

# Sustainable Investment in Ghana:

Policies and Measures  
for Consideration



May 2020

# Sustainable Investment in Ghana:

## Policies and Measures for Consideration



*Published by:*



CUTS International Accra  
30 Aasfoatse Oman Street, Kokomlemle, Accra  
Ph: +233 30 224 5652  
Email: [accra@cuts.org](mailto:accra@cuts.org)  
Website: <https://cuts-accra.org/>

*Authors*

**Adomako, Appiah Kusi**, CUTS International, Ghana,  
**Obeng, Isaac Yaw**, CUTS International Accra, Ghana,  
**Yartey, Shadrack Nii Yarboi**, CUTS International Accra, Ghana,  
**Stephenson, Matthew**, World Economic Forum, Geneva, Switzerland

Citation: (2020), 'Sustainable Investment in Ghana: Policies and Measures for Consideration, CUTS International, Accra, Ghana

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May 2020

This Research Report has been published as a part of CUTS project entitled, 'Sustainable Investment in Ghana: Policies and Measures for Consideration' undertaken with the support of the World Economic Forum (WEF) and in partnership with the Ghana Investment Promotion Centre (GIPC). The material in this publication may be reproduced in whole or in part and in any form for education or nonprofit uses, without special permission from the copyright holders, provided acknowledgment of the source is made. The publishers would appreciate receiving a copy of any publication, which uses this publication as a source.

# Contents

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<b>1. Overview</b>	<b>1</b>
<b>2. Background and Sustainable Investment Framework</b>	<b>4</b>
<b>2.1 Why Ghana?</b>	<b>4</b>
Growth and stability	4
Resources and infrastructure	5
Policy environment	5
<b>2.2 Sustainable Investment Framework</b>	<b>6</b>
<b>3. Economy-Level Policies and Measures</b>	<b>9</b>
<b>3.1 Sustainable Investment Policies</b>	<b>10</b>
3.1.1 International standards and guidelines	10
3.1.2 Corporate social responsibility	10
3.1.3 Local content policy	11
3.1.4 Minimum capital requirement	11
<b>3.2 Sustainable Finance Mobilization</b>	<b>12</b>
3.2.1 Country Financing Roadmap	12
3.2.2 Impact investment enablers	12
3.2.3 Ratings and reporting	12
3.2.4 Sustainable Stock Exchange initiative	13
<b>3.3 Sustainable Investment Promotion</b>	<b>13</b>
3.3.1 Behavioral incentives	13
3.3.2 Recognized Sustainable Investor	13
3.3.3 Targeting promotion	14
3.3.4 IPA-IPA Partnerships	14
<b>3.4 Sustainable Investment Facilitation</b>	<b>14</b>
3.4.1 Aftercare mechanism and Ombudsperson	14
3.4.2 OFDI information and support services	15
3.4.3 Regional market impediments	15
3.4.4 Quality standards and certifications	16
3.4.5 Investment insurance	16
3.4.6 One-stop shop for business Registration and investment certificates	16

3.4.7	'Silent Yes' mechanism	16
3.4.8	Visas and work permits	17
3.4.9	E-mail communication	17
3.4.10	Duties and guarantees	17
3.4.11	Legal commercial expertise	18

<b>3.5</b>	<b>Sustainable Development Impact</b>	<b>18</b>
3.5.1	Linkages especially with SMEs	18
3.5.2	Lists of qualified domestic suppliers	18
3.5.3	Special Economic Zones	19
3.5.4	Monitoring and evaluation	19

#### **4. Agriculture and Agribusiness Policies and Measures** .....20

<b>4.1</b>	<b>Sustainable Investment Policy</b>	<b>22</b>
4.1.1	Agriculture-Specific Principles and Guidelines	22
4.1.2	Good Agricultural Practices	22
4.1.3	Local Content and Participation Policy	23
4.1.4	Agriculture Policy Coordination Mechanism	23

<b>4.2</b>	<b>Sustainable Finance Mobilization</b>	<b>24</b>
4.2.1	Agricultural Insurance	24

<b>4.3</b>	<b>Sustainable Investment Promotion</b>	<b>24</b>
4.3.1	Embassy Attaches	24

<b>4.4</b>	<b>Sustainable Investment Facilitation</b>	<b>24</b>
4.4.1	Land Information Banks	24
4.4.2	International Quality Standards	25
4.4.3	Certification Schemes	25
4.4.4	Mutual Recognition of Certificates	26
4.4.5	Data and Information	26
4.4.6	Domestic Market Research Company	27
4.4.7	Inspection Location	27

<b>4.5</b>	<b>Sustainable Investment Impact</b>	<b>27</b>
4.5.1	Agricultural Linkages	27
4.5.2	Outgrower Schemes	28
4.5.3	Skills Enhancement	28

<b>Annex 1: WEF Sustainable Investment Framework</b>	<b>29</b>
--	-----------

<b>Annex 2: Agricultural products by ecological zone in Ghana</b>	<b>30</b>
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<b>Annex 3: Agro-processing Investment Opportunities</b>	<b>31</b>
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<b>Annex 4: Investment incentives in agriculture and agro-processing in Ghana</b>	<b>31</b>
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# GLOSSARY

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1DIF	One District, One Factory
AfCFTA	African Continental Free Trade Area
BIT	Bilateral Investment Treaty
BUSAC	Business Sector Advocacy Challenge
C/O	Certificate of Origin
CDC	Council for the Development of Cambodia
CFR	Country Financing Roadmap
COCOBOD	Ghana Cocoa Board
CUTS	Consumer Unity & Trust Society
DTA	Double Taxation Agreement
ECOWAS	Economic Community of West Africa
ELC	Economic Land Concession
EMP	Environmental Management Plan
ESG	Environmental, Social, and Governance
ESIA	Environmental and Social Impact Assessment
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign Direct Investment
FSC	Forest Stewardship Council
FZ	Free Zone
GAP	Good Agricultural Practice
GCAP	Ghana Commercial Agricultural Project
GDP	Gross Domestic Product
GIPC	Ghana Investment Promotion Centre
GMP	Good Manufacturing Process
GRA	Ghana Revenue Authority
GRI	Global Reporting Initiative
HACCP	Hazard Analysis and Critical Control Points
ICC	International Chamber of Commerce
ILO	International Labour Organization
IMF	International Monetary Fund
IPA	Investment Promotion Agency
IPPC	International Plant Protection Convention
ISO	International Organization for Standardization
LDC	Least Developed Country
M&E	Monitoring and Evaluation
MIGA	Multilateral Investment Guarantee Agency
MOU	Memorandum of Understanding



OECD	Organisation for Economic Co-operation and Development
OSS	One-stop shop
PAP	Project-affected people
PFJ	Planting for Food and Jobs
PPP	Public-Private Partnership
R&D	Research and Development
RBC	Responsible Business Conduct
RFJ	Rearing for Food and Jobs
RSI	Recognised Sustainable Investor
SASB	Sustainability Accounting Standards Board
SDIP	Sustainable Development Investment Partnership
SDG	Sustainable Development Goal
SEZ	Special Economic Zone
SME	Small and Medium-sized Enterprise
SPS	Sanitary and Phytosanitary Certificate
SSE	Sustainable Stock Exchange
SSNIT	Social Security and National Insurance Trust
TFA	Trade Facilitation Agreement
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNFSS	United Nations Forum on Sustainability Standards
USD	United States Dollar
VSS	Voluntary Sustainability Standards
WBG	World Bank Group
WHO	World Health Organization
WTO	World Trade Organization

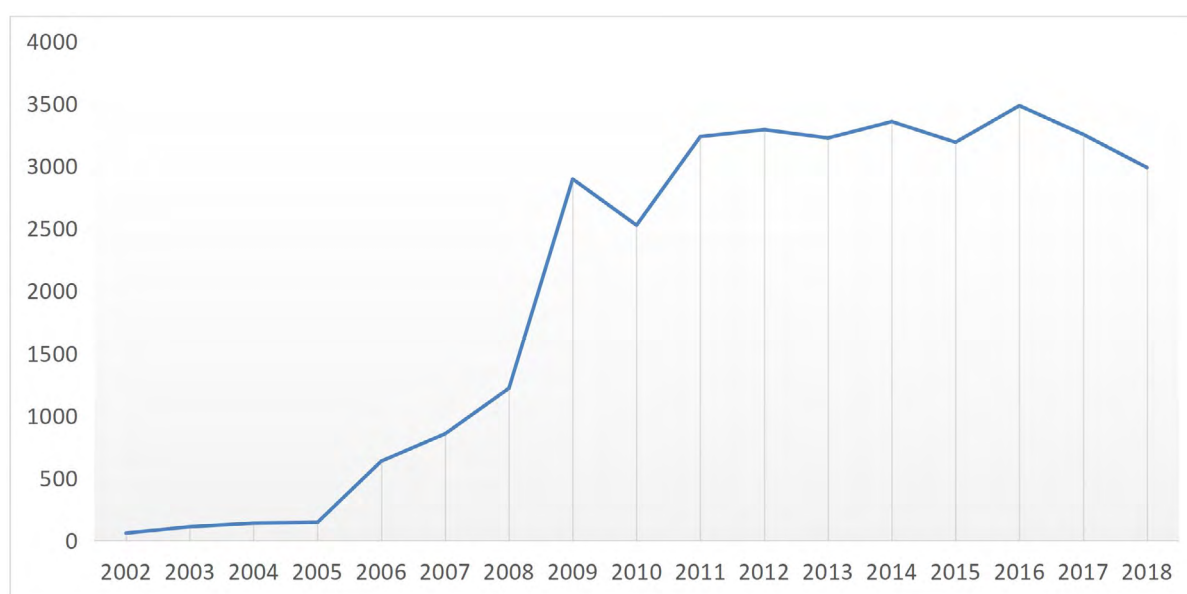
# Investment for Sustainable Development in Ghana

*“In some ways, investing in Ghana is easy; in other ways, it is very difficult”*

## 01 Overview

In 2018 Ghana became the largest recipient of foreign direct investment (FDI) in West Africa, a testament to the attractiveness of its investment climate for foreign investors.<sup>1</sup> However, while FDI inflows increased dramatically from 2005 and 2011, they have since plateaued at between US\$ 3.25 and 3.5 billion a year (see Figure 1). Together, these two data points reflect both the potential that Ghana represents for growing FDI and the need to consider additional investment measures to unlock this potential and help the country achieve its development objectives.

**Figure 1. FDI inflows into Ghana, USD million (2002-2018)**



Source: UNCTADStat.

To this end, the World Economic Forum and CUTS Accra (the ‘project team’), launched an initiative in partnership with the Ghana Investment Promotion Centre (GIPC) to increase both investment and its development impact, or in other words both the quantity and quality of investment in Ghana, with the financial support of Denmark and the Netherlands.

<sup>1</sup>UNCTAD, *World Investment Report 2019*, p. 37, [https://unctad.org/en/PublicationsLibrary/wir2019\\_en.pdf](https://unctad.org/en/PublicationsLibrary/wir2019_en.pdf)



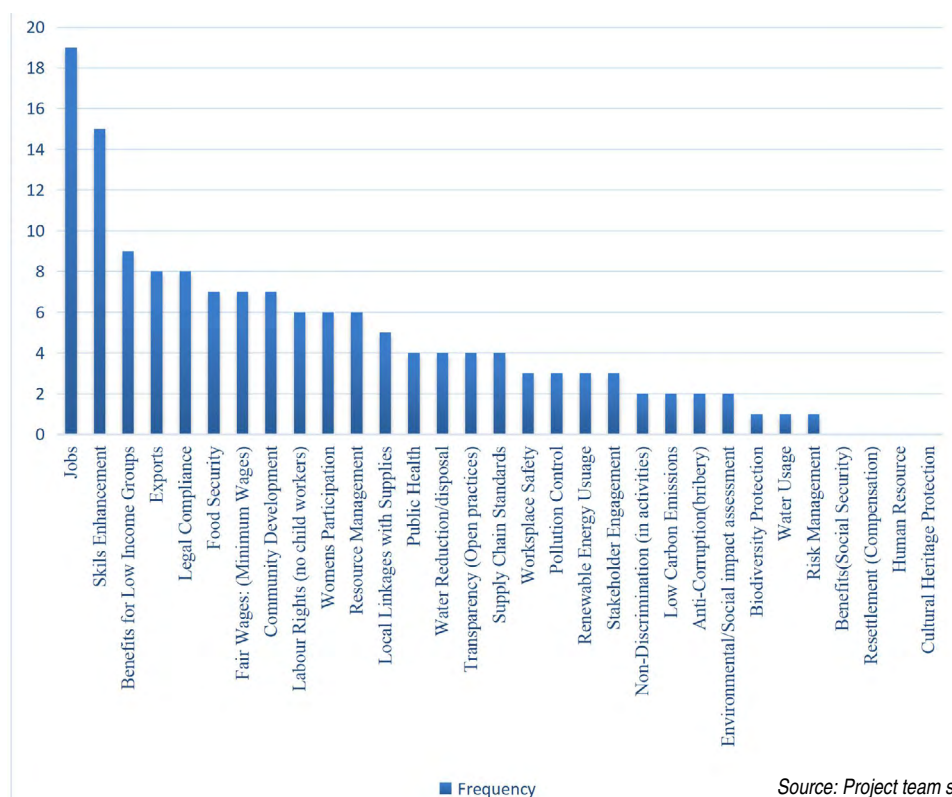
Concretely, the aim was to develop a long list of specific, actionable investment facilitation measures for discussion and consideration. This is an update to the report first circulated 6 September 2019 to address complementary dimensions of sustainable investment and present additional measures for consideration.

The project team carried out desk research and 36 separate interviews between May and June 2019 to gather first-hand information drawing from the operational insights of investment practitioners. Interviews took place with senior policymakers, business executives, business associations, research institutes, and civil society. The interviews aimed to answer three main questions: (1) What are the main development benefits that foreign investment can bring to Ghana? (2) What investment challenges exist and what investment facilitation measures could be important to help address those challenges? (3) Of these, which measures are more likely to lead to sustainable development impact?

To our knowledge, this is the first initiative to try and identify measures such that FDI makes the largest possible contribution to sustainable development.

The most important development benefits that stakeholders identified from FDI are summarized in Figure 2. Top of the list was job creation, identified by 86 percent of respondents, followed by skills enhancement (68 percent), benefits for lower income groups (40 percent), increasing exports (36 percent), improving legal compliance (36 percent), and fair wages (31 percent).<sup>2</sup> Some draft facilitation measures are therefore designed with these development objectives in mind. As a result of the development focus, while the analysis took place at an economy-wide level, the agriculture and food sectors were also selected as a particular focus for study given their key importance as a vector of development in the Ghanaian economy.<sup>3</sup>

**Figure 2. Top development benefits from FDI identified by stakeholders, frequency (sustainability characteristics)**



Source: Project team stakeholder interviews.

<sup>2</sup>Top development benefits were identified by respondents in 22 of the interviews.

<sup>3</sup>Ghana Statistical Service, *Rebased 2013-2018 Annual Gross Domestic Product*, April 2019,

[http://www.statsghana.gov.gh/gssmain/storage/img/marqueeupdater/Annual\\_2013\\_2018\\_GDP\\_April%202019%20Edition.pdf](http://www.statsghana.gov.gh/gssmain/storage/img/marqueeupdater/Annual_2013_2018_GDP_April%202019%20Edition.pdf)

This initiative leveraged the strengths of each partner: GIPC shared insights on Ghana's strategic approach to investment and opened government doors to understand existing policies and priorities. The Forum tapped into its privileged relationship with the private sector to have candid, off-the-record conversations to identify problems and solutions that might not otherwise be readily articulated. CUTS Accra leveraged its research experience and relationship with civil society to ensure a truly multi-stakeholder process.

Using these complementary strengths to carry out a multistakeholder process, the report presents policies and measures identified as potentially useful to increase both investment flows and their development benefit, and which GIPC may therefore wish to consider.

The policies and measures are organised into five categories, reflecting the five dimensions of sustainable investment: (1) sustainable investment policies, (2) sustainable finance mobilization, (3) sustainable investment promotion, (4) sustainable investment facilitation, and (5) sustainable development impact. The potential measures are further divided into economy-level measures and measures specific to agriculture and agribusiness.

The rest of this report is organized as follows. Section 2 provides a brief overview of why Ghana was chosen as the first economy in which to pilot this work (section 2.1), and then presents the Sustainable Investment Framework used (section 2.2). Section 3 then lays out 38 economy-level measures identified while Section 4 presents 24 agriculture or agribusiness measures.

The project team could help support the implementation of a small subset of priority measures, if this were deemed useful. The next step would therefore be to align on this short list of measures with GIPC other actors in Ghana operating projects in the same area, such as the World Bank Group (WBG) and the Business Sector Advocacy Challenge (BUSAC) Fund. In consultation and coordination with the GIPC, the project team would then create an action plan for each short-listed measure and to then carry out the action plans through approximately August 2020, showcasing the outcome of this work at the World Economic Forum on Africa in September 2020.

## 02 Background and Sustainable Investment Framework

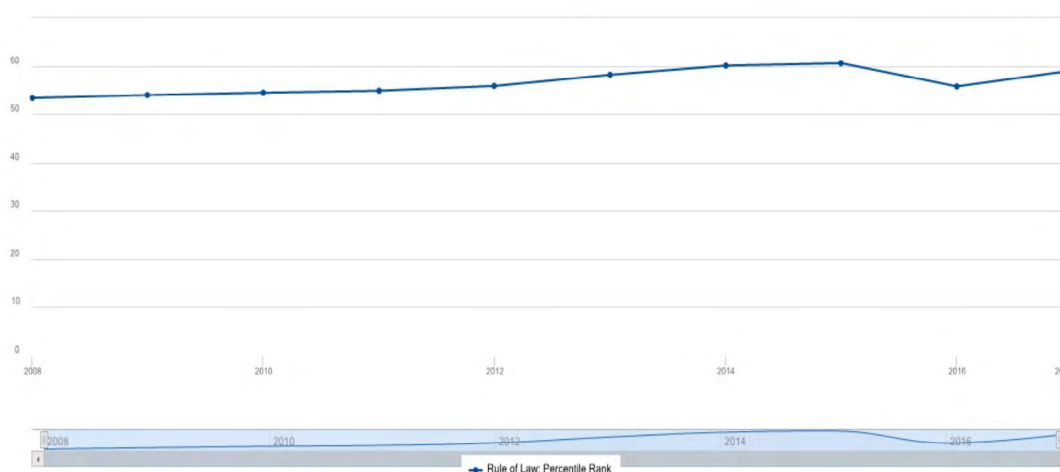
### 2.1 Why Ghana?

Investors are motivated to enter the Ghanaian market for a number of reasons. These can be divided in three main categories: growth and stability, resources and infrastructure, and the policy environment.

#### Growth and stability

The macroeconomic and political context favors investment in Ghana. Ghana's economy grew by 5.6 percent in 2018, corresponding to the 6th fastest growing economy in the world, and the International Monetary Fund (IMF) predicted a growth rate of 8.8 percent in 2019.<sup>4</sup> Peaceful elections have been held every four years since 1992. Presidential term limits are respected and there has been a smooth transition of power from incumbent to opposition party. Freedom House has rated the country and its press as free<sup>5</sup>, while the Global Peace Index ranks Ghana 44th out of 163 countries.<sup>6</sup> The WBG rule of law indicator places Ghana consistently in the top half of economies in the world over the past decade (see Figure 3).

**Figure 3: Rule of law estimate in Ghana, percentile (2008-2017)**



Source: WBG, World Governance Indicators, <https://databank.worldbank.org/source/worldwide-governance-indicators#>

<sup>4</sup>DW, "IMF World Economic Outlook puts Ghana in the lead", 17 April 2019, <https://www.dw.com/en/imf-world-economic-outlook-puts-ghana-in-the-lead/a-48356052>

<sup>5</sup>Freedom House, Freedom in the World 2019: Ghana, 2019, <https://freedomhouse.org/report/freedom-world/2019/ghana>

<sup>7</sup>Institute for Economic & Peace, Global Peace Index 2019: measuring peace in a complex world, <http://visionofhumanity.org/app/uploads/2019/07/GPI-2019web.pdf>

## Resources and infrastructure

Ghana is home to abundant natural resources and exports a number of commodities. Its ecological zones – from tropical forest to coastal areas to dry savannah – enable a broad variety of agricultural commodities.<sup>7</sup> It is the second largest producer of cocoa bean in the world<sup>8</sup>, and also Africa's top producer of gold.<sup>9</sup> Ghana has relatively well-developed infrastructure, coupled by ongoing efforts to improve road, rail, and sea port infrastructure. Ghana's strategic location and membership of the Economic Community of West Africa (ECOWAS) provide access to a regional market with a population of almost 400 million. Ghana was recently selected as host for the Secretariat of the African Continental Free Trade Area (AfCFTA).

## Policy environment

Investment in Ghana is under the auspices of the GIPC, governed by the GIPC Act (2013) which has a mandate to strengthen the investment climate.<sup>10</sup> Ghana's investment policy permits 100 percent foreign ownership of firms and 100 percent repatriation of profits and dividends. Only a few sectors and activities are closed to foreign investment.<sup>11</sup> Commitments in Bilateral Investment Treaties (BITs) and Double Taxation Agreements (DTAs) and membership of the Multilateral Investment Guarantee Agency (MIGA) provide protection and potential guarantees to investors. There is also strong political support to further development a business-friendly investment climate. President Nana Addo Dankwa Akufo Addo has outlined policies aimed at promoting the private sector and creating jobs through a national economic transformation agenda.<sup>12</sup> At the same time, Ghana has made achieving the Sustainable Development Goals (SDGs) a cornerstone of its national development strategy, for instance through aligning its national budget to the SDGs.<sup>13</sup>

<sup>7</sup>GIPC, Doing Business in Ghana: To Know and to Invest in Ghana, 2017, [https://www.jica.go.jp/ghana/english/activities/c8h0vm00004bps0w-att/ghana\\_01.pdf](https://www.jica.go.jp/ghana/english/activities/c8h0vm00004bps0w-att/ghana_01.pdf)

<sup>8</sup>Antonella Tromba, "What Stats Reveal About the Top 10 Cocoa Producing Countries", Insights 2, 4 May 2019, <https://foodensity.com/cocoa-producing-countries/>

<sup>9</sup>Isaac Kaledzi, "Ghana now Africa's top producer of Gold", Africa Feeds, 10 June 2019, <https://africafeeds.com/2019/06/10/ghana-now-africas-top-producer-of-gold/>

<sup>10</sup>This includes to:

1. Create an enhanced, transparent and responsive environment for investment and the development of the Ghanaian economy.
2. Guarantee investment protection, transfer of capital, profit and dividends, personal remittances and dispute resolution.
3. Uphold the protection of intellectual property of both domestic and international investors.
4. Ensure that business registered with the GIPC enjoy some incentives including custom duty exemption for agricultural, industrial, machinery and equipment imported for investment purposes, location tax incentives, relief from double taxation in case the foreign investor's country of origin signed a Double Taxation Agreement (DTA) with Ghana.

<sup>11</sup>These activities include:

1. The sale of goods or provision of services in a market, petty trading or hawking or selling of goods in a stall at any place
2. The operation of taxi or car hire service in an enterprise that has a fleet of less than twenty-five vehicles.
3. The operation of a beauty salon or a barber shop.
4. The printing of recharge scratch cards for the use of subscribers of telecommunication services.
5. The production of exercise books and other basic stationery.
6. The retail of finished pharmaceutical products.
7. The production and retail of sachet water.

## 2.2 Sustainable Investment Framework

The Forum developed a Sustainable Investment Framework in order to identify the different options that Ghana could consider both to increase investment and especially investment's development impact. The Sustainable Investment Framework sees sustainable investment as being composed of five complementary and mutually reinforcing dimensions: (1) sustainable investment policies, (2) sustainable finance mobilization, (3) sustainable investment promotion, (4) sustainable investment facilitation, and (5) sustainable development impact (see Figure 2).

This framework builds on the action plan to increase investment in the SDGs laid out by the United Nations Conference on Trade and Development (UNCTAD) in its 2014 *World Investment Report*, coupled by consultations in 2019 with senior UNCTAD officers.<sup>14</sup>

<sup>12</sup>The national economic transformation agenda is guided by following elements:

1. Aggressive industrialization and value-addition.
2. Promotion of exports, especially of value-added agricultural products and light manufactures.
3. Tax and related incentives for manufacturing business in sectors such as agro-processing, light industries, pharmaceuticals, petrochemicals, garments and textiles, among others.
4. A reliable and cost-effective mix of energy supply for business.
5. Policies that reduce interest rates, reduce the cost of doing business and stabilize the currency.
6. The necessary incentives for private sector participation in health service delivery
7. Provision of incentives to the hospitality and creative industries.
8. Investing in skills training and apprenticeship.

<sup>13</sup>Republic of Ghana, Ghana's 2019 SDGs Budget Report, 2019, <https://www.mofep.gov.gh/sites/default/files/news/Ghana-SDGs-Budget-Report-July-2019.pdf>

<sup>14</sup>UNCTAD, *World Investment Report 2014: Investing in the SDGs - An Action Plan*, 2014, [https://unctad.org/en/PublicationsLibrary/wir2014\\_en.pdf](https://unctad.org/en/PublicationsLibrary/wir2014_en.pdf); see in particular "Chapter IV. Investing in the SDGs: An Action Plan for Promoting Private Sector Contributions", pp. 135-189.

Figure 2. World Economic Forum Sustainable Investment Framework



**Sustainable investment policies** are key to creating the underlying framework for investment to take place in alignment with environmental, social, economic, and governance principles. Concretely, these can include human and labour rights, health and safety standards, and social and environmental protection. An example of a tool are environmental and social impact assessments.

**Sustainable finance mobilisation** entails the framework increasing the flow of capital, and especially the flow of capital to sustainable activities. This requires stakeholders to have information regarding the sustainability behaviour of different firms so that policymakers, regulators, investors, media, and civil society can reward sustainable behaviour and condemn unsustainable behaviour, helping to align market mechanisms with development goals. An example of a tool is environmental and social reporting by firms or reporting requirements to be listed on stock exchanges.

**Sustainable investment promotion** can drive sustainable investment through (a) targeting investors in sectors that are particularly conducive to the SDGs, (b) targeting investors with a sustainability mission, and (c) creating a pipeline of sustainable bankable projects. An example of a tool is making investment incentives conditional on the sustainability behaviour of firms.

**Sustainable investment facilitation** can drive sustainable investment through providing greater facilitation services and support to investment that is aligned with the development goals of the economy. An example of tools are guarantees or insurance to support and protect sustainable investment.

***Sustainable development impact*** involves measures to maximize the positive development impact – and minimize any potential negative impacts – from investment. This can take place through increasing absorptive capacity, indicators to monitor and measure impact, and stakeholder engagement. An example of tools are supplier development programs and efforts to create linkages between foreign and domestic firms.

**More detail on each of the five dimensions – including elements, tools, and actors across each – is laid out in the Appendix 1.**

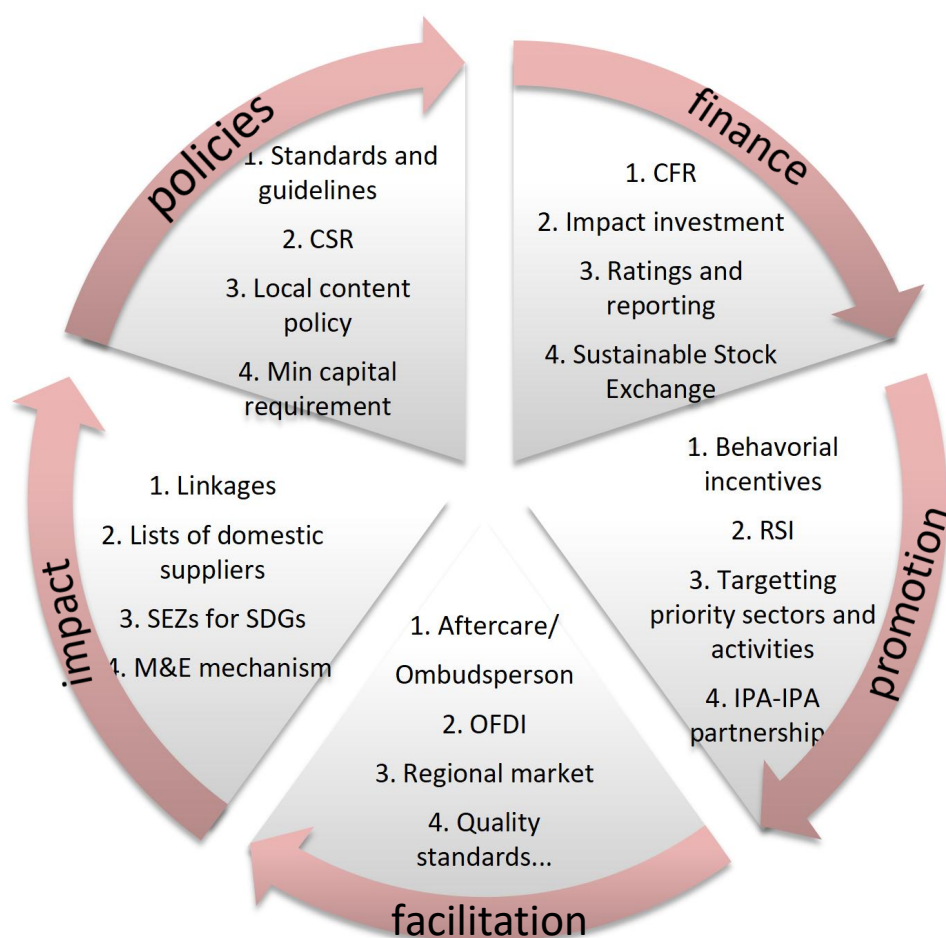
The 6 September 2019 project report focused primarily on measures falling within the *sustainable investment facilitation* and *sustainable development impact* dimensions. In order to provide the most comprehensive analysis and recommendations possible, this updated report identifies potential options across all five dimensions. The following two sections thus present options for sustainable investment across all five dimensions, first at the economy-level and then within agriculture and agribusiness.



## 03 Economy-Level Policies and Measures

The project identified 27 potential policies and measures at the economy-level across the five dimensions of sustainable investment (see Figure 3).

Figure 3. Economy-level policies and measures across the five dimensions of sustainable investment



## 3.1 Sustainable Investment Policies

### 3.1.1 International standards and guidelines

Consider including international standards and guidelines in domestic regulation to help ensure that firms carry out investment sustainably. International standards and guidelines that Ghana could consider include: the *OECD MNE Guidelines*<sup>15</sup>, the *UN Guiding Principles on Business and Human Rights*<sup>16</sup> and the *ILO Declaration of Principles Concerning MNEs and Social Policy*<sup>17</sup>.

In addition, standards and guidelines can also be included in domestic regulation that carry out due diligence and monitoring of supply chains. At the economy level, examples include the United Nations Forum on Sustainability Standards (UNFSS) Voluntary Sustainability Standards (VSS) or the International Organization for Standardization (ISO) ISO26000 on Social Responsibility.<sup>18</sup> Standards and guidelines specific to agricultural supply chains will be considered in Section 4.

### 3.1.2 Corporate social responsibility

Consider encouraging firms to invest sustainably by following principles of Responsible Business Conduct (RBC), such as complying with the law, respecting rights, and protecting the environment.<sup>19</sup> In addition to adopting the standards and guidelines discussed in Section 3.1.1., Ghana can also encourage RBC by requiring that investors above a certain size have corporate social responsibility (CSR) statement with commitments, for instance as a condition to receive an investment certificate.

<sup>15</sup>OECD Guidelines for Multinational Enterprises, <http://www.oecd.org/investment/mne/1922428.pdf>

<sup>16</sup>UN Guiding Principles on Business and Human Rights, [https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR\\_EN.pdf](https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf)

<sup>17</sup>ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy, [https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---emp\\_ent/---multi/documents/publication/wcms\\_094386.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/---multi/documents/publication/wcms_094386.pdf)

<sup>18</sup>See <https://unfss.org/> and <https://www.iso.org/iso-26000-social-responsibility.html>, respectively.

<sup>19</sup>Responsible Business Conduct (RBC) refers to firms complying with laws, including on human rights, environmental protection, labour relations and financial accountability. See OECD, Policy Framework for Investment User's Toolkit, Chapter 7, "Promoting Responsible Business Conduct", <http://www.oecd.org/investment/toolkit/policyareas/responsiblebusinessconduct/42267935.pdf>

### 3.1.3 Local content policy

Consider using cost-benefit analysis to determine whether local content and local participation policies have a net benefit for the economy, considering domestic capacity. The reason is that according to certain stakeholders, Ghana's local content and local participation policy may be impeding investment because of the lack of skilled workers in certain activities. BUSAC has carried out recent analytical work that can be leveraged in carrying out this analysis.<sup>20</sup>

### 3.1.4 Minimum capital requirement

Consider reducing and/or differentiating the minimum capital requirement for foreign owned firms to invest in Ghana. Under the GIPC Act (2013), the minimum capital required for retail business has increased from US\$300,000 to \$1 million, foreign investors who participate in joint venture enterprises require a minimum capital of \$200,000, and wholly owned foreign enterprises require a minimum capital of \$500,000. However, this is seen as a disincentive to invest since these levels are quite high when compared with other African countries, some of which have even abolished minimum capital requirements.<sup>21</sup>

In addition to reducing the minimum capital requirement for foreign investors, Ghana could consider differentiating between minimum capital requirements for different types of firms. For instance, technology firms are relatively asset-light and therefore do not require large capital expenditures to start operations; having high capital requirements may therefore be a disincentive to the entry of technology firms in the Ghanaian market.



*We would like to start a new business that would bring in 100k – operating a small plane to spray crops – but this is not financially viable because of the 500k requirement. Acquaintances of ours from Germany would also like to open a hotel on the beach but they don't because of the minimum capital requirement.*



<sup>20</sup>BUSAC, "Is Ghana Ready for More Local Content? Lessons from Eight Comparator Countries in Five Economic Sectors", June 2018, <http://www.busac.org/downloads/docs/researchreport24092018.pdf>

<sup>21</sup>The minimum capital requirement for some select African countries are:

- 1.Nigeria: USD 27,586.21
- 2.Kenya: USD 300,000
- 3.Uganda and Rwanda: USD 250,000
- 4.Senegal: Minimum capital requirement abolished
- 5.Ivory Coast: USD 20,000

## 3.2 Sustainable Finance Mobilization

### 3.2.1 Country Financing Roadmap

Consider developing a country financing roadmap (CFR) to mobilise sustainable finance. CFRs are an innovative tool developed by the Sustainable Development Investment Partnership (SDIP).<sup>22</sup> SDIP was established jointly by the Forum and the Organisation for Economic Co-operation and Development (OECD), and acts as a platform of 42 public, private and philanthropic institutions with the goal to scale finance for the SDGs and help overcome barriers to private investments in emerging and developing countries. In other words, SDIP aims to address the systemic challenges to finance the SDGs by creating the conditions for capital to flow where it is needed the most.

Ghana has indicated its active interest to develop a CFR to help mobilize sustainable finance, and the Forum is keen to continue helping support this objective.

### 3.2.2 Impact investment enablers

Consider adopting frameworks and measures to facilitate impact investment. This can be achieved in various manners, such as by working on policy ownership (to ensure coordination across government on an impact investing agenda), by building engagement devices into the core of impact investing policy design (e.g. charters, independent advisory groups, etc.), and by developing strategic narratives to successfully engage wider government and, in parallel, the private sector and civil society sector, in this agenda.<sup>23</sup> Policymakers can play a critical role in mainstreaming this approach by providing the enabling environment needed for multi-stakeholder engagement.

### 3.2.3 Ratings and reporting

Consider encouraging firms to adopt sustainability reporting standards. Sustainability reporting enables actors to make informed decisions on the impact of investments on sustainability outcomes; it can help organizations measure, understand and communicate their economic, environmental, social and governance performance, and then set goals and manage change more effectively. Two examples of sustainability reporting standards are the Global Reporting Initiative (GRI) Standards<sup>24</sup>, and the Sustainability Accounting Standards Board (SASB).<sup>25</sup>

<sup>22</sup>SDIP, "Sustainable Development Investment Partnership", <http://sdiponline.org/>

<sup>23</sup>World Economic Forum, "Behind the Scenes of Impact Investing Policy-Making", Discussion Paper, August 2018, [http://www3.weforum.org/docs/Behind\\_the\\_Scenes\\_of\\_Impact\\_Investment\\_Policy-making\\_report\\_2018.pdf](http://www3.weforum.org/docs/Behind_the_Scenes_of_Impact_Investment_Policy-making_report_2018.pdf)

<sup>24</sup>GRI, "GRI Standards", <https://www.globalreporting.org/Pages/default.aspx>

<sup>25</sup>Sustainability Accounting Standards Board (SASB), <https://www.sasb.org/>

### 3.2.4 Sustainable Stock Exchange initiative

Consider inviting the Ghana Stock Exchange to join the Sustainable Stock Exchange (SSE) initiative.<sup>26</sup> This is a peer-to-peer learning platform for exploring how exchanges, in collaboration with investors, regulators, and companies, can enhance corporate transparency – and ultimately performance – on Environmental, Social, and Governance (ESG) issues and thus support sustainable investment. By joining the initiative, the Ghana Stock Exchange would make a public commitment to advancing sustainability in its market.

## 3.3 Sustainable Investment Promotion

### 3.3.1 Behavioral incentives

Consider providing tax incentives contingent on foreign investors carrying out certain behavior, known as ‘behavioral incentives.’ The behavior that Ghana could encourage with these incentives could be contributing to the top investment sustainability characteristics that both policymakers and firms identified as priorities: job creation, skills enhancement, benefits for lower income groups, increasing exports, improving legal compliance, and fair wages (see Figure 2).

### 3.3.2 Recognized Sustainable Investor

Consider creating a category of Recognized Sustainable Investors (RSI).<sup>27</sup> This would not only help operationalize behavioral incentives (see 3.3.1) but also help with the uptake and use of international standards and guidelines (see 3.1.1).

The concept of an RSI is based on the existing concept of Authorized Operators in the Trade Facilitation Agreement (TFA). The RSI can take place in three stages: First, Ghana can set basic criteria to qualify, such as a commitment to observe certain internationally recognized standards and guidelines (see 3.1.3). Second, Ghana can then require investors to commit to certain sustainability outcomes, whether job creation, supply chain standards, or, skills development (see 3.3.1). Once investors meet these two criteria, they would qualify for additional benefits beyond those generally available to all investors, to be determined by Ghana. Possible benefits could include, inter alia, reduced fees, reduced regulatory oversight including through audits, priority assistance (including in the context of aftercare and the Ombudsperson, see 3.4.1), a designated focal point (almost like a ‘concierge’ service), extra support for connecting with qualified local suppliers to form linkages, and targeted financial or fiscal incentives.

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<sup>26</sup>Sustainable Stock Exchanges (SSE) initiative, <http://www.sseinitiative.org/>

<sup>27</sup>Karl P. Sauvart and Evan Gabor, “Advancing Sustainable Development by Facilitating Sustainable FDI, Promoting CSR, Designating Recognized Sustainable Investors, and Giving Home Countries a Role”, December 2019, [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3496967](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3496967)

### 3.3.3 Targeting promotion

Consider aligning sectors for sustainable investment promotion with the Strategic Growth Areas identified in Ghana's National Development Plan, in support of the SDGs.<sup>28</sup> Concretely, this can involve targeting investment promotion to sectors and activities that are most likely to bring about these development benefits<sup>29</sup>, as well as to investors that have a 'double-bottom line' approach (aiming for both profits and sustainable development impact), such as impact or institutional investors (see 3.2.2).

### 3.3.4 IPA-IPA Partnerships

Consider continuing to develop partnerships between GIPC and Investment Promotion Agencies (IPAs) in other economies to facilitate two-way investment.<sup>30</sup> Examples of partnership can be joint business missions, joint matchmaking, joint project development, etc.<sup>31</sup> In addition, both IPAs can help develop SDG-focused investment projects for Ghana, and the home IPA can market them to potential investors in the home economy.

## 3.4 Sustainable Investment Facilitation

### 3.4.1 Aftercare mechanism and Ombudsperson

Consider creating an aftercare mechanism that tracks and addresses investor issues. GIPC already communicated to the project team how important they view such a mechanism to keeping existing investors and encouraging them to reinvest or increase their investment, while also acting as the best 'publicity' for prospective investors. To carry out aftercare effectively, GIPC may also wish to consider systematically collecting and tracking investor issues, which would allow GIPC to identify which offices or policies are causing investors concern, in order to address these risk factors to investors leaving.<sup>32</sup>

An important part of an aftercare mechanism can be an ombudsperson, a neutral third party to address investment-related issues or concerns. According to some stakeholders, settling investment-related cases in Ghana is challenging. Time used in deciding cases is too long and sometimes cases take a political dimension. An ombudsperson could help prevent issues or concerns from escalating to formal cases while also helping to resolve those that become legal grievances.

The aftercare mechanism and the work of the ombudsperson can also be designed to prioritize investors and investments that are making the maximum contribution to sustainable development, for instance through being categorized as an RSI.



*"In one situation I had, a line ministry approved a tax credit to import machinery, but the ministry of finance rejected the credit, saying the machines can be used for other uses. In this situation an ombudsman would have been helpful."*



*"An ombudsman could help answer the question: 'How do I get my money out?' This is a hard question to ask directly to the government."*

<sup>28</sup>National Development Planning Commission, Long-term National Development Plan of Ghana (2018-2057), 2017, <https://s3-us-west-2.amazonaws.com/new-ndpc-static1/CACHES/PUBLICATIONS/2017/10/24/OUTLINE++LONG-TERM++PLAN.pdf>

<sup>29</sup>UN, "Sustainable Development Goals", <https://sustainabledevelopment.un.org/?menu=1300>

<sup>30</sup>GIPC has already signed Memoranda of Understanding (MOUs) with other IPAs to carry out such cooperation, for example with Mauritius (<https://www.ghanaweb.com/GhanaHomePage/business/GIPC-signs-MoU-with-Enterprise-Mauritius-286874>) and with Malta (<https://www.gipcghana.com/press-and-media/709-gipc-signs-mou-with-malta-enterprise-to-boost-trade-and-investments-in-both-countries>)

<sup>31</sup>See Matthew Stephenson, "A program for IPA-IPA partnerships", forthcoming, Columbia FDI Perspectives

<sup>32</sup>See World Bank Group's "Background Note on Systemic Investor Response Mechanism (SIRM)" and "Increasing investment retention and expansion through timely identification and resolution of investor problems: Systemic Investment Response Mechanism (SIRM)". Both undated.

### 3.4.2 OFDI information and support services

Consider providing information and support services for outward FDI (OFDI) or regional FDI (which in some cases will be the same, if outward investment targets regional neighbors). At present GIPC is focused on promotion and facilitation of inward FDI, yet it may wish to consider providing information and support services for Ghanaian firms interested in investing in other markets (outward FDI or OFDI) or firms interested in using Ghana as a base for regional investment (regional or onward FDI). Onward FDI can facilitate inward FDI. The reason is that a number of firms have said they are interested in the Ghanaian market as a launching pad for larger regional activity. Yet by basing their activity in Ghana, this brings capital and know-how to Ghana, as well as helping to plug Ghana into regional value chains. In addition, there is growing empirical evidence that carrying out OFDI can benefit the home economy through increasing firm competitiveness, opening markets, and accessing resources not available in the home market.<sup>33</sup> As a result, emerging and developing economies are increasingly supporting OFDI.<sup>34</sup>

As a first step, GIPC may wish to survey some Ghanaian firms and see if information and other support services (e.g. matchmaking or business missions) may be useful. There seems to be some demand in the Ghanaian market for these services as Ghana's Exim Bank recently approved financing for a Ghanaian firm to have a warehouse in the United States, and the ICC reports Ghanaian business delegations have recently visited Angola and Equatorial Guinea. Although the project team did not meet with Ghanaian beverage manufacturer Kasapreko, it was told that the firm had successfully entered other ECOWAS economies; some OFDI support may thus allow Ghana to discover and incubate future 'Kasaprekos'.<sup>35</sup>

### 3.4.3 Regional market impediments

Consider helping investment benefit from the entire ECOWAS market through dialogue with ECOWAS economies to ensure impediments to trade are removed. Foreign firms report they invest in the Ghanaian market to then have access to the ECOWAS market, yet they find exporting to other ECOWAS economies to be challenging. As a result, more seamless trade between ECOWAS economies would likely facilitate investment in Ghana. Challenges mentioned relate to payment of high duties and transit taxes at certain entry points, heavy paperwork, and delays at border posts, especially with Burkina Faso, Côte d'Ivoire, Benin, and Nigeria. One mechanism could be an annual meeting of IPAs and trade and investment ministries from ECOWAS economies to foster such dialogue and problem solving and to operationalize existing ECOWAS protocols.



*"Ghana's market is too small by itself for us to invest here, but if we can be based in Ghana and sell to the ECOWAS market, then this makes sense for us. Right now we are having problems accessing the regional market."*



<sup>33</sup>Jose Ramon Perea and Matthew Stephenson, "Outward FDI from Developing Countries", World Bank Group, Global Investment Competitiveness Report 2017/2018, <https://doi.org/10.1596/978-1-4648-1175-3>

<sup>34</sup>In 1999 there were at least 15 institutions in support of OFDI in developing and transition economies, while by 2015 this figure had risen to least 28, almost double. These numbers are not exhaustive because they come from UNCTAD surveys, and so depend on the survey responses. See UNCTAD, "Handbook on Outward Investment Agencies and Institutions", ASIT Advisory Studies, No 14, UNCTAD/ITE/IIP/8, 1999, [https://unctad.org/en/Docs/iteip8\\_en.pdf](https://unctad.org/en/Docs/iteip8_en.pdf) and then UNCTAD, "Outward Investment Agencies: partners in promoting sustainable development", The Investment Promotion Agency Observer, No 4, 2015, figure 1, p. 3, [https://unctad.org/en/PublicationsLibrary/webdiaepcb2015d4\\_en.pdf](https://unctad.org/en/PublicationsLibrary/webdiaepcb2015d4_en.pdf)

<sup>35</sup>Kasapreko, "Our Story", <http://kasapreko.com/>



### 3.4.4 Quality standards and certifications

Consider supporting the widespread attainment of quality standards and certifications in the Ghanaian economy, a major measure to facilitate investment. If standards are reached at certain levels (e.g. EU, ISO, HACCP) this is likely to have a significant impact on investment, especially from relatively more developed economies and those firms that seek to use Ghana as a base for the region. The same applies to certifications, (e.g. 'organic' and 'Fair Trade').

### 3.4.5 Investment insurance

Consider supporting the provision of political-risk insurance, either through state institutions, private sector institutions, or through international institutions. Investment insurance or other home-country measures can be made contingent upon sustainable investment behaviour.

### 3.4.6 One-stop shop for business Registration and investment certificates

Consider providing a one-stop shop (OSS) where investors can both register a business and receive an investment certificate. Investors report having to visit several offices to register their business. Aside from registering with the Registrar General, investors also need to register with other authorities such as at the Ghana Revenue Authority (GRA) the Social Security and National Insurance Trust (SSNIT). One investor explained that they thought they did not have to register with the GRA as they had received a tax holiday for their investment, but that they later learned this only applied to corporate tax for the firm and they still needed to register with the tax authority to pay VAT and income tax. The different stops are time consuming, costly, and can lead to oversights.

The OSS could also include the ability for firms to acquire an investment certificate, so that both processes take place at the same time. At present acquiring an investment certificate can require visiting several offices, which may delay and dissuade the process. Fusing these two administrative steps – business registration and investment certification – could be an attractive investment facilitation measure for firms.



*"Once registered at the Registrar, an investor should be automatically registered with other institutions in Ghana."*

*"If you can do this [create a OSS], you have solved half of our problems – then you don't need to go here, go there, and waste the whole day."*



### 3.4.7 'Silent Yes' mechanism

Consider instituting a 'silent yes' mechanism whereby approval is automatically granted if a government agency has not expressed an adverse opinion during the registration or approval process. 'Silent yes' mechanisms have been very effective in other economies to help expedite approval processes. The premise is that there is a certain time period for each agency to review the application – or a certain time period for different steps within a single agency – and if no adverse finding is communicated within that timeframe, then approval is automatically granted. Investors expressed enthusiasm with applying this concept in Ghana, though cautioned that decisions adopted by 'silent yes' would need to be enforceable in court.

### 3.4.8 Visas and work permits

Consider introducing e-visas and/or visas on arrival, simplifying forms for arrival and departure, and awarding two-year work permits. Investors relay that it is quite challenging to receive visas and work permits for foreign workers, which is acting as a deterrent to investment. While there is a law in place to provide two-year work permits, some report that this is not being implemented in practice and only yearly work permits are actually awarded. In addition, investors relay that their business activities would be facilitated if their passport were not held during the renewal process of the work permit, so that they could continue traveling as needed.



*“Ghana is surrounded by countries that have made getting visas much easier – such as Senegal, Benin, and Cote d'Ivoire – which is putting Ghana at a disadvantage to attract investment compared to its neighbors.”*



*“Two weeks ago we organized a big meeting in Accra, and it was a nightmare. There should just be an e-visa.”*

### 3.4.9 E-mail communication

Consider ensuring that government officers use an official e-mail address for communication with investors, and that e-mail is considered a valid communication mechanism. Investors report that they are uncomfortable sending financial details and other business confidential information to private e-mail addresses such as yahoo and gmail, and that being provided with official government e-mail addresses would facilitate their investment decisions. In addition, many government institutions still require hardcopy letters to be delivered by courier to communicate officially with government officials. Given the push for paper-free electronic communication, Ghana may wish to consider e-mail between firms and the government to be sufficient without the need for hardcopy correspondence.



*“I don't want to send my financial details to @yahoo!”*



### 3.4.10 Duties and guarantees

Consider ensuring that duties and guarantees are levied in a transparent manner and bonds are repaid promptly. Investors report that when they move goods from a Free Zone (FZ) to a bonded warehouse, government officials request payment of duties, even though this seemingly should not be the case given that the warehouse is bonded. Investors report that government officials state investors will get the duty back, but the process and paperwork of getting it back is both unclear and burdensome. In addition, investors report that when they export by land they are required to pay a guarantee of 70 percent (presumably to ensure they do not sell the products on the local market without having paid tax), but when they ship by sea or by air they do not have to pay such guarantees, creating a disincentive to invest if one's business model involves shipping by land.



*“For three months they have kept the money [that was paid as duty to move the goods to a bonded warehouse]. No one can tell me what the documents and procedures are for the duty draw-back.”*



### 3.4.11 Legal commercial expertise

Consider increasing the capacity of the judiciary to deal with investment-related cases. Stakeholders report there are insufficient judges and attorneys with a commercial specialization that can argue and arbitrate investment-related cases. To illustrate, one entity has filed a case against a vendor on construction issues that has been pending for 8 years as court judges and other court officials apparently have insufficient knowledge regarding international regulations in this area. Stakeholders further report that the judicial system could benefit from more personnel with specialized knowledge in branding rights, trademarks, and copyright laws.

## 3.5 Sustainable Development Impact

### 3.5.1 Linkages especially with SMEs

Consider supporting linkages between domestic firms and foreign firms through targeted supplier-development programs and incentives. One of the key mechanisms through which FDI can lead to development impact is through linkages between foreign and domestic firms. GIPC may wish to consider developing a program that helps domestic firms – and especially small and medium-sized enterprises or SMEs – to reach production standards such that they become suppliers to foreign firms. This could involve working with foreign firms to identify their needs in the domestic market, and then working with domestic firms to provide training and other support to help meet those needs. There could also be incentives provided to foreign firms that help develop the skills of SMEs through not only contracting with them but also providing the needed training and other support for them to fulfill the contracts.

### 3.5.2 Lists of qualified domestic suppliers

Consider supporting the creation and use of lists of qualified domestic suppliers in different sectors. Operationally, both investment and linkages could be facilitated through supporting the creation and use of lists of such domestic firms. One example is the National Board of Small-scale Industries that keeps a list of business development service providers (management support, technical areas) as well as suppliers in specific sectors. These lists could be publicized and used by GIPC and other authorities in their facilitation efforts, and further lists developed in other areas as useful. Given the challenge of determining which firms are ‘qualified’, absent a mechanism to train/certify firms, then one approach could be to ask each industry association to produce such a list, and for GIPC to refer potential investors to those industry associations to identify a potential service supplier.



*“We tried to hire an accountant, and it was not easy. The experience we had was very bad. A list of certified accountants would have been helpful.”*



### 3.5.3 Special Economic Zones

Consider orienting Special Economic Zones (SEZs) to focus on SDGs with high ESG standards or create new SDG model zones. This is a novel idea that was presented in UNCTAD's 2019 *World Investment Report*. It suggests that the potential of SEZs can be harnessed for sustainable development by using them as an instrument for specific development goals. SEZs could “aim to attract investment in SDG-relevant activities, adopt the highest levels of ESG standards and compliance, and promote inclusive growth through linkages and spillovers”.<sup>36</sup> This would thus both increase investment flows while also supporting these flows' development impact, especially as Ghana has announced plans to establish special economic zones in all regions of the country.<sup>37</sup>

### 3.5.4 Monitoring and evaluation

Consider instituting a monitoring and evaluation (M&E) mechanism to ensure that investment policies and measures are achieving their intended effect. One way to create such an M&E mechanism is through a platform that fosters dialogue between GIPC and government institutions with the users of investment measures (firms) and those who are affected by investment (civil society). An annual event that brings together these three groups in a tri-sector dialogue to provide stakeholder review of what is working, and what could be improved, regarding investment policies and measures could support and validate other internal M&E efforts.

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<sup>36</sup>UNCTAD, *World Investment Report 2019: Special Economic Zones*, 2019, “Key Messages”, p. xiv, [https://unctad.org/en/PublicationChapters/WIR2019\\_Key\\_Messages.pdf](https://unctad.org/en/PublicationChapters/WIR2019_Key_Messages.pdf).

<sup>37</sup>Ghana News Agency, “Ghana Free Zones Authority plans for special economic zones”, 5 February 2020, <https://www.ghanaweb.com/GhanaHomePage/business/Ghana-Free-Zones-Authority-plans-for-special-economic-zones-721051>

## 04 Agriculture and Agribusiness Policies and Measures

*“We have always welcomed FDI in the agriculture sector” (Ministry of Food and Agriculture, Ghana)*

Agriculture plays an important role in the Ghanaian economy. The sector constitutes almost 20 percent of the country's GDP<sup>38</sup> and provides employment to about 40 percent of the labor force.<sup>39</sup> It can thus be an important driver of poverty reduction, rural development, social stability, and environmental sustainability.<sup>40</sup>

Over the years, Ghana has adopted policies and programs aimed at promoting investment in agriculture. These policies have aimed to promote diversification and modernization of export commodities by focusing on non-traditional exports including fish and horticultural products.<sup>41</sup> These policies and programs also aim to increase the availability and the quality of food in the country, improve efficiency in agricultural production and agro-processing, create an environment conducive to private sector investment and participation, and provide jobs for the country's unemployed youth.<sup>42</sup> Examples include Planting for Food and Jobs (PFJ), Rearing for Food and Jobs (RFJ), and the Ghana Commercial Agricultural Project (GCAP).

In spite of both the sector's potential and these supportive efforts, agriculture as a share of GDP has declined over the years, falling from 32 percent in 2009 to 20 percent in 2018.<sup>43</sup> Although this is partly attributed to the growth of the oil sector, other factors including coordination of public and private sector activities, high post-harvest losses, limited use of modern farming methods, and workforce constraints, *inter alia*, have hampered agricultural growth.<sup>44</sup>

<sup>38</sup>Ghana Statistical Service, “Rebased 2013-2018 Annual Gross Domestic Product,” April 2019, [http://www.statsghana.gov.gh/gssmain/storage/img/marqueeupdater/Annual\\_2013\\_2018\\_GDP\\_April%202019%20Edition.pdf](http://www.statsghana.gov.gh/gssmain/storage/img/marqueeupdater/Annual_2013_2018_GDP_April%202019%20Edition.pdf)

<sup>39</sup>Trading Economics, “Ghana – Employment in Agriculture”, retrieved on 6 September 2019, <https://tradingeconomics.com/ghana/employment-in-agriculture-percent-of-total-employment-wb-data.html>

<sup>40</sup>Ministry of Food and Agriculture, “Investment Guide for the Agriculture Sector in Ghana”, March 2018, <https://gcap.org.gh/wp-content/uploads/2018/11/Investment-Guide-for-the-Agriculture-Sector-in-Ghana.pdf>

<sup>41</sup>GIPC, “Doing business in Ghana: To know and invest in Ghana”, 2017, [https://www.jica.go.jp/ghana/english/activities/c8h0vm00004bps0w-att/ghana\\_01.pdf](https://www.jica.go.jp/ghana/english/activities/c8h0vm00004bps0w-att/ghana_01.pdf)

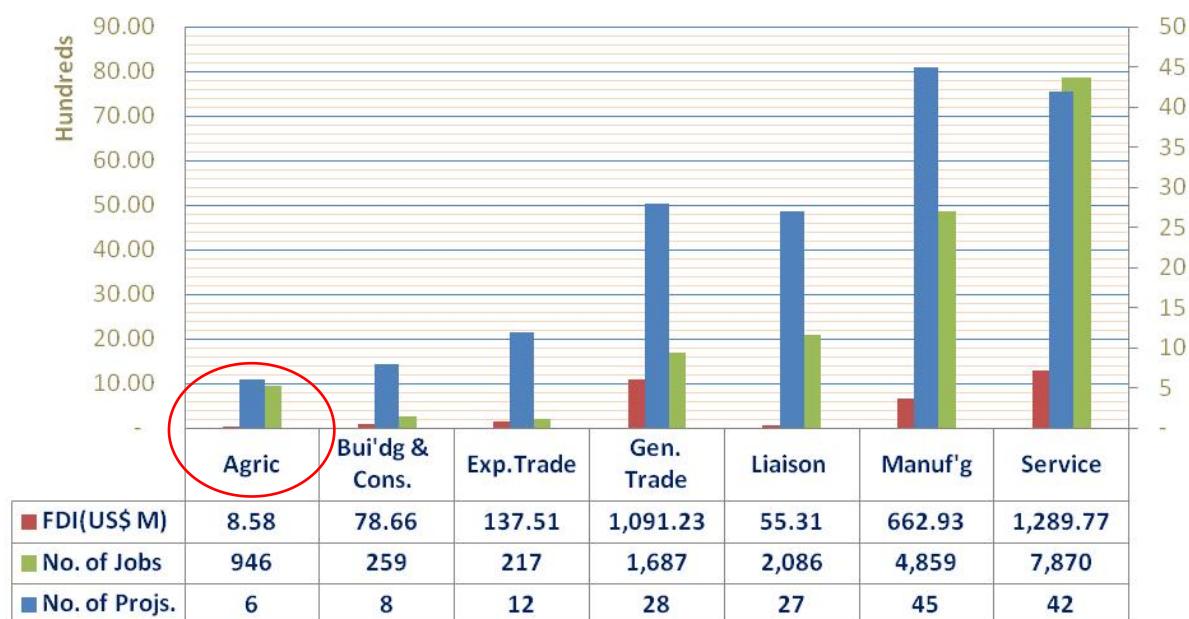
<sup>42</sup>Oxford Business Group, “Improved inputs and irrigation methods boost Ghana's agricultural output”, <https://oxfordbusinessgroup.com/overview/growth-spurt-emphasis-improved-inputs-and-irrigation-methods-have-boosted-agricultural-production>

<sup>43</sup>Ghana Statistical Service, op. cit.

<sup>44</sup>Oxford Business Group, op. cit.

As a result, FDI in agriculture and its contribution to job creation is comparatively low when compared to other sectors. Of the 168 investment projects registered in 2018, only 4 percent were in agriculture, compared to 27 percent in manufacturing and 25 percent in services (see Figure 4).<sup>45</sup> Targeted investment facilitation measures specific to agriculture and agribusiness may therefore help increase investment flows to these sectors.

**Figure 4: Distribution of FDI across sectors (projects, value, and employment) (2018)**



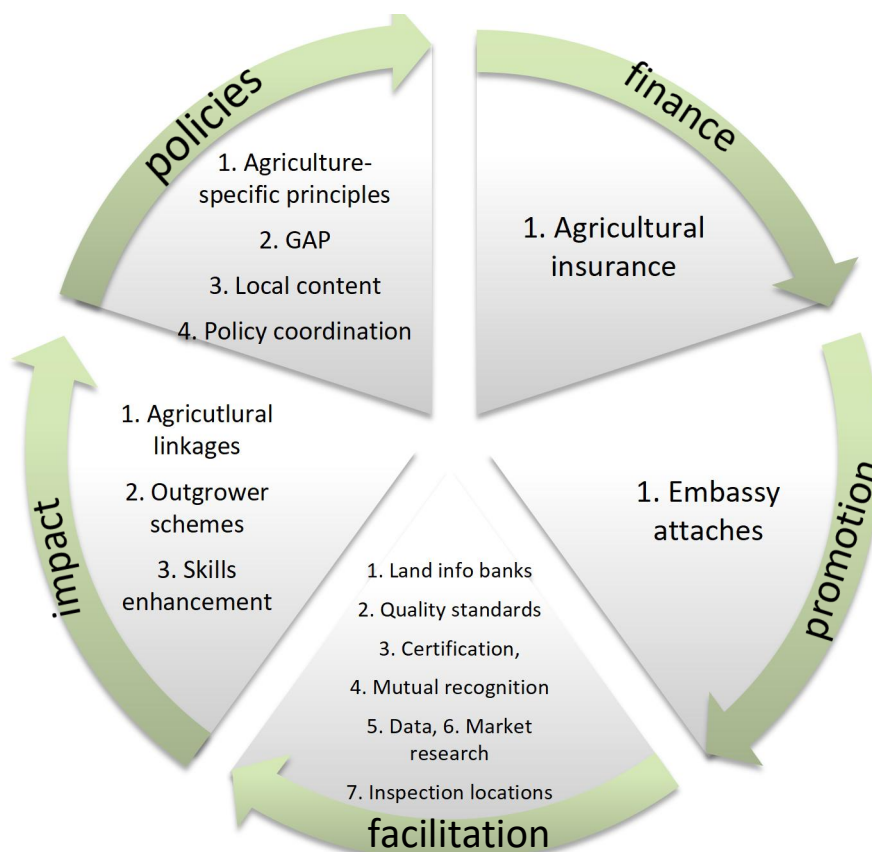
GIPC, "Quarterly Investment Report", 2018,

<https://www.gipcghana.com/press-and-media/downloads/reports/38-2018-q4-investment-report/file.html>

<sup>45</sup>GIPC, "Quarterly Investment Report", Volume 14, Issue 4, October-December 2018, <https://www.gipcghana.com/press-and-media/downloads/reports/38-2018-q4-investment-report/file.html>

The project identified 16 potential policies and measures in agriculture and agribusiness across the five dimensions of sustainable investment (see Figure 5).

**Figure 5. Agriculture and agribusiness policies and measures across the five dimensions of sustainable investment**



## 4.1 Sustainable Investment Policy

### 4.1.1 Agriculture-Specific Principles and Guidelines

Consider integrating into domestic regulation principles and guidelines for responsible investment in agriculture, including in supply chains, such as those elaborated by the Food and Agriculture Organization (FAO), UNCTAD-World Bank, and OECD-FAO.<sup>46</sup> By integrating such principles and guidelines, Ghana could promote investment in agriculture and agribusiness that is carried out responsibly and sustainably – which can in turn contribute to the realization of Ghana’s development goals, in line with the SDGs.

<sup>46</sup>See ASEAN’s Guidelines on Responsible Investment in Agriculture (<http://exchange.growasia.org/asean-guidelines-promoting-responsible-investment-food-agriculture-and-forestry>), FAO’s Principles for Responsible Investment in Agriculture and Food Systems (RAI) (<http://www.fao.org/cfs/home/activities/rai/en/>), UNCTAD-World Bank’s Principles for Responsible Agricultural Investment (PRAI) (<https://unctad.org/en/Pages/DIAE/G-20/PRAI.aspx>), and OECD-FAO’s Guidance for Responsible Agricultural Supply Chains (<https://mneguidelines.oecd.org/OECD-FAO-Guidance.pdf>).



#### 4.1.2 Good Agricultural Practices

Consider supporting the uptake and use of Good Agricultural Practices (GAP) standards. GAP standards are defined by the FAO as a “collection of principles to apply for on-farm production and postproduction processes, resulting in safe and healthy food and non-food agricultural products, while taking into account economic, social and environmental sustainability”.<sup>47</sup> Ghana could consider supporting the use of GAP through consultations and workshops with primary producers, processors, distributors, consumers and officials.

#### 4.1.3 Local Content and Participation Policy

Consider examining the impact of Ghana’s local content and local participation policy on the agricultural sector. According to some stakeholders, Ghana’s local content and local participation policy may be impeding expanded investment in the agricultural sector. Two examples were provided: there is limited availability of skilled workers in this sector, and so firms would like to hire foreign skilled workers yet find this to be challenging; the practice of selling cocoa preferentially to small grinders also limits foreign investment in the sector. A recent study by BUSAC could be a useful reference to use cost-benefit analysis to determine whether this policy is helping to achieve Ghana’s objectives, or may be working at cross-purposes (see 3.1.3).<sup>48</sup>

#### 4.1.4 Agriculture Policy Coordination Mechanism

Consider setting up a mechanism to improve coordination regarding the interpretation and implementation of agricultural measures. Stakeholders report that there is scope for improved coordination between government entities in the agricultural sector to more effectively implement agricultural policy and measures. Two specific examples were provided. First, there may be some duplication between the roles of the FDA (Food and Drugs Authority) and the GSA (Ghana Standards Authority), with reports this can lead to conflicting guidance. Second, there have been different conclusions by the Ministry of Food and Agriculture and the Ministry of Finance regarding qualifying for exemption of duties on imported agricultural machinery. A standing coordination body could help address these differences of opinion and create more policy predictability for investors.



*“We received an exemption from the Ministry of Food and Agriculture on import duties for machinery, but this was rejected by the Ministry of Finance on the basis that the equipment may be used for non-agricultural operations. However, we focus exclusively on agriculture.”*



<sup>47</sup>FAO, A Scheme and Training Manual on Good Agricultural Practices (GAP) for Fruits and Vegetables: Volume 1 The Scheme – standard and implementation infrastructure, 2016, p. 1, <http://www.fao.org/3/a-i6677e.pdf>

<sup>48</sup>BUSAC, 2018, op cit.

## 4.2 Sustainable Finance Mobilization

### 4.2.1 Agricultural Insurance

Consider supporting or strengthening agriculture-related insurance instruments, such as the Ghana Agriculture Insurance Pool (GAIP). Having different forms of insurance – especially crop insurance but also payment guarantees, etc. – will de-risk investments in the sector and may thus increase investor interest.



*“Right now, investments are tainted with risk; we need to put in place systems to take away the risk.”*



## 4.3 Sustainable Investment Promotion

### 4.3.1 Embassy Attaches

Consider orienting trade attaches at Ghanaian embassies to support agricultural investment in Ghana, as well as Ghanaian agricultural exports to destination markets. This can help through a first-order effect by directly facilitating agricultural investment into Ghana, but also help promote Ghanaian exports, which could further increase investment through a second-order effect if foreign investment in Ghana aims to produce agricultural goods for export.

## 4.4 Sustainable Investment Facilitation

### 4.4.1 Land Information Banks

Consider creating land information banks as a mechanism to facilitate agricultural investment, and use principles of Responsible Agricultural Investment (RAI) regarding land rights when designing the functioning of land information banks.<sup>49</sup> Stakeholders conveyed that acquiring land in Ghana for investment is quite challenging. One possible solution is for the government to provide information on the titling of land, thus overcoming the lack of clarity regarding ownership and clear title that is acting as an investment impediment. There is precedent in rice farming where the government helped established clear blocks of land for rice production.

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<sup>49</sup>See UNCTAD-WBG, “Respecting Land Rights and Averting Land Disputes”, 2018, Responsible Agricultural Investment, (RAI) Knowledge into Action Notes, Note 11, [www.openknowledge.worldbank.org/handle/10986/29470](http://www.openknowledge.worldbank.org/handle/10986/29470)



*“There are key areas that are black holes that make investors uncomfortable. The number one is land rights. If you only change one thing and wave a magic wand, this is it.”*

*“I know an investor who sells animal feed (corn, soya, maize) and he is ready to take as much land as is available, but he has not been able to find any.”*

*“Land rights is a challenge. Access to land is complex. The government should acquire land to make it available for agricultural investors.”*

*“On the same plot of land there is gold, oil, and it is fertile, so what do you do? And the same land can also be owned by different people, with multiple sources of overlapping ownership.”*



#### 4.4.2 International Quality Standards

Consider helping producers meet international quality standards through training and certification. Stakeholders identified the lack of meeting international standards as a key impediment to greater investment in the agricultural sector, especially Sanitary and Phytosanitary Standards (SPSS). A targeted program to help upgrade agricultural production to such standards may thus increase investor interest through opening agricultural export markets. Public-private partnership (PPP) may work well in setting up needed training and certification.



*“One foreign investor would like to buy local grain but cannot because of high levels of aflatoxin. Working with a standards body one can figure out how to lower the level.”*

*“If we want to develop the business, we need clear standards. Part of our success is if we can move what we produce across ECOWAS following ECOWAS regulations.”*



#### 4.4.3 Certification Schemes

Consider supporting the existence and use of certification schemes in the agricultural sector. A number of stakeholders identified certification as a potential enabler for growth of investment in the agricultural sector, especially through facilitating exports to other markets. Three products in particular were mentioned as potentially benefiting from such schemes: cashew nut, palm oil, and cocoa.



*“Fair trade certification has helped increase sales and thus investor interest.”*



#### 4.4.4 Mutual Recognition of Certificates

Consider adopting mutual recognition of agricultural certificates to avoid repeating tests across different economies. This would have the benefit of increasing efficiency and predictability for investors. It would also lower costs, as at present there are reports that the costs of biennial certification renewals through Ghana's Food and Drug Authority may serve as a deterrent to investment.



*"To reduce the cost of licensing, African governments can agree on a single mechanism for certification for goods meant for export across the Continent so that once the product has been approved by a lab, there should not be any attempt to repeat the test."*



#### 4.4.5 Data and Information

Consider ensuring that the Ghana Open Data Initiative – run by the Ghana Statistical Services – includes relevant agricultural data and information for investors. This might include data on (a) agricultural production output and (b) trade volumes of the agri-food industry. Additional information might also be useful.<sup>50</sup> This information and data would help foster linkages between buyers and suppliers, improving the supply chain, and also would make the Ghanaian market more attractive to foreign investors through better information on the market's potential.



*"Data drives everything in this world. You need availability of consistent data."*



<sup>50</sup>Additional suggestions from stakeholders include:

- 1.Catalogue of government policies in the agriculture sector
- 2.Potential export markets
- 3.Value chain analysis
- 4.Land information banks
- 5.Data on livestock, crops, logistics and harvesting timelines
- 6.Data on raw materials
- 7.Maps of natural resources across Ghana



*“A foreign investor from Qatar who was looking to invest in the hospitality industry asked how many beds were in Accra. He was told this information was not available, making his investment riskier and thus less likely to occur.”*



#### 4.4.6 Domestic Market Research Company

Consider encouraging the establishment of a domestic market research company focused on agriculture and agribusiness. As mentioned above, lack of market information may be acting as a break on investment, as it makes investment more uncertain and thus riskier (see 4.4.5); in contrast, having improved knowledge of the market could increase certainty, push risk down, and thus have the potential to increase investment. The work of a private sector domestic market research company, in coordination and/or with the support of the government, could be an important flanking effort to the need for improved agricultural data and information as outlined above.

#### 4.4.7 Inspection Location

Consider carrying out COCOBOD inspections at bonded warehouses rather than transporting the cocoa elsewhere to carry out inspections. Investors report there could be improved cooperation and coordination with Ghana Cocoa Board (COCOBOD) inspectors if the inspectors could inspect the cocoa in a bonded warehouse. This would avoid transporting the cocoa to the inspectors for inspection, and then transporting it back, saving time and cost.

### 4.5 Sustainable Investment Impact

#### 4.5.1 Agricultural Linkages

Consider ensuring that the One District, One Factory (1D1F) program fosters linkages with the agricultural sector. Fostering backward and forward linkages between firms is essential to maximize investment's development impact. This could be furthered in the agricultural sector through ensuring that the government flagship 1D1F program includes measures that will help agricultural producers connect with these factories and provide inputs into production processes, as relevant.



*“Investors need more clarity on 1D1F and how they can plug in; does 1D1F provide uninterrupted power, security, port markets, secure raw materials?”*

*“Samba foods, a local firm, has been able to provide hot pepper sauce to KFC; this is an example of a successful linkage between a foreign investor and a domestic supplier.”*



#### 4.5.2 Outgrower Schemes

Consider establishing outgrower schemes through which agro-processing industries could get a ready supply of raw materials. Outgrower schemes could help facilitate investment in the agricultural sector as investors would be more likely to have a reliable source of raw materials from farmers. An additional benefit is that outgrower schemes could also help address issues related to land acquisition as local individuals and communities would be the ones farming the land, obviating the need for foreign firms to acquire land themselves. Finally, these schemes could incentivize investors to help train farmers so that they consistently produce raw materials at a high quality. This would both benefit investors and lead to upgrading and skills formation among the local community.



*"It was the establishment of oil palm plantations by foreign investors that led to the establishment of processing mills. This then led to the scale up of processing mills and the establishment of outgrowing schemes, helping create a fuller value chain for palm oil."*



#### 4.5.3 Skills Enhancement

Consider introducing commercial agribusiness training into the educational system. Stakeholders report insufficient availability of skilled workers in the agriculture and food sectors, hampering productivity that in turn hampers investment. One solution is to increase the provision of practical, agri-business related skills in the educational system. Support and technical assistance from other emerging economies with agribusiness expertise might help create and deliver the right curriculum given similar experience.



*"Productivity is one of the greatest challenges to Ghana competing with other agriculture-based economies. Even though we have good weather and land, worker productivity is a challenge."*

*"One successful example of skills building that has led to investment leading to development impact is in the shea sector, where investment has led to jobs for women, what we have called 'Shea Empowerment'."*



## Annex 1: WEF Sustainable Investment Framework

Dimension	Elements	Tools	Actors	Explanation
<b><i>Sustainable investment policies</i></b>	International law, national law, international process standards, national process standards, industry process standards	IAs, OECD Guidelines, firm-level CSR guidelines, domestic labour codes, Environmental and Social Impact Assessments, supply chain guidelines for mining or for agriculture	Policies can apply to both host governments and home governments, as well as host firms and home firms	Sustainable investment requires investment to take place in the context of respect for human rights, health and safety standards, social and environmental protection, and respect for core labour rights; policies can encompass both 'carrots' and 'sticks'
<b><i>Sustainable finance mobilization</i></b>	Corporate sustainability ratings, financial standards, corporate sustainability reporting	Sustainability Accounting Standards (SASB), Global Reporting Initiative (GRI), Sustainable stock exchange initiative	Sustainable finance mobilization is mainly targeted to firms, whether portfolio investors, institutional investors, impact investors, sustainable investors, etc.	Sustainable investment requires stakeholders to have information regarding the sustainability behaviour of different firms, for policymakers, regulators, investors, media, and civil society to reward or punish investment behaviour through incentives and sanctions, providing market signals to better align market mechanisms with SDG goals
<b><i>Sustainable investment promotion</i></b>	National strategy for attracting investment, targeted promotion to SDG sectors, targeted promotion to sustainable investors	Recognized Sustainable Investor (RSI) measure, behavioural incentives, home-country measures conditional on sustainability performance, pipeline of bankable projects, promotion campaigns, roadshows, investment conferences	Host economy IPA, home economy IPA, other policymakers, host economy firms, home economy firms.	Sustainable investment can be furthered through (a) targeting investors in sectors that are particularly conducive to the SDGs, (b) targeting investors with a sustainability mission, and (c) creating a pipeline of sustainable bankable projects



Sustainable investment facilitation	Administrative procedures and requirements, transparency, aftercare, quality standards, insurance, etc.	Focal point, One-stop shop, ombudsperson, lists of domestic suppliers, guarantees and insurance targeted to support and protect sustainable investment	Host economy IPA, home economy IPA, other policymakers, insurance providers, host economy firms, home economy firms.	Sustainable investment can be furthered through providing greater facilitation services and support to investment that is aligned with sustainable development goals of the economy; this can be facilitated by partnership between home and host IPAs, as well as regional cooperation
Sustainable development impact	Business linkages, training, technology transfer, indicators, stakeholder engagement	PPPs, supplier-development program to create linkages, SEZs focused on SDGs, OECD FDI qualities indicators, UNESCAP FDI indicators, firm reporting on ESG impact, public-private dialogues	Host economy IPA, home economy IPA, other policymakers, civil society, international organizations, development institutions, donor governments	Sustainable investment also involves programs and initiatives to maximize positive development impact and minimize potential negative impacts. This can take place through increasing the absorptive capacity in economies, tools to measure sustainable impact, stakeholder engagement, public scrutiny and pressure, and making trade-offs

## Annex 2: Agricultural products by ecological zone in Ghana

Agro-ecological Zone	Region	Major Products
Forest Vegetation Zone	Western, Eastern, Ashanti, Brong Ahafo and Volta Region	Cocoa, Coffee, Oil Palm, Cashew, Rubber, Plantain, Banana and Citrus
Northern Savannah Vegetation Zone	Upper East, Upper West and Northern Region	Rice, Millet, Sorghum, Yam, Tomatoes, Cotton, Mango, Pineapples, and Livestock including Ostrich farming
Coastal Savannah Vegetation Zone	Central, Greater Accra and parts of Volta Region	Rice, Maize, Cassava, Vegetables, Sugar Cane, Mangoes, Coconut, Sweet Potato, Soybean, Livestock and Fish farming

Source: GIPC, “Doing business in Ghana: To know and invest in Ghana”, 2017.

See: [https://www.jica.go.jp/ghana/english/activities/c8h0vm00004bps0w-att/ghana\\_01.pdf](https://www.jica.go.jp/ghana/english/activities/c8h0vm00004bps0w-att/ghana_01.pdf)

### Annex 3: Agro-processing investment opportunities

<b>Production</b>	<ul style="list-style-type: none"> <li>• Production of horticultural products for the national, regional and EU markets</li> <li>• Production of value-added cocoa, coffee and cotton products</li> <li>• Development of private irrigation facilities</li> <li>• Production of improved seeds and agro-chemicals (fertilizers, pesticides, weedicides)</li> <li>• Production of veterinary drugs, vaccines and chemicals, feed and feed ingredients</li> <li>• Processing of dairy products and agricultural products such as cereals, starchy crops, legumes, vegetables, livestock, fisheries, industrial crops and fruits</li> </ul>
<b>Technological and Supporting Services</b>	<ul style="list-style-type: none"> <li>• Companies to produce and install cold chain equipment</li> <li>• Supply of machinery to establish hatcheries for day-old chicks</li> <li>• Processing machine manufacturers to supply agro-processing and packaging equipment/ plants</li> <li>• Suppliers and financiers of factory building technology</li> </ul>
<b>Distribution</b>	<ul style="list-style-type: none"> <li>• Companies to provide post-production services (transport, packaging, cold vans)</li> <li>• Companies to provide distribution of improved seeds, planting materials and agro-chemicals (fertilizers, pesticides, weedicides)</li> <li>• Distribution of veterinary drugs, vaccines and chemicals, feed and feed ingredients</li> </ul>
<b>Services</b>	<ul style="list-style-type: none"> <li>• Providing standards, training and certification</li> <li>• Capacity building for management and market-oriented enterprises</li> <li>• Market intelligence research</li> <li>• Developing an agricultural financial lending and insurance package</li> </ul>

### Annex 4: Investment incentives in agriculture and agro-processing in Ghana

Activity	Incentive
The business of converting crops, fish or livestock produced in Ghana into edible canned or other packaged products other than in their raw state, Companies producing cocoa by-products from waste	Five years' tax holiday from commencement of commercial production
Companies engaged in the processing of waste products	Seven years' tax holiday from commencement of commercial production
Incomes from cocoa for cocoa farmers Tax exempt	Incomes from cocoa for cocoa farmers Tax exempt
Other Incentives	<ul style="list-style-type: none"> <li>• The law permits farming losses to be carried for five years of assessment</li> <li>• Location-based incentives for agro processing enterprises</li> <li>• Tariff incentive – zero rated for agro inputs, plant and machinery</li> <li>• Non-tariff incentive – observation of regulations on import/ export of agro-products</li> </ul>

Source: GIPC, "Doing business in Ghana: To know and invest in Ghana", 2017.

See: [https://www.jica.go.jp/ghana/english/activities/c8h0vm00004bps0w-att/ghana\\_01.pdf](https://www.jica.go.jp/ghana/english/activities/c8h0vm00004bps0w-att/ghana_01.pdf)

