International Journal of Academic Research in Business and Social Sciences
May 2013, Vol. 3, No. 5
ISSN: 2222-6990

Investment Promotion Agencies and their Attraction of Foreign Direct Investment in Ghana

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Abstract

Foreign Direct Investment plays an important role in the development of countries. Empirical studies have shown that some emerging countries opened to FDI have a higher growth rate than those that have not opened to it, with positive consequence in social and economic development. Countries all over the world have set up Investment Promotion Agencies (IPA) to promote the various investment opportunities that exist in those countries. The Ghana Investment Promotion Centre (GIPC) was set up to promote and facilitate investments in different sectors of Ghana's economy. The objective of this study is to investigate the promotional activities of the GIPC and also analyze the effect of these promotional activities on FDI inflow. The results of the study indicated that the Centre over the last couple of years embarked on numerous investment promotion missions to attract FDI. These missions have translated into large inflows of FDI especially in 2011 where there was a total investment of USD 6.8 billion. The results also indicated that the service sector attracted the largest number of registered projects, while the building and construction sector received the largest amount of capital inflow. The agriculture sector employed the largest number of Ghanaians while the building and construction sector employed the largest number of foreigners. The Greater Accra Region recorded the largest number of registered projects while the Upper West Region recorded the least number of registered projects. China tops in the number of registered projects while Britain tops in the amount of capital inflow.

Keywords: Ghana, Investment Promotion, Foreign Direct Investment, Economic Growth

1.0 INTRODUCTION

Economic growth in Sub Saharan Africa has been on the upward movement in recent times. Despite the financial crisis that has engulfed the world, Africa continues to post impressive growth figures. The World Bank reported a growth rate of 4.7 percent in 2010, up from 1.7 percent in 2009. South Africa, the region's largest economy grew at 2.8 slowing overall rate in 2010. "While a resilient demand environment supported the growth during 2009, the recovery in 2010 was bolstered by the external sector, through stronger export volumes, rising commodity prices, higher foreign direct investment (FDI) and a recovery in tourism" (World Bank,2010).

With the commercial production of oil underway in Ghana's Jubilee oil fields, the economy of Ghana grew at a rate of 14.6% in 2011 and ended the year with a single digit inflation rate of 8.7%. It was not surprising that Ghana was adjudged the fastest growing economy in sub-Saharan Africa for 2011 by the World Bank. The World Investment Report, 2011 also mentioned Ghana as the 7th largest recipient of foreign direct investment into Africa with an estimated value US$2.5 billion. A recent revision of Ghana's gross domestic data by the Ghana Statistical Service has raised estimates of its income by 60 % to over US$44 billion, suggesting that Ghana is now a lower-middle-income country. Outside the oil sector Ghana's economy will register strong growth, particularly in construction services as large infrastructure projects are carried out (World Bank, 2010). But are all these indicators alone enough to attract and retain foreign direct investment? Sauvant (2007) indicated that, such economic development creates a new environment for FDI. He further mentioned creation, transfer of skills and technology and increased revenue by the recipient country as the role foreign direct investment plays in economic growth and development. Foreign direct investment is increasingly being recognised as an integral part of an open and effective international economic system and a major catalyst for development (OECD, 2002). Countries all over and especially in Africa are actively seeking to attract and retain FDI. Foreign Direct Investment continues to be the most significant source of private capital flow into sub Saharan Africa. South Africa, Angola and Nigeria received over 40% of FDI flow into the region. However over 50% went to the smaller countries in the region. Middle income countries (Congo, Ghana), low income (Mozambique, Zambia, and Niger) and post civil war countries (Liberia and Sierra Leone) are examples of some lead beneficiaries of FDI flows to the region (World Bank, 2010). In spite of the economic growth in the region FDI inflows into Africa as a whole decreased significantly from US$72billion in 2008 to US$52billion in 2009, mainly caused by the contraction of the global demand and the fall in commodity prices (UNCTAD 2010). Hardin and Javorcik(2007) stated that policy makers believe that FDI can contribute to faster economic growth by bringing additional capital, create jobs and the transfer of technology and knowhow across international borders. Because of these benefits, countries have re-equipped existing institutions and some have created new ones with the sole purpose of undertaking activities geared towards the attraction of FDI. The Multi Lateral Investment Guarantee Agency (MIGA) in a study in 2009 identified 213 Investment Promotion Intermediaries (IPIs) in 181 countries. This confirms the assertion that countries now attach importance to investment promotion activities. The increased numbers does not only mean the keenness of countries to attract FDI but also increases the competition among countries.

The Ghana Investment Promotion Centre (GIPC) which is the lead agency for the Government of Ghana with a mandate (GIPC, Act 478), to promote and facilitate investment in all sectors of the economy with the exception of core mining and petroleum, free-zones activities, portfolio investments and the divestiture of State owned enterprises, is faced with stiff competition from other attractive Investment Promotion Agencies (IPA) in their quest to attract more FDI.

Foreign Direct Investment in Africa has generally been low and erratic. Compared with other developing economies, Africa is not attracting its fair share of the Global FDI. Africa has not been a major recipient of FDI flows and lags behind other regions of the world. Even in 2010, when developing countries and transition economies recorded greater FDI inflows than developed economies, inflows for the region was $55 billion, 9 per cent down from the $ 59 billion in 2009(WIR 2010) With a strong macro economic performance, stable political environment, competitive and trainable labour force, abundant natural resources among others Ghana is in the right position to attract large numbers of foreign direct investment. The GIPC has been at the forefront of Ghana's drive to promote and attract FDI into the country. Initially set up as the Capital Investment Board in the 1960's, The Centre has undergone several modifications to date. These changes resulted in the change of its role which used to focus on investment screening, to its present role of promotion and facilitation. This paper seeks to identify what promotional activities the Centre has been undertaking and what has been the effect of the Centre's activities on the Ghanaian economy in terms of additional capital brought in, which sectors have benefited; what jobs have been created or expected to be created and which part of the country have received FDI from 2001 to 2011.

2.0 LITERATURE REVIEW

2.1 Drivers of Foreign Direct Investment

Like trade, FDI has occurred throughout history, as from the days of the merchants of Sumer around 2500 BCE to the East India Company in the 17th century; investors have routinely entered new markets in foreign dominions (The World Bank Group 2010). Narula and Dunning (2000) give four main motives for investment by transnational corporations namely; to seek natural resources, seek new markets, to restructure existing foreign production and to seek new strategic assets. This is corroborated by Morrison (2010) who also identifies market – related motives, production-related motives and resource-related motives as factors contributing to TNCs investment abroad. Zhang (2005) on the other hand argues that the factors that create the investment climate in one country and determine its attractiveness for FDI are numerous and complex. It appears therefore that the motives for TNC investments may go beyond factors like market size, international production needs and availability of natural resources to include host countries' policies and the legal and regulatory framework for investing. This view is supported by UNESCAP (2009), which argues that the trend is shifting from the traditional natural resource and market seeking investments as transnational corporations from developed countries have recently been investing overseas in order to take advantage of cross-border factor cost differences and the availability of an abundant pool of technology and skilled personnel abroad. The World Investment Report 2011 estimates that FDI outflows from developing and transition economies increased strongly (by 21%) in 2010, and accounted for 29 per cent of global FDI outflows with six (6) developing and transition economies among the top-20 investors for the year in review (UNCTAD 2011). As developing economies increase further in importance both as recipients of FDI and as outward investors (UNCTAD 2011), Banga (2007) argues that the traditional motives discussed above may not be an exhaustive framework to explain, in particular, outward FDI emerging from the developing economies to the developed world. In the case of Ghana**,** Aryeetey et al (2008), in a study on Determinants and Pro-Development Impacts of Foreign Direct Investment in Ghana, found that the most important factors influencing the choice of Ghana as an investment destination were the macroeconomic and political environment, the market size, and natural and physical resources. Other key determinants included regulatory and administrative obstacles, labour productivity, human resources, and infrastructure.

2.2 Foreign Direct Investment in Ghana

A number of studies have been done on Foreign Direct Investment in Ghana. These studies have focussed on the determinant of foreign direct investment, employment and FDI and export among others. A study on the 'Determinants of Foreign Direct Investment in Ghana' by Abosi (2008) employed annual data from 1975-2005 and for which FDI was regressed on by gross domestic product per capita, economic openness, telephone lines, debt, consumer price index, exchange rate and political rights. Using ordinary least squares, an error correction model was employed to estimate the model. The study found out that gross domestic product per capita and openness of the economy had a significantly positive influence on foreign direct investment between 1975 and 2005. However, telephone lines impacted negatively on foreign direct investment in the long run. This result implied that there should be policies towards more openness of the economy; intensify efforts at improving the income levels, and the quality of telephone lines in Ghana. Another study by Abor and Havey (2008) looked at foreign direct investment and employment: host country experience. The findings from the study showed that the textiles, wood, furniture, metal, and chemical sub-sectors are more likely to benefit from FDI flows by way of generating more employment. Firms located in Accra were found to be more likely to provide high employment compared to those located in Kumasi.The study concluded that increased FDI flow would lead to high levels of employment. The study explained this by stating that, FDI brought in large scale production and therefore the need to increase the labour force to maintain the high production. Another study on 'how does foreign direct investment affect the export decisions of firms in Ghana?' by Abor et al (2008) concluded that FDI has a positive effect on firms' decision to export as well as their export performance.

2.3 Investment Promotion

Investment promotion is a relatively new business, which grew rapidly in the 1980s and 1990s, together with the opening up of the world economy and the remarkable growth of FDI worldwide (UNCTAD 2001). It is defined by Wells and Wint (2001) as the activities that disseminate information about, or attempt to create an image of the investment site and provide investment services for the prospective investors. They classify the functions of IPAs into the following four categories in the table below (Wells and Wint 2001 cited in Morisset *and* Andrews-Johnson 2004).

Table 2.1: IPA Functions and Activities

IPA FUNCTION	DESCRIPTION	ACTIVITY
Image building	The creation of a perception of a country as an attractive site for international investment	Focused advertising, public relations events, the generation of favourable news stories by cultivating journalists
Investor facilitation and investor services	The range of services provided in a host country that can assist an investor in analyzing investment decisions, establishing a business, and maintaining it in good standing	Information provision, "one-stop shop" service aimed at expediting approval process, and assistance in obtaining sites, utilities,
Investment generation	The process of targeting specific sectors and companies with a view to creating investment leads	Identification of potential sectors and investors, direct mailing, telephone campaigns, investor forums and seminars, and individual presentations to targeted investors
Policy advocacy	Activities through which the agency supports initiatives to improve the quality of the investment climate and identifies the views of the private sector on that matter	Surveys of the private sector, participation in task forces, policy and legal proposals, and lobbying.

Source: Adapted from MorissetandAndrews-Johnson (2004)

UNCTAD in performing one of its roles, which includes promoting opportunities for FDI in host countries by facilitating the exchange of experiences in investment promotion and the benefits from FDI, undertook a global survey (1997) to identify best practices in investment promotion. In this regard, a survey of 81 IPAs was undertaken. From the survey three main components were identified, as the building blocks of best practices in investment promotion. They include;

- Improving a country's image within the global investment climate as a suitable place to invest.
- Generating investment in line with a country's development goal in a cost effective manner.
- Providing essential services that do not only attract investment but also ensure that attracted investments are retained.

International Journal of Academic Research in Business and Social Sciences
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ISSN: 2222-6990

2.4 Trends in Global Investment Promotion

Moriset (2003) in a study on whether a country needed an investment promotion agency (IPA) established that investment promotion is positively associated with cross-country variations in FDI flows. This confirmed the earlier work of Wells and Wint, (2001) and the general belief that the establishment of an IPA was crucial to a country's economic development strategy. The rapid expansion of FDI flows around the world in the past four decades from an initial $13.3 billion in 1970 to the 2007 high of $1.9 trillion (150 times higher) underscores the increased importance of FDI for economic development which has made investment promotion a growing activity of governments everywhere in the world with only very few governments having no institution that deals with the promotion of inward investment (Brooks *et al*. 2003; UNCTAD 2001; World Bank Group 2010). The competition for FDI has intensified with the adoption of more proactive investment promotion strategies as countries have liberalized their economies and reformed their national investment regimes. As at the end of the year 2009, the World Association of Investment Promotion Agencies (WAIPA), which provides a platform for investment promotion agencies (IPAs) to network and exchange best practices in investment promotion reported a membership of 244 agencies, comprising national and sub-national agencies from 162 different countries, (WAIPA, 2010).

2.5 Investment Promotion in Ghana

Ghana has a chequered history of economic and political development which has reflected in the erratic inflows of FDI to the country in the past (Frimpong and Oteng-Abayie, 2008). This fact notwithstanding, attracting foreign direct investment has been a priority of Ghana's Government since 1983 and the result has been an incremental increase in FDI inflows into the country (MIGA, 2007). Beginning with the implementation of the Economic Reform Programme (ERP) in 1983, the adoption of the Mining Code in 1986, the enactment of the Investment Code in 1994, and the Free Zone Act in 1995, Ghana has greatly improved the business environment for foreign and domestic investors (UNCTAD 2003 cited by Aryeetey et al, 2008).

The Ghana Investment Promotion Centre (GIPC) which was established in 1963, continues to lead Ghana's investment promotion efforts even though other agencies have been set up to promote, facilitate and regulate FDI activities in other sectors of the economy that fall outside the mandate of the GIPC. The table below summarises the activities of these other agencies.

Table 2.2: Other Agencies Promoting FDI in Ghana

AGENCY	MANDATE/ ACTIVITY
Ghana Free Zones Board	To promote processing and manufacturing of goods through the establishment of Export Processing Zones (EPZs), and, encourage the development of commercial and service activities at sea- and air-port areas.
Ghana Export Promotion Council	To develop and promote Ghanaian exports with a focus on diversifying Ghana's export base from the traditional export products of Gold, Cocoa Beans, Timber Logs and Lumber and Electricity
Ghana National Petroleum Corporation	To undertake the exploration, development, production and disposal of petroleum in Ghana
Minerals Commission	Responsible for the regulation and management of the utilization of the mineral resources of Ghana and the coordination and implementation of policies relating to mining.

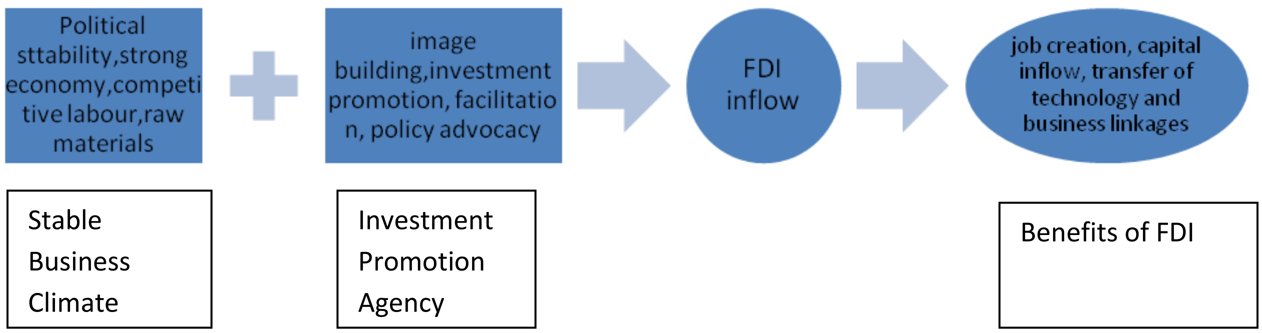
Source: Research Construction, 2012

As the economic development of Ghana is central to all these agencies, there is close collaboration and coordination of their activities to achieve the overall national agenda for attracting FDI. This research however focuses on the Ghana Investment Promotion Centre as the lead national investment promotion agency (IPA) and its activities for promoting FDI and related business linkages activities.

2.6 Conceptual Framework

After reviewing literature regarding the role of investment promotion agencies in attracting foreign direct investment, the research proposes the following conceptual framework for the study. Foreign Direct Investment (FDI) constitutes a major source of financing and provides the much needed capital to expand economic opportunities in many developing countries (Bank of Ghana, 2010). It is fast becoming an integral part of an open and effective international economic system and a major catalyst to develop and integrate developing countries in the global economy (OECD 2002). Although there might be some debate regarding the actual role and benefits of FDI in the development of any economy (Wan 2010), the underlying reason for which FDI is pursued globally is to ensure economic growth. This growth however does not come automatically. Having a stable political climate, strong economic performance, competitively priced labour and raw material will attract FDI. This alone is not enough since there is the need establish an Investment promotion agency (IPA) responsible for building image, investment generation &facilitation, and policy advocacy will have a positive relationship on increase FDI inflows and this would translate into job creation, capital inflow, transfer of technology and business linkages.

Figure 2.1 Conceptual framework for the study



Source: Author's

3.0 METHODOLOGY

3.1 The sample design

A sample size of 80 was established for the study. Purposive sampling technique was used for data collection. The GIPC was purposively sampled because it represents investment promotion for the past 10 years, and as such have available data bank through their company website and annual report.

3.2 Sources of Data and Data Collection

Primary data was employed in this study. It involved interviews with the Director of Marketing, Director of Research and Public Relations and the Director of Investor Services. The three form part of the management of the GIPC. The study reviewed Secondary data on foreign direct investment spanning 2001 to 2011 and were obtained from the Ghana Investment Promotion Centre (GIPC)

3.3 Data Analysis

The primary data collected through the questionnaire and other information gathered during the interview was transformed and used for analysis. Other secondary data was obtained from the Ghana Investment Promotion Centre (GIPC). Data gathered were coded and SPSS was used for the analysis.

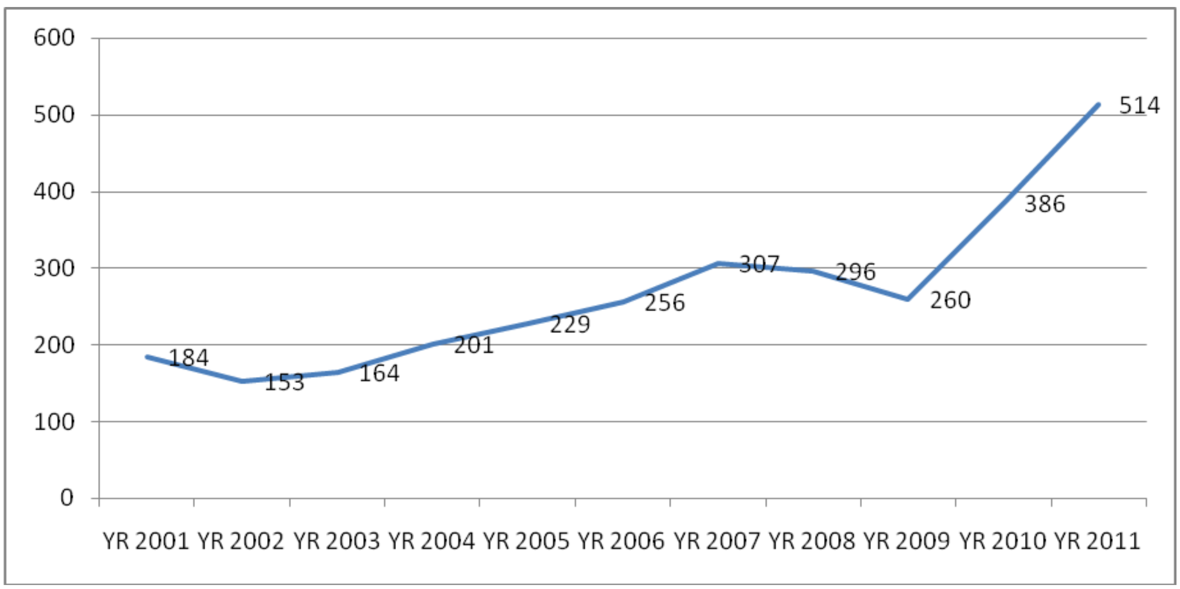
4.0 EMPIRICAL RESULTS

4.1 Analysis of FDI Inflows

4.1.1 The number of projected registered from 2001 to 2011

A total of 2,950 projects were registered from 2001 to 2011. The highest number of projects registered was recorded in 2011 with 514 projects. Figure 4.1 below show the trend of the number of projected registered by the GIPC.

Figure 4.1 number of projects registered from 2001 to 2011



Source: GIPC

There has generally been an upward trend in the number of projects registered by the GIP form 2002 to 2007. The number of projects registered went down in 2008 and again in 2009. It however rose in 2010. 2010 recorded the second highest number of registered projects, an increase of 48.5% on the number registered in 2009. The year 2011 recorded the highest number of registered projects with a total of 514 representing an increase of 33.2% on projects registered in 2010. The 2011 figure is also greater than the total combine figure for 2001, 2002 and 2003 which was 501 in total. Of the total of 2,950 projects registered, 1640 projects were wholly foreign representing 56% and 1310 projects representing 44% were registered as joint ventures between Ghanaian and foreigners.

4.1.2 The estimated value and actual inflow of FDI for 2001 to 2011

The table 4.2 below shows the estimated and actual inflow of FDI within the period. The estimated value is the overall projections by the companies over a three year period. The Actual inflow is the initial transfer made by the companies at the time of setting up in Ghana. From the table the total estimated inflow is USD 16,563.74 million with the actual inflow over the period is USD 15,070.92 million. The year 2011 saw the largest inflow of fdi with of USD 6,820.00 million

Table 4.1 the estimated value and actual inflow of FDI for 2001 to 2011

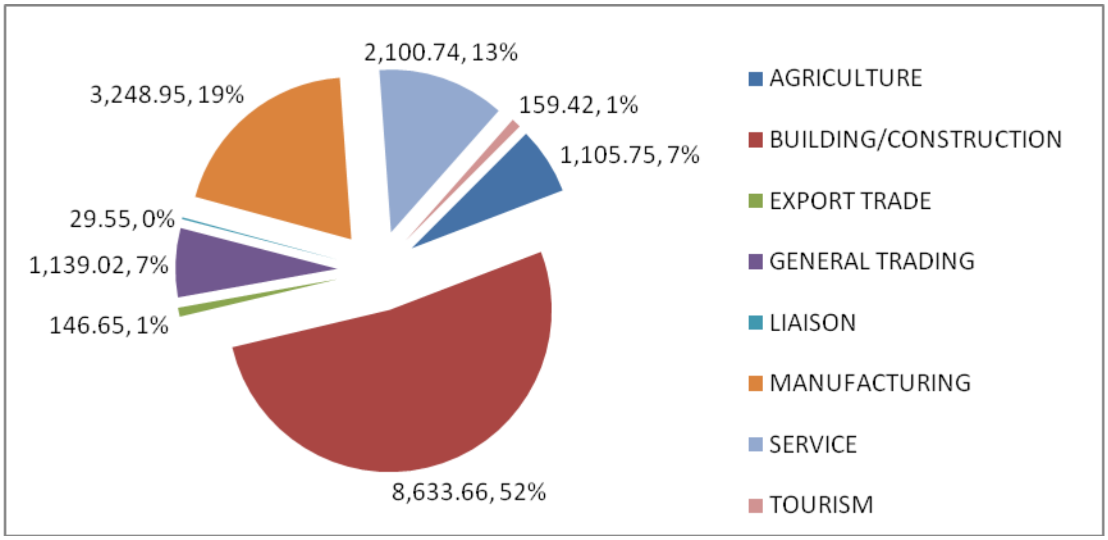
YEAR	ESTIMATED INFLOW (USD MILLION)	ACTUAL INFLOW (USD MILLION)
2001	97.94	89.95
2002	69.67	61.58
2003	118.48	88.60
2004	205.01	152.86
2005	213.74	167.16
2006	2,367.87	2,317.47
2007	359.01	259.49
2008	3,540.13	3,446.83
2009	627.73	558.92
2010	1,278.59	1,108.06
2011	7,685.57	6,820.00
TOTAL	**16,563.47**	**15,070.92**

Source:GIPC

4.1.3 Sector distribution of inflow

Figure 4.2 shows the distribution of FDI inflow into sectors. Building and construction receives the most inflow with an estimated value of USD 8,633.66 million representing 52% of the total inflow. This is followed by manufacturing with an estimated inflow of USD 3,248.95 million representing 19%. The services sector is in third place with an estimated value of USD 2,100.74 million representing 13%. The liaison services saw the least inflow of FDI. The estimated value was USD 29.55 million. It must be noted that under the GIPC Act, there is no equity requirement for a company setting up to undertake a liaison service in Ghana.

Figure 4.2 Sector distribution of inflow



Source: GIPC

4.1.4 Sector distribution of the projects for the period 2001 to 2011

The figure 4.2 shows the sector distribution of projects registered within the period 2001 to 2011. The services sector which is made up of the banking, education, information communication technology, oil and gas services and healthcare sub sectors had the highest number of registered projects. It recorded a total number of 855 projects. This is followed by the manufacturing sector with 655 projects. General trading comes in third with 503 registered projects. From the table it shows that from 2008 to 2011, the services sector had topped in the listed of registered projects. This further collaborate the Ghana's GDP which mentions the services sector as the highest contributor to growth in the economy.

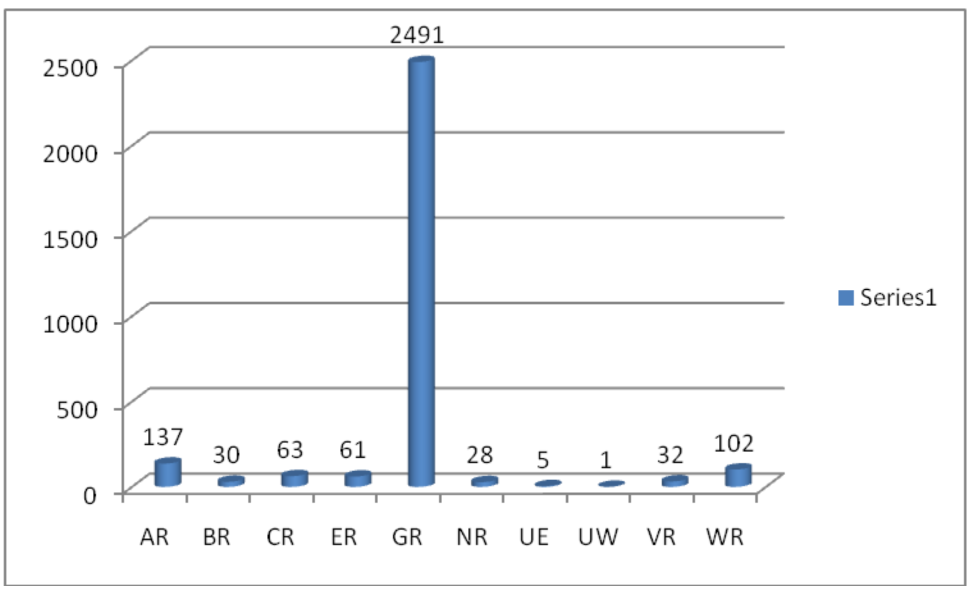
Table 4.2 Sector distribution of projects from 2001 to 2011

SECTOR	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	TOTAL
AGRICULTURE	15	14	13	9	9	6	15	16	13	15	10	**135**
BUILDING/CONSTRUCTION	10	9	11	12	20	20	32	24	19	30	49	**236**
EXPORT TRADE	8	2	6	6	8	13	12	18	4	11	24	**112**
GENERAL TRADE	16	17	25	32	44	49	67	73	52	18	110	**503**
LIAISON	10	12	12	18	9	18	10	10	5	85	25	**214**
MANUFACTURING	46	44	40	52	79	63	87	49	59	60	76	**655**
SERVICES	59	36	38	49	44	68	52	84	87	143	195	**855**
TOURISM	20	19	19	23	16	19	32	22	21	24	25	**240**
TOTAL	**184**	**153**	**164**	**201**	**229**	**256**	**307**	**296**	**260**	**386**	**514**	**2950**

Source: GIPC

4.1.5 Regional distribution of the projects from 2001 to 2011

Figure 4.3 Regional distributions of the projects from 2001 to 2011



Source: GIPC

Greater Accra Region received the largest number of projects registered. It received 2,491 projects representing 84%. This is followed by the Ashanti region with 137 projects representing 5% of the total. The Western region is third with 102 projects which represents 4% of the total. The Upper West Region is the region with the least number of projects. It has only 1 registered project from the period 2001 to 2011.

4.1.6 Expected employment for the period 2001 to 2011

A total of 463,290 jobs were expected to be created in the economy with the number of registered projects. Out of this figure, a total of 433,503 jobs were to be created for Ghanaians. This number represents 93.6% of the total number. A total of 29,787 non-Ghanaians were also expected to be employed with this period. This figure represents the remaining 6.4% of the total expected employment. The year 2008 was the year with the highest expected employment. A total of 196,043 Ghanaian were expected to be employed that year with a corresponding figure of 2,115 for foreigners.

Table 4.3 Expected employment from 2001 to 2011

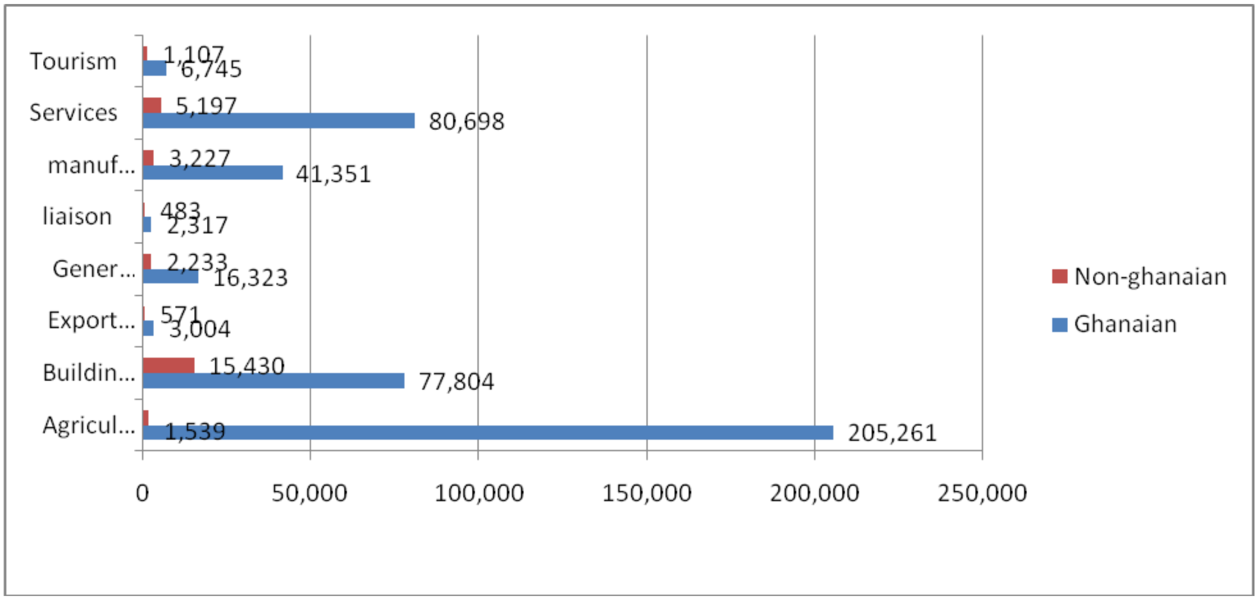
Year	Ghanaian	Non Ghanaian	Total
2001	5,927	512	6,439
2002	5,673	486	6,159
2003	7,400	534	7,934
2004	13,465	795	14,260
2005	10,509	987	11,496
2006	11,181	984	12,165
2007	15,970	1,803	17,773
2008	196,043	2,115	198,158
2009	21,064	1,503	22,567
2010	103,099	16,479	119,578
2011	43,172	3,589	46,761
TOTAL	**433,503**	**29,787**	**463,290**

Source: GIPC

4.1.7 Sector distribution of employment from 2001 to 2011

The Agriculture sector was expected to generate the largest number of employment. The expected number was 206,800, out of which a total of 205,261 Ghanaians would be employed. A total of 1,539 non-Ghanaians would also be employed in the sector. This figured represented 44.6%. This is followed by building and construction with a total number of 93,243. A total of 77,804 Ghanaians were expected to be employed in the sector. A total of 15,430 non-Ghanaians were also expected to be employed. This sector saw the highest number of non Ghanaians employed in any of the sectors. The services sector came in third with an expected total employment of 85,895. The sector with the least number of expected projects is liaison services with 2,800.

Figure 4.4 Sector distribution of employment from 2001 to 2011

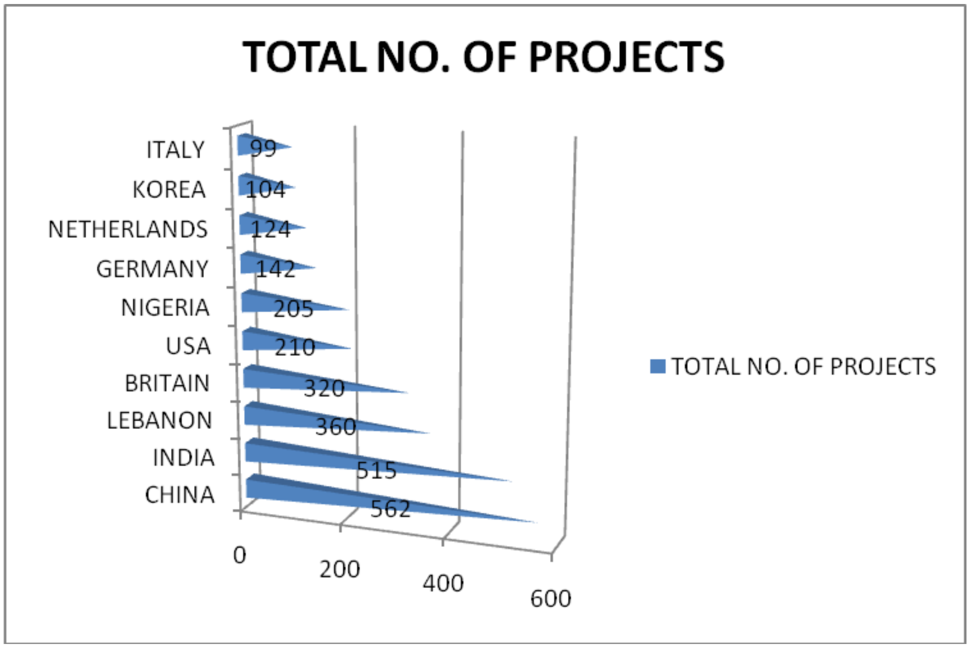


Source: GIPC

4.1.8 Top ten investing countries in terms of number of projects

The top ten investing countries in Ghana accounted for a total of 2,641 projects out of 2,950 projects registered with the period 2001 to 2011. This represents 89.5% of the total projects registered within that period. China tops the list of countries with the most registered project in Ghana. It has a total of 562 projected representing 21%. They are followed by India with 515 projects representing 19%. Lebanon comes in third with a total project of 360, representing 14%. There are followed by Britain, USA, Nigeria, Germany, Netherlands, Korea and Italy with 320, 210, 205, 142, 124, 104, 99 projects respectively.

Figure 4.5 Top ten investing countries in terms of number of projects

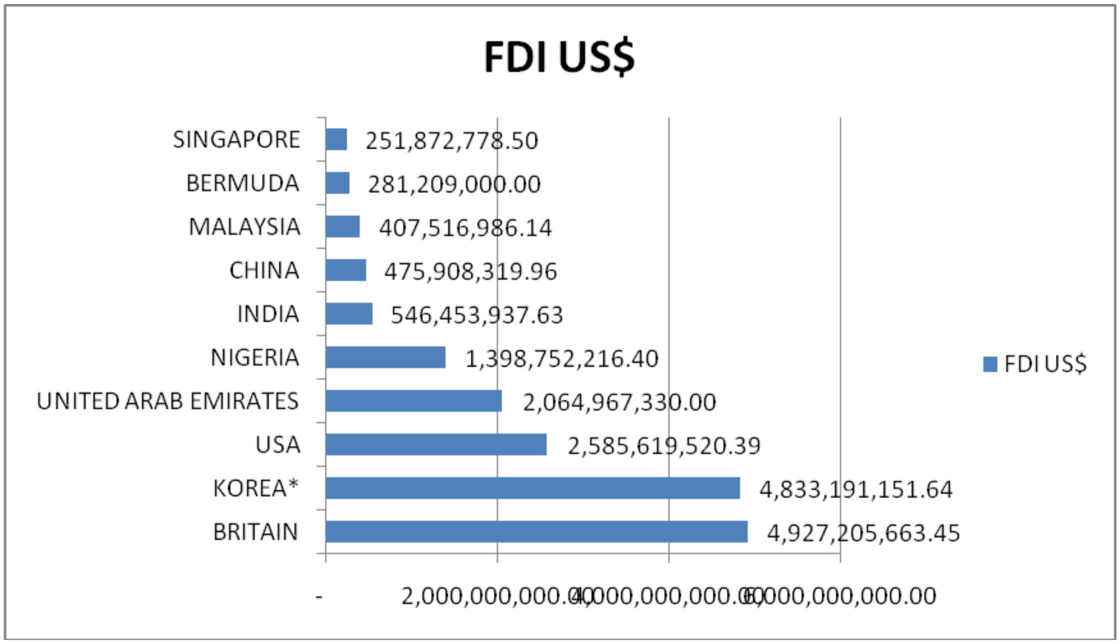


Source: GIPC

4.1.9 Top ten investing countries in Ghana in terms of value of projects

A total of USD 14,670 million of FDI inflow was estimated to come from the top ten countries. In terms of the value of projects registered over the period, Britain tops with an estimated amount of USD 4,107.6 million representing 28%. They are followed by Korea with an amount of USD 3,960.9 representing 27%. The USA follows with amount of USD 2,053.8 representing 14%. The United Arab Emirates, Nigeria, India, China, Malaysia, Bermuda and Singapore complete the list.

Figure: 4.6 Top ten investing countries in terms of value of projects



Source: GIPC

5.0 DISCUSSION

5.1 EFFECT OF PROMOTIONAL ACTIVTIES ON INFLOW

5.1.1 Capital brought in

A total of estimated capital of USD 16,563 million was brought in with actual investment of 15,070.92. Britain brought in the most capital to undertake projects in Ghana. She brought in an estimated amount of USD 4,107.6 million. Building and Construction received the most amount of FDI. This is explained by the huge volume of infrastructure improvement that the country is going through. With the Public Private Partnership model in place, the private sector is partnering government to undertake major projects in Ghana.

5.1.2 Distribution of Project.

A total of 2,950 projects were registered in the period. Majority of those projects are located in Accra. The Northern regions still lag behind in term of the number of projects registered. The Upper West region saw the registration of only one project within the period. This further confirms the perception that most of the northern regions lack the infrastructure to attract investment into those areas. The Services sector attracted the most number of projects within the period. This confirms the service sector as the largest contributor to the GDP. China has the largest number of registered projects by countries; confirm the growing influence of China on the world stage and Africa in particular. Even though China registered the most projects, actual capital inflow from china is not that significant.

5.1.3 Employment Generation

A total of 463,290 jobs were to be created. Majority of the jobs created were given to Ghanaians. A total of 93.6% of the jobs created went to Ghanaians. Majority of the jobs were in the agriculture sector. Building and Technology employed the largest number of foreigners.

6.0 CONCLUSION

The Ghana Investment Promotion Centre (GIPC) is the lead investment promotion agency in Ghana mandated to promote and facilitate foreign direct investment into the country. For the period of the research the centre registered 2,950 companies in the areas of Agriculture, Building/Construction, Export Trade, General Trade,Liaison Offices, Manufacturing,Services and Tourism. In order to carry out its mandate to promote and facilitate foreign direct investment into the country, the GIPC embarked on promotional tours outside Ghana and participated in both local and international conferences, seminars, trade fairs and exhibitions to attract FDI. The Centre needs to strengthen it local outreach programmes in order to position Ghanaian companies to meet the standards of the foreign companies for more partnerships to me made.

Foreign direct investment (FDI) has a great potential to make significant contributions to the development of the country especially when grounded in business linkages where foreign companies investing in Ghana are encouraged to outsource the production of intermediate goods and services to external providers (preferably local Ghanaian companies) of such products. As indicated in the literature above, the benefits of such programmes include the provision of capital, access to international markets and technology and a general improvement in efficiency and competitiveness as a result of other spill over effects. It is therefore crucial that there is a sustained effort to create the enabling policy environment that would ensure that the country reaps its fair share of the benefits of such foreign direct investment. In this wise, the Ghana Investment Promotion Centre should be resourced and possibly structured in such manner as will enable it impact, albeit more strategically, the national policy formulation process. The Centre as the lead investment promotion agency in Ghana should also be much more proactive and put in much more effort in its initiatives aimed at streamlining the process of setting up businesses in the country. This would also contribute to the process of creating an enabling environment for doing business in Ghana

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