growing, helping them enhance productivity and, at the same time, improve their livelihoods. Mr Owusu is a village elder of Cashierkrom, one of the 36 cocoa growing communities taking part in a $1m three year project run in partnership with the Rainforest Alliance, an environmental not-for-profit group, Olam International, agricultural traders, and the Ghana Cocoa Board, the state cocoa authority.

In West and Central Africa – including Ivory Coast, Ghana, Nigeria and Cameroon – some 2m small-scale farms are responsible for more than 70 per cent of world production.

With land in limited supply, increased harvests will have to come from improved yields on existing farms, which cocoa experts say are well below their potential.

Initiatives about to increase cocoa yields

ZAINABU ISSAH
issah@businessday.com

Elijah Owusu, from the village of Cashierkrom in western Ghana, says his life as a cocoa farmer is a lucrative one. But Mr Owusu, one of the 720,000 cocoa farmers in the west African country, acknowledges that life can also be tough for many farmers: "When there's no income, then nobody wants to work in the farms".

In Ghana and neighbouring Ivory Coast – which together produce almost 60 per cent of the world's cocoa supplies – cocoa has been the principal earner of foreign currency and the cornerstone of the economies for decades.

However, poor returns for farmers, urbanisation, competition from other crops, and climate change threaten the supply of cocoa. International chocolate makers, cocoa traders and processors are talking about a 1m tonne "cocoa deficit" in 2020.

The threat in Africa is particularly acute, with illegal miners offering lump sum payments to buy cocoa farmers' land. In addition, the average age of cocoa growers is rising and yields are falling as the trees age.

In Ghana, the government is phasing out fertiliser and pesticide subsidies for cocoa farmers.

In order to secure supplies of cocoa, the challenge for the multinational stakeholders in the sector has been to reach the small-scale farmers who dominate cocoa growing, helping them enhance productivity and, at the same time, improve their livelihoods.

Mr Owusu is a village elder of Cashierkrom, one of the 36 cocoa growing communities taking part in a $1m three year project run in partnership with the Rainforest Alliance, an environmental not-for-profit group, Olam International, agricultural traders, and the Ghana Cocoa Board, the state cocoa authority.

In West and Central Africa – including Ivory Coast, Ghana, Nigeria and Cameroon – some 2m small-scale farms are responsible for more than 70 per cent of world production.

With land in limited supply, increased harvests will have to come from improved yields on existing farms, which cocoa experts say are well below their potential.

Compared with a theoretical maximum of 1.5 tonnes per hectare, Ghana's average yield is about 350kg-400kg per ha, while Indonesia, the third largest cocoa producer after Ivory Coast and Ghana, produces about 800kg per ha, according to TechnoServe, a development NGO.

The RA-Olam programme promotes environmentally friendly cultivation, while helping farmers develop supplementary means to increase their income – especially between harvests – such as keeping bees and selling honey, or rearing grass-cutter, a rabbit-like large rodent that is a local delicacy.

In addition, Olam provides zero interest loans, free seedlings, and offers farmers training in organisational and business skills, such as accountancy.

Mr Owusu says the training, which includes practical skills such as pruning, has boosted his farm's output from about 4.5 tonnes to more than 9 tonnes.

The initiative is part of Singapore-based Olam's cocoa projects in Ghana, which involves more than 15,000 farmers. In Nigeria

US fears faster Iran progress…

ZAINABU ISSAH
issah@businessday.com

Elijah Owusu, from the village of Cashierkrom in western Ghana, says his life as a cocoa farmer is a lucrative one. But Mr Owusu, one of the 720,000 cocoa farmers in the west African country, acknowledges that life can also be tough for many farmers: "When there's no income, then nobody wants to work in the farms".

In Ghana and neighbouring Ivory Coast – which together produce almost 60 per cent of the world's cocoa supplies – cocoa has been the principal earner of foreign currency and the cornerstone of the economies for decades.

However, poor returns for farmers, urbanisation, competition from other crops, and climate change threaten the supply of cocoa. International chocolate makers, cocoa traders and processors are talking about a 1m tonne "cocoa deficit" in 2020.

The threat in Africa is particularly acute, with illegal miners offering lump sum payments to buy cocoa farmers' land. In addition, the average age of cocoa growers is rising and yields are falling as the trees age.

In Ghana, the government is phasing out fertiliser and pesticide subsidies for cocoa farmers.

In order to secure supplies of cocoa, the challenge for the multinational stakeholders in the sector has been to reach the small-scale farmers who dominate cocoa growing, helping them enhance productivity and, at the same time, improve their livelihoods.

Mr Owusu is a village elder of Cashierkrom, one of the 36 cocoa growing communities taking part in a $1m three year project run in partnership with the Rainforest Alliance, an environmental not-for-profit group, Olam International, agricultural traders, and the Ghana Cocoa Board, the state cocoa authority.

In West and Central Africa –

Scale farmers who dominate cocoa growing, helping them enhance productivity

including Ivory Coast, Ghana, Nigeria and Cameroon – some 2m small-scale farms are responsible for more than 70 per cent of world production.

With land in limited supply, increased harvests will have to come from improved yields on existing farms, which cocoa experts say are well below their potential.

Compared with a theoretical maximum of 1.5 tonnes per hectare, Ghana's average yield is about 350kg-400kg per ha, while Indonesia, the third largest cocoa producer after Ivory Coast and Ghana, produces about 800kg per ha, according to TechnoServe, a development NGO.

The RA-Olam programme promotes environmentally friendly cultivation, while helping farmers develop supplementary means to increase their income – especially between harvests – such as keeping bees and selling honey, or rearing grass-cutter, a rabbit-like large rodent that is a local delicacy.

In addition, Olam provides zero

Published by Business Day ...., Zion House, Shiashie, OIC-Galaxy Road, East Legon, Accra. **Tel:** +233 243 226 596, +233 302 972 534-5: **email:**........... **Advert Hotline:**..........., **Subscriptions:**..............., **Newsroom:**.........., **Editor:**..............., All correspondence to Business Day ...., P.O. Box 1540, Kaneshie, Accra, Ghana. **ISSN:**