

Strange Matters at GIPC, Ghana's Investment Promoter

Some readers may have noted recent exchanges between Ghana's lead investment promotion agency, GIPC, and myself in recent days.

I [posted on social media](#) that the agency has seen a drastic decline in its service fee income from private investors and is now trying to push the government to pick up the tab for financing its operations.

GIPC has quibbled with my points, but mostly about how I phrase them rather than the core substance. Except in one respect. I mentioned, as a dramatic illustration of the "declining income" trend, that in the second quarter of 2024, the agency recorded zero fee income. In GIPC's [latest response](#), it says that it actually made nearly \$2 million in revenue for the period in question, about a third of which it sent to the Finance Ministry.

I derived my analysis of zero service-fee and donor income from data provided by the Accountant General showing that no expenditures of GIPC were financed from "internally generated funds" (IGF) during the period in question. In Ghana, "internally generated funds" refer to monies obtained by government agencies through fees and charges on services delivered. I reproduce the data I used below.

MDAs	ANNUAL BUDGET FUNDING AMOUNT GHe	CONSOLIDATED FUNDS GHe	DONOR FUNDS GHe	INTERNALLY GENERATED FUND GHe	STATUTORY FUND GHe	GRAND TOTAL GHe
National Development Planning Commission	0	4,743,628	4,746,286	0	0	9,489,914
National Health Insurance Authority						
Claims Processing Centres	0	0	0	0	270,285	270,285
District Offices	0	0	0	0	8,094,798	8,094,798
Headquarters	0	0	3,972,961	0	682,542,861	686,515,822
Regional Offices	0	0	0	0	945,100	945,100
TOTAL	0	0	3,972,961	0	691,853,044	695,826,005
National Labour Commission	0	2,503,534	0	0	0	2,503,534
National Media Commission	0	3,313,760	0	0	0	3,313,760
Office of Government Machinery						
Public Enterprises	0	255,000	1,836,115	0	0	2,091,115
Commissions and Councils	0	4,409,775	0	0	0	4,409,775
Ghana AIDS Commission	0	1,124,991	0	0	0	1,124,991
Ghana Investment Promotion Centre (GIPC)	0	548,131	0	0	0	548,131
Inner City and Zongo development	0	19,875,252	0	0	0	19,875,252
Internal Audit Agency	0	2,759,515	22,750	132,209	0	2,914,474
Microfinance and Small Loans Centre (MASLOC)	0	4,217,814	0	0	0	4,217,814
National Identification Authority (NIA)	0	40,947,735	0	1,315,895	0	42,263,631
National Population Council (NPC)	0	883,769	0	0	0	883,769
Office of the Administrator	0	772,445	0	0	0	772,445
Office of the President	0	144,218,706	0	0	0	144,218,706
Other Government Obligation_Contingency	0	11,925,964	0	0	0	11,925,964
Other Government Obligation_General Government Services	0	7,844,113	0	0	0	7,844,113
Other Government Obligation_Non Road Arrears	0	67,590,430	0	0	0	67,590,430
Research Department	0	120,300,000	0	0	0	120,300,000
Scholarship Secretariat	0	61,431,260	0	0	0	61,431,260
Special Development Initiatives	0	71,019,528	0	0	0	71,019,528
State Interests And Governance	0	441,921	0	1,466,737	0	1,908,658
TOTAL	0	560,566,350	1,858,865	2,914,842	0	565,340,056

GIPC's assertions also run counter to the projections of the boffins at the Ministry of Finance. They calculate that for the whole of 2024, there will be just \$3.3 million in service-based revenue, and just as we mentioned, no revenue from any donors. See their numbers below.

	Govt				IGP				Funds / Others			Donors			Grand Total
	Compensation of e	Goods and Services	Capex	Total	Compensation of	Goods and Service	Capex	Total	Statutory	ABTA	Others	Goods and Servc	Capex	Total	
01 - Administration	5,068,000,859	6,359,608,410	1,288,882,479	12,696,491,748	68,991,512	514,875,131	138,496,763	691,363,206	11,200,000			1,842,176,168	66,171,204	1,908,348,062	15,201,403,815
001 - Office of Government Machinery	326,907,847	924,143,874	612,440,588	1,863,492,309	25,223,502	127,987,510	1,427,196	153,718,208				57,616,648		57,616,648	2,074,827,164
00101 - Management and Administration	228,273,183	544,032,362	305,881,551	1,078,187,124		96,882,208		96,882,208							1,176,069,332
00102 - Institutional Development	11,943,618	318,855,643		328,805,459								57,616,648		57,616,648	386,422,107
00105 - Investment Promotion Management	61,375,107	34,796,126	306,559,037	402,726,270	25,223,502	26,549,202	1,327,296	53,100,000							455,800,271

Major donor agency insiders I have spoken to describe a serious degree of lethargy at GIPC. Some of them were highly puzzled when the GIPC invited them to consultations about plans to launch a new investment code, with barely three months for the term of the current GIPC management to end. Various bilateral chambers of commerce active in Ghana also complain about this same lethargy, which in their view has considerably slowed down engagements and, consequently, donor commitments and disbursements for investment climate improvement projects.

The Q2 2024 numbers provided by GIPC are also out of sync with historical patterns. GIPC acknowledges that there has been a substantial drop in revenue since 2022. Yet, the quarterly IGF revenues it mentions would suggest an annualised income nearly double its fee earnings before 2022. See data culled from the Auditor General's reports for some relevant years.

Income/Expenditure	2020	2019	Incr./(Decr.)	%
Income	GH¢	GH¢	GH¢	Change
Government Subvention	1,563,266	2,090,156	(526,890)	(25.2)
Internally Generated Funds (IGF)	23,421,129	25,953,639	(2,532,510)	(9.8)
Total Income	24,984,395	28,043,795	(3,059,400)	(10.9)
Expenditure				
General and Administrative Expenses	34,992,022	38,467,274	(3,475,252)	(9.0)
Total Expenditure	34,992,022	38,467,274	(3,475,252)	(9.0)
Excess Expenditure over Income	(10,007,627)	(10,423,479)	415,852	4.0

It is also clear that even before the 2022 revenue cliff (according to GIPC), the organisation was recording massive losses, in stark contrast with its performance a decade ago evidenced by the tables below and above.

Income	2012	2011	%
GH¢	GH¢	Change	
Ghana Government Subventions	1,310,069	630,298	107.9
Internally Generated Funds	6,803,571	6,209,267	9.6
Private Sector Dev. Strategy Grant	-	96,230	-
Other Income	393,501	372,544	5.6
Total Income	8,507,141	7,308,339	16.4
Expenditure			
General and Administrative Expenses	8,186,760	6,445,555	27.0
Financial Charges	15,349	14,407	65.0
Total Expenditure	8,202,109	6,459,962	27.0
Excess Income	305,032	848,377	64.1

748. Total Income increased by 16.4% from GH¢7,308,339 in 2011 to GH¢8,507,141 in 2012. Ghana Government Subventions mainly accounted for the increase by 107.9%, from GH¢630,298 in 2011 to GH¢1,310,069 in 2012.

I am grateful that GIPC took the time to respond. Unfortunately, its assurances not soothing enough. If anything they remind those of us in the policy watchdog space to increase our vigilance.

1. The frightening discrepancy between the revenue GIPC says it made in Q2 2024 (~\$2 million) and what the Accountant General was able to capture on the expenditure side (\$0) raises very serious concerns about the quality of financial reporting in

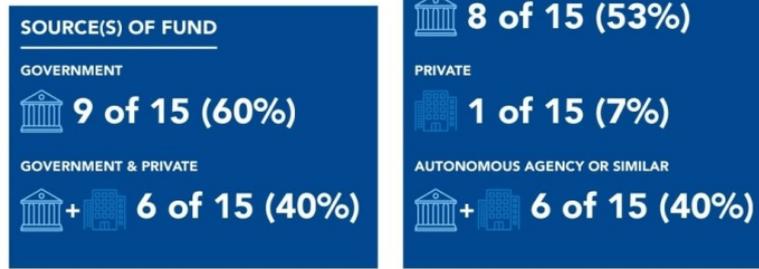
the Ghanaian public sector, echoing sentiments we have shared in the past about the [consistent bypassing of GIFMIS](#), the national accounting system, by government agencies over the years.

2. GIPC's response regarding its lack of involvement in the "validation" of "technology transfer agreements" between foreign organisations and Ghanaian companies raises questions about what exactly it does then, and why it should be paid even a dollar for its "services" in this respect. There are [clear rules](#) governing technology transfer in Ghana as outlined in the primary legislation in this area, LI 1547. If GIPC says that it does not involve itself at all in vetting whether such agreements comply with the law, then, pray tell, what exactly is the agency's regulatory purpose?
3. GIPC says, in its latest response, that it has nothing whatsoever to do with the valuation aspect of technology transfer agreements. Yet, the same law that it applies in this context (LI 1547) provides a clear set of valuation-impacting metrics from sections 14 to 19. It is either GIPC routinely disregards the law or I was right in prescribing a role for them. Which?
4. The data clearly shows that GIPC began recording massive losses before the 2022 watershed moment, when the exemptions act, which GIPC blames for the fall in its revenue, was passed. Losses of such scale weren't happening a decade ago. What, beyond the exemptions act, has changed? Seeing as GIPC disputes our claims about growing investor dissatisfaction with or disinterest in their services?
5. At any rate, the exemptions act, in clause 16 for instance, continues to give GIPC an important role. The agency must thus provide better details about how specifically the law's provisions have dispossessed GIPC of its ability to earn fee income from that category of its service provision.
6. If GIPC's financial situation is not as desperate as it claims, why are there reports, never before heard, that the organisation has been failing to pay hotel bills in some North and South American countries? What accounts for these strange reports?
7. Given that signs of financial distress, expressed in mounting and persistent deficits, have been evident for a while now, should the agency have continued funding missions like the expensive Maltese undertaking? What prior analysis justified the need to fund a mission to Malta and how come, more than four years since, none of the 25 Maltese firms Trade Malta said will set up in Ghana have done so in any meaningful sense?
8. GIPC argues that the global trend is toward governments taking more of the responsibility for financing national investment promotion from private investors, whose fee payments countries like Ghana have historically relied upon. We have asked GIPC which benchmarking studies it is relying upon to make such claims. Some studies we have seen like one by OCO suggests that the opposite is true (see below), i.e. that the trend is of more investment promotion agencies striving to increase their income from fees paid by investors who see value in their services. At any rate, the government of Ghana reported an increase in investment promotion expenditure from 296 million GHS in 2023 to 455 million GHS in 2024, so perhaps the point is moot. The state is increasing its spending, even if its primary agency is struggling to make ends meet and investor satisfaction appears to be dropping.

PRIVATE SECTOR, AS A SOURCE OF FUNDING, BECOMING MORE COMMON

More IPAs are accessing **private funding streams** – some US agencies are even 100% private. At the same time, the private sector is playing an increasing role in influencing IPA governance.

There are benefits both ways to IPAs and the private sector working closer together to attract investment, which reflects the **unique interface** that IPAs have with the private sector.



Source: OCI

I do not for a moment discount the hard work involved in effective investment promotion. And it is certainly easier to question the discretion of those in the hotseat than it is to do their job. Where, however, the discrepancies in the public record and the gap between explanations and evidence continues to widen, it behooves on those of us in the civil watchdog role to raise the level of vigilance about important matters.