

Responsible business and the contribution of foreign investors to development in Ghana

-Three case studies about the responsible business practices in the agro sector in Ghana-



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Executive summary

Ghana is seen as the '*leader in development*' in Africa on the level of *private sector development* (PSD). The country's private sector is developing rapidly by the implementation of different policies and programs, including strategies to improve the investment climate. With having an increase of foreign investment over the past thirty years, the question rises whether these investors act responsible and whether they contribute to the development Ghana. This research tries to link up with this, and tries to gain a deeper understanding about the private sector development of Ghana, and the role of foreign investors and CSR in this. Therefore, the central research question of this research is:

How is the private sector of Ghana developing, and do foreign investors contribute to this with responsible business practices?

In order to answer this research question, the research combines a web-research with fieldwork. The field research is conducted in Ghana, more specifically in the Greater Accra Region. This part of the country is chosen because most of the foreign investors are located there. The fieldwork is done with semi-structured interviews and surveys for three case studies of foreign investors in agricultural sector. This sector is chosen because of its major economic contribution for the country and the investment opportunities. In these case studies the impact and responsible business is compared on economic-, social-, and environmental level. And responsible business activities are measured by scores on statements for different themes. In order to see whether there is a 'best practice' for responsible business and contribution to development, the three cases have different business models; "The Green Lab" is a medium sized Dutch company, "The Big Nut" is an Malaysian multinational, and "the Multitasking NGO" is a Dutch-Ghanaian small sized association.

The research findings suggest that Ghana is working hard to improve their business climate and attract foreign investments through different policies, strategies and programs. This approach seems to work since Ghana has a high ranking in the Doing Business report of the World Bank and the World Investment Report of the UNCTAD. The political stability, and increasing economic climate in Ghana, together with natural resources and active investment policies make Ghana attractive for foreign investors, and makes FDI inflows keep increasing. Most investments are done by Chinese, Indian or Korean and most investments are in the service and general trading sector. There is not much foreign investment in the agricultural sector so far, however there are a lot of investment opportunities according to the Ghana Investment Promotion Centre (GIPC).

Over the last years there seems to be a new debate about Corporate Social Responsibility (CSR) and business practices of foreign investors. While Ghana is making significant efforts to attract these investors, there is hardly any legal framework for CSR requirements for them. In some sectors like the banking, mining and forestry there are some laws and requirements for impact reports, but in others the term is hardly known. The findings of the case studies are in line with this, since in none of the organizations an active CSR strategy is found. However all the organizations have some forms of responsible business practices and contribution to development.

The three case studies; “the Green Lab”, “The Big Nut” and “The Multitasking NGO” are compared on the level of; impact, responsible business (activities) and the contribution to development. The small sized NGO turns out to be ‘the best practice’, with having the highest score on every responsible activity theme and with the contribution to development on economic, social and environmental level. All the organizations have an economic responsibility in terms of providing job opportunities and investing in human capital, and responsible business activities towards employees score the highest. However “The Green Lab” and “The Multitasking NGO” show lower scores on social- and environmental responsibility. In terms of contribution to development, all the organizations contribute to this by taking up different investment opportunities (in the agricultural sector) as the GIPC suggested.

Key words: Private sector development, Foreign Direct Investments, Corporate Social Responsibility, Agriculture, Ghana.

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I started with this research finding myself in conversations saying; 'Yes, BUT...'. I saw a downside or a restriction in every possible way. However now I changed to: 'Okay let's do it' with seeing opportunities and possibilities instead of restrictions!

This research wouldn't have been possible without a couple of people. First of all I would like to thank my supervisor Annelies Zoomers, for taking the time and effort to lift this research to a higher level, with putting together a research team, and to gain attention for this research from companies and ministries.

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Abbreviations

AGC	Ashanti Goldfield Company
AGI	Association of Ghana Industries
AGRA	Alliance Green Revolution in Africa
BNP	Bruto Netto Product
BoP	Bottom of the Pyramid
BoG	Bank of Ghana
BRIC	Brazil, Russia India, China
CAP	Caribbean, African, and Pacific Group
CBE	Cocoa Butter Equivalent
CED	Committee of Economic Development
CSR	Corporate Social Responsibility
ECOWAS	Economic Community of West African States
EDIF	Export Development and Investment Fund
EPZ	Export Processing Zone
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GEA	Ghana Employers' Associations
GEPC	Ghana Export Promotion Centre
GHANECC	Ghanaian-Netherlands Chamber of Commerce
GHBC	Ghana Business Code
GIPC	Ghana Investment Promotion Centre
GNCCI	Ghana National Chamber of Commerce and Industry
GTZ	German Technical Cooperation
IFC	International Finance Cooperation
IMF	International Monetary Fund
IPA	Investment Promotion Agency
IPCEE	Investment Program for Competitive Export Economy
IPPA	Investment Promotion and Protection Agreements
LDC	Less Developed Countries
MOFA	Ministry of Food and Agriculture
MOFEP	Ministry of Finance and Economic Planning
MOJ	Ministry of Justice

MOTI	Ministry of Trade and Industry
MPIP	Multi-Purpose Industrial Park
MSME	Micro, Small and Medium enterprise
MTASIP	Medium Term Agriculture Sector Investment Plan
NGO	Non-Governmental Organization
NLC	National Labor Commission
OPIC	Overseas Private Investment Cooperation
PEF	Private Enterprise Foundation
PSD	Private Sector Development
PSDS	Private Sector Development Strategy
PSI	Private Sector Investment
PPD	Public Private Dialogue
PPP	Public Private Partnership
SAP	Structural Adjustment Program
SME	Small-Medium Enterprise
SOE	State Owned Enterprise
SRI	Social Responsible Investment
TBL	Triple Bottom Line
TSSP	Trade Sector Support Program
UN	United Nations
UNCTAD	United Nations Conference Trade and Development
UNIDO	United Nations Industrial Development Organization
VCF	Venture Capital Financing
WTO	World Trade Organization

1. Introduction

1.1 Problem identification

The Dutch government decided to cut the development budget from 0.8 % of the BNP to 0.7 % in 2012, which means 840 million euro's less (Ministry of Finance, 2011). The slogan 'Less pretension, more ambition' forms the core of the new development policy. This means less partner countries where the Netherlands provides aid to, focus on *private sector development* (PSD), and focus on potential added value with for example the Dutch expertise in agriculture (WRR, 2011). In practice this means that Dutch (and foreign) entrepreneurs are able to apply for a funding from the government, the so called Private Sector Investment (PSI). This funding is used to start or expand their business in developing countries with the goal to stimulate sustainable economical development by means of promoting significant new investments in the private sector. With this self-reliance, and possible poverty reduction is promoted (Knapen, 2011). One of the criteria for this funding is Corporate Social Responsibility (CSR, MVO in Dutch). In order to get this funding the enterprise must have a local partner and some form of CSR business activities related to development. These developmental responsible business activities are described as creating employment, introducing new knowledge and technology, improving livelihoods, strengthening small and medium sized businesses and/or resulting in improved environmental conditions, etcetera (Staatscourant, 2011).

While the Netherlands is stimulating PSD in developing countries, those countries themselves also try to do this through PSD strategies, policies and programs. The official development assistance to Sub-Saharan Africa is declining from \$17 billion in 1990 to \$10 billion in 2001 (World Bank in Asante, 2006). This decrease of 41 % and therefore a resource gap needs to be filled up by Foreign (Direct) Investment (FDI) (Asante, 2006). So these foreign investors need to be attracted by developing countries. Ghana is sketched as a success story, as one of the few African countries which is undertaking significant business environment reforms instead of the quick-fix solutions like most African governments prefer, since these are popular for the election programs (Broemmelmeier et al, 2007). The government of Ghana makes efforts to encourage FDI through legal institutional frameworks and promotional campaigns since 1994 (Asante, 2006). One of the reasons for the success of FDI attraction in Ghana is their stable political environment, their growing economic sector, and their private sector development. The country is mentioned in academic literature as being the *development leader* for Africa, or the Gateway for West Africa (Asante, 2006).

The foreign investors are seen as a positive contribution to development in different sectors in Ghana. According to the Ghana Investment Promotion Council (GIPC) the foreign investors have major diverse business opportunities in the agro sector in Ghana. This sector contributes to 38% of the GDP (World Bank, 2006) but still has lots of room for improvements.

In case of contributing to the private sector of Ghana it is interesting to see if the foreign investors act responsible and have CSR business activities, to link up with the debate that is currently going on in the Netherlands. There is a lot of literature about definitions of CSR, but

very little is known about CSR practices in developing countries (Jamali & Mirshak, 2006). Research about CSR in Africa is mostly done in Nigeria and South-Africa (Visser, 2008), so in Ghana this topic is still rather unknown. The question whether or not CSR business activities contribute to *development* is another issue. Included in the CSR debate, there is discussion about how small & medium enterprises (SMEs) could address CSR. Until now the policies, frameworks and legislations are tailored for large companies and SMEs are usually left out of the debate, they are overlooked (Fox, 2005). In this research they will be included as one of the variables to be able to gain more insights in best business practices for CSR.

1.2 Research content

In order to find out more about the PSD, and the contribution of FDI to development, the research is conducted among three foreign investors in Ghana. With the agro-sector as a core focus, the findings of the research connect to recent debates about food security and the private sector development. The foreign investors are chosen based on their link with Ghana and their business models. In this way it is possible to compare different business models of foreign investors and find out if there is a 'best practice' for responsible foreign investment.

The central research question of this research is:

How is Ghana's private sector developing, and do foreign investors contribute to this with responsible business practices?

1.3 Structure of the thesis

The thesis is structured in ten chapters, starting with the introduction as the first chapter. The theoretical framework in chapter two discusses all the important literature about responsible foreign investment. After this the methodology is explained in the third chapter, including the research questions, aims and the methods. The fourth chapter describes the geographical framework of Ghana, and the fifth chapter describes the PSD and FDI policies of Ghana. Continuing, chapter six describes the current PSD and FDI status and chapter seven till nine describe the research findings of the three case studies. These findings are based on the characteristics of the business activities of the foreign investor and its impact. Chapter ten compares the characteristics and the impacts of the case studies, and the eleventh chapter does this on the topic of responsible business. The final chapter draws overall conclusions about the research findings as well as including the limitations of the research and a discussion.

2. Theoretical Framework

This theoretical framework covers the main concept of this research: *responsible business*. In this chapter the concept of responsible business is described based on academic literature about the history of CSR, the drivers for CSR and the 'new' CSR. After this the concept of CSR is linked with FDI and development.

2.1 CSR history

Corporate Social Responsibility is mentioned in every development policy of the last year, in debates about sustainable development and in private sector development agendas. While the existence of CSR goes back for about 100 years, it seems as if there is a new wave of CSR importance with worldwide attention (Jamali & Mirshak, 2006). According to Carroll (1999), Howard Bowen is the 'father of Social Cooperative Responsibility'. He wrote a book in 1953 about CSR titled: *Social Responsibilities of the Businessman*. As the title of the book already suggest, CSR is in that time mostly referring to the obligations and the responsibilities of a business to society.

The 60s was a time period in which CSR literature expanded as well as the definition of it. Keith Davis' definition became famous in that time, with CSR meaning; "*businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest*" (Davis in Carroll, 1999). Among Davis other authors like Robert Blomstrom and Clarence Walton, were also very well-known influential writers on this topic. In this time period CSR gained a broader definition with extension beyond legal and economic obligations, relations of social responsibility and business power and more clarification on the relationship between the company and society.

In the 70s Morell Head was viewing CSR more practical and refers to CSR programs and policies, and Harold Johnson was in that time slightly referring to a *stakeholder approach* for CSR. In 1971 a publication of the Committee of Economic Development (CED) stated that the relation between business and society was changing more than ever before. The company now has more obligations and together with that, *social responsiveness* became a new term in CSR literature. The 80s were marked with literature about doing research and measuring CSR with using existing CSR definitions. CSR categorization and models were developed for this purpose. Like the one of Carroll, Visser, and Dalton & Cosier.

2.2 Carroll & Visser's responsible business

Carroll (1991) describes five types of CSR in a pyramid format, including; economic-, legal-, ethical-, discretionary and total responsibility, with economic responsibility being at the bottom of the pyramid, and total responsibility at the top. She made a stepwise pyramid where it is shown that when a company wants to be ethical responsible for example, it already needs to include economic and legal responsibility.

Visser (2008) changed these layers of responsibility in order of reality, so what is happening *mostly?* (See figure 1) The economic responsibility type of CSR has the highest priority in a developing country with providing jobs, investing in human capital, building infrastructure and establishing local business linkages. Secondly the philanthropic responsibility is seen in developing countries. These are the things most common to us, spread by for example

television programs. This type of responsibility includes the building of schools, hospitals, in short; helping the community. These things are mostly done because a company realizes that they cannot succeed in a community that fails.

The legal responsibilities have a lower priority due to the fact that there is hardly any control or monitoring on legislations in developing countries. However international standardization like labor conditions and rights are becoming more and more important. Finally the ethical responsibility is mentioned with the lowest priority and least influence on CSR. This is because in the developing countries corruption is still a common factor and good governance still has a long way to go.



Figure 1: CSR priorities in developing countries, Visser 2008

In developing countries most CSR is informal, so not mentioned in institutionalized CSR terms, codes or standards. CSR is very important in developing countries because these countries have rapidly expanding economies, the best chance of lucrative growing markets for business (IMF, 2006). Also the effects of globalization, economic growth, investment and business activities are most effective in these countries in terms of social, economic, and environmental impacts (World Bank, 2006).

Besides the different types of CSR, Visser (2008) also explains why companies in developing countries implement responsible business activities. This all has to do with *internal* and *external drivers* according to him, as shown in Figure 2. The six internal drivers are related to push factors for responsible business from within the country, while the four external drivers represent the global ones. A few drivers will be explained.

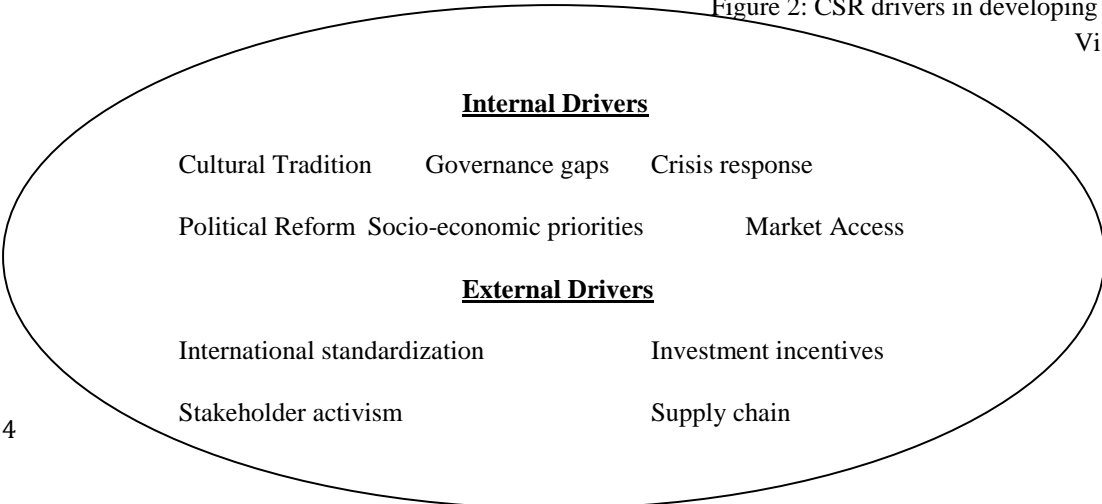


Figure 2: CSR drivers in developing countries, Visser 2008

The first internal driver is the cultural tradition derived from socio-cultural influences like ethnic religious beliefs, or value-based traditional philosophy. Political reform like a change towards democracy or improved corporate governance could be a reason to focus on CSR. The market access is a driver which is recently getting more attention with new 'Bottom of the Pyramid' (BoP) strategies, where the poorest people are seen as consumers. Therefore cheap and easily accessible products are especially designed for them.

International standardization is a big external push factor for CSR. Companies are obliged to follow certain guide lines to be able to sell certain products, or to be eligible for a subsidy.

One example of an international standard is the ISO14001. Stakeholder activism is seen as a push factor or control factor of CSR when the government lacks monitoring of this.

International NGOs, business associations, trade unions and development agencies are stakeholder groups which provide strong advocacy for CSR.

2.3 The 'New' CSR

Visser (2011) compares the 'old' CSR 1.0 which is defined as Corporate Social Responsibility with the 'new' CSR 2.0 under the notion of Corporate *Sustainability* and Responsibility. This new CSR includes certain CSR 'DNA codes' which are; value creation (inclusive business), good governance (institutional failure), societal contribution and environmental integrity. This inclusive business is also mentioned by Prahalad (2005). He claims this type of business model strengthens the relations with the company and the community by understanding the Bottom of the Pyramid (BoP) as markets, and seeing the BoP as an economic actor who adds value to the value chain.

Ted Londen and Stuart Hart (2011) identify CSR with the concept of mutual value creation. They are also focusing on the BoP approaches. Those BoP approaches focus on how multinational companies adapt to global changes like poverty increase and population growth. The fortune of the bottom of the pyramid means that there is an opportunity to see the ± four billion poorest people of the world (the bottom) as consumers (Crane, 2008).

Working together with the base of the pyramid in the designing (market needs), piloting (trial and error) and scaling (competitive advantage) of a product or service ensures better success for development, also for the community. Investing in listening to the voices of the BoP gives potential to connect profits and to alleviate poverty.

Mohammed Yunus (2007) claims that CSR has two different forms. The first form is the *weak CSR* that companies are using to avoid negative impact of their business activities. These are things like avoiding the dumping of fabric waste into the river. However this is only done when this is not sacrificing profit. The other form is the *strong CSR* of which the companies use responsible business tools to seek opportunities not only for themselves but also for others. This includes providing educational- and health opportunities for employees and bring transparency in business activities. In short it compares "do no harm" (weak CSR) with "do good" (strong CSR) for people and planet.

You can compare this division in CSR with the one from Deniz and Suarez (in Jamali & Mirshak, 2006). They claim that CSR has a narrow and broad view. The narrow view implies that a firm is only responsible in terms of legal terms and economic profit making. The broader view sees CSR as contributing to development of communities, environment

protection, conserving resources, and philanthropic money spending.

2.4 Size company & CSR

Most of the knowledge about what type of CSR business are using, is derived from research settings with multinationals. It is claimed that the SMEs have no or hardly any CSR policies since they don't have the capacity or finance for this. These companies are until now overlooked in the CSR debate. This is strange since the SMEs on average are most represented, and due to more labour-intensive production processes, provide high national levels of employment. Therefore they have high impacts on social and environmental level and must not be forgotten (Fox, 2005). One of the UNIDO report even states; *“ensuring that CSR supports, and does not undermine, SME development in developing countries is crucial to meeting its goal of improving the impact of business in society”*(Raynard and Forstater 2002, in Fox 2005).

The UNCTAD published a report in 2010 about the hundred largest TNCs and sustainable investment practise (Sagebien & Whellams, 2011). The report shows that even though the TNCs have CSR reports, they differ from quality and from information provided. These TNCs have these CSR reports because they are under pressure and can't afford to be irresponsible, because this can ruin their reputation. Responsible business starts to be criteria for corporations working in less developed countries (LDC) through globalizing markets and supply chains. Products exported to the West have high standards in terms of quality, labor standards, certifications etc.

2.5 CSR & Development

Sagebien & Whellams (2011) wrote a paper about the positive and negative contributions that CSR may have on (sustainable) development (of the private sector). Business literature is full of evidence that CSR provides positive contributions to companies, society and the environment, however there are also some limitations to this. Critics like advocacy NGOs and corporate watchdogs provide evidence of these limitations and negative consequences of business activities, especially in the developing world. One of the criticisms on CSR is the issue of the measurement of the results, the lack of tangible evidence that CSR contributes to development. Table 1 shows the debates in the development branches about CSR being good or bad. CSR is seen as a contribution to development when it can be used as a tool to fill in the 'governance gaps', especially in weak states (Ruggie, 2002, in Sagebien & Whellams 2011). Also CSR can lead to inclusive markets, decreasing of the financial burden of the state, contribute to the Millennium Development goals etc. A statement from the UK Department of International Development shows a positive view on the contribution of CSR to private sector development: *“By following socially responsible practices, the growth generated by the private sector will be more inclusive, equitable and poverty reducing”* (Sagebien & Whellams 2011). Meaning that when CSR practices are implemented in the private sector, the development of this sector will be beneficial for all, instead of only for the businesses.

Table 1: Summary of the CSR in a development context debates

CSR IS GOOD DEVELOPMENT	CSR IS BAD DEVELOPMENT
<ul style="list-style-type: none"> • Maximizes spillover effects of foreign direct investment (FDI) • Addresses governance gaps • In some areas, corporations can have greater resources than governments • Decreases financial/regulatory burden of the state • Contributes to Millennium Goals and to sustainable development • Can introduce higher levels of performance than those required (or enforced) by local law • Promotes corporate/stakeholder cooperation and coordination towards development goals • Key component in the creation of supply chains that lead to inclusive markets • Reduces social and political conflict and prevents/remediates environmental damage 	<ul style="list-style-type: none"> • Ignores the structural dimensions of poverty and inequality • Usurps the proper role of government • Though formulation involves stakeholder dialogue, the effect of inherent unequal power relations is left unexamined • Calls for change only within the current capitalist framework • Business and development have conflicting agenda • The business case for CSR is duplicitous • Accountability is needed • Corporations lack development expertise • Mainstream CSR agenda is North-driven and gender and race myopic • No matter how good, CSR cannot ever be sufficiently broad based or long lasting because it is voluntary and discretionary • In line with the strategic firms of the firm, and not with the developments needs of communities/states

Source: Sagebien & Whellams, 2011

Debates about CSR being bad for development include topics like; CSR agenda is North-driven, the business agenda is conflicting with the development agenda, CSR is voluntary so there is no need for justification. A quote from Newell (2005 in Sagebien & Whellams, 2011) shows that this development contribution is limited: “*CSR can work, for some people, in some places, on some issues, some of the time*”. Maximizing these CSR contributions could be done by embedding these in a larger context of value creation in social and economic terms. However a problem like poverty is not solved by CSR because this problem is a result of structure and not of access and opportunities.

2.6 FDI & Development

Next task is to link this CSR and development debate to foreign investors who are central in this research. Foreign Direct Investment (FDI) is often seen as external help for contributing to the development of developing countries. In a positive way they contribute for example with the introduction of new technologies, job creation, the competitiveness of the developing countries, etc. However some downsides of these investments are also mentioned, like increasing inequality and no integration with the local community (IIED, 2008). Others even claim that even that FDI is at the expense of local employment, income distribution and at the expense of economic stability (Mmieh & Owusu-Frimpong, 2004). A research done by Karikari (1992) examined the causality between FDI and economic output in Ghana with data from 1961 – 1988. These results claim that FDI did not affect economic output, but when there is an increase in economic output, a slight decrease of FDI is noticeable. This last result could be explained as a response of the government to protect their growing economy and use an import substitution strategy which is unbeneficial for FDI. The foreign investors usually have a dominant position and can always have drawbacks, which will influence the countries independent development.

Whether these foreign investors do or do not contribute to the development of a country also depends on how their business activities are organized, and whether they include CSR in their business agendas.

A type of responsible investment is called Social Responsible Investment (SRI) which is defined as; *'an investment approach which, in addition to financial criteria, evaluates and selects companies based on social and ethical criteria'*. These criteria include human rights, contribution to community, employment practices, environmental issues, etc. (Kawamura, 2002). These type of investments are not only seeking for monetary returns but also consider the implications mentioned above and meet some form of criteria for CSR. With a history of more than hundred years, and originally started with Christian values of not investing in companies related to alcohol, tobacco and gambling, SRI became more known in the 1990s when large investors like the Calvert Group, started using these types of investments.

From this discussion of academic literature about CSR it is obvious that there are many different definitions, types, motivations for CSR, as well as different opinions about, whether or not, CSR contributes to development. To avoid confusion, the responsible business definition that is used during the research is:

The ways in which foreign investors, next to making a profit, consistently contribute to the private sector of the host country through economic- social- and environmental development.

After this discussion of academic literature, the question remains how these topics are handled in the Ghanaian context? In order to find out more about this, the different methods which are used for the research are explained in the next chapter of Research Questions & Methodology.

3. Research Questions & Methodology

In this chapter the research questions and aims will be presented as well as the central research question and the associated methodology. This specific research is done in Ghana with a preparation period from November 2011 till February 2012, and the actual fieldwork period in Ghana from February 2012 till June 2012. To constrain the research, one sector has been chosen. Because the agricultural sector is “*the cornerstone of the economy and the backbone of national employment*”(Oxford Business Group, 2011), and there are still many investment opportunities, this sector has been chosen.

3.1 Research aims and questions

The first aim is to get a deeper understanding about the actions Ghana is taking to develop their private sector. What kind of policies, strategies and programs are used for this and do these policies included strategies to attract foreign investments and CSR requirements? Which actors are involved in PSD and what is the current situation? The research question which will achieve this aim is:

1. *What is Ghana doing to develop the private sector and are foreign investment and CSR included in this?*

The second aim is to find out what the current status is of the foreign investments in Ghana. In order to see if the PSD policies worked out, there is looked at FDI flows and types in Ghana, including attraction factors, sectors and which countries are investing in these sectors. The associated research question of this aim is:

2. *What are the developments and characteristics of FDI flows in Ghana?*

The last aim is to relate the policy actions and the current state of the private sector and FDI, with examples of foreign practices. This is done in the form of three case studies which all have a different investment in Ghana and have different business models. In order to find out whether foreign investors act responsible, whether there is a ‘best practice’ for responsibility, and how the business activities contribute to development, a last research question is posed:

3. *What kind of business model does have the ‘best’ responsible business practices, and how do these practices contribute to the development of Ghana?*

The central research question that will be answered through the findings of the four sub questions is:

How is Ghana’s private sector developing, and do foreign investors contribute to this with responsible business practices?

3.2 Conceptual model

From the theoretical framework and the methodology a conceptual model is made. This model shows the important concepts in this research and their influence on each other.

The private sector development policies are having a positive influence on the PSD. While the foreign direct investment attraction policies and programs Ghana is developing and implementing could have a positive or negative effect on PSD. In case the FDI attraction programs work, the number of foreign investors increases. Part of the agricultural sector is privately owned, so these concept blocs are overlapping

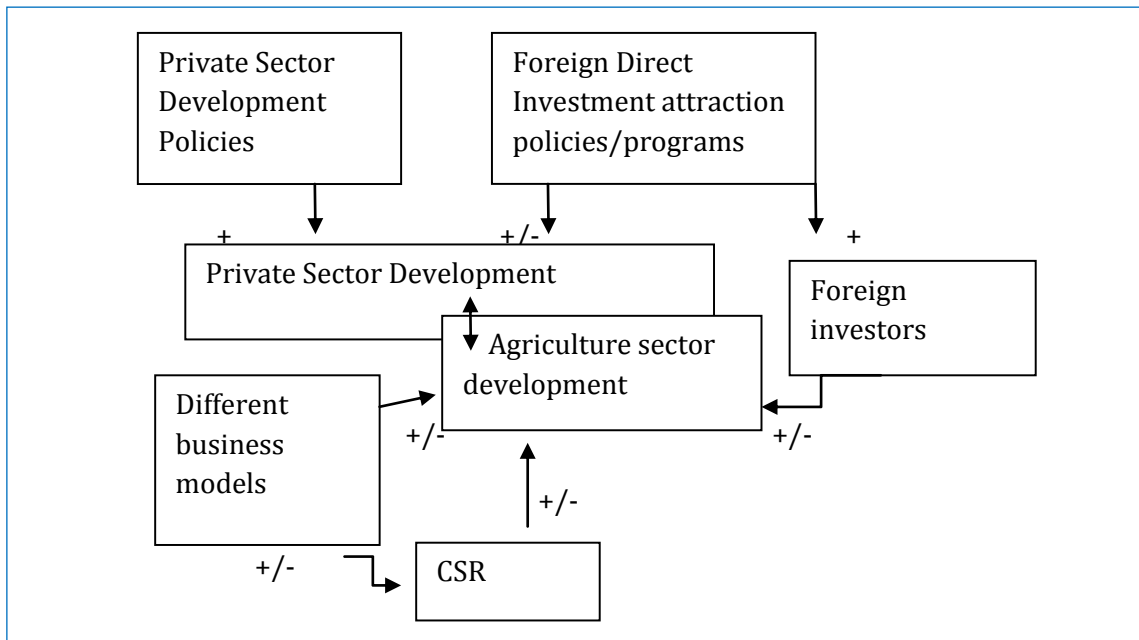


Figure 3: Conceptual model

Different business models with different characteristics like size of the company have an influence on the agricultural sector development through the way their business activities are organized, and influence the presence of a CSR strategy.

3.3 Operationalization

Continuing this chapter, the operationalization of the research will be explained. First the methods for finding the research population and the research area are explained, followed by the methods used for answering the research questions.

3.3.1 Research population

To link up with the PSI debate in the Netherlands it is tried to look for Dutch investors in Ghana, or companies with a Dutch link. This is why the research population is found through contacts with the Dutch embassy in Accra, and the Ghana Netherlands Chamber of Commerce and Culture (GHANECC). The Dutch embassy provided a list of the Dutch companies in the agricultural sector of which they were aware of, or the ones which had a Dutch link. Later the GHANECC had some overlapping companies in their database, but also added new companies to the list. For the research sample see Appendix A.

When choosing the research population from the research sample, the three companies should have a different link with Ghana in terms of connection, and a different business size/model in order to find out more about ‘best practice’. It is chosen to compare a medium sized company, a multinational (from the list of the Dutch embassy) and an NGO (a member of GHANECC). All the three cases are representative for the *size* of their organization and therefore significant cases to look at their responsible business actions. Further these organizations are chosen because of their different business practices in the agriculture sector and their difference of investments made.

The first case study is a Dutch medium sized company that does not have a link with Ghana except for having one of their labs (for plant tissue culture) there and employing Ghanaian people. The product demand and supply is from abroad. The second case study is a Malaysian multinational with an office in Ghana and is involved in the controlling of the whole value chain of shea nuts, with export as end phase. They have a link with the Netherlands because the European head office is located there. The third case study is a small sized Dutch-Ghanaian NGO which is fully integrated in Ghana and Ghana orientated, however it is fully Dutch financed. This NGO focuses among other topics on the education and training of farmers, petty traders and fisher men. This shows that the cases are different in size, and in activities.

During the selection, other organizations were delisted from the sample frame because of lack of contact details, willingness to participate in the research and the location of the company.

3.3.2 Research area

The research area chosen for this study is Accra, the capital of Ghana. This city is chosen because the country office of the host organization SNV is located there, and because according to the GIPC most foreign investment projects are located in the Greater Accra Region (82.91%), (GIPC, 2011). SNV is a Dutch development organization, orientating on the agricultural sector in 2012 and provided a work place and some contacts in their network.

Accra has about two million citizens, an international airport and is located at the coast of Ghana as part of the Greater Accra Region. Because the international airport is located in the capital, it is very well attainable for foreign investors. Also in terms of doing business it is beneficial to establish your company in the capital because of its large business centre. An additional benefit is that Accra is located nearby the port of Tema, which is the international business harbour of Ghana and is also well known in the whole of West-Africa.



Map 1; Map of Ghana, Source: CIA World Fact book

3.3.3 Methods used

The first part of the research which covers the first two research questions, has been done by a web-research. These questions are answered with the help of internet resources, scholar articles, governmental publications and research publications, for example by the World Bank and the United Nations. They also help to understand what Ghana is doing to develop their private sector and attract foreign investment in terms of policies, and how the current situation of PSD and FDI is now.

The second part is the fieldwork part where three case studies are examined in terms of business characteristics, impact and responsible contribution to the PSD. The business characteristics are divided in the themes of: core business, history of the company and organizational structure. The impact is according the Triple Bottom Line theory, with economic-, social-, and environmental impact. Further the responsible business part is divided into perception of responsible business and activities.

This information is gathered by contacting the companies by telephone and email to ask whether they would participate in this research. After their approval a first interview is scheduled to get a better understanding about the history of the company, the organizational structure and their business activities. This interview is a semi-structured interview (Appendix B) which covers most parts of the survey which is set up (Appendix C). Because of the length of the survey it is decided to answer the questions throughout the interview.

After the interview, the results have been worked out in the form of a biography of the enterprise, as well as by filling in the survey. This is done with the key notes that are written down during the interview and the voice recorder. A second interview was planned in order to fill in the gaps of the survey and to elaborate on information obtained during the first interview if necessary.

Besides the knowledge of literature written about responsible business and the research methods as just described, it is also important to understand more about the Ghanaian business context; the characteristics of the private sector and more specific of the agriculture sector. This is described in the next chapter, the Geographical Framework.

3.4 Main limitations

There are some limitations in this research which are worth mentioning. First off all the web-research about the PSD and FDI is done from the Netherlands and has its limitations with the access to certain research reports.

Secondly the field work period was interrupted by health issues and therefore it has been decided to only interview the owners or manager directors of the case studies. Because of this the part of responsible business is a one sided view given by the company rather than interviewing more stakeholders. And lastly, the measurement of responsible business will always be subjective, since there is no grand formula for this.

4. Geographical Framework

4.1 General information

Ghana was the first colony in Africa which gained independence in 1957 (Bourret, 1960). After being named ‘the modern state of Ghana’, it now is considered to be the pioneer of independence and have a *leading role in the development process in Africa*.

Ghana is located at the West African coast surrounded by Ivory Coast, Burkina Faso and Togo. The country has a surface of 238.535 km², with a population of 24 million people. Most of the settlements are in the Southern parts where the climate is less dry, and where the capital Accra is located. Ghana is a member of the African Union, UN and ECOWAS and is a multi party democratic republic (Oxford Business Group, 2011).

4.2. Private sector characteristics

Privatization increased in Ghana because the state-owned enterprises (SOEs) had poor financial performance and low productivity. Public enterprises became a burden on the government’s budget (Asante, 2006) and therefore private enterprises were encouraged. The World Bank researched the private sector through an enterprise survey among 494 firms in 2007. (The World Bank & the International Finance Cooperation, 2011). This survey was covering different themes within the private sector like corruption, location, firm size, gender, performance etc. The results which were striking and important are briefly described below.

The private sector of Ghana (in 2007) is dominated by the small (5-19 employees) companies as you can see in Figure 4. This is in line with the previous statements of Fox (2005) earlier mentioned in the theoretical framework. Further, 94.6 % of the firms which were questioned are privately domestically owned, while only 5.4 % was private foreign owned (more than 10 % foreign ownership). Compared to the 14.5 % of Sub Saharan Africa, Ghana has relatively less private foreign owners of enterprises. However the ones which are foreign owned, mostly are the larger firms.

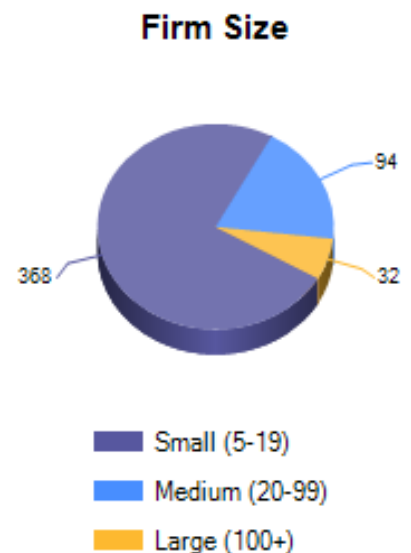


Figure 4: Firm size Enterprise Survey,

World Bank & IFC, 2011

In terms of location most of the firms are located in the Greater Accra region, namely 295 firms. This is mostly due to the business environment there, the easy access to international transport and the climate. In Kumasi 98 firms are surveyed, in Tamale in the North 51, and in Takoradi which is situated in the West of Ghana 50 firms.

Although Ghana has a stable democratic political climate, there is still corruption present. The percentage of ‘establishments that consider that firms with characteristics similar to theirs are making informal payments or giving gifts to public officials to secure government contract’, is 61.2 %. The percentage of ‘firms expected to give gifts or an informal payment to get a construction permit’ was 47.6 %. These are rather high percentages. When you compare this

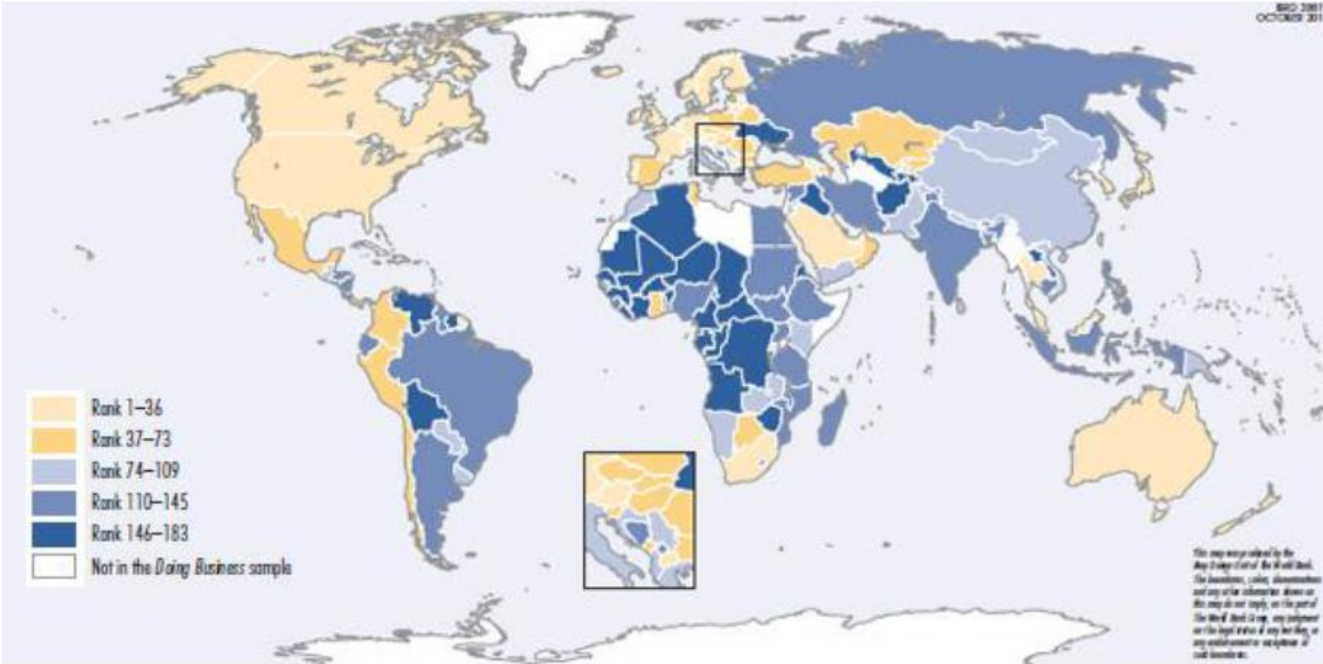
theme of corruption among domestic and foreign owned firms, it is clear that the foreign owned enterprises encounter more trouble with this. Under the percentage of enterprises: expected to give gifts for ‘getting things done’ to public officials, the domestic firms scored 38.1 % while the foreign owned scored 49.3%.

The enterprises have a rather high percentage of female participation in ownership when you compare this with Sub Saharan Africa and world figures. In Ghana this percentage is 44.0%, while world percentages are 35.5 % and only 33.0% in Sub Saharan Africa.

The annualized growth in labor productivity is – 17.4 % in Ghana, which is really low. With Sub Saharan Africa scoring 1.6 % and world figures show 0.3 %. However the percentage of firms offering formal training programs for its permanent, full-time employees is rather high, namely 33.0 %.

4.3 Ease of doing business

The report of Doing Business 2011 of the World Bank in cooperation with the IFC, states that Ghana is an example for other countries with their improvements in doing business. In 2010 Ghana made the most improvements in the field of the access to finance and got into the top 10 of countries that are making the regulatory environment more favourable for doing business. Rwanda and Burkina Faso are also among those ten. Ghana has a steady approach in improving their business climates over several years and in 2010 they ranked 77 (out of 183) in ‘ease of doing business’ and in 2011 the ranking even was 67. Only a few African countries are ranking higher on this list (World Bank & IFC, 2010). The same report made a world map of global rankings of ‘ease of doing business’ where it is illustrated that Ghana is one of the few African countries scoring 37-73 on the list of 183 countries (See Map 2).



Map 2: Global ranking ‘ease of doing business’, Source: Doing business database

The Doing Business Report 2012; Ghana of the World Bank also compares 183 different countries on ten topics concerning the business environment; starting a business, dealing with construction permits, registering property, getting credit, protecting investors, paying taxes, trading across borders, enforcing contacts, resolving insolvency and getting electricity. As shown in Figure 5, the topic of ‘dealing with construction permits’ needs improvement mostly, because this topic ranks the lowest; 156. The indicators for this ranking are based on the costs and time for getting all the required permits and building a warehouse. This whole procedure will take 218 days on average to get 16 required permits.

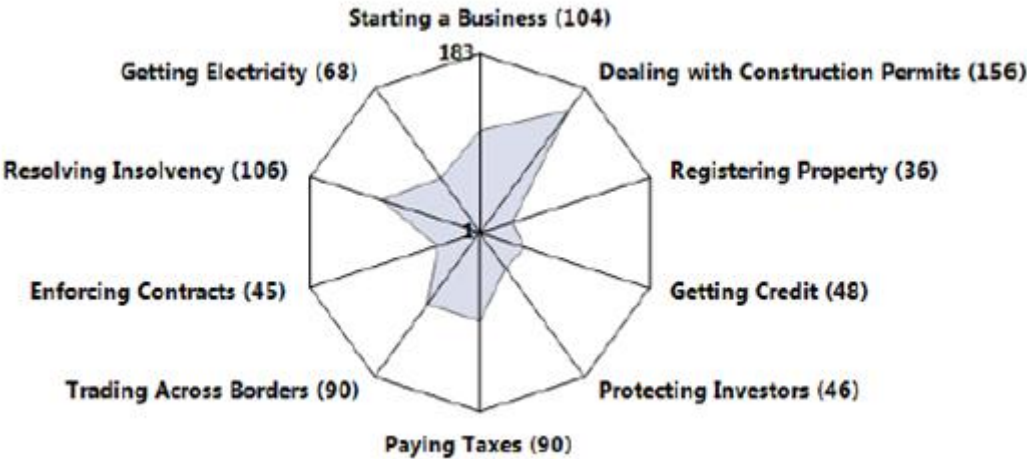


Figure 5: Rankings Ghana topics ‘ease of doing business’, Doing Business database

In the Enterprise Survey of 2007 most firms scored high on problems of ‘getting electricity’ and ‘access to finance’. About 48.8 % faced problems with electricity and 33.1 % with access to finance. However the foreign firm mostly own or share a generator about 73.5 % (domestic only 22.6 %) (World Bank and IFC, 2011 Survey) It is clear that the report of Doing Business 2012 Ghana shows that these problems partly have been solved.

4.4 Agriculture Ghana

In Table 2, provided in the Ghana Vision 2020 report, the agriculture sector development is shown from 1993 till 2000. Here agriculture is divided in crops & livestock, cocoa, forestry and fishing. The table shows that in 2000 the sector contributes to 32.46 % of the GDP of which 23.82% is from crops & livestock. When these numbers are compared with the ones of later time periods, it is clear that the sector developed; in 2006 namely the contribution of the agricultural sector increased to 38% (World Bank, 2006).

In 2008 cocoa is the primary cash crop and the revenues of this crop support 17 % of the population (United Nations, 2008), while in 2000 this crop only contributed 4.12 % to the GDP. Ghana has a wide variety of cash crops and is the second largest producer of cocoa. Other crops produced are maize, rice and cassava for example.

Table 2: Agriculture sector development

			Base Year 1993	1994	1995	1996	1997	1998	1999	2000	Growth Rate (%) 1996-2000
2.10	AGRICULTURE	ebillion	1,635.71	1,653.05	1,709.75	1,765.32	1,823.22	1,890.13	1,966.87	2,047.51	3.78
		% GDP	41.60	40.45	39.54	38.12	36.72	35.33	33.94	32.46	
		Growth	1.0285	1.0106	1.0343	1.0325	1.0328	1.0367	1.0406	1.0410	
2.11	Crops & Livestock	ebillion	1,148.14	1,156.40	1,205.77	1,254.00	1,304.16	1,362.85	1,430.99	1,502.64	4.62
		% GDP	29.20	28.37	27.89	27.08	26.27	25.47	24.69	23.82	
		Growth	1.0300	1.0098	1.0400	1.0400	1.0400	1.0450	1.0500	1.0500	
2.12	Cocoa	ebillion	239.85	242.23	247.07	249.54	252.04	254.56	257.10	259.67	1.00
		% GDP	6.10	5.93	5.71	5.39	5.08	4.78	4.44	4.12	
		Growth	1.03	1.0099	1.0200	1.0100	1.0100	1.0100	1.0100	1.0100	
2.13	Forestry	ebillion	184.80	188.13	192.36	196.79	201.41	206.25	211.30	216.58	2.42
		% GDP	4.70	4.60	4.45	4.25	4.06	3.86	3.65	3.43	
		Growth	1.0119	1.0180	1.0225	1.0230	1.0235	1.0240	1.0245	1.0250	
2.14	Fishing	ebillion	58.98	59.68	61.47	63.31	65.53	68.15	71.21	74.77	4.25
		% GDP	1.50	1.46	1.42	1.37	1.32	1.27	1.23	1.19	
		Growth	1.0242	1.0118	1.0300	1.0300	1.0350	1.400	1.0450	1.0500	

Source: Rawlings

The role of the agriculture sector in Ghana is enormous, and is “*the cornerstone of the economy and the backbone of national employment.*” (Oxford Business Group, 2011). While the sector is pre dominantly characterized by smallholders who are working in traditional ways with low input of technologies, the sector is the main economic sector with 63% of agricultural land. The sector employs 45 % of the active population and earns 75% of foreign exchange, which contributes to more than 90% of the food needs of the country (World Bank, 2006). In 2008 the direct employment of Ghanaian labor force in the agriculture even was 60% (United Nations, 2008).

The Ministry of Food and Agriculture (MoFA) tries to develop this sector by implementing a new program which is called the Medium Term Agriculture Sector Investment Plan (MTASIP). This program covers the period from 2011-2015 and includes steps to improve food security, encourage competitiveness, and promote sustainability, as well as trying to overcome the problems of inadequate skill levels, institutional inefficiency and ineffective financing options for farmers. Also the state is aiming on increase of the production by encouraging better harvesting, storage and transport methods, as well as encouragement of diversification of the products the farmer is producing for example in citrus fruits, mango and palm oil. Especially infrastructure is a huge challenge in Ghana. Most of the roads are so bad that in particular the fresh fruits are bruised and sometimes even rotten before they arrive at the Tema harbor to be exported. Other parties who are investing in this sector are NGOs, World Bank, Ghana Investment Promotion Centre, United Nations, International Monetary Fund and the Alliance for a Green Revolution in Africa (AGRA, founded through a partnership of the Bill & Melinda Gates Foundation and the Rockefeller Foundation)(Oxford Business Group, 2011).

Now that the Ghanaian framework is explained in terms of the private sector characteristics, the policies, programs and strategies leading to this PSD are explained in the next chapter. Additionally the inclusion of FDI attraction within these policies will be described.

5. PSD policies & FDI attraction Ghana

Ghana is working hard on the development of their private sector. The Structural Adjustment Program (SAP) of 1983 is the first important economic policy reform in Ghana which led to an increase of multinationals establishing there. This program assisted by the IMF and implemented by the World Bank, was an effort for economic liberalization with a market-oriented and *private-sector-led economy* (Mmieh & Owusu-Frimpong, 2004). A couple of the objectives of this program were the reforming of the financial sector, the reforming of taxation policies to *attract FDI* and achieve and sustain GDP growth (Ghana Bulletin, in Mmieh & & Owusu-Frimpong, 2004). This chapter describes some of the further actions taken by Ghana to develop their private sector and their investment climate to stimulate FDI inflows.

5.1 Policies and strategies for private sector development

After the SAP, Ghana continued to develop their private sector by establishing an Investment Promotion Agency (IPA) under the Ghana Investment Promotion Act in 1994. This IPA was the GIPC and is responsible to encourage, promote and facilitate investments in all sectors of the economy (except for the mining and petroleum sector) (www.gipcghana.com). This strategy for investment promotion was in line with the *Ghana Vision 2020* implemented in 1995, which has as goal to make Ghana a middle-income country in a period of 25 years (Rawlings, 1995). To be able to reach this goal the development of the private sector is one of the main themes and foreign investment was considered as a positive contribution to that. It is clear that Ghana is committed to PSD through all the strategies, policies and programs they set up over the last 29 years as shown in Table 1 below. Most of these policies, strategies and programs mentioned in the table have overlapping themes and goals, and should give Ghana the 'Golden Business Age'. Some of the actions taken to achieve this 'Golden Business Age' are explained more detailed in this chapter, starting with the Gateway Project supported by the Ghana Export Promotion Centre (GEPC).

Gateway Project, 1998

The purpose of the Gateway Project is to make Ghana the major West African hub for trading. This is done by the privatization of the ports of Ghana in Tema and Takoradi (UN, 2010). Due to privatization the ports have been upgraded and modernized. The traffic through the ports has been increased. This makes it more attractive for foreign investors because the export and import of products has been made easier. Also the landlocked neighboring countries: Burkina Faso, Mali and Niger see Ghana in this way as gateway. Another aspect of this project is the changing of the Free Trade Zones into Multi Facility Economic Zones. One example is the Tema Export Processing Zone (EPZ) which has been used for a multi-purpose industrial park (MPIP). This MPIP is open to all domestic and foreign enterprises, regardless of whether they export or not, which is a great advantage. In 2003 there was only one tenant in the EPZ and currently there are 19 Ghanaian tenants in the MPIP, which is a great improvement. Also for the SMEs a cluster approach is in development. The idea is that the development of a 'Furniture City' will relocate small furniture producers, cluster them in one location and provide them with common facilities.

Table 3: Private sector development policies and FDI attraction

Policy/ program/ strategy	Time	Goals/Themes
Economic Recovery Program (ERP) Structural Adjustment Program (SAP)	1983	From controlled economic policy regime to a market-oriented and <u>private-sector led economy</u> . Incl. Financial Sector Adjustment Program (FINSAP); create better <u>investment climate</u> / increase exports/ control inflation/ reform the banking sector
Ghana Investment Promotion Act 478	1994	Encourage, promote and facilitate <u>investments</u> in all sectors of the economy through IPA: GIPC
<i>Ghana Vision 2020/ 'Golden Age of Business'</i>	1995-2020	Become a middle-income country within 25 years
The First Step	1996-2000	Create an enabling environment which can facilitate economic and social improvements for all Ghanaians.
Gateway Project	1998	Promoting Ghana as trade and investment center of West-Africa. EPZs and <u>foreign investment</u> as instruments for export development
Regional Investment Promotion Coordinating Group (RIPCG)	2002	<u>Promote investment</u> activities at both regional and district levels. Concentrate on areas in which the region has comparative advantage
The First Medium Term Development Plan	2003-2005	Human-/ Urban- / Infrastructure Development /Economic growth/ Enabling Environment
Ghana Poverty Reduction Strategy (GPRS1)	2003-2005	As condition for IMF WB support / Production and Gainful Employment/Human Resource Development and Basic Services/ Special Programs for the Poor and Vulnerable/Governance/ 5 areas: Infrastructure/ Rural Development based on Modernized Agriculture, Enhanced Social Services, Good Governance, <u>PSD</u>
Medium Term Private Sector Development Strategy	2004-2008	Enhance the position of Ghana in global and regional markets/ improve the efficiency and accessibility of national markets/ Increase the competence and capacity at a firm level/ <u>Strengthen government's private sector policy formulation and implementation</u>
Investment Program for Competitive Export Economy (IPCEE) by USAID	2005-2010	Quality management/ the implementation of management systems and production practices aiming to guarantee food safety and consistent product supply/ <u>enhance private sector competitiveness</u>
Growth & Poverty Reduction Strategy (GPRS2)/ PSD 2	2006-2009	Continued macroeconomic stability, <u>private sector competitiveness</u> , human resource development, good governance, civic responsibility
Trade Sector Support Program	2006-2010	Implement the Ghana Trade Policy and measure <u>FDI</u> , performance domestic firms and SMEs, and <u>sector competitiveness</u>
Ghana's Shared Growth & Dev. Agenda	2010-2013	Micro, Small & Medium Enterprise (MSME) project

Source: multiple sources

The Medium-Term Private Sector Development strategy 2004-2008

A new Ministry for Private Sector Development was established to develop the Medium Term Private Sector Development Strategy (2004-2008) (Government of Ghana, 2004). Later in 2006 reorganization took place and this Ministry was integrated in the Ministry of Trade and Industry and President's Special Initiative. This four-year action plan from 2004-2008 has been monitored by a public private Oversight Committee, which is especially established for this strategy. The PSD strategy had four main goals namely; to enhance the position of Ghana in global and regional markets, to improve the efficiency and accessibility of national markets, to increase the competence and capacity at a firm level and finally to strengthen government's private sector policy formulation and implementation (Broemmelmeier et al, 2007).

PSDS 2, 2006-2009

The second Private Sector Development strategy (PSDS) which had a time range from 2006 to 2009 was signed by fourteen donors. The biggest challenge the private sector needs to overcome is the lack of competitiveness, both domestically and globally. Issues like unreliable infrastructure services, inadequate managerial skills and unfavorable macroeconomic conditions hamper the growth of the private sector and the competitiveness (Government of Ghana, 2010). The first goals of the PSDS (2) is to improve the competitiveness of the private sector by removing barriers to trade and investment (like business registration requirements and investment legislations), invest in modern infrastructure and in relevant human resources. The quality and the costs of the infrastructure in Ghana directly influence the cost of doing business and therefore the profitability of the business. This is not attractive for (foreign) investors and influences the competitiveness locally and globally. Another issue is the lack of human resources and especially the lack of modern skills of these. There also is a lack of technology and innovation, brand building and human resource training, which reduces the competitiveness with other countries and leaves room for expats to fill in the gaps.

When this competitive issue is solved it is easier to attract private capital, both from domestic and international sources, which is the second goal of the strategy. However it is also important to make these capital flows sustainable since the private capital flows have been really low the past 20 years. Therefore a financial strategy is created to stabilize the monetary environment. Examples of investment of foreign capital are the Diaspora resources from the Ghanaians who are living and working abroad (See Box 1). In 2008 and 2009 this form of investment accounted for \$1.8 billion in Ghana.

Box 1: Remittances from Netherlands

A recent survey from Oxfam Novib- Netherlands under 330 Ghanaians in principal cities in the Netherlands showed that the Ghanaian migrants in the Netherlands are highly committed to their home country. In terms of financial contributions the majority of Ghanaians remit €260 about nine times a year. This means that approximately € 40 million a year by all migrants (The number of those surveyed was 1.7 % of all Ghanaians) (GHANECC, 2012).

Other examples of attracting private capital are the Public Private Partnerships (PPPs), which the government is promoting building infrastructure. To ensure investments against expropriation, the GIPC also creates a more stable investment climate to attract private capital.

Ghana has a limited access to the global market due to for example infrastructure problems. Most of Ghana's trading partners are from the West but the BRIC countries like China and India start to provide new opportunities for investment partnerships. Because of the promotion of intra-regional trade and harmonization of trade and investment regulations and policies, trade is facilitated better. Furthermore, the goals of the PSDS (2) include the transfer of technology ((The Foreign Direct Investments (FDI) should contribute to this)), ensuring health & safety of consumers and expand opportunities for job creation.

The Ghana Shared Growth and Development Agenda, 2010-2013

The most recent governmental action to develop and strengthen the private sector is the Ghana Shared Growth and Development Agenda (GSGDA), which is implemented in 2010 for a time period of three years. Among other themes, the Agenda focuses on policies and strategies to enhance the competitiveness of Ghana's private sector, to promote local entrepreneurship and to modernize the agricultural sector (Government of Ghana, 2010). The MSME Project is included in this Agenda. The MSME project focuses on the development and encouragement of local entrepreneurship, and provides financial and technical support through the Ministry of Trade, Industry and Private Sector Development (UN, 2010). This project is still in its infancy and the problem lays in its implementation. The biggest problem for the MSMEs is the access to finance. To overcome this problem funding schemes have been set up. With partnership with the private sector, the Venture Capital Financing Companies (VCFs) makes funding available. In 2007 the VCFs invested approximately \$ 5.3 million, of which 33% was invested in the agro sector.

In case of the development of *human resources* and the *shortage of technical and management skills*, a recent education policy tries to eliminate this problem. Educational reforms were introduced in 2007 under the Trade Sector Support Program (TSSP). This program aimed at the encouragement of private sector educational institutions and a Council for Technical and Vocational Education and Training is established to develop policies and coordinate all the aspects of technical vocational education and training. An example of a private institution is The Ghana Telecom University College which has been established in 2005 to provide telecommunication and ICT graduate programs. The UNCTAD recommends

joint private-public financing schemes for training in secondary and tertiary education, however this is not yet taken up by Ghana.

Further changes have been made in the *Investment Framework* of Ghana (UN, 2010). The Investment Code of 1994 has been revised with easier (foreign and domestic) company establishment and ownership restrictions per sector. Also new bilateral investment treaties were signed, the tax system has been equalized to international standards and the Ministry of Finance and Economic Planning and the Revenue Agencies Governing Board created a Large Taxpayer Unit. In 2003 a five year Land Administration Project began to address the problems investors were facing in case of acquiring land and establishing a clear land title. This project is implemented by the Ministry of Lands, Forestry and Mines and includes policies for land administration. Further the National Labour Commission (NLC) has been created together with a new Labour Act of 2003, with the aim to improve labour dispute settlements and facilitate flexible working hours.

Several actions have been taken to make the process of establishing a business easier for foreigners. Problems faced where; land acquirement problems, as well as the ownership of land, the Ghanaian bureaucracy and long duration of registration. These problems have been partly overcome by a land 'banking' system and the opening of more GIPC offices and the establishment of the General Register.

5.2 External help for PSD

Ghana is receiving help from different external actors for their PSD. This help is financially but also includes the developing, implementing and monitoring of different development strategies, for example from The German Technical Cooperation (GTZ). These actors have more capability to perform these tasks and contribute with their experience (African Development Bank & African Development Fund, 2012). The lack of competitiveness of Ghana's private sector seems to be one of the largest challenges to overcome and USAID, the BRIC countries, the World Bank, and the UK are the biggest donors supporting to resolve this specific problem financially (Table 4). USAID is not only supporting Ghana with PSD financially, but USAID Trade also created an Investment Program for Competitive Export Economy (TIPCEE) for 2005-2010. The purpose of this program was to increase the competitiveness of the Ghanaian private sector by responding on market demands. The program focuses on quality management, the implementation of management systems and production practices aiming to guarantee food safety and consistent product supply (United Nations, 2008).

In this table it also becomes clear that infrastructure and human settlement are getting the highest donor support with a total of \$10.337, 31 million in 2012.

Table 4: Matrix of Donors Support (in US\$ million) in Ghana 2012

Donors	Ensuring and Sustaining Macroeconomic Stability	Enhancing Competitiveness in Ghana's Private Sector	Agriculture Modernization and Natural Resources Management	Infrastructure and Human Settlement	Energy, Oil and Gas Industry	Human Development, Productivity and Employment	Transparent and Accountable Governance	Total	%
AfDB	111.00	92.20	183.86	513.61	126.18	214.99	37.50	1,279.33	5.61
World Bank	319.00	135.70	420.99	684.74	345.85	187.20	353.00	2,446.48	10.72
EU	139.41	11.93	27.60	278.58		3.82	90.62	551.95	2.42
UK	58.00	108.00				242.68		408.68	1.79
USAID		270.68				527.28	902.95	1,700.91	7.45
AFD	57.98	2.64	46.28	128.53			129.06	364.49	1.60
Denmark	71.47	77.21		30.01			109.21	287.90	1.26
Germany	38.65	7.40	32.62	43.11		12.49	17.60	151.87	0.67
Japan	12.62			103.51	50.00			166.13	0.73
Canada	58.06		141.86	30.83			110.22	340.97	1.49
Netherlands			81.94	206.21	95.80	374.40		758.34	3.32
IMF								-	
UN System		2.40	63.44	0.83		40.34	36.11	143.11	0.63
BRICS		200.00	733.00	6,952.81	1,960.55	1,054.00	277.65	11,178.01	48.99
Others		84.88	166.87	1,404.37	497.04	849.21	36.54	3,038.9	13.27
Total	866.19	993.04	1,898.45	10,377.13	3,075.42	3,506.40	2,100.45	22,817.08	100.00
%	3.80	4.35	8.32	45.48	13.48	15.37	9.21	100.00	
Other includes: Italy, Norway, Spain, Saudi Fund, Switzerland, and OPEC. Source: MOFEP's estimates of 2012 projections from Donor funded projects									

Source: MOFEP

5.3 Actors involved

In order to attract foreign investors the private sector must have an attractive business climate. This is developed by different actors within Ghana and also outside Ghana by donors as described above. The GIPC is one of the biggest actors promoting (foreign) investment in Ghana. It has an overview of all the investment opportunities by sector and assists investors in obtaining all required authorizations, licenses and permits. Currently it functions as a one-stop center for required documents in two provinces. Although the GIPC is focusing on seven sectors, in the last years agri-business and ICT sectors actively have been promoted. Besides the GIPC, the Government of Ghana is developing and implementing different development policies. The agencies implementing the second PSDS are for example: the Ministry of Trade and Industry (MOTI), GIPC, Ghana Export Promotion Council (GEPC), Ministry of Finance and Economic Planning (MOFEP), Ministry of Justice (MOJ), Bank of Ghana (BoG), Private Enterprise Foundation (PEF), Export Development and Investment Fund (EDIF) and the Registrar General's Department.

5.4 Current status PSD & CSR

The Ghanaian private sector, as also described in the geographical framework, made significant improvements compared to eighteen years ago. The private sector development policies contributed to this development, like the one of 2004. The impacts of the PSD strategy of 2004 have already been noticeable according to the World Bank Report (2007), which shows that Ghana ranks third compared with 187 countries in terms of doing business. Further their CPIA index, the quality of overall economic policies, rose from 3.5 (1998) to 3.9 (2005) which indicates that Ghana is a strong performer. Ghana had some success factors contributing to the effectiveness of the PSD. This included strong support from the government, they made sure the voices of the enterprises were heard through a Public Private Dialogue (PPD) and the strategy was cross-cutting by nature. Further different ministries, departments and agencies were active in implementing the strategy, and the promotion of vertical and horizontal linkages improve the access for MSMEs to national, regional and international markets (Broemmelmeier et al, 2007).

There is hardly any document about CSR in Ghana. The CSR framework is a mixture of laws, practices, and initiatives from NGOs and stakeholders that promote CSR, however not in all sectors (Dowuona-Hammond & Atuguba, 2011). Laws including CSR obligations only exist in the banking, mining and insurance sectors. It should also be noticed that the laws barely include direct requirements for businesses to act responsible. The sectors of mining, energy, water, finance, forestry and health are some examples of CSR self-regulation by stakeholders active in the sector. Especially this is the case in the forestry sector, in which social responsibility agreements (SRAs) are obliged for corporations working in that sector. The public sector is trying to create an enabling environment for CSR by setting minimum business performance standards for example. One of the requirements of this performance is the environmental impact assessment for which a company needs to fill in a report on a yearly basis. Further the government facilitates CSR by providing companies who undertake CSR activities with incentives, however the role of the government in this topic is secondary.

Three associations in Ghana initiated that Ghana Business Code (GHBC), which is a set of principles for business based on the UN Global Compact. The Associations of Ghana Industries (AGI), Ghana National Chamber of Commerce and Industry (GNCCI) and the Ghana Employers' Association (GEA) introduced this GHBC including themes as; labour standards, human rights, environment and the transparency in business operations. The GHBC strives for more contact between stakeholders for improved business practices and therefore for the development of Ghana. The code focusses on corporate responsibility and based this on the triple bottom line of people, profit and planet. It's a voluntary code without force of law (www.ghanabusinesscode.com).

In short, Ghana is successfully working hard on its PSD by different policies, strategies and programs to enhance their competitiveness and their investment climate. This is done with the help of different Ghanaian actors and also external donors, in order to attract foreign investors. The next chapter describes the FDI trends and who these foreign investors are. In case of CSR not much is happening except in the mining, energy, water, finance and forestry sector.

6. FDI Development

6.1 FDI trends Africa-Ghana

According to the UNCTAD Investment Report of 2012 the FDI inflows of Africa as a whole have been declining to \$42.7 billion in 2011. This is largely caused by the decline of FDI in the North of Africa in Egypt and Libya. Due to their political instability the foreign investors consider the business climate as to risky to invest in. However in Sub Saharan Africa, where Ghana is located, there has been an increase in FDI from \$29 billion in 2010, to \$37 billion in 2011. This large FDI increase is a result of the increasing commodity prices and the positive economic results.

Table 5: Distribution of FDI inflows among economies by range, 2011

Range	Inflows	Outflows
Above \$3.0 billion	Nigeria, South Africa and Ghana	..
\$2.0 to \$2.9 billion	Congo, Algeria, Morocco, Mozambique, Zambia	..
\$1.0 to \$1.9 billion	Sudan, Chad, Democratic Republic of the Congo, Guinea, Tunisia, United Republic of Tanzania, Niger	Angola, Zambia
\$0.5 to \$0.9 billion	Madagascar, Namibia, Uganda, Equatorial Guinea, Gabon, Botswana, Liberia	Egypt, Algeria
\$0.1 to \$0.4 billion	Zimbabwe, Cameroon, Côte d'Ivoire, Kenya, Senegal, Mauritius, Ethiopia, Mali, Seychelles, Benin, Central African Republic, Rwanda, Somalia	Liberia, Morocco, Libya
Below \$0.1 billion	Swaziland, Cape Verde, Djibouti, Malawi, Togo, Lesotho, Sierra Leone, Mauritania, Gambia, Guinea-Bissau, Eritrea, São Tomé and Príncipe, Burkina Faso, Comoros, Burundi, Egypt, Angola	Democratic Republic of the Congo, Mauritius, Gabon, Sudan, Senegal, Niger, Tunisia, Togo, Zimbabwe, Kenya, Côte d'Ivoire, Seychelles, Ghana, Guinea, Swaziland, Mauritania, Burkina Faso, Botswana, Benin, Mali, Guinea-Bissau, São Tomé and Príncipe, Cape Verde, Namibia, Mozambique, Cameroon, South Africa, Nigeria

^a Economies are listed according to the magnitude of their FDI flows.

Source: UNCTAD, 2011.

As shown in the distribution table (Table 5) of FDI flows in 2011, Ghana is one of the countries with the highest inflows ranging above \$3.0 billion.

According to the investment review of the UNCTAD the FDI inflows have been increasing in Ghana (UN, 2010). While the FDI inflows in Ghana in 1970 were \$67.8 million, a steep increase in 2005 made Ghana the tenth largest recipient of FDI in Africa with \$636 million. This peak was due to the promotion of private sector growth and improvement of business environment (as mentioned earlier) and due to two investments from the United States with a

mining corporation Newmont Mining and Alcoa Inc. The increase in 2007 was mostly due to the discovery of oil and gas. As shown in Figure 6, the FDI inflows keep increasing.

Ghana made some significant progress on the FDI Attraction Index of the UNCTAD where they score 16. Hong Kong and Belgium take the first and second place of most attracting economies according to the FDI index. This score is formulated by the combination of the total FDI inflows and inflow of relative to GDP. This shows that Ghana is successful in attracting foreign investors. In 2010 this is mostly due to the Jubilee Oil Field (UNCTAD, 2011).

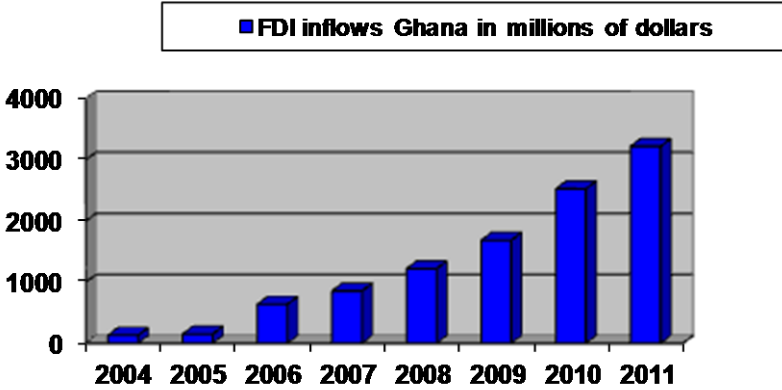


Figure 6: FDI inflows Ghana, UNCTAD database

6.2 Types of FDI Ghana

Ghana mostly attracts non-market seeking types of FDI which means that the investments are not focused on a domestic market. This type of investment uses the host country for the production part and sells the product afterwards outside the country. Ghana is attractive for foreign investors for their natural resources like the gold and oil for example. The types of FDI in Ghana are based on; resource-seeking, the active policies to attract FDI, and the Free Zone Schemes (Asante, 2006).

Investment because of natural resources is mainly known in Ghana in the mining sector, for the gold. This sector faced some serious problems like the lack of infrastructure, mining skills and a declining grade of gold due to smuggling practices. These problems could be opportunities for foreign investors to invest in and to solve them with their expertise and capital. The privatization of the Ashanti Goldfields Company (AGC) helped to encourage the private sector and foreign investments. This sector alone already had \$137 million of FDI in 2003, due to resource-seeking investors.

The second reason to invest in Ghana is the active policies Ghana has been implementing to attract FDI. Several investment codes have been created to improve the investment climate like the Capital Investment Act (1063), the Investment Decree (1975) and the Investment Code in 1981. These codes all encouraged local and foreign investors by for example providing included tax holidays, investment allowances, exemption for import duties on machinery, and profit repatriation. Furthermore the tax structure was reviewed for the private investments, some administrative bottlenecks were solved, the GIPC was established, and the country has a number of bilateral contracts with foreign countries in case of the Investment Promotion and Protection Agreements to ensure the investment regime (IPPA).

The Free Zone Schemes, already mentioned earlier under the Gateway Project, increases the attractiveness to invest in Ghana. The Ghana Free Zones Board (GTZB) assists and monitors

the export activities in the EPZs. These EPZs provide buildings and services to manufacture a product for export. Other examples of incentives attracted that attracted the FDI are: the freedom for a foreign investor to hold 100% share in any free zone enterprise and different guarantees for the return of profits.

Furthermore, foreign investors decide whether there is business potential in Ghana by considering the pros and cons of the business climate there. The problems Ghana is having in the private sector and actions taken to overcome these already have been explained. Besides negative factors, there are also factors attracting foreign investment to Ghana (UN, 2010), as seen in Table 6.

Table 6: Reducing and increasing factors FDI

Factors <i>reducing</i> the attractiveness for foreign investors investing in Ghana are:	Factors <i>increasing</i> the attractiveness for foreign investors to invest in Ghana:
<ul style="list-style-type: none"> - Lack of infrastructure - Power cuts and shortage of electricity (and hamper growth prospects) - Problems with land acquirement and ownership <ul style="list-style-type: none"> - Bureaucracy - Access to finance - Low labor productivity and lack of skills - Perceived levels of corruption 	<ul style="list-style-type: none"> - Stable political and economic climate - Exploitation of natural resources (oil/ gas) <ul style="list-style-type: none"> - Development ‘agents’ - High rate of return - Legal systems - Liberalized foreign sector - ‘Ease of doing business’ ranking <ul style="list-style-type: none"> - Level of PSD - Market size & growth

Source: multiple sources

Further foreign investors are attracted by a weak currency according to Frimpong & Mmieh (2002, in Mmieh & Owusu-Frimpong, 2004). This is because the foreign investors, who are coming from a strong currency economy, do have a high purchasing power in the weak currency countries like Ghana in the 1990s. Dunning created an OLI paradigm which indicates motivations for foreigners to invest in a specific country or region. The O stands for Ownership specific advantages. The ownership advantages indicate the possibility of an investor to have access to financial sources, use of patent technology and supply chains. The L for location specific advantages indicates the access to low-labor costs, raw materials and markets. Finally the I stands for Internationalization advantages, meaning the advantages which are created when a foreign company is integrated, like reduction of transaction costs. It is claimed by Boateng and Glaister (1999, in Mmieh & Owusu-Frimpong, 2004) that only the location advantages can be influenced directly by the host government, so this is the part where Ghana needs to apply its marketing strategy on.

Ghana is a member of ECOWAS, the CAP, the WTO, and signed an Investment Incentive Agreement with the Overseas Private Investment Corporation (OPIC) of the USA. This country’s membership in binding multinational agreements concerning FDI topics, can reduce the perceived risk of foreign investors of investing in Ghana.

6.2.1 Nationalities foreign investors

With having a better understanding about the types of FDI in Ghana, the research now goes deeper into this topic describing who these investors actually are (nationality) and in which sector they invest in. The quarterly year reports the GIPC is publishing gives an insight in this type of information, since the foreign investors need to register their enterprise there, including the investment business plan. Figure 7 below indicates the top ten investors in Ghana in 2011 and shows clearly that China and India are the two biggest investors in Ghana. China registered 79 projects and India 77, out of the total number of 514 projects in 2011.

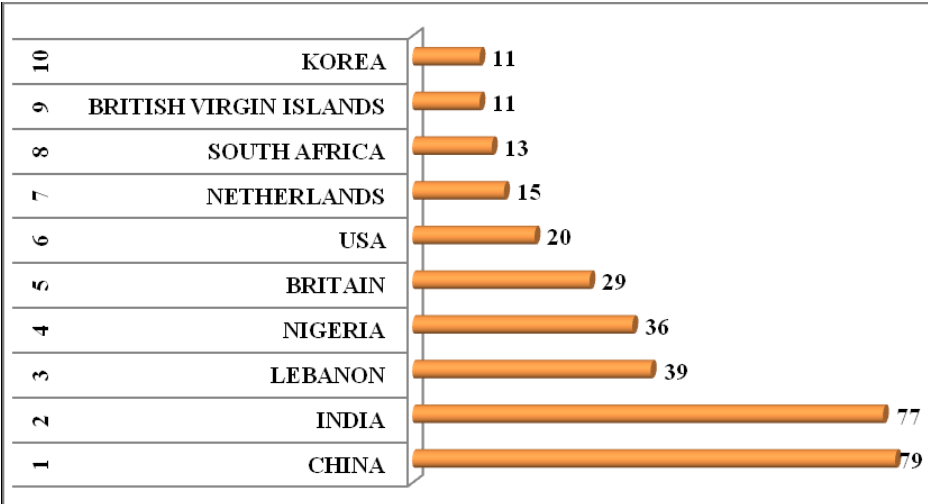


Figure 7: Top 10 foreign investors in Ghana in 2011, Source GIPC, 2011.

In total US \$7.680 million was the estimated total value of the registered project in 2011, this is a major increase (of more than 500%) compared to the US\$ 1.279 million in 2010. Of those \$7.680 million in total of 2011, \$6.820 million had an FDI component.

When you compare the estimated value of the projects instead of the number of projects, the top ten of investor countries changes. In this case of 2011 Korea is the number one investor with \$4.774.22 million, India second place with \$364.74 million, third Singapore \$203.17, fourth the Netherlands \$149.79 and China on the fifth place with \$125.92 million (GIPC, 2011). Each quarter of the year another nationality has the highest estimated value or the most projects registered in case of FDI. According to the Bank of Ghana, the Netherlands is the single biggest destination for Ghanaian exports of the industrial countries, as well as being the largest FDI source (in the first six months of 2011) with \$146 million (Oxford Business Group, 2011).

6.2.2 Sectors investments made

Most investments from 1995 – 2003 have been made in the service- and the manufacturing sector as shown in Table 7. Sectors like building & construction and tourism have less higher

numbers of registered projects. When these numbers are compared with the ones of 2011, there has not been a lot of change. The highest numbers of investment projects in 2011, still are to be found in the service sector however in combination with the general trading sector, instead of the manufacturing sector.

In Table 7 only a few sectors are represented; the ones with the highest registered projects of 1995-2003 (manufacturing and service), compared with the general trading sector to see the change with 2011 and compared with the agricultural sector since this is the focus of the research. From September 1995 till December 2003 on average most projects in agriculture were realized by India (18) and the USA (13), followed by Korea, Germany and the Netherlands (GIPC in Asante, 2006).

Table 7: Number of registered project by GIPC

Year:	Manufacturing	Service	General Trading	Agriculture
1995	45	37	3	11
1996	58	45	8	17
1997	67	57	17	15
1998	39	49	20	20
1999	44	59	18	14
2000	44	64	14	8
2001	45	59	15	15
2002	42	37	17	14
2003	42	39	24	12

Source: Asante, 2006.

The fact that the general trading and service sectors did have the most projects in the previous year, does not automatically mean that the number of employment is also has to be the highest in these sectors. These employment rates per sector for Ghanaians and non-Ghanaians really differ per quarter of the year. Overall the employment rates are the highest in the manufacturing, building and service sector. However while there are only ten projects in the agricultural sector (of a total of 514 projects in 2011), the employments rates for this sector are the highest in the fourth quarter of 2011. In that year the number of employment in the agriculture sector for Ghanaians increased from the beginning of the year with 18 to 188 to 3.117 to 3.277 at the end of the year.

6.2.3 Opportunities agro sector foreign investors

The amount of registered projects in the agricultural sector is low, while according to the GIPC this sector is the number one sector in Ghana where there are opportunities for

foreigners investors. While the agriculture sector is the most dominant sector of Ghana's economy (Government of Ghana, 2010), there are plenty possibilities for improvement. The biggest opportunity lies in the provision of agricultural inputs such as seeds and agrochemicals, which are now lacking quality or are not available at all. Also animal feeds and feed ingredients are possible opportunities (GIPC).

There are only a few processing factories for agricultural products in Ghana. Investments in building these are necessary to achieve more profit from the products by controlling a larger part of the value chain within Ghana. The processing of products like cereals, fruits, industrial crops, dairy, livestock and fisheries could use foreign investments. Floriculture is already well developed by foreign investors in Eastern Africa, while there are also opportunities for this in Ghana. Especially for the exotic flowers like heliconia, cerbera and curcuma would be benefiting from Ghana's climate.

The agricultural sector is not efficient in many ways and also lacks market knowledge. Foreign investors have the opportunity to reduce post-harvest losses, to realize price stability and expand the demand for local agricultural products.

Like in most African countries, developing irrigation systems for land is a key area. There still is 346.000 hectares of land to be irrigated.

Other investment opportunities could be found in technological support especially in supply and installation of cold chain equipment and packaging. Furthermore investment is needed in; training and certification, development of agricultural finance and insurance, agricultural inputs (fertilizers, pesticides) and storage facilities (to overcome high post-harvest losses).

Concluding, while FDI inflows in whole of Africa are declining in 2011, the FDI inflows for Ghana are increasing, and have a non-market seeking intention. Ghana is attractive for foreign investors because of their natural resources, market and private sector growth, ease of doing business, and other factors. Most of the foreign money is invested in the service sector. The Chinese have the highest number of registered projects in 2011, while the Koreans have the highest estimated value of invested projects. While there are not much foreign investment projects in the agricultural sector, the GIPC shows that there are a lot of opportunities.

Now that the FDI flows, types and characteristics have been explained, the next chapters provide the results of the case studies. Then it will become clear how responsible the foreign investors act and if they contribute to development.

7. Case A: The Green Lab

Each of the following three chapters contains different case studies which are divided in a part of *characteristics* in which the core business-, the history-, and the organizational structure of the company is explained. The second part contains the information about the *impact* the company made in economic, social and environmental terms.

All the names of the companies remain confidential and therefore fictitious names are mentioned.

7.1 Characteristics

7.1.1 Core business

“The green lab” is a *medium sized Dutch* company, active in plant-tissue-culture techniques with the mission to support innovation within companies that operate in plant breeding, production and micro propagation. The focus of their activities is stimulating the production and introduction of high quality, new plant varieties.

“The green lab” focuses on different aspects of the tissue culture sector. They are active in the field of creating new varieties (about 1500 each year), routine breeding support activities, production, stock conservation and production-oriented research.

One of the most important aspects of this kind of work is to make sure that the plants are free of viruses, fungi or bacteria.



Figure 8: The heart of the lab

7.1.2 History company

“The green lab” was founded in 1976 by several Dutch horticultural growers’ organizations. The growers wanted to set up a reliable and independent laboratory with the aim to develop and apply plant-tissue-culture techniques for the needs of the horticultural industry. This started off in the Netherlands and later on in other countries in the world.

In 2005 a Dutch company was active in Ghana in the Volta Region, building a processing plant for pineapples. This was done because the quality of the Ghanaian pineapples didn’t meet the European market demand. The pineapples usually ended up already rotten in the stores and another company developed a pineapple which was more yellow looking which the consumers preferred. Therefore a part of this project included a lab to influence the pineapple in such a way that these problems would be solved. The lab started with creating the MD2 pineapple but due to strong competition this wasn’t successful and the company became bankrupt in 2007. “The green lab” took over the lab and started using this for their own tissue-culture services and products.

“It is actually by coincidence that the lab is located in Ghana”
(Manager Director of ‘the green lab’)

7.1.3 Organizational structure

The head quarter of “the green lab” is situated in the Netherlands and owns two labs abroad, one of which in Macedonia (started approx. 2002-2003) and one in Ghana (started 2007). The company started a lab in Brazil as well but this one is already has been sold. The labs in Ghana and Macedonia are really different in terms of quality and volume. The lab in Macedonia does have more varieties and develops in a higher speed, whereas the lab in Ghana produces higher volumes but less complicated varieties. This has to do with the experience and knowledge of the employees. The lab in Ghana does have a huge capacity for these activities and large-scale micro propagation is the main activity. The lab consists of different cooling- and storage rooms, and sterile transfer cabinets where the small plants are transferred in different glass jars for the next phase of growth. There are no other labs of this kind in Ghana, except for a very small one at the Lagon University in Accra for studying purposes. Having a lab in the Netherlands off this kind would be too expensive and most of the labs of other similar companies are in South-Africa, China, Indonesia, and Malaysia. The work of cutting the flowers and plants into small pieces to copy them is very labor intensive and therefore cheap employees are wanted.

There are plans to make an expansion of a new lab in Brazil or Ukraine, since the restart of “the green lab” in collaboration with another company. With this collaboration a wider range of services can be offered.

“The green lab” is characterized as an independent company which is not engaged in commercial trading or plant breeding of its own. All the plants in the laboratories remain clients’ property and no list will be published of the clients and contacts.

The managing director is the only foreign employee at the lab in Ghana and the team is consisting of about 90 to 95 employees, 70 % of which are women. Women are preferred in this business because cutting the plants/flowers into small pieces is a really precise job, in which females are in this case better.

The shift for the future (in the next 4 to 5 years) will be that “the green lab” changes its focus towards the producing and influencing of vegetables for the Ghanaian market. This shift from horticulture to food market implies a shift from export products for European markets to products for local and national markets.

This shift is due to the fact that the competition in the ‘lab sector’ is really high (from China for example) and “*it is important to contribute to the development of the host country*” according to the manager director. The business activities of the lab now are not for Ghanaian domestic markets and therefore do not contribute to the development of this market. Having a foreign company producing products for the host countries market creates a stronger market position because of precise and up to date market information about how the market is changing.

7.2 Impact

In order to describe the impact of “the green lab” in Ghana, it is important to understand which stakeholders are involved. This is done through a value chain analysis.

7.2.1 Value chain

The value chain of “the green lab” is relatively short and without much external interference.

The clients of “the green lab” mostly are coming from the Dutch horticultural industry but it also does have customers from other parts in Europe and the US. These clients are usually large growing and breeding companies. They contact the head office in the Netherlands for a specific assignment and then the head office decides in which lab this can be performed, next the manager director of that lab is contacted. So the client and the manager director of the lab do not have direct contact. Also the assignments are not necessarily sent to a lab which is owned by “the green lab”, sometimes they are outsourced to Indonesia or China for example, because of time and quality demands.

The plants are transported back and forth to Ghana or Macedonia by ship or by airplane and ends up with the grower or breeder again. Most of the transport of the plants between Ghana and the Netherlands is done by airline company KLM. When arrived in Ghana the plants are transported by truck from Accra Airport to “the green lab”. The process the plants go through within the lab is a long and complicated one with high level of precision (See Box 2). The plants are checked on viruses, influenced and multiplied.

There are a couple of reasons why the plants are transported by aircraft. First of all some of the plants are too vulnerable to be shipped by boat. Not only because of how the load is handled, but also in terms of time limits. A boat could easily get delayed for a week, because of logistic problems at the harbor. This can be disastrous for the plants. Secondly “the green lab” is a relatively small player in the harbor in Tema so when bigger companies want to ship they get priority.

In the local newspaper there was an article about the logistic problems of all the traffic in the harbor, there were to many boats that wanted to load or unload and sometimes the boats had to wait in front of the harbor for a couple of days to be able to do this. The amount of boats in combination with the regular power failure is a huge problem (electricity is needed to load/unload the boats).

It needs to be sure that the plants when transported are covered by a material which protects the plants from viruses. Also this material needs to be as light as possible, and needs to take up as less spaces as possible in order to get more plants on one pallet. An idea would be that the plants are transferred to plastic cups instead of glass jars. Usually about 270.000 plants fit on one pallet.

“The green lab” shipped plants for the first time two years ago, and that went according plan. This year there are already seven boats transported plants from Accra to the Netherlands, so it is a growing number. Twice a year a boot is send from the Netherlands to Ghana with all kinds of equipment for the lab. This is a very logistical and precise matter which needs to be handled with care and expertise. Planning skills are important for this as well, because the boat only ships these materials twice a year and you don't want to miss necessary equipment.



Figure 9: The cooling room in the lab



Figure 10: Plant in the medium

Box 2. Chain within the lab

The lab of “the green lab” is very impressive. It is a huge white barrack with about 15 rooms with different functions. The first thing to do when a plant comes in the lab is to make sure that it is checked on viruses. When this is done and the plant is healthy, the plant is put in a glass jar in the transfer room with a kind of jelly in it, which is called the medium. This medium consists of different compounds which make the plant grow the way it grows. This medium has different compositions for different plants. The transfer room is the heart of the lab in which only women work and where hygiene is the most important issue. This is the only room where the lids of the glass jars are lifted and the plants are transferred in different jars and mediums. Then the plants are placed in a control room again, where they ‘rest’ for some time, to check if the plant is still virus free after the transfer room activities. When this is the case, the plant is placed in a cooling room with temperature of 5 to 15 degrees for a couple of weeks, to see how the plants are developing. If this works out as planned the plant is transported back to the client.

The impacts are described through the Triple Bottom Line (TBL) approach which consists of impacts on economic, social and environmental levels.

7.2.2 Economic impact

Employment

“The green lab” is located in a city of about 30.000 inhabitants in the East of Ghana. The lab employs one Dutch employee, the manager director, and the rest of the staff (about 95 people) are coming from surrounding communities. This is a relatively high number of local employments for this size of city, and therefore provides a large part of the inhabitants of the city with higher incomes. When people are needed for plumbing or roofing this is also resourced locally. However it should be notified that most of the permanent employees are women because of their skills in the precise cutting work. It is not clear if this gives any problems on a community and social level of impact.

The small city at first used to be really rural and underdeveloped but now because of road constructions (needed for the transport of the materials and products for the lab) the city is better accessible which provides more job- & market opportunities in- and around the city. In case of finance the lab provides their employees with loans for housing, health and school fees and supports the national farmers’ day.

It is a typical Ghanaian or maybe African image that “the white man” is in charge of the company and is leading the associated black employees. The reason behind this is really straight forward. The local people usually are barely educated and are not skilled for high functions like a manager director (with certain exceptions off course). So to ensure that the company is economically stable, profitable, and is delivering good work, the white man is in charge.

Material

When the lab was build, originally for the culture tissue of pineapple, all the material was shipped from the Netherlands. Materials for the tissue-culture like the ‘ex-agar’ are also all coming from there (the ‘ex-agar’ is the medium which is used to grow and influence the plants

and consists of a very precise mixture of chemicals). There is a logical reasoning why all these materials are imported from the Netherlands. Due to the fact that there are hardly any labs in Ghana, there is no national/local market for these materials. The mediums have different compositions with measures of 0.0031 of chemical A, and 0.0002 of chemical B. If this is not exactly correct the consequences will be disastrous and the plants will die or not have the wanted outcome. The raw materials however like cleaning products, mouth caps, and working clothes are bought in Accra. So although this is bought within Ghana it is not bought in the city where the lab is located. These materials are available in Ghana because they are used in other industries as well. Some materials that are shipped from the Netherlands are for sale in Ghana, but then the decision has to be made whether it is worth ‘all the trouble’ of buying the right items in Ghana as further explained in Box 3.

Box 3: Ghanaian plastic

The manager director of ‘the green lab’ told some of his experiences of the troubles he faced with trying to buy materials in Ghana. First of all it takes about three hours, to go to Accra. Even if you are well prepared and phoned the company you need the materials from to check if the company really supplies these, or have enough in stock, you can get surprised and disappointed when you arrive there. In terms of precision and product information the manager director gave an example of a type of plastic needed for the packaging of the plants. After some transports the plants were infected with a virus during the transport, so the packaging needed to be adjusted.

In order to do this it was important to know what type of plastic was used and how thick it was. However, the plastic supplier had no idea of this, and only sold one type of plastic. In this way it took a long time and a lot of energy to find out what type of plastic was used and to find another supplier who sold a different type. So it's easier to import materials from the Netherlands where they have this knowledge and where it only takes a couple of minutes to send a request for materials by email.

In short there are two main problems, either the material is not available in Ghana or, it is available but it takes too much time and effort to buy them locally.

There is a small shift notable. At first when the company began, there was hardly anything for sale in the city, there was no road to the lab, etc. Now a couple of years later, developments like the construction of roads in the city, makes it possible to get products there. So maybe in a couple of years it will be possible to buy more supplies, as the plastic cups in the city as well.

Market focus

“The green lab” is export focused. Product are mainly exported towards the Netherlands, other parts of Europe and the United States. This means that the products are not meant for the domestic markets but for international markets. The further you go down the value chain, the more value is added to the product and the more you earn by selling it. In this case most profits are made by the grower in the Netherlands who sells to his consumers, and not by the Ghanaians.

7.2.3 Social impact

Local government

The manager director does not have much interference with the local government or chiefs. This is because he became active in the company when it already has been set up. These interferences usually take place with the starting up phases. “*Sometimes however for example when there is a national event or when you “want to have something done”, you can give the local chief some money*” said the manager director during one of the interviews. See Box 4 for further examples.

Box 4: Handling local chiefs

The manager director who started the company handled the issue of ' getting something done' really smart. He hired some important chiefs from surrounding communities to be head of Human Resource, or head of Security. In this way they accepted the establishment of the company there and got their own gain out of it. The impact of this is that the chiefs have multiple functions and see themselves as even more important and powerful. When one of these chiefs was fired because of bad work results, the manager director got in a car accident the next day. How accidentally this was is not clear.

7.2.4 Environmental impact

Cooling

The manager director couldn't say much about the environmental impact of the lab. The lab is climate sensitive and therefore it is very important that the lab is cooled 24/7 and that the air is well filtered. The cooling system uses the water from the Volta River to cool the lab. When the water has been used, it is thrown back into the river without any chemicals in it.

Electricity

Because the lab needs cooling it also needs a lot of electricity for this. However getting electricity is not always guaranteed in Ghana which causes many problems, especially for the survival of the plants. When the electricity turns off, a generator needs to be switched on by hand, and this is particularly a problem when this happens in the middle of the night. In that case, the night guard has to do this. It is not always certain whether he is awake and able to do so.

Garbage

Most of the garbage which is thrown away is plastic. There also is waste from the used mediums. It is difficult to find a second purpose for these chemicals. According to the manager director this is only a very small amount and therefore no problem to be picked up by the local garbage truck.

Figure 11: Garbage in front of the lab



Transport

The plants are transported by airplane to Ghana, and from there by truck to the lab. This of course creates CO₂ emissions. A couple of times per year materials are shipped by boat, from the Netherlands to Ghana. This also causes pollution.

8. Case B: The Big Nut

8.1 Characteristics

8.1.1 Core business

“The big nut” is a subsidiary of a *Malaysian multinational* which supplies fats and oils to the global food industry – particularly in the confectionery, bakery, margarine and large-scale frying sectors. Their core business is palm oil and palm oil fractions, and shea is one area of the company where they focus on in Ghana particularly. The office in Ghana supports the supply chain of the shea nuts which are gathered in the shea belt in West-Africa. This belt stretches through numerous countries, from Senegal to Ethiopia, just under the Sahara desert. The tree is mostly grown in the West African part of this belt, therefore the supply chain of “the big nut” crosses through Ghana, Burkina Faso, Togo and Benin. The support of “the big nut” is mostly in logistics, quality and crop size destination en cutting down middle men in the value chain when possible.

The shea nut has different functions; the oil which is extracted is used for traditional health ointments, the pulp around the fruit is edible, the kernel provides important raw material for cooking, and the butter is used in medicines, cosmetics and food products. The shea butter is almost similar to the cocoa butter and therefore it is used as Cocoa Butter Equivalent (CBE). The shea nut is one of the most important oil crops in Africa and the mature kernel consists of about 50% fat. The shea sector engages over 900.000 women and generates over \$30 million annually for the national economy.

Innovation, quality, sustainability and traceability are highly valued by “the big nut”.



Figure 12: Women processing the shea nuts by

hand

8.1.2 History company

This company started off in 1800 as two separate companies, a Dutch and British one. During the years these companies developed from specialty in linseed oil, to oils and fats for soaps, and margarine. In the mid-1950s, the British company developed the CBEs as a product of shea nuts. These nuts, and this particular product became a substituted of cocoa butter for confectionery and baking applications. At that time the company was part of Unilever, and in 1987 the Dutch and British company merged and became “the big nut”. In 2002, “the big nut” became part of a Malaysian multinational. The company started in West Africa with a location in Burkina Faso, and in 2007 an office and lab were established Ghana.

8.1.3 Organizational structure

“The big nut” is a subsidiary of a Malaysian multinational and has its European headquarters in the Netherlands. The primary manufacturing facilities are located in the Netherlands, Malaysia and the United States and the oil palm plantations cover over 150,000 hectares. The umbrella corporation has sales of \$1billion, a net profit of over \$100 million, and

employs more than 10,000 people.

The location in Ghana is contains as an office and a controlling lab to guard the quality of the shea and employs twelve people. The office in Burkina Faso is more involved in crop size estimation, while the office in Ghana has broader tasks like being involved in storage, export, and processing. However it should be noted that “the big nut” is not the owner of the crushing factories, or the storage facilities.

Until recently the samples of the shea nuts were sent to the Netherlands to check their quality, but the lab in Ghana took over this function. This saves a considerable amount of money and time. The office in the Netherlands functions as an information back office. All the information about quality-analyses, crop forecasts and the weight of the loads is checked and controlled by the three people working at this office. In this way there is a clear overview of all information and a possibility to refine the supply chain network be refined and work more efficient.

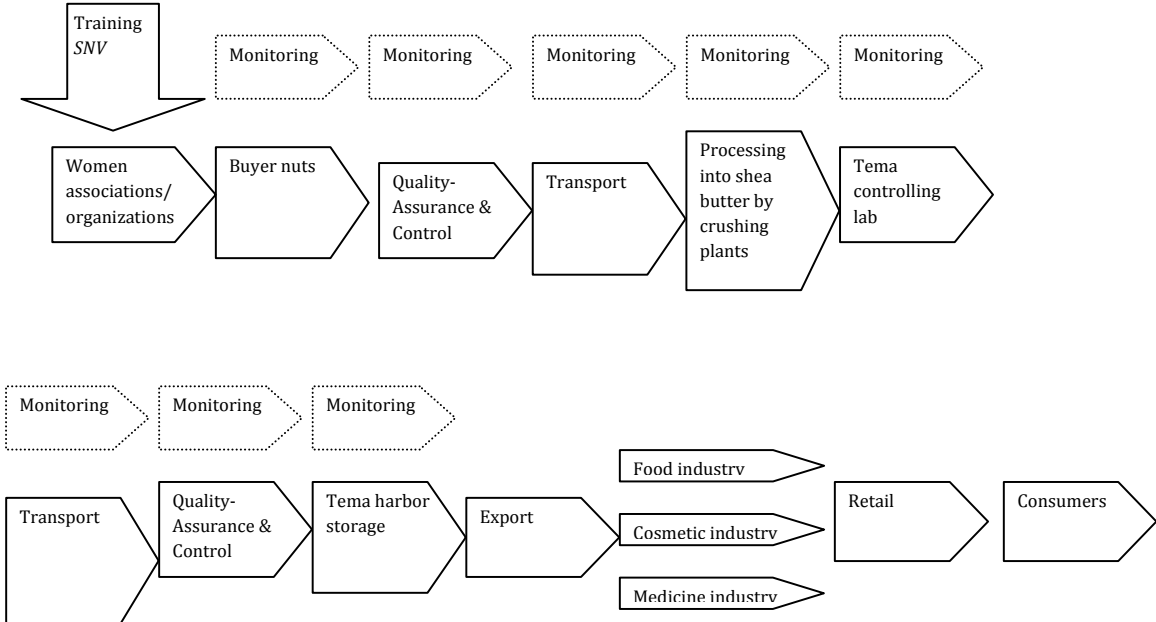
8.2 Impact

8.2.1 Value chain

The value chain of the shea nuts is very complicated and involves many different stakeholders and phases. Below a short summary has been made of this value chain.

First the shea nuts are gathered on the ground by the women from April to August. The women “the big nut” works with are organized in small women associations. Then either the women process the nuts into shea butter or the nuts are bought by the shea agent and after a quality check, the nuts are exported to Ghana and Togo (when coming from Burkina Faso), where the local crushing operations process the nuts into oil, fats or butter. Then this is transported to the port of Tema where the shea is checked on chemicals, physical features and quality by the lab. If this is in line with the quality standards of “the big nut”, the butter is pumped into tanks and is sealed. Then this is exported to food, cosmetic or medicine industries (See Figure 13). It is remarkable that there are a considerable amount of quality checks and controls in this value chain. The Quality Assurance (AC) and the Quality Control (QC) operations play a key role.

Figure 13: Value chain “the big nut”



“The big nut” works together with a local Dutch NGO and with other Ghanaian partners for the transport, quality checks, storage, and crushing plants.

The NGO addresses and assists development issues like in this case; helping the women to get closer to their markets by provide training on processing techniques and gather them in a cooperation. In this way the women are empowered and poverty is reduced.

Also the company is a member of the Global Shea Alliance which was initiated in 2010 as private sector collaboration for the shea industry. This alliance was set up with the goal to improve the supply chain and to encourage social responsibility, economic viability and environmental responsible business. This was in collaboration with the West Africa Trade Hub (WATH) which had done this before successfully for the cashew nut industry.

In order to achieve this goal every part of the shea value chain is represented in the alliance, from the women who gather the nuts, to the big companies who sell the shea-based products. In this way the value chain is more transparent and can possibly be shortened through cutting down middle men who don’t add value along the chain. This Alliance also implies a well monitored supply chain and contracts with reliable local crushing partners which increases the operational sustainability.

8.2.2 Economic impact

Employees

The office in Ghana has one French male employee, and the other employees are local people. These people have a monthly salary and on an annual basis inflation is taken into account. For them this salary means more economic possibilities such as housing and livelihoods.

The company’s goal is to control the whole value chain, starting with cutting down the middle men in the chain who do not add value but only raise prices. This makes those men jobless but on the other hand the nuts are bought directly from the women for fair prices. Considering there are about 900.000 women active in the shea sector, this is a huge economic impact. The value chain is very diverse and includes many stakeholders; those employees are indirectly provided with work because of the business activities of “the big nut”. This company is a small multinational on its own as one employee mentions.

Women

The women who gather the nuts are doing this in a time period when no other crops are cultivated or harvested. This means that during this time period they really need money. By providing the women market knowledge they have a stronger bargaining position and therefore a higher income. “The big nut” strives for long term partnerships with their suppliers as well as with the local NGO.

It should be noted that only the villages that have a women association are seen as potential suppliers, so others who are not organized (which is still a large amount) are still selling their nuts to middle men of other companies, or remain empty handed.

Market focus

All the shea nuts are meant for international markets, so the company is export focused. This means that the value chain does not end in Ghana, but elsewhere at the moment the product is

most valuable and gives the highest profit. However the company is working with local partners like the crushing partners, the storage facilities, the transporters. Due to this the company does have an impact on local markets.



Figure 14: Shea nut

8.2.3 Social impact

Philanthropic/ Knowledge transfer

The mother company of “the big nut” is active in the building of schools and hospitals, however in Ghana this is not happening. There is some level of women empowerment through the forming of the associations and for the employees first aid courses are organized , as well as adult education. Knowledge is transferred to other colleagues in the laboratory services to sustainable lab activities. Also other stakeholders in the value chain learned from “the big nut” because they were provided with technical assistance, training and information about logistics.

8.2.4 Environmental impact

Trees

The environmental threat is that the shea trees are cut by local farmers to clear the land for crop cultivation or when they are in need of firewood. Also the trees are extremely difficult to cultivate so when they are cut it takes years to produce nuts again as well as desertification which takes place. Therefore the tree gets legal protection from the government, however the monitoring for this law is low, so the cutting still goes on. If this will be continued, “the big nut” will get in shortage of nut supplies.

Transport

All the transport for the import of the nuts from the surrounding countries and within Ghana is done by trucks. The final station for the trucks is the port of Tema, where the product is transferred to boats. This causes pollution to the environmental as well as the damage to the roads (the trucks are loaded really heavy).

Water

There are some indirect efforts of the crushing partners who are helping the surrounding communities. These crushing partners are fed by biomass waste products which provide more energy than necessary. So the generators often provide the surrounding communities with energy for example for hospitals or other community facilities. Some crushers have water efficiency plans to increase local efficiency of water consumption to protect the environment. Others are involved in more philanthropic activities like medical assistance, food provision and shelter for the poor, funding educational institutions etc.

9. Case C: The Multitasking NGO

9.1 Characteristics

9.1.1 Core business

“The multitasking NGO” is a *small sized Dutch-Ghanaian association* that includes a credit union, is active in the field of training farmers, fishermen and petty traders, has a care project, helps with land lease contracts, and is recently active in a cashew nut project.

The Credit Union which started in 2009 with support of the RABO Foundation from the Netherlands provides micro credits to farmers, fishermen, and petty traders.

The second part of the association consists of providing training for them. This training includes knowledge about book keeping, agricultural techniques, keeping cattle, market knowledge etc.

About 80 % of these people are women because they are better organized and they have a strong feeling for wanting a better future for their children according to the manager director. This training includes information about how to run a business, how to do finances and how to grow vegetables (See Box 5). Besides the giving of training, the NGO is also active in a care project consisting of their own care centre for elderly people without family and orphans. In this care project they have a save house and have the possibility to sustain in their own food needs because a piece of land at the care centre is used for agricultural purposes. A part of the people is already living there, and there is a future plan for building a school at the same terrain.

The manager director has much contact with the local chiefs and inhabitants of the villages. He knows them quite well and he knows which part of the land belongs to whom. There is a demand from Brazilian entrepreneurs to rent land for agricultural purposes, usually for the growing of rice, and the manager director of “the multitasking NGO” is helping the Brazilians in their negotiation with the local chiefs and the owners of the land. This includes a strict business plan and helping the surrounding community with some of their needs, like the building of a school or a community house. No land is sold because the Ghanaian people do not have long term benefits from this.

The benefit for the Ghanaians is that the Brazilians make irrigation canals from the Volta which gives the villagers free access to water.

Recently “the multitasking NGO” also has been involved in a cashew nut project. “The multitasking NGO” is a minor shareholder in this project (5%) and will be responsible for the development of the cashew farmers through training and support. The goal is to have a processing factory in Ghana instead of exporting the raw nuts to Vietnam where they are processed, with the aim of creating a sustainable future for the farmers in Ghana and gaining more profit.



Figure 15: Group training

Box 5: Vegetable production

The manager director of 'the multitasking NGO' explained how the trainings were set up. Because of lack of knowledge about agricultural techniques much of the harvest is lost or inefficiently produced. Due to the illiteracy problems of most farmers, the trainings are done with simple drawings. An example given: First drawing: Seed put into the ground, second drawing; water is sprinkled on the ground, third picture clock with 24 hours and sleeping person under the clock, fourth drawing; seed comes out of the ground etc. This shows how simple things are explained to the farmers.

9.1.2 History

A Ghanaian foundation in The Hague was working together with the Ghanaian National Association of Farmers and Fishermen (GNAFF). However this cooperation wasn't very successful because the farmers weren't paying back their loans. After a great amount of signals from the field about the problems the farmers were having, a Dutch and a Ghanaian man decided to help them and establish an association. This association started off by helping the farmers and fishermen in the Dangme West region in Ghana, but in 2012 the co-operation has about 5000 members from all different regions in Ghana.

9.1.3 Organizational structure

The "the multitasking NGO" is an association consisting of a Credit Union with about 1500 members and a cooperative with about 5000 members.

- "The multitasking NGO":
1. Credit union (1500 members)
 2. Cooperative (5000 members)
 - 2a. Providing training for farmers, fishermen and petty traders.
 - 2b. Cooperative subsidizes the care centre.

The members of the cooperative have no say in the policy implementations because they are with too many, so the board consisting of seven people decides this. Further only two people are working at the office and the rest of the NGO runs on volunteers.

The NGO is active in about sixty villages. Each village, depending on its size, has either a board or a working committee (with more than twenty members) to monitor the projects. All of these people are local people. *"The board only consists of men because in the Ghanaian culture women have nothing to say, and it is normal that the men take the lead in Ghana, so you shouldn't try to change that"* according to the manager director.

9.2 Impact

9.2.1 Value chain

"The multitasking NGO" is actually not producing any products by itself, so therefore a value chain is not present. The stakeholders involved with "the multitasking NGO" are; the local

suppliers for feeds and fertilizers, the board, the manager director, the funders from the Netherlands, the clients, the consumers, the orphans and elderly people, the villagers and an agric-food company which is focused on the sustainable food production in sub-Saharan Africa.

9.2.2 Economic impact

Employees

The NGO runs on volunteers, and the board includes seven local people. Additionally two people are working at the office, under whom one foreigner, the manager director. Being a volunteer has no direct economic benefits for the locals.

Income

The training in efficient farming techniques provides sustainable livelihoods because of reducing the chance on a bad harvest. Also the fixed buyers for the cashew industry increase income security. The smallholders are trained and informed of how to earn more money for their harvest and by doing that gain a higher income. The money earned by association goes directly back to community. Additionally the people have access to finance through the Credit Union. The problem with giving credits is that Ghanaian people mostly see the loan as a gift, so it is not paid back to the Union. Or as the manager director says:

“Ghanaians and loans don’t go hand in hand”

(Manager Director ‘the multitasking NGO’)

Market focus

The economic impact is relatively big because the NGO focuses on products for the domestic markets. In this way local products are locally sold and therefore the local salesmen make fair profits. However until now in the cashew project has been export focused but the NGO in collaboration with other organizations is trying to get more profit out of it by establishing processing fabrics in Ghana.



Figure 16: Cashew nuts

9.2.3 Social impact

The community in which a project takes place is very much involved in the project. This is done by asking local volunteers to monitor the process of the project. In this way the volunteers are really involved in the social networks of the farmers, as well as increasing their knowledge about agricultural techniques.

Another social aspect of the NGO is the providing of shelter for the elderly and orphans. Instead of leaving them abandoned on the streets, they are taken care of in the care centre.

9.2.4 Environmental impact

Transfer of knowledge / land problems

The agricultural trainings include transferring knowledge about the cultivation of the land. In this way the ground and the crops are treated with proper seeds and fertilizers.

The manager director believes in the leasing of land instead of buying it from local chiefs. In this way the owners of the land have a long term benefit of leasing the land.

This is done in case of the care centre and the Brazilian rice farms.

10. Characteristics and impacts compared

Now that all the case studies are described in term of characteristics and impact, these two subjects are compared in this chapter.

10.1 Characteristics compared

The characteristics of the three case studies are explained by the first part of the survey, as shown in Table 8 below. When comparing the characteristics it becomes clear that they are quite different. The sector in which these are active are; horticulture, food crops and fishery. Their services include; research & development, control, services & consultancy and production. Most of the companies in Ghana are registered as private limited companies (Ltd.). However in this research there is one Ltd, one association, and one BV. Two of the three case studies are a local branch of a foreign mother company (of which one Malaysian, and one Dutch) and the other one is a sole standing association. Because of this the two local branches have multiple offices, either in Africa, Asia or Europe, while the sole standing association is only active in Ghana.

There are some similarities. Two of the three case studies have a lab, while this is very exceptional in Ghana. Also the cases either hire mostly female employees, or have female suppliers or clients. The women are described as being more dedicated to their work, more precise and more trustworthy with paying back their loans.

Table 8: Characteristics of “the Multitasking NGO”

Products & Services	Activities	Sector
<p>What are the primary products or services of the enterprise?</p> <p>Please specify:</p> <p><u>Training of farmers, fisheries and petty traders</u></p>	<p>In what phases of the value chain is the enterprise active?</p> <p><input type="checkbox"/> Machinery/Engineering</p> <p><input type="checkbox"/> Fertilizers/pesticides</p> <p><input type="checkbox"/> Seeds</p> <p><input checked="" type="checkbox"/> <u>Services/Consultancy</u></p> <p><input type="checkbox"/> Research and Development</p> <p><input type="checkbox"/> Farming</p> <p><input type="checkbox"/> Storage</p> <p><input type="checkbox"/> Processing and Manufacturing</p> <p><input type="checkbox"/> Packaging</p> <p><input type="checkbox"/> Retail</p> <p><input type="checkbox"/> Transport</p> <p><input type="checkbox"/> Trading and Exporting</p> <p><input type="checkbox"/> Other:</p>	<p>In which segment within the agro-sector is the enterprise active?</p> <p><input checked="" type="checkbox"/> <u>Fisheries</u></p> <p><input type="checkbox"/> Forestry</p> <p><input checked="" type="checkbox"/> <u>Food crops (fruits, vegetables, grains, nuts)</u></p> <p><input type="checkbox"/> Non Foods</p> <p><input type="checkbox"/> Floriculture</p> <p><input type="checkbox"/> Biofuels</p> <p><input type="checkbox"/> Dairy</p> <p><input type="checkbox"/> Meat</p> <p><input type="checkbox"/> Other: ...</p>

Source: part of survey

10.2 Impacts compared

All the enterprises have an impact on *economic level* on employment rates. All the three enterprises have one expat employed and further only local employees. The amount of these local employees differs, and therefore also the level of impact. The lab has in this case the

highest impact on employment, however the NGO has most sustainable economic impact. Not only the employees are affected in an economic sense, but indirectly also the local suppliers or local producers as mentioned in two of the three companies. In one of the cases an investment is made for the building of infrastructure, while in the other cases not. One of the companies mostly has women employees so the impact therefore is higher for them than for the men. The association runs besides a couple of local employees on volunteers, so their economic impact is lower. However this association helps their clients with earning a sustainable income themselves, in which they become more independent. Further a Credit Union is available for loans, while in the lab the loans are charged on their salaries. This has an impact on purchase possibilities.

In terms of market focus, two of the three foreign investors are non-market seeking investors and export their products. While the association is domestically focused and is helping where needed. The lab mostly has international business linkages, while “the big nut” both has international and local business linkages, and the NGO only has local business linkages. For the materials used; the two companies import lab materials and sometimes even more, while the association works with local suppliers for animal feed and input. Having local business linkages and buying the needed materials locally has a higher positive domestic influence than international business linkages and importing all the materials.

Table 9: Impact case studies on economic level

Impacts case studies on economic level			
	‘The Green Lab’	‘The Big Nut’	‘The Multitasking NGO’
<i>Employment</i>	95 local employees 1 expat Mostly women	12 local employees 1 expat Mostly men	8 local employees 1 expat Only men Runs on volunteers
<i>Market focus</i>	Export International business linkages	Export Local and international business linkages	Domestic Local business linkages
<i>Material</i>	Most materials imported from abroad	Lab materials imported from abroad Local supply of nuts	Local supply
<i>Finance</i>	Support employees in education- housing, medical costs	Salaries for inflation on annual basis ‘Best price’ system for about 900.000 women in the shea sector	Credit Union Sustainable increase livelihoods Fixed buyers for cashew sector Money earned by NGO directly returns to community

On a *social* level the transfer of knowledge is mentioned as an impact in all of the three companies. Knowledge about farming techniques, the market, or laboratory services creates a sustainability of knowledge and self-reliance. All the three case studies show a positive impact on this theme, mostly in the case of association. Also the association is most involved in the community as they include locals in the monitoring of the projects, and are taking care of elderly and orphans who are not accepted or taken care of by the community. The little interference there is with the local government is mostly concerns laws and regulations. On other aspects the government is not an active stakeholder in the value chain of the companies. Again the association is more in touch with the local chiefs due to the land lease activities. None of the cases show a very substantial philanthropic impact.

Table 10: Impact case studies on social level

Impacts case studies on social level			
	'The Green Lab'	'The Big Nut'	'The Multitasking NGO'
<i>Knowledge transfer</i>	Lab skills	Lab skills Market knowledge for women in the North	Agricultural production techniques Book keeping Keeping cattle Market knowledge
<i>Community</i>	Not involved	Local women associations	Project monitored by local volunteers Taking care of elderly and orphans
<i>Local government</i>	Not much interference	No interference	Communication with local chiefs
<i>Philanthropic</i>	Supports local farmers day	By mother company (building schools, hospitals)	Not applicable for an association

Environmental impacts are pollution through transport and garbage. All the case studies use trucks and boats for transport and use local resources as water, shea nuts, cashew nuts and land. Only in the case of the lab it is obvious that there is garbage. The other cases weren't aware of this topic. The NGO impacts the land with making sure this is leased and not sold to foreign investors, which has a more positive impact on the long run. Also the NGO impacts the land by cultivation techniques for the farmers to make sure the land is not depleted.

Table 11: Impact case studies on environmental level

Impacts case studies on environmental level			
	‘The Green Lab’	‘The Big Nut’	‘The Multitasking NGO’
<i>Transport</i>	By trucks and airplane or boat	By trucks and boat	By trucks and boat
<i>Garbage</i>	Mostly plastic	Not aware of	Not aware of
<i>Local resources</i>	Water from river for cooling 24/7 Cooling & electricity	Shea nut trees protected / against deforestation	Land treatment agro production Cashew nuts Responsible land lease middle men

With comparing the impacts it is clear that ‘the multitasking NGO’ is having the most positive impacts. However how responsible the case studies are in terms of activities is described in the next chapter.

11. Responsible contribution to development

11.1 Responsibility

Now that all the case studies are compared in terms of characteristics and impact, the next goal is to do the same for responsible business and link this to development. This is divided in the responsibility of the three case studies and what their scores on responsible business activities are. These are compared in this chapter with the goal to have a better understanding about different forms of responsible business and to see whether there is a “best practice” business model for the contribution to development.

To refresh the mind again, the responsible business definition used for this research is:
The ways in which foreign investors, next to making a profit, consistently contribute to the private sector of the host country through economic- social- and environmental development.

11.1.1 ‘The Green Lab’ responsibility

When the business activities of “the green lab” are analyzed and compared with the definition used of responsible business, the lab is most active in the field of *economic responsibility*. This economic responsibility is divided in themes like job provision, investment in human capital, the building of infrastructure and local business linkages according to Visser (2008). There is no clear responsible business strategy present at the lab, however the city where the lab is located is in fact developing through employment and the construction of roads. The lab sources their employees from local communities, providing them with a job and a stable income. Furthermore they support their employees in a responsible way by providing them with loans for medical issues, housing and schooling. However since there is one budget for all of these topics, a decision needs to be made which topic is more urgent. The employees sometimes have to pay their housing rents for two years in advance, which is impossible for them because they usually have no savings. The company pays the housing for them and withdraws a certain amount of money each month from their salary as a payback for this investment. This framework is set up because the Ghanaian people and loans don’t go together. They usually don’t pay back, so this is a better solution. It must be noticed that most of the employees are women because they are having better working skills. In terms of responsibility it can be questioned how responsible it is for a women to have a fulltime job next to all their other tasks such as being a mother and a wife, taking care of the children and the household. It can be questioned how this form of women empowerment is handled and accepted in the communities.

The lab also invested in infrastructure, by constructing a road towards the lab. Due to this the small city developed in a more attractive trade area. The city is easier accessible and now the inhabitants are having more travel and market opportunities outside the city.

Furthermore in terms of legal responsibility there are some international standards, and Ghanaian legal frameworks in case of environment and working conditions. However when a deadline has to be reached for a client and there is a shortage of time, these rules are ignored and the employees are expected to work overtime.

There is hardly any positive *social or environmental* development. On social level there is

almost no interference with the local government and the lab contributes a small amount of money for the national farmers' day. Further there is knowledge transfer of lab skills, however in case of development it can be questioned how valuable this is since there are no other labs of this size in Ghana, so no other working possibilities in this field. The lab is in need of a lot of energy and water supply for cooling the lab. Electricity is already very scarce in Ghana so you could say that this is irresponsible to the rest of the community that is dependent on the same electricity supply. However it could be argued that the water used from the river doesn't include all kinds of chemicals, and that not drinking water is used for this. However there is no contribution to development on environmental level.

11.1.2 'The Big Nut' responsibility

The supply manager in Ghana emphasis on taking care of the employees when discussing responsible business. In terms of *economic responsibility* the company hires local employees and invests in human capital by providing them with training, first aid courses and personal development plans. Also there is a benchmarking exercise to ensure that the salaries are in line with the educational qualifications of the staff. In this way the employees develop their skills and knowledge and develop a stable income to provide in their livelihoods.

In terms of legal responsibility a national law is mentioned about the amount of local and foreign employees active in the company. The quality standards are in line with the international guidelines like: Global standard for food safety (BRC), HACCP, ISO 9001 and ISO 14001. These are carefully followed and implemented along the value chain.

The company's *social responsibility* consists of working together with an NGO. This NGO is helping the women in the North to form small associations and broaden their market knowledge, so they achieve a stronger market position. In this way the Northern part of Ghana is getting more and more developed and the women there are having a better chance in providing a stable income. The mother company in Asia acts more philanthropic with building education centers in for example Borneo, and is in that way contributing to the education levels of people in developing countries. However the office in Ghana is not involved in this.

Sustainability is created by teaming up with Rainforest Alliance, to see what should change within the company's activities to improve sustainability. The Rainforest Alliance uses the Sustainable Agriculture Network standards (SAN) and sees no major problems with the business activities of "the big nut". However there are some suggestions in case of health and safety standards at the processing plants.

The membership in the Global Shea Alliance is showing that there are forms of responsible business on economic, social and environmental level. However how these are concrete implemented in the company and how this contributes to development is not clear.

11.1.3 'The Multitasking NGO' responsibility

On the question if the NGO is active in the field of responsible business, the manager director answered with:

"That is just how this organization works"

This particular case study is an association, and its core business is providing developmental

help for the local communities. The NGO is not contributing a lot to *economic responsibility* in terms of local paid employment, however they are contributing to the livelihoods of their clients by teaching them better ways to do business and agricultural techniques etc. In this way the clients can provide their livelihoods independently, which is more sustainable than being hired for a job without further support. It should be noticed that the association is active in more than sixty villages which geographically spreads the impact and the development of villages.

Furthermore the association is focusing on the domestic market and uses local business linkages. Therefore the association contributes to the development of the local private sector. In case of fulfilling their *social responsibility*, the NGO is really active in talking to the farmers directly and keeping in touch with them whenever possible. Also in the case of the cashew nuts, the manager director himself makes sure that he visits the villages who supply the nuts to make concrete agreements. So the NGO is really involved in their activities, also in the monitoring of them. The interaction between the client and the NGO is really high and therefore also the stakeholder responsiveness. Through the knowledge transfer from the NGO to its clients there is a sustainable factor for development.

In terms of *environmental responsibility*, the NGO contributes to the responsible use of land in case of the farming and helps with the leasing of land to foreign investors. The NGO also makes sure that the negotiations between the foreign investors and the local chiefs are fair. In the lease contract the needs of the community are described and concrete actions are undertaken as solutions for these needs. In this way the land can be leased and used for agricultural purposes and the communities around it benefit from this development. For example irrigation canals are made and a hospital can be built. In that way community needs become fulfilled.

11.2 Comparison responsible business

Comparing the three case studies in terms of responsible business shows that there are some obvious similarities and differences notable.

In none of the cases there is a responsible business department, or clear strategy. Also most contribution to development is on a micro scale level and in one specific regional area. This is mostly development for a small area, a small amount of employees, or mostly for women. However a form of economic responsibility is present in all the cases present in case of creating job opportunities and investing in human capital. In one case there even is invested in infrastructure, however this is done for the benefit of the company.

It is clear that the third case study “the multitasking NGO” is the foreign investor who is most active on the field of responsible business and contribution to development. Clearly there is much interaction with the communities it works in, the communities are spread out in a big part of the country, and their goal is to create sustainable livelihoods for these local people without having own profits out of this. Also the NGO tries to solve a big problem in Ghana; the lack of education and skilled human resources.

The other two companies (the medium enterprise and the multinational) have some aspects of responsible business practices, but mostly because these are legally obliged or because they are directly beneficial for their business.

Table 12: Responsibility compared

	“The Green Lab”	“The Big Nut”	“The multitasking NGO”
Economic responsibility	✓	✓	✓
Social responsibility	½	½	✓
Environmental responsibility	½	½	✓

In Table 12 the symbol of the **V** means that there are significant responsible actions taken on that level, the $\frac{1}{2}$ means that the company has some form of responsibility however not very clear.

11.2.1 Comparing Responsible activities

It is important to gain more insight in what they are actually doing in terms of responsible business. How do they practice responsible business?

The responsible business activities of the enterprises are measured by a five point scaling system on six different themes which are: employees, community, suppliers, environment, customers and management. Every theme has ten statements of which the respondent can indicate whether the enterprise has relevant activities. The choices are 1: not at all, 2: not really, 3: undecided, 4: somewhat, or 5: very much. When all the scores per theme are summed up it is obvious that the theme addressing statements about ‘employees’ (131) and ‘management’ (110) score the highest. However it must be said that these scores are not completely significant. This is due to the fact that the lab didn’t fill in the statements of the theme of ‘suppliers’ and ‘customers’ because this is a concern of the head office in the Netherlands. Also another company didn’t fill in all the statements in the ‘environmental’ part because this was not applicable to the specific enterprise.

Employees

The highest scores on the employee theme are on health and safety regulations in the workplace, the hiring of local employees where possible and open communication with employees. One company mentioned that people were hired based on their skills and not based on their gender, and didn’t fill in the statement. Somewhat less high scoring statements (meaning answered with score 4 or 5) are statements about the provision of clean, healthy and safe working conditions, employment laws and regulations, and the investment of the training/education in employees.

Employees :					
Please indicate to what extent you agree with the following statements with reference to the activities of the enterprise:					
	<i>1 = not at all</i>	<i>2 = not really</i>	<i>3 = undecided</i>	<i>4 = Somewhat</i>	<i>5 = Very much</i>
	1	2	3	4	5
The enterprise is paying its employees more than similar local companies		C		A B	
The enterprise encourages employee participation in community projects		A			B C
The enterprise has health and safety regulations in place in the workplace					A B C
The enterprises provides clean, healthy and safe working conditions				A C	B
There is a process to monitor compliance with relevant employment laws and regulations				C	A B
There is a process to ensure that no forms of harassment, bullying or discrimination are tolerated			B		A C
The enterprise employs locals where possible					A B C
The enterprise engages in open communication with employees (complaints system, employee rights)					A B C
The enterprise invests in employee trainings/education				B	A C
The enterprise promotes gender equality in the workforce					A C

Table 13: Part of survey statements about employees

It is not surprisingly that this particular theme scores high on these statements. The employees are the core of the business, the way they are treated by their manager directors or supply chain manager influences their way of working. So it is important to make sure that they are happy, healthy and skilled for the job.

Community

The answerers on the statements in the ‘community’ theme are very diverse. One company scores really low on statements including; building schools/ health centres, the mitigation of environmental and social impact of the enterprise on the surrounding communities, the dealing with enquiries and complaints from local or national community, and the engagement of the enterprise in local development because of the negative influence on the overall profitability of the business. While another company scores really high on these same statements. It is obvious that two of the companies are not really involved with the surrounding community, while the other one is really strong in this. This is because this last one is working out of a responsibility focus, where the aim is helping the community with training, schools, transfer of knowledge etc.

Suppliers

One of the companies is not involved in the handling of the communication with the suppliers (and customers). One company scored either 4 or 5 on each statement, while the last company was really fragmented in scoring. However no respondent scored 1 on a statement. The statements on which the two companies both scored 5 are statements about: the routinely payment of the suppliers and contractors, the persuasion of long term relationships with suppliers, and the investment in local small-scale suppliers to improve the volume and quality of their production/services. This last statement in my opinion is really important when talking about responsible business and bringing development in the area you are working in.

However you could also say that the enterprises need to do these investments for their own benefit, because otherwise they can't meet the clients demand.

The lowest scores (score 2) were on statements including the acknowledgement and response of complaints/comments of contractors, the support in suppliers attempt to improve their environmental/social/ economic performance, and the taking into account of the demands and need of its suppliers when developing new products/services. Out of these scores you could say that the enterprise is not at all interested in taken care of its suppliers.

Environment

Same as in the theme of 'community' in this theme one company scores really high on statements (4 or 5), while another company scores mostly 2 or 3 (not at all, not really). This is explainable due to the fact that the company which scores low is not active in cultivating the land itself, so it has no direct visual impacts on the environment. The company which scores high on the statements is really intensely making use of the environment with cooling systems and electricity. This is why statements like the efficient use of water and energy score high

Customers

These statements are filled in by two of the three companies, because one company isn't dealing with the customers directly, this takes place through the head office (same as for suppliers theme). It is remarkable that this is the first theme in which the respondents only once gave a similar answer. This is on the statement about the avoidance of the enterprise in price fixing; here they both score a five (very much). The lowest scores are on the statements about: the enterprise having a formal procedure in place to respond to client demands/complaints, encouragement of fair competition and prevention of anti-competitive behaviour, and on a procedure to share performance standards with clients. The low score of one company on responding of demands/complaints is almost similar to the statement related to the suppliers. This is in contrast when you compare this statement with the one where the enterprise regularly seeks and uses clients feedback where the same company scores 4. Further, accurate information about the enterprise's products/services to the client is scored 4 and 5.

Management

In this particular theme, most statements are scored with 3 or 4, so 'in the middle'. One statement that stands out is the one about a regular report provided for shareholders with a clear understanding of the finances and operations. All the three the companies score 5 on this statement. This indicates that the enterprise has a certain responsibility towards their shareholders, but mostly on financial and operational level. Also investors are provided with clear information on the level of corporate governance and economic performance, more than on the level of environmental and social performance. This is because the economic performance is what counts the most for an investor, this is where he is aware whether the enterprise is doing well, is growing, is developing.

Table 14: Part of survey statements about management

Management :					
Please indicate to what extent you agree with the following statements with reference to the activities of the enterprise:					
	<i>1 = not at all</i>	<i>2 = not really</i>	<i>3 = undecided</i>	<i>4 = Somewhat</i>	<i>5 = Very much</i>
	1	2	3	4	5
The principles and practices of corporate governance are clearly communicated to shareholders and variances from relevant codes are explained.			A C	B	
There is a process to review corporate governance to assess compliance with relevant local codes.			A	C	B
There is a regular report that provides shareholders with a clear understanding of the enterprises finances and operations.					A B C
The enterprise provides its investors with clear and comprehensive information about corporate governance performance.			A		B C
The enterprise has a process to manage internal and external conflicts of interests.		B	A	C	
The enterprise strives for a competitive return on investment.		B	A C		
The enterprise provides its investors with clear and comprehensive information about economic performance.			A	C	B
The enterprise considers environmental and social factors in its long and medium term strategy			A	C	B
The enterprise provides its investors with clear and comprehensive information about social performance.			A	B C	
The enterprise provides its investors with clear and comprehensive information about environmental performance.	B		A	C	

Out of these finding it becomes clear that companies are most responsible towards their employees, in taking good care of health and safety regulations and hiring local staff. Furthermore there is either a strong sense of responsibility towards community (philanthropic responsibility) or hardly any. The same accounts for the environmental theme. The responsiveness of the company towards the complaints or demands from both suppliers and customers don't seem to be prioritized. However information about products and services are communicated with the clients, as well as communication towards the shareholders and investors about finance, operations and economic performance. The problems the foreign investors faced are described in Appendix D.

When the scores of the six themes are summed up, "the Multitasking NGO" clearly scores the highest on every theme as shown in figure 17. (It should be noted again that "The Green Lab" didn't fill in the theme of suppliers and customers) On several themes "The Big Nut" also scores relatively high. For the employees and the management all the cases score higher than on other themes.

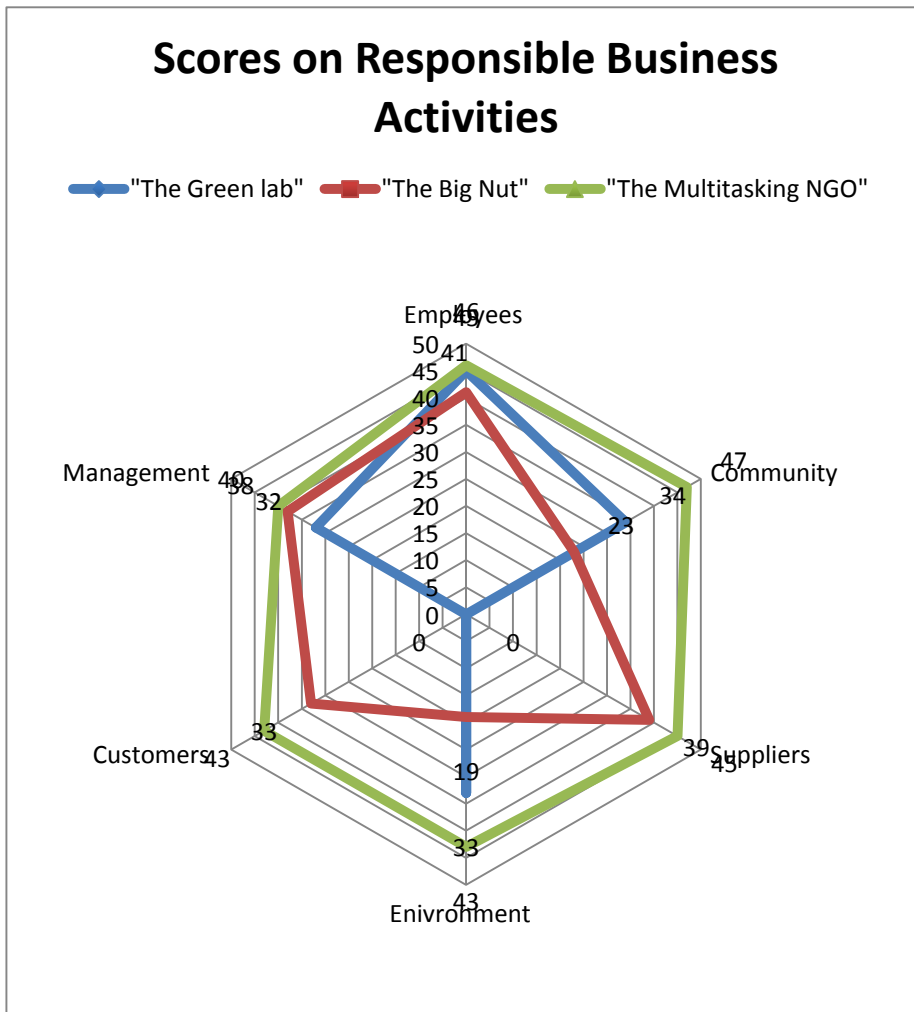


Figure 17: Scores on responsible business activities

These findings are in line with the self assessment question in the survey, as shown in figure 18. For the self assessment of responsibility “the multitasking NGO” gives itself a 10 (out of 10) because this is their core business for them. The lab scores itself with a 7 without clear reasons, and “the big nut” indicates that the score is somewhere between 6 and 10, meaning that the company is on the right way, but that there is still room for improvement. This improvement is especially in health and safety measures.

How responsible do you consider the enterprise to be, on a scale of 1 to 10?

1 2 3 4 5 6 7 8 9 10

Can you explain why you gave this grade?

Figure 18: Part of survey self assessment responsibility

12. Conclusion

The aim of this chapter is to draw conclusions of all the research findings. This is done by trying to answer the central research question:

How is Ghana's private sector developing, and do foreign investors contribute to this with responsible business practices?

This research question is answered by the findings of the three research aims which are separately discussed.

The first aim was to get a deeper understanding about the actions Ghana is taking to develop their private sector. What kind of policies, strategies and programs are used for this and do these policies included strategies to attract foreign investments and CSR requirements? Which actors are involved in PSD and what is the current situation?

Ghana is making significant efforts to develop their private sector with a number of PSD strategies which included improvements in the investment climate. Foreign investments are needed to fill up the financial governmental gap for these developments. Therefore the attraction of these investors is an important element in de PSD programs.

The first step towards a private sector led economy was the Structural Adjustment Program of 1983. After that, the Ghana Investment Promotion Act established the GIPC which became the most important IPA. In 1995 Vision 2020 was implemented with the goal to become an middle income country within 25 years .From that moment on, several medium term development plans and investment programs were implemented. These actions included a special focus on attracting foreign investors by for example; privatizing the ports and modernize these, changing the Free Trade Zones into Multi Facility Economic Zones, removing trade and investment barriers and investing in modern infrastructure and human resources.

Ghana is receiving a lot of help from external actors in terms of financing (donors), but also with developing, implementing and monitoring of PSD strategies. This help mainly is from actors like the World Bank, the BRIC countries, USAID and GTZ. Without this help Ghana wouldn't have been on this level of PSD as it is now. Other success factors for the PSD are; the strong support of the government, the cross cutting nature of the strategies and the inclusion of MSMEs.

The current situation of the Ghanaian private sector is rather good which is in line with its ranking in the Doing Business Report of the World Bank and the World Investment Report of the UNCTAD. However there are still problems with the lack of infrastructure and human resources.

Within Ghana's PSD, CSR is not really an issue. The CSR framework is a combination of policies and some laws, but mostly builds on stakeholders' initiatives. The mining, banking and forestry sector have some legal requirements in terms of CSR with for example the SRAs for corporations working in the forestry sector.

The second aim is to find out what the current status is of the foreign investments in Ghana. In order to see if the PSD policies worked out, there is looked at FDI flows and types in Ghana, including attraction factors, sectors and which countries are investing in these sectors.

One of the goals within the PSD is to attract FDI and to improve the investment business climate. Looking at the increase of FDI scores over the past 30 years, Ghana certainly is on the right track with achieving the goal of a solid investment climate. In 2011 foreign investment flows reached \$ 6.8 million in Ghana. However there are still some FDI constrains according to the Ease of Doing Business Report, the Doing Business Report of the World Bank, and the World investment Report of the UNCTAD. The major constrains are to be found in; the access to finance and electricity, and also in bureaucracy, like the number of official papers needed for a construction permit. The case studies mostly showed problems with the lack of skills of their employees, the problems with contracts, and agreements with suppliers. Beside these constrains, Ghana does have many factors to attract foreign investors such as; the political stability, an increasing economic climate, the natural resources and active investment policies.

The investments made usually done by Chinese, Indian or Korean, have been done in the service and general trading sector. There are not many foreign investments in the agricultural sector so far, however there are a lot of investment opportunities according to the Ghana Investment Promotion Centre (GIPC).

The last aim is to relate the policy actions and the current state of the private sector and FDI, with examples of foreign practices. This is done in the form of three case studies which all have a different investment in Ghana and have different business models. The aim is to find out whether foreign investors act responsible, whether there is a 'best practice' for responsibility, and how the business activities contribute to development.

The case studies: "the Green Lab", "The Big Nut" and the "Multitasking NGO" really differ in terms of responsible business practices. Comparing these organizations on the level of ; impact, responsible business (activities) and contribution to development, "The Multitasking NGO" scores best on all these themes. This doesn't mean that the other two organization are irresponsible, but they show lower scores.

All the organization have the highest scores on economic impact as well as on economic responsibility. This economic responsibility mainly is the contribution to job opportunities and investment in human resources. On social and environmental level, "The Green Lab" and "The Big Nut" show lower scores than "The Multitasking NGO".

Out off all responsible business activity themes, the statements of the responsible activities towards the employees have the highest ranking in all three organizations. This is not strange because the employees are the heart of the company and therefore there are investments made in educating them and transferring knowledge.

All organizations are contributing to development in some way, however "The Green Lab" and "The Big Nut" act responsible because of legal obligations and international standards, while "The Multitasking NGO" is led by intrinsic motivation. The contribution to

development mainly is seen in one specific area where the company is established or where the local business linkages are to be found. Further there hardly are any trickledown effects noticeable, except for the construction of the road in the first case study.

Some developments in the agricultural sector have been contributed by the organizations mentioned in the case studies, like the investments in infrastructure/ logistics, the increase of lab skills, the opening of processing factories, irrigation systems through foreign land lease for agricultural purpose, innovation in technology, the reduction of post-harvest losses, and finally the increase of market knowledge. This shows that the agricultural sector in Ghana in fact is developing through foreign investments.

Concluding we can say that Ghana is doing well with their private sector development and the government is active with implementing benefits and removing barriers for foreign investors. Vision 2020 already has been achieved according to the World Bank, so Ghana is heading in the right direction to reach 'the Golden Age of Business'. Foreign investors keep investing in Ghana and are also contributing to the development of the private sector by taking up the investment opportunities in specific sectors. This is also shown in the three case studies. In this whole process of development, Ghana is not focussing on CSR in particular. In some sectors there are some responsible business initiatives or frameworks, however the government only plays a secondary role in this. When Ghana has no priority in the implementing and monitoring of CRS requirements for (foreign) businesses, it is not very strange that these organizations also don't give priority to this.

The outcome of 'the best practice' shows that the NGO scores the highest on responsible business activities and contribution to development. This shows that an organization doesn't need to be big to be an example in responsibility and contribution to development.

Recommendations

There is still room for improvement in the investment climate of Ghana and their private sector. In order to attract more foreign investors it is important to resolve the problems concerning the way of ease of doing business. As shown FDI contributes to the private sector, however it would be better if Ghana could attract more investors who seek local and sub-regional markets so that these markets grow and profit from the investment. The further PSD programs should more specifically focus on those investment types by for example requiring more CSR activities towards local markets like local business linkages.

Another point is that the Ghanaians face problems of illiteracy due to lack of education. Ghana should put in more effort to improve the educational systems for the Ghanaians so that they get educated better. In this way they have better changes to invest and contribute more to the development of their own country by themselves, instead of being dependent on the foreign investors and remain being hired by 'the foreigner'.

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Appendix A: Research Sample

Company name	Source
Agro Eco	GHANECC Dutch Embassy, Accra
SITOS	Dutch Embassy, Accra
Friesland (Campina)West Afrika	GHANECC Dutch Embassy, Accra
FORM International	Dutch Embassy, Accra
Interfood BV	GHANECC Dutch Embassy, Accra
IOI Loders Croklaan	GHANECC Dutch Embassy, Accra
Royal (Koninklijke) Ahold	GHANECC Dutch Embassy, Accra
ADM	Dutch Embassy, Accra
STBW BV	Dutch Embassy, Accra
Teeuwissen Holding	Dutch Embassy, Accra
MDK	Dutch Embassy, Accra
Unilever	GHANECC Dutch Embassy, Accra
Wienco	GHANECC Dutch Embassy, Accra
Koudijs Feed	Dutch Embassy, Accra
AGRISERV (Modern Aqua Farms)	GHANECC Dutch Embassy, Accra
GUINNESS GHANA BREWERIES (Heiniken/Diageo)	GHANECC Dutch Embassy, Accra
Orfafida	GHANECC

Appendix B: Semi – structured interview with entrepreneur

A. Introduction research topic, interviewer and interviewee

Introduction interviewer and the research topic in about 5 minutes, and let the interviewee introduce him or herself as well in that approximate time period. Explain the content of the interview, what topics will be addressed and let the interviewee know that he or she should notify the interviewer when a question is unclear at any moment. Also ask the interviewee how much time he or she has for this interview, and agree on an approximate ending time. When the entrepreneur is Dutch, agree on how the interviewer addresses the interviewee.

B. Characteristics of enterprise and entrepreneur

Ask the interviewee to explain in short the history of the enterprise, when it started, why, motives from the entrepreneur and how the enterprise evolved. In interviews it is always good to start off very general and with easy, non sensitive questions. With giving the interviewee some time to talk about his or her business this probably creates a proud and good vibe where the rest of the interview will benefit from.

C. Perception entrepreneur about responsible business

Introduce the term responsible business out of literature perspective, about what the interviewer knows about it. After this ask the interviewee to describe his or her perception about responsible business. Ask about activities of the company to see whether or not the company is doing responsible business. You can't ask directly if someone is doing responsible business, but by asking about activities, you can yourself label if these are responsible or not

D. Drivers and constrains of responsible business

In this part of the interview information about the drivers and constrains of doing responsible business will be obtained. Including questions like:

- What are the key factors at international, national and local level that drive changes in responsible business?
- What are the key constrains or challenges a business has for doing responsible business?

E. Value chain & Stakeholders

Ask the interviewee to explain the value chain of the product and the related stakeholders which are dealt with in every separate value chain phase.

- What are the main stages in the value chain for the product?
- Who are the main actors at each point in the value chain?
- Where and to what degree is value added, or value lost?

F. Ending the interview

When the interview has come to its end and all the subjects are discussed, the interviewer thanks the interviewee for his/her time, the obtained information and the interest in the topic. Further the interviewer asks if there are still questions left from the interviewees perspective or notifications, and asks if the interviewee can be contacted again in a later stage of the research when necessary.



Survey No.....

Survey on Dutch entrepreneurs in Ghana

Name enterprise:

Function respondent within enterprise: Owner / Manager / Other:

The aim of this survey, which is part of an academic research project carried out for the University of Utrecht, is to yield a greater insight into the characteristics of European entrepreneurs and their enterprises active in the agro sector in Africa. This survey will focus on the ways in which business consistently creates shared value in society through economic development, good governance, stakeholder responsiveness and environmental improvement.

This survey will be conducted in Ghana, Ethiopia, Kenya, Zambia and South-Africa, in order to have a better understanding about this topic.

A key part of the research will be your input and the survey should take 60 minutes to complete. You will be asked 10 questions which should provide us with some basic information about the current state of affairs within your enterprise. We guarantee that the results of the survey will be confidential and processed anonymously.

Thank you for your participation! Your help is greatly appreciated.

In order to have a clear overview of the characteristics of the enterprise we kindly ask you to fill in the following general questions. Tick the boxes that are appropriate to you, or elaborate on the open questions

1. Characteristics of enterprise (part I)

F. Products & Services	G. Activities	H. Sector
<p>What are the primary products or services of the enterprise?</p> <p>Please specify:</p>	<p>In what phases of the value chain is the enterprise active?</p> <p><input type="checkbox"/> Machinery/Engineering</p> <p><input type="checkbox"/> Fertilizers/pesticides</p> <p><input type="checkbox"/> Seeds</p> <p><input type="checkbox"/> Services/Consultancy</p> <p><input type="checkbox"/> Research and Development</p> <p><input type="checkbox"/> Farming</p> <p><input type="checkbox"/> Storage</p> <p><input type="checkbox"/> Processing and Manufacturing</p> <p><input type="checkbox"/> Packaging</p> <p><input type="checkbox"/> Retail</p> <p><input type="checkbox"/> Transport</p> <p><input type="checkbox"/> Trading and Exporting</p> <p><input type="checkbox"/> Other:.....</p>	<p>In which segment within the agro-sector is the enterprise active?</p> <p><input type="checkbox"/> Fisheries</p> <p><input type="checkbox"/> Forestry</p> <p><input type="checkbox"/> Food crops (fruits, vegetables, grains, nuts)</p> <p><input type="checkbox"/> Non Foods</p> <p><input type="checkbox"/> Floriculture</p> <p><input type="checkbox"/> Biofuels</p> <p><input type="checkbox"/> Dairy</p> <p><input type="checkbox"/> Meat</p> <p><input type="checkbox"/> Other.....</p> <p>Are you a member of a farmers association, agribusiness or cooperative?</p> <p><input type="checkbox"/> Farmers Association</p> <p><input type="checkbox"/> Agribusiness</p> <p><input type="checkbox"/> Cooperative</p> <p><input type="checkbox"/> Closed Cooperative</p> <p><input type="checkbox"/> None</p> <p>Please specify:</p>

2. Characteristics of enterprise (part II)

A. Structure	B. Location	C. Ownership
<p>How would you describe the enterprise?</p> <p>0 Sole standing enterprise 0 Parent company 0 Local branch of a foreign parent company 0 Subsidiary of multinational 0 Other:.....</p> <p>What is the legal structure of the enterprise?</p> <p>0 Private Limited enterprise (Ltd) 0 Trust 0 Association 0 Joint Venture 0 Franchise 0 Informal 0 Other.....</p>	<p>Does the enterprise have multiple locations?</p> <p>0 Yes 0 No</p> <p>For each of these localities, please indicate where (city /country) and since when:</p> <p>Location: Since:</p> <p>1. 2. 3. 4. 5.</p>	<p>Who are the owners of the enterprise and what nationality do they have?</p> <p>Name Nationality Country of residence</p> <p>1. 2. 3. 4. 5.</p> <p>What share of the enterprise does each of the owners have?</p> <p>Owner Percentage (%)</p> <p>1. 2. 3. 4. 5.</p>

3. Characteristics of Markets - Input and output relations

A. Consumers and Clients	B. Suppliers
<p>Who are the main clients for which the enterprise produces or delivers its products/services?</p> <p>Name Location</p> <p>1. 2. 3. 4. 5.</p> <p>What share of the product/service is going to which market?</p> <p>Percentage</p> <p>Local markets % National markets % African markets % European markets % Other International markets %</p>	<p>Who are your main suppliers? What is their name, size, nationality of the owner, location and what do they supply?</p> <p>Size Name supplier Item supplied Location</p> <p>1 2 3 4 1 2 3 4 1 2 3 4 1 2 3 4 1 2 3 4 1 2 3 4 1 2 3 4 </p> <p><i>1 = Micro Enterprise 2 = Small to Medium Enterprise 3 = Large Enterprise 4 = Multinational</i></p>

4. Use of local resources

A. Labor	B. Land	C. Water & Energy
<p>How many employees does the enterprise have in total?</p> <p>How many employees does the enterprise have in Ghana?</p> <p>What share of the employees in Ghana is foreign? Local: % Foreign: %</p> <p>What percentage of the employees is male and female? M: F:</p>	<p>How many hectares of land does the enterprise have?</p> <p>How is the land owned or leased? 0 Inherited 0 Given 0 Bought 0 Leased 0 Rented</p> <p>From who? 0 Government 0 Private party 0 Other:.....</p>	<p>How many liters of water does the enterprise use each year?</p> <p>From which water source is the water mainly coming? 0 Rainfall 0 Rain harvesting system 0 Surface water (<i>canals, rivers and streams, ponds & lakes</i>) 0 Ground water (<i>boreholes, springs</i>) 0 Tap water 0 Other:.....</p> <p>How much electricity does the enterprise use each year (mWh/GWh)?</p>

5. Enterprise development

A. Start	B. Past development	C. Future development
<p>What year was the enterprise founded? Year:</p> <p>What year did the enterprise start its operations in Ghana? Year:</p> <p>Where was this first operation located in Ghana? Location:</p>	<p>Has the enterprise been expanding (+), constant (+/-) or declining (-) during the <u>past</u> 5 years? Turnover 0 + 0 +/- 0 - No. of employees 0 + 0 +/- 0 - No. of locations 0 + 0 +/- 0 - No. of clients 0 + 0 +/- 0 - Labor costs 0 + 0 +/- 0 - New product(s) 0 + 0 +/- 0 -</p> <p>Were there any major changes in the business practice over the past 5 years? 0Yes : please specify: 0No</p>	<p>Are you expecting the enterprise to expand (+), stay constant (+/-) or decrease (-) during the <u>next</u> 5 years? Turnover 0 + 0 +/- 0 - No. of employees 0 + 0 +/- 0 - No. of locations 0 + 0 +/- 0 - No. of clients 0 + 0 +/- 0 - Labor costs 0 + 0 +/- 0 - New product(s) 0 + 0 +/- 0 -</p> <p>Do you expect any major changes in the business practice in the coming 5 years? 0Yes : please specify: 0No</p>

6. Financial situation

A. Public investment	B. Private investment	C. Turnover
<p>From which <u>public</u> channels does the enterprise receive external funding?</p> <p>0 Not Applicable 0 Subsidy home country 0 Subsidy host country 0 Grants 0 None 0 Other:.....</p> <p>And what is the name of each subsidy/grant? Please specify:</p>	<p>From which <u>private</u> channels does the enterprise receive external funding?</p> <p>0 Local bank loans 0 Bank loan from country of origin 0 International bank loans 0 Local bank subsidized loans 0 Subsidized loan from country of origin 0 International bank subsidized loans 0 Social private equity investments 0 DFI (Development Fund Investor) 0 None 0 Other:</p>	<p>C. What has been the average annual turnover of the enterprise in the last year?</p> <p>0 \$ Less than 10.000 0 \$ 10.000 – 50.000 0 \$ 50.000 – 100.000 0 \$ 100. 000 – 500.000 0 \$ 500.000 – 1.000.000 0 \$1.000.000 - 5.000.000 0 More than \$ 5.000.000</p>

	And what is the name of the private funding? Please specify:	
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7. Characteristics of the owner/manager (part I)

CHARACTERISTICS OF THE OWNER (also to be asked if talking to manager)			
A. Nationality	B. Residence	C. Age & Gender	D. Education
What nationalities do you have? 1. 2. 3.	Since when do you live in Ghana? <input type="checkbox"/> Year: <input type="checkbox"/> Not applicable How many weeks do you spend in Europe each year?	In what year were you born? What is your sex? <input type="checkbox"/> Male <input type="checkbox"/> Female	What kind of education did you enjoy? What do you consider to be your professional specialization?

E. History of residence	F. Activities
In what countries have you been living in your life and how many years did you spend in each of them? Country: Period: (amount of years) 1. 2. 3. 4. 5.	What was your main activity in each of those countries? Activities 1. 2. 3. 4. 5.

8. Responsible business

A. Drivers	B. Responsibility	C. Future
What do you regard as the main reason for the enterprise to become more responsible? <input type="checkbox"/> Profit <input type="checkbox"/> Growth <input type="checkbox"/> Acceptance in community <input type="checkbox"/> Compliance with law <input type="checkbox"/> Other (Please specify): Are there any <u>national</u> agreements, frameworks, certification labels (either demanded or voluntary) that are implemented by the enterprise? <input type="checkbox"/> No <input type="checkbox"/> Yes, please specify: Are there any <u>international</u> agreements, frameworks, certification labels (either demanded or voluntary) that are implemented by the enterprise? <input type="checkbox"/> No <input type="checkbox"/> Yes, please specify:	What do you understand by responsible business? How responsible do you consider the enterprise to be, on a scale of 1 to 10? 1 2 3 4 5 6 7 8 9 10 Can you explain why you gave this grade?	What <u>opportunities</u> do you see for the enterprise to become more responsible? What <u>bottlenecks</u> do you see and experience which might prevent the enterprise from becoming more responsible?

9. Responsible business activities

EMPLOYEES

How is the enterprise involved in the well-being of its employees?

Please specify:

Please indicate to what extent you agree with the following statements with reference to the activities of the enterprise:

1 = not at all 2 = not really 3 = undecided 4 = Somewhat 5 = Very much

	1	2	3	4	5
The enterprise is paying its employees more than similar local companies					
The enterprise encourages employee participation in community projects					
The enterprise has health and safety regulations in place in the workplace					
The enterprises provides clean, healthy and safe working conditions.					
There is a process to monitor compliance with relevant employment laws and regulations.					
There is a process to ensure that no forms of harassment, bullying or discrimination are tolerated.					
The enterprise employs locals where possible.					
The enterprise engages in open communication with employees (complaints system, employee rights).					
The enterprise invests in employee trainings/education					
The enterprise promotes gender equality in the workforce					

COMMUNITY

In what way is the enterprise involved with surrounding communities?

Please specify:

	1	2	3	4	5
The enterprise improves social infrastructure and living conditions in surrounding communities.					
The enterprise is involved in building schools, health centers, and electricity connections for the local community.					
The enterprise foster reciprocal relationships with the local community, in which it operates.					
The environmental and social impacts of the enterprise on surrounding communities are mitigated.					
There is a process in place to deal with enquiries and complaints from members of the local or national community.					
Where activities have a potentially significant impact on the community, the enterprise has a process to minimize the negative impacts.					
The enterprise caters for the communities' demands and needs.					
The enterprise engages in meaningful dialogue with the community where there are concerns about its products, services or operations.					
There is a programme of support for community projects and activities that is appropriate to the enterprise and the needs of the community.					
The enterprise is engaging in initiatives contributing to local development because it has a positive influence on the overall profitability of the business					

SUPPLIERS

How does the enterprise manage its relations with its suppliers?

Please specify:

	1	2	3	4	5
The enterprise acknowledges and responds to supplier and contractor complaints and comments.					
There is a process to ensure that all suppliers and contractors are routinely paid in accordance with agreed terms.					
The enterprise is involved in knowledge transfer to its suppliers.					
Products and/or resources are bought from local (domestic) suppliers					
The enterprise supports its suppliers in improving their environmental/social and economic performance					
The enterprise maintains long-term purchasing relationship with its suppliers					
The enterprise buys its products and/or resources from the same suppliers (contracts with suppliers)					
The enterprise has standard procedures (complaint books, feedback mechanism) that it follows to determine the needs of its stakeholders					
The enterprise takes into account the demands and needs of its suppliers when developing new products and/or services					
The enterprise invests in local small-scale suppliers to improve the volume and quality of their production/services					

ENVIRONMENT

How does the enterprise limit its impact on the environment?

Please specify:

	1	2	3	4	5
The enterprise identifies and mitigates impacts of its operations and products on the local environment.					
The enterprise strives for the careful use of land					
The enterprise is increasing its water efficiency					
The enterprise is increasing its energy efficiency					
The enterprise is taking action to reduce its greenhouse emissions					
There is a process to monitor compliance with environmental regulations and industry-specific codes of practice.					
The enterprise takes into account the potential environmental impacts when developing new products and services					
Where appropriate, there is a process to encourage environmentally responsible use and disposal of products within the value chain.					
There is a process to encourage employees and contractors working on the enterprises behalf to participate actively in environmental protection.					
The enterprise has a functioning waste management and pollution prevention programme in place					

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CUSTOMERS

How does the enterprise respond to the wishes of customers?

Please specify:

	1	2	3	4	5
The enterprise has a formal procedure in place to respond to client demands and/or complaints					
The enterprise encourages fair competition and prevents anti-competitive behavior.					
Terms of business with clients are clear and not to be deviated from					
The enterprise regularly seeks and uses client feedback.					
The enterprise takes into account the demands of clients when developing new products and/or services					
The enterprise avoids engagement in price fixing					
The enterprise provides full and accurate information about its products and services to all the clients					
The enterprise takes into account the demands of the poor as customers when developing new products and/or services.					
The specification of products and services is clear, including, where appropriate, quality, total cost, delivery charges and timescales for delivery.					
The enterprise has a procedure in place share performance standards with clients.					

MANAGEMENT

How does the enterprise take into account the wishes of shareholders and investors?

Please specify:

	1	2	3	4	5
The principles and practices of corporate governance are clearly communicated to shareholders and variances from relevant codes are explained.					
There is a process to review corporate governance to assess compliance with relevant local codes.					
There is a regular report that provides shareholders with a clear understanding of the enterprises finances and operations.					
The enterprise provides its investors with clear and comprehensive information about corporate governance performance.					
The enterprise has a process to manage internal and external conflicts of interests.					
The enterprise strives for a competitive return on investment.					
The enterprise provides its investors with clear and comprehensive information about economic performance.					
The enterprise considers environmental and social factors in its long and medium term strategy					
The enterprise provides its investors with clear and comprehensive information about social performance.					
The enterprise provides its investors with clear and comprehensive information about environmental performance.					

10. Stakeholders

Which stakeholders listed below are most influential in becoming more responsible business?

Please indicate to what degree you think that the following stakeholders are either strong or weak influencers for responsible business 1=Extremely 2=Quite 3=Slightly 4=Neither 5=Slightly 6=Quite 7=Extremely

	Negative/ Preventing						Positive/ Encouraging
	1	2	3	4	5	6	7
Government							
Local Groups and Organizations							
Clients and Customers							
Community							
Employees							
Suppliers							
Environmental changes							

Thank you for your cooperation!

If you are willing to participate further in the research please fill in your email address here:.....

If you have any further comments regarding the research please contact me at: [anneloestros@hotmail.com/](mailto:anneloestros@hotmail.com)
+233 240975270

Appendix D: Ease of doing business reality

While according to the World Bank reports of the 'Doing business in Ghana' scores really high. There are some bottlenecks foreign investors are facing when having a business there.

The green lab

The problems the lab is facing are especially on the level of growth in professionalism. The work is really precise and the customers are really critical about the final result. So it does happen that a customer is not pleased with the result. Off course this is bad for "the green lab's" image. Also the copying and the realization of a virus free product is really difficult. Another problem is that the employees sometimes don't show up at work and sometimes never come back without notification. Which is frustrating for the manager director and it gives difficulties in terms of time planning and getting the work done before the assignment deadlines.

The big nut

Logistically there are some problems in the shea sector. It is not possible for "the big nut" to travel back and forth with trucks from the North to the harbor in Tema themselves. This is really time consuming, so they have to work together with buying agents, which off course make the nuts more expensive.

Another problem is making contracts or agreements with the women. These women sell their nuts in time when their other crops are not harvested, so they are in need of money. If another buyer than the one of "the big nut" comes buy and offers the women to buy the nuts, they will sell them. They are not able to wait till the buyer of "the big nut" comes by because of the need of money for their livelihoods. To bind these women to the company is really difficult. It's also difficult for the companies to organize large-scale harvesting due to the conditions under which the shea nuts grow. The climate is really unpredictable and therefore crop estimation is difficult. Kernel-sourcing is very complicated because there are many middle men in between the gatherers and the crushers, which causes loss of sight on quality control and price.

The multitasking NGO

Problems in Ghana are that the power of organization is not very strong. So the foundation started off with registering and training of farmers.

With cashew trade, sometimes the nuts are already sold to other buyers who where there earlier. It is easy to make contracts, but it is hard to stick to them for the locals. To make sure the cashew farmers sell their nuts to the association, the manager director tries to visit the villages and the farmers as much as possible. To create a bond of trust and friendship, which works better in practice than contracts. With the trainings in farming, book keeping , support and fair prices, the farmers are more inclined to sell the nuts to the association then to other buyers.

Credit Union : However the problem was that the farmers, fisherman and traders received a loan from the union but didn't pay this back. The business plan of the Credit Union met all the criteria of the RABO Foundation even with people who would be responsible as a guarantee

for the one who was lending the money. But even this wasn't working. The explanation for this is that Ghanaian people see the loan as a gift.

Care centre: They have a small building which needs expansion and upgrading for those people to live in and to be taken care of. This is a problem of raising money with funds in the Netherlands. This money usually comes from Dutch churches, ICCO, soccer clubs etc.

According to the World Bank reports the foreign investors have most problems with getting a construction permit, and having access to 'stable' electricity, however the foreign investors of the three case studies face some other challenges. Like contracts and agreements, loans for employees, logistical issues, and in case of the NGO finance (however this problem is in the Netherlands).

