How the Ghanaian cedi brought my company to its knees

Ghana has its own national currency, the Ghanaian cedi. But borrowing US dollars on the international market has exposed the country to foreign-exchange risk. Burkinabe entrepreneur Olivier Édouard Kabré experienced this first-hand, when he sought to pursue market opportunities in Ghana—and then had to back-pedal.

**In 2015 the cedi loses 30% of its value in two months**

![Source: XE.com Inc.](https://www.xe.com/fr(currencycharts/?from=GHS&to=XOF&view=10Y)

Exposure to foreign-exchange risk

As a result of inflation and the cost of converting GHS into XOF, products from Burkina Faso became more and more expensive in Ghana.

At the start, 80% of our transactions were “cash and carry”, meaning we received immediate payment in full from fruit and vegetable sellers. Then, our collaboration with supermarkets, hotels and restaurants became contractual with payment periods of 30 to 60 days. The start-up survived July 2014, but inflation in August 2015 delivered the final blow and brought our young company to its knees.

In the space of two months, the cedi lost nearly 30% against the CFA franc. For every GHS 9,600 of goods delivered to supermarkets, the company was losing the equivalent of GHS 1,500 (XOF 255,000, or EUR 390) through currency exchange. Contract negotiation was no longer able to keep pace with the exchange rate.

A changing business

Retailers and business people in Burkina Faso are enthusiastic about the idea of doing business in Ghana (despite the language barrier) and supporting local production. But they are hesitant to do so, mainly because of the volatility of the cedi against the CFA franc. By understanding the market and the risks linked to exchange-rate fluctuations, entrepreneurs can better assess business opportunities between the two countries.

**Olivier Édouard Kabré**

Olivier Édouard Kabré is an applied-computer-science engineer with over 12 years of experience in market information systems and the development of agricultural value chains.

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"No pity in business", "time is money", "cash and carry"—these are the mantras of business people in Ghana. Many investors in West Africa have elected to domicile themselves in Ghana for economic and social reasons. The country offers political stability, rapid economic growth (see p. 6) and a good investment climate. Its history, culture and agroclimatic position have attracted large institutions such as the International Labour Organisation, and agri-food companies such as Nestlé and Unilever. In 2016, the OECD estimated that immigrants—mainly from Nigeria, but also Burkina Faso, Togo and Ivory Coast—made up roughly 3% of the population in Ghana.

Burkina Faso: a major partner

Ghana’s cultural and socio-economic diversity has created new demand for agri-food products imported from neighbouring countries, Europe, and South Africa. Burkina Faso is Ghana’s biggest trade partner for fruits, vegetables and corn. According to the Atlas of the Observatory of Economic Complexity, 94% of tomatoes consumed in Ghana are imported from Burkina Faso (market share of €1.2 million). Ghana imports a total of €4.7 million of agricultural products from Burkina Faso. Major hotel chains and supermarkets (Shopprite, Mariana Mall, Koala, MaxMart) import fruits and vegetables to meet market demand. But there is a shortage in the availability of high-quality products, owing to insufficient logistics and transport. Those hurdles generate large losses for a market of products with high added value.

From Burkina Faso, Mr Jules Zongo and I saw a business opportunity in Ghana. Between 2012 and 2013, we used our own funds to launch a start-up, called La Saisonnière Ltd., to buy and distribute fresh and dried fruits and vegetables.

An uncertain monetary situation

In July 2007, Ghana revalued its currency for the third time since 1967. The new currenc