AALBORG UNIVERSITY
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Master's Thesis in International Business and Economics

"The Impact of Institutional maturity on industrial competitiveness in West Africa: ***How does institutional maturity influence the competitiveness of the Agricultural Industry in West African****?"*

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Table of Contents

1. LIST OF ACRONYMS

ABF AFRICAN BUSINESS FORUM

ACP AFRICAN CARIBBEAN PACIFIC

ACP AFRICAN CARIBBEAN PACIFIC COUNTRIES

AEO AFRICAN ECONOMIC OUTLOOK

AFDB AFRICAN DEVELOPMENT BANK

AGRA A GREEN REVOLUTION IN AFRICA

AOI AGRICULTURAL ORIENTATION INDEX

AU AFRICAN UNION

BEAC BANK FOR CENTRAL AFRICAN STATES (BANK D´ETAT DE L`AFRIQUE CENTRAL)

BECAO BANK FOR WEST AFRICAN COUNTRIES (BANK D´ETATS DE L´AFRIQUE DE L´OUEST)

CAR CENTRAL AFRICAN REPUBLIC

CEMAC ECONOMIC COMMUNITY OF CENTRAL AFRICAN STATES

COMESA COMMON MARKET FOR EASTERN AND SOUTHERN AFRICAN STATES

COLEACP	EUROPE - AFRICA - CARIBBEAN - PACIFIC LIAISON COMMITTEE
DAAS	DANISH AGRICULTURE ADVISORY COUNCIL
DAFC	DANISH AGRICULTURE AND FOOD COUNCIL
DANIDA	DANISH INTERNATIONAL DEVELOPMENT AGENCY
DRC	DEMOCRATIC REPUBLIC OF CONGO
EBA	ENABLING BUSINESS AGRICULTURE
ECCAS	ECONOMIC COMMUNITY OF CENTRAL AFRICAN STATES
ECOWAS	ECONOMIC COMMUNITY OF WEST AFRICAN STATES
EODB	EASE OF DOING BUSINESS
EPA	ECONOMIC PARTNERSHIP AGREEMENT
EU	EUROPEAN UNION
FAO	FOOD AND AGRICULTURAL ORGANISATION
FASDEP	FOOD AND AGRICULTURE DEVELOPMENT POLICY, GHANA
FDI	FOREIGN DIRECT INVESTMENT
FTF	FEED THE FUTURE
GCI	GLOBAL COMPETITIVE INDEX
GETIC	GHANA EXPORT TRADE INFORMATION CENTRE
GIPC	GHANA INVESTMENT PROMOTION CENTRE
GSFP	GHANA SCHOOL FEEDING PROGRAMME
GSGDA	GHANA SHARED GROWTH AND DEVELOPMENT AGENDA
ICCO	CONSULTATIVE BOARD ON WORLD COCOA ECONOMY
IMF	INTERNATIONAL MONETARY FUND

LEAP	LIVELIHOOD EMPOWERMENT AGAINST POVERTY
MOFA	MINISTRY FOR AGRICULTURE
NEPAD	NEW ECONOMIC PROGRAMME FOR AFRICA DEVELOPMENT
OAU	ORGNISATION OF AFRICAN UNITY
ODA	OFFICIAL DEVELOPMENT AID
OECD	ORGANISATION OF ECONOMIC COPERATION AND DEVELOPMENT
SADC	SOUTH AFRICAN DEVELOPMENT COMMUNITY
UDEAC	CENTRAL AFRICAN CUSTOMS AND ECONOMIC UNION (UNION DOUANIERS ET ECONOMIQUE D´AFRIQUE CENTRAL)
UN	UNITED NATIONS
UNDP	UNITED NATIONS DEVELOPMENT PROGRAM
UNIDO	UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION
WAEMU	WEST AFRICA ECONOMIC AND MONETARY UNION
WEF	WORLD ECONOMIC FORUM
WTO	WORLD TRADE ORGANISATION

1. Acknowledgment

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2. Section 1

2.1. Introduction

Internationalization and trade liberalization have brought development and fortunes to some nations whereas others are battling with the old game of survival. The participation of Africa in the international trade has existed for centuries with primary Agricultural products parallel to other developing countries where they have modified their Agricultural sector to promote competitiveness in the global market through institutional reforms and government initiatives. Many African countries depend greatly on Agriculture for economic development with over 60% of the population being employed in the sector (FAO, 2011). Apart from the mineral resources and oil resources the continent is known for centuries to be endowed with, it is also endowed with fertile lands, lakes, rivers, wild fruits, forests, etc which could serve as the bedrock in developing competitive advantages both locally and internationally. According to Porter (1990) on competitive advantages of nations, the resources themselves cannot generate competitive advantages unless they are turned into. These could be done through human resource development, innovativeness and favourable business environment. Hence, authors' research focuses on West Africa in terms of institutional maturity impact on the Agricultural industry to compete, both at the regional level and in the international arena since the region is known to be one of the giants in cash crops productions.

In analyzing the impact of institutional maturity on competitiveness, authors threw light on how these institutions had developed over the years since the region had their institutional frameworks before the period of colonialism. The origin of the institutions plays an important role because it helps us to determine the similarity in the institutional structures in the region thus: Francophone and Anglophone countries and how far they have developed over the years. Having analyzed their origin and their development, authors established that, the more matured the institutions are, in addition to political stability, then, the more stable policies are implemented and enforced to develop competitiveness in the sectors of the economy. Here, the researchers anchor their arguments on the differences between institutional development in terms of their origins, by analyzing the institutions in Ghana (Anglophone) and Ivory Coast (Francophone) and portray them on the grid base on political stability and maturity in terms of their development with comparison to Denmark to bring to light institutional maturity and political stability and how each impacts the Agricultural competitiveness.

Authors establish that there is a link a between national interest and political interest, to that of institutional maturity and political stability by kindly sharing knowledge on the observation made on Denmark's (matured and politically sable) agricultural policy development and Ghana (less matured institutional frameworks), where the difference and similarities are explained in the discussion chapter. Likewise, there is a link between political interests in drafting policies that enhance competition, authors also establish that, the high dependency of developing countries on external institutions and organizations contribute to policy development for trade. This element also depicts a part of "interest" which could be national, regional or political. To build on how dependent West African is on external organizations, the authors employed IMF, World Bank, NGOs and Donors, by looking at how they impact competitiveness in the region and internationally. The following research questions were drawn by authors as an orchestration to find solutions to how institutions affect the Agricultural industry to compete well both in the domestic market and at the international domain. The below summaries the objectives aimed to enable authors to find a solution to the problem statement underlying the research analysis.

- ❖ How do institutional maturity and political stability shape the competitiveness of the industry?
- ❖ How does dependency on foreign organizations affect the institutional frameworks that shape competitiveness?
- ❖ Does the region have a competitive advantage in the agricultural sector compared to other Agricultural based countries?
- ❖ How does Political interest play a role in implementing policies towards competitiveness in the region?
- ❖ What are the challenges that prevent the region from realizing the full potential in the Agro-industry?
- ❖ What mechanisms should policy makers employ to overcome the challenges and increase competitiveness?

To be able to anchor our arguments and create an understanding of the questions underlying the research, authors applied the institutional theory by North (1990) who embraces both formal and informal institutions in explaining the nature of establishments found in West Africa and how each work to enforce order in the society. Since we established that West African comprises of stronger informal institutions and weaker formal institutions, we look at the role these informal systems play regarding trade in the region and beyond. Here, authors throw light on how informal institutions supplement the voids created by the weaker legal systems and how this also blocks legal policy enforcement. Another framework used by authors is Porter Diamond omdel (1995) in analyzing the resource endowment of the region and how the institutions have enabled competitiveness in the region and the international market by examining some of the crops/products exported from the region over the years as compared to other regions. With limitations such as time and capital, authors deemed it wise to employ the systematic review system by Danfield et al. (2003) to attain the significant data for the analysis. As would be explained under the methods, sources like World Bank data, UNIDO, Willey online library, Ministry of Agriculture and ProQuest were used. The research there is a secondary analysis where both qualitative and quantitative data were used and hence, authors, served as interpretive agents in presenting out findings as presented in the project.

3. Phenomenon (conceptual keywords)

The keywords underlying the foundation of this research ranges from institutional maturity and competitiveness both locally and internationally. Institutional maturity to authors means that the development of the institutional frameworks in a particular geographical location or context is sufficient in implementing and enforcing law and order to influence economic development. Authors embrace the institutional theories by North (1990) which emphasis on formal and informal rules designed to orchestrate the behaviour in the society. Building on this, Authors see political, social, economical, cultural etc as domains by which the rules are generated to govern activities in all the sectors of the economy, be it a developed market or a developingmarket. in the context of the analysis (West Africa), many are the empirical evidence depicting that formal institutions are weaker as compared to informal institutions. The said evidence can be traced across most emerging markets, yet the weakness of the legal institutions has not prevented them from participating in the international trade. Hence, authors' definition of institutional maturity has to do with the quality of the systems be it formal or informal and how such conditions ensure competitiveness in the Agricultural industry.

The second keyword is Competitiveness, which is defined as the ability of the region to produce quality products and services that certify international market demands and at the same time improves the income levels and living standards (The Sixth Periodic Report on the Regions, 1999). Authors endorse this definition because our topic of discussions has to do with the competitiveness of the region and hence, how the players in the Agricultural industry compete in terms of productivity, price, quality, etc in comparison to their counterparts in other developing markets as well as developed markets.

The competitiveness of the Agricultural industry has to do with the ability of producers, processors and marketing actors in the industry to sufficiently and efficiently meet the demand trends from both local and international domains. It also involves the ability of players in the industry to face the competitive pressure within and outside the region by possessing the capabilities and technologies to ensure profitability throughout the value chains. The industry involves in the production of crops, animals, fungi for food, fiber, bio-fuels, plants and other products in sustaining livelihood (FAO, 2011). To authors, the industry embraces any activity right from production, processing and finally to consumers. Anything that enhances production, processing and marketing as well as the coordination of activities form part of the conceptual picture about Agricultural industry with regards to this research work. Having elaborated on the key words and concepts, the next chapter walks us through the background of the context of the analysis by breaking into regions, the whole continent to elaborate on the developmental levels.

4. Knowledge of Africa

Despite the continuous growth and impact of technology and globalization in today's world, there still exist a vague and blur image of Africa in the Diaspora. This neglect or say bias in learning about other geographical locations such as Africa goes beyond racial segregation but a failure of most overseas educational institutions and social communication networks to educate people, especially the younger generation about the constructs and standing blocks that form Africa. Despite a long history of slavery and colonization, the era of late 1950's and 1960's remains a huge historical moment on the African continent as most countries gained their independence from their colonial masters. A few in the mid of 1970's and 1980's and the Republic of South Africa in 1990, after decades of racial segregation (Apartheid). The Spanish, Germans and the Portuguese and a few other European nations were involved in the scramble for Africa but Britain and France were the key players in the colonization of Africa. This explains the significant presence and usage of English and French languages and institutions in a majority of African countries with just a few speaking Spanish and Portuguese. Nevertheless, there still exist hundreds of local and native languages, spoken all across Africa. The German language and institutions gradually disappeared after she was defeated and evicted from Africa during the First World War (WWI).

Africa is not a country as still perceived by many in the 21st century but is a continent with numerous countries as in the case of Europe, Asia and the 3 other continents in the world. Africa as a continent comprises of 55 independent and sovereign states, with the most recent, is the Republic of South Sudan who gained her independence from Sudan on July 9, 2011 (The African Union, 2016). However, the Kingdoms of Swaziland and Morocco, head of states (Presidents), alongside cabinet ministers and parliaments, rule all other 53 countries. Though there exist so many discrepancies, neo- colonization, military coups, rigging of elections, civil wars, and some presidents staying for decades in power in some African countries, democracy remains the form of governance in Africa.

Recent studies from the United Nation's Economic and Social Affairs 2015, suggest population prospects that the world population reached 7.3 billion as of mid-2015, implying that a global increase of about 1 billion people over the past 12 years. Sixty percent of the world's population lives in Asia (4.4 billion), 16% in Africa (1.2 billion), 10% in Europe (738 million), 9% in Latin America and the Caribbean (634 million), and the remaining 5% in Northern America (358 million) and Oceania (39 million). China (1.4 billion) and India (1.3 billion) remain the two largest countries of the world, both with more than 1 billion people, representing 19 and 18 percent of the world's population, respectively. In addition to this, more than half of the global population growth between now and 2050 is expected to occur in Africa, with major areas growing at a pace of 2.55 percent annually in 2010-2015 and by 2050; an estimated 1.3 billion will increase in Africa. Also, five African countries were listed amongst nine top countries expected to contribute half of the world's population between 2015-2050, according to the size of their contribution to total growth; Nigeria, Democratic Republic of the Congo, Ethiopia, Tanzania and Uganda (UN World Population Prospects Division, 2015). Covering a surface area of approximately 30.22 million square Km, Africa is the second largest continent in the world after Asia, with forest areas covering 23% of this surface area alone, plus an estimated 675 million hectares with wooded landscapes (trees outside forest area), accounting for another 13% (350 million hectares). Note that only five countries alone; Democratic Republic of Congo, Sudan, Angola, Zambia, and Mozambique make up half of this forested surface area in Africa (World Bank, 2012).

As seen above, Africa as a continent comes second in the world in terms of Surface area and population comes first with the most number of nations and has an enormous forested region. In addition, Africa possesses an enormous cultural diversity; cultural/traditional practices, religion, and a number of spoken languages. Referencing to the Washington Post Edition of April 2015, there exist at least 7,102 living languages in the world. Asia comes first with 2,301, 2,138 from Africa, Pacific has 1,313, 1,064 in the Americas and Europe has the least with 286 living languages.

4.1. One Continent for Strength and Unity:

The independence of 32 African countries prompted a vital agreement to the creation of the Organisation of African Unity (OAU) on May 25, 1963, in Addis Ababa, Ethiopia. By the establishment of the African Union (AU) in 2002, 21 more members had gradually joined making 53 countries and South Sudan most recently on July 9, 2011, became the 54th African Union Member. As set out in the OAU's Charter, their primary objectives were to promote unity and solidarity of African states, coordinate and intensify their cooperation, safeguard the sovereignty and territorial integrity of Member states, end colonization and apartheid in Africa and obviously strengthen diplomatic and economic benefits within and beyond Africa. Based on the charter and the 1991 Treaty Establishing the African Economic Community (Abuja Treaty), the OAU created some major organs such as the Assembly of Heads of States and Governments, Council of Ministers and the General Secretariat as well as the Commission of Mediation, Conciliation and Arbitration. With the constant increase in global challenges that faced the continent in the 1990's, African leaders debated regularly on the formation of a new African

Union, build on the foundations of the OAU. The creation of the AU was aimed at establishing a body that could accelerate integration in Africa support the empowerment of African states in the global economy and most importantly address social, political and economic problems facing the continent. Just to name a few; maintaining peace and security on the continent, encouraging international cooperation, taking due account of the Charter of the United Nations and the Universal declaration of Human Rights are all amongst the key objectives of the AU. All African states are members of the AU but for Morocco, who withdrew from the OAU in 1984. This resulted from a conflict of interest between Morocco and the OAU after it recognized the Western Sahara as a country (a former Spanish colony, which was/is occupied by Morocco).

Being the highest ranked African organizational body, the AU comprised of several organs that enhance its activities, aimed at achieving its vision and objectives within and across the African continent. Just to name a few; The Assembly, The Executive Council, The Court of Justice and most importantly The Peace and Security Council and the Financial Institutions. These financial institutions are The African Development Bank, The African Monetary Fund, and The African Development Bank.

In other to enhance international trade, peace and diplomatic ties aimed at achieving growth and development on the continent, the AU has established some significant external and formal agreements with other regions and or countries in the world as briefly mentioned below:

- Africa- Arab Partnership, 1977 in Cairo, Egypt.
- Africa European Union (EU) Partnership, 2000 in Cairo, Egypt.
- Africa-South America (ASA) Partnership, November 2006 in Abuja, Nigeria.
- Africa India Partnership, April 2008, New Delhi.
- Africa Turkey Partnership, April 2008, Istanbul.
- China – Africa Cooperation Forum (FOCAC), October 2000, Beijing.
- The Africa United States, 2010.
- Tokyo International Conference on African Development (TICAD), 1993.

- Africa – Korea, November 2006 in Seoul.
- Africa – Australia, 2010.

4.2. Sub-Regional Demarcations and Regional Economic Communities

As seen from the above-elaborated statistics of Africa from reliable sources, Africa is a gigantic continent with enormous cultural diversity, abundant natural resources and various socio-political backgrounds. According to the World Bank, Sub-Saharan Africa has had a 3.7% GDP in 2015, down from 4.6% in 2014 but recent procrastination's suggest a 4.4% and 4.8% GDP growth in 2016 and 2017 respectively, despite a slowdown of Africa's biggest economies mostly due to falling oil prices. However, the AEO 2015 suggested Africa's GDP to strengthen by 4.5% in 2015 and forecast 5% in Africa's GDP in 2016, after a subdued expansion of 3.5% in 2013 and 3.9% in 2014.The demarcation of Africa into sub-regions facilitates development, trade and economic empowerment of the sovereign states in the various regions and Africa as a continent. By the AU, AFDB, ADB, UNDP and the AEO 2015, there exist five sub-regions in Africa as follows:

Central Africa Region

This region consists of the following countries namely: Cameroon, Central African Republic (CAR), Chad, Congo, Democratic Republic of Congo (DRC), Gabon, Equatorial Guinea and Sao Tome and Principe. According to AEO 2015, this region had a GDP rate of 4.1% in 2013, 5.6% in 2014, 5.5% and 5.8% in 2015 and 2016 respectively. The Mining Sector and other related investments remain the main growth drivers even though Cameroon. Gabon, DRC and Sao Tome and Principe have a much wider growth base.

The existence of two main economic communities in this region: ECCAS and CEMAC sometimes pose a conflict of interest and technical issues in management, diplomatic and economic goals and objectives, and effective integration or implementation of strategic programs and resources. ECCAS includes all states in this region with Angola and Burundi inclusive whereas CEMAC consists of only six countries; Cameroon, Gabon, Chad, Congo, Equatorial Guinea and the Central Africa Republic. These nations have a standard passport and aaimed at liberating trade barriers and free movements between member states. CEMAC emerged from the dissolution of Union Douaniere des Etats de L'Afrique Central (UDEAC, 1960), which substantially neglected customs.

Southern African Region:

Member states comprise of the following: Angola, Lesotho, Madagascar, Botswana, Malawi, Mauritius, Mozambique, Namibia, South Africa, Swaziland, Zambia, and Zimbabwe. GDP growth in this region slowed to below 3% in 2014 and only a moderate recovery is off 3.1% and 3.5% for 2015 and 2016 respectively with the reason being a slow performance in South Africa's economy that fell to 1.5% in 2014 and 2.2% in the previous year. However, South Africa's growth is expected to increase subsequently. Mining and other significant infrastructural investments remain the critical boost in this region. Mozambique and Zambia are experiencing the highest growth ever in this region (AEO, 2015).

The Southern African Region has much more trade and economic communities that the Central African Region. All these trading communities are geared towards economic and developmental growth and integration in this region as a whole. The principalcommunities are; SACU for inter-trade liberation and customs integration which includes South Africa, Botswana, Namibia, Lesotho, and Swaziland. Also, SADC aimed at facilitating economic growth, development, peace, investment and trade liberation, comprises of all states in this region with Tanzania, RDC, and Seychelles inclusive. Most recently, the EPA emerged 2014, which a trade agreement with the EU and its member states being: South Africa, Madagascar, Botswana, Namibia, Lesotho and Angola.

Northern African Region

This region comprises of Algeria, Egypt, Libya, Tunisia, Morocco and Mauritania. Before the 2011 uprisings in all of North Africa, this region portrayed a massive GDP growth especially with the stability of Libya (-13.5% in 2013). Today Libya has petite prospects of political and economic stability, as there are still disagreements and power struggles between groups and a total collapse of the system. That notwithstanding, better political and economic stability in Egypt and Tunisia has helped improve growth. Algeria's oil production increased for the first time in 8years thus massive growth, Morocco experienced a decline but growth prospects are higher while Mauritania continues to achieve the greatest and most stable growth in the region due to macroeconomic and structural changes, mining and more investments. In 2013, GDP in this region was only 1.6%, 1.7% in 2014 and sharp increase to 4.5% in 2015 and 4.4% forecast in 2016 (AOE, 2015). There is hope for a gradual growth in this region in the nearest future especially if institutions are made stable especially in Libya.

The Maghrebis or Maghrebians as popularly called are all inhabitants of the nations of the Northern African region. Sovereign states in this region are linked to a number of trade blocks and associations in Africa, extending into the Arab League. There have continuously been some stakes into a perfect harmonization of trade liberalization in this region because of Political and Cultural clashes. Nevertheless, there has been a success in the existing economic communities. NAFTA is a Pan-Arab free trade organization since 1997 which involves Bahrain, Iraq, Kuwait, Lebanon, Oman, Qatar Saudi Arabia, Syria, UAE, Sudan and other Maghrebian countries except Mauritania. Algeria became the 18th member in 2009. AMU is actually one of the oldest trade agreement associations in this region. It came into existence since 1956 with the exception of Egypt.

Western African Region

Benin, Burkina Faso, Cape Verde, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo are all constitute this region. This region achieved a high GDP growth of 6% in 2014 despite the outbreak of Ebola in this region, which relatively reduced growth in the affected countries; Guinea, Liberia, and Sierra Leone. Manufacturing, agriculture, and the service sector boosted Nigeria’s economy to 6.3% from 5.4% in 2013, indicating a diversification of this economy, which primarily depends on the oil and gas industry. Other countries maintained a high growth path but for Ghana and Gambia’s economy which shrank slightly. GDP rate in this region was 5.7% in 2013, 6.0% in 2014, and 5.0% in 2015 and procrastinated to hit 6.1% in 2016 (AEO, 2015). Economic growth in this region is expected to increase progressively in the next coming years due to peace, diversification and investment in various economic sectors. West Africa has the most countries grouped together in Africa and though there exist a number of trade agreements in this region and some states involved in other economic communities beyond this region, ECOWAS remains the most dominant economic association in this region as it includes all listed members. Peace and security, economic growth and empowerment of all member states fall amongst the main objectives of ECOWAS. There exist many other minor institutions and specialized agencies within ECOWAS and it targets all sectors and industries within its member states.

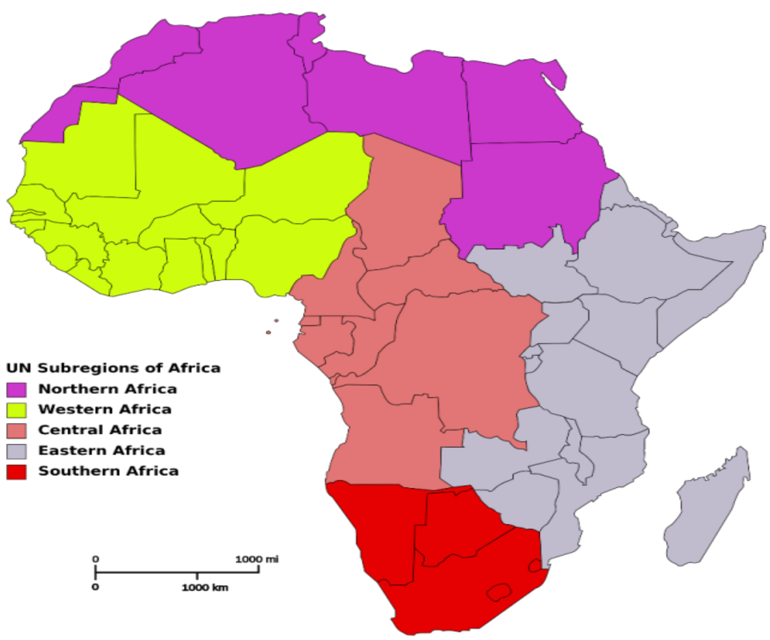
Eastern African Region

This region includes all countries located in the eastern part and the horn of Africa. Sovereign states in this region are Burundi, Comoros, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Seychelles, Somalia, South Sudan, Sudan, Tanzania, and Uganda. For some time now, this region has progressively portrayed an increase in GDP despite political instability in some countries in this region that has significantly affected economic growth. Sudan is gradually recovering from its secession from South Sudan, while Ethiopia, Kenya, Tanzania, Rwanda, and Uganda have maintained an increase in economic growth. However, they have smaller mining sectors, the service industries, development, construction actually drives their economic growth and structural changes in Ethiopia, intensified business reforms in Uganda, and Kenya and potential investments in oil in South Sudan significantly affect their economic growth. This region is widely acknowledged as the most efficient regional bloc in Africa. According to AEO 2015 statistics, this region had, a GDP of 4.7% in 2013, 7.1% in 2014, 5.6% in 2015 and 6.7% is expected in 2016, making it the highest growth region in Africa.

Following the ADB report on eastern Africa (2011-2015), this region has the highest number of trade and economic communities in Africa as all states in this region belong to a minimum of two or allexistingorganizations in this region. Though profitable, it sometimes produces clashes and conflict of interest in their goals and objectives. Specifically in this region, EAC, which consists of Burundi, Kenya, Uganda, Tanzania, and Rwanda, is the most dominant. It engages without discrimination in all sectors and industries in the economies of its member states and peace is of primary interest. COMESA which involves all other countries but for Kenya, Tanzania and Uganda, SADC, IGAD, and a few others partake in the economic growth in this region.

However, the above-discussed paragraphs give a deeper insight into the background of Africa, sub-regional demarcations and the various regional economic communities that exist in each region. However, in some cases, some states are members of economic communities that go beyond their territorial demarcation. However, all these regional and sub-regional socio-political and economic communities are geared towards peace, trade liberation, economic empowerment and integration between the member states and across Africa, which all fall under the AU. A perfect institutional stability and strategic reforms in the various sectors in the economies is very necessary and essential for the growth of both the government and private sector.

Figure: 1. **Regions in Africa**



5. Problem Statement

Institutional theories and competitiveness of nations is a hot trend in the international business and beyond. Both at the firm level and the industry levels within a country are all agents or actors of the "game" and might have to follow the rules in order to gain legitimization (Scott, 1999). With the current trend of globalization, nations that are at the peak of their economic development have one way or the other designed frames that shape their enterprises within all the sectors of the economy, established rules that developed skills and capabilities to develop their industries, implemented policies that enable them to tackle economic downturns, leading to national development. As classified by North, (1990), the developed markets can be identified by strong formal rules whereas the developing nations are known to have weaker legal frameworks and stronger informal rules. The nature of these "rules of the game" can have an influence on the competitive nature of an industry both at the domestic market and at international level. As simply put by Porter (1994) "the competitive advantage of a nation, does not only rest on the quantity of naturally endowed resources, but the efficiency of the government to turn them into competitive advantages"

It is not a disputable fact that Africa as a whole has all sorts of natural resources ranging from minerals to fertile lands and rivers, but is yet to realize the full potential of these resources. The continent is often identified as a dominant receiver of "AID" from the colonial period up to now. Even though perceived as such, Africa produces and exports most of the raw products that feed the processing industries in the developed world. Products such as cocoa, cotton, coffee, Banana, soya, groundnuts, shear butter, fisheries, vegetables, fruits, cereals, etc., Minerals such as gold, diamond, magnesium, Copper, lead, aluminum and crude oil, which are highly traded on the international market mostly come from Africa. The raising eyebrow question is about the competitive nature of these industries, especially the Agric sector that employs the greater proportion of the population and a huge contributor to their GDP's. To be able to define the competitiveness of the industry, the West African region is the context on which we build our arguments and shed knowledge, taking into consideration the genesis and nature of institutions, and how these "rules of the game" shape the Agric industry to compete well in the regional markets and in the global arena.

Considering the vital role of institutions on the competitive nature of companies will help project team unlock areas such as the interest of governments, international institutional actors and their influence on the competitiveness of an industry by looking at various empirical documents, conference papers, and reports by World Bank, IMF, AEO and NGOs on Africa, specifically West Africa. In defining the competitive nature of the industry, the team used the diamond framework to reveal the performance level and shed light on the challenges that are associated with productivity and competitiveness within the region. From the World Bank report on the competitiveness of nations, the region is lagging compared to other regions with similar institutional frameworks and resources. For West Africa to be able to develop its competitiveness both at the regional and in the international market, there is the need to look into the institutional frameworks and policies that define the dos and don'ts of trade and industrial development. Hence, the problem statement: **The impact of Institutional Maturity on industrial competitiveness in West Africa** "***How does institutional maturity influence the competitiveness of the Agricultural Industry in West African?***

6. Methodological Chapter

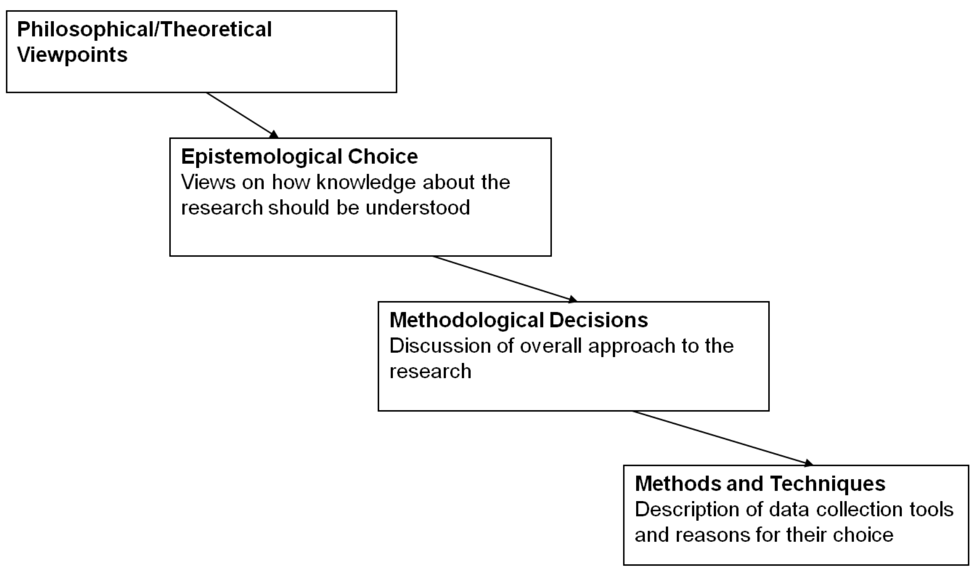
The roadmap of this research is sequentially spelled and present in a way to cover the genesis of the perceive reality that exists in the world concerning the research topic and the chronological process that the research team embarked on to add their findings to the existing knowledge in the social sciences.

The ability of the research team to bring the interconnectivity of theories, data collection and our choice of our paradigmatic assumption lays the reason of this chapter. According to Kuada (2012), "*the research design is the action plan of the research. It provides an alogical sequence of activities that allows the reader to see the connections between the research questions, the approach that is address to the question, the assumption underlying the approach, the way the data was collected and analyzed, as well as the finding and conclusions".*

With regards to the said topic of this research: "the impact of institutional maturity on the competitive nature of the Agricultural industry in West Africa", we believe there exist some truths about the topic in the existing empirical shared knowledge in the social sciences. Our stand on the point of departure takes its roots from the economic development of the continent over the years and the perception the world has about it. Every nation has a body of rules and regulations that shape the conduct of every legal entity be it formal or informal. Digging into a research topic that has few published empirical evidence as mentioned above, the research team deemed it fit to employ the levels of research design by Kuada (2012) as a tool to enable a chronological analysis and presentation of shared knowledge on the topic as well as enabling the diverse implications to change the pre-conceived picture about the continent by the world.

According to Kuada (2012), there are four levels of research design process or levels of understanding. These levels of knowledge are the bedrocks on which a researcher's originality of assumptions about ontology comes from, as well as the sequential presentation of the methods and findings. The researcher's assumptions or paradigms are the points of departure of the general strategy of the project (Kuada, 2012). Therefore, the following diagram in the **figure: 1.** throws more light on the levels of understanding where each step is interwoven and intertwined to make a flow.

Figure: 2. four levels of Understanding



Source: *Kuada, 2012, p.58*

Philosophical and Theoretical level

This level describes the basis of the research where researcher's decision about reality emanates. Researchers from the social sciences make use of the word "Ontology" to describe the knowledge/nature (reality) the researcher seeks to find out. According to Kuada (2012), Ontology is defined as "*the nature of what the researcher aims to know something about – i.e.*

the "knowable" or "reality". The reality is mostly seen with two classes in the research process. Some perceive reality as independent of the social world. "*For some scholars, the social world is real and external to an individual human being and therefore imposes itself on his consciousness. Other scholars hold the view that every person creates his own social world. To them, the social world is subjectively constructed and therefore a product of human cognition*" (Kuada, 2012). The project team views the topic under discussion with subjective lenses taken into consideration the empirical evidence on the impact of institutions on industrial competitiveness by various researchers as well as looking into World Bank reports, NGOs publications, interest organization and the Trade documents with our interpretation to make meaning. Institutions as a general term have to do with all the rules and the actors they intern to influence. As presented by North (1992) as rules the shape behaviours of individuals and organization in the society to bring order, North depicts them as rules of the game in which some actors of the rules intend to shape, can change the course of such game. For us to look into the various said knowledge about the said topic, we have to make a choice of data, which is defined by the second level of the research design process (Kuada, 2012).

Epistemology

This refers to the nature of knowledge description and means of knowing it (Kuada, 2012). It is the way or path that is used to know what we are aware of and how such obtained knowledge can be disseminated to others (Burrell & Morgan, 1979). A person can be an external observer while determining the "truth" or involves as an insider to determine the "truth". According to Kuada (2012), "*Epistemology is 'how we know what we know' or what we conceive as a "truth". Some scholars hold the view that it is possible for them (as external observers) to "know" the truth about a specific social world. Others maintain that the social world can only be understood by occupying the frame of reference of the individual actor whom the researcher seeks to study. That is, the social world must be studied "inter-subjectively".*

With regards to the research, both aspects are employed since the study is based on both qualitative and qualitative findings, where meaning is given to both objective measures and subjective views. The qualitative dimension of this research comprises of interviews done by previous researchers on similar issues analyzed in this project while the quantitative aspect also embraces the document such as newspapers, conference papers, Economic reports, articles, etc.

Base on this, the research is a secondary research comprises of both qualitative and quantitative materials.

This stage according to kuada (2012) also explains how the said knowledge gained from the process can be comprehended by others. On this aspect, the research team develops a proposing framework that takes its rootsfrom institutional theories and world Bank data to clarify the countries used as case studies to depict how institutional maturity and political stability enhance competitiveness. This is done by looking at the various elements such as colonial origins of these institutions, government's interest, international influences, which contribute to affect policy development in the region. The Porter diamond is also employed to throw light on the resources the West African region is endowed with, the performance of some of the cash crops traded at the international market as well as few horticultural crops over the years. Having applied the framework in the region, the team then employs the institutions responsible for shaping the "game" to share light on how far they influence the competitiveness of the industry. The dependency of the region on foreign bodies and how these institutions (IMF, World Bank, aid organizations, colonial masters and developed markets) influence the competitiveness by using the "rules of the game" (North, 1990). Hence, both frameworks enable the research team to demonstrate how the sector under in the analysis is influenced by institutional frames.

Methodological decision

It displays the researcher's choice of methods employed to arrive at his destination in the research process. *Methodology describes the reasons underlying the choice and use of specific ways in the research process, - i. e. how you may go about gaining the knowledge you desire (Kuada, 2012).* The reason to be an external observer, then one may employ the objective glasses to arrive at his findings. "But if you assume that the social world can only be understood by obtaining first-hand knowledge of the persons under investigation, you will opt for a methodology that focuses on individuals' interpretations of the world as they experience it" (Kuada,2012).

According to Burrell and Morgan (1979), methodology is also described as the way in which one attempts to investigate and obtain 'knowledge' about the social world; universal laws vs. relativistic nature of the social world, scientific method or direct exposure, etc. Borrowing from these authors, researchers have two broad paradigms that their decisions can be rooted. These paradigms are said to be: objectivist paradigm and subjectivist paradigm.

Objectivist paradigm which is also termed as positivism by many scholars explains that "*all social phenomena can be explained by observing their causes and effects. This implies that existing theories can form the basis for hypotheses that provide prior explanations for a given social phenomenon. These hypotheses can then be tested to verify or falsify the theories*" (Burrell and Morgan, 1979). On the impact of institutions on the competitive nature of West African Agric Industry, the cause and effects are explained based on both experiences of firms and external observers. And for this matter, research team are also part and parcel of the society in which these causes and effects occur, hence the objective/positivist paradigm cannot be employed to determine the findings of these research. On the other hand, the subjective/interpretive paradigm takes into consideration, the experience and thoughts shared by the people studied. Here the organizations or actors being reviewed here include governments, farmers, the economic structure of the countries and the companies (exporters) involve in bringing change to the economy. The process of this study therefore takes into consideration, conference papers, Telecasted interviews made by an expert on firm owners and concern citizens, prior qualitative research works by others on a similar topic and own experiences. This, therefore, explains that the investigation team employs the subjective/interpretive paradigm by Burrell and Morgan (1979) as our foundational assumptions for this research.

The reason underlying the choice of this paradigm has to do with what is being studied in the research. The research deals with underlying institutional frames and their impact on the Agric Industry within Africa. Since research team takes into consideration the experiences and thoughts shared by producers and exporters of Agricultural products found in previous research work done by others, as well as shared knowledge from diverse channels concerning competitiveness within the whole African and its effects on the economy, we serve as interpretive agents.

Secondly, the research team also emanates from this region and has experienced the nature and functioning of these institutional frameworks and how the trend of productivity, economic growth, and competition is going. On this view, we present our understanding to add knowledge to the already existing ones by previous researchers on similar issues hence, the use of subjective paradigm. Furthermore, we are not confirming to an already existing knowledge or framework, but exposing the limitations on the part of the already perceived socially constructed truth on the competitiveness of the African continent. Since the competitiveness of firms on the aspect of institutions deals with governments, their relations or networks, interest and international institutional frameworks, the research team believes that universal truth in this matter can be contextual and should not be a generalized truth concerning competitiveness of West African industries both at home markets and at the global arena. We look at the intentions or interests of these players (institutions and governments) from their behavior over the years concerning competition in this region as put by Burrell and Morgan (1979) that "*It subscribes to understanding a given social world from the points of view of people being studied and the intentions underlying their behaviour* " . Interpretive paradigm on the aspect of his research, therefore, elevates a forum to anchor our arguments taking into consideration, experiences and shared knowledge on this issue from different panels.

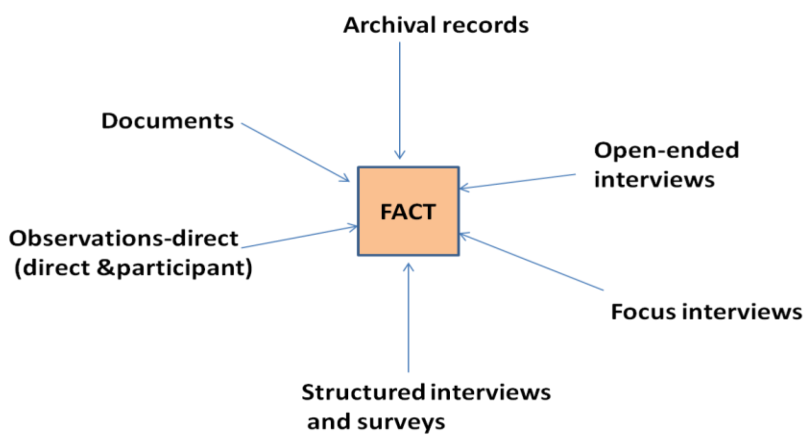
6.1. Data collection

The research team employs secondary data sources to as a medium to gather the necessary information needed to anchor their arguments on the social phenomenon the team intends to share their knowledge on. Since project team embraces interpretive paradigm as the source of our root assumptions, data needed to unlock the topic under discussion has to do with experiences, pains, intentions and behaviors of what or who is to be studied. To be able to do this, project team, therefore, see it as necessary to use Google books, World Bank data, UNIDO, Trade documents, conference papers, TV documentaries, articles, reports and newspapers as well as personal experience in the context of the study.

Institutions and their impact on the competitivenessof a national industry as well as their firms is a hot issue in the social sciences, meaning that data gather by prior researchers might be as current to serve the same purpose to this research work, thereby making it easier and less time consuming for project team to use instead of doing a new research. The underlying thought is to gather as many data as possible really to define the underlying principles such as institutions, industrial competition and their impact on the West African region as a context, hence the use of diverse sources.

According to Yin (2004), multiple sources of data gathering is a tool that equips any research team to source enough evidence to anchor their arguments for their findings. Furthermore, research team employs Ghana and Denamrk as case studies to enable them to clarify all the underlying questions relating to the topic under discussion in the project. And borrowing from Yin (2004), multiplesources of data is an appropriate medium where evidence can be provided for a case study. According to this author (Yin, 2004) the multiple sources of data gathering deals with six sources such as Archival Records, Documents, open-ended interviews, observations (direct and indirect), structured interviews and focus interview as displayed in the figure: 2.

Figure: 3. Multiple sources of data



Source: Yin (2004) and won composition

The project team also employed secondary source due to financial and time limitations. The topic under discussions would require interviews and dialogues with governments, politicians, managers, farmers, exporters, institutional organizations that are concern with businesses and productivity and legal issues. This would take much time for one to get his or her way to interview all the actors that are concerned with the context of the topic and would be very costly.

Notwithstanding the said reasons why secondary data has been employed in this research, there are limitations attach, which project team is aware of. One of the shortfalls has to do with incomplete information. Incomplete information because the interviews and other sources of information might not have a direct link to the research questions or due to the fact that discussion or any research questions are always done for the purpose of the study, hence the secondary data might not have a direct link to the research questions. Moreso, the variables such as validity and reliability issues of information gathered is beyond our reach of control, unlike primary research work.

Eventhough there were limitations as mentioned above, the research team tried as much as possible by walking through every document making sure that content found in them has relevance to the research topic. The following presents the steps used in sourcing the data for the analysis.

6.2. Data collection procedure

As the primary research assumptions about how the knowledge is to be gathered is an interpretive paradigm, most evidence such as prior research works that contains the keywords institutional impact, industrial competitiveness within the emerging markets are sourced from various platforms necessary to anchor the arguments presented by researchers in this project.

To be able to follow the path of the predefined paradigms underlying the research, the research team deemed it relevant to employ the systematic review process by Tranfield et al. (2003), to give them the ample time to gather the relevant literature needed. Borrowing from Tranfield, Denyer, and Smart (2003) "*systematic review provides a more reliable foundation on which to design research. A systematic literature review is argued to be more strongly evidence-based because it is concerned with seeking to understand the effect of a particular variable or intervention that has been found in previous studies*". Following the steps suggested by Briner, Denyer and Rousseau (2009) on the process of system review, research team defined the important keywords in the problem statement to assist in sourcing relevant data. The keywords such as: "Impact of institutions on" Competitiveness of West Africa Firms".

Having drawn the keywords, research team embarked on the next process by defining their choice of research engines and other sources to yield the said data. On this stage, search engines such as Aalborg library (ProQuest), Google scholar, World Economic forums such as UNIDO, Wiley online library, and Africa business forum were the mediums that aided the research team to source their data. With searchers on ProQues, Google scholar and Economic forum and Wiley online library together yielded 124 hits. Having sourced these hits, project team took the time to scrutinize the articles in order to select those that have relevance to the topic under discussion by going through the topics/themes as well as their findings. Borrowing from Tranfield and Smart (2003), a *review involves carrying out a comprehensive, unbiased search based on keywords and search terms*". This as a guide, the articles were put to test with the keywords under the topic under discussion which led to the exclusion of some of the articles due to their irrelevance to the topic. Having gone through the scrutiny process, items that did not contain the needed information regarding the topic under discussion were discarded. In total 124 articles, 60 were dropped leaving 42 articles at the initial stage. Moving further to into the reports with keen eyes at the writing stage, the project team also realized that the information contained in some of the 42 items were of no significance, hence leading to another screening and out of which, 30 articles were deemed fit for the analysis.

6.3. Data Description

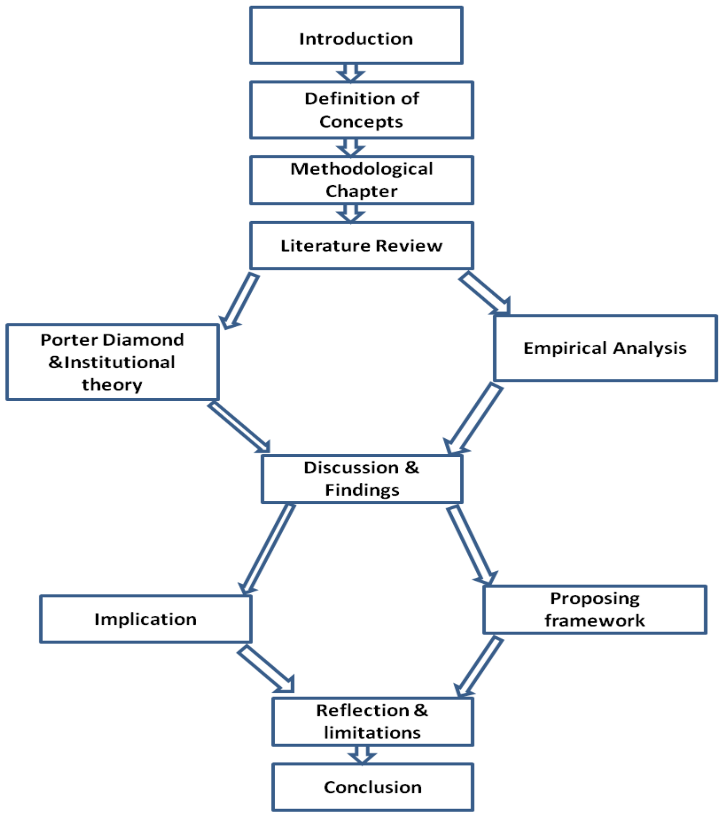
Out of the Articles that were sourced from the various search engines, both qualitative and quantitative methods were employed by most of the previous researchers. Out of thirty (30) articles, nine (9) articles contains qualitative data, were interviews were conducted and observation been made by those researchers especially the articles that reveal the impact of institutional development in emerging markets on industrialization. Beside the 9 articles that were qualitatively done, four (4) articles contain case studies, where for example Agro-industrial players such as exporters of horticultural products and cash crops were interviewed. The rest of the articles include findings from interviews administered on farmers, trade agents and ministry of Agricultural from some of the countries in the region under discussion.

With regards to this research, all the articles mentioned above in one way or the other contains information that we deem fit in analyzing the project. As young researchers, we believe that the ability to anchor our arguments on the hot and sensitive topic under discussion, we needed more than just articles. Hence, our quests for reports from large platforms and books are inculcated in the report. With reports on trade performance, is a current documents published on the African renewal platform comprising vital information about institutions and all stakeholders in the international trade.

These reports are done by internal and external observers to reveal the constraints and prospects that lie in the African region. Not forgetting the aspect of institutional quality, we employed the reports by the African economic outlook, to determine the variables that determine the quality of institutions (Ease of doing business). With research objectives revolving around institutions and how competitiveness is influence, data from ease of doing business contains 10 variables (starting a business, construction permit, getting electricity, credit access, property registration, protecting minority investors, trade across borders, etc) in rating 189 countries base on the ability of their regulatory environment to enforce systems in enhancing business development. The variables rated by the Ease of doing business form part of authors interpretation of how institutions influences industries to compete. Another data of importance to this research is the EBA data on 40 countries known to be Agricultural based countries. From this data, countries are rated based on the institutional quality in providing a business enabling environment for productivity and competitiveness.

In addition, various new sites and forums are also inputted materials in the research such as youtube.com and videos form trade forums. Some of the videos contained primary interview like dialogue among trade experts and farmers as well as World Bank officials and some of the developed markets Africa trade with. In some of the interviews (Trade trap), Ghanaian maize farmers, tomato growers, poultry and horticultural farmers were interviewed, to identify institutional impact on their productivity and competitiveness. All these features of data gathered were deemed appropriate in enabling us to digest on the pending research questions carried out in the project. Figure: 4 gives a summary of the path embarked by authors for the analysis.

Figure: 4. Structure of the research



Source: *project team compositions*

7. Literature Review

7.1. Theoretical frameworks

7.1.1. Institutions

Institutions are the vital structures that either promote international trade or serve as barriers to globalization. The significance of knowing the underlying structures of a country's institutions paves the way for any firm to legitimate. Aimed at sharing knowledge on the institutional structures within the West African region and how the competitive nature of the Agric sector is shaped both at the national level and at the regional level, we will focus on how matured their institutions have evolved in promoting the industries and enterprises to participate well in their domestic markets and in the global domain.

With institutions being defined as the rule of the game (North, 1990), the players according to this definition have to do with political organizations, Economic organization, Social organizations, Legal organizations and all kinds of Enterprise. Therefore, the level of competition is determined by the set of rules and regulations that exist within any particular region. It could be home institutions or an international organization that prescribes the intensity of competition taking into consideration the structure of market openness within such a region. According to North (1990), institutions can also be described as a set of rules generally accepted by humans to govern societal interaction. The way individuals should behave, the way organizations should act to bring law and order to a particular geographical location. Industrial players like firms in the Agricultural sector from West African who participate in the international business, therefore, have the obligation to conform to both domestic institutional regulations as well as international institutions (Peng, 2008).

Taking institutions into consideration, the behavior of firms such as hiring employees, firing employees, pension schemes, consumers' rights, delivery terms, business contract acts, advertisements, competition, mergers and Acquisition, and other cross border arrangements are shaped by institutional frameworks. In other words, institutions form the basis of how any legal entity behaves, thus having a great impact on the success of an enterprise be it at home or abroad. The rules that are devised can be either formal or informal depending on the context of maturity (North, 1990). Formal institutions comprise of political rules, economic standards and contracts whereas informal institutions can be described to contain taboos, customs and traditions (culture) that shape human behavior in the society (Jepperson; 1991). Both formal and informal form of institutions shape human interaction in the community. "*Formal systems, both underlying and specific, provide the context within which firms operate. Property right and contract enforcement can be seen as "market creating" institutions, without which exchange cannot occur"* (Rodrik 2003).

According to Scott (1995, 2001), "*institutions are social structures that have attained a high degree resilience. they are composed of cultural-cognitive, normative and regulative elements that, together with associated activities and resources provide stability to social life*". Symbolic systems, relational systems, routines, and artifacts are the mediums by which institutions are transmitted. Despite the various definitions of institutions, authors adapt North's (1990) definition and classification of institutions in this analysis. Both formal and informal institutions have a greater influence in enabling the competitiveness in Africa building on the evidence that Africa is dominated by stronger informal institutions and weaker legal institutions as compared to developed markets.

The official institutions embrace formal rules settings and policies underlying the functioning of individuals and organizations, monitoring as well as sanctions to shape order in a particular context (North, 1990). The competitiveness of the Agricultural industry in the context of analysis would therefore by guided by policies that ensure legitimization of industrial players and hence, exporters of Agricultural products: certifications, licenses, exports clearance, payment of tariffs, property right protection, conflict resolutions in courts, etc. The failure of any of these by an individual or actor to certify the above therefore according to Scott (1995) would attract sanctions. Under the context of our analysis, the various policy makers such as governments and other stakeholders draft policies for example on the amount of fertilizer, pesticides and property right protection, investment policies, etc. in shaping a particular industry.

The maturity or quality policy implementation and enforcement mean a lot in developing industrial competitiveness. In a country where the institutional frameworks provide protection for investors, property right protection, market freedom, innovative initiatives, low corruption, etc., actors within the industry would be motivated to invest in developing capabilities for efficient production of goods and services. In Africa the formal institutions are feeble compared to developed markets where there are strong formal institutions (Valentin, 2011) .The normative aspect of the institutional forces describes the obligation placed on individuals and organizations to certify some prescribed norms. Formal institutions quality reduces transaction cost, while informal institutional presence reduces uncertainty regarding decision making process by an individual (North, 2005). There is a relationship between formal and informal institutions because the functioning of some of the legal policies in a country is influenced by the cultural values and social interaction/intentions of the society (North, 1990). By Williamson (2000), formal institutions can be constrained by informal institutions regarding policy enforcement. Informal institutions change at a slow pace whereas formal systems change rapidly. The rapid changes of in Africa is said to be related to the political systems/change of governance, reforms conditions by external bodies as a result of their dependence on them. Informal institutions therefore have a greater role in enforcing economic activities in the West African region. But the quality of such institutions (informal) has an impact on investments by an individual for example in the agriculture due to land ownership risks.

With regards to informal rules, they are the unwritten rules (morals, customs, traditions, ideologies, norms and religion, etc) that are passed down from generation to generation to shape organizations and individual behaviours in the society (North, 1992). Borrowing from scott (2014), the informal institutions form part of the cognitive pillars described in the institutional framework. The cognitive component "*depicts the nature of reality, the constitution and the interpretations of category and frames through which identity and meaning are given"* (Scott, 2014). With the Mimetic domain of institutions, expect organizations as well as individuals to imitate a particular behavior to cope with uncertainties (Davison & Klofsten, 2006). The routines within the industry in the region help explain how the informal rules (cognitive pillar) supplements the immaturity of the formal institutional frameworks. The cognitive component being stronger in the Region and Africa as a whole has existed for centuries from pre-colonial periods up till now. Despite the fact that certain cultural norms and values from the colonial masters were imposed, there still exist a significant influence on the embedded norms, values and standards in the behavior of people in shaping business transactions (Valentin, 2011). Other examples are: "in Sierra Leone *o'rbais*, or chiefs, dominate the lives of rural citizens and no land transactions of any kind can happen without their approval. In Tanzania, informal clan leaders: the *mshili*, adjudicate disputes, aggregate votes for parties and mediate between the community and the formal state, especially the police and courts" (Shandana, 2012).

Financial access (loans) which is one of the factors that can boost productivity in Agricultural is done by a mixture of formal and informal way over the years. Due to the high cost of credit as explained under the challenges in the other chapters is done through informal manner. Farmers and other business individuals form groups to build trust between them in collaboration with informal money lenders called Susu collectors. The credibility of an individual to get approved for loans depends on the approval of the members of the groups and so on. Furthermore, market information for the price of products is integrated into the behavioral aspect of business transactions across the region where the channels (regulative) responsible for dissemination of information is insufficient. Hence traders depend on friends and families for the price of goods as well as local markets settings. Another routine that can be observed at the industry level is land administration where traditional chiefs decide the rights of ownership for land transaction and conflict resolutions. With regards to exports of those products, some exporters started to involve themselves in the international trade through a friend or family in the Diaspora who might in one way or the other connect him/her to customers as well as providing market information as was the case with “Mavuno” exports from Kenya (Interview by Philip & Irene, 2013).

Whether formal or informal, the ability of rules within them has impact on transactions of any kind. The quality of institutions (both formal and informal) has a great impact on the profitability of enterprises in a country. Institutional development/quality has an effect on trade as explained by Anderson et al. (2002) that bilateral trades are significantly influenced by institutional qualities of trading countries. An element of the institutional framework such as contract enforcement has a noticeable influence on goods in which quality issues are rated high (Ranjan et al. 2005).

Despite the informal institutions supplementing the insufficient formal rules, the intense competition as a result of trade liberalization is seen a force the sweeps the initial competitive advantages of industries, which thereof calls for policy makers to redesign their policies to cope with the current trend of globalization as experience in developed markets. The next chapter takes the journey further to elaborate on the Porter Diamond model (2001), on how nations can develop competitiveness by employing the right policies to attain the full potential of their naturally endowed resources.

7.1.2. Porter Diamond Model

The Diamond model is used to unveil the reasons behind why some industries in some nations are more competitive than others. According to the Porter (2001), some Enterprises have a competitive advantage over their rivals in the global market due to their geographical locations and innovations. The institutional environment of each nation spells out the policies that serve as aiders for industries and companies to build their capabilities in terms of liquidity, skilled labour, technologies other factors to compete well. In a country where the institutions provide property right protection, clear legislation ownership rights, and as well provides a peaceful and stable political environment, companies in the countries of origin can source funds from investors with ease. With the comparative advantage of nations by Ricardo (1990), the nation might possess all the factor endowment, yet remains non-competitive. Competitiveness of a country is enhanced when there are structures available to turn those resources into a competitive advantage with innovation. The other aspect added to his model has to do government role and chance. Government role is considered as part of institutional role since in a high formal institutional environment; decisions are determined by the majority and enforced by the legislature.

Some countries are known to possess resources that can enable an enterprise develop a competitive advantage and perform better than other partners who might not have access to the same resources. The model according to Porter comprises of four main areas that might contribute to the competitiveness of a nation and its industries. According to the WEF (2015), competitiveness of a country has to do with a set of institutions, policies and factor conditions in enhancing productivity. it does involve both static and dynamic factors when building competitiveness in an economy. West African region and Africa at large, which are known to possess some of the elements within this model which in the long past could have enabled economic growth and economic independence just like other major emerging markets that have made it in becoming among the biggest economies of the century. The region is vast and has different levels of natural endowment depending on the geographical location each country is sited. According to Porter, the factors that can enable firms to develop competitiveness include: factor conditions, demand conditions, Related and supporting industries and firm strategy, structure and rivalry as elaborated as follows.

Factor Conditions:

The resources include: natural resources, vegetation, space, skilled labor and entrepreneurial skills, capital resources (funding), infrastructure, universities network and research with enterprises and deregulation of the labor market. Different nations possess different factor conditions meaning that their companies will build upon those initial advantages to compete well. Porter (2001) points out that some countries are known to have a low cost of labor, high skilled labor, entrepreneurial or start-up cultures, fertile soils or vast lands, raw materials and others. A country might possess the said resources but not have a competitive advantage in the global market due to its policies that might not turn those resources to a competitive advantage. Political policies, technological and educational initiatives might shape those factor conditions into competitive factors (Recklies, 2015). As defined by the World Economic forum, the backbone behind competitiveness lays the institutions and enforcement of the right policies.

Home Demand conditions:

According to the porter Model, this feature portrays the way and manner by which household demand for the products and services produced in a country. "*Home market conditions influence the shaping of particular factor conditions. They have an impact on the pace and direction of innovation and product development. According to Porter, home demand is determined by three primary characteristics: their mixture (the mix of customers' needs and wants), their scope and growth rate, and the mechanisms that transmit domestic preferences to foreign markets*" (Recklies, 2015). Borrowing from Porter, there is a high probability of an organization to recognize customer needs at home markets than at the international level. The demand trends of a particular product might influence or hinder the innovative initiatives of an organization towards such products. Therefore, the demand preference of households in a particular geographical location might affect the speed at which enterprise might develop its competitiveness in the home market as well as the global level.

Related and Supporting Industries:

Related and supporting industries are necessary for building the competitiveness of an industry of a nation. If there are supporting industries like suppliers and other players in the value chain, it makes possible for the industry of such a product to compete well at the global level. Supporting industries such as financial bodies can make it easier for firms to source liquidity for investment purpose, advisory services for businesses where market knowledge and techniques could be learned, legal institutions for implementing contracts and protecting property rights, advertising channels, etc. In the presence of supporting industries, firms can develop competitiveness in a much efficient way than in markets where such do not exist. For example, there are hardware and software industries situated in the same or close market, it makes it possible to coordinate their activities in the value chain. Another example is the "*Shoe and leather industry in Italy. Italy is not only successful with shoes and leather, but with related products and services such as leather working machinery" (Recklies, 2015).*

Firm structure, Strategy and Rivalry:

The nature of a company's structure and management practices within the country can affect the way and manner by which such a company reacts to competiveness of the market. The ownership structure of enterprises for example can either hinder or boost capabilities development of an enterprise. Borrowing from shared knowledge by Abazi-Alili (2014), firm ownership has a significant effect on the innovativeness of the comapany. It is shown that companies that have private ownership as well as foreign shareholders carried out more innovative activities than government owned businesses. Additionally, the firm's structure can also boost productivity and efficiency or discourage creativity, which is needed in building competitive advantages. Be it flat organizational structure or hierarchical structures, each one has an effect on decision making process for innovativeness.

Furthermore, Porter's shared knowledge on the rivalry of the firm also has an effect on the way and manner firms build their competitive capabilities. If there is intense competition, companies might carry activities that would build their skills to compete globally than when there is less competition. It is observed that home markets with less rivalry cause domestic firms produce counterproductively thereby slowing their global competitive development (Business mate, 2014).

7.1.2.1. Applying the Porter Diamond

West Africa as a region with lots of natural resources and with the accumulation of current communication development makes it competitive than decades before. In regards to the Diamond model, West African can be described as a factor-driven economy. Because of its natural endowed fertile soils and vegetation suitable for agricultural activities, most of the population's livelihood depends on farming. The vegetation also contains wild fruits and nuts such as shear nuts, coconuts, palm nuts and many other locally grown agro products that are consumed domestically as well as exported. The most agricultural exported products are: cocoa, cotton, bananas, fish, nuts, pineapple, timber, coffee and vegetables of all kinds. In this region, cocoa is produced by Ghana, Ivory Coast and Nigeria, and Liberia who is the world's largest producer of rubber. Timber production is also one of the known products the region is known for, both domestically and internationally. The area is said to be swimming in fertile lands and both wild and agriculture friendly products that are sold in the global market with less value.

Apart from the lush vegetation of the region, it is also known for its natural minerals such as gold, diamond, copper, magnesium and many others, which are highly demanded in western countries and as such, brought about lots of political turmoil instead of a competitive advantage. Gold, diamond and copper are mostly exploited in Ghana, Nigeria, Burkina Faso, Liberia, Mali, Guinea, Sierra Leon and Ivory Coast. Sierra Leon is also known to have the dominant quantity of diamond found in the region according to a report written by Alao (2011) on "Africa natural resources and conflict generation". Oil as factor condition is also one of the resources that this region highly possesses especially in Nigeria, which is the largest producer within the region followed by Ivory Coast and Ghana. Apart from this natural resource endowment, other factors that should have served as a competitive advantage to the West African industries and corporations exist as well. To be able to turn these natural resources into a competitive advantage, which can benefit these industries and businesses in the global market, there is the need for quality institutional frameworks that sets things in order. Developed regions of the world whose companies are competing well in the international arena do not even possess the natural resources that West African has. The development of competitive advantage of a national industry as well as its enterprises comes because of the implemented policies that encourage human capability development, technologies, entrepreneurship through their educational institutions and stable political systems. Systems that support innovation have a greater impact on the level of competitiveness of a country's industry as well as its firms. The ability and willingness to add value products and services is what creates competitive advantages. For example, the industries that exist in this region include mining industries, agro industry, the fishing industry and breweries. Apart from these dominant international players, there are few uprising innovative industries (SMEs) such as car manufacturing and solar energy development plants as mentioned in other chapters. Looking at the world competitive report published by the global competitive index (GCI, 2015), one is astonished to see that the region even though has improved over the years, still remains at the bottom compared to their counterparts around the world.

The factors that determine the competitiveness of a nation have to do with the value of productivity including a country's' firms international participation. To ascertain the competitiveness of the region, we start with the Agricultural industry due to its importance to the livelihood of West Africans with the sector employing 60% -70% of the population. The competitiveness of this sector would mean a lot to the development of the economy hence; raise the standard of living for the people (Hermelin, 2003). The few exporting firms in the Agricultural industry export mostly to EU due to its geographical proximity, historical ties as well as trade agreements and benefits to the region. These products are shipped and are processed somewhere in Western Europe which is one of the dominant receivers of most raw materials from the region, where the value is added and captured. Where are the West African processing industries, and what value do they achieve at the international level? According to a report by EU-ACP (2003), 2.5% of all imported fruits and vegetables into Europe emanated from West Africa, most of these imports were unprocessed, meaning they attract low level of value hence, lack of competitiveness even though they enjoy alleged friendly trade policies from EU.

The region's competitiveness compared to other regions like East Africa and Asia is lagging behind in the ranking based on the agricultural industry globally. Economies of scale and other above factors can help explain the reason for the low level of competiveness in this region. Small-scale farmers saturate the industry, with less sophisticated equipment's and technical knowhow, which can boost large scale to meet up with home demand and exports (Hermelin, 2003).

The competiveness starts from home markets and then to the international level. With analysis of the Agricultural industry in the region, they have no competitive advantage over other foreign competitors taking into consideration: the price, quality and quantity. Most food processing firms in this industry typically prefer imported raw materials like: fruit juice concentrates vegetable oil and wheat instead of sourcing them domestically with the fact that there is no reliability on the part of local supply chains (FAO, 2016).

Other related industries that directly influence the demand for cotton is the textile industry, which has all the raw materials needed to feed this industry as well as companies to compete globally. However, government's policies and institutional structures have the full responsibility and capacity to bring about competiveness of their industries. Government policies such as subsidies as an example boosted the production of locally produced rice in Ghana in 2008 (The government at that time provided 50% subsidies to local farmers to meet the rising demand for rice).

Demand Factor: With a population of approximately 300 million people in West Africa, there is a high demand for products ranging from basic needs to luxury goods, depending on the economic status of the individuals. In the Agricultural industry as an example, demand for food is diversified based on certain features (convenience, nutritional quality, food safety and affordability) preferred by different segments of the market across the region. Due to the inability of the home firms in the industry to meet the pressing demand features of the products, a high number of household consumers as well as food processing companies resort to imports (FAO, 2016). Apart from the current market, the region is expected to grow up to 490 million people by the year 2030. This means that there will be an increasing demand for food and other related products thus portraying a more suitable market and more pressure on the local companies in this industry.

Related and supporting industries: Compared to other developing countries, the West African region still performs slowly on the global level due to its high level of insufficient supporting industries in the agricultural sector, which could aid innovation thus capturing value in the global value chain. For the sector to be competitive, associations within the industry need to share knowledge through business networks needed to cushion each other. Furthermore, there is an extreme need to develop links between universities or research institutions to industrial players where the necessary innovations can be developed. Building competitive advantage of an enterprise or industry has to do with the accumulation of knowledge learned, making good use of capacity patterns, local activities, investments and facilitating exchange mediums and activities across business units (Enright, 1994). Analyzing the Agricultural sector and supporting industries that could assist in developing the competitiveness of the region, there has to be technology development and a better way by which it can be intergraded into the activities to increase productivity. In the region, ROPPA is one of the said organizations formed to provide a platform for sharing information and help promotes trade in farming products and many others. (Agriculturel Outlook, 2013). The ROPPA is one among the five regional organizations born out PAFO (pan African Farmers Organization formed in 2010) to boost Agricultural productivity hence, competiveness in terms of price, quality, capacity along the global value chain of Agricultural products.

Investment is another vital element necessary for players (companies) in the agricultural sector to develop their innovative capabilities and development strategies. Unfortunately, small scale farmers still dominate this industry in West Africa, with a few large private owned or government owned companies. The financial institutions do not cover the needs of these producers taking into considerations, risks and inability of individuals or groups of farmers to provide securities as well as various kinds of collateral. Taking reference from the African Agricultural Status report (2013), farmers themselves are the main central financiers of their innovations and productions with both public investment and NGO's who provide support sometimes. The industry still faces a financial challenge due to government withdrawals of investment in this sector in some of the countries throughout Africa. The Agriculture Orientation index (AOI) reveals the expenditure of governments on Agro-industry over the years from 1980-2007 has been reducing gradually. This shows that productivity lifeline lies on the government and institutional frameworks, which either hinder or boost production and innovations by providing financial channels to anchor farmers' strategies.

Briefing on the private/farmers own funding, they continuously rely on informal financial sources for loans, popular known as savings and credit associations that exist domestically, or within the region as mentioned under informal institutions in the previous chapters. They do not follow formal financial rules laid down by the countries or financial institutions, which makes them attractive and alternative to these small farmer groups because they do not require procedures and huge collaterals when giving out their loans for example, the "susu/Njangi" collectors widespread across the region. (Aryeetey, 1999). These informal financial agents *"encompasses the part-time moneylenders such as estate owners, traders, grain millers, smallholder farmers, employers, relations and friends; mobile bankers generally known as susu or esusu collectors1 in West Africa; credit unions; co-operative societies; etc. These have been observed in both urban and rural areas*" (Aryeetey, 2000). Eventhough these agents or institutions require less security from borrowers, they also lend money to those that are trust worthy. The trustworthiness is determined either from enterprise saving behavior with them or personal relationships. All these financial institutions are needed in the industry to boost productivity to meet the high growing demand within the region and develop capabilities that can meet the ever-evolving product qualities at the international market, which can be achieved through policies designed by the various governments and institutional bodies in the region. High interest rates are charged by these informal lenders, therefore limiting farmer's abilities to developed new innovative capabilities, acquire machinery, etc to boost productivity. As reported by Aryeetey (1999), in some cases, these interest rates could range from 10%-100% in some of the countries in this region. The following **figure: 5.**throws light on the number of selected interest rates from informal financial bodies serving several private players in the industries.

Figure: 5. mean interest rates from informal money lenders

Country	Urban interest rate	Rural interest rate
Ghana	**10%**	**8%**
Nigeria	**19%**	**20%**
Tanzania	**9%**	**6.5%**
Malawi	**47%**	**50%**

Source: Aryeetey et al. 1996

An example of other related and supporting industries in the industry in West Africa is the universities and other organization that helps bring the needed innovations in the sector. From the African agriculture status report (2013), selected seed innovation is a necessary element in boosting competitiveness in home markets and internationally and of which, some countries in the West African region have reached the fourth stage of this innovation. The last stage of this innovation is the fifth stage, already existing in the developed markets. Ghana, Burkina Faso and Nigeria are on the third stage known as the "Early growth stage" where policies and regulations in this sector are still not fully implemented and stabled (AGRA, 2013). In Eastern Africa, some of the countries have implemented and already have their policies inculcated into the industry to harness growth. For example, Kenya, Uganda, Zimbabwe, Zambia, Malawi and South Africa are at the last stage "mature stage" of this innovation. There exists both private (many) and government own firms responsible for the seed development with distribution networks to the agro dealers network systems in countries that are already at the third stage.

Other countries from this region are still either at the first stage or the second stage in this development. Sierra Leon as an example is still under the first stage, meaning they depend on aid programs where seed breeds are still being imported because there is non-existence of own private firms in the seed breeding sector. This shows that there are no formal policies and regulations outlining this aspect, in most cases (AGRA, 2013). Taking reference from Porter, supporting industries are necessary for enhancing a country's enterprises in achieving competitive advantage in the industries they operate. One may say that West Africa with a vast category of factors of production still lags behind as a result of unimplemented and enforced policies that would help hyper the competitiveness.

Firm strategy and rivalry: Referring to Porter (1990), the ability of enterprises to innovate, develop new products and pursue its goals on competition depends on the environment in which it operates. The nature of organizations, the ownership and competition spells out the intensity of which firms' response to the atmosphere. In West Africa, some governments take most of the innovative decisions with the reason being that, public owned firms have monopoly power over the activities in most of the production and processing as well as marketing. An example is the seed breeds innovation and sales of fertilizers. In some of the countries like Zambia and Sierra Leon, the sole responsibility lies with the government to introduce new breeds unlike other countries where private firms decide on such issues. Furthermore, state-owned businesses serve as intermediaries in the participation at the international level. Taking this into considering, one would say that R&D and innovation activities rest with the policy makers in this region eventhough individual famers have the freedom to production. With reference to the Porter 5 forces for competition analyses in an industry, the intensity of competition can be categorized into two broad forms "demand side" and "supply side". The demand side, which comprises of buyers bargaining power, the level of substitutes with supply side as a rivalry, barriers that can be politically or as a result of competitor and supplier power is explored in the industry as follows.

As explained earlier, the agricultural sector is a mixture of many private farmers thus: individual small-scale farmers as well as public own farms. At the crop production stage, there is no competition which is as a result of personal famer or players' decision on the type of crops and variety that should be used. Here, one can say that buyers have a bit of power in the market eventhough there are a number of organized associations, they do not provide market power for famers. Comparing this example to the cotton farmers in Burkina Faso, buyers have high bargaining power over farmers with the reason being that production is either small scale individual or family owned farms selling to a dealer who then sells to their bigger customer (SOFITEX). This makes farmers be price takers in the value chain (Mitra et al. 2008). Another example is the Gambian groundnut production, which is characterized by 90% household individuals or small-scale farmers and research institutions as well as non-governmental bodies. The value chain at the production stage is not coordinated therefore, producers do not control the price and hence, there is no competition. With Ghana on cocoa production, individual farmers and bigger state own farmers occupied the production stage. Over the years, framers associations have being formed in fighting for better prices for farmers (Mitra, 2008). Examples of such are the Kuapa Kokoo and Wienco limited. These companies are associations of famers coordinating production activities and another form of inputs, which has aided them to integrate vertically into the value chain. This means that they produce and buy cocoa beans where better prices for farmers can be bargained.

The same trend could be said of Nigeria in rice the production, groundnut production in Senegal and others about output and competition. In the region, the large government owned companies and the handful of private firms are the international participants and therefore serve as links between the global market and private farmers. With the interregional trade, there is still some policies in the various countries that make private firms limited to decide on the prices of their goods, and where to sell. In Ghana, the Cocobod, and the SOFITEX in Burkina Faso have monopoly power in the marketing of the products in the international business and other companies like the LBC in Ghana, which has the capacity to participate in the global market is forced to remain in the downstream part of the value chain. These are government owned companies and they determine the price at the domestic level. For SOFITEX, it has the power over the national value chain right from the production stage to ginning processing activities. The behavior of the examples mentioned above shows that there are entry barriers to new entrants in the marketing sector of the value chain (Mitra, 2008). The same thing could be said about groundnut value chain in Gambia and rice in Nigeria as well.

Concerning seed marketing and sales in most of the countries in this region, price determination relies solely on the government owned firms who determine the prices as they do on the production stage. Eventhough there are major corporations who are the sole buyers of these crops, there are still issues of smuggling to neighboring countries for better price offers. An example is Ghana and Ivory Coast where famers around the boarders sell to other organizations illegally. The issue about smuggling is a paradox when the interregional trade organizations are analyzed. The "ECOWAS" economic Community of the West African States and West Africa Economic and Monetary Union "WAEMU" were formed to enable free trade between the countries to boost economic growth in member states, but the institutional frameworks do not provide the necessary tools to make it effective. There still exists some kind of freedom issues here, with regards to the value chain where big private firms and government own firms have a monopoly over numerous individual players in the industry at the domestic level (Mitra, 208). The following looks at the previous performance of the Agro-industry in the West Africa.

8. EMPIRICAL ANALYSIS

8.1. Performance of the Agricultural Industry in the international market

The traditional medium or entry strategies employed by most firms and actors in the Agric-industry from West Africa is through exports and imports, with cocoa, coffee, cotton, horticultural products and fish being the main products. This has been the primary entry mode unlike their partners from other emerging countries. Exports figures from the previous years have shown improvement in the performance from this region despite some issues that would be outlined later. The following paragraphs below, give an overview of the main cash crop productions in this region and their international performance and influence, many years after independence.

Cocoa

Exports of cocoa have shown a positive trend over the years in the region as a result of policy development in the various countries undertaken by governments and other international bodies to boost competitiveness through productivity (Atlas on regional integration, 2007). The world production has grown from 1.2 million to 3.6 million tons from 1960. West Africa is said to be the largest producer of cocoa in the world as it houses the cocoa producing giants in its territory.

Ivory Coast (36%) as the world largest producer, followed by Ghana (21%) at the second position with Nigeria and Cameroon, are among the world's five cocoa producers. Eventhough West African produces the largest proportion of the world cocoa; its consumption is tiny as compared to the rest of the world with the EU consuming 50%, followed by the USA with 25% and Asia as well oceanic countries consuming 13%. The demand for cocoa products at the moment stands at 3.6 million tons (Atlas on regional integration, 2007). The region has been able to live up to the demand for cocoa, even in the midst of political unrest like in Ivory Coast whereas other competitors like USA and Asia went low in production. Cocoa price has not been stable since the 1980s, which according to the atlas report, industrialized countries have taken advantage of the supply produced by developing countries to build up reserves, which they later use to control and downplay the price of this product. Apart from building reserves to their own advantage in the international market, the EU for example is alleged to have reduced the demand for cocoa by passing a directive for firms to use 5% of fat from other products instead of cocoa butter in the chocolate production.

West African producers have not developed the necessary innovation that could assist in storing the product for an extended time. For example, the Ivorian president in 1998 tried to prevent most of the major actors in the value chain from controlling the price through reserves, by launching "the cocoa wars", but failed (Atlas on regional integration, 2007). The actors on the value chain include household farmers and big plantations owned by private and public organizations at the production stage selling it to local post-harvest processors who then sell it to exporters through patent buyers. The big farms feed some of the local grinders who also feed the local chocolate manufacturers in the region. Apart from the peripheral units consumed in the local markets, the rest of the production is sold to carriers and then to industrialized countries to be processed into chocolate and other by- products for consumption. Some revealed issues in this report explain that the major manufactures determine the price at the international market for cocoa, which local producers in the region cannot fight against but have to accept. The multinationals who are recipients of the largest portion of cocoa raw materials include Chadbury-Schweppes, Ferreo, Nestle, Philip Morris and Hershey known for the biggest chocolate distribution (80%).

Cotton

With regard cotton, West Africa has also shown improvement in terms of productivity. For example, West Africa remains the third world largest exporter of cotton from 2000-2005 accounting for about 13% of the world cotton production (OECD, 2005). Cotton production in the region experienced rapid growth since 1960 with 6%, which was higher than other regional players compared globally. With less investment in the sector, there is a different picture of cotton export strength if compared to other world competitors. The USA over the past years has increased its production rate from 1.5million tons to 2.5million tons. The current rate growth ranges from 0-10% in the region if compared to other world cotton producers and this can be said to have happened as a result of the institutional metamorphosis. "*following independence, West Africa accounted for an average of only 15% of African production compared to nearly 40% for Egypt and 20% for East Africa. Cotton policies implemented from the 1970s within the francophone zone largely explain the development of cotton in this area"* (Atlas economy series, 2007)

Burkina Faso cottonseed production in the year 2014/2015 went under pressure due to the inconsistencies of weather and climatic conditions, which dragged the planting season further than normal. This could have caused a drop in the production of cotton in the country, but thanks to policy makers who reacted swiftly by providing incentives in the form of bonus to farmers and companies to boost production. The standard price of cotton also increased compared to 2013, which together with the incentives yielded an increase in output from 630, 000 tons to 647,000 tons at a 2% increase (GAIN report, 2014). The government also encourages cotton production by providing subsidies for inputs prices. The prices of fertilizers went down by 5% prior to the previous year, and there have also "*an input fund was created in 2012 and cotton companies could use it as a warranty to raise more funds from the banks and buy inputs at any given time when prices are most attractive. This fund has not yet been used. In MY 2014/15, it was due to the fact that the term of payment was not well defined especially for local input suppliers. Banks and cotton companies are supposed to meet to redefine it. The post was told that the fund could be operational in MY 2015/16*" all these policies are put in place to increase the productivity of cotton in the country. Production of cotton in Mali has dropped over the years due to weather uncertainties. In 1997, 500, 000 tons were produced, followed by 623,000 tons in 2003/2004, but fell to 400,000 tons recently. The cotton prices per kg decrease from$0.50 to $0.47, 2014/2015.

Ivory Coast also experienced a 5% increase in production reaching 405,000 tons, with government's plans aiming to reach 800, 000 tons by 2020. West African performance concerning cotton both at home markets and globally is high. Among the top twelve world leading cotton producers, eight of them emanate from West Africa. The development of the cotton production takes its genesis after the region gained its independence from colonial masters. Most of the policies inherited from the colonial masters were still functioning until recent years where policies have been renewed to increase cotton production in the region.

Horticultural products

Some of the commercial horticultural products include: mangoes, tomatoes, onions, vegetables, pawpaw, avocado, pineapple, banana and many others. For the time been, this region has implemented policies that would enable firms and individuals who are producing for local consumption and for exports to add value to the products hence, improve competitiveness. For example "*The minister for agriculture, Sidi Diaby, is attributing the increase to the national strategy contained in Mali's Programme for Competitiveness and Agricultural Diversification: mangoes are 'at the heart of a strategy to boost commercial agriculture through the improvement of the supply chains for mango, shea, gum arabic, banana, shallot and potatoes*" (Agritrade report, 2015). The demand trend of fresh fruits and vegetables is on the increase both in developed and emerging markets due to the economic improvements and need for healthy life style thus income levels of households have increase. The demand for fruits and vegetables is said to be elastic according to a report by the West African Outlook (2010). The demand in 2008/2009 recession fell causing the price of these items to fall by 30% in the global market, with the EU being the dominant importer of fresh fruits and vegetables followed by the USA and its surroundings. Since the demand trend is on the rise, Africa perceives the impact on the agricultural sector in its economy hence, few governments work along the lines within their institutions to improve living standards through agricultural policies. For example in Mali, there has been institutional adjustment and policies implemented to improve Mango productivity thus explaining an increase in the export levels of mangoes from Mali from 4000 tons in 2007 to 10,000 tons in the preceding years.

The production and export of fresh fruits and vegetables over the years has also been on the increase due to government policies to make agricultural sector competitive just like other emerging markets that have done. Exports of horticultural products in the region were dominantly carried out in Ivory Coast in 1999, with a value of approximately $146 million. Over the years, other countries in the region have developed rapidly, following the trend of exports of fruits and vegetable. Ghana's political environment has also enabled it to participate in the international market of horticultural products like: banana, pineapples, mangoes, papaya, yams, chilies and Asian vegetables. From 1994 to 2006, the export value of the products mentioned above accounted for $9.3 million to $50 million. It has been reported that 90,000 tons fruits and vegetables from Ghana were exported into EU. Though these countries like Ghana have some comparative advantages in terms of freights, location, climate and labor, the market share in horticulture shrunk in 2007 due to the inability of producers to fulfill the standards of importers, with the EU receiving 32% of West African total exports. The bilateral trade agreements between the EU now makes it possible for countries like Ghana, Nigeria and others have lower or free entering market barriers into the EU under the clause of the Economic partnership Agreements (EPA).

Most of the producers of horticultural products are household individuals and a few large commercial organizations. Productivity and competitiveness have not been as it should be due to financial constraints of framers, preventing the implementation of sophisticated equipment to deliver the qualities and conditions on supply wanted on the international market. Unlike cash crop exports where the region has the largest market share, the region's competitive level is low in horticultural products whereas China and Thailand have become the major exporters of vegetables at the global market. Taking into consideration the major export market (EU) for West Africa agro-products, Latin American dominates the market with fruits with Morocco, Turkey, Israel and Egypt being the major suppliers of vegetables in the EU market. One of the main reasons for this region slow pace in this sector is the inability of small scale farmers, to obtain the right technological equipment's such as packaging and storing equipment's as well as irrigational machines to fulfill the conditions laid by their leading importer (EU). In addition, they lack the training needed to improve skills and the social capital on along the supplier chain just like other competitors in China and Thailand where governments and other stakeholders make integrative policies to boost the industry through different entry modes (West African Horticulture report, 2010). With the empirical analysis on the performance of the industry in the region, there authors who have shared knowledge on the constrains that curtail actors in the industry to compete well in terms of productivity and pricewise as compared to their counterparts in other Agricultural based countries. Hence the following chapter presents those challenges facing the industry.

8.2. Challenges Suppressing the agricultural sector's competitiveness in West Africa

With reference to the Porter diamond model (1990), the region would have been one of the most dominant food baskets of the world taking into consideration the landscape, atmospheric conditions for plant growth, increasing labor force as a result of population growth throughout Africa and the interconnectivity of the continent at large. From the colonial period until now, the region has experienced different trends of economic growth based on institutional origins and adjustments. Some of the governments have shown signs of being supportive of national development, by ushering in policies that would boost individual farmers' income, small-scale businesses and larger firms that are actors in the agricultural industry. However, though there exist adjustments and government policies within the region to boost competitiveness, there are still issues within the industry that downplay farmer's abilities to participate in the international markets and small and larger businesses to operate successfully as well. These challenges are outlined as follows:

Infrastructural limitations

This limitation has to do with lack of physical roads for conveying agricultural products from small towns and villages to market places in large cities of West Africa. Each country can be identified with this to be one of the major constrains affecting trade. From the main cities to towns, some of the countries can be seen to have improved their roads making it easy for framers to participate in agric business. This aspect therefore affects the quantity of output in the agro-industry as a result of spillovers. Fruits and vegetables for example get deteriorated within short periods, and the inability of famers to make their produce available to the market due to poor roads is a huge degrading factor. In addition, storage facilities are inadequate in the region to reduce the spillovers. Just like the example given under the "cocoa war" declared by Ivory Coast, when major importers of the products built reserves to control the market price. This could not work because the region lacks the right storage facilities, buildings and refrigerated trucks with the right technology to build up reserves to prevent international players downplaying the price of African agricultural products.

One of the main reasons behind the weak infrastructure could be associated to first and foremost, government priority in the industry. Governments of different countries have different insights and interests regarding infrastructural development and improvement. Political systems and the duration of regimes in West Africa also counts for the low infrastructure development as most countries have experienced numerous political instabilities. It is often observed that there are "*shorter 'political life cycles' with often longer 'infrastructure life cycles." Few politicians/decision makers are selfless enough to plan for infrastructure projects the benefits of which may not be realized during their tenure"* (PWC, 2015). In most cases, constructional projects are discontinued as a result of a change in government, which raises the issue of the interest each politician/government has about the development of the country.

It is not a disputable fact that institutional quality plays a vital role in infrastructural development. The institutional elements that put checks and balances in the region are still at their infancy state, meaning that infrastructural projects lack adequate supervision and accountability. According to a report by Aruofor (2015) on understanding West Africa infrastructure potential, "*inadequate project monitoring and non-enforcement of performance contracts in West Africa also lead to significant infrastructure quality issues".* This element could have a grave effect on the perception of risk in terms of foreign investors who want to invest in this sector of the economy.

Another reason could also be the aid packages as well as international bailouts in terms of economic pressure. These forms of monetary commitments come with their own directives on areas prescribed for example by the source on which it comes from. "*Aid is deployed outside the scope of local institutions, which further weakens them"* (NEPAD, 2013). As discussed under the constraints that come with the bailouts and other conditions from foreign institutional bodies, public expenditure of governments over the years in the industry have been low, compared to the 1990s.

<u>Financial constrains</u>

Formal Financial institutions in the region are not different from any other financial institutions in the world when it comes to giving out loans in regards to demanding collateral and mortgages for security reasons. With these demands, most of the farmers would have been able to source loans for production activities, but other reasons come to play. Besides the inadequate financial institutions in the region, they are in some cases not interested in administering loans to small-scale enterprises. The inability to raise enough funds results in an inability to integrate high quality and productive seeds, pesticides, fertilizers, irrigational facilities to supply products throughout the year, etc. in cases where loans are offered by the formal institutions, very high interest rate are demanded with payments to be done within the shortest possible time. Hence, making enterprises run out of liquidity again after they have finished paying off the loans. According to a report by UNCTAD (2008), the average interest rate changed on a loan offered to rural enterprises is over 30% per annum. This element therefore affects the total Agric-products supplied in the region since all agents in the field cannot update their productions due to lack of finance.

In addition, the credit period is high for even those who are involved in exports of agricultural products from the region. A publication to this aspect explains that, "*Exporters typically have to wait 45-60 days for payment after shipment, and producers have to wait even longer, making it difficult to meet short-term obligations in the absence of credit (UNCTAD, 2003)*". Due to institutional weakness at the moment, not all the private sector workers are on the payroll system meaning that individual farmers need cash at hand to fulfill their daily wages obligations especially those farmers that are commercially based. Another form of challenges experienced as a result of lack of finance has also to do with small scale farmers' inability to acquire the necessary documents on quality standards since these processes involve costs and fees.

Weak Integration of Innovation and Technology

Apart from financial limitations experienced by the industrial players, the access to innovation and technology is yet another battle to productivity and competitiveness in the region. The level of institutional reforms and qualities that inculcated innovative initiatives in the agricultural sector experienced high productivity and competitiveness in the industry. An example is "*China's investment in the development and large-scale adoption of improved seed varieties, fertilizer market liberalization and pricing policy reforms, helped boost agricultural productivity* *and served as a spring board for the growth of the agricultural sector, but also the manufacturing and services sectors (Ravallion 2009; Fan et al. 2010)".* The problem in West Africa is the nature of policies and implementation processes to embrace all the players in the programs. Most of the famers have only primary school education with just a few with higher education. In most cases, there is a lack of networks between research institutions that carry out seed breeding, technologies and so on with farmers who are at the core of production. The educational programs sponsored by NGOs and international bodies in this region are not enough compared to other developing markets' success stories. The know-how on machinery uses, pesticides, insecticides, application of high yield seeds, temperature measurements on certain crops, use of irrigational technology physically challenges to some farmers. The problem said to be linked to the inadequate extension services integration in the region. There is still an aspect of limitation regarding the internal learning of technology, as a result of inadequate public & private spending on R&D, weak support systems: which can administer immediate assistance to farmers on new machinery use, traceability issues, etc. (UNIDO, 2011). Integration of research institutions in agriculture plays a vital role in productivity as well as competitiveness as in the case of Brazil. The country in the search for high food productivity to satisfy its ever-growing population, invested in establishing a network of research laboratories and R&D institutes, which enabled the attainment of new crop breeds and processes that raised the country's Agro-industry productivity over the years. "Brazil's agricultural research institute (EMBRAPA) played a leading role and has emerged as a world leader in agricultural research" (UNIDO, 2011). The institutional policies towards productivity and competitiveness within the agribusiness have increased yields and become competitive even in the global market. "*Brazil has since emerged as the leading world exporter of ethanol, sugar, meat, cattle beef, coffee, orange juice and the soy complex (including chaff, grain and oil). The country is the second leading exporter of soy grain and chicken and the fourth largest exporter of pork. In the last three decades, it has transformed itself from a net cotton importer to the world's fifth largest exporter. Brazil is also the world's fifth biggest exporter of corn and rates amongst the top twenty exporters of rice. Other leading agro-exports include tobacco and fruits*" (Gasques et al. 2004). The said success story has to do with the integration of technology and innovation in the agricultural sector through policy implementation.

Market information and Access

The West African Agro-industrial actors face some kind of information deficiency in terms of prices of products, quality requirements and demand quantities within the regional trade domain. The inter-regional trade plays significant role in the total demand of some of the output of products like maize, millet, yam, cassava, plantain, beans, palm oil, cash crops, etc. are consumed very high in the region, with cocoa, coffee, cotton and horticultural crop being the most exported from this region. With reference to a publication by Diao et al. (207), the value of inter-regional trade was more than three times the value of exports traded outside Africa between 1996 and 2000.

Eventhough regional and inter regional trade have the biggest demand for the agro-products in the continent, there are obstacles dragging trade within West Africa as well as trade with other regions. These limitations prevent small-scale players to participate directly in trade, thereby making most producers bond to monopolistic behaviors of retailers and bigger corporations. There are other merits attached to regional trade if there is market access for farmers : "*Accessing such regional markets is easier for sub-Saharan Africa firms than competing in overseas markets because the logistical demands are less exacting—there is no need to develop expensive air freight facilities —while quality standards are less stringent. Furthermore, national and regional markets not only provide firms with potentially profitable outlets, but also serve as training grounds, in which they can upgrade their operations to eventually break into international markets for high-value products*".

Notwithstanding the trend and merits attached to regional trade, the industrial players still experience certain problems as reported by UNIDO (2011). For example, due to the vastness and un-uniformity as well as insufficient of market supporting institutions, it is difficult for local processing firms to get information about exiting suppliers' quantity of production, quality and price range of products, hence most resort to foreign markets outside the region to prevent uncertainty issues. The source of information channels used by producers and consumers include: friends, families, local markets, other market agents. This source of information might not be current and may lead to misinterpretation of price, quantity and quality. As simply put by Mangisoni (2006), "*Market intelligence needs to be accurate and timely to benefit all the participants in the market. As part of the market liberalization program, the Ministry of Agriculture in Malawi in the early 1990s instituted a mechanism under a World Bank-supported*

Agricultural Marketing and Estate Development Project to collect and disseminate market information for the farmers and traders consumption”. There is also an element of limitation experienced due to nature of the institutional frameworks: there is unreliable contract law enforcement as well as dispute resolutions when trading across borders. This component creates fears and thereby making some to operate within their local markets.

Another challenge has to do with the contradictory behaviors (corruption and bribery) of customs officers, policy makers and other actors in regards to regional trade despite the existence of large institutions like the ECOWAS and ECOMUC, which are there to ensure free movement of persons, free trade and so on. From own experience (project team), there are blocks and barriers across the boarders where unnecessary fees and bribery are delivered with administrative forms. The non-enforcement of this law discourages farmers and traders who are players within the industry. An example is the case of surplus tomato production experienced by Ghanaian famers 2015/2016 causing a tremendous fall (15%) in price (Ghanaweb, 2016). When this happens, the policy makers as well as traders could supply to other markets within the region to prevent the excess. This will cause the tomato farmers to cut down their production within the year and next year to avoid further loss, hence total productivity for such a crop will fall. Another example is a report written by Boughton & Demlele (2010) in regards to unauthorized charges that paid by traders exporting maize form Mali to Senegal eventhough both countries mentioned here are members of ECOWAS. According to these researchers, the amount paid was equal to the cost of 50 kg bag of fertilizer price per maize exported. “*Without a reduction of these restrictions on local and regional market access, African agro-food enterprises will remain disadvantaged relative to foreign competitors, even within markets in Africa” (Dembele et al. 2010).*

Other trade challenges

The competitiveness of the Agricultural industry of Africa in general is lagging because of the numerous obstacles mentioned above and the institutional requirements both at home markets and host countries, adding up to the pressure the industry face unlike other developing markets. The quality of institutional frameworks makes business operation easier be it domestic, or international. In the West African region, eventhough the institutional structures have developed over the years, there still exist some elements, which curtail productivity and competitiveness of the sector under discussion. Enterprises be it small or big, their interests have to be protected to boost further investment and productivity, which is lacking in the African agricultural industry. An example is the trade barriers such as tariffs and quality demands by other countries to protect the interest of farmers, the payment of subsidies and availability of machinery to famers as incentives to boost production, price measures by policy makers in protecting local producers, etc., just like the EU common agricultural policy. Much is being said about African agriculture by donors and governments, both in the continent and beyond, but tiny has been effectively done to boost productivity like other emerging markets. With importing countries of agro-products from Africa, institutional trade barriers have great effect to farmers and traders who participate in the global trade. One of which is the amount of subsidies provided by developed markets. This element of subsidies enables the already doing well firms participating at the international market to have cost leadership as an advantage over developing market's exporters since they do not obtain such favors from their countries. The subsidies also enable the competitors to have an upper hand in increasing productivity by enhancing new technologies, marketing skills, develop better qualities, etc as compared to West African exporters. "*Latest OECD estimates indicate that OECD countries as a whole spent $265 billion to support their agricultural producers in 2008 (OECD 2009b). This amount is more than twice the total net official development assistance (ODA) from members of the OECD Development Assistance Committee (DAC), which stood at $87.0 billion in 2008, and almost seven times the net ODA to Africa that year, which amounted to $27.3 billion (OECD 2009c)*" (UNIDO, 2011).

Despite the reduction of trade barriers for West African countries to enter the EU, there are still countries in the region that do not enjoy the free market entering policy by the EU. Borrowing from a trade document by the ACP (2014) the countries that enjoy for example free tariffs on in West African exclude: Ghana, Ivory Coast and Nigeria. Products such as fresh fruits and vegetables attract zero tariffs, but products such as mango preserved by sugar, mango juice, etc attract tariffs. Apart from these tariffs and issues that affect the competitiveness of West African exporters, there is still an aspect of the common agriculture policy of the EU such as the support for exporters and farmers as can be read on the following **figure: 6.**

Sub-sector	EU Agricultural Policy
Fruits and vegetables	EUR.34.50 per ton of tomatoes is provided to producer

	organization delivering tomatoes for tomato concentrate productions which are later refunded to individual producers in the UK.
Cereals	Export subsidies on were re-introduced in the EU in 2005 for the exporter.
Meat	Beef production is subsidized in the EU, exports subsidies of EUR. 33.5 100kg to EUR.97 per 100 kg, with the withdrawal of subsidies on poultry based on the URAA agreements.

Source: *trade.ec.**europa.eu**/doclib/**htm**l/121196.**htm***

Exports to other regions like the USA and Asia also attract tariffs and other restrictions. It is a fact that West African producers in the agricultural-business enjoy free trade and below average tariffs into the EU and USA markets, as been explained by UNIDO (2013) on the Africa Agro-business report. There are still barriers such as VAT and other charges, applicable to some products from Africa. Products such as: cocoa, tomatoes, cotton, leather and soya beans, exporters witness an escalation in tariffs when the value is added to them (Torben et al. 2011). "*Such escalating tariffs clearly run counter to Africa's quest for increasing value added in agro-industrial processing*" (Torben et al. 2011).

Apart from the institutional barriers experienced outside Africa, there other institutional elements within the West African region itself that serves as blocks to the competitiveness of the region Agro-industry. The regulatory obstacles such as very cumbersome procedures exporters embark on to attain permits, certifications, clearances and others retard agro-industrial competiveness in the regional markets and African in general (UNIDO, 2013). Delays in import clearance of Agricultural imports and exports inflate the cost structures of both producers and traders in the Agro-business, low productivity.

In addition, there is still low level of social capital in regards to producers in the region compared to other developing countries. Even though there exists a number of countries in the region which have succeeded as a result of famers associations, the region at large is still behind. This element of social institutions insufficiency reduces the power of famers to have market control in terms of price. *Farmer organizations empower farmers to effectively manage their own businesses, including processing. On the production side, the organizations would work out cost-effective ways of procuring inputs in bulk to enjoy economies of scale in procurement and transportation* (Mnagisoni, 2006). However, the production of cotton, cocoa, coffee and many others are dominated by private individuals, government bodies and larger firms controlling the value chain in the domestic markets, making it difficult for individual firms to benefit the rents from production, which could be used for innovative processes. A report by Feed the Future (FTF) report (2010) also expresses the weaknesses of West African institutional framework in terms implementing rules and regulations governing the region in terms of trade of agro-business. The rules are conspicuously and theoretically written, but are not enforced to influence competitiveness. The challenges have to do with the "lack of harmonized standards and procedures across borders, and poor implementation at national levels as agreed-upon the regional policies" (FTF, 2010). This theoretical aspect of free trade policies spelt out under the ECOWAS and ECOMU and others do not prevent the bans, tariffs and charges related to trading in agricultural products within the region. The weak policy implementation affects productivity and competitiveness in the region as compared to other developing countries. "*Overall government capacity for policy formulation, implementation, and monitoring in West Africa is generally weak"*(FTF, 2010). Due to this element within the institutional frames, corruption, bribery, property right, land tenure and other challenges exist in this region. Producers, exporters and importers within the region therefore are challenged with the issue of productivity since there are various cost factors involves the trade.

<u>Political turbulence and terrorism:</u>

There is all clarity that political instability and all kinds of unrest within a country can scrap the growth potential in all its viable sectors that make that country to function. There countless number of empirical researches on warzones explains where the foundations of their competitiveness disappeared with the forces of sophisticated weapons. In Africa as a whole, it is undoubtedly a fact that political instability caused by both domestic and foreign actors has left a greater effect on the productivity in the agricultural sector. Countries that were once on the path of developing the full potential of their natural resources have been displaced. An example is political instability in Libya where the agric-sector, which contributed around 20% to GDP, experienced a fall in its productivity over the years. In Kenya, during its test of the political violence after the presidential elections, led to a decrease in the exports of horticultural products, like cut flower industry (Morjaria, 2010). The case is no different in the region under analysis where Nigeria and Mali experience current turbulences resulting in dislocation of farmers and owners of larger production farms. With reference to a report by Kimenyi et at. (2014) on "effects of political instability on Agricultural investment", I has been a shared knowledge that the turmoil in Mali and Nigeria has disrupted Agricultural activities such as: disruptions in the supply of inputs and outputs of production, labor, etc. causing process shocks in these regions. Farms have been abandoned, hence reduces the productivity level in the region in general. Borrowing for a report by the United Nations (2013), the number of Malians where approximately 75,000 internally whereas 100,000 became refugees in the neighboring countries. The Agro-sector contributes 40% to the GDP in Mali and employs 80% of the working force (FOA, 2013). The turmoil from 2012 in addition to the current political instability affected the production of livestock herding and crop production, which is the dominant economic activity of the northern region (Kimenyi, 2014). From the report by Kimenyi et al. (2014), it has been revealed that famers in some of the areas in Mali were cut off from the usual channels used to obtain inputs (fertilizers, seeds and irrigational equipment's) due to the conflicts thus a mass reduction in Agriculture and hosting up the cost of production as well as food. For example, rice production dropped by 4% compared to 2011 yields. Not only did it affect productivity and competition in the country, but also reallocated foreign investors to other parts of the country which may also discourage some of the FDI to leave the country.

The case is not different with Nigeria where political issues have led to the current Islamic terror havoc in the country. Since 2009, the country has experienced the woes of "*Boko Haram" (militant) where many lives have been affected by serious effects on its Agricultural activities hence productivity and competiveness of the region. The northern part of the country where 80% of the population is said to depend on Agriculture is heavily affect. "Millions of livestock have been adversely affected while the region's otherwise rich fishing industry has plummeted. Nigeria's National Emergency Management Agency (NEMA) warned two years ago that 65% of farmers in the fertile north had fled so were no longer growing the staple foods of maize, rice,* *millet and cowpeas. Since then, the number abandoning the land has grown, jeopardizing still further the country's food supply*" (Usie, 2014).

Land tenure systems

Land issues are still problems relating to productivity in the agro-sector in Africa, as a whole. The Land policies that are instituted by both politicians and traditional authorities in West Africa, makes it tough to determine property rights and decisions on foreign investments. This issue affects FDI, due to challenges relating to ownership rights, property rights protection, the proportion of land that is available for farmers to increase their farm lands, etc. related issues include: privatization of land, land distribution especially among weaker groups, conflicts due to non-documentary of ownership rights sometimes. As explained earlier under informal institutions, many lands are informally control and administered by traditional rulers. These traditional leaders have the right to change the rules governing ownership of lands and others despite the existence of formal policies. For many years, the institutional actors have used several reforms including international actors to develop land policies in West Africa, there are still issues noted in some of the countries, which sometimes exacerbate conflicts. Even though more than 60% of the population is employed in the industry, it is still a problem for interested investors to acquire lands for productions. Alienating on the issue of land, we deemed it necessary to walk you through the genesis of land reforms in the region over the years. Borrowing from the findings by Lawry et al. (2014), provision of land tenure security serves an important role in increasing investment and Agricultural productivity in Asia and African regions.

In the 1990s, there have been foreign institutional actors such as France, UK and IMF, ADB, etc assisting countries in the region to bring solutions to the long lasting problem of land ownership issues. An example of such support from actors in solving land issues was French involvement in the francophone colonies in the 1990s, starting with Ivory Coast. An initiative called the "Plan Foncier Rural (PFR) or Rural Land Plan" was implemented to register lands and to promote ownership rights of lands both at the political and customary level. The initiative was later launched in Benin in 1993 and Burkina Faso in 1999 (Quedraogo et al. 2006). Since this issue of land is politically sensitive, French received criticism and is therefore careful not to involve directly, eventhough they still provide support indirectly. For example "*Technical cooperation* *continues to be provided in Niger via French direct support to the Rural Code Secretariat (see section on Niger above, 3.4 and 3.5 below). French experts at the Secretariat play the role of focal point for other funding agencies and organizations*" (Ouedraogo et al, 2006).

In 1995, the British decided to collaborate with the French to assist in bringing reforms to the land issues in West Africa. This was done by involving the three actors (Britain, France and West African leaders) to address issues related to land ownership rights and also to provide rights for vulnerable groups (women and children) to have access to land. This was done through assisting in aligning the land used locally to government structures, hence protecting the interests of both West African actors and international partners. The World Bank also played a role in an attempt to provide support for drafting policies to shape the West African land issues through the strategic and operational level to assist in reducing poverty and training regarding property issues. It provides financial support for debates on individual and collective rights to land uses, and how that helps eradicate poverty. For example, francophone countries in Africa received most of the training and financial assistance from France for research and advocacy work regarding land administrative process to provide protection for vulnerable groups (Quedraogo et at. 2006). There is a broad range of publications stressing on communities entitlement in restricting outsiders who have secondary rights, improve land transaction by making the rural markets to function. The Bank also keeps track on government policies in terms of frameworks that put emphasis on social benefits and policy formation on land issues (Ouedraogo et al, 2006). It is also a shared knowledge by these authors that some African countries have done the opposite to that of what the World Bank proposes in terms of land issues.

With the many initiatives undertaken through the collaborations mentioned above, the customary laws have to play alongside the formal regulations due to the nature of institutional frameworks in the region. Some of the challenges that constraints Agricultural lands according to Leisa (2003) are still related to the institutional design and implementation of policies regarding lands as follows:

- *Land registration is expensive for the state, requiring the maintenance of a centralized system for land survey and administration.*
- *The mapping and registering of title to many small plots, maintaining and updating registration is extremely difficult. In practice, widespread land*

registration is very time consuming and difficult. Legislation permitting or requiring registration is widely ignored.

- *Once the land is registered, informal, unregistered land transactions continue along customary lines and registers quickly become out of date.*
- *Local elites and private investors generally have privileged access to formal registration systems and can exploit them to the disadvantage of customary rights holders.*
- *Survey and registration fees, illiteracy and bureaucratic processes discourage poorer rural people from registering land.*
- *Registration campaigns cannot deal with the full range of customary rights and they frequently undermine the security of women, other subsidiary rights holders, and community claims to shared resources leading to increasing disputes and insecurity*.

As mentioned earlier, the challenges that are experienced by individuals, both small scales & large commercial producers as a result of the inability of the institutional systems to provide a defined policy for all stakeholders in the region in terms of land ownership and rights limit their ability to expand farm lands when the need arises. People in the higher political arena also use their power to deprive others.

Natural phenomenon:

A natural disaster is one of the biggest challenges that influence the productivity level of agriculture in Africa as a whole. The continent is the second vulnerable absorber of the effects caused by natural disasters after Asia (Green Care report, 2006). From 2003-2010, the Sub-Sahara region is known to have absorbed 77% out of 82% production losses caused by drought and floods worldwide, leading economies to lose about 23.5bn dollars in that period (Chonghaile, 2015). Since 60% of West Africans are employed within the Agro-industry, one does not doubt the effect that natural disasters have on both lives and on the economy of the region in terms of agro- production. Most of the farmers depend on the supply of rain for the production of the various crops exported to the international markets. So in terms of droughts and floods, the quantity of supply is said to reduce resulting to the high cost of production especially on farmers who have invested on fertilizers, seeds, hired workers, etc. and as a result, can lead to cutting down on production the following year. These issues have a greater effect on farmers in this region due to the weakness of institutional financial ability to provide viable insurance for farmers against such phenomena. The phenomenon has a long and varying effect on investments in innovation and technology by farmers, hiring of labor and scarcity of fertile lands as well as conflicts.

Some of the disasters can be prevented if there are enough policies formulated and enforced in this region. Land degradation which embraces natural causes and manmade such as: deforestation, wildlife depletion, soil erosion, pollution, desertification, rangeland deterioration, salinization, declining of soil fertility, etc, which “lead to deterioration in the quantity and quality of the productive capacity of land” (Benne et al. 1990), can be prevented with good practices. According to DARA (2013), West Africa is a region pruned to several natural disasters such as: the floods, droughts, heat waves and strong winds, are the known catastrophes that affect people and productions. The effect of this phenomenon from 2010 to 2014 affected around 28 million people in the region. For example, the 2009 floods in the region displaced around 150,000 people in Burkina Faso, 20,000 people in Benin and some others, summing up to 600,000 people from countries such as Ghana, Niger, Sierra Leon and Senegal in that year. In 2009 as mentioned above, more than 141,000 hectares of both cereal and cash crops was devastated by the flood in the region especially in Benin, where more than 73,000 hectares were destroyed. 52,600 hectares in Chad, 6,500 hectares in Burkina Faso and 5000 hectares in Niger were also affected as well as other countries with minor effects on crops in the region (FAO, 2013).

The period witnessed a shortage in the food supply in the region hence; prices were unbearable for consumers and farmers. Notwithstanding the support from donors and governmental organizations in terms of disasters, the effect of the floods eroded crops, assets and livestock by increasing the debt ratios of both subsistence and commercial farmers, hence their incomes were swept away, making them incapacitated in terms of investing in the production of agro-products (FAO, 2013). The displacement of people and small-scale farmers in the region has influenced shortage in food supply and reduction in productivity of other traded crops small-scale famers. Between 2008 and 2012, Nigeria witnessed another displacement of about 6,618 people due to natural disasters (IDMC, 13). From the same report, the authors showed that the floods in 2012 caused damages to extensive farmlands, bridges and infrastructures in Nigeria and other neighboring countries. From the FAO report, it has been outlined that, for the region to be able to mitigate the effects of disasters and other related issues that suppresses food and livestock productions, then governments and policy makers have to implement workable that can be integrated into the institutional frameworks. Next on the analysis is also to present the empirical analysis on the impact of institutions in developing competitiveness in any country.

8.3. The impact of institutions on Industrial competitiveness

Institutions as structures that shape organizational and individual behaviors are responsible for shaping the competitiveness of an industry. In other words, the existence of favorable business atmospheres resulting from efficient institutions are the domains that efficient markets originate. Policies in protecting new technologies, rules regarding competitions and other market interactions are determined by institutional frameworks. An emerging market like Africa, specifically the West African region, continuously experiences economic transformations thus enterprises within this region are now pruned to severe competitions both at home markets and at the international level. With naturally endowed resources, high population growths with rising middle income levels might serve as factors that attract inward foreign direct investments (IFDI). Since organizations and individuals are players of the game (North, 2001), Institutions therefore, serve as agents that might cause these players to follow the rules in order ensure efficiency both at home markets and at the international level. African institutions therefore, serve as barriers or influential factors that might help the industries to compete well in the current trend of globalization.

The nature and quality of these institutions whether public or private have a tremendous impact on the competitiveness of industries both at home markets and internationally. Institutions or governments initiatives in creating and ensuring free market efficiencies are essential for businesses and industrial competitiveness. In countries where the institutional qualities such as less bureaucracy, transparency, less corruption, enforcement of contract laws, property right protections and a few others are good, their industries are performing better thus making it easier for the enterprises to compete well internationally. "*The quality of institutions has a strong bearing on competitiveness and growth. It influences investment decisions and the organization of production and plays a key role in the ways in which societies distribute the benefits and bear the costs of development strategies and policies. For example, owners of land, corporate shares,* *or intellectual property are unwilling to invest in the improvement and upkeep of their property if their rights as owners are not protected*" (Dani Rodrik, 2004). In a country where individuals and firms' experience freedom and security in terms of the above mentioned features of the institutional frameworks, investment to innovate products and capabilities development is guaranteed. Investors both locally and internationally have no doubts in investing in industries to compete well. Therefore the competitiveness of any region or country depends on the Institutional environment.

With reference to Rabo (2016) building on the previous work of Acemoglu et al. (2005) and Acemoglu and Robinsons (2013) on institutional quality impact on economic development, it has been unveiled that institutions are state variables that serve as catalyst to development by providing various individuals and entrepreneurs the needed protection on their assets (both physical and intellectual property rights). Then this element of institutions is high, private individuals and organizations who are players in the sectors of the economy pursue product development and innovations to face the pressing world economic competition. With this as their argument, it is a fact that most of their findings fulfill "the seminal works of Adam Smith (1776) and Friedrich von Hayek (1948). Both authors build their economic views on the individual that is constantly looking for improvements to contemporaneous organization and technology, generating long term growth in economic welfare "*as if guided by an invisible hand" in Smiths' words. The crucial element is that the invisible hand is now identified as consisting of the institutional context that allows these individuals to pursue their drive for individual improvement, protecting the investments they make to generate profits for themselves and technological innovations to the economic system*". To these researchers, any change in the institutional quality of a country will also lift the growth potential of such a country.

Borrowing from a report by the World competitive index (2014-2015), institutional environment comes first among the 12 pillars that determine the competitiveness of a country's industry as well as it enterprises. "*The institutional environment is determined by the legal and administrative framework within which individuals, firms, and governments interact to generate wealth. The importance of a sound and fair institutional environment has become all the more apparent during the recent economic and financial crisis and is especially crucial for further solidifying the fragile recovery, given the increasing role played by the state at the international* *level and for the economies of many countries*" (WEF report, 2014-2015). Most governments from the emerging markets now use the reports from CID to make institutional reforms that supports economic growth of their countries. The national competitive approach which is used by the World competitive index (WCI) in rating the competitiveness of countries, defined competitiveness as a "*set of institutions, policies and factors that determine the level of productivity of one country" (WEF) and, in turn, its sustainable level of prosperity.* This above shows the relationship that assist between institutions and competitiveness of industries as well as enterprises.

In emerging markets like the West African region, institutional environment is one of the significant factors among other factors that hinder or boost industrial and firm capability to develop competitive advantage at home and at the global level. Institutional frameworks are the structures by which policies are made to either open up markets for Multinationals from other countries or prevent the inflow of foreign enterprise by enacting or raising trade barriers. Institutions policies for outward foreign direct investment are known to either encourage OFDI or constrain it. Examples of such policies are subsidizing OFDI target firms, industries or negotiating government contracts and favorable conditions for OFDI in host countries (Marinova et al. 2012). Since investment is a vital feature in building capabilities such as training for farmers, technology, innovation, etc, then polices must be aligned in an industry to allow FDI to assist in developing skills and techniques needed for productivity hence, the role of institutions.

An institutional framework therefore is one of the brains behind the competitiveness of an industry whether at home or in the international market. The ability of the producers to pursue innovative strategies and growth paths might be shaped by the kind of environment they operate in. For this matter, famers and exporters within the West African region would be able to compete successfully if the institutions both at home and abroad support their legitimizations. The classification of institutions into formal and informal institutions by other institutional theorists like North (1990), prove that stronger informal institutions dominate weaker legal institutions in emerging markets. Formal institutions and the enforcement of its policies are known to be one of the main catalysts in developing MNEs competitive advantage taking into consideration the quality of infrastructure, presence of research institutions, financial markets, entrepreneurial policies and many others.

On the other hand, due to weaker formal institutions, emerging markets are characterized by high corruption, bureaucracy, less infrastructure, low or lack of research institutional networks, political instability, low skilled labor, poor electricity, inadequate fund and payment transfer systems (Marinova et al, 2009). In markets that have strong formal institutions, the above mentioned factors are very low therefore giving way for economic development hence, industrial and firm competitiveness. From a research work by Ang & Michailova (2007), also reveals that economic activities, individual behavior and the way and manner an organization develops are influenced by the way institutions are arranged. In the emerging markets, the institutional frameworks shape the strategy and performance of firms either domestically or internationally (Peng, 2005). With this in mind, it is clear that the institutional structures that ensure the development of the economy define the current regional competitiveness in Africa. In the industrial competiveness, frameworks of the region are said to have emanated as a result of the ongoing quest for globalization. For example, founded since 1975, the ECOWAS only did really implement any of its competitive and trade policies around 2008. Theeffect of not having institutions (rules) that spell out the movement of goods and services, price policies, patents, exports and imports within the region might have left some of the SMEs and MNEs to face the consequences of such by themselves. (Africa Business Forum, 2015).

Every nation in this age of globalization where digitalization has made things easy for consumers all over the world can get access to most goods and services, wants to be competitive in order to survive the intensity of global competition. Mostly developing countries having experienced the merits of IFDI/OFDI, most countries want to create a friendly environment for doing business to attract investors for enterprises and economic growth. According to the competitive performance report (2012/013), it is reported that: "*The proliferation of reports and academic policy debates addressing competitiveness and competitive industrial performance clearly shows that governments are increasingly concerned with these issues as well as with understanding their structural drivers. The growing use of benchmarking exercises and competitiveness indices responds to governments' clear need to assess their economies' relative competitiveness at each point in time and over time".* Policy makers are aware of industrial competitiveness and its merits to the development of their nations. This puts most governments in a situation to changing their institutional frameworks pave the way for economic development, which Africa is not in an exception.

Industrial competitiveness according to the UNICO "*refers to the capacity of countries to increase their presence in international and domestic markets whilst developing industrial sectors and activities with higher value added and technological content"*. SMEs/MNEs therefore have the responsibility to participate in the international market with valuable goods and services before a country is rated high on the competitive ladder. This means that developing countries have to lay the foundation of good institutional reforms to enable their companies to build the international competitiveness, hence institutional role on competiveness of industries.

Institutions as the rules of the game (North, 1991), can be seen as the clear picture of what enterprises in the various industries in West Africa experience be at home markets or an international arena. The Agriculture sector within the region, which comprises small enterprises with few firms participating in the international business mostly through export and imports experience a great institutional pressure hence, their competitiveness, diminishes. Institutional frameworks (formal institutions) are weak whereas informal frameworks are dominant. The competitiveness of the industrial players face limitations as a result of weaker institutions in terms of quality requirements, price setting, foreign exchange issues, etc. and therefore needs extra efforts within the firm and institutional support and networks to survive. For example, the textile industry over the years has experienced setback blows to the economy costing a lot of jobs throughout the continent. Governments therefore set up policies that would encourage industrial innovativeness and capability building to enable exporters and importers compete well in this industry. The Kenyan, government over the years is one of those who have taken the pain to reshape their textile industrial competitiveness through tax cuts on imports of all cotton ginning and textile manufacturing machines since 2002 to encourage the use of modern machinery. Apart from this, the government also removes taxes on goods and services within the ginning and cotton factories as incentives to attract textile enterprises into its export-processing zone (Mutumi, 2006). This in away can be seen as an aspect of the government to capacitate firms to compete well internationally on quality and price.

Borrowing from the African Renewal report (2006), institutions are clearly seen as rules of the game where most industrialized countries with sophisticated channels and well defined institutional frameworks benefited from changing the "rules of the game" in the textile industry by enriching their territories and causing havoc in many developing countries like Africa.

“*European countries, Canada and the US initially set up the MFA in 1974 to protect their indigenous clothing and textile industries by capping the amount any country could export to them. The World Bank says that those quotas served to protect jobs in industrial nations and resulted in the loss of 19 million jobs in developing countries, mostly in Asia. The MFA, however, had an unanticipated side effect. Because rich country markets were growing much faster than domestic producers could satisfy, a major opening in the clothing market was created — and smaller textile-producing countries found a ready market*” (Mutumi, 2006). The said policies within these countries faced criticism from old Asian producers and other large industrialized nations: that it was unfair on the part of trade liberalization to have quotas. At the end of the day the Uruguay Round in 1986 and 1994 was agreed based on negotiations to remove all quotas on textile and clothing by the WTO (Mutumi, 2006).

The African countries and other developing countries at the initial stage of this draft as an opportunity to sell their products which later backfired. “*It was estimated that opening up the sector would generate an additional $175 bn worth of textile and clothing exports. But as the deadline drew nearer, smaller textile-producing countries began to realize that most benefits would not come to them, but to countries with large and highly developed textile industries”* (Mutumi, 2006). Many countries lost jobs and faced out of the competition. In West Africa, countries like Ghana, Nigeria, and Burkina Faso textile and clothing industry experienced the effect trade liberalization, where factories have been closed down as a result of price competition from global players. In Ghana, the textile industry was very competitive and had 12% of GDP, whole employing 25000 workers. With the recent trend of globalization where policies have been changed, the industry now employs only 4000 workers as a result of cheap products from foreign market players’ presence in the domestic market (Arts and Design studies, 2014).

The institutional setting has not been efficient in removing all forms of smuggling and cheap product saturation in the market thereby making it difficult for local industrial players to compete well. This has led to the closure of a lot of factories in the region. Institutional frameworks therefore shape the competition, which can be a hindrance or an advantage to local industrial growth. Another example of how an institution as an instrument for shaping industrial competition is the Agriculture sector with an embodiment of several industries. West Africa per say participates in the international trade with few huge enterprises and huge number of small-scale farmers based on co-operations. Governments in the West African region have made an institutional adjustment to pave the way for trade and economic development. One of the institutional arrangements is the ECOWAS (Economic community of West African state). This framework has developed competitive settings that influence fair trade to boost agricultural trade as well as other industries in these regions.

The agricultural sector over the years has experienced a lot of setbacks due to weak institutional frameworks and government policies that support innovation, faire trade, ease of doing business, capacity building and sustainability. The competitiveness of any industry rest on the ability of decision makers and institutions, to ensure continual innovative initiatives for firms to develop capabilities that match current trend of market demands (GCI, 20015). Enterprises within the agricultural sector have not been able to produce andmeetup with the increasing demand for agro products in the region. According to the African outlook 2015, it has been revealed that the competitiveness of this sector or industry has been declining in the export market. The players that participate in both the regional and international business arena, experience challenges coordination and trust issues within the value chains that they operate in. these issues have no doubt, linked to the institutional frameworks. Contract law enforcement is not strong enough to build that trust between investors, suppliers and partners, hence affects competition (Africa Agricultural sector outlook, 2015). The policies do not also provide enough incentives which in addition to weak information channels, forces the fewer food processing enterprises to depend on imported raw materials instead of domestic producers (Africa Agricultural sector outlook, 2015)

The competitiveness of West African participants in the Agricultural sector through exports is curtailed by both national and international institutional settings in the areas of protectionism on the part of foreign markets coupled with unfavorable conditions in the home markets. For example, the EU Agricultural policy on subsidies for exporters of Horticultural products can be said to weaken West African competitiveness mostly the less developed countries within this region. The EU institutional framework in 1992 implemented a policy on Agriculture, which was designed to ensure a healthy competitive atmosphere for its enterprises within the EU zone in terms of prices of Agricultural products. "*Since 1992, the EU's agricultural policy has undergone a gradual process of reform. While the reform process has been multifaceted, the most basic change is in how the EU seeks to support its farmers. Before 1992, the EU supported* *farmers by guaranteeing high prices for a range of agricultural products (so-called price support). If prices fell below a set level, EU funding was used to buy 'surpluses' and store them. These 'intervention' stocks could be sold on the EU market when prices rose above 'intervention' price levels, or could be exported with the aid of export subsidies. In 1992 intervention buying, storage and export refunds accounted for fully 90% of EU CAP expenditures*" (Goodison, 2015). This policy prevented the EU market to be saturated with low commodity prices form other non-EU zones, hence competitive in terms of price to the enterprises. This policy was enabled by high imports taxes and trade restrictions such as strict import license procedures, seasonal import bans, tariff quotas, minimum import price and so on (Goodison, 2015).

The policy instrument according to Goodison (2015), has undergone metamorphoses in order to develop a pleasant competitive environment for its exporters in the agricultural sector. "*EU agricultural policy reform has been a gradual carefully managed process, which went through a number of stages. However, by 2013, most direct aid payments to EU farmers were 'decoupled' from the production of specific agricultural products. This meant that EU farmers received direct aid payment regardless of what was produced or the level of production. The choice of product grown by individual farmers would then be driven by the competitiveness of the farmer in the production of specific products and the market returns, which can be obtained. It is against this background that there is a growing debate on the impact that these direct aid payments have on the level of EU agricultural production and consequent trade outcomes"* (Goodison, 2015). It has been observed that the policy together with public assistance has brought about farm modernization and consolidation leading to economies of scale on the part of this sector hence, very competitive. This has also resulted in more investment at the corporate level towards innovation to boost production and processing in the EU.

Borrowing from a report by Abbott P. (2013) on "policy and institutions roles on for smallholder market participation", the institutional adjustment was made to boost cotton production and exports. The IMF directives accompanied these institutional changes towards shaping the cotton industry in West Africa. Those reforms restructured government owned firms to private firms in some of the countries (for example in the francophone countries in the region) whiles others (Anglophone countries) emphasized on government ownership of those corporations as a result of price pressure from the international market by then. Both the domestic and international institutions continue to shoulder the development of the Agricultural sector in West Africa with numerous of programs to make the industry competitive (Abbot, 2013). For example, "*Small niche markets have been developed by private NGOs for both cocoa and cotton, with better success to date in cocoa. One cooperative in Ghana, Kuapa Kookoo, provides 45 percent of the volume of cocoa fair-traded in the world (Fair Trade Foundation, 2010). Fair Trade Foundation and ICCO (Consultative Board on the World Cocoa Economy, 2005) indicate there is only one other very small fair-trader of cocoa in West Africa, with the remainder of fair-trade cocoa coming mostly from Latin America. Kuapa Kookoo has become a very large, successful entity in Ghana, but only exports 12 percent of its cocoa to the fair-trade market, with the remainder sold as bulk cocoa. Kuapa Kookoo also continues to operate in a publicly regulated market and uses Cocobod as its exporting agent*" (Abbot, 2013). The said above demonstrates how important FDI impacts on developing the industry. Governments and policies that make it attractive for foreign investors can help shape the competitiveness of an industry in this turbulence global market.

Foreign Direct investment with its impact on the industrialization of any geographical location is dependent on institutional frameworks and government policies. FDI can be either encouraged or discouraged by the institutional requirements within the business settings of a country. According to Akyuz (2015) on "FDI on and economic development", it has been pointed out that there are both pros and cons related to FDI in emerging markets and the possible way FDI can lead to industrialization and for that matter, developing competitiveness is the ability of policy makers to inculcate FDI policy in the overall industrial strategy. An example is the FDI policies that were designed by Korea and Taiwan to enable their industrial players (firms) to develop their capabilities. Institutional and government policies were designed to restrict licensing agreements, ownership of a stake in corporations by preventing foreign ownership in particular sectors while allowing joint ventures as a means creating a platform where local firms could learn and incorporate technologies and managerial skills, thus competing well domestically and internationally (Akyuz,2015). Another example where institutional framework shapes the competitiveness of an industry is the case of Hong Kong and Singapore employing policies that could assist them in reaching their goals towards industrialization. The institutional polices both pursued were different, but each country had their inherent goals towards developing industrial competitiveness. "*While Hong Kong followed a laissez-faire policy towards FDI, Singapore* *targeted specific industries for promotion, using incentives and restrictions* (Akyuz, 2015). There has been a low-skill industrial base attained by Hong Kong through its policy. Following on the previous research work by Akyuz (2011), Malaysia and Thailand employed FDI policies to aid industrial independence by following a liberal approach "*allowing fully-owned foreign subsidies*". This led to the attainment of assembly industries, but could not build a diversified manufacturing base as well as reducing their dependency on imported capital and intermediate goods (Akyuz, 2011:2015). The Chinese also followed same FDI path just like the Malaysia and Thailand, but with a more restrictive policies, which has made it possible for their industries to compete well domestically and internationally (Zhu, 2012: Akyuz, 2015).

Even though there has been researching on how FDI affects industrial competitiveness, David A et al. (2014) points out the government policies and institutional instruments that serve as a magnet to foreign direct invest. Investments are needed in African countries to enable them explore their resources and develop their competitiveness in the global market just like other countries that have rich the peak of industrialization. However, there are concerns on risk related items when an individual or organizations intend to invest their capital in Africa countries, as a result of weak institutional frameworks. From the research by David A. et al. (2014), it has been revealed that governments in the African continent that have been able to tune their institutions to provide better property right protection, political stability, legal system, etc. attracted more FDI than those countries in the continent being branded with political turmoil and instability. For West African countries to attract foreign investment that will assist in developing their industries, for example, the Agricultural sector that the research team intends to analyze, then the institutions need to design policies that would embrace both capital investment and partners that will add value to the industrial output for development. Institutional settings both domestic and international have shown the impact of attracting investors to increase the value in upgrading the comparative advantages of countries (Dunning, 1996, 1998; Porter, 1994, 1996, 1998: David et at. 2014). From these authors research on 125 countries, it has been established that strong and quality formal institutions that provide a sense of security attract FDI. For industries to be competitive it takes both capital investment and human development to carry out innovative activities and technological instruments to develop capabilities that match the current trend within the international business hence, governing institutions need to provide laid down attributes to woo investors and protect their industries to develop.

An additional example of how institutions and government intervention help develop sectors of the economy through FDI is the rebirth of Tanzania manufacturing industry after their independence. With a research work done by Wangwe et al. (2014), there was a shortage of capital to in reshaping the manufacturing industry, which led the government to considered policies that would attract foreign investors to supplement the needed capital for growth. In 1963, the government introduced the foreign Direct Investment Act to create a sense of security for investors, both foreign and domestic. "*Tax incentives were provided and existing investment opportunities publicized in a bid to expand the pool of capital inflows. The aim here was to use foreign capital to solve what was seen as the problem of scarcity of capital. This was in line with the post-war models of development such the Harrod-Domar model which put emphasis on physical capital accumulation as a solution to the perceived shortage of capital. Nonetheless, the outcome was not encouraging. Consequently, the Arusha Declaration was formulated in 1967 promulgating socialism and self-reliance*" (Wangwe et al. 2014). Even though the reforms brought both pros and cons, it reveals an element of how the institutional instrument can be changed to address industrialization.

Another aspect of institutional influence on industrial performance or development is how policies are enacted to pursue innovative activities to develop the needed capabilities and skills that match the intensity of the current competition. Referring to Rodrik (2007), economic institutions have a great impact on investment physical, human capital, technology and industrial production. The same author also unveils that, political institutions has a vital influence on economic growth hence the performance of the various sectors of the economy. The level of political maturity in the country in addition to the most inert of various political parties or governments in power can hinder or boost industrial growth (Rodrik, 2007). Taking a reference to the West African common industrial policy, which embeds several policies, the role institutions play in shaping industrial development and competitiveness cannot be overlooked. Some of the procedures laid by the regional commission has to do with: increasing production base and raw material processing rate from 15%-20% by 2030 through developing production capabilities and upgrading existing ones, increasing intra-community trade in west Africa and increasing manufacturing of goods in west African to increase exports and so on (ECOWAS Aid for trade, 2016). Having observed the above said research outcomes and conferences papers, there is no doubt that institutional frameworks have a great role in shaping the sectors of an economy like that of West Africa. Having dug into how institutions can shape the competitiveness of industries, the next chapter takes us through the institutional frameworks underlying the West African region by looking at the background of these institutions.

8.3.1. Background Context of Institutions In West Africa

The birth and existence of today's institutional setup in the West African region as well as the African continent go back to the historical and colonial legacies left behind because the defined structural demarcations of institutions and political eras of today did not exist before colonization. Most or say all African countries generally had a more traditional form of governance where traditional rulers, chiefs and kings governed and served their masses, in accordance with the local rules, ethics, cultural norms and benefits of their tribal groups and villages. That notwithstanding, their Western colonial masters used and lured these traditional rulers as an intermediary into the exploration of their lands, labour, resources and subsequently a forceful occupation of their territories. Like other regions in Africa, West African states have numerous ethnic languages but their national language is either English or French, which clearly defines their colonial masters.

Borrowing from the empirical publication of IDEA (2007), there exist technical differences and structural foundations in the functioning and efficiency of political institutions in West Africa. Looking at the English and French speaking countries in this region will clearly explain the difference in cultural structures and political institutional frameworks, setup by their colonial masters. That notwithstanding, there exist some fundamental similarities in their political dimensions and the authors categorized these into three different cycles.

- The first cycle was the multiparty democracy that existed immediately after independence. During this period, there were many frictions, misconception, and misunderstanding of the newly introduced party system gave a path to the second political cycle.

- This cycle was characterised by a series of military dictatorships and the dominance of a one party system. In some cases, political parties were completely banned and if there existed in some countries, the political environment was very tense and highly controlled.

Military interventions occurred in Togo in May 1963, Nigeria in January 1966 and Senegal from 1966 to 1974.

- The third cycle occurred between the 1980's and 1990, is known as the democratization era in West Africa, which was highly uneven amongst these member states. It was characterised by the challenge of existing political regimes by national conferences, thus giving way to the emergence of the people's power. For example in Benin, the increase of political parties was as a result of the liberalisation of the political atmosphere whereas Togo continuously resisted this. .In Nigeria and Ghana, formal political transition programmes facilitated the democratisation process thus limiting frictions during a regime change from military rule to civilian rule. However, this was not the case with Ivory Coast, Guinea-Bissau, Liberia and Sierra Leone were democratisation processes led to immense civil wars. Currently, there still exist issues and threats of political instability in Ivory Coast, Mali, Burkina Faso, Guinea the rising Niger Delta (Biafra crises) issue in Nigeria and the Casamance separationist since 1982 in Senegal.

Without any doubts, the French system of assimilation during the colonisation period was aimed at suppressing and eliminating the existing African institutional structures and identity and replacing them with theirs. On the other hand, the British system was the indirect rule (self-sufficient colonies), aimed at maintaining the existing African institutional structures while adapting and imposing their control and rule to tally with these institutions. From a logical point of view, the fragile nature of institutional setups in French speaking West Africa can be tied to the failure to install stable self-sufficient institutions and the departure of the French as its colonies greatly relied on French assistance. For sure, there exist structural malfunctions and instability in former British territories in this region and Africa as a whole, but to an extent, the prevalence of stable political and economic structures is an effect of its colonial legacy. The culture of self-dependency, efficiency, and sustainability is very important and significantly affects the competitive nature of companies operating in any country, be it a former colony or not. For an in-depth understanding of this broad subject, zooming into and focusing on two distinct countries within the large region of West Africa, who have different histories of colonial institutional setups was seen very relevant by the research team.

8.3.2. Nature of institutions in West Africa

Articulating this view with respect to the western region of Africa, the existence, enforcement and acceptance of some of these regional and national institutions are technically embodied by certain behaviours, values and norms that reign in the sovereign member states. In other words, the countries that make up these regions have particular cultural, socio-political and economic similarities and views in respect to attaining their objectives. In this respect, attaining a common goal is achieved not as an individual country, but as a region, which has basic understandings. Nevertheless, institutional set ups vary amongst countries as well as amongst the various regions in Africa. For example, the institutions that exist in the Northern African region are in accordance with certain behaviours, norms and views that exist in the Maghrebian countries, which is different from those in the eastern and western regions of Africa. However, despite the difference, there still exist some basic similarities between the eastern and western regions as well as the central and south regions. Before proceeding, a logical understanding of the history and birthof institutional structures, as whole in West Africa is important. Also, the institutional impacts and effective governance on the competitive nature of companies and the coherence that exist in this region,specifically in Ghana and Ivory Coast,which are the main area of focus in this research will be discussed in this chapter. In addition, as young scholars, we believe that examining the historical backgrounds on the institutions is very important, as it will help clarify a few doubts and answers to the numerous unanswered questions and ignorance rolling in this subject.

8.3.3. Present day political institutions in West Africa

An empirical understanding of political systems and its general impact on growth and development is of great importance not only to policy makers but also to foreign bodies, institutions and especially the academia that seeks to understand the slow economic development, irrespective of the immense resources endowed in some regions. The importance of institutions for economic performance is well explained by Douglass North (1990) and the question of ‘’new institutionalism’’ as a remedy to economies as such has continuously been referred in most economic scholarly articles (Rodrick et al, 2004).

In the region of West Africa, changes in national political institutions towards a more liberal and democratic system of governance is widely accepted by the population. All member states in this region have multiple domestic political parties (multi-party democracy) constructed on different foundations and ethnic groups. They all participate in national elections at all levels: Municipal elections, regional elections, parliamentary elections and above all the Presidential elections, which has always been the most ambitious objective of any political party is highly contested in these states. Recently, several national political parties form a coalition to outsmart the ruling political party while in other countries;there exist two to four main political parties, which contest for the presidential elections.

Today, democracy in most West African nations is centralised to a single and stronger politicalparty, which controls a majority of the Executive, Judiciary and Legislature, which in most cases has brought upon massive disruption of the government leading to civil wars and coup d'états especially in French speaking Africa. There exist little or no trust in political institutions by the population and in some cases; political institutions and governments have openly defied the legislature and Judiciary hence increasing the doubts and loss of hope in institutions. However, despite these inconsistencies in the proper functioning of Political institutions in this region, a step towards proper democracy and respect of the Legislature has been displayed in some countries.

Concisely, such characteristics of an unstable political atmosphere have had a persistent significant negative impact on efficient governance. As such, the continuous existence of turbulences, unbalance economic structures and business environment is highly articulated to this, making this highly unhealthy for the economies of countries in this region. However, over the past two decades, the West African region has gradually maintained political stability and liberalisation as well as economic growth as compared to previous decades and there exist more hopes for better business environments.

8.3.4. Institutions in Ghana and Ivory Coast

Both located on the West coast of Africa, Ghana and Ivory Coast practically experienced the same time under colonial rule but with different colonial masters. Ghana got its independence from the British in 1957 and the English language is its national language while Ivory Coast from the French in 1960, with French language being used as its first official language.However, except Cameroon (Central Africa), that has English and French as its national languages, globalisation, technology, trade and regional integration in West Africa, explains the traces of both languages in-between both countries. Despite the high levels of corruption and inefficiency of government institutions, these two nations have had periods of immense economic growths and political stability as well as unstable institutions and turmoil since becoming independent nations. According to McGowan (2003), an in-depth analysis of the political era and regime changes in both countries is explained between 1956 to 2001. During this period, Ghana experienced five successful coups out of eleven plots all aimed at challenging the institutions and its governance policies while Ivory Coast had one successful out of three plots within the same period. Surprisingly, out of 48 sub-Saharan countries, Ghana was ranked ninth while Ivory Coast comes 16th between 1980 to 2001. So during the 1970's to early 1980's Ghana suffered from economic slumps and currency devaluations while Ivory Coast economy flourished so much that its real GDP person by 1980's was twice that of the 1960's but the opposite holds true today.

Ghana

With a population of approximately 26,79 million, GDP rate of 4% and 3.5% in 2014 and 2015 respectively and an inflation rate of 15,5% (World Bank 2015), Ghana currently stands amongst the top democratic and political liberal countries in Africa. In Ghana, amongst 35 registered newspapers, 33 are privately owned, about 52 radio stations and nine television channels of which 8 are independent (IDEA, 2007). Since the return of civilian rule and multi-party democracy in 1992, Ghana has portrayed a more stable economic environment and an uninterrupted political arena in. The people's power has gradually gained grounds, the parliament is vibrant and the Judiciary and legislature have proven its worth and gradually gained the confidence of Ghanaians especially in the presidential elections and regime changes in recent years. Though there exist numerous political parties in Ghana, two main political parties still dominate at all levels of elections in the country.

Like any other modern sovereign country, Ghana has a decentralised government with a number of delegations, ministries, and economic institutions, both private and public. Besides being a member of ECOWAS, with regional integration, trade liberalisation and economic growth amongst its objectives, Ghana as of recent has 24 state ministries, ranging from the Ministries of Finance, Law, Natural Resources, Trade and Industry, Gender and many others. All these state owned ministries and departments are in charge of all the different sectors of the economy. Their establishment is aimed to facilitate and monitoring the efficiency of governance as well as generating economic growth.

Being amongst the top most promising nations in Africa, the constant efforts by Ghana to expand its industrial sectors, and the enormous contribution towards sustainable growth and a diversification of its economy has relatively boost its economy both by FDI and domestic investments. The main industrial sectors in Ghana are: Electricity and Water, Transport and Communication, Manufacturing, Construction, Fishing and Forestry, Mining and Quarrying, Government Services, other services, Restaurants and Hotels, Finance, Real Estate and Business activities and above all, Agriculture which alone accounts for almost 20% of its GDP. Major structural changes and institutional policies in these sectors by the government has considerably reduced unemployment, especially in the Service and Agricultural sector, where Cocoa production accounts for about 10% of the total agricultural-sector and 20% of total value of export receipts in Ghana. Currently, Ghana targets at exporting 50% of processed cocoa are amongst measures to improve value to its most outstanding product as well as expanding her entertainment industry, which has been growing exponentially in recent years. In addition, since joining the League of oil producers, the petroleum sector is expected to be among the main economic drivers of growth. Ghana has an estimated 2.0 barrels of oil reserves and in 2007, 23 new oil and gas wells were discovered and contributed approximately 3.0 billion USD to the economy, an increasing gold production as Ghana currently ranks 2nd after South Africa on the continent (AEO, 2014). Despite serious issues with infrastructural development and transportation connectivity, serious majors are being implemented to improve industrialisation and the competitive nature of domestic companies. For example: the industrial policy (2010), the industrial sector support programme (2010), the trade support programme and the export promotion strategy (2013). In addition, the Ghana Free Zone Board offers significant tax incentives to 260 companies that export at least 70% of their total production falls amongst some recent government strategies to enhance competitiveness. Others are import duties to protect local industries and export bans on round logs and metal logs to increase provision of raw materials for local industries.

In regards to the financial and monetary sector, the Bank of Ghana manages all fiscal and monetary policies, interest rates, investments and the issuance of all bank notes. In 1965, a few years after her independence, the Bank of Ghana switched from using bank notes issued in accordance with the British colonial monetary system of Pounds and Shillings to the Ghanaian Cedi. Despite the numerous regime changes, consistent fluctuations and devaluations of this currency, monetary and economic policies have unanimously been adopted to straighten the currency, which still exist today. In other to strengthen the financial sector to meet up to international standards and combat regional competition, the government embarked on the capitalisation of this sector. Also in 2003, the financial sector strategic plan was adopted (FINSSP), aimed at broadening the financial sector while improving governance. According to AEO and AFDB 2014 reports, in 2013, tough regulations were imposed by the Bank of Ghana, aimed at fighting rising inflations, limiting liquidity, increasing loan ratios and currency devaluation by raising its policy rate by 100 basis points to 16%. By the end of September 2013, the total assets of the banking industry increased to GHS 33.9 billion, from GHS 25.1 billion in September 2012, accounting for about 40% of its GDP. Despite all these tight regulations and financial fluctuations, the financial sector in Ghana is and has continuously experienced a boom.

Despite the unequal distribution of wealth that still exist in the country, especially in the rural areas; poverty rate has greatly declined from 52% in 1992 to 24% in 2013, thus targeting its millennium development goal (World Bank, 2015). Recently, adopting The Livelihood Empowerment against Poverty (LEAP) aimed at straightening social networks and a move towards free national health insurance scheme has greatly doubled and multiplied its effect on improving the social status of the indigenous population. Partnership deals with UNDP, World Bank and DANIDA of Denmark have some significant progress in this poverty alleviation schemes by the Ghanaian government. In addition to this, gender quality is of continues importance to the society and structural adjustments have been imposed in the areas of education and political appointments. Though there is progress at a slow rate, there is an improvement in the number of women been appointed in several sectors especially in the government sector.

Ivory Coast

Also known as, Cote d’Ivoire in French, this sovereign nation has a population of about 22.16 million, an inflation rate of 0.5% and GDP growth rate of 8.5% in 2014 from 4.7% in 2011 due to the political instability that occurred in 2010 (World Bank, 2015). Despite certain challenges, further economic procrastinations suggest a consistent growth in the economic and developmental situation of the country if structural and political institutions are effective. For over two decades in Ivory Coast, press censorship and limited political freedom have been common as most media outlets practically diffused information in support of their political factions or pro west. There exist over 14 TV and radio stations in Ivory Coast and some newspapers agencies. TV and radio stations that were viewed as pro west and help increase national instability (RFI and UN radio station, Onuci FM) were banned under the former Presidents regime (Laurent Gbagbo), but currently have been reinstated by the current president in 2012. Despite the existence of several political parties in Ivory Coast, the two main parties are the FPI (Pro Laurent Gbagbo) and the RDR (pro AllasaneOuttara).

Currently, there has been increasing moves and strategies towards peace and national harmony between the ruling party (RDR) and all opposition parties especially the FPI, who lately re-elected incumbent president Laurent Gbagbo as national chairman though he is still detained and still being questioned at the ICC, in regards to the post electoral clash in 2012. Between 2011 and 2014, many alliances for reconciliation such as: the UN operations in ivory Coast and the national army (UNOCI), the dialogue, truth and reconciliation commission (Commission dialogue, Verite et reconciliation), the release of pro Laurent Gbagbo supporters and the unfreezing of their bank accounts (World Bank, AEO, IMF 2015). In a nutshell, despite the recent calm political nature in Ivory Coast, national reconciliation, dialogue with the opposition and the release of Laurent Gbagbo who is largely viewed as a nationalist and still very popular are still amongst the very challenging issues to be handled by the current government without which, Ivory Coast still remains a very fragile state politically.

Despite its recent post electoral crises of which the judiciary, legislature, and executive were greatly defied, Ivory coast still has a national assembly and still views democracy as the best system of governance. It has many ministries and departments in the public service, covering all the different sectors of the economy, a member of ECOWAS and targeting economic growth is amongst its objectives. With the agricultural sector still contributing more than 40% of its economy, the main sectors in Ivory Coast are: Mining (oil), Construction, manufacturing, Electricity and water, Hotels and restaurants, transport, storage and communication, public service (education, health etc.) and other services. Being the world's largest cocoa producer, and the 5th global coffee producer, Ivory Coast has used its advantage in natural resources and fertile climatic conditions to develop and expand into the production of other industrial agricultural crops such as: palm oil, rubber, cotton, sugarcane, pineapple and soya. Besides cocoa production being its main export, the production of oil and refined products in Ivory Coast since 2006 has gradually become an important sector of the economy. Earnings from oil products in 2006 were estimated at $ 1.3 billion while cocoa revenues were only $ 1 billion (IMF, 2007). Though the government has continuously attempted to diversify its economy, an estimated 68% of the population still depends on agriculture and any other related activities. Redressing this means implementing effective strategies and institutions that will boost the economy. Other strategic measures to increase economic growth and improve business environment are the national development plan, a partnership with the IMF to manage the budgetary situation and improve tax collection and public spending schemes. These measures with grants inclusive have lowered the budget deficit to slightly 2.2% of GDP from 2.3% in 2013 (AFDB, 2014).

In regards to the financial, monetary and fiscal sector of Ivory Coast, the political instability in early 2000 has had a massive effect on this sector as risk rose, granting loans became very challenging and the banking industry became very unprofitable and inefficient. With only five domestic owned banks out of the 21 existing banks by 2003, such turmoil caused high liquidity for its domestic banks but there has been a remarkable change since 2007 in this sector. With the CFA franc, being used as its currency, Ivory Coast and all member states of the West African Economic Union (WAMU) are all-dependent on the central bank of French speaking west Africa, BECAO. This bank issues bank notes, decides and the monetary policies of its member states and its management are made up of appointed directors from WAMU member states and France. However, currently there are persistent negotiations and talks by the WAMU member states for reorganisation and calls for an independent BECAO, without the intervention of France and limiting BECAO borrowing capacity from the French treasury.

Even though Ivory Coast had once been the largest and most influential economy in West Africa with high records of per capita income, unequal distribution of wealth and poverty still exist and has been of crucial interest to the government. Despite an increase in government spending from 8.6% to 9.3% in 2012 and 2013 respectively to combat poverty rates, the rates instead rose from 31.8% in 2008 to 34.4% in 2011 while rural income increased from 48.9% to 51.3% during the same period (AEO, UNDP 2014). Currently, grants and partnership programs with the IMF, UN and other organisations are working closely with the national coffee and cocoa council (Conseil du café-cacao), aimed at targeting this issue. There is also extensive electrification of projects and providing affordable basic commodities and services to the population. Despite the legislative and institutional progress to promote gender equality in Ivory Coast and gaining World Bank recognition in 2014 for the most introduced reforms in this aspect, a lot is still left to be done.

The paragraphs above have given an extensive summary about the past and present situations of institutions as well as the surprising future expectations of economic growth for both Ghana and Ivory Coast, both located in West Africa. With a logical view of young scholars, the numerous military coups in Ghana were aimed at regime changes, enacting effective policies and institutional structures for sustainable growth. Also, instituting democracy for the benefit of the population and economic diversification have been the main driving forces of this economic growth. Also increasing the competitive strength of domestic companies and better positioning on the global value chain is amongst Ghana's governance policies and strategies. Though currently experiencing peace, political stability and a boom in her economy, Ivory Coast is on the road to reclaiming her previous economic standard and glory. Democratisation process as largely led to civil wars thus increasing risk, decreasing FDI, OFDI, domestic investment and many others that will have helped increase the competitive nature of firms. The regime changes in Ivory Coast has largely been motivated by ethnic and personal interest, and lately has been in respect to the protection of foreign interest by using domestic opposition parties. Despite its extensive road transport network into the rural areas, there still exist many setbacks towards the diversification of the Ivorian economy and gaining sustainable growth and advantage. Launching successful projects by strengthening the local government's managerial ability, increasing local access to good and affordable public services, diversification, effective institutions, peace and the fight against corruption and poverty alleviation are amongst the immediate strategic policies used by the government of Ivory Coast to increase development.

Without any doubt, despite the high levels of poverty and corruption, political instability and disease outbreaks and the negative image consistently portrayed on foreign Medias, Africa as a whole is highly endowed with natural resources and little more developed than perceived. West Africa as a whole is blessed with suitable climatic conditions, fertile soils, human capital, rich tropical forest and currently experiencing a spontaneous growth in capital. In addition, working on peace, regional integrations, infrastructural development and efficiency of its institutions to improve domestic competition are continuously of much concern for improvement in this region.

All these are gradually attained as a result strategic measures towards effective institutions, diversification of its economies and sustainability, fighting poverty and corruption. Not all of Africa is in shambles and experiencing acute poverty, high illiteracy rates, underdevelopment and the fight towards reducing the continents dependency ratio as discussed below, might be a measured break through. Backing the genesis of this research, points regarding the dependency on foreign institutions and their influence on local institutions in the continent as well as West Africa will be elaborated.

8.4. Dependency Ratio: The more dependent a country is on external bodies, the more likely that their institutions would be influenced

Despite its massive resource endowments, large surface area and high population statistics in the world, the African continent has been an essential subject and importance in regards to foreign aid, targeting poverty alleviation and development. These African countries have continuously received huge amounts of foreign aid and loans from organisations globally in several forms: Capital funding, food, governance and training, public health and disease outbreaks, handling natural disasters and many others. In other words, foreign aid in this context entitles the transfer of goods, services and capital from one country to another directly or indirectly through organisations such as the United Nations funding organs, World Bank and many others. Foreign aid can be categorised into three different kinds: Military aid, humanitarian aid and official development aid (ODA), which categorically done by G8 members even more substantial economically than the previous two types. Without any doubt, much appreciation and recognition go to all foreign aid bodies, foreign governments, philanthropic individuals and organisations globally, for they have had enormous and significant impacts in various sectors across Africa and have saved many lives in this continent especially in disease and hunger disasters.

Nevertheless, in recent years, there have been consistent debates and scholarly published articles and journals on the slow development of African countries despite all these support. This key point gives us a foundation towards examining the types of foreign aid received by african nations. How effective is this aid being, in targeting key areas of crises within a state or region. Have these sovereign nations become extremely dependent on foreign aid that has indirectly influenced their responsibilities negatively with respect to the wellbeing of its people. Borrowing from OECD statistics (2015), development aid to Africa by ODA was estimated at USD$ 55973 million in 2013 and there has been a substantial amount of ODA flowing into Africa since 1970. *For the past 60 years one trillion dollars of foreign aid in the form of ODA (Official development assistance) has gone to Africa, even more astonishingly 400 billion dollars of ODA was transferred to Africa between the years 1970 to 2000 yet Africans are in need of help more than ever*(Powell,2005).

The existence of numerous organisations and funding sources engaged in supporting African countries makes it practically tough to give a fixed estimated number/amount in this project. That notwithstanding, the UNDP, World Bank, WFP, OECD, EU institutions and ODA have been the most significant in foreign aid to African countries either directly or indirectly. However, certain individual countries like China, who is not a DAC or an OECD member has gradually secured its trading relations and increased her economic and developmental support to Africa. With decades of foreign aid, grants and loans flowing into Africa, poverty alleviation, corruption, economic development and growth are still amongst the main areas of crises to African countries. This key point has continuously been a topic of heated debates and published scholarly articles about the aim, impact and how effective these grants and aids have been. As young researchers and academicians and in addition to the above-mentioned points, we say that, over forty years of foreign support should have raised the standard of living in most African institutions but the reverse holds true today as the continent is still in much need. In addition, how dependent have these African institutions and governments been to foreign aid and has this created a negative impact towards its responsibilities to its people in terms of development and strengthening the business environment. How certain foreign organisations and institutions hold strategic positions and advantage to the dependency ratio of African institutions with Ghana and Ivory Coast inclusive, thus increasing the vulnerability of these nations are all points of keen interest and importance to this research.

Firstly, before the independence of most African states in the 1960's, the efficiency of institutions and international trade ties where solely managed by foreign governments or in other words their colonial masters. Minerals extraction, timber (especially Agriculture) and other related key sectors, which were of significant importance and supplied much raw to the firms and factories abroad were highly marginalised. After independence, though these colonies possessed some educated elites, but the technical knowhow and managerial capabilities to handle such productions and fabrications was lost. Mismanagement of most enterprises and economic collapse was a serious problem to most African colonies and even though Agriculture and commodity prices where booming in Europe, trade prices were fixed by colonial masters and without the consent of its colonies. Despite several efforts to meet up with the increasing demand of tertiary products by diversifying their economies, industrialisation and better positioning local companies in the global value chain, lack of expertise knowledge killed these dreams. In that effect, hiring and acquiring knowledge from abroad was very costly and in some cases limited knowledge transfer was effectuated. They indirectly aimed at maintaining superiority in technical and managerial skills. In a nutshell, this opportunistic behaviour that began decades ago, still exist and largely contributes to why countries like Ghana and Ivory Coast that produced quality products such as Cocoa, Coffee, Cotton, Banana, Gold and many other have been lagging for ages now, though certain recent structural changes in their policies and institutions are geared towards eliminating this effect.

Furthermore, it is no doubt that most African countries economies are highly dependent on Agriculture as they are blessed with fertile soils and good climatic conditions. Mining, crude oil/gas, tourism, entertainment and other sectors have gradually contributed to the GDP's of most nations today. Surprisingly, despite the impacts of globalization and technology, very few countries have actually moved from the primary stage of production to the secondary and tertiary stages in their most prominent economic sectors. Taking into consideration the brilliant publications of David Ricardo (comparative advantage, 1817) and Adams Smith (Absolute Advantage, 1776), if African countries and the west practiced these in a free market situation, international trade would be fair for both parties and economic welfare will have significantly improved in Africa, than what it is today. As young scholars and the statistics and facts concerning Africa's enormous natural riches and high rate of poverty, we can see logically that the existence of a free market situation has gradually been eliminated and African countries have continuously been in the less gaining end of international trade. Its desperation for finished goods and limited technological knowhow has prominently increased its dependency ratio. So a very rich resource country which is highly undiversified and with the primary stage of production being its only speciality, stands at the begging end of selling its raw materials to

Europe at low prices/rates, and later on import the finished products at exorbitant prices. This has actually been an obstacle to many African countries until date.

For many decades, the active participation and bargaining power of African countries in the international price fixing of commodities was limited. Cash crops like Cocoa, Coffee, rubber, palm oil and many others prices were and had continuously been determined based on the consumers power in the industry. In other words, with an increasing demand for refined cocoa products in Europe, top chocolate multinational corporations like Barry Callebaut, Cargill and Archer Daniels Midland Company, Mars and Cadbury as well as many other smaller chocolates, have an adverse effect on the price determination ratio of Cocoa and Coffee products, as regulations will most often favour their interest. Irrespective of many factors that determine price fluctuations such as natural disasters, lack of adequate rainfall, limited land allocation, diminishing labour supply and many others in the producing countries, price fixing does not actually favour the local producers and farmers. Africa alone contributes 73% of cocoa globally, while Ghana, Cameroon, Ivory Coast (40%) and a few others are the most exporting cocoa producers in the world. The Americas contributes 13% and 14% from Asia and Oceania, with Indonesia being its leading producer (World Cocoa Foundation published reports, 2012). Surprisingly, their representation and number of seats in associations such as: International Cocoa Council (ICC), Nominated representatives into the Consultative Board of the World Cocoa Economy (2013-2016) and a few others is very limited and highly dominated by institutions, cocoa organisations and technicians, originating from the west. This actually should be limiting the voices of African exporting countries and their cocoa institutions, if a bill or votes are to be casted in respect to demand and supply vs. price. Of recent, Ghana and Ivory Coast are implementing policies aimed at stabilising a minimum price per kilogram of Cocoa sold to cocoa buyers. This will help improve the living standards of local farmers hence gradually eradicating poverty.

Africa is not immune to the global crises and fluctuations in commodity prices. Africa countries have enormous resources that can really enhance their economic situations and make them better placed globally. Most of these economies are highly dependent on agriculture or natural resources for example: Agriculture being the backbone of most African economies (Ivory Coast, Ghana, Senegal, Cameroon, Mali, etc.) and a few highly dependent on oil like Nigeria, Angola, South Africa and Gold, Copper, Diamond heavily located in Democratic Republic of Congo, Zambia and a few others. The global drop in commodity prices in the past and recent years has pushed must of these economies into bankruptcy and currency devaluation. In addition, in the late 1970's until the early 1990's most or maybe all of these nations' experienced serious economic crises and many had tried to diversify their economies into the extraction and industrial manufacturing, which demanded huge sums of capital and funding.

In such situations, seeking for funding, financial bailout solutions and loans from western nations and well-established financial institutions is regarded a solution. Most often, these loans and financial grants came with specific conditions and in some cases, the interest rates are high, making it practically impossible to repay all these loans. So all these kind of transactions and methods have been established, in other to clear these unending debts through very harsh conditions. For example: selling at relatively low prices while importing at high prices, assigning development and construction contracts to companies of specific countries and the unscrupulous extraction of resources by foreign companies. Imposing structural adjustment programs to poor countries, privatisation of state owned companies and many others, which had and continuously have a significant devastating impact on the poor in these developing countries especially sub Saharan countries, all aimed at repaying its loans, has had an adverse effect to development (J. Barry Riddell, 1992). The said conditions that come with bailouts from Donors and international financial institutions indirectly or directly limits the abilities of governments to allocate capital to the areas that could bring poverty elevation and economic development to the region. An example of such was the inability of countries like Sierra loan, Guinea, Liberia, etc. governments to invest the amount needed in their health sector (Rowden, 2015). According to this report, one is tempted to see the rules of the games played here due to the dependency of this region and African at large on different foreign donations and bailouts. Following on the same report, there is also an element of promise and fail issues by the IMF and World Bank. "*As the spreading Ebola emergency took center stage in Washington, the World Bank and International Monetary Fund (IMF) have pledged $530 million to help Guinea, Liberia, and Sierra Leone. And in October 2014, at a special session with African leaders on Ebola during the IMF/World Bank annual meetings in Washington DC, The IMF Managing Director Christine Lagarde said that in addition to the aid, the IMF would depart from its notorious budget austerity, and actually allow the hard-hit west African nations to increase their budget deficits: "We don't normally say this!"*

she emphasized. To which the Guinean president, Alpha Conde, responded, "I'm extremely pleased to hear the IMF Managing Director [say]… that we can increase our deficit, which is quite a change from the usual narrative" (Rowden, 2015). With IMF monetary policies that come with the bailouts limits the national expenditure levels, hence one can say that the current decrease in government expenditure on Agriculture across the region could be as a result of the constrains IMF that limits governments from doing such.

Created at an international conference in Bretton Woods, New Hamshire, the USA in 1944 by 44 world-leading nations, both the IMF and World Bank gear towards helping member countries during sudden economic crises and financing long-term development projects, through global economic cooperation. By so doing, a stable economic situation and global growth will be achieved thus decreasing the gap of unequal distribution of wealth and gradually eliminating poverty. Though they collaborate regularly at all levels to assist member countries, they both have different functions and obligations even though operating under the same umbrella. Referencing to the official webpage of the IMF (IMF.org), a detail description of these two institutions similarities and differences can be seen below.

- *The IMF's Mandate: The IMF promotes international monetary cooperation and provides policy advice and technical assistance to help countries build and maintain strong economies. The IMF also makes loans and helps countries design policy programs to solve balance of payments problems when sufficient financing on affordable terms cannot be obtained to meet net international payments. IMF loans short and medium term and funded mainly by the pool of quota contributions that its members provide. IMF staff are primarily economist with wide experience in macroeconomic and financial policies.*

- *The World Bank's Mandate: The World Bank promotes long-term economic development and poverty reduction by providing technical and financial support to help countries reform particular sectors or implement specific projects such as: building schools and health centres, providing water and electricity, fighting disease and protecting the environment. World Bank assistance is generally long term and is funded both by member country contributions and through bond issuance. World Bank staff are often specialist in particular issues, sectors or techniques.*

Reading keenly in between the lines of the above mentioned descriptions, funding to the IMF and lending decisions of the IMF are in respect to the quota contribution of member states. In other words, the countries with the highest contributions have the most top votes in key decision-making; indirectly say democracy in business thus giving poor and developing countries a weaker voice. Even though not officially mentioned on its official webpage, numerous private publications and articles have revealed the percentages of in relation to the funding these organisations as follows: USA, Germany, UK, Japan and some others are the key players. The USA is the highest contributor, controls approximately 17-18% of voting rights, and easily possesses veto power if 85% majority is needed to take a decision while the 44 sub-Saharan countries possess less than 40% voting rights. Also, the US government is responsible for 51% funds to the World Bank. So technically, solely the USA and its closest allies who have approximately 38% stake in the IMF, control decision making in both the World Bank and the IMF, which of course most take their personal interest and profitability in regards to their economies first. This indirectly places the global economy on continuous inequality when it comes to investment and development in less developed countries globally.

Recently there have been many published articles and debates in relation to the terms and conditions backing these loans granted by the World Bank and especially the IMF. Considering the fact, despite the massive loans, policy advice and technical support to emerging countries from these institutions, some third world countries and especially African countries are still in poverty and continuously struggling for economic growth despite its massive resource endowments. When a poor country approaches any of these institutions for a loan or funding, both parties must agree on a program or policies aimed at achieving specific goals in support of the economic and developmental program of this specific country. In other words, because of its high-level expertise and much trust of these poor nations to the IMF, the validation of any financing and the borrowing capacity of poor nations depend on its proportion of quota payment/contributions, and a technical mutual agreement on the proposed policies and structural adjustment programs to the favour of the lender must be achieved. Without any doubts, conflict of interest most occur as the IMF or World Banks structural adjustments programs might differ from that of the government in question but their desperate need pushes them to accept these conditions, which has significant short and long-term effect on economic development and growth in these poor countries (Kevin Dahener, 1994).

Borrowing from the words of the former World Bank Country Representative in Sierra Leone, James Sackey: *''these instructions include privatizations, trade liberation, high interest rates etc. Trade liberalization for under-developed economies could have some serious attendant effects''.* Note that, trade liberalization can lead to massive dumping of goods from foreign economies, which severely affects the local companies' competitiveness that operates in the same sectors or industries. The effect is even worse in the agricultural sector where foreign goods like rice, milk, beans, poultry and many others are imported and sold at relatively cheaper prices than that of the local farmers thus shifting consumer behaviour to these foreign products. In addition to this, tremendous amounts of food subsidies to farmers, free markets and many other policies imposed upon these governments has greatly discouraged farmers from engaging in large scale productions, thus resorting to other means of economic survival in different industrial sectors located in the larger cities. Though western economies and these institutions have claimed that all these policies will reduce the debt burden, poverty has instead increased alarmingly especially in the rural regions of Africa. In 1992, Africa external debt had reached $290 billion, making it 2.5 times higher than it was in the 1980's. Whereas, some Asian economies like China, Japan, South Korea, that have experienced high growth rates in recent years and continuously improved its standard of living, did not do so by adopting and implementing the imposed strategies from the IMF and World Bank but by imposing state control over its economy (Kevin Dahener, 1994).

For decades, Europeans countries and the USA have been the main markets for African products especially cash crops such as cocoa, coffee, banana, rubber, palm oil. Minerals such as Gold, copper, Iron Ore, Bauxite, crude oil, and leather, which are of much importance to the west, are no exception. According to World Bank statistics 2013, currently estimated at US$313 billion per year, Africa's farmers and agribusiness could reach a trillion-dollar food market by 2030, if access to more capital, electricity and other relevant technologies is increased. The African continent as a whole has and is still a major source of supply to the increasing demand of consumers in foreign markets, though natural disasters and other man made crises often hit this continent. However, the formation of the global value chain and the regulations of the WTO and other western organisations has made it such that, African exports are typically into certain industrial sectors and the percentage received is highly controlled, despite the continual request of African countries to participate freely in accordance with the so called ''Free Trade'' regulations. Referring to the WTO, there exist serious barriers to entry and access to foreign markets by African firms in sectors of agriculture, clothing, crafts, textiles and fisheries. Ironically, countries that have enjoyed high export volumes are amongst the ones that have exposed or say limited their importations laws and tariffs from western countries. So in other words, developing countries are much more seen as dumping grounds for foreign exports that are often sold at lower prices while these same foreign countries would not relax their import laws. Trade liberation, free market and less consideration of african nations when fabricating foreign trade zones and unions is huge deficiency to their economies. Tying back to the conditions of lending from the IMF and World, there exist a high level or marginalisation and correlation between these organisations and its most influential members, whose primary interest in profit making and better development at the expense of poorer nations thus continuously increasing their dependency ratio to the west. In regards to the West African (ECOWAS) regional institutions and its dependency ratio to Europe, firstly it is worth noting that this region is the EU largest trading partner in Africa. With Ghana, Ivory Coast and Nigeria being the dominant nations in terms of GDP, this region is most important partner in the ACP (African, Caribbean, and Pacific) countries that have a trade partnership with the EU. ECOWAS accounts for approximately 40% of all trade with ACP and though dominated by primary products, Ghana, Ivory Coast and Nigeria accounts for 80% of exports to the EU. Based on this strategic importance, all diplomatic ties and Economic Partnership Agreements (EPA) between ECOWAS and the EU are solely on the foundations of personal interest and access to raw materials. With low levels of industrialisation, the major imports of West African countries are finished industrial products, machinery, cars, chemicals and technology while on the other hand, crude oil, Cocoa, Coffee, Banana, Rubber, Gold, Diamond, Copper, Bauxite, Pineapples and many others are the main imports to the EU (Alaba, 2016).

In addition, besides being the most prominent region in the ACP, West Africa has gradually become the most significant investment ground and largest trading partner to the EU ahead of China, US and India. Recent statistics prove that West Africa accounts for 2.2% of EU imports and 1.8% of EU exports and in value trading between these two regions amounts to approximately 68 billion Euros and a trade surplus of 5.8 billion Euros in 2014 (European Commission, 2015). After decades of exploitative trade agreements and a continued outcry of developing countries in regards to limited trade liberalisation to EU markets, the EU recently signed a major mutual trade agreement with West African states and the ACP. This recent trade agreement has been going on for over a decade as its previous preamble minimised the WTO regulations, little or no prudent measures protecting domestic firms in a case of jeopardy due to high imports. In addition, West African nations were expected to liberalize 75% of their trade laws and importation regulations into all sectors for 20years, in exchange for improved access to inputs and better access to EU markets. However, 75% import liberation was finally agreed upon for the same period but with restrictions into certain sensitive areas in economic sectors where these West African nations greatly rely on procrastinated future investment and expansion.

This proposed agreement was to offer better export regulations and access to EU markets for non-oil producing and natural minerals countries, that rely greatly on agricultural commodities. The EU member states and the European Investment Bank (EIB) agreed upon its earlier pledge for the financial flow of about 6.5 billion Euros between 2010-2014, and continue aid from 2015-2019 aimed at supporting the West Africa EPA development program (European Commission, 2015). However, the trade agreement offers a better EU market access and increase exports from West African region and increasing opportunity to participate in the global value chain, there still exist serious concerns about the impact of such an agreement to local firms and the fight against poverty and inequality of wealth distribution. In addition, some ECOWAS nations are already producing goods and services in some of these sectors, where the EU expects trade liberation and import access. Currently, the continent as a whole and West Africa specifically recent GDP increase and future exponential projections have been as a result increase in domestic demand and diversification of economic activities and investments into various sectors (AEO, 2015). This explains the prolonged negotiations and reluctance of some ECOWAS nations' like Sierra Leone, Senegal, Ivory Coast, especially Nigeria and Ghana, who have currently commenced the fabrication and productions of automobiles in their countries, aimed at satisfying both low and high-income citizens and durable to the African transport roads and terrain.

In Ghana, Katanka cars which is the first auto maker has been existing for decades (the 1970's) but set up its car plants in the 1990's and made its first car in 1998. Lack of financial and other relevant support delayed car fabrication until 2013, when it was able to install a full-scale automobile facility. Currently, this plant has a capacity of eight cars per day and expects to increase production to 20 cars per day as well as producing cheaper cars to fight giant automakers, who currently have a significant market share in Ghana. Kantankaimports only glass, tyres and brake callipers and highly relies on the natural resources in Ghana for its manufacturing. They produce and currently sales electric SUV's, Jeeps and a few other car types and accessories. In Nigeria, though there exist a few foreign car assembly plants such as Kia Rio Optima, Hyundai Grand i10, Peugeot 301 and Nissan Almera, INNOSON Vehicle Manufacturing Company Limited (IVM) is the only Nigerian automaker, which is gradually gaining market share. In collaboration with a consortium of Chinese auto manufacturers since 2007, IVM currently produces and sales passenger vehicles, commercial cars and much more other automobile brands, targeting both the average and high income earners in Nigeria and why not sub- Saharan Africa. It has strong support from both the government and private institutions and entrepreneurs. IVM is a far much bigger car manufacturer than Kantanka of Ghana, who still plans at manufacturing cheaper and affordable cars.

Besides IVM and Katanka cars, of recent there has been a gradual increase in African based made cars. Various newspapers and individual publications have revealed as follows: Wallyscar in Tunisa(2007) currently sales 600 units per year sales in France, Spain, Morocco, Panama, and Qatar, Optimal Energy Joule (SA) unveiled first model JOULE at the Paris motor show in 2008 but currently shot down. Kiira Motors, Uganda is East Africa's first hybrid electronic car in 2014 and plans to begin mass production in 2018, Advanced Automotive Design in SA (1995), Bailey Edwards Cars in SA, Saroukh el Jamahiriya in Libya (1999). Birkin Cars SA (1982), Perana Performance Group in SA (2007) and Laraki Morocco (1999).

As previously seen in the history of Africa above, the present day institutional establishment and economic foundations of African states are linked to their colonial master, of which Britain and France were the most active in the scramble for Africa. Before granting independence to these colonies, certain agreements and colonial pacts (Pacte Colonial) where signed between both parties: be it economic, social or political. As part of this bargain for independence, a single currency was adopted and to be used by all French-speaking colonies in sub-Saharan Africa notably from West and Central Africa, with an obligatory 65% of its foreign assets to be saved in an operational account in the French treasury. In addition to this, they must provide 20% for foreign exchange cover, an imposed cap on credit extended to each member country equivalent to 20% of the public revenue in the preceding year and an overdraft facility with the French treasury limiting the amount with the guidelines of the 1973 agreement (UN PR Department, April 1999). Also military agreements such as: the intervention of French troops in their former colonies in time of crises, priority in arms trade with France and establishment of French military barracks in these former French colonies were also part of this independence agreement.

Currently out of the 14 countries using the CFA franc as currency, only two countries, Guinea-Bissau and Equatorial Guinea are not former French territories. These countries comprise of two regional economic and monetary groupings as follows: Burkina Faso, Benin, Ivory Coast, Guinea-Bissau, Mali, Niger, Senegal and Togo form the West African Economic and Monetary Union (WAEMU) and its currency the CFA franc is issued by BCEAO. Cameroon, Central Africa Republic, Chad, Republic of Congo, Equatorial Guinea and Gabon make up the Central African Economic and Monetary Community (CEMAC) with the CFA franc as currency and issued by BEAC. These central banks (BCEAO and BEAC), have the same parity, exchange rate and pecked to the French currency. Since 1948, this common currency has been pecked to French currency formerly known as French Franc but today is the Euro. There has been only one currency devaluation in January 1994, where the CFA franc was devalued from 100FCFA= 1FF to 50FCFA= 1FF, and today 656, 99 FCFA = one Euro. With a higher exchange rate ratio, today these nations have to deposit more money into their operational accounts at the French treasury and only the French treasury guarantees the convertibility and exchange rate of the CFA franc to Euro as well as other international currency convertibility.

Even though the CFA franc has been pegged to the French treasury for over forty years now, there have been without a doubt some benefits. With many countries currently using the Euro as their legal tender, financial transactions cost and currency fluctuations in business transactions have been limited. Even though the devaluation was extremely hard on these nations and even up until date, it helped to stabilise their economies during the economic crises in the 1990’s and export increased though import became more expensive. That notwithstanding, the fact that these countries have no monetary sovereignty has a significant negative impact on the political and economic institutions in the CFA franc zone. This revelation was extremely shocking globally and to most EU countries, prior to the negotiations and adoption of the Euro in the early 2000’s. Logically, the existing central banks in West and Central Africa have little or no autonomy to their own financial matters and are always bound to agree to the French treasury, who absolutely controls their foreign reserves, credit balances, and budget allocation and even issues interest rates on overdraft overdue despite their huge collateral securities. So technically, the election of any political party and the establishment of institutions geared towards economic growth, trade agreements with other nations, adjustment of domestic fiscal and economic policies, have limited power and relevance without the mutual consent of the French treasury.

Besides domestic impacts and the fact that capital flow within the CFA franc zone is a little easier, a simultaneous West African regional integration, growth and applicability of the regulations within the West African region is complicated. Ghana and Nigeria have autonomy a higher control over their fiscal and monetary policies in regards to development through their central banks. They also stand a better chance of budget planning, managing inflation rates and availability of finance as compared to Ivory Coast and its CFA franc compatriots, who solely depend on a foreign financial institution. Without any doubt, though certain difficulties are common amongst nations, each country still possesses its own unique and distinct domestic crises (economic, social and political issues). English-speaking countries in the West African region have proven to be evolving better in all sectors than their fellow French speaking countries, which continuously lag behind. It is evident that sustainable development patterns, FDI and growth within themember states of ECOWAS are not simultaneous despite the numerous foreign supports and strategic economic changes in domestic policies. The same evidence applies for almost the whole of Africa for example, the South African region and especially the East African region, where despite a series of political instabilities, natural disasters and many other crises that have occurred in East Africa in the past. These English-speaking countries are developing and in the last decade, this region has portrayed better autonomous institutions, good GDP growth rates, FDI and economic development than any other region in Africa (AEO, 2015).

Last but not least, existing points that increase dependency, cut backs in government spending are very important as often advised by these institutions but these cutbacks should be more on military expenditures, lavished parties and treats when hosting international organisations rather than on public spending that relies so much on foreign aid and subsidies for many decades now. For examples: health, education, social and gender developments, which have huge and significant impacts on the poor in these sub-Saharan African countries. Also, corruption undoubtedly has substantially disrupted the implementation of government policies aimed at alleviating poverty. Nevertheless, these huge embezzled amounts are often saved in bank accounts located in European countries and the USA and the culprits have invested millions in western nations and live lavishly in hotels on their trips to the west. If global economic stability and the fight against poverty is a serious concern, the question of what effective and efficient measures have been taken to repatriate these huge sums to sub-Saharan countries or even investigating and blocking the sources of this income? This topic has raised questions amongst educated Africans, thus giving the impression that the lenders are very much aware of this situation. They will continuously give out loans and aid because for sure, specific amounts will return indirectly into their banks and economies indirectly.

In a nutshell, though the IMF and World Bank have intervened and helped developing countries in times of economic turmoil, its structural adjustments programs and policies aimed at improving the standard of living and debt repayments has proven to have devastating effects on these nations, especially in sub-Saharan Africa. Even though these institutions have helped poorer nations, they have continuously used their strength and competitive position as last resort financing institutions to third world countries to lure and manipulate these weak government institutions thus entangling them in an endless debt trap. These have had an immense influence on the competitive nature and behaviour of firms from the African regions, specifically West Africa where the institutional impact on the business environment is of great concern.

All the above mentioned points and many others not mentioned or forgotten really help explain why most African nations have huge unpaid debts with the World Bank, IMF and many other sovereign European nations. A continual effort towards reducing dependency of African countries and, boosting local consumption improving sustainability is a difficult task and most often these nations deal with enormous conflicts of interest from the west such as, high-level schemes in terms of international trade/ loan policies and the backing certain African regimes and presidents who serve in their interest. The next chapter is section two where case studies are explored to anchor authors findings regarding how institutional maturity impacts competitiveness by also looking at the Agricultural polices developed over the years in developed countries like Denmark and developing countries such as Ghana.

9. SECTION 2

9.1. DISCUSSION: COMPARISON OF AGRICULTURAL PERFORMANCE BETWEEN A LESS DEVELOPED COUNTRY AND A DEVELOPED COUNTRY

9.1.1. Case One: Performance of the Agricultural Industry in Ghana

The Agricultural sector in Ghana employs 45% of the total population who are actively involved in the production of foodstuffs, cash crops, and horticultural crops and has had a 6.2% of real growth since 2009. The involvement of the nation in international trade by actors in this sector is done mainly through exports and imports. The main industrial products comprises of cash crops (cocoa, palm oil, coconut, coffee, cotton, kola, and rubber), fruits and vegetables (citrus, banana, pineapple, cashew, mangoes, pawpaw, tomato, pepper, Okra, onions, eggplant and Asian vegetables), starch and cereals (yam, cocoyam, maize, millet, plantain, sorghum and cassava) and livestock (cattle, sheep, goats, pigs and poultry), fisheries (Aquaculture, marine and inland) and forestry. The farming is dominated by small-scale systems (90%) and contributes approximately 34.5% to the Nation's GDP. The country has a great potential in terms of factor endowment in terms of Agricultural activities that are yet to be exploited. The total formal Agricultural land is around 13,628,179 Hectares, with 7,311,500 Hectares under cultivation. Total area under irrigational activities is around 29,804 hectares as at 2009 (MOFA, 2015). The Agricultural sector has gone through several stages of institutional reforms by different political leaders and donors over the years, with the intention to reduce poverty and economic growth. Even though there has been success stories along the production, exports, and development of the country concerning the agricultural sector, it is worth interesting to shed light on the historical path of institutional policies and their origins from the colonial period, post-colonial period and current state of the policies and their impact on the agricultural sector in Ghana. Hence, the following carries a summary of the policies carried in the periods as said above.

Agricultural policy development in Ghana from the 1890s

The history of the agricultural sector has its roots from the colonial masters. They were policies laid down for the country in terms of what to produce for the international market and what to import. The policy of the 1890s by the colonial masters was laid to make Ghana by then Gold

Coast a place where raw materials such as: cocoa and other cash crops would be produced, but an importer of manufactured goods. These policies assisted farmers to produce more cash crops in the form of advice, education on those crops needed and incentives to boost productivity with less assistance for small scale farmers who were involved in food production. These policies were the handy work of the colonial department of Agriculture in those years. After a thirty years journey with the policies in the 1890s, the goal enhanced with 80% exports consisting of cocoa and lots of imported manufactured foods by merchants. The policies were said to be biased towards those who were involved in the production of food products for the country as urban roads received constructional priorities including those areas noted for cocoa productions, educational programs were also centered on Cash crop production, etc. (Dapaah, 1995). With regards to the imports, wheat was supplied by the Americans, dried fish and canned meat and related products from Scandinavia and rice from British Burma, India, Duct and Indonesia (Dapaah, 1995: Brempong, 2003).

Having experienced the achievements of such a policy, they witnessed a mixture of both Ghanaians and British stirring the agricultural policies under the theme "self-governance" in 1951. Despite the fact that the machinery of governance was shifted to Ghanaians, the country was still manipulated and directed by the British within the agricultural department. Even with the chance given to the Ghanaians to stir the affairs of the country, it was very difficult to abandon the policies that were implemented by the British: "encourage production of export crops with no incentives to promote food crop producers". An example was the toll tax introduced in the country, which forced most small-scale farmers who produced food crops by then, to desert their farms in order to find jobs for sustainability.

In 1951, Ghana witnessed a 5-year agriculture plan from 1951 to 1956, which was unbearable for small-scale farmers based on the fact that large scale farmers were put at the center of focus under public control of the merchandise setting. Under this period, the Agricultural development (ADP) was implemented as a tool to promote the 5-year plan and to encourage agricultural development. After that time, Ghana gained her independence led by Dr. Kwame Nkrumah in 1957 where another 5-year plan was drawn from 1959 to 1964, which "expanded *the role of ADC to help establish large scale Estate Agriculture to lead the modernization of Agriculture. By 1962, the ADC had accumulated a large deficit and was liquidated*" (Modern Ghana web, 2006). After this period came a series of different political leaders with the various policies with the aim to develop the sector. The Nkrumah led administration introduced a seven year plan with the intention of building a "Socialist State" to enhance swifter economic growth in 1962 to 1969//70 under the name: "national reconstruction and development", where the emphasis was placed on investing in the productive sector, infrastructure and social services (Brempong, 2003). The said policy aimed at ushering diversification in the country: "to change it from primary export economy to an oriented type" (Hug, 1989: Brempong, 2003). This policy could not withstand the test of time and failed as a result of the policymakers to inculcate it into the national budget in addition to the negligence of the responsible ministries. Having failed with this policy, the government changed the pattern of the policies to differ from the inherited colonial ones by employing policies such as: "*state enterprises in production, foreign exchange licensing and internal price controls. Combining policy instruments such as minimum wage legislation, controlled interest rate, an overvalued exchange rate and duty free import of capital equipment to encourage capital intensive choices of technology and industry*" (Brempong, 2003). Extension service was incorporated into the strategies to boost Agriculture output by introducing new farming methods in mostly the larger scale farms, which lead to the formation of "State Farms Workers Brigade and Farmers' Co-operative" in 1963/1966. In the policy, plans were made to develop factories and import necessary technologies to process the domestic produced Agricultural products as well as provided encouragement for small-scale farmers to form co-operatives in order to acquire machinery and modern techniques.

After this period came the post-coup in 1966 with different policies. Under Busia's administration between 1968 to 1970, the 7-year development plan was abandoned and replaced with a 2-year plan. Another 1-year period plan followed in mid-1970 to mid-1971 with objectives to provide motivation for the private enterprises and the private sector unlike the previous socialist plans were drawn earlier. These policies were swept away by another coup in 1972, which was replaced by another military government under Acheampong, who ruled without any development plan until 1977. The 1977s witnessed yet another 5-year development plan built on self-reliance in order to establish an independent economy. The government significantly partook in the production sector. In the process of enforcing the policies under the said 5-year plan came another threat of military uprising and scrapped the plan way. Having abandoned the plan, the new government under Limann: "a civilian voted into government in

1979" (Brempong, 2003). A one-year action plan was developed to boost agricultural production from 1979 to 1980. Limann drafted plans after coming into office and never received implementation due to another coup in 1981 by Rawlings.

The Rawlings regime implemented the a-4 year development plan known as Economic Recovery program (ERP) in the 1980s. One of the elements of the "plan" was the structural adjustment program to catalyze the process of achieving the goals of the plan. Under this period, agriculture was not left behind since it is one of the sectors that employed the majority of Ghanaians and hence have a greater impact on the GDP of the country. Market liberalization policy was implemented to boost production and exports of Agricultural products. The fixed exchange rate of the Cedi was made flexible. The effect of the change devaluated the currency but boosted exports of Agricultural products. There was also the removal of the "pre-fixed price" for Agricultural products by the government with the exception of cocoa. In addition, subsidies for agricultural inputs such as fertilizers, chemicals, etc done away, which affected the output of agriculture in those years and privatization of unprofitable state-owned enterprises, was carried out. An example is the resizing of about 75,000 employees from Coco marketing Board and the privatization of the Ghana seed company and many others (Dapaah, 1995).

In a way, the policies opened the country for global trade though; it had negatively dragged the economy back like previous governments. With the negative growth of the economy, the country embraced a package from the international monetary fund (IFM) with directives. Many restrictions on inflow and outflow of capital were done away, tariffs and non-tariffs related obstacles were reduced and implicit taxes on exports reduced. These policies intensified the openness of the economy for international trade, hence imports exceeded exports and yielded deficits in the trade balances with the exception of 1984 and 1986. The medium term agricultural development program (MTADP) was also established together with the World Bank in 1988 and received implementation in 1991 to sustain the achievement under the economic recovery program (Dapaah, 1995). This program set priorities in the Agricultural sector embracing both the state and donors to assist Ghana to benefit from its potentials.

Under Rawlings leadership, the vision 2020 was also launched with the aim of elevating the economy to a middle-income country, but was done away by the following civilian government under Kufuor "*who took office in January 2001, and therefore launched a new initiative dubbed*

"The Coordinated Program of Economic and Social Development of Ghana (2003 – 2012)". The aim is to stimulate economic growth and create wealth, and move the country to a middle-income status with a per capita income of US$1,000 by the year 2012" (Brempong, 2003). The series of agricultural policies employed by all the policy makers in the pre and post-colonial periods have in one way or the other cannibalized each other's policies and hence, the actors in the agricultural sector still endure the challenges that were familiar to their predecessors.

Besides the country's institutional policies by political leaders, there are other organizations such as NGOs and donors who support the country financially and directives to uplift the economic standard of the nation through agricultural activities. The following **figure**: 7. shed light on the available donors and NGOs that support agricultural production and related activities in Ghana.

Figure: 7. NGOs and Donor organizations

	Project	Project Period	Donor
1	Market Oriented Agriculture Programme (MOAP)	2004-2016	GIZ
2	Root and Tuber Improvement and Marketing Programme (RTIMP)	2007-2014	IFAD
3	Northern Rural Growth Programme (NRGP)	2009-2016	IFAD, AfDB
4	Youth in Agriculture	2009-	MOFA
5	Competitive African Cotton Initiative (COMPACI)	2009-2015	GIZ
6	Rubber Outgrower Plantation Project IV	2010-2015	KfW, AFD
7	Rural and Agricultural Finance Programme (RAFiP)	2010-2016	IFAD/DANIDA
8	Agricultural Development and Value Chain Enhancement Project (ADVANCE)	2014~ 2018	USAID
9	Land Administration Project 2 (LAP2)	2011-2016	World Bank USAID/World
10	Ghana Commercial Agriculture Project (GCAP)	2012-2017	BankUSAID
11	Financing Ghanaian Agriculture Project (FinGAP)	2013-2018	USAID
12	Agricultural Technology Transfer Project (ATT)	2013-2018	USAID
13	Farmer to Farmer Program in West Africa (F2F-WA)	2013-2018	AfDB
14	Rural Enterprises Programme Phase III (REP III)	2013-2017	
15	West Arica Agricultural Productivity Program 2A(WAAPP-2A)	2014-2018	World Bank
16	Ghana Agriculture Sector Investment Programme (GASIP)	2014-2018	IFAD

Source: http://mofa.gov.gh

Having looked at the development of the said policies over the years, the below adds an explanation to the present day policies designed by the government and institutions to boost Agricultural growth.

Nature of Agricultural policies in Ghana

From the outlook of the previous historical chapter of the Agricultural policies, it is very conspicuous that majority of the policies focused on directives from IMF/the world bank/donors on poverty reduction in the country. According to a report by the Ghana shared growth and development Agenda (2013), an example is "*The Vision 2020 was followed by the Ghana Poverty Reduction Strategy (GPRS I, 2003-2005) and the Growth and Poverty Reduction Strategy (GPRS II, 2006-2009). GPRS I was initiated as a condition for development assistance under the IMF-World Bank-supported Heavily Indebted Poor Countries (HIPC) debt relief initiative in 2002*".

Even though it is a fact that there have been successes in some of the goals set to reduce poverty, there remain an element of mismatch between private participation in the international market, the insufficient network between producers and processing industries and low level of modernized farming across the country. An observation on the policies also rests on the interest of politicians, and how such policies are implemented and enforced. From 1957, there have been short-lived agricultural policies by different governments that came into power, hence, the inability to fulfill the target objectives in elevating production and competitiveness within the Agricultural sector.

There is captivating interest of the government on agriculture to improve production and output with policies such as: "*adoption of high yield crops, improved seedlings, use of pesticides and spraying technologies, and mass spraying in the cocoa sector). Also, increased acreage due to factors such as improved irrigation, subsidized inputs, improved mechanization services along the value chain, improved marketing, improved extension services and improved institutional coordination for agricultural development*" (GSGADA, 2010). This sector is one of the backbones of economic growth especially cocoa and forestry, which have gained high market share in the international market over the years with a real growth rate of 6.5% and 4.3% respectively. These initiatives are also the shared goals of the some of the NGOs listed previously under their strategies to reduce poverty.

The designed policies by governments and stakeholders can be categorized into three aspects: producer oriented policies, consumer oriented policies and market, trade & market and strategic frameworks for Agricultural development (FOA, 2015). The focus on reducing poverty and changing the status of the agricultural sector to perform well both domestically and internationally depends on the strategies and frameworks presented below.

Producer oriented policies:

The ministry of Food and Agriculture (MOFA) is the wing of ministries, responsible for the enforcement of the policies. Between 2007 and 2014, the ministry has embarked on programs such as providing fertilizer subsidies to farmers, opening irrigation development programs and block farming as well as minimum prices for farmers. According to the report by FOA (2013), the programs listed below takes 85% of the ministry budget. The fertilizer subsidy policy was existence 30 years ago, but ignored by previous governments, hence low or lack of incentive support for small scale famers. To mitigate high prices of foodstuffs as well as encouraging fertilizer usage to boost higher Agriculture, the subsidy policy reintroduced in 2008. Under the block farming program "*which was launched in 2009 as a component of the Youth in Agriculture Program to provide large blocks of arable land for the production of selected commodities, as well as to generate employment for the poor rural youth. The block farms receive a bundle of subsidized mechanization services and inputs, in addition to extension services, which are repaid in-kind by the farmers after the harvest*" (FOA, 2013). Such programs are summarized as follows: the GIAP is also one of its kinds brought in place in 2011 to reduce the risks farmers go through in terms of crop failure as well as natural caster trophy. The organization is formed by both the private and the public and is "*co-financed by the German Federal Ministry for the Environment and the Ghana Insurance Association and is jointly implemented by the National Insurance Commission of Ghana (NIC) and the German International Cooperation (GIZ)*" (FOA, 2013).

The following is the summary of what the policy makers have put in place to ensure high productivity in the sector under discussion.

- ❖ Agricultural mechanization services enterprises centers program (AMSEC) initiated in 2007.
- ❖ Fertilizer subsidy program which was implemented in 2008

- ❖ Block farming program in 2009 to embrace the youth in Agriculture
- ❖ National food and butter stock company (NAFCO)
- ❖ Ghana insurance Agricultural program from 2011
- ❖ Stanbic/AGRA loan guarantee program from 2011.

Consumer Polices:

These are initiatives funded by the government, donors and the World Bank with emphasis on poverty reduction. Programs like the Livelihood Empowerment Against poverty Program (LEAP) and school-feeding program (GSFP) were ushered into place in 2005 and 2008 respectively. The LEAP provides cash and free health insurance for households living under particular category with the provision of US$ 4 to US$ 8 on monthly bases. The program is funded by 50% of general revenues of government, loan from the World Bank and Donations from DFID (FOA, 2013). Yearly, the programs expenditure is around 20million US dollars and reaches up to 71,000 households. With the GSFP, it covers 5,000 public schools totally with about 1.6million schoolchildren since the initiation of the program in 2005/2007. The program also creates a food market for small household farmers who produce the food items for used in the feeding schools.

- ❖ Ghana school feeding program implemented in 2005 and
- ❖ Livelihood empowerment against poverty in 2008

Trade policies:

Agro-exports is one of the integral parts of the government's agendas to enhance development and boost the country's participation in the international market. For this reason, some of the policies that were in existence have been reviewed to pave way for easy exports of agricultural products. With the intention of being the first Agro-industrial country in Africa, some of the policies have been changed eventhough such actions bridges the agreements of the ECOWAS. This happened during and after 2007/2008, world food price turbulence where import duties were lifted increased food import. The policy decreed the removal of tariffs on import of rice, wheat, yellow maize and vegetable oil in 2008 to fill the demand gap of such products. These tariffs however were reintroduced in 2010. There was also ban on import of rice within the borders with the exception of those importing through the ports and airports in 2013 to protect local producers. Ghana since 1969 established the "Ghana Export promotion Authority to supply trade information and services on export trade. This policy received and additional wing called "Ghana Export Trade information center (GETIC) in 2005 to boost export access to market access and other services related to exports (FOA, 2013). The following summarizes what have been the policies and actions taken by the policy makers in Ghana to catalyst international involvement of Agro-producers.

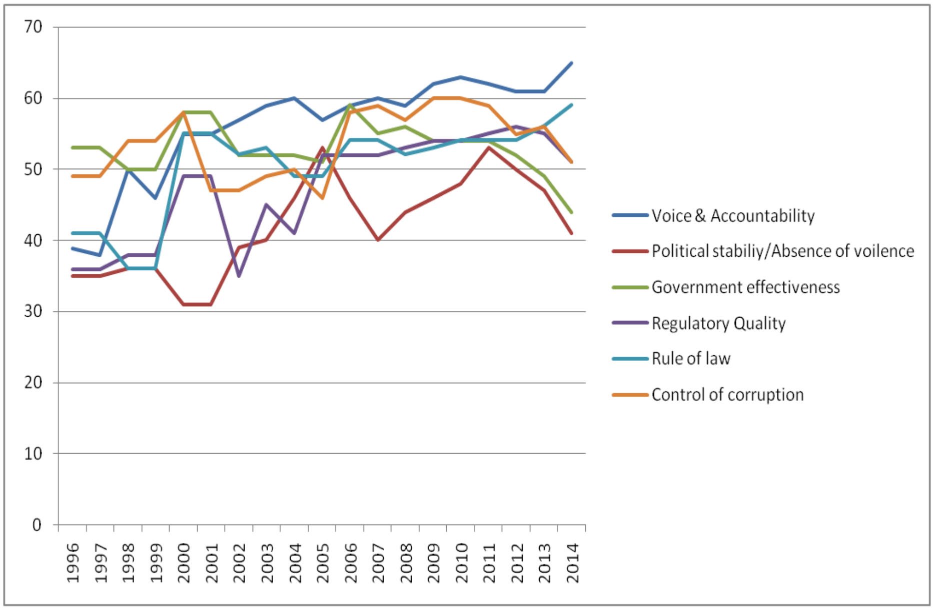
- Trade policy guidelines availability
- Economic partnership Agreement (EPA) with the EU
- Export development program
- Ghana Export trade information center (GETIC) implemented in 2005
- Customs and exercise Act amendment
- There are also policies designed in 2014, to check importation of meat products. The Ghana Broiler Revitalization is one of such.

Most of the policies were initiated to ascertain the "Vision 2020" which aims to make Ghana the first African developed market in 2020/2030 where poverty will be reduced to the minimum level. Another of such platforms on which the policies are carried out is the "Ghana Shared Growth and Development Agenda (GSGDA) which was designed in 2010 to 2013 as mentioned earlier. Furthermore, there is also focus on developing and sustaining the sector's ability to meet the demand element for Ghanaians and the region as well. For this reason, the above-mentioned strategies are embedded in the "Food and Agriculture sector Development policy (FASDEP) implemented in 2007. The last but not least include the medium Term Agriculture Sector Investment plan (METASIP), which was ushered into the frameworks in 2010 and National Protection strategies (2008).

Business Environment in the country that promotes productivity and competitiveness

Institutional maturity and political stability are vital elements that assist in turning the factor endowment of a country to competitive advantage. Productivity in agriculture and any other industry needs the right policies and regulations that would boost investment into innovative activities to build the capabilities for competitiveness domestically and internationally. With regards to this, we look at the various elements or indicators that the World Bank employs to determine the maturity of institutions under the title "doing business environment". Taking reference to Porter (1990) competitive advantages of nations, the macro elements are the perquisite to competing well in the international market. The ability of the Agricultural industry to develop the competence to compete globally rests on the quality of policies designed by the governments and institutional frameworks within the home country. the macro elements such as political stability, taxes, how easy it is to obtain trade documents, construction, infrastructure, electricity, etc. have to be in place to enable producers contain production cost. Authors employed the World Bank data on the variables that ensures good governance as a result of quality institutional frameworks. Good governance has to do with the process used in selecting and replacing the government and the ability of the government to carry out policy development and enforcement where the rights of citizens are protected. This mechanism includes both formal and informal institutions ability to ensure law and order in leading economic development. From the World Bank data, a score of 100% in any of the indicators means that the country is doing well in terms of quality of institutional frameworks ability to enforce policies and 1% means very low on the continuum. Figure: 8. displays the score of each variable in terms of good governance.

Figure: 8. Good governance- Ghana



Source: Word Bank data and Authors compositions

As can be read on the diagram, the country scores around 55 -60% in highest with the rating as compared to 89-100% for Denmark. One can see that the graphs are very much undulating which means that those variables have not yet reached their peak where there is a linear movement of changes in the variables. Compared to other countries in the region in terms of political stability and violence, Ghana has shown a clear picture of how democracy is by the peaceful handing over of governance in five consecutive times without any civil war. Ghana is said to contrast the neighboring countries in the region in terms of peaceful, free and fair elections. In addition to this, the oil and economic growth has become more attractive to investors all over the world. The attractiveness is as a result of the reforms carried out over the years to boost FDI. Ghana won the "best Investment environment Climate" in 20008 during the CBC-Africa Business Awards (GIPC, 2015).

Problems experienced by industrial players in the country in terms of obtaining capital is one of the factors that reduces famers capabilities to invest, acquire the modern machinery, fertilizers and other irrigational equipment to increase production in their farms. As analyzed under the financial constrains experienced by both small and large-scale farmers in West Africa, it is not different in Ghana. According to the enterprise survey (2013), almost 60% of Ghanaian firms who have employees from (1-19) find it difficult get access to finance, 20% find it difficult to get access to land, with 18% sees electricity as threat to production and other activities. From the challenges that face the Agro-industry in West Africa, infrastructure is one of the factors that raise production cost hence, making firms in the industry less competitive to other competitors in other developing countries. Infrastructural elements such as electricity, roads, ports, water supply, communication, etc., remain obstacles to the enterprises in the country (enterprise survey, 2013). Borrowing from Limao and Venables (2001), infrastructure as mentioned earlier, can cost up to 40% for coastal countries as well as 60% cost for landlocked countries just like most of the countries in West Africa.

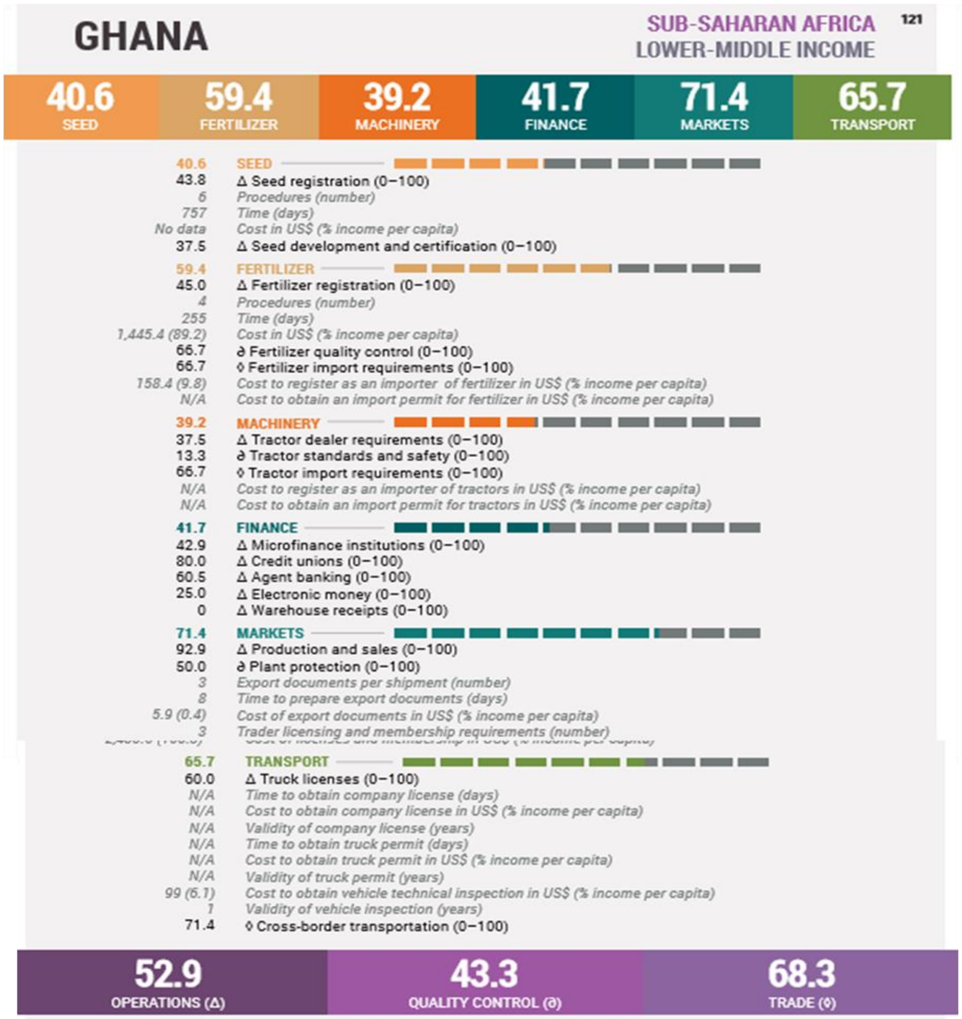
Ghana ranked 102 according to the ease of doing business with regards to starting up a new venture. Among 189 countries, one can say that Ghana has a better environment compared for starting up business when compared to other nations such as Nigeria ranking 139, Kenya: 151, south Africa : 120, Mali 172, etc. respectively. Even though when compared with developed markets, it still has a long journey to develop its regulation qualities. The easy it is for entrepreneurs to start-up a business, the faster there would be more actors in the various industries in the country to participate in the international market. For example, the agricultural industry is made up of about 90% small household farmers. The ability of many of them to seek other markets depends on the ability of the regulations that are responsible for registering, handing licenses and the others. With regards to this report (Doing Business, 2016), it takes 16 days to complete a company registration in addition to the increase in cost of starting or registering a corporation by 70% as compared to other countries where policy makers have integrated technology to reduce the cost hence, motivates entrepreneurship. Investment could be done in a form of capital to local firms individual, transfer of technology, joint ventures, etc in boosting economic development in and industry. Borrowing the information published by the Ghana Investment Promotion Centre (GIPC), the cost of investment varies in the form of investment and amount on technology transfer. With an investment of US$ 500,000, attracts an amount of US$ 3,400, and up to US$ 33, 200 fees for an investment value of US$ 3 million in addition to processing fees.

Electricity is also a necessary element in the Agriculture sector in terms of storing facilities for perishable crops such as fruits and vegetables, which the country has seen improvement in production and international participation over the years. In the Ghana, it takes 79 days to acquire electricity in addition to the cost in the same manner. It also ranks 42 out of 189 countries in terms of enterprises getting access to credit. With comparison to the previous years, Ghana has improved in terms of regulation and polices that make it easier for firms have access to loans. Getting access to finance/loans is one of the necessities that can boost productivity in the Agricultural sector. "*Ghana strengthened access to credit by establishing a centralized collateral registry and by granting an operating license to a private credit bureau that began operations in April of 2010*" (Doing Business, 2016).

The country is ranked 66 in terms of providing protection for minority investors. Protection is one of the factors that reduce risks related issues in terms of investment be it private or an organization (Doing Business, 2016). With Trade across boards, Ghana holds the 171 position out of the 189 players globally. There have been reforms by governments from 2011 with regards to expenditure on infrastructural development at the ports to boost trade within and outside the country. There has also been an improvement in the processes that were required to follow before carrying out boarder transactions by installing an electronic platform for submitting, obtaining final classification and valuation reports for imports and exports (Doing Business, 2016). The cost and hours spent at the port in the country before any export import related transaction will occur, with a comparison to the sub-Sahara region are summarized in the **figure:** in the appendix. To be able to influence business operations within and across borders, there might be some kind of law enforcement on contractual settings to minimize cost related to uncertainty and risks. As cited earlier under the challenges of the agricultural industry in West Africa, there are issues regarding agro-industrial processing firms and raw material producers in terms of quantity supplied and quality. This pushes most processors to seek imports instead of the domestic supply within the region. In the case of Ghana, the formal contract enforcement is also at the development stage as compared to other countries within Africa and beyond. According to the Ease Doing Business report (2016), Ghana ranked 116 out of 189 countries. In addition to the Ease of Doing Business report, the variables used by the World Bank to rank agricultural based countries on the level of institutional quality in promoting agricultural businesses ranked Ghana high as compared to other countries in the region. On the report (EBA, 2016), the quality of legal frameworks that enable enterprises in the Agricultural sector to be competitive locally and internationally, by taking into consideration the cost of productions (inputs), trade barriers and so on. With specific information availability for enterprise in

Agricultural business, Ghana in addition to Ivory Cost, Ethiopia, and Burundi scored 2 out of 10 points as compared to Denmark which scored 9 out of 10 in terms of information availability to its Agricultural actors. The second variable is how much freedom is given to the private sector to develop new seeds developed for Agricultural purposes. Ghana including Mali, Burkina Faso, Niger and Bangladesh do not grant much room for private sector to breed seed varieties (EBA, 2016). In terms of fertilizer, where the individual/private sector has the "*register fertilizers, eligibility to import fertilizer and sell it and eligibility of foreign firms o import and sell fertilizers*" (EBA, 2016), Ghana scored 59.4 out of 100, which is above the world average. As can be read on **figure:** The overall rating of results in determining the quality of institutional frameworks in enhancing agricultural business operations of which Ghana scored 52.9 out of 100, regulations ability to ensure quality control in the business environment (43.3) and promoting trade in the Agricultural business and of which Ghana scored 68.3 out of 100. This means there is still room to address the regulatory smartness and quality in ensuring agricultural businesses and competitiveness when compared to Denmark which scored very high in all the variables.

Figure: 9. Institutional Quality in Enabling Business Agriculture



Source: EBA, (2016)

<u>Challenges Facing the Agric Industry In Ghana</u>

The challenges underlying the productivity and competitiveness of the Agricultural industry in Ghana might not be different from those affecting the whole region – ECOWAS. These can be seen as a result of institutional maturity and policy stability.

<u>Financial services:</u>

The cost of credit is also another challenge experienced by farmers due to the fact that the requirement from formal financial institutions to administer loans sometimes is beyond what small scale farmers can afford. Despite the development of the economy where there are lots of Banks and countless informal lending institutions, the cost involved in taking a loan for investment in crop production makes it difficult to obtain. The interest rate, which is around 40%, with shorter payment period, does not make it interesting for famers to acquire. Hence, inability to acquire the desired machinery, fertilizers, pesticides, processing tools, etc. (Quartey et al. 2012). With the many financial institutions in the country, the willingness of them lending money to actors in the agricultural sector especially small scale is very minute. In the year 2013, it was reported that only 4% of all credit given out went to agriculture, as compared to 65% to service sector and industrial sector 31% (Kwakye, 2014). The findings from Kwakye on the "cost of credit in Ghana" confirms that Banks prefer to lend to the service sector because of risk issues and repayment fulfillments as compared to the agricultural sector perceived to have a high risk with low prospects for profitability since most farmers depend on the weather. Beside these formal institutions, the rural banks and other lenders meet the need of household farmers, but with higher interest rates. As a result, it contributes to the low productivity with the exception of cocoa farmers who have higher incentives from the government.

Infrastructure: Even though Ghana has come a long way in terms of infrastructure, there is still some aspect of it that hinders agricultural productivity. The inadequate irrigational infrastructure as well as rural roads systems are seen as a serious constrain to agro-productivity. "*The deplorable nature of our rural road network is also a very big problem facing farmers in the hinterlands. The upcountry areas are also the agriculture centers and source of food and cash crop for the nation*" (GhanaWeb, 20014). This raises the cost of production and hence, does not encourage investment in production. Many governments have focused on urban roads, with less focus on rural roads. "Farm produce are always held up in the hinterland and go waste because farmers are not able to transport the food stuff to the big centers or cities as a result of the deplorable road condition. Unfortunately, the farm produce cannot also be processed in the rural areas" just like the case of tomato in 2007/2008 and 2016 (GhanaWeb, 2014). Transport therefore takes advantage of the bad state of the roads and then charge middlemen (who buy farm produce at ridiculously low prices from farmers) high fares to bring food stuff to the urban areas, leading to the unbearable price of domestic foodstuff. Hence, consumers have no alternative than to resort to imported ones.

Some of these issues could be related to the policy incoherence and political interest aspects of the institutional frameworks. An example of such is seen in the interval of policy change with regards to the change in governments from 1957 to 2016. In an article published by Ghana news site (2011), It is was reported that the late president Mills priority was to develop an irrigational project on the Accra plains that would have accounted for about 200,000 hectares of land for which 5000 would have been used for the irrigational purpose in 2011. This was aimed to increase the production of vegetables and fruits for the domestic market as well as exports. The tenure of office of Nkrumah and Kutu Acheampong can be seen as a period where agriculture witnessed action policies on the sector, where in the 1970s, Ghana succeeded in exporting rice. After that time, those policies are dormant hence, leading to low productivity in most of the crops except cocoa, timber and rubber. Ghana is now a heavy importer of rice, tomatoes and other foodstuffs (Bulmue, 2014). In the 1970s, with the policy "operation feed your-self", emphasis on irrigation still has its impact on farmers in upper East, Upper West and the northern region of Ghana.

Land rights and security:

The investment in agriculture by small scale farmers in Ghana has a link to the acquisition of land and security. The more secured farmers are, the more freewill to invest in farming to increase productivity. There is a mixed system of policies from formal bodies and informal bodies hence, leading to policy incoherence. An example is a case of urban farming in La, a suburb of Accra the capital town, where the chiefs as customary land owners sale lands to people who build on irrigated lands that are used by farmers who indulge vegetable cropping (Allen et al. 2012). The finding of those authors revealed that the ministry of agriculture policies on urban agriculture on those lands exist, yet those who build on the irrigated lands belonging to farmers also acquire their permits from traditional custodians and other bodies. This has affected the yield of those farmers in "La" and has created insecurity on whether to invest on cropping or not, since they do not know what the situation might be in the future (Allen et al. 2012). From a report by Goldstein et al. (2005), it has been reported that people in political power even in the local hierarchy have higher land tenure rights than those who do not have either customary power or political power. Hence, those with this power invest more on Agricultural lands as compared to individuals who do not have security on lands.

As pointed out that, "*multiple and overlapping rights to land in Ghana are associated with barriers to investment in land fertility. Individuals who are not central in the networks of social* *and political power that permeate these villages cannot be confident of maintaining their rights over land while it is fallow. Hence, they fallow their land less than would be technically optimal, and farm productivity for these individuals is correspondingly reduced*" (Goldsein, et al. 2005). Beside this challenge, lies another producer and market related issue as a result inadequate market supporting institutions to protect the interest of the producers. Hence, the following throws light on the matter with some examples.

Trade injustice

This element of trade challenge is both local and international. The products from agriculture sector do not receive the preferred price they deserve. The demand and supply mechanism in the control of price do not favor developing countries like Ghana. Even though Ghana is now the second largest producer of cocoa, its origin does not speak well of the freedom in democratical terms. Due to the nature of countries dependency on international bodies for bailouts, some of the directives received with the loans and grants do not make the green light for countries to develop divers' ways to tackle their problems, instead have to adapt to strategies designed by people who have no knowledge about the domestic markets. An example is the tomato case in Ghana since 1988 reforms, which lead to the shutting down of some of the tomato processing companies in Ghana and in the end has generated problems in recent times for tomato farmers. The intuitional frameworks have not enforced the frameworks that would protect famers from illegal price fix and illegal trade, thereby robbing famers of this product their fortunes. With reference from a story narrated by a tomato famers in Ghana on "trading injustice" (You tube.com), the supply of tomato is great, but the price received at the market does not encourage farmers to invest more because they will incur more debts that they cannot pay.

Building on this issue of the tomatoes, the demand for canned tomatoes in the country is high, yet, the surviving processing and marketing companies cannot utilize the quantity supplied by famers every year. This has to do the depletion of the trade tariffs lifted in 2010 by the government on Rice, tomatoes and other crops that were banned in previous years to control process and to protect local famers. Citing it from Philip Ayamba from self reliance center, Bolgatanga in the Upper East Region in Ghana (You tube. Video on injustice trade), the removal of the tariffs that were put in place earlier was as a result of the conditions and directives from the world Bank, which put the policy makers could not do otherwise, but have to act swiftly. The reforms of the institutions over the years on free trade has caused most governments to cut their investments in agriculture, which can be linked to the privatization of a regional tomato factory in Upper East region, in Ghana to an Italian investor. If this Italian investor decides to cut down supply or even close it down, then there would be more problems for famers in that region more than they are experiencing now. The scenario was experienced by farmers in Kpetoe in the Volta region of Ghana. These farmers were hit by price fall in 2008/2009 and subsequent years, where a crate of tomato was 3 US dollars with cost inclusive. The farmers could not even be able to access buyers as a result of bumper harvest flooding the market and lack of post-harvest marketing channels (https://www.youtube.com/watch).

Another example of the inability of the institutions to protect domestic producers is seen at the Ajura farms (this is one of the biggest commercial maize producers in Ghana). The company could not compete with other competitors from the USA due to government subsidies to American famers. The local poultry farmers as customers to the Ghanaian maize farmers now import cheaper from the USA and other countries to also bit down cost. With reference to Darko farms, one of the largest poultry farms in Kumasi, Ghana, they also face the problem of price competition from imported chicken into Ghana, which makes them also demand cheap imported poultry feed from other markets, hence, demand for domestic maize deteriorated (FAGE, 2008). From this interview, it has been revealed that subsidies provided by developed countries are some of the factors that affect Ghanaian producers and exporters, hence affect their competitiveness.

According to a report by the "Feed the Future" (2015), specific regulatory on agriculture are necessary to ensure productivity and competitiveness. Policies must be able to carry out price ceiling, trade licensing, export controls in boosting Agricultural growth. In more developed institutional locations, these regulations are better as compared to weaker institutional domains (FTF, 2015). Apart from the trade injustice, faced by farmers and exporters at home and in the international arena, technical knowhow is yet another challenge, explained as follows.

<u>Technology transfer:</u>

The nature of farmers in the country in terms of their educational level, geographical distance, corruption and culture serve as constrains to technology transfer in the among farmers. Out of

70% of those who involved in farming, only 30% embark on farming as a business. The inadequate availability of common agricultural machinery in addition to the low level of knowhow leads to low productivity. As an example, "*Ghanaian rice farmers have not been able to export their produce or even gain the attention of local consumers because they lack the necessary machines to be able to de-stone (removing stones and other unwanted materials in the rice). De-stoning machines are however available in the international farm input market and farmers can be helped to acquire some to produce quality rice. Lest we forget local rice is more nutritious than the one boasted by the Rice Master*" (Bulmue, 2014).

For this matter, the rest are subsistent farmers with a low level of knowledge on machinery, new technologies for farming, storing and even the know how to export channels (FAGE videos, 2013). Eventhough there are NGOs who in one way or the other assist farmers in the rural areas, the technical knowhow aspect is still in limbo. With the extension services in the country, most farmers have come to embrace new farming methods leading to improvement in productivity, yet, there still areas in some parts of the country are still constrained due to lack of services on technical knowhow due to inadequate extension service officers to assist farmers (The African Report, 2015). In addition to all the above, another reason of the inadequacy in machinery is corruption on the part of policy makers in the ministry of food and Agriculture, extension officers at the regional and districts levels, who have significantly limited the availability of these to farmers, thus affecting productivity. the next case study focuses on Denmark and how its Agricultural policies have evolved over the years in boosting performance.

9.1.2. Case Two: Agricultural-Industrial Performance in Denmark

Agricultural highlights

Denmark has a population of about 5.5million with 7% employed by the Agricultural industry. The sector accounts for almost 3% value to its GDP (Facts and Figures, 2014), with a category of crops and animals farmed in the country. These include livestock, pigs, dairy, mink, grains, potatoes, grass seeds, and vegetables. The country is covered with 2,646 000 hectares of arable lands with only 61% of the total land area is used for agricultural productions. With an increasing demand for organic agro-products in the country, the government aims to increase the proportion of organic land use from 7% currently to 15% by 2020. The agricultural sector is characterized by small scale and large scale actors ranging from 0-5 hectares as small holding and 20-30 hectares classified as larger ones (Facts and Figures, 2014).

The Agric Industry is known for its high quality food & safety, development of agricultural products and is also known in terms of its global exports in the agricultural business. The exports of agricultural productions have been on the rise in the past years, with a value to 156 million Danish kroner's in 2013. The EU market is the main export destination for Danish exports, with Germany accounting for 18% and China now being the second most important destination for Danish agricultural products (Facts and Figures, 2014). According to the report by Facts and figures (2014), Denmark has a high productivity as well as consumption. As the leading producer of pork in the world, 70% is exported to other EU countries with 20% to non-EU markets worldwide every year, with much value added when leaving the country (Danish Agriculture & food council, 2015). Approximately 28 million pigs are produced annually by 5,000 farms in Denmark, where most are slaughtered in the two big cooperative companies (Danish Crown and Tican) for exports, with the minor export of life pigs to Germany. The pig farmers' cooperative formed in the 1887 form the bedrock for farmers to have the market power as this cooperative has evolved over the years. The exports of these products reach foreign markets through the cooperatives and of which, Danish Crown and Tican are the bigger cooperatives and the medium of exports (Danish Agriculture & food Council, 2015). Key success factors in the production and exports of pork in Denmark can be said to be: the well-organized cooperative model, the institutional framework providing farmers with the necessary skills and knowledge through farm-based research applications, documentation and traceability in production including quality control, priority on sustainable farming and many others (Danish Agriculture & Food Council, 2015).

Apart from being sufficient in pork production, Denmark is also the world largest producer of mink skin and fur, where I, 500 Mink farmers produce around 19 million skins per annum. The products are known to have higher qualities compared to other products elsewhere; hence, mink skins from Denmark are the most expensive products in the world market (DAFC, 2015). With China being the second largest destination of Danish exports, Mink skin forms one third of all exports, with an approximate value of EUR 1.1 billion (DAFC, 2015). Another area of success in terms of productivity and competitiveness both at home and international arena is seed production (grass and horticultural seeds). It is the leading producer of seeds worldwide with about 5,000 farmers producing around 40% of total seeds in the EU annually. "*More than 90% of the total production of grass, clover and horticultural seeds is exported to more than 100 countries. Exports represent an annual value of € 275 million*" (DAFC, 2015). According to the report by the DAFC, 90% of all cropped seeds are exported to more than 100 countries worldwide. In addition, Dairy products also account for 20% of all agricultural exports in Denmark and as mentioned above, cooperatives are the mediums of export exits. "*Cooperatively owned by Danish and Swedish milk producers, Arla Foods is Europe's largest dairy group. The Arla group processes more than 90 percent of the Danish and two thirds of the Swedish milk pool. It also runs dairy operations in a number of other countries, with Arla UK plc as its biggest business*" (DAFC, 2015). There exist 61 production plants in Denmark comprising of 30 small-scale diary companies and Arla group, producing around 4.7 million kg milk which yields an export value of EUR 1.8 billion per annual.

With organic farming as a new trend in the global market because consumers all over the world are becoming more health conscious, Denmark has just taken the lead in terms of organic products in the world. Not only does the country hold the largest market share of organic product, but it is also the biggest organic market (with organic food making up of 8% of the food market) in the world according to the DAFC report (2015). Consumption of agricultural products in the country is higher especially beef, veal and egg. Despite the increase in production of eggs by 3% and 11% increase in poultry production, production is still below consumption. The development of the national economy of Denmark has its roots from the agricultural sector unlike other developed markets success stories built on industrialization paths. To digest further on the development of the industry, we look at the historical snap-shots on the reforms that brought light to the industry as follows.

Brief history of Agricultural development in Denmark

The reforms of the 1700s are the genesis of the development of the sector today. Before this period, small-scale famers, with land rights based on hereditary characterized the sector. In addition, dilapidated technology and insufficient farming methods were the way of farming (FAO, 2015). These reforms included: "*freedom and private ownership for small-scale producers. The reforms of laws were combined with the use of new technologies, such as the* *swing plough drawn by two horses, and the introduction of grass and clover in crop rotation systems. This all contributed to the development of more effective farms. From the 1830s, the combination of legislative reforms and new technology started manifesting itself in more efficient and sustainable farming systems"* (FAO, 2015).

It is reported that the full benefit of the reforms was experienced in the 1830s leading to high productivity and sufficient use of technology and methods of farming. However, other actions were needed to confront the then competition in the 1870s/1880s due to globalization, where cereal products destroyed the market atmosphere the Danish famers enjoyed. The situation in addition to the territorial lost to Germany in 1864 led to huge investment by the government in the Agricultural sector to maximize many lands as possible (FAO, 2015). Exports of agricultural products constituted 90% of all exports and main foreign currency earners from the 1800s to 1960s. Hence, the significance of the sector to the economy was huge to be left unattended by politicians. The government and politicians foresaw the importance of the sector and implemented policies to diversify its production from the grain production to livestock and pig productions.

To be able to develop the market power to face the price competition as a result of the globalization, the farmers formed co-operative societies which assisted them to developed mechanisms to develop marketing activities based on their understanding of the markets. An example was that the "*Danish farmers focused on the opportunities that the lower grain prices provided for developing the dairy industry. The crisis therefore ultimately had the effect that the farmers started using new technology – primarily the centrifuge, to separate milk and cream – to enter the British market for butter. Pork production began as a by-product of this because the pigs could utilize the skimmed milk from the butter and cheese production*" (FAO, 2015). Before the diversification into diary production, farmers needed to be educated on the methods of breeding, quality, economics and other aspect related issues. Hence, the formation of the "Royal Agricultural Society" was established. This body diabolically established a ground for farmers to discuss political issues that could have an impact on their production and later on developed ways by which new knowledge and skills were to be disseminated to farmers (FAO, 2015). The organizations formed by the farmers collaborated with professionals and teachers from the Agricultural schools to give lectures on the needed knowledge and skills. The Agricultural

University that came into being in 1856 also served as a medium for farmers to tap new knowledge and expertise through the collaboration between the organizations.

The diversification into livestock and diary was boosted by the livestock law that was implemented in 1887, where government provided support in terms of "*Livestock shows and awards, breeding associations and to the establishment of herd books. The law also gave government the basis to support employment of livestock advisers by farmer organizations*" (FAO, 2015). There was a separation of powers in terms of what the government roles were and the farmers' organization (Royal Society) roles were to prevent bias behaviors of any of the two parts. The government employed the advisers while the farmer organizations took care of the educational need and supervision to make sure that farmers' interest were met. The functioning of the livestock advisory role gave birth to the establishment of Advisory services for crop production in 1906, followed by bookkeeping for agro-businesses and home economics (FAO, 2015).

The reforms also enabled the farmers to be part of the political landscaped in Denmark backed by the well-organized co-operatives formed. With the interest that the politicians had for the development of the sector, the following were the policies carried out in the reforms to build a strong Agricultural sector according to the report by the food and agriculture organization on Denmark (2015).

- ✓ *Education for all: The world's first educational act in 1814 provided everybody with the right to education from seven to fourteen years of age. This led to fast progress in the farming community in terms of being able to read and write.*
- ✓ *Farmer organizations started establishing from the first half of the 1800s. In the beginning, they were mainly focusing on politics, but later, from the 1840s, they concentrated more on professional aspects (Porsmose and Bjoern, 1997). The farmers organized discussion meetings and sharing of experiences and livestock shows and new crops were introduced.*
- ✓ *The fall of the absolute monarchy in 1848 and the democratic constitution of 1849, this gave the right to vote and eligibility to all men over 30 years of age.*

- ✓ *The start of the Folk High Schools in the 1850s through the inspiration of the Danish priest N.F.S. Grundtvig4 brought about a kind of spiritual revival. Many farmer leaders came from the Folk High Schools, where they had participated in free discussions of history and politics, alongside religious matters.*

These policies empowered farmers to build political influence over the years starting from 1910/1941 where the liberal party, which originated, gave a lot of support to famers. "*the small-scale farmers created their own organizations, which were followed by the creation of the Social Liberal Party that defended the particular land concerns of the small-scale farmers, as well as the social equity concerns of the poorer segments of the rural population*" (FAO, 2015). The development of the sector can also be seen on the political priority given to it by politicians from 1960 to 1970, where even advisory services were designed to assist farmers (FAO, 2015).

The reforms that undertaken increased the political influence by famers and farmers own organizations empowered the farmers, thus leading to the existence of trust between the government and actors along the Agro-industry. The farmers' organizational leaders are part of the bodies that make decisions for the overall development of the sector; there is a "representation of farmer organizations and the advisory service in the relevant Boards and Committees for universities, research programs, and financing foundations" (FAO, 2015). The reforms and policies carried out laid a foundation for the present frameworks put in place to a sustain agricultural production and competiveness.

The market orientation role was also undertaken by the government to provide the needed market knowledge for farmers and exporters in the Agricultural sector by establishing the state consultancy. The state consultants were allocated, and stationed in countries that received exports from Denmark. They helped provide market conditions, features and necessary information needed to boost competitiveness in the Danish agricultural sector. The merits of this act by the government was that: "*They made it possible for the farmer leaders to acquire a good understanding of the demands of export markets. In addition, a mass of scientists at the newly established agricultural university researched in close collaboration with the practical farming community, and the advisers adapted the results of new knowledge in their advice to farmers. The overall impact of this was that agricultural development was to a large extent guided by the demands of markets*" (FAO, 2015). One example of the markets (UK, Germany) was that farmers needed to improve the quality of butter, hence, led to the improvement in fodder because to be able to attain the quality of butter rest with the quality of feed (FAO, 2015).

It is an undisputable fact that agricultural productivity and competitiveness depend on the political climate and market conditions. Hence, this was the case in Denmark during the first and the second World War in 1941-1950 which experienced "*frequent changes in legislation, conditions for production, and market demands"* (FAO, 2015). The advisory service providers had to provide the necessary knowledge needed at that time, to enable farmers to cope with the situation. The report from the Food and Agriculture (2015) indicates that the number of advisory services was of high demand, leading to an increase of about 50% after the First World War in 1920. This increase in advisory services reflected on the productivity in the agricultural sector in the 1920s whereas, the food crises in 1930 witnessed low yields as a result of stagnation in the number of advisory agents employed (FAO, 2015). Besides paying of officials by the government, it also provided support for other areas. The government support on the side of financing advisory services came into the law in 1971 and was in full functioning until 2004 where the government suspended it, allowing beneficiaries to bear the cost of the services rendered (FAO, 2015).

After the second World-War, the world witnessed another transformation of policies to boost Agricultural production in Europe, hence, influenced some of the policies in Denmark. The formation of the OECD in 1948 came with certain programs to shape the agricultural landscape of the region, since most countries in the region had not yet experienced the new technological trend at that time. "*In order to support the European agriculture to catch up with development elsewhere, the Technical Assistance Program of the Marshall funds instituted the Agricultural Productivity Foundation. This became important for development, including in Denmark, during the post-war years"* (FAO, 2015). The OECD program on Agriculture, served as a catalyst for the Danish policy makers and the farming organizations to develop the advisory services already established. Experts were sent from Denmark to the USA to acquire knowledge on their extension systems and how knowledge is disseminated. However, the outcome of what was learned in the USA met resistance due to the fact that the Danes had already developed advisory services from the bottom and "*had the strong advantage of being closely connected to practice. But it was, however, realized that the decentralized system had difficulties in solving bigger* *common tasks, such as knowledge and capacity development and therefore suggested the establishment of a central institution for information, dissemination of knowledge and capacity building to the local advisory services*" (FAO, 2015).

To be able to anchor the research practices, every advisory officer took it as a task to disseminate the outcome of every research work for production in crops, cattle, pigs, economics, etc. This was backed-up by setting up a national center in 1973 in Viby. This organization later metamophorsized into the "National Agricultural Advisory center in Skejby and then presently known as VFL, with a board formation in 2010. Building on the policies and strategies implemented by the farming organizations and the government to boost productivity and competitiveness, the following summary throws highlights on the years they were established according to the Food and Agricultural Organization report (2015).

- ✓ *Agricultural productivity foundation formed in 1953, to provide information on demand for farmers and exporters. This led to the formation of the "Agricultural information Office also known as "LIK – Landbrugets Informationskontor".*

- ✓ *Land reforms in 1919 where lands could be rented for Agricultural purposes*

- ✓ *In 1901, a Government led commission recommended the establishment of agricultural schools for small-scale producers and Governmental support was established for small-scale producers' exposure visits to other parts of the country, short courses, awards and award loans for well-run small-scale farms, and also for support to advisory services attached to the small-scale producer associations*

- ✓ *The first Home Economics Associations were established in 1908 and the farmer organizations established committees on home economics*

- ✓ *The tax reimbursement fund was instituted in 1977. At that time, it consisted of land taxes going back to the agricultural sector. Since 1995, the funds have been complemented by taxes on pesticides*

Current Agricultural policies in Denmark

A functioning Multi-stakeholder structural frame: the success of innovation and knowledge development in agricultural productions takes its pride from the well-organized collaborative model formed by different actors from institutional bodies and agro-industrial sectors. There is a rapid successful transfer of innovation and knowledge to practical form within the agricultural business in Denmark (FAO, 2015). The sources of new innovational knowledge from research and development come from two faculties of life sciences, at Arhus and Copenhagen, others as mentioned in the following paragraph.

The policies and strategies as well as the institutions that are involved in this model are present in the Food and Agricultural organization (2015) as follow:

- ✓ *Research institutes – which are primarily connected to two faculties, in the Universities of Aarhus and of Copenhagen.*
- ✓ *Input supply companies such as seed companies, chemical factories developing fertilizers and pesticides, feed mills, livestock breeding associations, manufacturers of farm machinery and equipment, etc. These are all private enterprises.*
- ✓ *Food industries.*
- ✓ *Agrotech – an advanced technology institute that establishes collaboration between companies, research institutions and advisory services on different technology innovations.*
- ✓ *Danish Agricultural Advisory Service (DAAS).*
- ✓ *Agricultural schools.*
- ✓ *Farmers and their organizations.*

The DAAS is the institution that takes the responsibility of dissemination to research and innovations outcome to farmers for production purposes. The organization carried activities like recording and processing of technical & economic, farm accounts and taxation issues, farm trials & tests and plans training programs to fit farmers' needs. In doing this, it also provides solutions to farmers such as "*Production, including organic production, Energy crops, Environment, Finance, Management & organization, Tax, Buildings and surroundings, Human Resources, Legal matters, Technical advice to producer organizations and public authorities*" (FAO, 2015).

Under the DAAS, there is also a center for testing, trials of developed research work and make sure that search knowledge makes an impact on Agriculture. The VLF coordinates the tested technologies under the "Danish Trial System" which is now known as the "Nordic Trial System". The VLF also ensures that the data of research and outcome are processed and made available for farmers use. This body collaborates with both public and private in ensuring that challenges related to farming are solved (FAO, 2015). An example is the "*quality assurance and issues of food safety and traceability are addressed in close collaboration with the food industry. An example is the development of a full quality concept for milk production "Arla-Gaarden" in collaboration with Arla" (FOA, 2015).* The VLF also has a sub-institution known as Agrotech for Agriculture and food innovation activities of the VLF in the form of promoting "biological knowledge in the Agricultural sector". Apart from his institute, the organization also owns other bodies such as HortiAdvice Scandinavia A/S together with a Dutch company (DLV), and co-owner of the "Cattle Research center in Foulum". The VFL ensures the registration of livestock, health advice delivering for herd, processing of quality farm and management data, nitrogen standards, IC development tools, etc. to make sure that there is compliance with legislations within the sector (FAO, 2015).

Both farmer organizations and the public institutions do the governance (ownership, funding and decision-making) of the DAAS. With the advisory services owned and organized by the famer organizations, where the users make payment. The government also takes part of the payment by providing subsidies for the services rendered to farmers. One of the features of the Danish advisory service is that famers are given the right to decide and organize how the services are done. Besides this feature, the organization serves as a link between the famers and public authorities as well as enabling them to comply with setup rules and regulations (FAO, 2015). On the aspect of funding the organization, the VFL sources funds from different institutions such as "EU related funds". The trend of policies from the 1880s has been built upon over the years in addressing agricultural production and competitiveness despites different shifts in governments. Another form of polices that have an influence on the agricultural industry in Denmark is the Common Agricultural Policy for all EU members. Being a member of the union, both domestic and regional policies together influence their competitiveness. For example, in 2010, the Danish farmers received subsidies of € 1.1 billion for productions and other related agricultural activities (fremtidenslandbrug.dk). In addition, the introduction of the organic farming policies in

Denmark is rooted in the EU reform policies on green farming. eventhough there are success stories in the sector over the years, there are current challenges elaborated as follows.

Institutional constrains in the Agricultural Industry in Denmark

Unlike developing countries where institutional voids such as insufficient market enhancing institutions to assist famers in sales, inadequate law enforcement causing delays in trade, hence increasing cost of production and businesses, Denmark as a high income and developed country faces different challenges such as environmental constrains and trade barriers as a result of their membership in the EU.

One of the challenges that affected the Danish farmers is the political unrest in Ukraine and Russian, where most Agro-products could not be sold in Russian as a result of embargo place on by the EU in Russia. "*According to the Danish Agriculture and Food Council, the Russian boycott of European food has cost Danish agriculture up to 800 jobs*" (CphPost.dk). From this post, the sanctions by the EU on Russia also triggered Russia to raise protective barriers on EU Exports. As the head of the farmers' organization (Landbrug og Fødevarer) puts it "*Farmers and food companies have unwillingly become victims of a crisis they're not involved in*" (CphPost.dk). this act of the institutional framework in the region affected the price of pork and ,milk to fall by 10% due to the quantity of imports flooding the region in addition to the to trade with Russia.

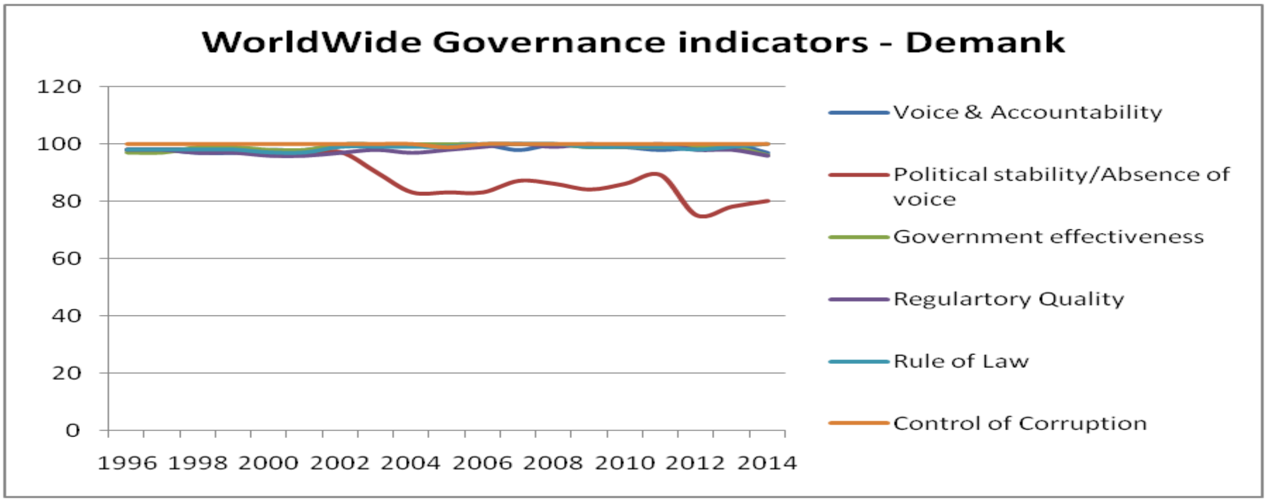
Another challenge is the environmental issues and measures that are arising. The already existed policies have revisited the quantity of chemicals used on the farm lands and so on. For example, the 24% reduction in the emission of ammonia has already been passed (cphPost.dk). Another aspect of challenge to the competitiveness that farmers are concer about, is the challenging trend developing markets are employing to protect their markets.

Business environment for competitiveness

Here the authors of this research analyzes on the competitiveness of the environment might originate in terms of agricultural cropping by walking through the data provided by the World Bank ranking on the determinant factors responsible for competitiveness. By comparing Denmark, which is a developed market to a developing market like Ghana, we pivot our shared knowledge on the institutional frameworks that are the architect of industrial development.

Hence, the factors employed by the World Bank are seen to us as the basis of building competitiveness because the natural resources do not guarantee competitiveness unless they are being transformed through human capital and innovativeness (Porter, 2001). Denmark is also endowed with fertile lands and high human capital as compared to other countries, and its success stories on agriculture and its products cannot be separated from the reforms and policies carried out by passed governments and institutions in the 1880s. Observing the policies, which still have their footprints on the present policies, enable their enterprises in the agricultural businesses to excel both at home and in the international market as digested earlier. For us to anchor the arguments on the role of these institutional impact on the productivity and competitiveness, it is deemed necessary to employ the indicators used by the World Bank in rating countries in terms of how easy businesses can be done in comparison to other countries. A business environment is shaped by institutional frameworks in terms of providing security for investments, attractive in terms of ease of doing business, property rights protection, etc. and this occurs when there is political stability, the rule of law, the lowest rate of corruption, etc. hence leading to low cost of the transaction. As can be read on the following chart, Denmark can be said to have matured institutions and political stability in enhancing the competitiveness of its industries, and for that matter the Agricultural industry over the years.

Figure: 10



Source: World Bank data and authors compositions

As can be read from the diagram, with the score of 100% being the best in terms of the variables used by the World Bank in good governance, Denmark scored 100% in most of the variables as compared to Ghana, which is a developing nation where the institutional frameworks are still not strong in enforcing law and order. In terms of political stability and absence of violence, there have been years where the score could be 98, 99 and 100. There linear graphs on the diagram as compared to Ghana.

The country is a democratic country with political stability for centuries, 100% rule of law, 100% of the efforts in fighting, almost 100% corruption, almost 100% in regulatory quality, etc. According to the World Bank ranking, Denmark becomes 3rd on the ease of doing business among its peers in the EU region. Breaking it down to the factors that have enabled this attainment, we look at the factors that we assume have a greater impact on capability development of Agricultural entity. The first factor considered is the easiness of credit access. According to the "Ease of Doing Business" report (2016), Denmark ranked 28 out of 189 countries in terms of credit access. This is important for competitiveness because firms and individuals need credit some times for investment in building skills, as well as acquiring the necessary machinery for productions. Unlike developing countries like in the West African region, where it takes longer time and complicated processes before accessing loans.

In terms of cross border trade, Denmark ranked 1st out of 189 countries. It means that it is easy for Danes to do business with neighboring countries without incurring cost related to waste of time and lengthy procedures. The document needed to complete cross border trade is (1), as compared to 4-7 in developing countries like Ghana, where you need more than 4 documents for cross border transactions. Explaining this further, there is no cost related to export/import compliances as experience in other countries. Another feature that also influences transactions is contract enforcement and Denmark ranked 37. The ability to enforce contract laws makes it easier for companies to carry on transactions with trust. This means that suppliers, customers, consumers, etc. along the value chains will find it easier fulfilling their orders. Hence, risk related to uncertainty, which normally raises the transaction cost will be low (Williamson, 1981).

In a country where the level of contract enforcement is very low, suppliers/producers of for example, agricultural products to processing firms might bring trust issues just like what some of the processing companies of agricultural products in West Africa resort to imported goods as a result of trust issues relating to quantity, quality and time of delivery. In addition, a business transaction or any kindor entity might become insolvent and might need the right judicial frame to resolve issues that might cater for all stakeholders in the business. This might have an influence on the interest investors may have in mind when lending money to individuals or enterprises for business purposes. Therefore, in countries where there are mature institutional frameworks and political stability, the level of risk and uncertainty would be low as compared to countries where there is low institutional maturity. Hence, Denmark ranked 9 according to the global Ease of doing Business report (2016). In Denmark, there are well balanced bankruptcy systems that assist categorized those that are insolvent and need to be liquidated (Doing Business, 2016). In terms of electricity, this is one of the challenges facing most producers and processers of agricultural products in West African region, Denmark ranked 12 within 38 days as compared to 79 days for Ghanaian enterprises. The other factors are ranked as follows: property registration (9), protecting minority (20), paying taxes (12), and starting a business (29).

Besides the World Bank ranting on how institutional maturity and efficiency boost business practices, we also looked at the factors used by the World Bank (2016) report on how institutional frameworks enable agricultural businesses. In relating these factors, (production inputs enables and market access enables), Denmark as a high-income country, has developed its regulatory framework many years ago. Therefore, the challenges that serve as barriers to agricultural business in emerging economies cannot be traced in the country. These barriers as described by the Enabling Business Agriculture (2016) have a high influence on transaction cost, hence, destroys the competitiveness of actors in the Agricultural business. High-income countries with matured institutions that participate in the agricultural business have frameworks that boost the competitiveness of their enterprises in the agro-industry. Denmark according to the report by the EBA (2016) performs well in terms of regulatory information, and for agricultural business with 9 points out of 10. This means that information concerning seed varieties, fertilizers, machinery, documentations, etc are well disseminate to the actors in the farming business, including electronic means. As can be seen on the figure: 11, Denmark and Spain have quality regulation in terms of information availability in the sector. In terms of discriminating against private investors in Agriculture, foreign or small companies, Denmark including Greece, Spain, Georgia and Poland performed well than other Agricultural base countries. This means that their institutions have been able to embrace all category of people with interest in dealing with example, importation of fertilizers, machinery, seed, etc. without any restrictions from the states notwithstanding their race, political power, sex, etc. as can be seen on figure:

Figure: 11. **Specific information on requirements for agribusiness is most accessible**

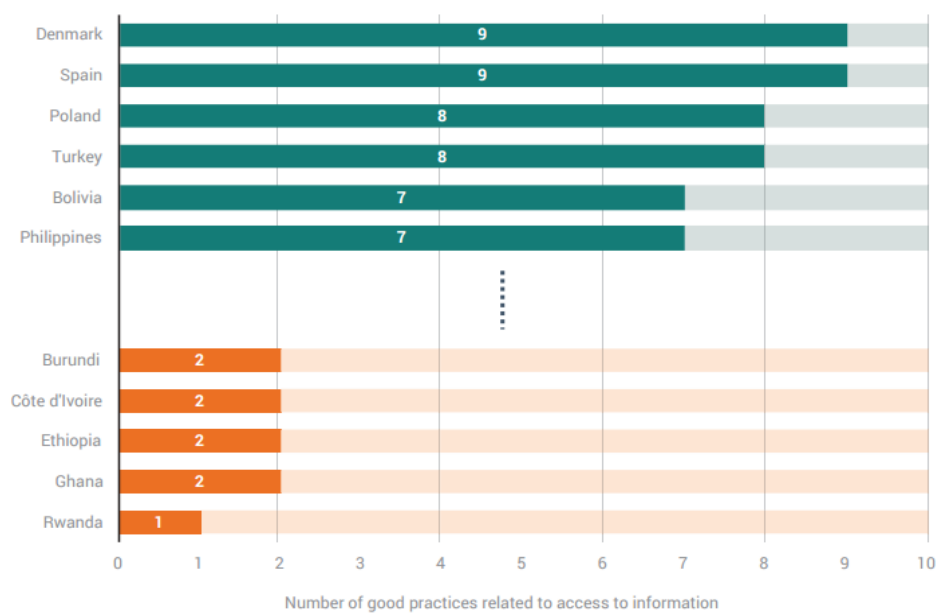
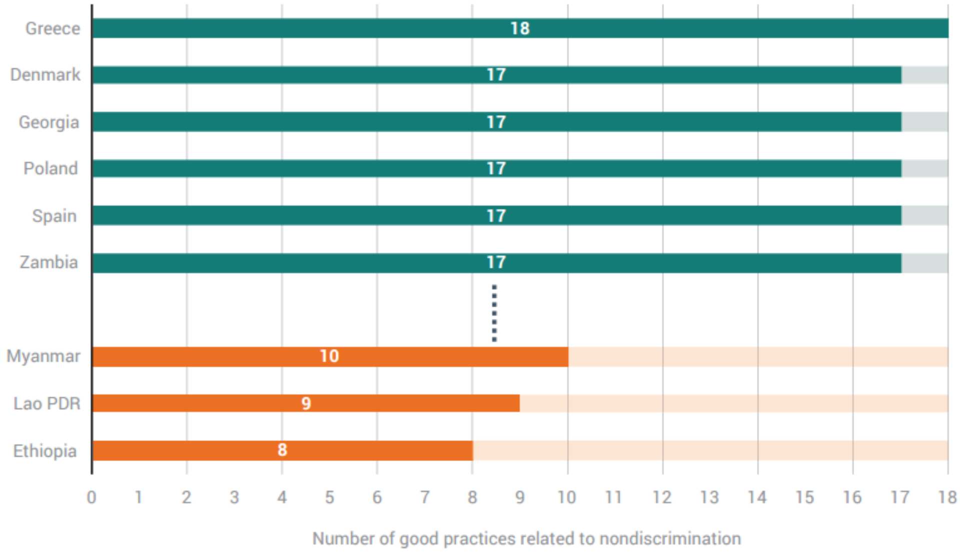


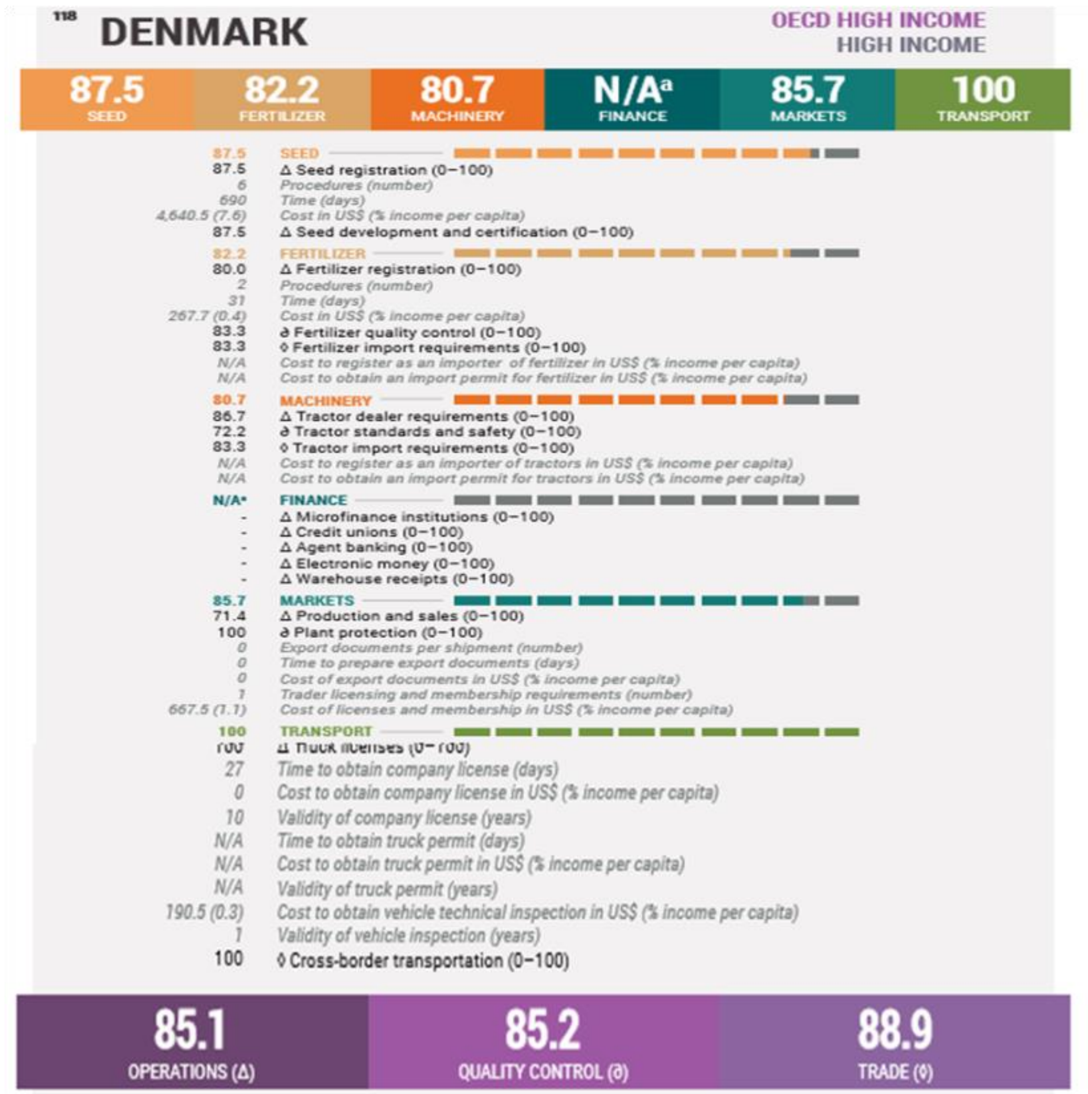
Figure: 12.**Agribusiness rules with least discriminatory**



Source: EBA (2016)

According to the EBA (2016), Denmark has scored over average in all the factors that are used to determine the institutional quality of Agricultural base nations and how such promote competitiveness in the Agricultural business. The diagram in figure sums up all the areas in which Denmark has performed well in relation to other nations.

Figure: 13. Institutional quality in Enabling Business Agriculture



Source: EBA (2016).

The above chart points out that Denmark's institutional environment among the agricultural base nations has a high quality measures as a result of its policy implementation and enforcement unlike other countries who have the policies on the described elements, but have not enforced them leading to the high cost of production, transactions for actors in the agricultural business (EBA, 2016). Having analyzed the institutional impacts in regards to how they influence agricultural business, the following aspect briefly shares knowledge on the challenges that are observed in the agricultural industry as compared to those experienced in Ghana, a developing country.

9.1.3. Sub-summary on the Comparison of Ghana and Denmark

The observation of the Agricultural performance of both cases demonstrate some similarities and differences in terms of specialization in the production aspects, entering market differences and policy development in terms their lifespan. Despite the differences in economic development between the countries under discussion, both countries have developmental policies on the sector under discussion and they both demonstrate strengths on particular crops in the international market in terms of exports market share. As mentioned under the analysis section, Ghana is the second largest exporter of Cocoa and dominates in other cash crops, whereas Denmark has the largest market share in the organic market, pork production, dairy products and agricultural technology exports.

Concerning differences, Ghana is a developing nation with weaker formal institutions and lapses in implementing policies and regulations, which results into institutional voids for actors within the agro-industry. The problems experienced as producers and exporter of the products are as a result of lack certain policy implementations and enforcement. This has generated the high cost of production for producers hence their inability to compete in prices, market control and efficiency both at home markets, regional and internationally because their competitors have cost leadership strategies backed by their policies and government supports.

Secondly, inadequate law enforcement, has led to bribery and corruption along the borders of trade, ports and even within the local markets. Farmers have no market power as compared to farmers in Denmark. Another aspect of difference is the coordination of activities along the value chain from the farm to processing firms and to exporters. In cash crop exports, the government (monopoly) and other foreign companies along the value chain have overpowered Ghanaian farmers. An example is the Cocobod being the principal buyer (intermediary) of cocoa for exports. Unlike in Denmark, the farmers' organizations are given the freedom to take care of training aspects, productions, exporting, budgeting and so on. In Denmark, there is independence in terms of activities needed to bring high quality and competitive products eventhough the government, in terms of subsidies, payment of advisors and many other ways, supports them.

Furthermore, following the trend of policies to affect Agro-industrial productivity and competitiveness, Denmark demonstrates some aspect of policy development from the 1880s to the preset day policies. Despite the fact that there are current policies concerning quantity of fertilizer applications, their policies have been built upon in achieving productivity and competitiveness throughout the years. The policy development and metamorphoses depicts an element of national interest integrated into the ground foundations of every policy orchestrated towards industrial development. The opposite is witnessed in the policies carried out in Ghana towards Agricultural industrial development and competitiveness since 1860-2016. The said flow of policy development and implementation has not been consistent in terms of each policy being fully implemented and pursued even if there is a change of government. Researchers therefore anchor our argument that, national and political interest plays a role in policy development pivoted in achieving competiveness in any industry. The shift in policies by different governments is one of the contributors of challenges experienced by farmers and exporters presently in the whole of West Africa. As stated earlier in the challenges facing Agricultural producers for example infrastructural development is one of them, where constructions lifespan is longer than the tenure of governance. If there is a change of government, sometimes projects are abandoned because the impending government sees such projects as a credit to a “political party” and not the nation, as it should be.

In Denmark for example, the Danish Agricultural Advisory Service from the 1880s still functions even though the name might have changed. The farmers’ co-operations still have their independence as well as the goals of the organization still functions. Another example is the collaboration between the Agricultural organizations and the Agricultural schools and universities. They still carry out training for farmers and do the innovative experiments for productivity reasons on the farms. In Ghana, most of the programs/policies are collaborated by World Bank programmes on poverty reduction, NGOs and various donors form the UK, EU, US, Israel, and India and so on. In most cases, farmers in the rural towns and villages do not even know about the existence of available programs. Most of them are based in the cities with some being theoretically done leaving no traces of benefits to farmers.

9.2. Institutional Maturity

Despite the abundant availability of theoretical frameworks, monetary policies, regulatory institutions and strategic adjustment programmes for good governance, the 21st century still portrays many nations that are less effective and possess inefficient institutions. For sure, global economic and political issues and unpredictable market uncertainties have contributed to this malice but strikingly some countries have gradually emerged from the slump and initialised good governance and better institutions while others are still lagging. For sure, before any country is termed ‘’ a developed country’’, that nation must possess and portray efficient and effective institutions, high levels of development and sustainability, well functional financial systems and most often has experienced the different stages of growth and development or in other words, institutional maturity levels. However, a number of debates have emerged questioning the classification of developed and developing countries but solid international organisations such as the World Bank, IMF, UNDP, OECD and some others have brought forth standard calculations and definitions as to how these demarcation is made. Though they all approach this concept differently, GDP rates, per capita income, poverty levels, human development index (HDI) and a few others are amongst the variables used in their classifications (Lynge Nielsen, 2011).

Considerations numerous educational publications, statistics and real life experience, it is with no doubt that institutional efficiency and good governance has a positive impact on firms and its competitiveness both locally and internationally. Notwithstanding, this impact varies across sovereign nations and with globalisation and technological advancements, some countries in sub Saharan Africa are somehow competitive and internationalise exponentially at early stages, despite the poor state of its institutions when compared to other developing countries in Africa and especially the developed countries. Effective utilisation of the nations/firm’s resources can explain this and most importantly, the alignment of institutions public policies with the need of internationalising firms really helps define the firm’s characteristics and competitive nature (Marin Alexandrov and SvetlaTrifonova Marinova, 2014). Taking into consideration this solid empirical publication and the numerous discussed points in the previous chapters in respect to West Africa and its institutions, the question of how mature are these institutions and does the maturity level of institutions help define firm’s competitiveness arises. Looking at the above empirical institutional impacts in the agro-industrial sector of Ghana and Denmark, we see that the successes and competitive nature of Danish firms is as a result of well-structured institutions, bilateral communications and the implementation of good policies. Thus, looking at Denmark and taking into consideration many factors and global classification indexes on development, this country is a far much matured nation as compared to Ghana, as well the West African region.

However, what is institutional maturity and how and when is an institution said to be matured are some technical points to be discussed in the proceeding paragraphs.

To tackle this issue in a simplified and more explicit manner, we developed a working hypothesis and some four key variables on how we see institutional maturity, how it can be measured and firms competitiveness vis-à-vis a matured or an immature institution, relative to the context of this study. The following points will be elaborated below.

Figure: 14. Determinants of Institutional Maturity

DEPENDENCY RATIO	EASE OF DOING BUSINESS
ECONOMIC DIVERSIFICATION	EFFICIENT INSTITUTIONS

Source: Authors composition

As earlier discussed in the previous chapters, dependency ratio in this context refers to how dependent is an institution on foreign governments and institutions for its survival. This dependency exists in numerous forms: Foreign aid, military aid, loans and financial assistance for funding of its most vital sectors in its economy, monetary and economic policies imposed by others and trade liberation acceptance due to desperation. The most important is the lack of autonomy and control over its federal banks and foreign reserves as is the case of French speaking countries in Central and West Africa and the inability to finance and manage industrial sectors in its economy sustainably. With globalisation, massive industrialisation and an exponential technological advancement, being dependent is normal and not an issue in today's world but any sovereign nation that relies primarily on foreign aid and loans in the 21st century proves its low level of maturity. In other words, irrespective of the cause of its dependency, institutions that lack effective governance and cannot take control of industrial sectors that strengthen their economy as well cannot provide basic health care facilities and education is considered to be an immature institution. The level of maturity is not equal in all institutions and can alternate amongst countries that are categorised the same, and within the same region. For example, within the West African region, though all member states are developing countries, some portray higher levels of good governance, provision of basic facilities to its citizens and are less dependent on foreign institutions, and this holds true even within the EU region.

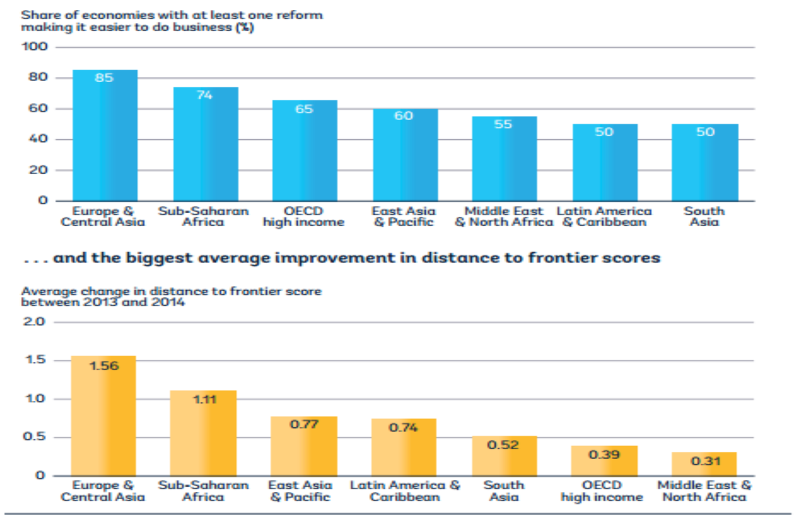
Economic Diversification in respect to this topic can be viewed from two sides. Export/Trade diversification in terms of the variety and quality of goods exported, and domestic diversification in respect to how diversified is the production and engagement of economic activities into different industrial sectors. Without any doubt, economic diversification increases the level of trade diversification. Borrowing from the publication of Chris Papageorgiou and Nikola Spatafora (2012), they brought forth strong evidence that higher income levels are associated with increasing diversification across partners; at least until advanced-economy, status is achieved by developing and less developed countries.

In regards to Economic diversification and African countries especially those in West Africa, it is evident that these economies are less diversified and their economies are built on primary stages of production and agriculture, whose prices and productivity efficiency is highly volatile with changing climatic conditions, weak formal institutional structures and policies, as well as invisible market forces. West Africa is EU's largest and most important trading partner in sub Saharan Africa, with Ghana, Nigeria and Ivory Coast contributing to 80% of the regions export to the EU (EU stats, 2015). Even though natural resource endowments varies amongst geographical locations, domestic diversification by these countries into service sectors, transportation and many others will really increase both job and investment opportunities hence achieving better standards of living and a stronger immune system to the threat of external goods and services from foreign competitors. That notwithstanding, attaining economic diversification be it trade or domestic, certain technical structural adjustments are inevitable especially in good governance, policies and most importantly the institutional structures of this country. So we can say that either of any economic diversification and well-structured institutions and policies will have a positive impact on a country and for sure, limit its dependency ratio hence pushing it towards an advanced economy or say advanced economy.

With increasing volatility in global economic situations and complexities in the demand of goods and services, the survival and economic independence of any country greatly depends on its policies and regulations in regards to effective governance and comfortable conditions for its domestic business environment. It is evident that when the ease of doing business domestically is favourable, not only does it strengthen the competitive nature of home based firms, but also it encourages entrepreneurs, innovation, start-ups and most importantly, attracts FDI, which boost the economy and reduces overdependence. This is a major characteristic to most developed or say advanced economies in today's world but poor and developing countries for example in West Africa, have not attained this level or are still lagging behind. The ease of doing business has gradually been an important tool and mechanism used by the World Bank, IMF and other stronger institutions when advising poorer nations on how their macro-economic policies can positively affect their development and growth strategies.

According to the World Bank report on the ease of doing business (2015), the classification and measurement of ease of doing business by nations is done by evaluating the number of business regulatory reforms, aimed at providing a healthy business arena. Number of days needed to register and start up a business, processing time for business licences, access to financing from banks and financial institutions, access to electricity, enforcing the legal system to protect businesses and property rights, favourable tax rates for business (import/export), and many others are amongst the yard sticks used for measuring the ease of doing business. Formerly, doing business in Africa seemed like a nightmare; too much bottleneck administration, lengthy registration processing time, high taxes and a very complicated and costly nature, which seemed almost impossible to do business or even start up. Today, though still very tough, it is a little different as most African countries have tried to restructure and facilitated their business environments, easing business start-ups and transactions. According to World Bank statistics (2015), sub Saharan African countries have implemented the most-structural reforms in this direction with an average of 74% doing at least one business regulatory reform in the past years. In addition to this, out of the 21 countries worldwide including OECD high income countries who did three or more structural reforms aimed at easing business locally, 6 of them where sub Saharan countries. Reviewing recent publications, the World Bank Doing Business (2015), brings evidence that after Europe and Central Asia, sub Saharan Africa with the most economies had the largest number of business regulations changes between 2013/2014, with 36 countries strengthening their legal institutions and 39 reducing cost and complexities in business regulations. The graph below best explains this.

Figure: 15. Institutional reforms



Source: Ease of Doing Business report, 2015

In regards to ranking of nations in this aspect, not only was their performance on regulations on ease of business taken, but also other international indicators that sets capturing dimensions of domestic competitiveness was taken into consideration, thus explaining the positioning of the first 20 countries. In addition, blending government quality, the score of the ease of doing business and countries that have instituted rules that enable international business transactions alongside encouraging sustainable developments in their private sector, where other measures used for subsequent classification of economies outside the first top 20 on this list. Despite its hostile political climate just a few decades ago, Rwanda has made the most reforms and currently holds the 46th position out of the 189 countries observed during the 2015 publication. Ghana, Ivory Coast, Botswana, Namibia, DRC Congo, Senegal and Togo featured amongst the most improved countries in respect to regulations on the ease of doing business. Other non-African countries like Azerbaijan, Tajikistan, Trinidad and Tobago, and Ireland have also made significant remarkable changes to the ease of doing business, with Denmark appearing on the 3rd position, and has always been top ranked for many years in a row. The figure: 16 show the ranking in the clarification of doing business among 189 countries.

Figure: 16.

TABLE 1.1 Ease of doing business ranking

Rank	Economy	DTF score	Rank	Economy	DTF score	Rank	Economy	DTF score
1	Singapore	87.34	64	Jamaica	67.27 ↑	127	Cambodia	55.22 ↑
2	New Zealand	86.79 ↑	65	Bahrain	66.81 ↑	128	Maldives	55.04
3	Denmark	84.40 ↑	66	Kosovo	66.22 ↑	129	West Bank and Gaza	54.83 ↑
4	Korea, Rep.	83.88	67	Kyrgyz Republic	66.01 ↑	130	India	54.68 ↑
5	Hong Kong SAR, China	83.67 ↑	68	Qatar	65.97 ↑	131	Egypt, Arab Rep.	54.43 ↑
6	United Kingdom	82.46 ↑	69	Panama	65.74	132	Tajikistan	54.19 ↑
7	United States	82.15	70	Oman	65.40 ↑	133	Mozambique	53.98 ↑
8	Sweden	81.72 ↑	71	Bhutan	65.21 ↑	134	Lao PDR	53.77 ↑
9	Norway	81.61 ↑	72	Botswana	64.98 ↑	135	Grenada	53.46 ↑
10	Finland	81.05 ↑	73	South Africa	64.89	136	Palau	53.43
11	Taiwan, China	80.55 ↑	74	Tunisia	64.88 ↑	137	Guyana	51.83
12	Macedonia, FYR	80.18 ↑	75	Morocco	64.51 ↑	138	Pakistan	51.69 ↑
13	Australia	80.08	76	San Marino	64.21 ↑	139	Tanzania	51.62 ↑
14	Canada	80.07 ↑	77	St. Lucia	64.20 ↑	140	Marshall Islands	51.58
15	Germany	79.87 ↑	78	Tonga	64.13	141	Malawi	51.03 ↑
16	Estonia	79.49 ↑	79	Bosnia and Herzegovina	63.71 ↑	142	Côte d'Ivoire	50.93 ↑
17	Ireland	79.15 ↑	80	Malta	63.70 ↑	143	Burkina Faso	50.81 ↑
18	Malaysia	79.13 ↑	81	Guatemala	63.49 ↑	143	Mali	50.81 ↑
19	Iceland	78.93 ↑	82	Saudi Arabia	63.17 ↑	145	Papua New Guinea	50.74 ↑
20	Lithuania	78.88 ↑	83	Ukraine	63.04 ↑	146	Ethiopia	49.73 ↑
21	Austria	78.38 ↑	84	Brunei Darussalam	62.93 ↑	147	Sierra Leone	49.69 ↑
22	Latvia	78.06 ↑	84	China	62.93 ↑	148	Micronesia, Fed. Sts.	49.67
23	Portugal	77.57 ↑	86	El Salvador	62.76 ↑	149	Kiribati	49.50
24	Georgia	77.45 ↑	87	Uzbekistan	62.60 ↑	150	Togo	49.03 ↑
25	Poland	76.45 ↑	88	Fiji	62.58 ↑	151	Gambia, The	48.99 ↑
26	Switzerland	76.04 ↑	88	Trinidad and Tobago	62.58	152	Burundi	48.82 ↑
27	France	75.96 ↑	90	Vietnam	62.10 ↑	153	Senegal	48.57 ↑
28	Netherlands	75.94	91	Dominica	61.44 ↑	154	Comoros	48.22 ↑
29	Slovak Republic	75.62 ↑	92	Uruguay	61.21 ↑	155	Zimbabwe	48.17 ↑
29	Slovenia	75.62 ↑	93	Dominican Republic	61.16 ↑	156	Suriname	47.69 ↑
31	United Arab Emirates	75.10 ↑	94	Vanuatu	61.08 ↑	157	Bolivia	47.47 ↑
32	Mauritius	75.05 ↑	95	Seychelles	61.05 ↑	158	Benin	47.15 ↑
33	Spain	74.86 ↑	96	Samoa	60.70 ↑	159	Sudan	46.97 ↑
34	Japan	74.72	97	Albania	60.50	160	Niger	46.37 ↑
35	Armenia	74.22 ↑	97	Zambia	60.50	161	Iraq	46.06
36	Czech Republic	73.95 ↑	99	Nepal	60.41 ↑	162	Gabon	45.99
37	Romania	73.78 ↑	100	Paraguay	60.19	163	Algeria	45.72 ↑
38	Bulgaria	73.72 ↑	101	Kuwait	60.17 ↑	164	Madagascar	45.68 ↑
38	Mexico	73.72 ↑	101	Namibia	60.17 ↑	165	Guinea	45.54 ↑
40	Croatia	72.71 ↑	103	Philippines	60.07 ↑	166	São Tomé and Príncipe	45.50 ↑
41	Kazakhstan	72.68 ↑	104	Antigua and Barbuda	59.70	167	Myanmar	45.27 ↑
42	Hungary	72.57 ↑	105	Swaziland	59.10 ↑	168	Mauritania	44.74 ↑
43	Belgium	72.50 ↑	106	Bahamas, The	59.00 ↑	169	Nigeria	44.69 ↑
44	Belarus	72.33 ↑	107	Sri Lanka	58.96 ↑	170	Yemen, Rep.	44.54 ↑
45	Italy	72.07 ↑	108	Kenya	58.24 ↑	171	Djibouti	44.25 ↑
46	Montenegro	71.85 ↑	109	Indonesia	58.12 ↑	172	Cameroon	44.11 ↑
47	Cyprus	71.78 ↑	110	Honduras	58.06 ↑	173	Timor-Leste	44.02
48	Chile	71.49 ↑	111	St. Vincent and the Grenadines	57.91 ↑	174	Bangladesh	43.10 ↑
49	Thailand	71.42 ↑	112	Solomon Islands	57.86 ↑	175	Syrian Arab Republic	42.56
50	Peru	71.33	113	Jordan	57.84 ↑	176	Congo, Rep.	41.88 ↑
51	Russian Federation	70.99 ↑	114	Ghana	57.69 ↑	177	Afghanistan	40.58
52	Moldova	70.97 ↑	114	Lesotho	57.69 ↑	178	Guinea-Bissau	40.56 ↑
53	Israel	70.56	116	Brazil	57.67 ↑	179	Liberia	40.19 ↑
54	Colombia	70.43 ↑	117	Ecuador	57.47 ↑	180	Equatorial Guinea	40.03
55	Turkey	69.16	118	Iran, Islamic Rep.	57.44 ↑	181	Angola	39.64 ↑
56	Mongolia	68.83 ↑	119	Barbados	56.85	182	Haiti	39.56 ↑
57	Puerto Rico (U.S.)	68.73	120	Belize	56.83 ↑	183	Chad	38.22 ↑
58	Costa Rica	68.55 ↑	121	Argentina	56.78	184	Congo, Dem. Rep.	38.14 ↑
59	Serbia	68.41 ↑	122	Uganda	56.64 ↑	185	Central African Republic	36.26 ↑
60	Greece	68.38 ↑	123	Lebanon	56.39	186	Venezuela, RB	35.51
61	Luxembourg	68.31	124	St. Kitts and Nevis	55.83 ↑	187	South Sudan	34.78
62	Rwanda	68.12	125	Nicaragua	55.78 ↑	188	Libya	31.77
63	Azerbaijan	67.80 ↑	126	Cabo Verde	55.54 ↑	189	Eritrea	27.61 ↑

Source: Ease of Doing Business report, 2016.

Relating the above world classification and the previous explanations, we see that countries that have relaxed and conducive arena for doing businesses have relative healthy business atmospheres and possess a wide range of strong and very competitive firms. So in other words, the ease of doing business has a positive impact on any firm's competitive nature both at home and abroad. For example, comparing the ranks of the ease of doing business in Denmark or the

USA to Rwanda, Ghana, Brazil, Portugal and many other nations ‘worldwide better explains this as their firms are highly competitive and noted for diversified high quality exports.

Most importantly, how institutionalised are the institutions in any given sovereign country has a vital role to play especially to the competitive nature and strength of firms, both domestically and abroad. Without any doubt, every country has a constitution, a parliament, a ruler/president, the judiciary, legislative and the executive but how efficient and effective are these institutions are the main point of focus. In other words, the existence of these institutions is no guarantee to good governance but how, and to what extent these laws, rules and regulations are enacted is what really matters. It is evident that a majority of political instabilities leading to intense civil wars and many others are as a result of a failure or lack of respect and confidence in the judiciary and executive systems of a sovereign state, which greatly kills the business environment of any country or economic region. That notwithstanding, there still exist cases of some strong firms emerging from some developing countries with political instability and weaker formal systems when compared to developed countries. In this regards, informal institutions and adequate networking is of significant importance to these firms and have gradually replaced the role of formal institutions can help explain this. Though the existence of demarcations between developed/developing countries, classification in respect to ease of doing business and many others, some countries have instituted certain strategic policies that has positively affected their firm’s competitive characteristics. Attractive FDI and domestic investment and start-up policies, tax laws and trade liberalisation, strategic business and international trade agreements, promoting cross border networking and proper interaction between local firms and the government, political stability and the respect of the judiciary and legislature and many other policies are amongst the strategies used. So the extent of application and governance efficiency explains why some countries have singled out themselves either within the same regional and economic classification and/or when compared to others globally. For example looking at the European Union, though formal institutions and democracy have existed for decades, the Nordic countries especially Denmark and others such as Germany, UK, Scotland etc., portray high levels of maturity, transparency, favourable domestic policies for firms and good governance than some countries within the same region. The same applies for countries within Africa and specifically the West African region, as some countries are a little more matured than others, thus placing them on better ranking positions in terms of domestic development and governance than its fellow African nations.

Before proceeding, in respect to this topic, the numerous discussed facts above and our conception, we believe it is important that the level of institutional maturity be examined based on: countries dependency level, how diversified is its economy, how easy it is to do business and above all, how efficient and institutionalised are its institutions. Based on these few above points, a country that scores high according to our classification is categorised as a more matured institution and the reverse holds true. By applying this concept and comparing Denmark and Ghana, the following demonstration below will give an empirical meaning and understanding institutional maturity.

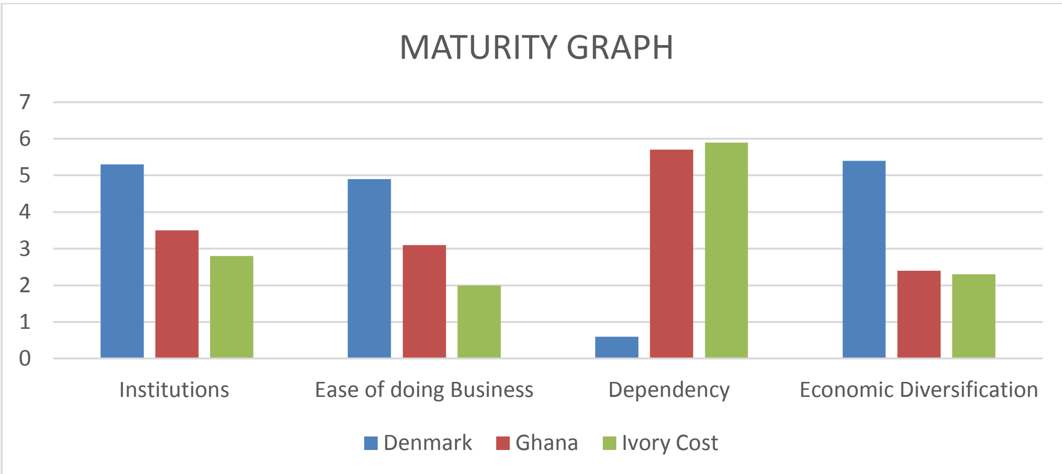
Being well recognised country with a very stable economy, the Danish government and alongside certain key institutions and NGO's collaborate closely and have implemented strategic policies, which have helped increase the competitive nature of its domestic industries as seen in its agro-industry, as well as attracted foreign investors. Looking at the Danish economy, there exist good channels of communication, funding and support between domestic firms and the government institutions in charge. Quoting from OECD 2009 reports, economic schemes and policies towards a modernised economy have been the Danish government agenda for over two decades. From a deregulation program in the 1980's to a quality reform launched by the government in 2007, aimed at providing efficient administration and better welfare by facilitating resource availability has really contributed to the competitive nature of its economy and meeting up with the increasing life standard expectations. With a very small domestic purchasing population, international trade highly contribute to the Danish economy as in 2013, Danish exports alone contributed to almost 55 percent of its GDP and approximately 725,000 Danish jobs depended on the ability of companies to sell products, services and many others to international markets. Referring to the Ministry of External Relations home page, this success and competitiveness of Danish firms is highly accredited to the close collaboration and efficiency of government policies, the Ministry of Foreign Affairs and one of its most important organs, the Trade Council. With the help of Danish consular and embassies abroad, the Trade Council is a governmental organisation that provides high and reliable information and networking on foreign markets to all experienced and inexperienced Danish exporting firms.

Also, Productivity Commission continuously proposes solutions to a more strategic economic diplomacies to the government as well export subsidies to firms especially in market spill over cases and most importantly export loans. So looking at all these and the previous mentioned developmental strategies in the agro-industry of Denmark, explains its growth and competitive nature of firms.

In addition, informal institutions and networking amongst SME's is continuously being encouraged amongst Danish Firms. According to the 2015 publication of the EU Platform of Diversity Charters, managers from 80 different small or medium sized companies signed the Odense Charter for diversity. Local diversity issues and consultancy from experts in diversity management is the main topic on the agenda, when they meet 4-5 times a year. Similar networks include the Copenhagen Diversity Charter with approximately 610 signatories has been existing since 2011 and the Aarhus charter, established a few months after the Odense Charter. To maintain a constant flow of entrepreneurial spirit and start-ups, higher educational institutions have been structured, with teaching techniques evolving around real life situations and with innovation and entrepreneurship courses becoming more popular. Above all, the stable political climate, transparency, flexible business environment and efficient institutions explain Denmark's ranking amongst the first four countries on the ease of doing business. In addition to this, easy access to information both from domestic and foreign companies about setting up a business in Denmark has had an immense impact in boosting the competitive nature on Danish firms.

So looking at the briefly above mentioned, we notice that there exist high levels of decentralisation, coordination and export promotion campaigns on public goods with emphasis on value and reputation for Danish companies. With the use of its extensive global diplomatic presence, sustainable management of vital economic sectors such as the agro-industry, networking and collaboration, we see that the Danish government has and will always adopt economic strategies and policies that prioritise the Danish society. Economic diversification and increase the competitiveness of its local industries as well as helping to overcome market entry barriers into foreign countries with the help of its foreign presence are all ways to increase and boost productivity. Applying our logic with the four above-mentioned points aimed at classifying and measuring institutional maturity, the diagram below brings evidence to this by comparing Denmark, Ghana and Ivory Coast. The inclusion of Ivory Coast to this classification is aimed at portraying that levels of institutional maturity varies amongst states in the same region and the origins of present day institutional foundations as earlier discussed, plays a vital role on the style of governance, policies and institutional structures.

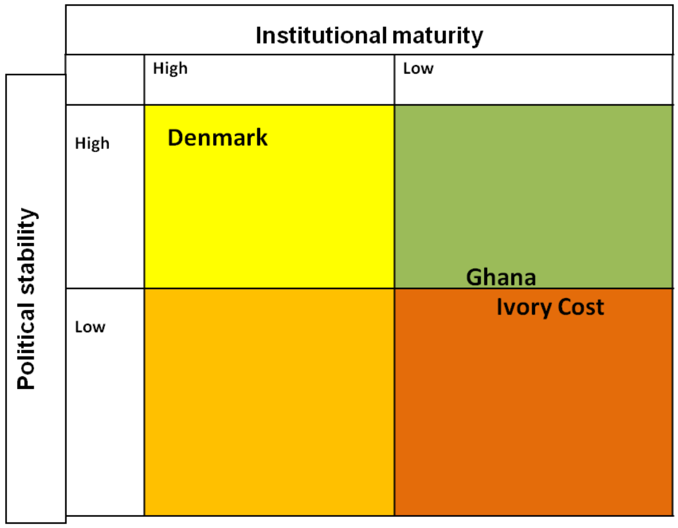
Figure: 17.



Source: Authors composition.

Based on the graph and the previously discussed points and facts, Denmark is a much more matured society or say nation as compared to Ghana and Ivory Coast. From left to right, we see that Denmark scores high on all the four variables, and is extremely less dependent and has a more diversified economy whereas Ghana and Ivory Coast are much more dependent on foreign aid and funding but less diversified economies. A stable political environment is a result of the respect of law and stable institutions, which has a direct effect on the business arena in each country, FDI and the ease of doing business. Briefly, when the government of any nation is the most reliable and trustworthy institution and works in the interest of the people, the fight against corruption, economic diversification, growth and GDP, and efficient institutions is attainable. In a nutshell, taking into consideration the four key variables of how we see and measure institutional maturity, the higher the level, the more characteristics of competiveness will firms from this given country portray and the reverse holds true. This explains why looking at the graph, Denmark comes first; second is Ghana and third Ivory Coast. Under the variables being discussed, the countries are further presented on the following figure with intuitional maturity bearing the four factors (dependency, diversification, Ease of doing business and efficient institutions) in addition to political stability.

Figure: 18. Political and institutional maturity comparison



Source: Authors composition base World Bank data

Following the diagram, Denmark has scores high in terms of political stability as well as institutional maturity. As can be recall form the case studies of the two countries, more matured institutions has a low tendency to change policies frequently than compared to countries with less matured institutions as in the case of Ghana where there is frequent change of policies. Therefore, Ghana a minimum political stability but low matured institutional frameworks whereas Ivory Coast scores lesser in political stability due to its recent turmoil in addition to it less mature institutions.

So concisely, after reading and understanding the four mentioned variables and diagrams developed by the team to compare and measure institutional maturity, we notice that there exists an inter-relationship between them. For example, the Ease of doing business within a country has an adverse effect on FDI and domestic investments, start-ups, entrepreneurship and innovations in the various industrial sectors. A better position on this aspect will easily increase economic diversification, and to an extent, reduce the tangles and economic traps due to high dependency ratios and limit the tricky trade agreements and loans, signed out of desperation. In addition, the institutions have a key role to the successes and eco-system of the other variables. Stable institutions that put the nations interest as a top priority, limits political instabilities and inefficiencies that exist within the government and implemented policies. To this regard, it is worth mentioning that stable domestic institutions that portray high degrees and respect for the judiciary and the legislature, can greatly stand against the influence and extent to which external/foreign institutions controls and influences their institutional structures. There exist numerous examples of such especially in Africa and other developing nations, where foreign governments in the name of former colonial masters and institutions, have greatly destroyed the domestic and working institutional structures thus leading to political instabilities and collapse of economic systems. External institutions can either help domestic institutions or crumble them but it is evident that it all depends on the personal interest and hidden agendas of these external institutions. So based on this and the above structures comparing, Denmark, Ghana and Ivory Coast, the team strongly believes and has brought forth evidence that, political stability and effective institutional structures greatly promotes growth and sustainable development. However, all the variables are very important when categorising matured institutions and proposing policies for change, the team views that institutions are the most important factor and should be a priority to political and policy makers.

10. Findings and Conclusion

From the analysis, there are two main ways by which institutional maturity impact industrial competitiveness : Positive and negative aspect (institutional voids) can be caused by the political instability and maturity level of institutional frameworks that exist in the country or region, and for that matter West Africa. In General, the influence of institutions spreads beyond the shallow perception of most individuals for example: productivity, investment decisions on innovations, R&D , Ease for producers to get finance, Market access, high quality and most importantly, low cost of production inputs and many others. In West Africa, it has been revealed that institutions really play a role in developing competitiveness especially in the agriculture industry through the policies that were designed from the colonial period up till now and the current policy development in the region. This includes the creation of a common market for the region through the inauguration of the Economic Community of West African states (ECOWAS), where farmers would have a bigger market to trade in. Even though the policies under ECOWAS have not yet been fully enforced; it creates markets for most farmers and traders by making it better for cross border trade as compared to when search regional market commonness did not exist. There are policies and government strategies in terms of wooing investors and trade agreements between the region and the trade partners to boost FDI and competitiveness. An example is the agreements between ECOWAS and EU on exports, by providing free entering for their products and removal of quotas and other barriers. Another way competitiveness is boosted is the provision of incentives to farmers especially in cash crop production such as cocoa and cotton. The incentives include subsidies like fertilizers, security for farmers and loans in which producers can repay in “kind” (products) instead of cash. Other regional commonness can also be found in the creation of the WAEMU, to boost economic growth of countries in the region. This body draws to implement policies in the region that focus on infrastructural development, addressing education and training, etc to enhance economic development in the region.

There are also initiatives taken by governments and NGOs, donors and World Bank especially in carrying out programs for farmers in reducing poverty by helping them increase productivity and in the farming business. One example is the Europe - Africa - Caribbean - Pacific Liaison Committee (COLEACP): which embraces associations of fruits and vegetables farmers to enable them have access to EU market and provide market information as well as providing training to members to certify certain standards. This is done with the collaboration of governments and exporters of the said products. Hence, the institutional environment serves as a link to the associations in home countries and external markets in providing channels for trade. This is done through the African Caribbean Pacific Countries (ACP) body

Having analyzed the Agricultural industry for the region in addition to Ghana as a case study, the region has competitive advantages in terms of production, especially in Cocoa, Coffee and banana, with the region being the largest exporter of cocoa in the world. With production, they have an advantage over other competitors globally, but with price control mechanisms and institutions, they do not have market power since prices are determined by the international market.

In terms of International competition, it was found out that the region is lagging behind as compared to their competitors in other developing regions. The reasons behind the low productivity and lack of competitiveness are related to the nature of policy development for the industry as can be seen in the comparison between the developed market (Denmark) and developing market (Ghana).

The institutional frameworks maturity and political stability differs in terms of how external forces determine the orchestrations underlying the development of Agricultural productivity and competitiveness. The analysis revealed that the region has high dependency on foreign institutions due to the nature of their weak financial strengths, conflicts, natural disasters and current terrorism. Hence depends on IMF, World Bank and other top organizations for supports and bailout schemes. These bailouts come with conditions and restrictions where political leaders have no option than to turn their eyes away on certain aspects and sectors of the economy in other to fulfill the conditions. Another reason being that the region have not devised a new way of protecting their farmers and exporters as being carried out in the developed markets. The ordinary use of banning and high tariffs used earlier have been chastised by the conditions of the World Bank and IMF on the codes of free trade leading to the inability of Africans to compete in terms of prices. It is also clear to the authors of this research that, political interest plays a role in designing the policies that can boost competitiveness in the region. When policy changes occur often alongside the ushering of new regimes, then there is clarity that each government or regime wants to implement self-interest policies to remain in position and satisfy the burning urge of some external powers that support these regimes based on their interests. This can be found in the examples given in the comparison between Denmark and Ghana following their Agricultural policies development. Since Ghana has exhibited a good democratic image and moving forward in building its institutions, the worst could be said to exist in terms of political interest and external influences in other countries in the West African region where democracy is still at the babbling stage.

The self-interest and not national interest forces policy makers to eliminate or minimize policies that were initiated by out-going governments either through election or coup as experienced in most parts of the region. Even though some of them have built strong democracy over the years, there is still an element battle between political interest and national interest in terms of industrial development policies. Since the institutions are not matured, policies drawn are not fully executed to influence industrial growth. In the agricultural industry, elements like government expenditure to boost innovations, constructions of roads, ports, machinery, research and development, etc necessary for developing productivity and competiveness are usually trampled upon by political interest. The determinants of productivity and competiveness in the agro-industry needs stable policies in developing the real potential as can be seen from the development of policies of Denmark, in the case study. In most cases, incoming governments abandon road constructions, buildings and other infrastructure constructions if the outgoing governments started them were not from the same political party.

The challenges affecting competitiveness of the industry in the region due to immature institutions and high political instability are: lack of Market access and inadequate market information, Land tenure issues, low investments due to insecurity on the part of investors and property rights, poor infrastructure (cold-storage transport, ports, roads, electricity, etc). In addition, low levels of coordination in the value chain among producers, processes and consumers, high cost of credit, uneven dissemination of needed knowledge in modern farm practices, informal processing and few processing factories as well as low farmer independence.

Also, there exist a huge gap in the foreign market entry strategies used by farmers and exporters in the agric industry. The only entry strategy is exports since the time of the colonial period up to now. Even though there has been challenges related to host countries for decades, those who participate in the international trade still hang on exports and imports whereas, other countries have developed other means in overcoming host country challenges. Our interest as authors would like to see future researchers digging out the hidden reasons behind the use of exports and imports instead of other forms of entering modes in overcoming the host country challenges being experienced.

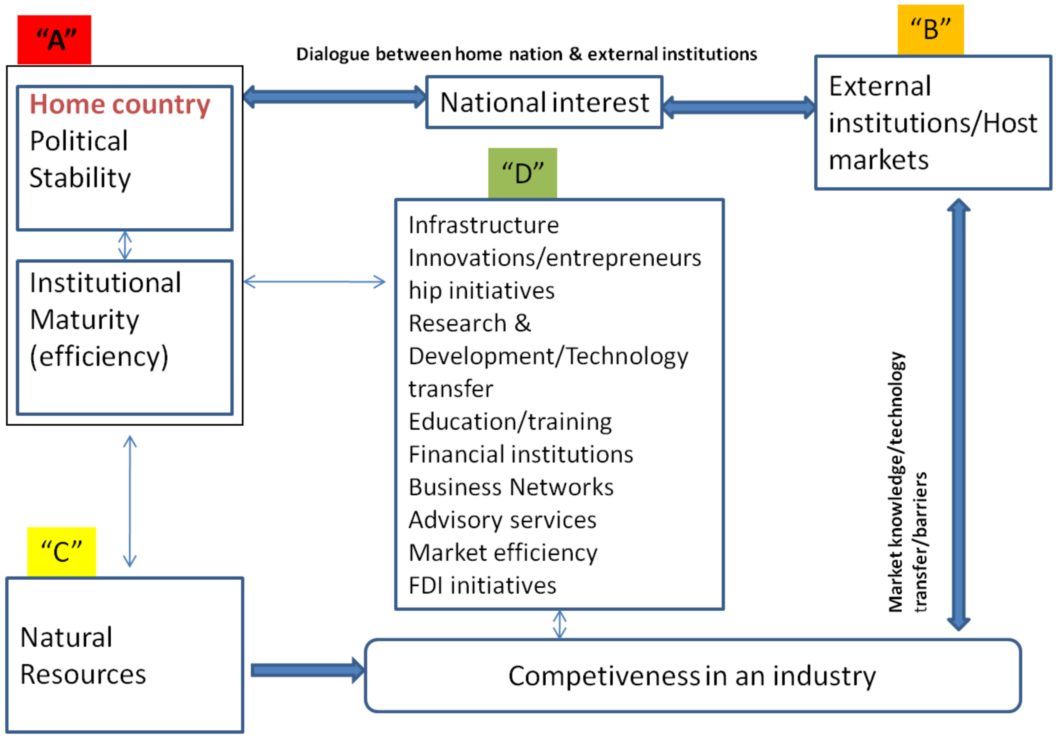
With the help of numerous published articles, social networks and tacit knowledge possessed by the authors of this research, it was discovered that the present day institutional frameworks and structures in the region, to a high extent is an evident reflection to their colonial history. As largely explained in the beginning chapters, this region possesses a large number of countries with the French speaking countries dominating and their economic, political situations trust in the institutions and sustainable development is largely different when compared to the English speaking countries. The institutional functionality and characteristics of countries with similar colonial masters and history are very much similar. From all the analysis, authors thought it wise to present a proposing framework that inculcates quality institutions, political stability and national resources in developing competitiveness in Africa where national interest should be the at the centre between external institutions and home institutions.

10.1. Proposing Framework for Industrial development

The framework spells out the importance of political stability and institutional maturity in developing industrial competitiveness of a country. We see that political stability of a country as the perception and likelihood of political instability that could be caused by violence and terrorism. The violence could be internal conflicts such as ethnic, religion, regional, opposition parties, civil wars, etc. the violence can be backed by underground political organizations or unsatisfied citizens on the behavior of a sitting government. If the probability of instability and violence is high, then the country is rated high according to the World Bank in terms of good governance. Authors see this as a crucial element in developing competitiveness in Africa. As can be read in the analysis, political instability caused by military interventions in the countries have left scars of the deteriorations caused on infrastructures, lost of intellectual lives and stagnation in industrial competitiveness over the years. From the authors' point of view, internal political instability can be started internally but can be intensified by external political institutions as what happened in Libya. Furthermore, the influence of external institutions on countries that are heavily indebted to World bank and International Monetary Fund have a greater impact on how some of the policies landscape of developing nations in terms of strategies on expenditure. As can be read from the analysis, bailouts normally come with some restrictions and conditions, hence the higher the dependency a country is on foreign bodies, the lesser independence they have in carrying out their domestic strategies. The positive side of the external institutions are that, they have a greater impact on building competitiveness by contributing to building infrastructure, innovations, technology transfer education, etc. as can be read from block "D" in **figure**: 19 . There are so many programmes being under taken by World Bank and these NGOs in eradicating poverty in Africa, which in a way has brought development in some of the areas on "D". The programmes being carried out by the external bodies can only enable competitiveness in the home country where policy markers make decisions on national interest instead of political interest. If national interest is priorities, programmes and policies designed to develop industries can withstand the test of time. But in a situation where political interest is pursued for personal gains, the development of industries can be sacrificed by accepting any condition(s) from external institutions by changing policies to suit self interest.

From block A, two elements are seen to influence each other in terms of developing competitiveness internally. The political stability of a country can be shaped by the institutional maturity level in terms of freedom and justice, minority protection, transparency in terms of being accountable to citizens, education for citizens, good business environment, free and fair elections, etc. in a country where the above mentioned are met, there will less fears of violence and military interventions from authors point of view based on personal experiences and from the analysis. Notwithstanding the influence good governance will have on political stability, the opposite can happen where political stability destructs the institutional frameworks of a country by violence either by opposition parties or external forces to gain for political reasons (self-interest). Authors therefore deem it necessary to point out that block "A" can be influenced by external forces base on their heavy dependence on them, or just for political interest. But to build competitiveness, national interest must be placed at the centre in terms of programmes, strategies, conditions and trade agreements between home countries and host countries, between World Bank and home countries and between donors and between Donors and home countries. To authors, policies developed from a dialogue between home country and external organizations where the country is at the centre of policies would lead to efficient development of the sectors of the economy. The worst happens, when political interest is at the centre because, it can lead to violence, corruption on the part of political leaders and destruction of policies for national development.

Figure: 19. Building Industrial Competitiveness with Quality institutions and political stability



Source: Authors compositions based on World Bank data on building Competitiveness.

In addition, block "C" as also necessary in terms of developing competitiveness with regards to Porter on Competitiveness of Nations (2001). Africa as a whole is endowed with natural resources of various kind, meaning that polices have to be developed in the institutional frameworks and by governments in exploiting them and in distribution of national cake. Natural resources influence block "A" (political stability and institutions) and can deteriorate the political stability and institutional landscape of a country's policies are not geared towards nation building, but for political gains. As well, the political and institutional structures determine the nature of natural resources exploitations. With influences from each other, block "C" (natural resources) availability would assist companies in the industries to have access to raw materials, hence, can develop low cost leadership to face competition. There is also interaction between the industries and external or host countries. Here, the interaction has to do with firms' involvement in international trade where developing countries may learn technology and transfer knowledge back home to develop competitiveness as well as develop markets learning the market knowledge and culture from competitors from developing markets. The barriers raised by both home markets and host markets can either boost competitiveness or negatively affect companies' abilities to compete internationally as can be seen from the analysis. For example, the inability Ghanaian commercial maize farmers to compete with imported American maize pricewise due to free trade agreements and conditions by the World Bank in removing barriers on importation of some goods in the Agricultural sector (Trade-trap videos interview on YouTube). To be able to compete well, firms' participating in the international trade must reconsider the mode of entry in order to learn technical knowhow and to overcome other institutional barriers in developed markets. These strategies can be joint ventures and acquisitions as is the case of other emerging markets that have made it.

The current policy instability in most of the countries in Africa is due to political instability and the weaker legal institutions in protecting minority rights, ensuring transparency by eradicating corruption and ensuring good business environment where FDI can lead to technology transfer in the various sectors of the economy. From the literature review, the cases and personal experience, most of the challenges affecting industrial development and competiveness are generated as a result of polices being carried out based on political interest instead of national interest. In the Denmark case, one can see that the Agricultural policies and strategies are centered on developing national competitiveness where different governments do not just change the policies overnight. In some of the cases, governments support companies to acquire international competitors in order to build skills, bring technology transfer to becoming giants international players. The suggested framework should be able to ensure competitiveness in Africa. With our suggested framework, the next chapter presents the lessons learnt from the analysis which we believe it is very interesting to share with all stakeholders who have the continent at heart.

11. Implications and Reflections

Throughout this research, the authors tried as much as possible to bring out certain key points and evidences aimed at adding value to the previous scholarly works of renounced writers and academic institutions on the topic: institutions in international business, as well as on the micro and macro levels of economies. In addition, much contribution has been done and aimed at filling the gaps and portraying the significant impacts of institutions on the competitive nature and growth of their various industrial sectors especially with the use of case studies and designed frameworks.

In regards to politicians and policy makers in the West African region and other developing countries globally, this study brings forth a number of evidences and implications on the need and benefits of effective governance, good developmental policies and stabilized institutions and its impact on the characteristics of domestics firms, both at home and abroad. Also, proposing frameworks on the key variables to attain a mature state of institutional maturity, and elaborated discussions in this research aims to enrich the mentality and action plans of these governments and its officials in their continuous efforts to combat poverty and sustainable development. With globalization and technological advancement, numerous channels of communication and knowledge sharing, these governments should be created between these institutions and its fellow compatriots who have acquired rich academic knowledge and experiences abroad in the various industrial sectors. The government should root out and terminate the unscrupulous mismanagement of state funds and the evil actions of embezzlement as this greatly affects economic growth, standard of living and the continuous lack of trust in the state by the citizens.

As young researches with solid inter-cultural knowledge and possess high levels of acquired quality educations, we hope this research will highly educate while eliminating the exaggerated portrayed images and analyses by various media and communication outlets about Africa. This has had a huge negative perception on today's youths, novices and external institutions, whereas there exist certain hidden realities and technical evidences about Africa and its present situation. However, the authors believe that, empirical studies like this research and many other mediums of knowledge transfers about the benefits of institutional changes and sustainable developments has a great positive contribution on the psychology and mentality of individuals, thus gradually improving the state, not only West Africa, but the continent as a whole. In addition, the authors encourage students from these regions as well as those from other developing continents and countries to engage not only personal achievements and interest but also contributing in nation building and love for their fatherlands.

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