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This document discusses the role of information and communication technology (ICT) and information technology-enabled services (ITES) in improving business competitiveness and increasing economic growth in Ghana. In this context, the document includes:

- An analysis of Ghana’s ability to compete globally as well as regionally in the information technology-enabled services (ITES)-business process outsourcing/offshoring (BPO) sector and the primary constraints to improving Ghana’s competitiveness in the sector.
- Recommendations for concrete actions for Ghana to increase its competitiveness and capability as an ITES-BPO destination, and target ITES-BPO activities and market segments in which it can be competitive in the short and medium term.
- A roadmap for developing the ITES-BPO industry in Ghana, including a skills development component, policy framework, and measurement matrix.
- Recommended investment promotion strategy for developing and attracting investments in Ghana’s ITES-BPO sector.
- A monitoring and evaluation framework for the ITES-BPO sector in Ghana, providing baselines and targets.

The analysis presented in this report is based on information and findings as of April 2006, and may not reflect the impact of subsequent changes and developments.

This report was commissioned by the Information for Development Program (infoDev) in partnership with the Government of Ghana through the Ministry of Communications and the World Bank Group, and prepared by Hewitt Associates (India).
## Abbreviations and Acronyms

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>BPO</td>
<td>Business Process Outsourcing/Offshoring</td>
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<td>CAGR</td>
<td>Comounded Annual Growth Rate</td>
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<td>ECOWAS</td>
<td>Economic Community of West African States</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GIMPA</td>
<td>Ghana Institute of Management and Public Administration</td>
</tr>
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<td>GISPA</td>
<td>Ghana Internet Service Providers Association</td>
</tr>
<tr>
<td>GoG</td>
<td>Government of Ghana</td>
</tr>
<tr>
<td>GZFB</td>
<td>Ghana Free Zone Board</td>
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<tr>
<td>KPO</td>
<td>Knowledge Process Outsourcing</td>
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<tr>
<td>ICT4AD Policy</td>
<td>ICT for Accelerated Development Policy</td>
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<tr>
<td>ITES</td>
<td>Information Technology Enabled Services</td>
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<tr>
<td>MNC</td>
<td>Multinational Corporation</td>
</tr>
<tr>
<td>MoC</td>
<td>Ministry of Communications</td>
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<tr>
<td>NCA</td>
<td>National Communications Authority</td>
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<tr>
<td>OEM</td>
<td>Original Equipment Manufacturer</td>
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<tr>
<td>PC</td>
<td>Personal Computer</td>
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<tr>
<td>SLA</td>
<td>Service Level Agreement</td>
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<tr>
<td>SSS</td>
<td>Senior Secondary School</td>
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<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>US</td>
<td>United States of America</td>
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<tr>
<td>USD</td>
<td>US Dollars</td>
</tr>
<tr>
<td>VoC</td>
<td>Voice of Customer</td>
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<tr>
<td>VoIP</td>
<td>Voice over Internet Protocol</td>
</tr>
<tr>
<td>WAMU</td>
<td>West African Monetary Union</td>
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1 EXECUTIVE SUMMARY

1.1 INTRODUCTION

The Government of Ghana has identified IT-enabled services (ITES) as one of the key sectors for enhancing economic growth, along with agro-processing and tourism. It is implementing several programs under the e-Ghana initiative to improve its skills and infrastructure.

In an effort to understand Ghana’s capability and realise its potential in ITES, Hewitt Associates (India) Private Ltd., on behalf of the Government of Ghana, the Information for Development Program (infDev), and the World Bank Group, conducted a study on the role of ICTs and ITES in improving business competitiveness and increasing economic growth in Ghana.

1.2 ITES AS A SOURCE OF ENHANCED ECONOMIC GROWTH

After studying economic progress in relation to the economic structure of different countries over time, it is clear that a higher average level of real income is always associated with a high proportion of the working population engaged in the service or public utility sectors. In many large economies, the service sector is the largest in terms of employment, due mostly to a massive increase in productivity growth and the progressively higher income elasticity in the primary and secondary sectors. More economically advanced countries, such as the United States, Germany, and the United Kingdom, have followed the movement from agriculture as the largest source of employment, to industry, and finally to services. The structural transformation of employment has occurred even more markedly from agriculture to services in the later developed and some of the currently developing countries. The service sector is becoming a dominant feature of the economic landscape in these countries as its contributions towards GDP steadily increase and the contributions of the agricultural sector to GDP decrease.

Within services, the IT-enabled service segment is beginning to be perceived as the new growth frontier. The rise of this segment is driven by rapid growth in global outsourcing and offshoring. Outsourcing is defined as the delegation of one or more IT-intensive business processes to an external provider who in turn, owns, administers, and manages selected processes, based on defined and measurable performance metrics. Offshoring refers to the administration of these processes in a location other than the company’s home country.

Countries such as India, Philippines, the Czech Republic, and Ireland have completely transformed their economies by adopting IT and ITES-BPO segments as the engine that propels their economies in an accelerated mode in relatively short periods of time. Only 10 percent of the addressable market for global offshoring is estimated to be realised so far. The size of the addressable market itself is expanding as organisations continually expand services that can be further outsourced and offshored. The

| TABLE 1.2.1: Worldwide ITES-BPO market forecast1 (USD millions) |
|-------------------|------------|------------|------------|------------|----------|----------|
| ITES-BPO Total  | 14,797  | 125,895 | 137,332 | 150,675 | 164,357 | 179,348 | 9.5   |
| ITES-BPO Growth % | 98     | 97     | 91     | 97     | 91     |         |       |

1 Source forecast by Gartner-Dataquest, 2004
global forecasts for the ITES-BPO sector are provided below by industry researchers Gartner-Dataquest.

From the above projections, it is evident that the ITES-BPO phenomenon can therefore translate into a very large opportunity for countries such as Ghana, which have some of the basic building blocks required for becoming an ITES-BPO services destination.

1.2.1 Why ITES-BPO for Ghana?
Ghana’s economy remains predominately agrarian, and the sector continues to dominate the labor market as the main source of employment. However the percentage contribution of the agriculture sector dropped drastically to 46.6 percent in 2005 from the 1988 figure of 61.1% percent. This drop was determined by examining the level of economic activity of the various sectors, measured in terms of percentage of economically active populations in each of these sectors. The drop is partly caused by the declining performance of the agricultural sector in the 1980s and the 1990s, in line with similar trends across the world. The decline in agriculture employment in favor of industry and services reflects its declining share in real GDP as against the increasing share of services and industry.

The service sector has hence emerged as the second-largest source of employment for Ghana and the largest contributor to GDE with a contribution increase in overall GDP from 22.1 percent in 1984 to 43 percent in 2004. It consists of sub-sectors such as trade-related services, transportation, financial and banking services, public administration, and business services (including the nascent ITES-BPO segment) and employs more than 25 percent of the work force. The Industrial sector, on the other hand, has not really developed in Ghana, being

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Figure 1. Sector-wide employment trends in Ghana

3 Source: Quarterly Digest of Statistics: Ghana Statistical Service, Government and World Bank Reports, Employment figures from GSS 3 & 4 and 2000 Population Census
4 The agricultural sector recorded an average annual growth rate of 2.3 percent between 1984 and 2004 compared with 4.7 percent and 4.8 percent in the industrial and service sectors respectively.
5 Census Data
Female participation in the workforce is around 44 percent (excluding sales-related sectors) and can be expected to increase with development of ITES-BPO in Ghana.

**Conclusion:** Ghana has entered a phase of accelerated economic expansion over the last three years, with real GDP growth averaging 5.2 percent, compared to a 20-year average of 4.4 percent. To maintain and enhance these growth rates, it becomes imperative that service sectors such as ITES-BPO become the new focus for Ghana because of their unique potential as harbingers of enhanced job creation and accelerated economic growth. This sentiment has also been expressed in the Ghana Poverty Reduction Strategy which has identified ITES-BPO as one of the non-traditional sectors with the potential to accelerate economic growth in Ghana.

Some key benefits that this industry can be expected to bring to Ghana are summarized below:

- **Enhanced foreign direct investment.** The ITES-BPO sector is primarily export-oriented. Focusing on this sector can enhance foreign direct investment into Ghana, which can boost export earnings, jobs, wages, and skills of the workforce.
- **Positive spillover effects of the ITES-BPO sector.** These include improvements in the information and communication technology (ICT) infrastructure and business services, which further lead to an increase in business opportunities for domestic companies.
- **Increased female participation in the workforce.** One of the most salient features and persistent trends in the services industry is the increased feminization of the labor force and this is also evidenced in the ITES-BPO sector.

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were—People Driver—40 percent. Infrastructure—30 percent. Environment—20 percent and Incumbents—10 percent. Overall, Ghana was placed in the 10th position with respect to these countries.

Ghana’s positioning across these Drivers was benchmarked with respect to that of five leading and upcoming International ITES-BPO destinations (India, China, Philippines, Romania and Mexico) as well as six regional emerging or potential ITES-BPO destinations (South Africa, Egypt, Mauritius, Botswana, Nigeria and Senegal). In addition to the above, we had several interactions with stakeholders, including incumbent organizations during the course of the study.

Based on our findings from the international benchmarking and an analysis of the development of Ghana’s ITES-BPO sector, we have identified the overall SWOT for Ghana and made recommendations that will help facilitate the growth of the sector.

1.3.2 People Driver

Human resources are a key differentiator of the capability of a location to attract and sustain a particular industry. The ITES-BPO sector is especially labor intensive and dependent on talent. To succeed in this sector, Ghana would require availability of an abundant, low-cost, efficient, and suitable talent pool.

The following table addresses the strengths and weaknesses of Ghana under the People Driver and provides recommendations for developing the same with regards to the ITES-BPO industry.

1.3.3 Infrastructure Driver

Availability of reliable infrastructure is another critical aspect for ITES-BPO establishments. The industry is heavily dependent on real time connectivity, with high demand for a robust telecom and power infrastructure. Civic amenities such as good roads, transportation systems, etc., make it easier for companies to do business out of a particular location. The following table includes strengths and weaknesses of Ghana under the Infrastructure Driver and provides recommendations for developing it with regards to the ITES-BPO industry.

1.3.4 Environment Driver

External environment refers to the legal and regulatory setup. The attitude and support of government and other related administrative bodies in terms of policies, procedures, ease of getting approvals, incentives, exemptions, special benefits, ease of handling, etc., are relevant in reducing the ‘pain-points’ of doing business in a particular location. The following table addresses the strengths and weaknesses of Ghana under the Environment Driver and provides recommendations for developing it with regards to the ITES-BPO industry.

SWOT Analysis for Ghana as an ITES-BPO Destination

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<tr>
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<th>Weaknesses</th>
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<td>High level of incumbent presence in spite of early offshoring activity (ACS.)</td>
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<tr>
<td>Competitive labor costs (U.S. and LPI companies).</td>
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<td>Stable geopolitical environment in comparison with neighborhood countries worldwide.</td>
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<td>Opportunities by policies including the holidays, 100 percent foreign ownership cap in place.</td>
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<td>Implement Tally ERP’s unique medical transcription and data processing in the short and medium term.</td>
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People Driver

Strengths

- A large pool of workers with English language skills.
- English is the official language.
- Availability of skilled and semi-skilled workers, even at entry level.
- The country offers competitive labor cost differential to U.S. and U.K. investors, as well as the regional competitor, South Africa.
- There is strong cultural affinity with the U.S. and U.K.
- Current ITES-BPO staff attrition rates are low at about 30 percent as compared with 35–40 percent in destination cities such as India.
- Once trained, workers perform consistently.
- Workforce is flexible to the demands of the ITES industry. It is not difficult to staff operations in excess of a 12-hour day or a night shift, unlike in established destinations such as South Africa.
- Ghana ranks high on both the quality of math and science education and the quality of management education (in management schools).
- There is a significant lack of telecom bandwidth, which is excessive fed by a lack of competition in the industry, which is keeping prices of services commonly higher than in competing destinations.
- There is a lack of quality real estate which is a constraint to the growth of the industry.
- Availability of "Grade A" buildings is limited and subsequently switches for "Grade B" buildings are artificially driven higher.
- Real estate developers are granted several fiscal incentives including capital allowance measures, exemption from taxes on construction activity, etc.

Weaknesses

- Despite a large talent pool, employability is low because of high drop-out rates from primary to secondary to tertiary levels, as well as lack of IT skills.
- There are capacity constraints for providing education at the secondary school and college levels.
- There is also an absence of market/demand led curriculum. Course curriculums have not evolved with the changes in the economic structure and composition of the country.
- While talent post availability is substantial at entry level, it is not so at middle management and senior levels.
- Labor cost-differential offered by Ghana is not as high as in counterparts such as India and the Philippines.
- Despite a large pool of trained workers, labor cost-differential offered by Ghana is not as high as in counterparts such as India and the Philippines.
- Telecom set up time (especially where location requires substantial last mile interventions) has come down, but is still high.
- Current ITES-BPO staff attrition rates are low at about 30 percent as compared with 40–50 percent in destination cities such as India.
- Once trained, workers perform consistently.

Recommendations

- Set up an ITES-BPO vocational training expert group comprising of industry and educational experts. They would review and comment on the set of common skills standard (ITSSP).
- Develop a common set of education standards and implement a National level ITSSP audit, certification and training program. This program would assess potential candidates on predetermined skill requirements and provide a score that can be used by prospective employers in job capability. This would reduce some of the costs associated with in-house recruitment assessment.
- Develop and introduce an accreditation policy in conjunction with the Vocational Training Expert Group for private training institutions. This will help ensure quality of training.
- Review and internationally benchmark educational syllabus at secondary and tertiary levels with a focus on building language, analytical, and computer skills.
- Introduce courses providing specialization in ITES-BPO management through the Ghana Institute of Management and Public Administration (GIMPA) and offer facilities to develop local human resource.
- Attract and retain skilled workers in the industry by: building awareness of career opportunities provided by ITES-BPO; setting up ITES-BPO career counselling cells; and aggressively targeting and promoting Ghana’s ITES-BPO industry in ‘Diaspora’ forums.
- Enable educators to participate in the ITES-BPO movement by training them and providing a “handbook” expression in the ITES-BPO and IT environment through faculty exchanges, summer work programs, and connecting opportunities.

Infrastructure Driver

Strengths

- The telecom industry in Ghana is pretty liberalized.
- Internet availability and penetration is on the rise.
- Access to telephone (as measured by tele-density) has significantly improved over the last few years, primarily due to the introduction of mobile telephones in the country.
- Connectivity beyond Accra is considered unsatisfactory, even to key cities such as Sekondi-Takoradi, Kumasi and Tamale.
- There is a lack of quality real estate which is a constraint to the growth of the industry.
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- Develop and introduce an accreditation policy in conjunction with the Vocational Training Expert Group for private training institutions. This will help ensure quality of training.
- Review and internationally benchmark educational syllabus at secondary and tertiary levels with a focus on building language, analytical, and computer skills.
- Introduce courses providing specialization in ITES-BPO management through the Ghana Institute of Management and Public Administration (GIMPA) and offer facilities to develop local human resource.
- Attract and retain skilled workers in the industry by: building awareness of career opportunities provided by ITES-BPO; setting up ITES-BPO career counselling cells; and aggressively targeting and promoting Ghana’s ITES-BPO industry in ‘Diaspora’ forums.
- Enable educators to participate in the ITES-BPO movement by training them and providing a “handbook” expression in the ITES-BPO and IT environment through faculty exchanges, summer work programs, and connecting opportunities.

Infrastructure Driver

Strengths

- The telecom industry in Ghana is pretty liberalized.
- Internet availability and penetration is on the rise.
- Access to telephone (as measured by tele-density) has significantly improved over the last few years, primarily due to the introduction of mobile telephones in the country.
- Connectivity beyond Accra is considered unsatisfactory, even to key cities such as Sekondi-Takoradi, Kumasi and Tamale.
- There is a lack of quality real estate which is a constraint to the growth of the industry.
- Availability of “Grade A” buildings is limited and subsequently switches for “Grade B” buildings are artificially driven higher.
- Real estate developers are granted several fiscal incentives including capital allowance measures, exemption from taxes on construction activity, etc.

Weaknesses

- There is a significant lack of telecom bandwidth, which is excessive fed by a lack of competition in the industry, which is keeping prices of services commonly higher than in competing destinations.
- There is a lack of quality real estate which is a constraint to the growth of the industry.
- Availability of “Grade A” buildings is limited and subsequently switches for “Grade B” buildings are artificially driven higher.
- Real estate developers are granted several fiscal incentives including capital allowance measures, exemption from taxes on construction activity, etc.

http://www.oasisint.net/about.php
http://www.ginstitute.org/programmes/itessp.php
http://www.ginstitute.org/programmes/itessp.php
6. Improving Business Competitiveness and Increasing Economic Growth in Ghana

1.3.5 Clusters Driver

1.3.6 Incumbents Driver

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1.3.6 Incumbents Driver
While initiatives on developing human resource capacity will be an ongoing process, there will also be a necessary first step requirement for the development and growth of the industry. The development of an ITES-BPO policy and formation of an ITES-BPO Secretariat is also closely linked for the current and future development of the industry. With regards to infrastructure development, telecommunication infrastructure, once addressed in the short and medium run, will be expected to apply market corrections, again based on the industry and the recommendations for developing incumbents in Ghana.
try requirements and volumes. Once these initiatives are addressed, the technology park initiatives will be smoother to roll out for Ghana as they move up the value chain.

1.4 SUGGESTED TARGET MARKETS AND SEGMENTS

1.4.1 Ghana’s “National ITES-BPO Offer” or Value Proposition

Based on our experience and understanding of the ITES-BPO market at large, its dynamics and potential, we have defined three possible ‘value disciplines’ that we believe a country could adopt to build its unique positioning and strategy in the ITES-BPO market. These are:

- Scale/volume play
- Niche/product leadership
- Operational excellence

Ghana’s current capabilities, in latent strengths, hindering weaknesses, and market perceptions are the crux to our determining “Niche/Product leadership” as Ghana’s “National ITES-BPO Offer” based on the concept of sustainable competitive advantage. Developing a Niche/Product Leadership involves operating in a particular niche and developing product leadership, and setting quality standards.

1.4.2 Market Opportunities for Ghana

In the dynamic world of ITES-BPO, prevailing concepts and definitions are continually being challenged as market players redefine the boundaries of ITES-BPO and therefore there are various evolving market requirements and volumes. Once these initiatives are addressed, the technology park initiatives will be smoother to roll out for Ghana as they move up the value chain.

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### Niche area Drivers

**Regional shared services center for West Africa**

- Position as business “Gateway to West Africa.”
- Stable and peaceful economy.
- Improving macroeconomic situation.
- Free market economy with an emphasis and commitment to private sector-led development.
- Positive investment climate with attractive incentives.
- Positive perception with the world business community.
- Increased economic cooperation and coordination with the region through the Economic Community of West African States (ECOWAS) and West African Monetary Union (WAMU) treaties.

**Primary offshoring hub for medical transcription, coding, billing and data processing (entry, conversion and transfer) work**

- Experience in delivering these services.
- Critical mass available to execute scale.
- Low complexity, lower infrastructure requirements with respect to both capacity and investment relative to voice processing; intensive work; enable domestic entrepreneurial participation.
- Especially high-volume work.
- Ghana’s current capabilities, in latent strengths, hindering weaknesses, and market perceptions are the crux to our determining “Niche/Product leadership” as Ghana’s “National ITES-BPO Offer” based on the concept of sustainable competitive advantage. Developing a Niche/Product Leadership involves operating in a particular niche and developing product leadership, and setting quality standards.

**Sub-contracting hub for established ITES-BPO locations.**

- Relative destination plagued by escalating salary level and high attrition rates.
- Movement up the value chain leading these countries to focus on real high-level work.
- Established destinations such as India, Philippines, and China looking to subcontract work such as data entry, data conversion, and data processing to more cost-effective destinations.
- Increasing requirements by clients to have global footprints to mitigate country and region specific risks.

**Complementing South African ITES-BPO operations.**

- South Africa is the largest economy in Africa, and also the most established in the ITES-BPO market.
- It has a significant pool of skilled workers but is plagued by high emigration and low appetite for working a 24×7 shift.
- Labor market perceived by foreign businesses to be relatively inflexible.
- Not competitive on salary cost except when compared with destinations in Asia and East Europe.
- While the focus in South Africa is on voice/contact center processes, Ghana can complement South Africa and help it to extend its offering to both voice and data processes.
- Ghana seen as a familiar and secure business center by South African businesses, hubs for South African companies seeking to do business in West Africa with more than 40 South African companies doing business in Ghana.12

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11. Adapted from the “Tracey and Weinerbauer Model of Value disciplines.”
12. Source: LA Business of International Affairs (LAMI) survey, The rotate, Anglophile, whose member with China’s; Aushit has the world’s second-largest gold mining company, food retailer Shoprite, brewer SABMiller, and a number of smaller companies involved mostly in the supply of goods
and latent opportunities that late entrants such as Ghana can adopt and exploit.

Based on the value proposition that we have defined for Ghana, we have identified the following market opportunities or niches for the country as an ITES-BPO destination:

1.4.3 Target ITES-BPO Segments for Ghana

Based on our study of Ghana, the suggested value proposition and the niches identified, we have identified the following ITES-BPO segments for Ghana to target. The following illustration depicts the service sectors and functions within each sector that Ghana should focus on in the short and the medium term:

1.5 MONITORING AND EVALUATION INDICATORS

The ITES-BPO industry can make a significant contribution towards job growth. However, the rate of growth for the industry is highly dependent on the level of institutional and government support provided to develop the sector and the relative stage of development of the ITES-BPO sector in a country.

1.5.1 ITES-BPO Workforce Projections

Taking into consideration both the parameters of expected government initiative and current stage of development of the ITES-BPO industry, we have provided projections on the impact of the ITES-BPO industry on job creation in Ghana.

The projections made are based on three scenarios:

- S1: Realistic Growth
- S2: Optimistic Growth
- S3: Conservative Growth

As shown in the diagram above, the employment generation in the ITES-BPO sector over the next five years, assuming a realistic growth rate, is projected to be 24,727. Assuming an optimistic growth rate, it is 36,910. In a conservative growth scenario, this will be 16,565.

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Figure 1.5.1.1 ITES-BPO total employment projections for Ghana

Projected Growth of Total ITES Employment in Ghana

Table 1.5.1.1 ITES-BPO total employment projections for Ghana

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Table 1.5.1.2 Projections for women in ITES-BPO in Ghana

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<td>5,857</td>
<td>23,992</td>
<td></td>
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</table>

Source: Hewitt Associates, 2006

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The ITES-BPO industry is also a high employer of women. The female-to-male ratio in Ghana’s ITES-BPO industry is 70:30. This is expected to rationalize to international standards of around 65:35 resulting in a female workforce of 16,073 in a realistic scenario, 23,992 with an optimistic growth and 10,767 in a conservative growth scenario.

Based on the above-mentioned employment projections as well as an estimated revenue contribution per employee per annum, the revenue projections for Ghana’s ITES-BPO sector will be as follows:

### 1.6 CONCLUSION

With one of the most competitive demographics in the ITES-BPO world, Ghana has the potential of developing itself as the preferred ITES-BPO destination in the region. The country benefits from a stable and supportive political scenario as well as a latent talent pool which, if trained, can provide the necessary scale for growth of the industry.

Ghana can develop itself as a niche player developing product leadership in specific ITES-BPO verticals and processes. Moreover, the country can exploit collaboration opportunities with relatively more established countries, such as India and South Africa, by providing sub-contracting or complementary services.

However, to achieve the desired success, Ghana will need to develop cost-effective and suitable infrastructure. Moreover, the country will need to develop the talent pool, as well as introduce the necessary policy and regulatory frameworks. Therefore, high growth aspirations will demand that adequate actions are taken to ensure that supply-side constraints do not prevent Ghana from realizing its potential.

If Ghana is able to successfully distinguish itself as an ITES-BPO destination among other emerging locations, the sector will lead to approximately 36,910 jobs and revenue creation of around US$738 million in year five.
A four tier data hierarchy was used for the data collection and analysis. Each of the four drivers was further broken down into factors, parameters, and data elements. These data elements were a mix of quantitative and qualitative data elements.

2.1 OVERALL ANALYSIS

Ghana comes high globally and in the region on the size of its English-speaking population and competitive labor costs. It, however, comes out poorly on quality of infrastructure and demonstrated government focus towards the development of the ITES-BPO sector.

The benchmarking clearly establishes India’s position as the leading global destination for ITES-BPO delivery in concurrence with common knowledge. India’s key strengths are in its large labor pool with high English language and analytical skills, propelled by a good quality education system. Low salary levels, favorable government policies, and market environment also help put India in the top position.

However, India scores lower than some of the other countries with respect to infrastructure development.

With its low cost base, superior infrastructure, and large talent pool, China is a keen challenger to India’s position as a leader. It is however, severely constrained by language capabilities.

Philippines is attractive as an ITES-BPO destination because of its high English language skills and cultural and educational alignment with the West. It however, lacks scale in terms of talent pool size.

Mexico is seen a key player in the ITES-BPO space because it is a near-shore player to the United States. Its positioning as a low-cost base relative to the United States and its close proximity serves as an attractive proposition for U.S. companies considering offshoring. However, Mexico’s talent pool is not at the same skill level as that of India, Philippines, or China.

Romania, along with other Central and East European nations, is trying to become a hub for near-shoring with its multi-lingual capabilities and high cultural affinity with Europe. The talent base is small and therefore the scope for future scalability remains a concern.

South Africa is seen as the prime offshore destination in Africa and is becoming the tier one location for contact center and ITES-BPO

While embarking on a journey to make Ghana attractive as an offshore destination, it is imperative to compare the country with established and other emerging offshore destinations. This will enable a detailed evaluation of Ghana’s positioning vis-à-vis other destinations. The best practices of other nations analyzed will also provide lessons and implications for Ghana and lead to an evaluation of options where Ghana can achieve a definitive competitive edge in the global offshoring space.

Based on our experience in advising national and state governments in developing their locations as ITES-BPO destinations, and our work with clients in evaluating various locations for establishing their offshore operations, we have defined five critical parameters that are essentially the drivers to its success in attracting and sustaining the ITES-BPO industry. These comprise the “Hewitt Five Driver Model for Location Attractiveness Analysis.” These five drivers are: People, Infrastructure, External Environment, Incumbents, and Clusters.

Eleven established and emerging offshore destinations have been benchmarked with Ghana. They are: India, Philippines, China, Romania, Mexico, South Africa, Mauritius, Egypt, Botswana, Senegal, and Nigeria.

For comparing Ghana with other destinations, we have customized the Model and aggregated the analysis under four drivers. These are: People, Infrastructure, Environment, and Incumbents. The fifth driver—Clusters—was not included because of the subjective nature and lack of quantifiable data available for this driver.

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work, both captive\(^\text{17}\) and outsourced. Quality standards are high and there is high cultural affinity with Western countries. The country however faces high telecom costs and escalating wage levels. Deregulation is currently on the agenda though progress is reportedly slow. Mauritius with its bilingual (French and English) population and a firmly established tradition for attracting, winning, and successfully managing inward foreign investment, is positioned as a promising offshore destination. Due to its popular tourism industry, the service orientation of Mauritius and its people is high and suited for the ITES-BPO industry. However, the country does not provide sufficient potential for scalability.

Broad based of Africa’s strong emerging destinations for offshoring with a growing contact center industry that is scalable and cost effective. Egypt has strong English language skills and high quality IT and engineering skills. However, the country scores low on cultural adaptability within the talent driver.

Botswana can boast of one of Africa’s most highly educated, English-speaking workforce and a transparent business environment. The international business community has marked it as a country to watch out for in the African continent. It has a relatively competent IT infrastructure, but its attractiveness is hampered by concerns about scalability, high telecom costs and health hazards due to high prevalence of HIV-AIDS. Botswana also does not score well with regards to cultural adaptability.

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Senegal is being considered as an ideal offshoring location for French contact centers and ITES companies. French is the official language in Senegal and there exists a large workforce of French-speaking nationals there. However, the country is ranked comparatively lower on the Talent Driver than other countries in the region.

Nigeria is one of the largest economies in West Africa. However, a weak talent pool,

17 Captive refers to an organization which provides dedicated support only for operations of the parent company.
Poor infrastructure, and an unsatisfactory law-and-order situation do not contribute towards enhancing Nigeria’s position as an offshoring destination.

Performance of each of the countries on the four drivers and overall rankings are provided in the following graph:

Other key inferences for Ghana:

- **People Driver:** Ghana has a sizable talent pool with good English language skills. Ghana comes out as one of the most suitable ITES-BPO destinations on the talent front.
- **Infrastructure Driver:** Ghana has scored poorly on this driver mainly because of a lack of availability, suitability, and reliability of requisite infrastructure.
- **Environment Driver:** While Ghana has a comparatively stable political environment in the region, it scores poorly on this driver because of the lack of demonstrated focus for ITES-BPO. While ICT has been adopted as a national priority, efforts to provide an enabling environment may lack focus and coordination.
- **Incumbents Driver:** Although Ghana scores low on this driver, it has a small but significant ITES-BPO population.

### 2.2 Analysis and Rankings

**About 52 percent of the population in Ghana speaks English.** English-speaking skills, as used in our analysis, refer to the number of people with the ability to read and write in English. However, the base being smaller, this translates to around 11 million for Ghana as compared to India (350 million) and China (220 million).

Comparing Ghana with regional ITES-BPO destinations in Africa, it can be inferred that Ghana has high potential with regards to talent availability and suitability in the region. But it has been unable to capitalize on its people resources to promote offshoring.

Overall scalability of the talent pool in Ghana is limited. In terms of talent cost, Ghana is less attractive than established destinations, such as India and Philippines. In terms of talent quality, it is among the laggards when compared to both established and emerging international destinations.

A large, well-qualified talent pool is necessary for making a destination ITES-BPO attractive. Although China has a large talent pool, it still needs to develop its talent with regards to English language capabilities. Therefore, it has been a less attractive ITES-BPO destination than India.

Countries such as Mexico and Romania possessing multi-lingual capabilities have an added advantage, because they provide an added incentive for companies servicing multi-lingual populations.

### 2.2.1 Factors considered

The ITES-BPO industry is a people-intensive and manpower-dependent industry, and as such, this criteria represents a critical driver in determining the attractiveness of any offshore location. Favorable offshore locations offer an abundant and suitable labor pool that is cost effective and productive.

The People driver plays a crucial role in defining the direction of policy intervention, since this highlights the gaps and concerns that need to be targeted for future development of the talent pool.

The factors considered under this driver are as follows:
- **Talent Availability**
- **Talent Quality**
- **Talent Costs**
- **Cultural Adaptability**

### 2.2.2 Best Practices and Learning

**Talent** is the most critical factor in determining the attractiveness of an offshore destination. Ample availability of a suitable talent pool at efficient costs is key to providing an impetus to this industry. There are a number of examples of countries that have been successful or are working to make a success of developing this aspect, as elaborated in the following pages.

Performance of each of the countries on the four drivers and overall rankings are provided in the following graph:

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- **Environment Driver:** While Ghana has a comparatively stable political environment in the region, it scores poorly on this driver because of the lack of demonstrated focus for ITES-BPO. While ICT has been adopted as a national priority, efforts to provide an enabling environment may lack focus and coordination.
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Ghana’s position on the People Driver benchmarked with Global and Regional destinations is represented in the graphs below:

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Improving Business Competitiveness and Increasing Economic Growth in Ghana

Figure 2.2.2.1 Ghana compared with international destinations on the people driver

<table>
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<th>Country</th>
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<th>Talent Quality</th>
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<td>0.91</td>
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<td>0.57</td>
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</table>

18 Source: Hewitt Associates, April 2006

Figure 2.2.2.2 Ghana compared with regional destinations on the people driver

<table>
<thead>
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<th>Talent Quality</th>
<th>Labour Costs</th>
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</table>

18 Source: Hewitt Associates, April 2006
19 Source: Hewitt Associates, April 2006
Becoming a New Call-center Magnet in Asia.

Ranking of Ghana International Regional

- People Driver #4 International #3 Regional
- Talent Availability #5 Better positioned than Mexico #2 After Egypt
- Talent Costs #3 After Philippines and India #3 After Egypt and Mauritius
- Talent Quality #3 Ranked last among all countries #3 After Mauritius and Botswana
- Cultural Adaptability #5 Better positioned than China #2 After South Africa

Nicaragua - Vying for a Share in the Nearshore Offshoring Pie

Creating a sustainable and substantial BPO industry that returns creates jobs is the government’s number one priority. The government is working to attract outsourcing service providers, identify talent, and train in-office infrastructure.

Building suitable talent is the key to offshoring and Nicaragua’s leaders realize that English is the linchpin of offshoring. It has established a language registry so outsourcing suppliers can easily find workers. There are 4,500 people in the directory with around 40 percent that are fluent. The country also has several bilingual high school groups that can perfect their English before graduating. Additionally, the cost structure is competitive with a bilingual customer service representative earning $100-$150 a month fully booked.

The government is interested in attracting outsourcing services providers to Nicaragua because the country “has a huge pool of talented workers looking for jobs.” Around 70 percent of the population is under 30.

Source: OutsourcingBPO.com, April 2005

Lost in Translation: Poor English Skills Threaten the Philippines’ Dreams of Becoming a New Call-center Magnet in Asia.

In a recent speech while inaugurating a Dell call center in Manila, President Gloria Macapagal Arroyo predicted that up to 2 million Filipinos will be employed in such places by 2010. However, the burgeoning BPO industry is already encountering growing pains—serious ones. The problem: many call centers can’t keep up with demand because they can’t find enough employees who speak “proper” English. “For every 100 people that apply in the call centers, only three to five are accepted,” says Mitch Locsin, executive director of the Business Processing Association of the Philippines.

Now, to become more globally competitive, the government is scrambling to promote English to young people as the ticket to a good career. Three years ago, the Department of Education allocated English on the primary language of instruction in schools. Various business groups, including both the U.S. and European chambers of commerce, are sponsoring public-relations programs lauding the career benefits of English; one of the campaigns is called “English is cool” and is designed to break young people of their habit of speaking “Taglish,” a mix of English and Tagalog. In addition, Arroyo has promised to set aside $9.6 million to help put so-called “near hires” through a 100-hour English refresher course. The grant was made after an aggressive campaign by the industry lobby group, which was getting worried about call centers’ losing business to countries like India.

The government well understands the critical importance of the industry—one of the few high-value sectors in which the country can compete with its bigger Asian neighbors. Manila has granted the outsourcing companies various concessions, ranging from tax breaks to zoning changes that allow fast-food restaurants, for instance, to operate in office buildings to serve call-center employees.

One enterprising Filipino has also started a private school catering to near hires. Based in the city of Cebu, the company, called ECE, is opening a second branch in the Manilla financial district of Makati, where many call centers are located. The goal is to help the locals not only understand common American expressions and idioms, but also to speak with an American accent. “Just imagine the problem we get when an American says to one of our call-center employees, ‘Call center?’” Locsin jokes. “And the call-center employee responds, ‘Sir, you want me to put down the phone already?’” For a country desperately in need of an economic success story, such gaffes are no laughing matter.


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Ghana’s Attractiveness in the Global ITES-BPO Arena . 17

Ghana’s Attractiveness in the Global ITES-BPO Arena . 17
2.2.4 Implications for Ghana

- Talent development is critical because it increases employability for the ITES-BPO sector, which is key for ensuring offshoring success. Ghana already has a large English-speaking population (52 percent)—among the largest in the region.
- Ghana needs to leverage this to launch itself in the ITES-BPO market.
- Development of education infrastructure and a concentrated effort to increase the enrollment-to-actual-admission ratio are also critical to ensuring greater employability. This ratio is currently low in Ghana, compared with developed countries.
- It is important to increase utilization of students from senior secondary schools and colleges who are not absorbed by tertiary institutions to increase the availability of the talent pool and to drive down talent costs.
- The government of Ghana needs to implement concentrated initiatives to promote ICT education and computer literacy to provide a ready talent pool for the ITES-BPO industry.
- Ghana’s talent pool is not experienced in offshoring, it is important to determine an evolution path that starts with lower-end ITES-BPO operations and moving to high-end, complex transactions.

2.3 ANALYSIS ON THE INFRASTRUCTURE DRIVER

2.3.1 Factors Considered

The availability of best-in-class and reliable infrastructure is a critical parameter for an ITES-BPO organization, as one of the key success factors for any such organization is its ability to deliver continuous services in a fast, efficient and cost-effective manner. Consequently, the industry is heavily dependent on real-time connectivity with a high demand for robust telecom and power infrastructures.

Taking into consideration the infrastructure requirements of ITES-BPO, this driver includes analysis of the following factors:

- Telecom
- Power Availability
- Real Estate Costs
- Accessibility and Connectivity

2.3.2 Analysis and Rankings

- Africa lags as a continent in terms of development of infrastructure. The basic physical infrastructure networks—road and railroad, power supply and distribution, and telecom—are often in poor condition. They are concentrated in urban areas and along major roads in the countries.
- Infrastructure is a bottleneck for Ghana. In comparison with most international and regional offshore destinations, Ghana ranks low on basic telecom and power efficiency. The country scores low on critical telecom parameters such as availability, quality, and cost.20 Faults per 100 mainline per year are about 67.4 in Ghana, significantly higher than most established offshore locations such as China (3.49), Philippines (5.20) and Mexico (1.70) and countries in the region such as Botswana, South Africa, and Mauritius. Internet bandwidth and E1 costs are high.21 The high cost makes services such as ITES-BPO, which are directed towards serving export markets, an expensive proposition.

Average link uptime at 95 percent in Ghana is much lower than the internationally accepted norm of 99.5 percent. Access to telecom and power are important factors and the backbone to service delivery for ITES-BPO. In this respect, China, Mexico, and Philippines provide the best infrastructure facilities for offshoring.

Even when comparing Ghana with regional offshore destinations, the single factor that pulls down the attractiveness of Ghana has been the cost:22 The bandwidth price for a full-circuit E1 line between Accra and Portugal is $7,000 per month for Ghana Internet Service Providers Association (GISPA) members and $11,000 for non-members. This price is charged by Ghana Telecom, the sole provider of E1 in Ghana. This is higher than average, $4,400 per month, for all countries outside of the US and most established offshore destinations. The costs are likely to be higher in neighboring countries. The costs are likely to be lower in the Middle East, Latin America, and the Caribbean. Internet bandwidth and E1 costs are high. The high cost makes services such as ITES-BPO, which are directed towards serving export markets, an expensive proposition.

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<table>
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<tr>
<th></th>
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<th>India</th>
<th>Ghana</th>
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<td>1.00</td>
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<td>Connectivity</td>
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<td>2.98</td>
<td>5.69</td>
<td>5.84</td>
<td>8.17</td>
</tr>
</tbody>
</table>

### Figure 2.3.2.1 Ghana compared with international destinations on infrastructure driver

- **Telecom connectivity**
- **Power**
- **Real estate**
- **Accessibility and connectivity**

#### Availability and cost of a suitable telecommunications network across the country:
- Although India's success in ITES-BPO has been excellent, the availability of suitable infrastructure has been diminishing the overall attractiveness of the location. However, significant improvements have been made, spurred by increasing competition among a large number of service providers.
- South Africa has the best international and domestic accessibility and connectivity as compared with its African counterparts. However, the International locations are far ahead in terms of having a well-developed international and domestic transport system as compared to the African countries.

#### Costs of suitable, high-quality real estate are lowest in the Philippines and this is an important factor in determining its attractiveness as an offshore location. Ghana has low real estate costs as well, but due to an inadequate presence of suitable and scalable buildings or IT parks for ITES-BPO operations, the total business cost of quality real estate gets artificially inflated.
- Although India's success in ITES-BPO has been excellent, the availability of suitable infrastructure has been diminishing the overall attractiveness of the location. However, significant improvements have been made, spurred by increasing competition among a large number of service providers.
- South Africa has the best international and domestic accessibility and connectivity as compared with its African counterparts. However, the International locations are far ahead in terms of having a well-developed international and domestic transport system as compared to the African countries.

Overall, Ghana's position on this Driver in comparison with Global and Regional destinations is represented in the graphs on the following page.

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22 Source: Hewitt Associates, April 2006

We have an as-located data set of E1 (IEC) for part of the scoring. We have however, used these costs to derive references and analyze Ghana's current state with other countries.
20. Improving Business Competitiveness and Increasing Economic Growth in Ghana

Figure 2.3.2.2 Ghana Compared with Regional Destinations on Infrastructure Driver23

<table>
<thead>
<tr>
<th>Country</th>
<th>Telecom</th>
<th>Power</th>
<th>Real estate</th>
<th>Accessibility and connectivity</th>
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<td>2.34</td>
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<td>5.33</td>
</tr>
<tr>
<td>South Africa</td>
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<td>2.48</td>
<td>2.48</td>
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<td>Nigeria</td>
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<td>11.20</td>
<td>11.20</td>
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</table>

Telecom connectivity > Power > Real estate > Accessibility and connectivity

Summarized Comparison

<table>
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<tr>
<th>Ranking of Ghana</th>
<th>International</th>
<th>Regional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure Driver</td>
<td>#6 Overall the infrastructure driver requires improvements as Ghana can compete with established locations</td>
<td>#5 Ahead of Senegal and Nigeria</td>
</tr>
<tr>
<td>Telecom</td>
<td>#6 Ranked last amongst all countries</td>
<td>#5 Better positioned than Senegal and Nigeria</td>
</tr>
<tr>
<td>Power Availability</td>
<td>#5 Better than India</td>
<td>#4 Ahead of Nigeria, Botswana and Senegal</td>
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<tr>
<td>Real Estate Cost</td>
<td>#2 After Philippines</td>
<td>#5 More economical than Egypt and Nigeria</td>
</tr>
<tr>
<td>Accessibility and Connectivity</td>
<td>#6 Ranked last amongst all countries</td>
<td>#4 Along with Senegal better positioned than Mauritius and Botswana</td>
</tr>
</tbody>
</table>

Source: Hewitt Associates, April 2006

We have not considered Telecom costs (Cost of E1 IPLC link) as part of the scoring. We have however, used these costs to draw inferences and analyze Ghana’s current state with other countries.
China develops Dalian as a National Software Export Centre

In 1994 the Chinese government declared Dalian in “Coastal Open City” in order to attract international business. China wanted to capitalize on the boom in outsourcing of IT and ITES-BPO services.

Preventing the need for superior infrastructure as a key enabler to development of these industries, the Chinese government declared Dalian Software Park DSEP as a “National Software Export Centre” in 1998 and developed world-class infrastructure including suitable real estate, telecom, and power.

Built strategically close to many universities and research institutes, Dalian services companies engaged in software development, business process outsourcing and front-office services.

IBM opened its BPO centre in Dalian in May 2005 with an initial target to hire 600 people. It is estimated that this number has already crossed 1,000.

Global MNCs such as Accenture, Dell, SAP and Braxton are among a host of companies already running their BPO centre in Dalian and all are scaling up aggressively.

The pioneer among Indian BPOs, Genpact (formerly GE Capital International Services) already has a 1,800 people centre in Dalian and is expected to grow to 3,500 in the near future.

“We were the pioneers in Dalian when we started our centre six years ago (in 2000). We will expand in China, as it is a major thrust for us. And Dalian has all the requisite required to grow business: good infrastructure, educated workforce, and excellent government support,” says Genpact CEO Pramod Bhasin.

The reason Dalian is very attractive is that companies find world-class infrastructure along with the ability to service proximity markets such as Japan, Korea and China.

Source: Media, Hewitt Analysis

2.3.4 Implications for Ghana

■ Improving infrastructure is imperative to developing the offshoring industry.
■ Telecom availability, including international bandwidth, is critical. ITES standards do not allow inefficiencies in terms of operations or cost.
■ There is an urgent need to accelerate the development of specialized zones, which will serve as a software/ITES-BPO export centers with enabling infrastructure, such as power and telecom in conjunction with real estate developers.

2.4 ANALYSIS OF THE ENVIRONMENT DRIVER

2.4.1 Factors Considered

For the offshoring sector to succeed, it is important that the external and internal environments of a country be properly aligned to its needs. While external environment refers to government and other related administrative bodies, internal environment refers to the country’s economic scenario, its markets, political and regulatory environment, and intellectual property laws.

The factors considered under this driver are as follows:
■ Economic and investment scenario
■ General law and order situation
■ Business environment
■ Tax and regulatory environment

2.4.2 Analysis and Rankings

Ghana has been ranked fifth amongst the seven countries in the region on this driver. It needs to create an attractive business environment for offshore companies, as well as provide a stimulus to the industry in the form of additional incentives (tax and fiscal).

Ghana lacks a focused development effort towards the offshoring sector and the ability to create an environment for growth, despite good intentions.

Growth of home-grown entrepreneurs in the ITES-BPO industry in Ghana is hampered by the unavailability of cost-effective finance. As of February 2006, the London Interbank Offered
India improves its infrastructure offering

India, in the 1980s and 1990s, had a monopolistic and controlled telecommunications regime, which was primarily state owned and operated. This had built in several inefficiencies including cost and operating efficiencies.

After privatization of its telecom sector, India has witnessed world-class infrastructure being developed with 'fat pipes' and 'dark fibre' capacity across the country. This in turn has created bandwidth capacity and from an earlier situation of shortage of bandwidth, India has moved to a bandwidth surplus nation.

The telecom Regulatory Authority of India (TRAI), a quasi-government body, has been involved in the development of technology parks for both software and hardware. Technology parks have also been set up by various state governments including the Noida IT Park, located in Noida, and the Chandigarh Technology Park.

The development and growth of technology parks have been instrumental in providing private sector developers concessions and incentives to develop IT parks. The core strategy of the Ministry of Information Technology’s (MIT) is the development and growth of technology parks for both software and hardware. Technology parks have also been set up by various state governments including the Noida IT Park, located in Noida, and the Chandigarh Technology Park.

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The directions, orders and regulations issued cover a wide range of subjects including tariff, interconnection and quality of service as well as governance of the Authority. TRAI has played an important role in reduction of tariffs, which has benefited the growth of the BPO sector in India.

Now multiple service operators bring in efficiencies of both cost and operations, driven by competitive forces. As can be seen from the graph below, after privatization, cost of E1 lines has come down drastically in India.

Source: Media, Hewitt Analysis

Rate (LIBOR) is around 5.3 percent, Ghana’s Prime Lending Rate (PLR) is 14 percent, making it expensive to raise finances within the country. The emergence of entrepreneurs is important for the development of the overall private sector as well as for the ITES-BPO sector, which relies on cheap sources of finance for an undeveloped industry/segment. Absence of provisions of seed capital by banks or financial institutions in this nascent industry hampers development and growth of entrepreneurs.

Among international destinations, China and India offer the most preferred environment for offshore business. Both countries have focused specifically on the offshore business sector and have tailored their policies and incentives to suit the offshore business. Additionally, both economies are on a fast growth path, making them attractive investment destinations.

South Africa offers the most conducive business environment as well as the highest economic potential in the region, with GDP growth at 5 percent per annum.

In the region, Botswana, South Africa, and Mauritius score high on the desire and intent to establish a suitable offshore environment as

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In the region, Botswana, South Africa, and Mauritius score high on the desire and intent to establish a suitable offshore environment as
measured by proactive steps taken by the government and industry. For example, Botswana provides the lowest tax on goods and services and the highest country credit rating in the region. Additionally, Botswana has the highest level of transparency and the lowest level of corruption. However, Botswana needs to focus on providing a package of incentives specifically designed for the ITES-BPO sector.

Ghana's position on this Driver benchmarked with Global and Regional destinations is represented in the graph that follow.

### 2.4.3 Best Practices and Learnings

A number of countries have introduced tailored policy interventions for attracting investments in the offshore sector. They have provided compelling reasons through a focused development of the internal and external environments, for becoming attractive global offshore destinations. Some of the countries and their developmental efforts are listed below:

#### 2.4.4 Implications for Ghana

- **Government involvement is a must** to kick-start the development of the industry. The role of nodal agencies is critical in lobbying with the government and providing the industry with benefits and incentives. Most local governments in developed ITES-BPO destinations have realized the importance of giving this industry an impetus for growth, and have set up special task teams to recommend strategies that need to be adopted.
- **There is a need to develop a comprehensive economic policy for promoting the ITES-BPO sector including an attractive package of tax, fiscal, and investment incentives.**
- **The government should provide a business-friendly environment, make it easier for foreign companies to enter, and have simple regulations pertaining to the ITES-BPO industry. All supporting regulations (labor, company, inflow of foreign funds, infrastructure availability, multi-shift and night-shift operations) must be aligned.

### Figure 2.4.2.1 Ghana compared with international destinations on the environment driver

<table>
<thead>
<tr>
<th>Country</th>
<th>Economic and investment scenario</th>
<th>General far and intra situat</th>
<th>Business environment</th>
<th>Tax and incentives environment</th>
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<td>7.20 7.71</td>
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**Source:** Hewitt Associates, April 2006
Figure 2.4.2.2 Ghana compared with regional destinations on the environment driver

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<td>Mauritius</td>
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<td>Egypt</td>
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<td>1.27</td>
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<td>12.48</td>
<td>0.71</td>
<td>0.71</td>
<td>0.71</td>
</tr>
</tbody>
</table>

25 Source: Hewitt Associates, April 2006

Summarized Comparison

- There is a need for an active ITES-BPO industry association that will be responsible for developing and promoting the ITES-BPO sector, as well as guiding the government through a Voice of Customer Process to identify the needs of the sector.
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Figure 2.4.2.2 Ghana compared with regional destinations on the environment driver

<table>
<thead>
<tr>
<th>Country</th>
<th>Economic and investment scenario</th>
<th>General law and order situation</th>
<th>Business environment</th>
<th>Tax and regulatory environment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Botswana</td>
<td>9.28</td>
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<td>South Africa</td>
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<td>0.93</td>
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**Egyptian Government Provides Impetus for Offshoring Growth**

The Egyptian government actively supports the offshoring industry through various incentives. The GDP growth and inflation are at sustainable and constant levels providing a stable business environment.

The government is also pushing for lowering telecom tariffs, which are currently viewed as a hindrance to the development of the offshoring sector.

**Philippines—A Silent Outsourcing Star**

Outsourcing is an important engine for the Philippines. The US accounts for at least half the world’s potential outsourcing and the Philippines, a former US colony, is well placed to benefit. It has a compatible commercial code and over 90 percent of the population speaks English.

A high literacy rate, a large pool of IT professionals, and poverty, but cheap telecommunications infrastructure, makes the Philippines a competitive place for US outsourcing, reflected in the fact the US companies account for about 40 percent of outsourcing deals in the country.

Procter & Gamble, Delta Airlines, AIG, and Citibank have all outsourced work to the Philippines. US engineering giant Fluor Daniel has much of its technical work undertaken there by an almost 1,000 strong team of local engineers, architects and draughtsmen. And ING’s Philippines business processing unit now has more than 8,500 staff.

The Philippines Department of Labor and Employment is implementing policies aimed to ensure optimum, safe and healthy, and non-discriminatory working conditions in the ITES-BPO industry. House Bills 3792 and 3851, amending Article 131 of the country’s Labor Code, seek to broaden the legitimate exemptions from the night work prohibition of women.

Source: TheAge.com, March 2006

**South Africa Wants to Catch-up with India and Philippines ITES-BPO**

The government will allocate R70 million for the ITES-BPO support programme, which includes a learnership allowance to lower the costs of training, a training mechanism to assist in start-up costs and the development of technology centres through public-private partnerships. The government is also pushing for lowering telecom traffic, which are currently viewed as a hindrance to the development of the offshoring sector.

South Africa is also using a tax-break strategy. Companies can claim back around 20 – 30 percent of capital expenditure costs in a cash grant paid out over three years. Companies can also effectively claim back up to 30 percent of training cost.

The Department of Trade and Industry (DTI) has launched the BPO and Outsourcing Sector Development Strategy in 2005 which highlights the need for policy initiatives for the industry.

For promoting awareness about South Africa’s potential in IT and ITES-BPO sectors, the DTI established the ICT Development Council called SAVANT in 2005.

The goal of SAVANT is to establish an awareness campaign for the sector by marketing the industry locally and internationally. The initiative also aims to strengthen the South Africa IT/ITES-BPO sector in order to add dimension to its global competitiveness.

Source: SAVANT, Media, Hewett Analysis

**Ghana’s Attractiveness in the Global ITES-BPO Arena**

The government will allocate U$70 million for the ITES-BPO report programme, which includes a learnership allowance to lower the costs of training, a training mechanism to assist in start-up costs and the development of technology centres through public-private partnerships. The government is also pushing for lowering telecom traffic, which are currently viewed as a hindrance to the development of the offshoring sector.

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Source: SAVANT, Media, Hewett Analysis
2.5 INCUMBENTS DRIVER

2.5.1 Factors considered

Incumbents refer to ITES-BPO players (captive and third party) operating in a particular country. The scale and maturity of incumbents can be used to gauge the growth achieved in the ITES-BPO sector in any country. The Incumbents driver is critical in understanding the current state of the ITES-BPO sector in the country and evaluating its competitiveness with respect to other emerging destinations.

The factors considered under this driver are:
- Number of ITES companies
- Incidence of captives
- Total outsourced agent positions
- Ability to scale

2.5.2 Analysis and Rankings

Most countries in Africa, except for South Africa, have not grown as large offshore destinations. Our analysis of the previous three drivers has clearly identified South Africa as a preferred destination for ITES-BPO in Africa. This has translated into an increase in investments in the South African offshoring industry and building up of scale.

Ghana has been unable to develop its people and infrastructure resources and has not had much success in creating an attractive environment for offshore industry investments. This has led to a low number of incumbents and low degree of ramp-up as compared with some of the global offshore destinations, even though the ITES-BPO industry in the country is about five years old.

Within Africa, there has been little development of non-voice ITES-BPO and transaction processing. Apart from small operations in Mauritius and Botswana, the bulk of offshoring to Africa has been in Contact Centers.

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Ghana’s position on this Driver benchmarked with Global and Regional destinations is represented in the graphs on the following page.

2.5.3 Best Practices and Learnings

Attracting incumbents and successfully scaling up offshoring operations is a culmination of the efforts of developing talent resources, suitable infrastructure, and a business-friendly environment. There are several examples of how countries have leveraged their initial ‘anchor’ incumbents to propel the industry forward.

Figure 2.5.2.2 Ghana compared with regional destinations on the incumbents driver

<table>
<thead>
<tr>
<th>Number of ITES Companies</th>
<th>Incidence of Captives</th>
<th>Total outsourced agent positions</th>
<th>Ability to scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>Egypt</td>
<td>Ghana</td>
<td>Mauritius</td>
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<tr>
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<td>0.60</td>
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<tr>
<td>1.80</td>
<td>0.60</td>
<td>0.40</td>
<td>0.40</td>
</tr>
</tbody>
</table>

Source: Hewitt Associates, April 2006
Evolution of ITES-BPO in India

American Express and General Electric pioneered the trend of outsourcing to India by setting up facilities in Gurgaon, near Delhi, in the early 1990s. Some of the other early birds were companies such as British Airways that have also operated their back office in India since the mid-1990s.

The early reasons for considering offshoring to India were centered around reducing costs and minimizing the effort spent on “non-core” activities. With increasing confidence of the companies in the capabilities of Indian operations, higher value-added activities, such as processing of human resources, accounting and other noncore functions are being outsourced.

The growth in the Indian BPO sector has been the result of an exponential rise in non-core activities. The BPO sector in India generated around US$6 billion in revenue and provided employment to around 315,000 people in 2005. The employment is growing at an exponential rate and is expected to reach 450,000 in 2006.

The government of India has taken various steps to nurture incumbents. A majority of the states have an IT policy or an ITE/ BPO policy in place providing specific initiatives for data protection and consumer privacy (to measure ITE companies’ data safety) and special provisions for women and self-certification under different labor and establishment related laws for ease of operation.

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Source: Media, Hewitt Analysis

Lufthansa in South Africa

According to a report by the Department of Trade and Industry, South Africa, the South African Call Center (ICC) industry has evolved rapidly over the past 10 years, gaining in experience and knowledge. ICC is a specific sector of the industry, such as financial services, healthcare, travel and utilities are well integrated and perform above industry benchmarks in most key areas of performance.

With the rapid growth of the CC industry, South Africans have developed the skills to design, build, and operate call centers rapidly and at reasonable scale. Many such centers offer multilingual capabilities and support both sales and service activities. South Africans have learned how to operate efficiently and effectively in these relatively complex environments.

The international business community has demonstrated its confidence in South Africa by placing more than 2,500 seats in the country in the past three years.

Lufthansa is one such international organization, with one of its outsourced call centers in Cape Town, South Africa, despite the fact that German is not generally a fast language among South Africans. The reasons for the decision were as follows:

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Source: Media, Hewitt Analysis

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Source: Media, Hewitt Analysis
2.5.4 Implications for Ghana

Ghana has an opportunity to position itself as a premiere non-voice ITES-BPO and transaction processing player since there is a lack of such activity in Africa.

Ghana should leverage ACS’ growing presence in Ghana to gain investor confidence by using the example of the successful establishment and expansion of ACS operations as part of its marketing initiatives for promoting Ghana as a BPO destination. ACS employs close to 2000 employees at its Ghana facility.

AIG set-up offshore center in Philippines

AIG, the United States’ second largest life insurer chose to set up offshore operations in the Philippines because of the following advantages offered by the country:

- Quality of labor; familiarity with American jargon and culture.
- Cost advantages in terms of labor.
- Preference of western expatriates as the lifestyle offered there is more conducive to their needs.
- Financial reporting and accounting standards aligned to the United States.
- Government support through tax holidays.
- Breadth of experience of the local AIG partner, Philam Life.
- Superior infrastructure - a prerequisite for offshore operations.

The company provides backend processes, such as data entry, policy administration, claims, disbursement and premium processing and customer service to AIG worldwide. The company operates two centers in the Philippines, in Manila and Cebu.

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3 GHANA TODAY: KEY FINDINGS

This chapter presents an analysis of Ghana's current capabilities and limitations across the five drivers, i.e., People, Infrastructure, Environment, Incumbents and Clusters. It identifies key strengths that Ghana can leverage, as well as challenges that Ghana must address to develop itself as a leading ITES-BPO destination.

3.1 PEOPLE

The ITES-BPO industry is highly people-intensive and availability of adequate, good quality talent at competitive costs is critical for its development and growth. In this context, we have analyzed Ghana’s current talent scenario with respect to availability, quality, costs, and cultural adaptability.

3.1.1 Talent Availability

The importance Ghana has placed on the education sector has ensured an adequate pipeline of educated workforce. The government spends between 28–40 percent of its annual budget on education.

The education system in Ghana comprises of three levels—basic, secondary, and tertiary. The Ministry of Education (MoE) is responsible for formulating the education policy, while the Ghana Education Service (GES) and the National Council for Tertiary Education (NCTE) is responsible for implementing the policies at pre-tertiary and tertiary level respectively.

In 1957, Ghana had one university and few secondary and primary schools. By 2004–2005, there were 6,729 junior secondary schools, 506 senior secondary schools, 10 polytechnics and 11 universities (six public and five private universities).29

The following table compares the number of enrollments in tertiary-level education across various established and offshore destinations.

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<td>10,876,872</td>
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</tr>
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</table>

3.1.1.1 Talent Supply

Graduate Pool and Floating Population

As per a White Paper Report on Education Reforms, published by the MoE, there is a high drop-out rate between junior secondary school and senior secondary school enrollment—estimated at approximately 60 percent. Thus, for every 100 students in junior secondary school, only 40 make it to senior secondary school.

Moreover, although the education sector has experienced significant improvements over the last few decades, there still exists a capacity constraint with respect to public universities and polytechnics, resulting in a further drop-out rate of approximately 40 percent between senior secondary school and tertiary levels, eventually allowing only 16 students to pass out for every 100 students enrolled in junior secondary schools.29

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Improving Business Competitiveness and Increasing Economic Growth in Ghana

Approximately 70,000 students enroll for tertiary-level education in Ghana each year, and in 2003–2004, 29,230 students graduated from public universities and polytechnics in Ghana. Among its African counterparts, the number of tertiary enrollments in Ghana is more than in Senegal, Botswana, and Mauritius.

The gap between the number of applicants for the public universities and polytechnics and the actual enrollments creates a Floating Population which, when provided adequate training, can be a potential talent pool for the ITES-BPO industry in Ghana - for jobs such as data entry/conversion that do not require any exception handling.

In addition to the above, the ITES-BPO industry in Ghana can absorb the self-employed and unemployed population, which has completed senior secondary school but not enrolled in tertiary education. Based on our estimates and discussions with various stakeholders, this translates to an additional unskilled talent pool of 38,000.

Technical/Scientific Talent

Ghana faces a shortage of adequate talent in technical and scientific areas. Almost two-thirds of tertiary education enrollments are in the arts discipline, with the remaining one-third in science courses. Ghana produces approximately 3,600 engineers from various universities and polytechnics each year, and about 219 graduates in medicine (polytechnics do not have any graduates in medicine).

A World Bank-sponsored analytical study on the Labour Market for Tertiary Graduates in Ghana acknowledges an oversupply of graduates in Arts and Humanities, and an undersupply in areas such as Engineering, Accounting, Medicine, Information Technology, and Management. The report also finds that, on the basis of data till the year 2000, there are deficits in the supply of medical and health, engineering, and technical; and administration graduates in Ghana. Within each profession, the deficit in talent supply to current output is as follows:

- A deficit of 66 percent in the supply of medical and health graduates
- A deficit of 10 percent in the supply of engineering and technical graduates
- A deficit of 23 percent in the supply of graduates in management and accounting

Our discussion with stakeholders in the Ministry of Education and the ITES-BPO industry has revealed that the situation has not changed significantly since 2000. Ghana's ICT policy (ICT4AD) also corroborates this finding. In this policy document, it is estimated that Ghana has about 174 registered engineers, 53 legal practitioners, 60 certified accountants, 50 architects and surveyors and 145 medical and dental practitioners (including doctors) per million people.

This is significantly low and we believe that this shortage of technical professionals will impact Ghana's ability to attract the high-segment ITES-BPO work in the long term.

Managerial Talent

The occupational profile of the economically active population aged 15 years and over depicts low numbers in professional and managerial positions. Of a total pool of about 8.3 million economically active workers, only ~5 percent are engaged in professional and technical positions and ~0.3 percent are engaged in administrative and managerial positions. These low numbers are indicative of the demand and supply of this talent in the current business conditions.

While managerial talent for traditional sectors requires strong emphasis on technical domain skills and knowledge, managerial talent in the ITES-BPO industry requires knowledge of company-specific processes irrespective of educational background. Middle-level managers require vertical skills that are usually performed within and management of the organization given the strong training that is required.

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imparted to employees. Senior level managers require horizontal skills and such talent can be made available from the other industries in the short run.

Given the current level of maturity of the ITES-BPO industry in Ghana, there is lack of adequate managerial talent especially at the middle management levels.

In the medium to long run, the availability of managerial talent will be directly proportional to the growth of the industry including the supporting clusters such as human resources and training agencies, education, and research institutions.

3.1.2 Talent Sourcing

The ease of sourcing/recruiting talent is another important parameter for any ITES-BPO organization. Various channels, such as referrals, direct applications, advertisements, job sites and search agencies are utilized for recruiting employees. Depending on the requirement a mix of such channels is used.

In Ghana, the most prevalent mode of recruitment is through newspaper advertisements or by employee referrals. Our discussions with incumbents revealed that search firms are rarely utilized due to inadequate availability of candidate database with the search firms.

The typical talent sourcing time through newspaper advertisement is around two months. The acceptance rates vary from organization to organization, but the average application to acceptance rate is in the region of 6:1 for most positions. We believe this ratio will improve as industry matures and pool of trained talent is created.

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3.1.2 Talent Quality

The quality of talent with respect to the ITES-BPO industry is gauged by basic skills in English literacy and comprehension, basic keyboarding and computing skills and neutral voice accent. For high-end segments within ITES-BPO, specific skills for certain domains such as accounting, payroll processing, medical transcription are also important. This section discusses such requirements.

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### TABLE 3.1.2.1.1 Country comparison on quality of education

<table>
<thead>
<tr>
<th>Country</th>
<th>Quality of Math and Science Education</th>
<th>Rank</th>
<th>Quality of Management Schools</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>4.99</td>
<td>3</td>
<td>3.56</td>
<td>9</td>
</tr>
<tr>
<td>India</td>
<td>5.54</td>
<td>2</td>
<td>3.75</td>
<td>1</td>
</tr>
<tr>
<td>Philippines</td>
<td>2.78</td>
<td>11</td>
<td>4.80</td>
<td>3</td>
</tr>
<tr>
<td>Mexico</td>
<td>3.14</td>
<td>9</td>
<td>4.59</td>
<td>4</td>
</tr>
<tr>
<td>Romania</td>
<td>5.89</td>
<td>1</td>
<td>3.87</td>
<td>7</td>
</tr>
<tr>
<td>Egypt</td>
<td>3.59</td>
<td>6</td>
<td>3.52</td>
<td>10</td>
</tr>
<tr>
<td>South Africa</td>
<td>2.82</td>
<td>10</td>
<td>5.37</td>
<td>2</td>
</tr>
<tr>
<td>Nigeria</td>
<td>2.72</td>
<td>12</td>
<td>3.51</td>
<td>11</td>
</tr>
<tr>
<td>Senegal</td>
<td>3.15</td>
<td>8</td>
<td>4.12</td>
<td>5</td>
</tr>
<tr>
<td>Ghana</td>
<td>3.51</td>
<td>7</td>
<td>4.01</td>
<td>6</td>
</tr>
<tr>
<td>Botswana</td>
<td>3.85</td>
<td>5</td>
<td>3.27</td>
<td>12</td>
</tr>
<tr>
<td>Mauritius</td>
<td>4.23</td>
<td>4</td>
<td>3.65</td>
<td>8</td>
</tr>
</tbody>
</table>

the quality of talent in Ghana based on the defined skill sets for ITES operation:

3.1.2.1 Quality of Education

Although the education sector in Ghana suffers from severe capacity constraints, the quality of education imparted is fairly good. According to the Global Information Technology Report, published by the World Economic Forum, on a scale of 1–7 (where 1 denotes poor quality and 7 denotes excellent quality) Ghana scored 3.51 on the quality of its mathematics and science education and 4.01 on the quality of management schools.

As can be seen from the table below, this was higher than most regional countries and even some established offshore destinations. On mathematics and science South Africa scored 2.82, Nigeria scored 2.72 and Philippines scored 2.78 in the same survey. On the quality of management schools, Ghana scored better than Nigeria (3.51), Botswana (3.27) and China (3.56).

Table 3.1.2.1 Country comparison of English-speaking population

<table>
<thead>
<tr>
<th>Country</th>
<th>English Speaking Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>220,000,000</td>
</tr>
<tr>
<td>Philippines</td>
<td>71,164,553</td>
</tr>
<tr>
<td>Ghana</td>
<td>11,000,000</td>
</tr>
<tr>
<td>South Africa</td>
<td>5,336,219</td>
</tr>
<tr>
<td>Romania</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Egypt</td>
<td>2,325,173</td>
</tr>
<tr>
<td>Nigeria</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Mauritius</td>
<td>430,711</td>
</tr>
<tr>
<td>Mexico</td>
<td>350,000</td>
</tr>
<tr>
<td>Senegal</td>
<td>50,000</td>
</tr>
<tr>
<td>Botswana</td>
<td>34,442</td>
</tr>
</tbody>
</table>

3.1.2.2 English Language Skills

English is the official language in Ghana and the medium of instruction in Ghana’s education system. Around 52 percent of the population (or 11 million people) over 15 years in age in Ghana can read and write in English. In Accra metropolis, almost 860,000 people can read and write English. Within this population, about 29,230 are graduates of public universities and polytechnics.

As presented in the table below, other potential offshoring destinations in Africa have much smaller English-speaking populations.

Moreover, the average scores on the Test of English as a Foreign Language (TOEFL) of Ghanaian students also compare favorably with countries such as the Philippines and Mexico. Because TOEFL tests speaking, listening, reading and writing skills for effective communications, it is an established benchmark for evaluating English-speaking talent quality.

3.1.2.3 Foreign Language Skills

Although Ghana fares favorably in English language skills, it does not possess significant foreign language capability. This makes Ghana a weaker candidate as a potential offshore destination for European companies when compared with countries such as Egypt, Mauritius, Morocco, and Romania, which offer multilingual capability.

3.1.2.4 Computer/IT Proficiency

Computer/IT skills among fresh and experienced talent in Ghana are moderate to low, mainly because personal computers are not readily available to them. Access to computers in colleges and at work is relatively low. Overall, PC penetration in Ghana is about 0.52 per 100 people.

Although computers are being introduced in schools, most of them are used to teach other subjects. For example, the senior secondary school curriculum in Ghana does not include computer courses. Therefore, the quality of talent in Ghana based on the defined skill sets for ITES operation:

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workers in Ghana lack basic computer and keyboarding skills.

In the short-term, this gap in computing skills can be addressed by developing training support cluster organizations such as the National Institute of Information Technology (NIGHT), the Advanced Information Technology Institute of Kofi Annan Centre of Excellence (AITI-KACE), and the Ghana Institute of Management and Public Administration (GIMPA) and others operating in the country. In the long-term, however, computing skills will have to be integrated into the course curriculum at school and tertiary levels.

Acknowledging this need for long term policy changes, the government plans to introduce a market demand-led curriculum at the pre-tertiary and tertiary levels of education. For example, University of Ghana plans to make basic computer education compulsory for all courses. The senior secondary School system also intends to modify its curriculum to include subjects in computing. Moreover, the MoC is supporting the roll-out of Internet access points, as well as small mobile infrastructure containing PCs in areas outside Accra to increase PC proficiency and encourage Internet usage.

### 3.1.2.5 Attrition and Workforce Flexibility

Due to the high unemployment rate in the formal sector in Ghana, attrition rates are relatively low. Workers there tend to stay in their jobs longer than other offshore destinations. The attrition rate in the ITES-BPO sector in Ghana is estimated to be about 5 percent, much lower than the 35–40 percent attrition rate in established offshore destinations such as India. However, it should be noted that the ITES-BPO industry in India also experienced similar attrition rates in the nascent stage, with attrition climbing as the industry grew and employment opportunities expanded.

However, at this stage, the low attrition rate in Ghana is a key strength given that incumbents face significant costs in training and retraining talent in a high-attrition employment market.

The workforce is also flexible to working in shifts, a necessity in the ITES-BPO industry. It is not difficult to staff operations in excess of 12-hour day or night shifts, unlike established regional destinations such as South Africa.

Incumbents also point to the quality of the workforce in Ghana. Although they may take longer to train in basic ITES skills due to a lack of a market-led curriculum in the education system, Ghanaians perform consistently when appropriately trained. The government’s initiatives in improving the IT proficiency and introducing market demand led curriculum will aid in meeting the long term demand of skill sets in the ITES-BPO industry.

### 3.1.3 Talent Cost

Talent costs (in terms of compensation) for the ITES-BPO sector in Ghana are very competitive in comparison with the corresponding labor costs in established offshore destinations such as the United States and the United Kingdom.

As indicated in the table below, the cost to a company (inclusive of all benefits) for an entry-level ITES-BPO employee in Ghana is about $5,369 per year. While some incumbents pay their workers in Ghana lack basic computer and keyboarding skills.

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### 3.1.3.1 Country comparison on average entry level salaries**

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<th>Average Entry Level Salaries (in $/annum)</th>
</tr>
</thead>
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</tr>
<tr>
<td>Botswana</td>
<td>6,823</td>
</tr>
<tr>
<td>Romania</td>
<td>8,716</td>
</tr>
<tr>
<td>Nigeria</td>
<td>8,645</td>
</tr>
<tr>
<td>Senegal</td>
<td>8,645</td>
</tr>
<tr>
<td>China</td>
<td>5,690</td>
</tr>
<tr>
<td>Ghana</td>
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</tr>
<tr>
<td>Mauritius</td>
<td>4,281</td>
</tr>
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<tr>
<td>India</td>
<td>3,911</td>
</tr>
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<td>Philippines</td>
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**Source: Hewitt Analysis

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<td>Philippines</td>
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</tr>
</tbody>
</table>

**Source: Hewitt Analysis

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employees on piece rate basis with built-in incentives for higher productivity, the average costs are in the range of $4,200-$4,800 per year. At the middle management (4–7 years of experience) and senior levels (more than 8 years experience) the salary is between $5,400–$7,200 and $12,000–$18,000 respectively.

As illustrated in the table below, salary levels in Ghana are also lower than most offshore destinations, with the exception of India, Philippines, Egypt, and Mauritius.

3.1.4 Cultural Compatibility

The culture and upbringing of the workforce are compatible with the West. Hence, adaptability to the American or European work cultures and accents is not very difficult for workers in Ghana. This results in a relatively shorter period required for voice training—two weeks as compared with a four- to six-week period elsewhere — depending upon the mother tongue influence, cultural adaptability, and other similar parameters. In summary, while Ghana has several strengths related to its talent pool that it can leverage, it will also need to address challenges such as education reforms, low IT/PC proficiency, etc., in order to provide the required impetus for growth of its ITES-BPO sector.

3.2 INFRASTRUCTURE

Availability of reliable infrastructure is a critical aspect for an ITES-BPO industry. This section includes an analysis of the availability, quality, and cost of critical infrastructure components for the ITES-BPO industry in Ghana, namely—telecom, Internet, power, real estate and transport—as to identify key strengths as well as existing developmental challenges for each of the above segments.

3.2.1 Telecommunication

3.2.1.1 Availability of Telecom Services

Domestic Telecommunications
Historically, Ghana Telecom, the state-owned incumbent operator provided telecommunication services on a monopoly basis. However, since 1996, the government of Ghana has made efforts to partially privatize its telecom monopoly to introduce a level of competition in the telecom market.6)

3.2.1.2 Quality of Telecom Services

High-speed dial-up Internet—28.8 modems to 1.544 Mbps through ISDN—has been available since 1998. The national Internet backbone connects to global links through the main Internet servicing company, NICTEL, the National Information and Communication Technology Services Limited. In addition to NICTEL, there are several private Internet service providers operating in Ghana, providing high-speed Internet access to customers. However, the issue of internet access is still a challenge as many companies are constrained by bandwidth issues, which is a key constraint for the ITES-BPO sector.

3.2.1.3 Costs of Telecom Services

The costs of telecom services in Ghana are relatively lower compared to other offshore destinations. For example, the cost of a monthly telecom plan for a standard Internet user starts at $40 per month, which is significantly lower than comparable plans in other offshore destinations.

3.2.1.4 Challenges of Telecom Services

Despite the availability and affordability of telecom services in Ghana, there are several challenges that need to be addressed. These include:

- Low computer/IT proficiency at educational and business/commercial levels.
- Lack of foreign language capability.
- Availability of adequate technical and managerial talent in the long-term.
- High training requirements to reach requisite quality levels of service delivery.

3.2.2 Power

Power supply is a critical infrastructure component for the ITES-BPO industry. In Ghana, the power grid is not as reliable as in other offshore destinations, with frequent power outages and brownouts. This can affect the productivity and efficiency of workers in the ITES-BPO sector.

3.2.3 Real Estate

Real estate in Ghana is relatively affordable compared to other offshore destinations. However, the availability of commercial real estate suitable for ITES-BPO companies is limited. This can make it challenging for companies to find suitable space for their operations.

3.2.4 Transport

Transport infrastructure in Ghana is relatively well-developed, with a network of roads and airports that provide connectivity to major destinations. However, the issue of road safety and traffic congestion can be a challenge for ITES-BPO companies.

Summary

3.2 INFRASTRUCTURE

Availability of reliable infrastructure is a critical aspect for an ITES-BPO industry. This section includes an analysis of the availability, quality, and cost of critical infrastructure components for the ITES-BPO industry in Ghana, namely—telecom, Internet, power, real estate and transport—as to identify key strengths as well as existing developmental challenges for each of the above segments. As illustrated in the table below, salary levels in Ghana are also lower than most offshore destinations, with the exception of India, Philippines, Egypt, and Mauritius.

6) In 1996, Telecom Malaysia was granted 30 percent stake in Ghana Telecom. Later, Telecom Malaysia filed an international dispute against the Government of Ghana, which has now been settled. The Government of Ghana has bought back its share and is now planning to re-launch the privatization process.
Ghana has experienced significant growth in its telecommunication sector. The number of telephone subscribers, both fixed and mobile, has increased by over 1200 percent during the last 5 years. As of July 2006, the subscriber base is pegged at 20 percent (i.e., 20 people out of every 100 own a telephone). This rise in domestic telecommunication penetration has been largely driven by the growth in mobile telephones, which is stepping up to meet the demand arising from the insufficient quantity of fixed-line networks.

At the end of 2005, Ghana had a total telephone subscriber base of nearly 3 million, of which about 2.8 million were mobile cellular lines. The mobile telecommunication sector in Ghana has experienced significant growth and this trend is expected to continue. According to the Ministry of Communications, the total subscriber base is expected to reach 4.5 million by the end of 2006, with mobile telecommunications significantly leading the growth in fixed-line telephony. In addition to the telephone subscriptions, Ghana also has 11,314,000 pay phones.

The government's plan to re-launch the complete telecommunication sector privatization process will likely provide a significant boost to the growth of domestic telecommunication services.

**International Telecommunications**

Ghana has access to undersea cable connectivity via the SAT-3 cable, which lands at Accra. The following illustration depicts the landing points of the SAT-3/WASC/SAFE cable:

- SAT-3/WASC/SAFE cable:
  - As illustrated above, the SAT-3/WASC/SAFE cable is split into two segments: SAT-3/WASC, which runs from South Africa to Portugal with landing points in Angola, Gabon, Cameroon, Nigeria, Benin, Ghana, Ivory Coast, Senegal, Canary Islands, and Spain, and SAFE which runs from South Africa to Malaysia and India via Mauritius and Reunion.
  - While Ghana Telecom is one of the cable owners of SAT-3, non-owners can also get capacity on SAT-3 in one of the following two ways:

  - Ghana Telecom and WESTEL now provide fixed-line services, while several private sector players offer mobile telephony services.
  - The domestic telecom sector in Ghana has experienced stellar growth since this initiative, driven by mobile communications, supportive government policies, and private sector participation. The following graph indicates the growth in the number of telephone subscribers (both fixed and mobile) in Ghana:

    **Growth in Telecommunication in Ghana-2000–2005**

    - Total telephone subscribers (in '000s)
    - Year 2000 2001 2002 2003 2004 2005
    - 218 460 655 1,060 1,600 2,900

    Ghana Telecom and WESTEL now provide fixed-line services, while several private sector players offer mobile telephony services.

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    **Growth in Telecommunication in Ghana-2000–2005**

    - Total telephone subscribers (in '000s)
    - Year 2000 2001 2002 2003 2004 2005
    - 218 460 655 1,060 1,600 2,900

    Ghana Telecommunication has access to undersea cable connectivity via the SAT-3 cable, which lands at Accra. The following illustration depicts the landing points of the SAT-3/WASC/SAFE cable:

    - As illustrated above, the SAT-3/WASC/SAFE cable is split into two segments: SAT-3/WASC, which runs from South Africa to Portugal with landing points in Angola, Gabon, Cameroon, Nigeria, Benin, Ghana, Ivory Coast, Senegal, Canary Islands, and Spain, and SAFE which runs from South Africa to Malaysia and India via Mauritius and Reunion.
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    While Ghana Telecom is one of the cable owners of SAT-3, non-owners can also get capacity on SAT-3 in one of the following two ways:

    - Ghana Telecom and WESTEL now provide fixed-line services, while several private sector players offer mobile telephony services.
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Buy capacity from Ghana Telecom—A prerequisite for direct access is that such operators are licensed to carry international traffic, so typically mobile operators will be able to have direct access but not ISPs.

Buy directly from cable's network administrator, Telkom SA, through an Indefeasible Right of Use (IRU), and therefore bypass Ghana Telecom. However, the national carrier has the first right of refusal. Moreover, to allow carriers to recover their investment in the cable, they enjoy exclusivity for the first five years. This could mean that operators would be forced to buy capacity from the incumbent carrier, which could therefore charge whatever price it likes. But in order to protect the buyer, carriers cannot charge more than the pool price.

In Ghana, the connectivity is currently limited to Accra. However, Ghana Telecom intends to expand the network through the optical fiber network of the Volta River Authority (VRA), the electricity utility company in Ghana. VRA, which has installed more than 600-kilometre stretch of fiber optic cable on its high voltage transmission line, has a backbone that covers many cities in Ghana. Power line data and voice transmission is yet to catch on in Ghana and other African countries, but with VRA's investment, the relatively cheap alternative in power line communication may soon be the vogue. Voltacom, a subsidiary of VRA, has strung the entire hydropower network with optical-fiber cable. This network will serve all 110 districts of the country, paving the way for a nationwide backbone for the Internet.

However, since the SAT-3 cable is the only undersea cable system that Ghana has access to, it raises concerns on the lack of redundancy, particularly with respect to international cable connectivity. In contrast, India has three undersea cable landing points, with multiple cables landing at each landing point, avoiding any issues pertaining to lack of redundancy.

Though satellite communication is used as an alternate mode of connectivity, it is not found to be appropriate for the ITES-BPO sector because of high cost. It also results in insufficiencies when there is high traffic. According to Escond, a connectivity service provider in Ghana, a satellite link costs $12,000 more than establishing connectivity through the submarine cable. Additionally the quality of the link also suffers due to heavy traffic and congestion.
Internet (Users and ISPs)

By the end of 2004, there were more than 1,000,000 Internet users in Ghana, as cited in the statistics published by the MoC. The users are a mix of dial-up accounts, Internet cafes, schools, and universities. It is also estimated that there will be about 50,000-60,000 Internet cafes in Ghana by the end of 2005 (up from 750 in 2003)44. Almost 100 new ISPs were licensed in 2004, bringing the total to 163. Broadband ADSL services were introduced in 2003. Two-way satellite-based Internet services using very small aperture terminals (VSAT) to connect directly to the United States or Europe or other parts of the world have also been adopted. These are not dependent on the monop- oly telecom operator for their international bandwidth. There are currently more than 170 VSAT operators in Ghana.

VoIP Access

VoIP has emerged as a cost efficient technology for telecommunication. It is increasingly being used by ITES-BPO companies in established offshore destinations. There have been few reports45 of the government, in association with the National Communications Authority (NCA), shutting down companies suspected of using VoIP technology. Moreover, the government has since clarified the status for VoIP usage by ITES-BPO companies in the country. NCA issues licenses that allow ITES-BPO companies to employ VoIP in their operations. This proactive measure on the part of the govern- ment and the telecom regulator will provide significant encouragement and cost-competitiveness to the sector in Ghana.

3.2.1.2 Quality of Telecom and Internet Services

Telecommunications

The quality of domestic telecommunication services, particularly the fixed line network, is a continuing cause for concern. Faults per 100 mainline per year are about 67.4 in Ghana, higher than most established offshore locations, such as China (3.49), the Philippines (5.20) and Mexico (1.70). On a regional basis also, all comparator countries (Egypt, South Africa, Nigeria, Senegal, Botswana, and Mauritius) reported lower faults per 100 main- line per year.

Mobile connectivity is very strong within and around Accra. However, the quality of service in mobile telephony outside of Accra to key centers such as Sekondi-Takoradi, Kumasi, and Tamale is still not adequate.

Service Level Agreements (SLA), which will help define and sustain a desired level of quality of service, are also not defined clearly for service providers. However, NCA has taken some steps on this issue. NCA has been requested to publish the quality of service standards as spelled out in the operating licenses of all telecom service providers (i.e. define SLAs) for telecom service providers. In his speech in January 2006, the minister of communications said that, since December 2004, the NCA has had the responsibility for evaluating the performance of the service providers, in the area of issuing licenses to replace authorizations, as record- ed in their respective Network Management Systems. The evaluation process has since com- menced to cover the period January 2005 to December 2005. It is expected that the NCA will make the results and sanctions if any, publicly available by the end of February 200646. However, there has been no update from NCA on the status of the above.

The set-up time for establishing telecom connectiv- ity, although decreasing as a result of investment in infrastructure and competition in the telecom mar- ket, continues to be high in Ghana. According to the discussions between Hewitt consultants and Internet Ghana—an ISP in Ghana—in January 2006, telecom set-up time in Ghana is high. It takes three days to establish an E1 link, 14 days to achieve last mile linkage, and two weeks to obtain a commercial landline connection.

Internet Connectivity

Internet connections are also slow. Most ISPs receive data at an average speed of 2Mbits/sec and run it to the Philippines (5.20) and Mexico (1.70). On a regional basis also, all comparator countries (Egypt, South Africa, Nigeria, Senegal, Botswana, and Mauritius) reported lower faults per 100 main- line per year.

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subscribers at an average speed of less than 1Kbit/sec. Customer support is also inadequate with some ISPs having no support at all for their clients.

Uptime of telecom link is also below the established ITES-BPO industry standard in Ghana. Based on our discussions with ITES-BPO vendors and telecom service providers across various established and emerging offshore destinations, a minimum uptime of 99.5–99.95 percent is required for an ITES-BPO operation. This is achieved through an optic fiber link with multiple last mile connectivity. The satellite link is used as a backup only. However, our discussions with ITES-BPO operators and telecom service providers in Ghana indicate that the telecom uptime is only about 95 percent in Ghana47.

Our discussions with telecom experts indicate that connectivity through submarine cable continues to be the most effective and cost-efficient way of establishing connectivity for an IT/ITES operation. Use of laser technology, which is similar to wireless/radio connectivity, is not used due to limitations in its features. Laser technology is preferable for short-distances, and operates on line-of-sight principle where-in the connectivity gets interrupted if a physical object comes in the way of two connecting points. As a result, this technology is not applicable and appropriate for deployment in an IT/ITES operation.

3.2.1.3 Cost of Telecom Services

Lack of competition in the international telecommunications sector, and limited availability of bandwidth has resulted in high telecom costs in Ghana. The bandwidth cost for a full-circuit E1 line between Accra and Portugal is US$7,000 per month for Ghana Internet Service Providers Association (GISPA) members and US$10,000 for non-members. This price is charged by Ghana Telecom, the sole provider of E1 in Ghana.

This is higher than the approximate US$6,000 per month for full-circuit connectivity between the United States and most established offshoring destinations including India, China, Philippines, Mexico and Romania.48 E1 line costs on the SAT-3 cable between Portugal and other regional African countries are also lower than the prevailing prices in Ghana. However, the quality of a satellite link is affected due to congestion and latency.

The prices for satellite communication for the same E1 capacity are 30–50 percent higher than the E1 line cost. However the quality of a satellite link is affected due to congestion and latency.

For consumers, high prices for Internet and telephony along with unsatisfactory customer support are cause of serious concern. For instance, a 128 Kbps broadband connection from Internet/Ghana is priced at US$60 a month. For higher speeds the price is substantially more. A dial-up through BuisyInternet costs around US$1.30 per hour. However, service providers cite high infrastructure costs including a very high rate of interest,49 as the reasons for high telecom costs in Ghana.

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To increase ICT penetration as well as develop Ghana as a competitive ITES-BPO destination, providers will need to be adopted to reduce the cost of services for business/commercial usage as well as consumers.

3.2.2 Power

3.2.2.1 Availability of Power

Ghana is pursuing an aggressive program to enhance its electricity supplies by encouraging foreign investment in private power generation projects and strengthening its transmission and distribution networks. Ghana’s electricity generation capacity of 5.36 billion kilowatt-hrs is more than its consumption of 5.08 billion kilowatt-hrs, indicating no major shortage of power generation capacity in the aggregate.

The VRA is the main organization responsible for providing Ghana with its electricity needs. In the past, this predominantly meant hydro-generation from the Akosombo Dam, which holds the world’s largest artificial body of water. Recently, it has also meant buying electricity, either from abroad or from private power producers and then distributing it across the country.

The discovery of natural gas offshore also bodes well for the future. The development of the West African Gas Pipeline—an international gas pipeline linking Ghana with Nigeria, Togo, and Benin—is also set to transform the local power market. Analysts predict that the pipeline could dash the cost of natural gas and reduce the cost of thermal power in the Ghanaian market by up to one-third. However, there is no clear timeline defined for the reduction in costs, which will depend on the progress of the project.

3.2.2.2 Quality of Power Supply

Our interactions with ITES incumbents in Ghana revealed that the stability/reliability of power was an issue. Power supply fluctuations between 240–290V, and businesses that require reliable sources of power with high uptime usually have to set up their own generators and transformers to ensure uninterrupted steady power. For instance, Ghana-based BayInterNet, the largest technology incubator in Africa, has installed a backup generator and a huge battery to ensure uninterrupted power. The company has also installed a transformer to deal with the power fluctuations. This is a significant additional cost for businesses. The government is aware of this problem, but is unlikely to solve it through privatization alone. The Ministry of Energy is taking the following steps to address this issue:

- The Takoradi power station is to be expanded with the addition of a 110-MW steam component in 2008. Currently, funding arrangements are being concluded with the International Finance Corporation (IFC) and other donors. The construction of the plant will commence by the end of the year. The cost of the project is estimated at US$280 million.

- The Ministry of Energy and the VRA have launched a tender process to build a 300-MW thermal power plant in Tema. The bids were sent in February 2005 and project implementation is to start in late 2006. The project is to be commissioned for commercial operation in 2008/9. Subsequently, more 200-MW additional power plants are to be added every 2–3 years.

- The 400-MW Bui hydro plant is to be financed by the Chinese government for additional generation.

- The government will build 330 KV Aboadze-Tema transmission lines to improve the security of the power supply to the Accra-Tema area. The tendering is in process and project implementation is to start in 2006. The line will be completed in (2007) at a cost of US$60 million.

- The Kumasi-Suntamy 161-KV transmission line is being built at cost of US$30 million. Scheduled for completion in 2006/7, it will support and improve the security of power supply to northern Ghana.

EGC distribution system upgrades are being implemented with a government loan of US$15 million from the World Bank. EGC has completed the first phase (13 out of 26 substations) of a system control and data acquisition (SCADA) project in Accra/Tema, which has significantly improved fault detection and restoration times for the ECG network.

Further rehabilitation of ECG network is being implemented with a loan of US$30 million from the Fortis Bank of the Netherlands.

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Improving Business Competitiveness and Increasing Economic Growth in Ghana

As of January 2006 - Ghana visit by consultants from Hewitt Associates

A ready-made commercial complex is available at Silver Star Towers in Accra, which is also a designated Free Zone area approved by the Ghana Free Zone Board. The Real Estate developer is free to market this to any incumbent who possesses the requisite free zone permission. However, a prospective incumbent has found it unsuitable even for a small 100-seat facility because its physical demarca-
tion makes it unsuitable for any incumbent wishing to have its own ‘build-to-suit’ office space. Ghana House, a commercial property also provides office space, but has been fully occupied.54

SSNIT, the investment organization of the social security funds is also developing real estate com-
mmercial complexes for offices in and around Accra. The Ministry of Communications has been dis-
cussing the possibility of SSNIT developing office structures of international class for prospective ITES-BPO companies in Ghana. The government is also encouraging real estate development through the public-private partnership route.

IT parks are non existsent in Ghana. However, these areas have been earmarked for setting up Technology Parks in the future: Tema (50 acres); Kumasi, and the University of Ghana (50 acres).

In Tema, the development of the park is underway and is a joint initiative of the Ministry of Communications and the Ministry of Trade, Industry, Private Sector Development and Presidential Special Initiatives. However, no public services (power, telecom, water, or other utilities) are available at any of these designated areas.

The Ghana Free Zone Board admits that the lack of suitable real estate is largely due to the absence of large commercial real estate developers. In this respect, the government should undertake proactive measures towards developing parks and real estate through joint public-private partnerships. It should also provide financial incentives for private real estate development for the ITES-BPO sector.

Government construction of bonded warehouses or freight stations, where goods and equipment can be stored and purchased by companies on production of requisite custom duties exemptions is a positive

As of January 2006 - Ghana visit by consultants from Hewitt Associates

In another recent development, the Volta River Authority opened bids for two projects for power supply improvements in two sub-stations in the Volta Region. The projects involve upgrading transformer capacities at Ho and Aulaq, and forming plans to upgrade transformer capacities in 11 other bulk supply stations.

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move. However this initiative is still in the process of being finalized.

3.2.3.2 Quality of Real Estate
There are currently no international real estate consultants operating in Ghana. Our interactions with incumbents in Ghana indicated that adherence to service standards and customer service orientation is low among local infrastructure service providers.

Our interactions with industry experts also revealed that real estate ownership and title procedures are cumbersome and unclear due to presence of customary laws. The legal system has not yet evolved to cover this loophole/lacuna.

To alleviate such concerns, Ghana may simplify regulatory procedures pertaining to land and real estate ownership.

3.2.3.3 Real Estate Costs
Real estate is fairly expensive in Ghana as compared with other regional ITES-BPO destinations. As indicated by one of the ITES incumbents, real estate costs can reach as high as 60 percent of total costs as compared to 40 percent of total costs at locations outside of Ghana.

Moreover, incumbents in Ghana indicated that due to lack of scalable option, constructing their own building was the only viable option available to private sector companies establishing or expanding operations in Ghana. Moreover, the government provides fiscal incentives to real estate developers through Ghana Investment Promotion Centre by way of tax holidays.

3.2.4 Transport
3.2.4.1 Domestic
There are approximately 30,000 km of classified roads in Ghana, 15,000 km of these are trunk roads and the remainder are feeder roads. There is a good road network between Accra and the main towns. Most primary roads are paved and well maintained; however, roads outside the major cities are in poor condition.

Between 1987 and 1998, as part of its Economic Recovery Program (ERP), Ghana undertook three transportation projects for improving economically important roads and initiating maintenance programs to prevent deterioration. The projects were designed to promote commercial management of roads, increase the capacity of the private domestic contracting industry, introduce labor-based construction methods, and promote intermediate means of rural transport. The government of Ghana continues to focus on developing the transport sector. In the budget for year 2005, a total amount of Cedi 2,974.1 billion (approximately US$328 million) was earmarked for road sector development and maintenance. These initiatives have improved the condition of the urban transportation network, although rural transportation infrastructure is still weak.

The government has also undertaken the following steps to improve domestic transport infrastructure:

- Modernizing transit programs—Most recently, Accra has appealed to the Global Environmental Facility (GEF) and the Institute of Transportation Development Policy (ITDP) to help realize modern Bus Rapid Transit (BRT) corridors and cycleways similar to those in Curitiba, Brazil and Bogotá, Columbia. If Accra is successful, it will have the first of such systems in Africa.
- Developing an ‘Urban Transport Policy’ with the objective of:
  - making transport operations safe, efficient, and economically viable;
  - ensuring transport services are effective and satisfy the needs of transport users;
  - ensuring sustained growth in the transport industry through adequate investments; and
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Our interactions with industry experts also revealed that real estate ownership and title procedures are cumbersome and unclear due to presence of customary laws. The legal system has not yet evolved to cover this loophole/lacuna.

To alleviate such concerns, Ghana may simplify regulatory procedures pertaining to land and real estate ownership.

3.2.3.3 Real Estate Costs
Real estate is fairly expensive in Ghana as compared with other regional ITES-BPO destinations. As indicated by one of the ITES incumbents, real estate costs can reach as high as 60 percent of total costs as compared to 40 percent of total costs at locations outside of Ghana.

Moreover, incumbents in Ghana indicated that due to lack of scalable option, constructing their own building was the only viable option available to private sector companies establishing or expanding operations in Ghana. Moreover, the government provides fiscal incentives to real estate developers through Ghana Investment Promotion Centre by way of tax holidays.

3.2.4 Transport
3.2.4.1 Domestic
There are approximately 30,000 km of classified roads in Ghana, 15,000 km of these are trunk roads and the remainder are feeder roads. There is a good road network between Accra and the main towns. Most primary roads are paved and well maintained; however, roads outside the major cities are in poor condition.

Between 1987 and 1998, as part of its Economic Recovery Program (ERP), Ghana undertook three
3.2.4.2 International

The Kotoka International Airport serves as the domestic link between Accra and other domestic cities — Sekondi-Takoradi, Kumasi, and Tamale. Ghana's two main ports are Tema (near Accra) and Takoradi, which are both relatively modern. Rail links exist from both these ports to Kumasi.

In 1990, the government spent US$12 million to improve Accra's international facilities. With 7,000 incoming flights and 3,000 outgoing flights a year, flight and passenger arrivals in Ghana is still lower than in Kenya and South Africa.

3.3 ENVIRONMENT

The external and internal business, economic, and political environment of a country greatly impacts investment in the offshoring industry. Under this parameter we consider both the external environment, which refers to the government and other related administrative bodies, and the internal environment which refers to the country's economy, its markets, political and regulatory environment, and intellectual property laws.

This section analyzes Ghana's internal and external environments.

### Summary

**Infrastructure: Key Strengths and Challenges for Ghana**

**Strengths**

- Partial liberalization of the telecom sector.
- Rise in Internet usage and penetration.
- Increase in telemedicine driven by rapid growth in mobile telephony.
- Initiatives to introduce cost-effective technologies such as VoIP.
- Government support for real estate development by providing fiscal incentives to developers.

**Challenges**

- Cost of telecom services is high due to insufficient bandwidth and lack of competition in international telecommunication segment.
- Limited telecom connectivity in the interior (beyond Accra) and high set-up time to establish last mile linkage.
- Non-availability of adequate ‘Grade A’ ITES suitable real estate. Concept of ‘shell’ buildings, though envisioned, currently absent. High real estate rental rates.
- Real estate ownership and title procedures are cumbersome and unclear.
- Technology parks are currently in planning stage and unavailable.

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56 Interest rates from 25% to 14% and inflation from 23% to 14% over 2002 – 2005 (Aug); Source: Data Bank Limited

57 Coca-Cola, Heinz, Coleman, Caterpillar, Unilever, Guinness, M&W Pump, IBM, Lazare Kaplan, Deloitte & Touche, AT&T, Southwestern Bell, Pryor, McClendon & Counts.

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55 Internal rates from 15% to 14% and inflation from 35% to 14% over 2006 – 2009; Source: Data Bank Limited

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**3.3.2 General Law and Order Situation**

Ghana offers a relatively stable and predictable political environment for investors. There is no indication, at present, that the level of political risk in Ghana will change markedly over the near term. In terms of geo-political risks, it is one of the most stable countries with no known calamities or political upheaval in the recent past. The region is not afflicted by terrorism or any unfriendly acts from/to its neighboring countries.

Based on our interviews, the Ghana's safety and stability is vouched for by expatriates who prefer to commute from Ghana to other neighbouring countries for their daily work.

**3.3 Business Environment**

Ghana has established itself as one of the prime business centers in the West African region, with the reputation of being the leading distribution center to nearby markets of Senegal, Nigeria, Mali, Chad, and Niger.

The ECOWAS protocol on trade has greatly enhanced Ghana’s status as an economic force in the sub-region and its trading access to other African nations. Strengthening its position as “The gateway to West Africa” for foreign business. Ghana’s commitments to World Trade Organization’s General Agreements on Trade in Services (GATS), in which various service sectors, including banking, financial services (excluding insurance), basic telecommunications etc., have been opened up, and the continuing consultations to commit more sectors to GATS, is a positive move towards enhancing the business environment in Ghana.

Ghana also has a time zone advantage with respect to doing business with countries such as the United States and the United Kingdom. Ghana follows the GMT standard providing ‘real-time’ offshoring capability to companies in the United Kingdom. It also offers the United States a good “time fit”, with a 4–7 hour difference depending on the time zone, and has a 5–7 hour difference with countries in Asia. These compatible time zones can allow for “follow the sun” processing and business continuity support, in conjunction with outsourcing in Asia. However, international perceptions of overall regional geopolitical instability may continue to have an adverse effect on Ghana. Perceptions include fears that the influx of refugees from some of the neighboring countries such as Liberia and Ivory Coast to Ghana may bring disease and strife, which could have harmful effects on Ghana’s people and economy.

**3.3.3 Financial Environment and Infrastructure**

There has been a significant improvement in the overall economic environment in terms of interest rates and inflation. However, Ghana still suffers from high interest rates of over 14 percent, a high inflation rate at 13.88 percent and an artificially strong Cedi.

Interest rates are extremely high as compared to prime rates such as the LIBOR. The LIBOR 1-year rate, for example, is 5.3 percent, whereas the Ghana prime rate is approximately 14 percent. Domestic entrepreneurs as well as foreign investors will therefore be highly discouraged to borrow from the domestic market.

Ghana’s debt and the corresponding debt servicing levels are also significantly high. As a result, allocation of resources to capital intensive infrastructure such as telecom connectivity, education, etc., which are important for establishing a strong ITES-BPO industry, seem to be suffering.

The lack of a well-developed financial services infrastructure or a strong private business community further leads to the absence of the typical business network, which comprises (technology) vendors, resource agencies, consulting companies, and facilities suppliers. This can be another deterrent for smaller or risk-averse investors.

For the ITES-BPO industry, which requires a relatively shorter gestation period to set up operations, geopolitical safety offered by Ghana will add another dimension in country’s attractiveness.

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Moreover, there is extreme difficulty in getting accurate and country-related business information in a timely manner. This is an important requirement for investors who want to compare Ghana as with other international destinations on key economic and demographic statistics in order to support the business case for investment in the country. Our past experience with ITES-BPO investors has shown that they are especially stringent on this requirement due to the fluid nature of this market.

However, possibly encouraged by the improving macro-economic scenario (of falling interest and inflation rates) and the presence of an encouraging and supportive government, investors are increasingly looking at Ghana in a positive light. A recent USAID–funded research indicated that private financial flows to Ghana from Europe, the United States, and Canada increased rapidly over the past few years. In 2005, total private remittances exceeded $4 billion dollars, with individual remittances contributing over a third of the total.

Moreover, the overall geopolitical threat profile of Ghana is ranked as extremely low by all incumbents on account of a stable democracy, negligible communal tension, and low susceptibility to natural disasters such as earthquakes, floods, or typhoons.

The government has displayed its commitment to the ITES-BPO industry in particular by identifying it as one of the focus sectors for development and attainment of its Millennium Development Goals.

The government has also emphasized ‘private sector competitiveness’ as one of the three strategic pillars of its Growth and Poverty Reduction Strategy (GPRS II) for the period 2006–09. To ensure that the financial sector responds effectively to the needs of the private sector, financial sector reforms will be encouraged. This will include the continuous implementation, monitoring, and evaluation of the Financial Sector Strategy Plan (FINSSP). Emphasis has also been placed on monetary policy management. Venture Capital funds will be instituted to strengthen the financial environment for implementing the GPRS II.

3.3.3.2 Business Transparency

Ghana is committed to bridging the credibility gap with the public by placing considerable information about its government policies in the public domain. In a survey conducted by the United Nations Economic Commission for Africa, 84 percent of the Expert Panel respondents believed that the government fully or mostly respects the rule of law—an affirmation of support for the existence of good governance in Ghana.60

Ghana is not a signatory to the OECD Convention on Combating Bribery. It has, however, taken steps to amend laws on public financial administration and public procurement. The public procurement law, passed in January 2004, seeks to harmonize public procurement guidelines used in the country and also ensure it conforms WTO standards. The new law aims to improve accountability, value for money, transparency, and efficiency in the use of public resources.

In 1998, Ghana also established an anti-corruption institution, called the Serious Fraud Office (SFO), to investigate corrupt practices involving both private and public institutions. An Office of Accountability has been established to oversee the performance of senior government functionaries.61

Consequently, corruption in Ghana is somewhat less prevalent than in other countries in the region. A 2005 Transparency International global corruption ranking placed Ghana 65th out of 158 countries in the ‘Corruptions Perceptions Index.’ Ghana also ranked as the fifth least corrupt country in the Sub-Saharan region following Botswana, Namibia, Mauritius, and South Africa. This is an improvement from 2003 where Ghana ranked 70 out of 133 countries.

3.3.3.3 Protection of Intellectual Property

Protection of intellectual property is an evolving area of law. Although there is no specific law protecting intellectual property, the government appears to be focusing on this aspect, especially

with regards to the development of the ICT industry and ITES-BPO sector.

Ghana is a member of the World Intellectual Property Organization (WIPO) and the English-speaking African Regional Industrial Property Organization (ESARIPO).

The presence of stringent and comprehensive Cyber security laws and Cyber legislation has become a prerequisite for foreign investment. In this respect, Ghana has already devised its e-legislation policy and this is in the process of being passed by the government.

3.3.3.5 ITES-BPO Policy

By promoting ICT in general in all spheres, with the assistance of the World Bank and the Multilateral Investment Guarantee Agency (MIGA), Ghana requires a coordinated approach to the development of the ICT/ITES-BPO sector. The Ministry of Trade and Industry-Ghana Free Zones Board (GFZB), Ghana Investment Promotion Center (GIPC), the Ghana Export Promotion Council (GEPIC), and the MoC are all involved in promoting the industry.

While GFZB is the implementing agency for providing benefits to exporters, including ITES-BPO, GEPIC is tasked with promoting Ghana’s non-traditional products in international markets. However, there is an absence of a common framework or strategy linking all of the agencies together for a unified and coordinated approach for developing and promoting the ICT/ITES-BPO sector.

Moreover, the GFZB promotional material/handouts and GEPC Act does not provide for any specific provisions or incentives for the ITES-BPO sector. The ICT4AD policy also does not provide for any initiatives which will help cater to the unique requirements and needs of the ITES-BPO industry. There is also no separate measurement of the performance of the ITES-BPO sector, which is currently covered within non-traditional exports. There is therefore a possible lack of understanding of the potential of the sector and its unique requirements.

There is also a lack of a unified agency dedicated to the development of the ITES-BPO sector, its policies, and necessary infrastructure. For example, Mauritius has set up a BPO Secretariat at the Board of Investment to promote the development of the ITES-BPO industry in Mauritius and is the sole agency responsible for its development and promotion.

3.3.4 Tax and Regulatory Environment

The tax and regulatory provisions with regards to labor laws, tax, and fiscal measures, as well as foreign investment are largely favorable for the ITES-BPO industry.

3.3.4.1 Company Setup

All companies intending to do business in Ghana are required to incorporate under the Companies Code, 1963 with the Registrar General. The incorporation certificate is made available within a fortnight, subject to submitting complete requisite documents.

3.3.4.2 Labor and Employment Law

Industries in Ghana are governed by The Labour Act, 2003 in respect of its employment law. Some of the statutes are highly favorable for the ITES-BPO industry, such as allowing shift work and night-time work for both genders (the only exception being for women who are pregnant).

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Ghana is a member of the World Intellectual Property Organization (WIPO) and the English-speaking African Regional Industrial Property Organization (ESARIPO). The courts have been proactive in the protection of intellectual property rights. Steps are being taken to implement the WTO-TRIPS (Trade-Related Aspects of Intellectual Property Rights) Agreement. All TRIPS-compliant legislation, except the copyright bill, has been passed by Parliament.

Patents (Product and Process): Patent registration in Ghana presents no serious problems for foreign rights holders. Fees for registration vary according to the nature of the patent, but local and foreign applicants pay the same rate.

Copyrights: Enforcement of foreign copyrights may be pursued in the Ghanaian courts, but few such cases have actually been filed in recent years. The bootlegging of computer software is an example of copyright infringement taking place locally. There is no data available to quantify the commercial impact of this practice.

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There are no restrictions on the issuance of work and residence permits to Free Zone investors and employees subject to immigration rules. Some of the provisions, such as employing disabled persons, termination on grounds of non-performance, or at-will employments, will be viewed positively by the multinational corporations.

The only major concern cited by incumbents has been an active unionism practice that can be detrimental for foreign investors.

3.3.4.3 Direct Taxation and Incentives

Ghana offers several fiscal incentives on income tax and concessional custom duties for new set-ups, which is important for developing the sector. However, incentives are not specific to ITES-BPO but applicable generally to non-traditional exports. Free Zone status is granted to organizations based on minimum specified export from its total revenue during the year.

For establishments in the designated Free Zones, Ghana has one of the most competitive tax incentives, with a tax holiday for the first 10 years from the start of operations and 8 percent thereafter. This is better than Ireland, which has a rate of 12 percent.

The government has also signed Double Taxation Agreements (DTA) with two countries only at present: France and United Kingdom. Another DTA has been signed (but not ratified) with the Republic of Germany. It has also concluded (but yet to sign and ratify) these agreements with Belgium, Italy, and Yugoslavia. These can be used as marketing points to position Ghana as an attractive destination for ITES-BPO investments.

3.4 CLUSTERS

A cluster is a concentration of companies and sub-industries in a geographic region that are interconnected by the industry they serve and the products they produce. It includes specialized suppliers, service providers, and associated institutions. Clusters help increase productivity by improved access to an efficient supplier base and to focused market, technical and competitive information, and by matching products to meet customer needs and in the breadth and scale which attracts buyers and investors.

In the ITES-BPO context, a cluster would imply recruitment agencies, training firms, transportation, and by matching products to meet customer needs and in the breadth and scale which attracts buyers and investors.

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catering, office support, real estate maintenance, security, general office supplies and such other connected firms. Clusters are critical for the growth of the industry in any region. They also generate employment in the region. Based on the experience from developed offshoring destinations, it is estimated that for every one ITES-BPO employee, the cluster generates about four jobs.

This section covers prevalence of ITES-BPO support clusters in Ghana, and also includes a section on expatriate amenities with details on living conditions for the expatriate population in Ghana.

3.4.1 Training Firms

Training of current and future employees is key to the development of the ITES-BPO sector. For example, voice and accent, cross-culture sensitisation, soft skills, basic and advanced computer operating skills, transcription etc., are some of the basic skills necessary for working in the ITES-BPO sector. Training institutions help enhance skills of current employees and of those who aspire to work for the ITES-BPO sector.

In Ghana, the government has introduced few IT and ITES-BPO specific trainings. The private sector has also established institutes that impart sector-specific trainings.

3.4.1.1 Government-funded Training Institutes/Initiatives

- **Ghana Multimedia Centre**
  - Ghana Multimedia Centre (GMC) offers training for medical transcription. GMC conducts this training in two shifts in Accra. It also conducts trainings for data entry and call centre skills. Currently the center has 25 seats, and operates in two shifts, thereby imparting training to 50 students. It plans to increase the per shift capacity to 50, and offer training to 100 students across two shifts.65
  - GMC is planning to add three more centers. It also plans to have tie ups with various other institutions like NIT, IPMC, Ghana Telecom University, Ghana University etc., for meeting the training needs.

- **Ghana-India Kofi Annan Centre of Excellence in ICT (AITI-KACE)**
  - AITI-KACE offers courses in programming, software, and basic computing skills to cover key concepts of computing. The course includes seven modules. An ICDL certification is awarded after each module is cleared.
  - AITI-KACE’s ICT4D work provides support to the MoGa’s program of launching community information centers in every district in Ghana.
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Improving Business Competitiveness and Increasing Economic Growth in Ghana

3.4.1 Search Firms
Recruitment firms play an important role in attracting and retaining the right talent. In the ITES-BPO sector, recruitment firms are essential for finding qualified candidates with the necessary skills and experience. These firms play a crucial role in identifying and evaluating potential employees, thus ensuring that the right candidates are selected for specific positions. They also help in aligning the HR solutions of companies with the evolving requirements of the ITES-BPO sector.

Recruitment firms are advantageous for the following reasons:

- **Efficiency**: Recruitment firms operate on a larger scale and have access to a wider pool of candidates, which allows for more efficient hiring processes.
- **Customization**: These firms offer customized solutions that are tailored to the specific needs of clients, ensuring that they find the best candidates for the job.
- **Expertise**: Recruitment firms have the expertise to identify candidates with the necessary skills and experience, reducing the time and resources spent on background checks and interviews.

In the ITES-BPO sector, recruitment firms play a pivotal role in aligning HR solutions with the evolving needs of the market, ensuring that companies are equipped with the right talent to compete effectively. It is essential for recruitment firms to collaborate with the industry and provide training programs geared for the ITES-BPO sector, as this helps in creating a talent pool that can meet the demands of the market.

3.4.2 Search Firms
Recruitment firms play an important role in the ITES-BPO sector, especially in attracting and retaining the right talent. They help in identifying and evaluating potential employees, ensuring that the right candidates are selected for specific positions. They also play an important role in aligning HR solutions with the evolving requirements of the ITES-BPO sector.

Recruitment firms are advantageous for the following reasons:

- **Efficiency**: Recruitment firms operate on a larger scale and have access to a wider pool of candidates, which allows for more efficient hiring processes.
- **Customization**: These firms offer customized solutions that are tailored to the specific needs of clients, ensuring that they find the best candidates for the job.
- **Expertise**: Recruitment firms have the expertise to identify candidates with the necessary skills and experience, reducing the time and resources spent on background checks and interviews.

In the ITES-BPO sector, recruitment firms play a pivotal role in aligning HR solutions with the evolving needs of the market, ensuring that companies are equipped with the right talent to compete effectively. It is essential for recruitment firms to collaborate with the industry and provide training programs geared for the ITES-BPO sector, as this helps in creating a talent pool that can meet the demands of the market.

3.4.3 Other Service Providers

- **Financiers/Venture Capitalists** — Access to capital is critical, particularly when companies need to ramp up their headcount within tight timelines. Recruitment firms are also advantageous for job seekers by acting as an interface between the clients and the job seekers. Recruitment agencies play an important role in promoting the industry. By positioning this industry as an attractive career opportunity and by interacting with people in the industry, a high degree of awareness of the ITES-BPO sector is created. This in turn creates a demand pull into the ITES-BPO industry.

An organized recruitment sector is absent in Ghana. But there are some local recruitment agencies, such as Reach Select, Lone Services, and Psycho HR operating in Ghana, and few global consultancies such as PricewaterhouseCoopers, KPMG, and Deloitte that provide recruitment services on a limited scale.

Our interactions with ITES-BPO incumbents in Ghana indicated that recruitment is primarily done through newspapers advertisements, and the typical talent sourcing time is around two months. Recruitment tools such as databases are absent. The absence of such databases impedes efficient, timely, and cost-effective hiring for the people-intensive ITES industry.

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3.4.4 Expatriate Amenities

The existence of expatriate oriented infrastructure and amenities is an important factor as a support cluster for the ITES industry. The suitability of a location to support an expatriate population is evaluated by following factors. Ghana has certain positives and areas of development (depicted as ‘+’ and ‘-’ in the following section) with respect to facilities for expatriates:

- **Infrastructure**
  - **Housing**
    + Housing for expatriates is concentrated around the embassies or suburbs near the airport.
    + Large colonial-style houses with yards and housing within walled compounds are used.
  - **Transportation and commuting time**
    - Public transport infrastructure is affordable but not world standard.
    - Road network is congested and commuting time may range from 10–15 minutes to an hour or more, depending on the distance.
  - **International connectivity**
    + Accra is a 6–8 hour flight from Europe with direct flights from London, Amsterdam, Milan, and Frankfurt.

- **Amenities**
  - **Medical facilities**
    - Tropical illnesses like malaria, yellow fever, cholera, and typhoid are common in Ghana.
    - Medical facilities are not world class.
  - **Education facilities**
    + There are several education facilities serving the expatriate population in addition to community schools, education options for expatriates include the Ghana International School, American School, Swiss School, and the French School.
    + ‘+’ The quality of education imparted at these schools is satisfactory. Primary school education is considered to be of reasonable standard but there are concerns about the quality of academic standards at the secondary level and higher levels.
  - **Entertainment options (shopping areas, clubs, restaurants)**
    + There are several restaurants serving various cuisines in Accra. Some restaurants have adopted European hygiene standards.
    + The beach is located about half an hour away from Accra city and is popular among the expatriates.
    + Cost of living
      + Cost of living is not very high in Ghana.
  - **Hotel Amenities**
    + There are more than half a dozen 4- and 5-star hotels in Ghana.
  - **Transportation and commuting time**
    - Public transport infrastructure is affordable but not world standard.
    - Road network is congested and commuting time may range from 10–15 minutes to an hour or more, depending on the distance.
  - **International connectivity**
    + Accra is a 6–8 hour flight from Europe with direct flights from London, Amsterdam, Milan, and Frankfurt.

3.5 INCUMBENTS

Incumbents refer to the ITES-BPO businesses that are already established and operating in the location. Established businesses can provide immense insights about what works and what doesn’t within the sector and the country. Their insights on why a particular location was selected and the experience of doing business in that location are extremely valuable inputs for investors in search of new destinations in which to do business.

3.5.1 ITES Companies in Ghana

The size of the ITES-BPO industry in Ghana is very small. The sector employed approximately...
2,200 people in January 2006, and the total seat capacity is expected to increase to 3,800 seats by June 2006. The Ghana-based facility of Affiliated Computer Services (ACS), with operations and people employed worldwide, accounts for the largest share of the total capacity in Ghana. The following are brief profiles of some of the current and past incumbents in Ghana:

### 3.5.1.1 Current Incumbents

Affiliated Computer Services (ACS), a premier provider of business process and information technology outsourcing solutions, set up a 40,000 square-foot office complex in Accra, Ghana. ACS commenced operations in mid-2001 with a workforce of 200 people. Since then, ACS has increased its workforce nearly ten fold, and currently employs over 2,000 people.

ABM Links Ghana Company Ltd, was set up in February 2006 at Cape Coast, a four-hour drive from Ghana’s capital, Accra. ABM is promoted by Mr. Bossman Hammond, an erstwhile facility head at ACS. ABM plans to set up a voice-based call center, data entry operations and medical transcription facilities, and will have a capacity of 600 seats. The company is in the early stages of operation and specific details on the number of candidates undergoing training are not available.

Global Response Ghana MG Ltd, opened a contact center at Accra. Its operations are expected to commence in mid-2006. The company plans to recruit 500 employees and will provide medical transcription services.

Rising Data Solutions was established in 2001 with a 12-seat sales and marketing contact pilot

The decision by ABM Links to establish its offices in Cape Coast, and not in Accra—which is considered the established business center in Ghana—was driven with the objective of tapping talent available in the Cape Coast region. Cape Coast has some of the best senior secondary schools in Ghana, and the Cape Coast University is also source of fresh talent. Cape Coast also has a number of colleges and polytechnics, all producing employable talent for the industry. Further, ABM will also be able to capture the local floating population and offer them the advantage of local employment.

Mary Greenslade Information Services Ltd, set-up in Accra, Ghana, is a subsidiary of Mary Greenslade USA. The company provides medical transcription services. It also has a call center and employs 60 people. Mary Greenslade is promoted by Sammy Crabbe, an erstwhile senior manager at ACS.

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center located in Accra. It later diversified into medical transcription services. In April 2006, it announced that it will be scaling up operations over the next few months. According to its CEO Karim Morsli over the next two years, the company hopes to employ over a thousand agents handling phone queries from the United States and Great Britain. The firm has also recruited at least two new clients from the travel and financial services industries within the United States. Mr. Kwame Bonsu, one of the promoters of Rising Data Solutions, said that the third party operations should be preceded by clear contracts and service level agreements, and clear metrics on quality assurance. Lack of the above was a major reason why Rising Data has not yet scaled up operations.

Moreover, there are other small ITES-BPO companies servicing the domestic market. Exzeed, a subsidiary of Ghana Telecom and Areeba are domestic call centers, currently servicing the Ghanaian market, have expressed interest in expanding their operations to service the international market as well. Exzeed has 165 seats and Areeba has 60 seats, which will possibly be ramped up to 100 seats. We believe this a growth opportunity for the ITES-BPO industry in Ghana, since it will provide an impetus to the international service capability of the domestic ITES-BPO industry in Ghana. In addition to the above-mentioned incumbents, the government also indicated that players such as Platinum were entering the international ITES-BPO provider’s arena while some other players have exited from the industry.68

3.5.1.2 ITES-BPO Industry Association

A key reason that the ITES-BPO industry has not flourished in Ghana, despite the presence of a large player like ACS since 2000, is the absence of a trade body that can act as a catalyst for the growth of the industry and facilitate trade and business in software and services. The Outsourcing Association of Ghana is currently not functioning as an ITES-BPO industry association, since it largely comprises of suppliers to the ITES-BPO industry (network providers, telecoms, etc.) than ITES-BPO incumbents. We believe a central association/agency must be set up, comprised of ITES/BPO incumbents and other stakeholders. The primary objectives of this association will be to partner with the government and with global stakeholders in promoting the industry in global markets; promoting the industry clusters; providing benefits through partnership with the government in line with the evolving requirements of the sector; and devising strategies to upgrade the talent pool.

It may be useful to look at the Outsourcing Association of Ghana and evaluate whether this can be used as the recommended ITES-BPO industry association, after due modification and diligence.

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68 Press article
69 Press article

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National Association of Software and Service Companies (NASSCOM)

NASSCOM is a non-profit trade body of IT software and service companies in India. It was set up to facilitate business and trade in IT software and service companies, and to encourage the advancement of research in software technology.

3.5.1 NASSCOM's Aims and Objectives

The primary objective of NASSCOM is to act as a catalyst for the growth of the software and ITES-BPO industry in India. Other goals include facilitation of trade and business in software and ITES-BPO services; encouragement and advancement of research; propagation of education and employment; enabling the growth of the Indian economy and provide competing business benefits to global economies by global sourcing.

3.5.2 NASSCOM's Strategy to Achieve its Objectives

NASSCOM has adopted a seven-fold strategy to achieve its aims and objectives listed above:

- Partner with the government of India and state governments to formulate IT policies and legislation. Partner with global stakeholders for promoting the industry in global markets.
- Serve for a thought leadership position and deliver world-class research and strategic inputs for the industry and its stakeholders.
- Encourage member to uphold world-class quality standards.
- Strive to uphold intellectual property rights of its members.
- Strengthens the brand equity of India as a premier global sourcing destination.
- Expand the quantity and quality of the talent pool in India.
- Continuous engagement with all member companies and stakeholders to devise strategies to achieve shared aspirations for the industry and the country.

3.5.3 NASSCOM's Contribution towards Growth in Indian Industry

NASSCOM has been a pioneer in the growth of the Indian IT/ITES industry. Since its inception, it has grown significantly and currently has over 950 companies as its member, cumulatively accounting for 95 percent of the revenues of the software industry in India.

In its early days, NASSCOM, under the leadership of Dewang Mehta, lobbied, fought and worked with the government for the benefit of the IT industry. It took initiatives on landmark initiatives, such as the National Association of Software and Services Companies (NASSCOM) and the National Software and Services Mission (NLSM). Since then, NASSCOM has continued to contribute to the growth of the ITES industry by introducing best practices and championing the cause of the industry.

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This association is envisioned to be similar to industry associations in other offshore destinations, such as the National Association of Software and Service Companies (NASSCOM), the trade body and the chamber of commerce of the IT software and services industry in India. Other industry associations include the National Association of Software and Service Companies (NASSCOM), the trade body and the chamber of commerce of the IT software and services industry in India.

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The capacity constraints of public universities and polytechnics in Ghana restrict tertiary enrolment levels in Ghana, and as the industry gains momentum in the future, there may be a shortage of tertiary level educated workforce. However, the floating population created as a result of the high drop-out rate at successive levels of pre-tertiary education, is a potential talent pool that ITES-BPO companies can tap into for low-end ITES-BPO segment.

### Summary

#### Incumbents: Key Strengths and Challenges for Ghana

**Strengths**
- Presence of ACS, a global ITES company, which has increased its headcount nearly ten fold since 2001.

**Challenges**
- Low levels of incumbent presence.
- No significant presence of captives.
- Inability to attract other players despite presence of ACS.
- Absence of formal linkage with other established ITES destination impacting the knowledge gain within industry.
4 SUGGESTED ROADMAP TO SUCCESS AS AN ITES-BPO DESTINATION

4.1 RECOMMENDED APPROACH FOR GHANA

4.1.1 Ghana’s “National ITES-BPO Offer” or Value Proposition

Based on our experience and understanding of the ITES-BPO market at large, its dynamics and potential, we have defined three possible ‘value disciplines’, that we believe a country could adopt to build its unique positioning and strategy in the ITES-BPO market. These are:

- Scale/Volume Play
- Niche/Product Leadership
- Operational Excellence

Ghana’s current capabilities, its latent strengths, hindering weaknesses, and market perception are the crux to our determining “Niche/Product Leadership” as Ghana’s “National ITES-BPO Offer” based on the concept of sustainable competitive advantage.

4.1.2 Market Opportunities for Ghana

The extremely dynamic and ever expanding nature of the global ITES-BPO industry is creating new paradigms of business and opportunity. Concepts and definitions are continually being challenged as market players redefine the boundaries of ITES-BPO.

In addition to the large number of established market opportunities where there is already considerable

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Moreover, different countries have adopted different growth models for development of their ITES sector to exploit potential opportunities and establish a global footprint. Ireland for example, had a developed IT industry that was leveraged. It provided impetus to the international companies to set up operations in Ireland. This strong export orientation is explained by the fact that about half of Irish indigenous software firms are engaged in the development and sale of niche products in sectors such as banking and finance, telecommunications and computer/Internet-based training. This in turn has led to development of a strong ITES industry in Ireland backed up by FDI oriented policies, skilled workforce, and a highly developed cost telecommunication infrastructure.

India, on the other hand developed its domestic industry based on the successes of a strong export-oriented IT and ITES sector. The domestic industry for BPO/ITES in India is a more recent phenomenon based on the government policies and availability of high communications infrastructure and the needed human capacity.

While Ghana currently has two domestic incumbents serving the domestic market, as evident from Table 3.5.1.1., these incumbents have set up call centers arising out of business necessity to serve the telecom customers. The other sectors such as banking, financial services, and insurance have not yet followed the lead. There can be a large potential, momentum and competition, there exist various rapidly evolving and latent opportunities that late entrants can adopt and exploit.

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Based on the value proposition that we have defined for Ghana, we have identified the following market opportunities or niches for the country as an ITES destination. Ghana will be looking to attract both third-party service providers as well as captive organizations. Captive organizations especially will be critical towards adding to the service provisioning maturity of the industry.

4.1.3 Target Market Segments in ITES-BPO

4.1.3.1 ITES-BPO Processes

Processes in the ITES-BPO can be broadly classified under three categories: Individual, Process Level and Functional.

Individual: Individual level involves National and International companies outsourcing/offshoring specific activities and associated positions to contract employees. It is usually done to gain special managerial or technical skills for short or medium duration projects.

Process: Process level outsourcing/offshoring involves a specific business process such as Back Office/Data Processing, Data Conversion, Medical Transcription, Customer Contract Services, Help desk and Recruitment, to an external provider who specializes in these processes or to its independent business unit (captive) at a different location.

Functional: Functional level outsourcing/offshoring involves entire functions such as Accounting, Payroll, Knowledge Services, Business Research, and Technical Helpdesk to an external organization (third party) or its independent business unit (captive) at a different location.

Our experience in working with organizations engaged in offshoring has led us to observe a trend in countries with regards to the shift in the offshoring services from less-complex to high-end activities, as the country’s ITES-BPO industry matures.

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Our experience in working with organizations engaged in offshoring has led us to observe a trend in countries with regards to the shift in the offshoring services from less-complex to high-end activities, as the country’s ITES-BPO industry matures.
Therefore, upcoming offshoring delivery spots are targeted by organizations for outsourcing non-core processes at individual and process level. Outsourcing of functional processes is more selective and based on the potential of the offshoring destination in scaling up operations coupled with the availability of requisite skill sets and presence of adequate training facilities in the country.

The following are a few examples of evolved and evolving offshore destination substantiating the fact that these destinations initially captured low-hanging fruits and eventually moved to functional level outsourcing.

**India:**

Offshore services provided by India have evolved over a period of time starting with the lesser complex ITES-BPO activities such as simple data entry, data processing, data conversion, medical transcription, voice and non voice based contact center operations. Over time, India has matured in the global ITES-BPO market place with several U.S. companies setting up their captive units or offshoring work to third party providers. U.S. companies have been the primary investors, essentially because of historical links with the country, one of the factors for confidence in Philippines.

**Key success factors:**

- ITES-BPO recognized as a priority industry for the government (e.g., declared essential services), led to key changes (e.g., enabling regulations such as SEZs & Establishment Act, IT policy, etc.);
- Government invested in the industry (e.g., financial incentives, set up process improvement);
- High performing private sector industry association (NASSCOM);
- Effective public-private partnerships between the government and the industry that helped drive key initiatives (e.g., talent development by roll out of National Assessment of Competence with active participation from the federal states and universities; changing the status of region engineering colleges to national status where the funding agency is now that of the Central Government; increasing the number of fundamental research institutions from one to three);
- A strong industry association can pro-actively work with the government on key front end and back end initiatives;
- Government is committed to private sector led economic growth (PEZA)
- Malaysia: Currently an upcoming player in the field, it is building its infrastructure to garner business for the future. Over the years India has evolved to providing high-end processes such as customer analytics and CRM, legal transcription support, Knowledge Process Outsourcing (KPO), and Financial Process Outsourcing (FPO). The key insight is that ITES-BPO grew as an offshoot of IT services outsourcing, which gave investors confidence in India's capability on all fronts.

**The Philippines:**

The Philippines has progressed from providing voice-based contact center services to financial and accounting processing services and animation services. Over time, Philippines has matured in the global ITES-BPO market place with several U.S. companies setting up their captive units or offshoring work to third party providers. U.S. companies have been the primary investors, essentially because of historical links with the country, one of the factors for confidence in Philippines.

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**Key success factors:**

- Significant government support to grow ITES-BPO industry;
- Supported development of key industries and services;
- Set up dedicated agencies (e.g., BOC Department of Trade and Industry);
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**Lessons for Ghana**

- Government is committed to provide sector led economic growth;
- ITES-BPO industry association has to actively promote Ghana's capability on regional, national and international front;
- Attracting foreign investments is likely to require favorable regulations and making sector-specific task force to tackle individual key challenges (e.g., financial incentives, fast track implementation, creation of specific IT park);
- Leverage cultural affinity with specific source markets (e.g., UK and USA);
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Key success factors

• A stable economy, the accelerated or transforming free-market economy is essential to ensure long-term investment in the sector.
• Establish a dedicated government body such as the ITES-BPO secretariat, which should also host a dedicated investment promotion call that promotes foreign investment in the ITES-BPO sector.
• Giving promotional incentive for companies setting base in Ghana.
• Fostering a regional alliance that can attract ITES-BPO investments and should therefore be prioritized.

Lessons for Ghana

• Ghana has to establish a regional association for promoting and attracting ITES-BPO projects to its respective locations.
• The region is transitioning from a manufacturing to a service-based economy.
• The industry body and the ITES-BPO secretariat need to be taken into consideration in the development of the ITES-BPO sector.

Malaysia is also coming up as an excellent destination for India for subcontracting work or as an alternative destination other than India and Philippines for international companies. Listed below are success factors for Malaysia.

South Africa: As shown in the international benchmarking study, South Africa is the leading destination in the region. Though a late entrant in the ITES-BPO space, it is ramping up quickly. A strong domestic call center industry helped South Africa in attracting large multinationals to set up their captive centers in the country. Moving from domestic to international subcontracting, companies are now doing more process-oriented, complex services in voice and non-voice services.

Key success factors

• Favorable government policies to boost services and private sector organizations, such as SISCOs, ContactGaZing and Culling the Cape, that have representatives and close working relationships with the state to coordinate and promote investments in the country.

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Malaysia has been providing low-end IT and back-office services to international companies, including hosting of disaster recovery centers of the Indian IT companies such as Infosys and Wipro. Its ITES-BPO sector is going through a process of diversification with the emergence of sectors like multimedia, on-line education, website development and Disaster Recovery. Gradually, the country has moved to providing high-end application support, maintenance and help desk support services.

Key success factors

• Investment projects in the area of software development and value-added projects in medical and legal domain, the destination has progressed very rapidly.
• Education and English proficiency.

Lessons for Malaysia

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Mauritius: Mauritius has been providing low-end IT and back-office services to international companies, including hosting of disaster recovery centers of the Indian IT companies such as Infosys and Wipro. Its ITES-BPO sector is going through a process of diversification with the emergence of sectors like multimedia, on-line education, website development and Disaster Recovery. Gradually, the country has moved to providing high-end application support, maintenance and help desk support services.

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25-seat offshoring facility in Bucharest, Romania. This (Wipro) facility will provide technical engineering and support, and will enable Romania to attract subcontracting work from Indian and Russian firms that have the major share in high-end technical engineering market. Though sub-contracting is not the preferred method of doing business globally, it is a preferred method in some industries.

Key success factors

• A stable economy, the accelerated or transforming free-market economy is essential to ensure long-term investment in the sector.
• Establish a dedicated government body such as the ITES-BPO secretariat, which should also host a dedicated investment promotion call that promotes foreign investment in the ITES-BPO sector.
• Giving promotional incentive for companies setting base in Ghana.
• Inability to implement talent initiatives can inhibit growth of ITES-BPO investments and should therefore be prioritized.

Lessons for Romania

• Romania has to establish a dedicated government body such as the ITES-BPO secretariat, which should also host a dedicated investment promotion call that promotes foreign investment in the ITES-BPO sector.
• The region is transitioning from a manufacturing to a service-based economy.
• The industry body and the ITES-BPO Secretariat need to be taken into consideration in the development of the ITES-BPO sector.

Suggested Roadmap to Success as an ITES-BPO Destination
main positioning of Romania, the Indian IT major has chosen Romania as a gateway to Europe as a part of its future plans.

4.1.3.2 ITES-BPO Market Segments

Hewitt’s experience in working with the companies offshoring their work in various countries has led us to develop the "Hewitt ITES-BPO Market Segments Matrix." This matrix is comprehensive and covers a gamut of ITES-BPO functions catering to this sector.

The following section identifies in greater detail the key segments that Ghana should develop in the short (0–2 years) and medium-terms (3–5 years).

4.1.3.3 Identification of ITES-BPO Opportunities for Ghana in Short- and Medium-Terms

Maintaining Ghana's momentum and share of this global opportunity will depend on its ability to create and make available a growing and appropriately skilled pool of talent. As highlighted in Chapter 2, Ghana has placed fifth as an offshoring destination in Africa, after South Africa, Mauritius, Egypt, and Botswana. Ghana’s high growth aspirations demand that adequate actions need to be taken to improve overall infrastructure and employable population ready for ITES-BPO jobs.

After analyzing Ghana’s key strengths and opportunities (as detailed in Chapters 2 and 3) and taking into consideration the country examples cited above, we have mapped Ghana’s existing capabilities to Hewitt’s Market Segment Matrix in the ITES space. We have also designed a future roadmap for the short and medium terms based on capabilities Ghana possesses under people, infrastructure, environment and existing incumbents, indicating success factors for each.

Most evolved destinations for ITES services started with performing low-end services like data entry and have thereafter scaled to data processing, medical transcription, and customer contact centers. We also recommend that Ghana focus on individual and process levels in the short and medium terms.

Ghana has to concentrate on basic activities within each function listed under industry verticals. Industry verticals have been shortlisted based on Ghana’s inherent capability and future potential of these sectors in providing high information turnover, which will require lot of data entry, data processing, and document translation in electronic formats.

The industry verticals which we have identified for Ghana are as follows:

Insurance Industry: Nearly 20 insurance companies operate in Ghana today. ACS also sells data processing services to insurance companies in the United States. It started operations in 2000, and now employs sizable Ghanaians for claim processing and data entry. The presence of domestic insurance companies coupled with ACS being a strong incumbent in the Insurance vertical will help in showcasing Ghana’s current capability, domain expertise and manpower availability for doing Insurance process.

Banking and Finance: Ghana has a sophisticated banking and finance environment, an advanced financial system comprising a Central Bank (Bank of Ghana), 11 commercial banks, 5 merchant banks, 3 developmental banks and 123 rural unit banks. The majority of the estimated addressable ITES-BPO market globally, US$35 - 40 billion80 out of $140 billion is in the Retail Banking space, comprising data entry, rule based data processing. Based on the inherent capability of raw talent and requisite managerial skill in the banking and finance sectors in Ghana, national and international banking organizations have an option to outsource their back office or move shared services set ups to Ghana.

Telecommunications: With large-scale telecom privatization and reforms, scalable telecom infrastructure, experienced players with technical knowhow and capability are entering Ghana’s telecom market. Companies such as ExZeZed are operating

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<th>Telecom</th>
<th>Health care</th>
<th>Human Resource</th>
</tr>
</thead>
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<td></td>
<td>Billing query, Check processing, Credit management, Invoice processing, General accounting, Loan processing, Mortgage processing</td>
<td>Loan processing, Application processing, Underwriting, Cashiering, Document indexing &amp; validation</td>
<td>Account payable, Account receivable, TL&amp;E reimbursement, Policy, Invoice processing, Account reconciliation, Fixed asset accounting</td>
<td>Fullfillment, Insurance, Reimbursement, Installation service management</td>
<td>Medical records, Transcription, Translation, Insurance processing, Medical billing, HMO membership, Reconciliation, CFO</td>
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<td>Customer Contact Services</td>
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<td>Inbound customer services, Outbound credit card acquisition, Telemarketing, Product inquiries, Collections, Credit card &amp;ew will</td>
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- Statistical analysis
- Market data reporting analysis
- Portfolio analysis
- Equity research
- Financial analysis

### Tech Support
- IT Service management
- PC Support
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the contact center for Ghana Telecom. With entry of more private players in the sector, opportunities such as data processing, contact center operations, order fulfillment, inbound support, telemarketing and service activation will be outsourced to national or international players.

**Forecast:** Size of Market = US$119 Billion

**Health care:** Medical transcription (MT) is the process of converting a health care provider's dictated (or less frequently, handwritten) notes into accurate, readable records. The Medical Transcription industry has huge potential of generating employment, going by the trends of established destinations like India, which initially started in this niche segment and moved to process and functional off-shoring. Its large pool of English-speaking and computer-literate graduate workforce can cater to the growing demand of professionals for medical transcription services. Training institutes such as NIIT, Aptech, Kofi Anan Centre of Excellence, and Ghana Multimedia Centre are building Ghana’s current and future capabilities in MT services. Present MT capability of Ghana has the potential of becoming an anchor for attracting more matured international players in this space.

**Forecast:** Size of Market = US$15 billion

**Human Resources:** HR processes are divided in two parts—strategic and transactional. Most of the U.S. companies are outsourcing transactional HR processes that involve service lines such as payroll, time and attendance, leave tracking, employee data management, relocation, etc. HR tasks are manually complex, allowing basic keyboarding skills, and rule-based processing in enterprise solutions (People Soft, SAP) to be done with ease. In light of Ghana’s e-governance initiative, significant departmental paperwork is currently being translated and converted to electronic formats (including employer-employee records, land records, etc.). This presents a domestic opportunity for the development of HR process outsourcing.

Globally, McKinsey & Company predicts a US$20 billion opportunity in HR3 services including customer interaction services in HR. Ghana should target small and medium enterprises in the U.S. and U.K. markets for offshoring their HR service companies in Ghana.

**Forecast:** Size of Market = US$20 Billion

The following illustration depicts the service sectors and functions within each sector that Ghana should focus on in the short and medium term. As mentioned earlier, Ghana will be looking to attract both third-party service providers as well as captive organizations. Captive organizations especially will be critical towards adding to the service provisioning maturity of the industry as well as bringing in international standards of productivity and efficiency of processes.

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#### Data Entry and Data processing without exception handling

**Opportunities for Ghana**

- **As highlighted in Chapter 3,** the dropout rate from senior secondary schools is almost 40 percent in Ghana because of highly competitive entry into tertiary institutions. Therefore, there is a labor pool that is passing out from secondary school and not enrolling in further education. This creates a large available labor pool for conducting low-end data entry and data processing work, which can be made employable with adequate short training in basic computer literacy.

- **Infrastructure requirement for data entry work is minimal,** and Ghana can easily tap into this market with its existing infrastructure.

- **Subcontracting of jobs is common.** Smaller companies may start by providing services to a larger company, which can focus on providing more valued-added services, or building a portfolio of accounts.

  - 1999: US$27.7 billion
  - 2001: US$37.8 billion
  - 2004: US$67.9 billion
  - CAGR 1991–2006: 19.3 percent

- **Process Definition**
  - **Data processing is a broad category that involves capturing, manipulating, and sorting data from different sources.** Data processing services consist of keying data from manually filled and scanned forms, preparing databases and integrating them. These processes require no decision from the operator and client interface is minimal.

- **Process Success Factors**
  - **Accuracy, efficiency, and timeliness**
  - **Ability to dedicate resources to client needs**
  - **100 percent uptime of facilities**
  - **100 percent availability of data**
  - **Privacy and security of client data**

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<td>Data Entry &amp; Data processing without exception handling</td>
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#### Data Entry and Data processing without exception handling

**Opportunities for Ghana**

- **As highlighted in Chapter 3,** the dropout rate from senior secondary schools is almost 40 percent in Ghana because of highly competitive entry into tertiary institutions. Therefore, there is a labor pool that is passing out from secondary school and not enrolling in further education. This creates a large available labor pool for conducting low-end data entry and data processing work, which can be made employable with adequate short training in basic computer literacy.

- **Infrastructure requirement for data entry work is minimal,** and Ghana can easily tap into this market with its existing infrastructure.

- **Subcontracting of jobs is common.** Smaller companies may start by providing services to a larger company, which can focus on providing more valued-added services, or building a portfolio of accounts.

  - 1999: US$27.7 billion
  - 2001: US$37.8 billion
  - 2004: US$67.9 billion
  - CAGR 1991–2006: 19.3 percent

- **Process Definition**
  - **Data processing is a broad category that involves capturing, manipulating, and sorting data from different sources.** Data processing services consist of keying data from manually filled and scanned forms, preparing databases and integrating them. These processes require no decision from the operator and client interface is minimal.

- **Process Success Factors**
  - **Accuracy, efficiency, and timeliness**
  - **Ability to dedicate resources to client needs**
  - **100 percent uptime of facilities**
  - **100 percent availability of data**
  - **Privacy and security of client data**

### Targeted Opportunities for Ghana

<table>
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<tr>
<th>Vertical Based Services</th>
<th>Targeted Opportunities for Ghana</th>
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<tr>
<td>Banking</td>
<td>Data Entry &amp; Data processing without exception handling</td>
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4.1.3.6 Long-term (>5 years)

These comprise high-end processes requiring specialized skill sets and are highly complex in nature. Ghana’s progression to these processes is dependent on growth of the overall ITES-BPO industry in the short term and medium term, coupled with overall development of the talent pool that can cater to these high-end processes.

4.2 STRATEGIC RECOMMENDATIONS

The niche areas and market segments identified above comprise the demand-side factors that must be developed by Ghana’s ITES-BPO industry. Most
Developmental factors

Enhance Employability and Basic Industry Readiness Skills

- Shortage of local, middle level, and supervisory talent (a key focus is the curriculum)
- Low PC penetration in education
- Absence of linkages between IT businesses, education and market needs

Our recommendations

- Increase PC Penetration in Education
  - Increase ITES-BPO Vocational Training Expert Group to 25 members within the industry and educational experts to review and comment upon the set of uniform skill standards suggested by Hewitt for the targeted ITES-BPO sectors. This will also ensure industry involvement and buy-in into the process early on.
  - Based on the uniform skill standards adopted, develop a standard national level ITES- BPO Skills Assessment, Certification and Training Program in conjunction with the ITES-BPO Vocational Training Expert Group. This framework will assess potential candidates on certain pre-set skill requirements and provide a score that can be used by prospective employers to judge capability and thus reduce some of the costs associated with in-house recruitment framework. This framework will also allow students to judge their aptitude for the industry and also their training needs. This assessment framework should be made available at subsidized costs across the country, a combining model can be arrived at between the industry and the government.
  - Develop local, middle, and technical capability for the industry
  - Enable Educators to participate in the ITES-BPO movement
  - Set up a prototype low cost PC, (US$200-$250 per PC) and enhance availability of refurbished PCs. Tax incentives can be allowed to these organizations to start assembling IT hardware and network equipment locally, creating a pool of skilled technicians and programmes.

Enable Educators to participate in the ITES-BPO movement

- Make government procedures flexible for verifying teaching faculty to participate in `continuing education' in the ITES-BPO and PyEBOP environment through teacher workshops, summer work programs, and consulting opportunities.
- Set up institutes specifically dedicated for training teachers in IT and therefore increasing IT/PC proficiency in the overall education system.
- Review educational syllabus at school and tertiary levels with a focus on building language, analytical, and computer skills.

Development local, middle management, and technical capability for the industry

- Promote the establishment of private business schools that would focus on offering business education relating to the management of IT and ITESCO organizations. Also encourage GMRA to offer such industry-related courses. These should also be made available to short factory, partner courses, available through distance learning and correspondence mode to enable professionals and workers to hone their skills for the industry.
- Increase capacity of engineering institutions, degree colleges, polytechnics and other specialized teaching institutions to expand their role for information technology courses.

(continued)

(continued)
### Developmental factors Our recommendations

#### Affect and retain skilled workers

- Build awareness of the career opportunities in the ITES-BPO sectors by inviting industry players to hold seminars and meet at the senior school and college campuses.
- Set up an ITES-BPO career counseling stall at a central location for easy campus in the main towns (collocated with the ITES-BPO pavilion/engagement center).
- Aggressively target and promote the opportunities in ITES-BPO in Ghana in “ Diaspora” forces to encourage non-residents to return and invest/work in Ghana.

#### Bandwidth availability and cost constraints

- Open market effectively, and iteratively investment promotion in the telecom sector to ensure effective competition and multiprovider structure.
- Implement congestion policies for the growth of broadband in Ghana, including growth enablers such as fixing of costing tariff and government’s setting of strict annual broad-band penetration targets.
- Along with a capping tariff, provide flexibility to the operators in the matter of offering various tariff packages to different destinations within the given capping.
- Provide infrastructure development assistance to telecom companies establishing infra-structure to provide services to ITES-BPO establishments within designated special zones.
- Encourage the deployment of cost-effective technologies such as VoIP for domestic as well as international companies. VoIP technologies are far more cost-effective ways of conducting business outside of their local area. Emerging markets aim to reduce telephone costs while increasing overall infrastructure flexibility.
- Organizations derive value from use of IP phones in that it leads, in the direction of conver-gence and also that IP phones typically use less bandwidth compared to traditional phones (up to 20 percent). Hence the ROI for VoIP is to be good.
- It is important to ensure that all infrastructural and minimum SARs are adhered to through the National Communication Authority.
- As in the case of GPOA, reduce prices for mid-market, preferably encourage availability of cost-effective telecom services for the ITES-BPO industry.

#### Poor availability of suitable real estate

- Educate local real estate developers through forums and seminars on international stan-dards in real estate and office facilities. Invite international developers to participate and share best practices in such meetings.
- Provide rebates on prices of real estate that may be made available to ITES companies. This can be linked to the level of job creative achieved by the establishment in a given period of time.
- Provide privately funded parks with adequate land area at reduced prices.
- Simplify land deed and ownership procedure.
- Provide incentives for international real estate developers to work in Ghana by providing tax holidays or rebates.
- Link current incentives provided to real estate developers to qualify and incentivize and progressively match these to international developers.
- Review ICT Park Strategy and other ICT Park initiatives, including revisiting current model of Terram Park Development. Also, work towards providing availability of sheds (publicprivate led).
- Develop ITES destinations in addition to Accra. Some viable options:
  - Winneba: Winneba also has advantages such as availability of cheap, skilled labor, although housing facilities are not readily available here.
  - Cape Coast: Offers a high provox to take good senior secondary school, the Cape Coast University, and a number of colleges and polytechnics—all providing a good pool of skilled IT labor, international airport to be built here (project completion date 2012). Need to make 40-1 link available.
- Provide for development of adequate social infrastructure and facilities such as residen-tial colonies, banks, recreational facilities, around technology parks and free zones.

#### Basic infrastructure constraints

- Effectively deregulate the power sector.
- Accelerate universal access to telecom in Ghana.
- Introduce stringent connectivity targets for providers to induce coverage in the rural and isolated areas.
- To supplement investments by the state government and urban local bodies, permit developers of private 5 parks to invest in establishing high capacity road connectivity from highways. Such roads would be transferred to developers by Urban Local Bodies and recovery of the investments of the developers would be adjusted against the property tax payable to the local bodies in future.

(continued)
of the above-mentioned initiatives will be led by the industry players themselves.

The government of Ghana, in collaboration with other industry stakeholders must also look towards developing the supply-side factors that involve addressing concerns and challenges identified, through the International Benchmarking and Country Analysis (Chapters 2 and 3), earlier in the report. This section presents the key drivers that need to be addressed and subsequent recommendations for initiatives to be undertaken.

It is important to note that ITES growth has withstood the economic downturn in the early part of the 21st century.

Competing countries, especially in Asia, are going all out in attracting investments in the IT/ITES-BPO sector, spurred by the need to create higher levels of employment, and wealth for the region and the country. Efforts are being made by all public and private agencies to create favorable pull factors for investors. The key pull factors are in the form of availability of cheap and better or larger network technology, communications infrastructure, and bandwidth, which are prerequisites for services to be managed and provided from remote locations. So long as a cheap workforce with the requisite language abilities and skills can be found or created, this is an opportunity waiting to be exploited by developing countries.

4.3 PROPOSED INDUSTRY BODIES

As mentioned earlier in this section, the ITES-BPO industry in Ghana currently lacks the presence of a unified, dedicated agency in the public sector domain that can facilitate the development and

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In this section we provide a recommended structure for these bodies as well as key roles and responsibilities proposed for them.

4.3.1 ITES-BPO Secretariat

Currently, the Ghana Free Zone Board and the Ghana Investment Promotion Centre (GIPC) have been promoting FDI in Ghana. While the Free Zone Board is entrusted with facilitating the entry of exporters, GIPC on the other hand is responsible for promoting non-exporters. However, admittedly, there is no single agency entrusted with promotion of all types of FDI within the ITES-BPO sector. For example, Mauritius has set up a BPO Secretariat under the Board of Investment to promote the development of the ITES-BPO industry in Mauritius and this is the sole agency responsible for its development and promotion.

The government of Ghana should set up an ITES-BPO Secretariat as a unified body responsible for the overall development and promotion of the ITES-BPO sector in Ghana. This would demonstrate its commitment to market reforms, and give it greater credibility and visibility in the international and national business communities.

It is recommended that the BPO Secretariat be constituted as an autonomous or semi-autonomous institution under the MoCs. The Head of the Secretariat should be recruited from the private sector supported with a staff comprised of people from the private sector, as well as those with experience in policymaking.

The steering committee of the Secretariat will have representatives from various related ministries such as the MoCs, Ministry of Trade, Industry, private sector development and Presidential Special Initiatives including that from GIPC and GFZB, Ministry of Finance and Economic Planning, Ministry of Manpower, Development and Employment, Ministry of Education, Science and Sports, Ministry of Energy, etc.

Figure 4.3.1.1 ITES-BPO secretariat structure

Promoted Structure for ITES/BPO Secretariat

- Steering Committee
  - Members from:
    - Ministry of Private Sector Development
    - Ministry of Manpower Development
    - Ministry of Industry
    - Ministry of Trade & Industry
    - Ghana Outsourcing Association

- Ministry of Communication
- ITES/BPO Secretariat
- Head of Secretariat
- Staff
Key responsibilities of the ITES-BPO Secretariat is proposed as follows:

- Develop cooperation with all relevant agencies and ministries in the government to ensure the support and involvement of the government at all levels as well as facilitate communication and feedback between investors and the government.
- Ensure development of necessary infrastructure with regards to telecommunications, real estate, power, technology parks, etc.
- Provide investment facilitation services, both before and after investment. These services include facilitation of business registration processes, site visits, and post-investment review and feedback. Services also could include provision of real estate, necessary infrastructure information related to Ghana's business environment, and legal advice.
- Create a positive international image of Ghana as an attractive location for ITES-BPO investment through sustained marketing and promotion activities. These activities can be conducted through a specialized Investment Promotion Cell (IPC) that can be formed under the aegis of the Secretariat.
- Supervise the creation and implementation of the ITES-BPO Policy for Ghana.
- Develop and introduce certifications and industry standards so as to provide for quality enhancement of the industry as a whole.
- Liaise with international governments, embassies, multilateral agencies, other foreign government officials and bodies.

4.3.2 ITES-BPO Industry Association

One of the major reasons why the IT/ITES-BPO industry has not flourished despite the presence of ACS since 2000, is the absence of a trade/industry body that can act as a catalyst for the growth of the industry, including providing encouragement and advancement of research, propagating education and employment, and creating a platform for industry incumbents to collectively share their experiences and voice concerns.

In India, NASSCOM has played an integral role in developing and facilitating the growth of the IT services and ITES/BPO industry. The association is an independent, national level body with members from all leading ITES organizations in India. It has successfully lobbied with the government and government agencies on behalf of the industry as well as established various industry standards.

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Hewitt has identified the following roles for an ITES-BPO Industry Association:

- Providing a forum for industry players. One of the primary roles of an industry association is to provide a forum to industry players so that they may lobby for development of necessary infrastructure and required changes in existing regulatory policies.
- Attracting venture capital funds and non-resident Ghanaians. The industry association, through sustained marketing and promotion activities, can attract venture capital funds and non-resident Ghanaians to invest in the ITES-BPO industry in Ghana.
with its domain knowledge coupled with country fact sheets and linkages with the ITES-BPO Secretariat should target venture capitalists outside Ghana to ensure necessary funds flow into the country. The advantage of venture capitals is that they can assist in networking, management, and marketing support as well.

Develop associations with overseas clusters
As the representative industry body for the ITES-BPO industry in Ghana, the association can develop alliances with overseas associations such as Dubai International City Intellect Incorporated, members of Computing Services and Software Association (CSSA), Federation of Electronics Industry (FEI), Information Technology Association of America, Singapore Information Technology Federation, Irish Software Association etc. Such associations will help both the ITES-BPO Secretariat and the industry incumbents in Ghana gather market intelligence on potential inventors as well as conduct awareness and promotion campaigns for Ghana.

Organizing events. The Association can also organize regular industry events such as conferences, seminars and workshops on specific ITES-BPO related topics at the national and international levels with the dual objectives of promoting the industry in the domestic labor market as well as with international customers.

Developing HR capacity. While the government will play an active role in developing the infrastructure for educational and training institutions, Ghana Outsourcing Association will need to promote the softer aspects of HR capacity building in ITES-BPO, such as:

- facilitating industry-academia partnerships and discussion forums to gain insights on the manpower requirements of the ITES-BPO sector;
- conducting regular studies and surveys independently and with business intelligence to gain insights on the existing pool of knowledge professionals and future requirements of the industry in Ghana and across the globe;
- highlighting the concerns of the ITES-BPO workforce development scenario by bringing the industry and academia on one platform to outline solutions to the HR challenges faced by ITES-BPO organizations;
- coordinating with ITES-BPO Secretariat to draft a strategic roadmap for making the current education system relevant to the needs of the industry;

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4.4 ITES-BPO POLICY FRAMEWORK

4.4.1 Need for a separate ITES-BPO Policy

In 2003, the MoC issued a policy for the overall ICT sector. The objective of this ICT for Accelerated Development (ICT4AD) policy is “to engineer an ICT led socio-development process with the potential to transform Ghana into a middle income information-rich, knowledge-based and technology-driven economy and society.” The ICT4AD policy outlined some of the initial steps being adopted by the government of Ghana to increase the ICT competitiveness of the country.

With ITES-BPO now being identified as one of the priority sectors that will help drive the economic growth and prosperity of Ghana and enable it to achieve its economic goals as outlined under its Millennium Development Goals, there is need for an integrated ITES-BPO policy with concurrent attention to infrastructure development, FDI mobilization, incentives for development, education and regulation. The policy is also a statement of intent to investors and stakeholders, detailing the focus of a country or government towards provide an enabling environment for addressing the needs and priorities of the ITES-BPO sector.

4.4.2 Key Policy Areas Recommended

To be effective, any comprehensive governing industry policy will need to take into consideration the current requirements of the sector with regards to resources and infrastructure, as well as allow for flexibility to respond to a dynamic and rapidly changing environment.

Some of the prominent ITES-BPO countries that have outlined a policy framework for the industry include India and Philippines. In the Philippines the ITES-BPO policy has been defined at a national level. In India, various state governments have taken the initiatives in providing ITES-BPO policies for their states. This is in addition to the ICT policy that would exist at both the state and central government levels.

Based on our experience in such emerging and established ITES-BPO destinations, and keeping in mind the key drivers and stakeholders involved in the ITES-BPO industry, Ghana will need to create a favorable policy infrastructure addressing the issues outlined in the next page.

- **Development Initiatives.** These will provide for any changes required in the country’s existing education and labor policies as well as include initiatives that will help create a favorable working environment and contribute towards talent development.
- **Economic Incentives.** These incentives will include provisions regarding FDI investment, helping to roll out common skill set requirements, certification programs; and evolving Intellectual Property Regulation requirements for the industry through its domain knowledge and industry interactions.

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4.5 TECHNOLOGY PARK FRAMEWORK

4.5.1 Introduction to Technology Parks

A prerequisite for the development and growth of the IT and ITES sectors is the availability of facilita-
tive infrastructure. To this extent, countries world-
wide have initiated several projects around the cre-
ation of technology parks or ICT Parks that provide
organisations and employees a development-friendly
environment and therefore encourage the formation
and growth of businesses in the IT and ITES sector.

The concept of technology parks was developed
during the 1970s, in order to facilitate technology
transfer from the public research community to the
private sector as well as to enhance entrepreneur-
ship culture among the scientific sector. According
to a definition from the International Association
of Science Parks, “Technology parks stimulate
and manage the flow of knowledge and technolo-
gy among universities, R&D institutions, compa-
nies, and markets; they facilitate the creation
and growth of innovation-based companies through
incubation and spin-off processes; and they provide
other value-added services together with high-quality
space and facilities.”

In light of the above, we recommend that the
ITES-BPO policy framework for Ghana have the
following components:

- A clearly defined objective that will help make
  Ghana the preferred destination for domestic
  and foreign investments in the ITES-BPO
  industry among emerging countries within the
  African region.

- Identification of the services that fall under ITES-
  BPO, which in turn will define the scope of
  governance for the Policy.

- Identification of key agencies and government
departments that will be involved in regulating,
supporting, or framing the design or implementa-
tion of the policy and its components.

- Provisions to ensure implementation of develop-
ment initiatives provided under the policy, includ-

  - education and training reforms and incentives;
  - industry law provisions, such as allowing
    ITES-BPO establishments to function 365
days a year and run a three-shift operation;
  - fiscal and tax incentives, including preferen-
tial bank loans and subsidized interest rates
    for ITES-BPO investors;
  - trade promotion incentives, such as state-
sponsored events for the ITES-BPO sector;
  - incubation/pre-operational assistance; and
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    for ITES-BPO investors;
While some countries have technology parks developed and managed by governments, current trends show public-private partnerships. The technology parks usually offer excellent infrastructure and provide incubation facilities that assist new businesses to get established (obtain approvals, equipment, high quality broadband connections, conference rooms etc). The Software Technology Parks of India, for example offer business incubation facilities for development and growth of new firms. Most parks seek to attract “anchor” one or two large foreign multinationals firms which, in turn, attract supplier firms and, eventually, national imitator firms.

While technology parks are primarily property-based initiatives, they also support a business network and act as catalysts for local development, knowledge transfer and employment. More specifically, technology parks offer a concerted development of IT/ITES-BPO companies, training institutions, transportation services, catering services, social infrastructure, in close proximity to each other.

This close proximity strengthens the functioning of the industry through greater collaboration among the different stakeholders.

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It is important to bear in mind that technology parks must be regarded as one of the elements or tools to promote and develop an industry/segment or to achieve certain goals and objectives. Creation of technology parks by itself cannot be the only factor if attracting investments or developing an industry.

The presence of a technology park requires the presence of other elements, such as high-speed Internet connections, availability of requisite talent, attractive fiscal and regulatory environment etc.

Under the Mahendra Super Corridor (MSC) Project of Malaysia, the Malaysian government has equipped core areas in the MSC Malaysia with high-speed global telecommunications and logistics networks. The MSC Malaysia is also supported by secure cyber laws, strategic policies, and a range of financial and non-financial incentives for investors in the form of pioneer status - 100 percent exemption from taxable statutory income for a period of five years for the first round, a 100 percent Investment Tax Allowance (ITA), duty free imports, availability of the services of a one stop shop, globally competitive telecommunications tariffs, etc.
In the context of Ghana, based on the experience of Asian countries, especially India and China, the government needs to play a catalytic role in developing technology parks. While the country has medical transcription ITES centers, developing technology parks will aid and boost the prospects of attracting FDI in other areas of ITES.

4.6 SKILLS SETS FOR ITES-BPO

Each country has its own distinct abilities and capabilities based on distinctive sets of skills, which affect their latent market opportunities.

4.6.1 Skill Sets

There are two types of skill sets—basic and job-related. Typically, basic skills are acquired by the workforce prior to employment. They consist of literacy, problem-solving, numerical reasoning and written communication. Occupational or job-related skills required by workers are those necessary to perform a specific job or function. In the context of ITES-BPO or any other industry for that matter, both skills are required.

In order to address the talent skill requirements of the ITES-BPO sector, it is essential for Ghana to have an understanding of the specific qualifications with regards to area, connectivity, and proximity to cluster institutions;

- defining the talent profile for the park;
- providing for development of the necessary infrastructure such as real estate, telecommunications, power, and energy and transportation;
- developing a business incubation and assistance cell that will especially encourage domestic entrepreneurship; and
- creating a management and administration authority that will supervise and provide for ongoing development of the park.

In general, technology parks have the following basics:

- High-quality and adequate infrastructures (excellent quality of buildings, buildings with ‘plug and play’ options, high quality telephone and internet communications and transportation accesses, good location and amenities);
- Good common services (business center amenities, security conference areas, food courts or cafeteria, security, parking space for employees and visitors);
- Incubation offerings to develop domestic enterprises.

In the context of Ghana, based on the experience of Latin America, it is essential for Ghana to have an understanding of the specific qualifications with regards to area, connectivity, and proximity to cluster institutions;

- defining the talent profile for the park;
- providing for development of the necessary infrastructure such as real estate, telecommunications, power, and energy and transportation;
- developing a business incubation and assistance cell that will especially encourage domestic entrepreneurship; and
- creating a management and administration authority that will supervise and provide for ongoing development of the park.

In general, technology parks have the following basics:

- High-quality and adequate infrastructures (excellent quality of buildings, buildings with ‘plug and play’ options, high quality telephone and internet communications and transportation accesses, good location and amenities);
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and skills required for different ITES-BPO work that is offshored across the globe.

In the following sections (4.6.3) Hewitt has identified requirements and subsequently drawn a skill-qualification matrix that can be applied for data processing and contact centers based on Hewitt's experience in working with the ITES-BPO sector. Processes have been classified as basic, medium, and high-end based on their complexity and the qualifications required for performing these processes. The more complex tasks under ITES-BPO are expected to require post-graduate qualifications or other certifications in addition to standard graduate degrees.

For example, while a typical back-office data entry/processing employee would need to be a graduate or a mature SS3 in any stream, an employee in the high-end area such as Defined Benefits processing would need to be at least a graduate or post-graduate in a specialized area. However, people with specific graduate degree qualifications may be better suited for specific functions. For example, a chartered accountant or chartered financial analyst may be better qualified to support remote accounting services or credit assessment support for a client. The person may also be required to undergo additional certification if required by the regulations of the client country. However, for the data entry support work of maintaining customer database or attending queries, a Bachelor's degree may be sufficient.

4.6.2 Current Position of Basic Skills in Ghana

Schools do not offer computer classes. Hence, a SS3 graduate does not possess any form of computer literacy, though there may be a few exceptions in the private domain. Computers are not used widely in the tertiary level, though attempts are being made to introduce them in all courses in the colleges. English is spoken widely and is the main medium of instruction in schools and colleges. Skills such as communication and listening are behavioral. Problem solving and numerical abilities will be available in most students having elective mathematics or accounting in school.

4.6.3 ITES-BPO Functions and Corresponding Skills Requirements

In this section we have provided the skill-set requirements for the identified opportunities (Back Office/Data Processing and Customer Contact Services) in the short and medium term as well as the universal skills required for Ghana's ITES-BPO industry in the long term.

The skill requirements are based on Hewitt Associates' interactions with a large number of ITES-BPO players in India and abroad, to understand current recruitment practices, attrition and skills required for the sector.

From the above table it is clear that the back office/data processing function, as well as the Customer Contact Services Functions require comparatively low-end skills while the other functions require significant value add and specialized skills sets to be developed.

Given the status of the current educational system and the existing skill sets in Ghana, the country's ITES-BPO industry can only support the low-end segments, coupled with requisite training in basic PC proficiency and other areas.

4.6.4 Review of Current Training Programs in Ghana

Hewitt has reviewed a training program, on a sample basis, currently being run in the Ghana Multimedia Centre, Accra. Some of the changes that may be introduced are as follows:

- Medical transcription training should include listening skills for phonetics for the U.S./U.K. accents.
- Call center training should be reinforced with cross-cultural behavior expectations and basic understanding of telecom technology such as IVR, call delivery etc.

These comments are preliminary and based on interviews only.

4.6.5 Development of Skills for Future

While educational reform in Ghana would address the gaps in current skill sets in the pre/tertiary education vis-à-vis the vocational requirements, especially on introduction of computer literacy, the and skills required for different ITES-BPO work that is offshored across the globe.

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Identified Market Opportunities for Ghana in Short and Medium Term

industry clusters on training have a significant role to play. The growth of current training organizations is limited, but the same will develop as the sector matures in Ghana.

The immediate requirement for Ghana is to improve the skill of its floating population which, along with the graduates, can meet the short- and medium-term requirements of the industry. In the medium term, it is expected that the ITES-BPO sector has the potential to employ 16,000 - 24,000 people on reasonable estimate. At an ambitious estimate, the number can go up to 36,000\(^{85}\).

4.7 THE FUTURE

4.7.1 Need to prioritize

In order to achieve its objectives, Ghana will have to tackle and address the developmental activities in a parallel, rather than sequential form. While developing

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**ITES-BPO Functions**

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85 Refer to Chapter 5.1
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In order to move up the value chain from the current medical transcription ITES-BPO to other processes, Ghana will have to prioritize its developmental initiatives. The direction that it needs to achieve is visually depicted in the above figure 4.7.1.1.

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5 INVESTMENT PROMOTION STRATEGY

5.1 PURPOSE OF INVESTMENT PROMOTION

Private venture is a major force driving globalization, and is acting as a potent mechanism for growth. Cross-border investments have more than doubled over the last decade alone. Emerging economies from Asia have shown that private sector investment is one of the primary means of increasing employment, resulting in sustained poverty reduction.

The presence of a conducive and enabling business environment is one of the most important factors influencing such private sector investments, particularly when the competition among countries to attract investments is intense. Hence, governments play a vital role in encouraging private sector investment by providing an enabling environment and infrastructure.

Investment promotion provides an important mechanism for communicating the benefits of investing in a country to potential investors, and assisting the investors in implementing their projects. Studies of foreign investment decisions show that even the largest firms do not systematically search for the best environment for investment opportunities. Rather, such a search is often a response to problems from the external environment.

Towards this effect, governments have adopted different models for attracting investments into their country, taking into consideration the overall development objectives as well as comparative advantages offered.

5.2 Recommended Investment Promotion Strategy

In developing an investment promotion strategy, it is first necessary to determine the pillars of investment promotion and define a vision for the plan.

Accordingly, the vision of the Investment Promotion Strategy for Ghana would be: “To make Ghana a preferred destination for domestic and foreign investments in the ITES industry (for the identified niches or market segments), amongst emerging destinations across the world and specifically within the African continent.”

Ghana’s IP plan should focus on promoting the country as an attractive business environment and specifically within the African continent.”

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5.3 Components of Proposed Investment Promotion Strategy

Having prepared the vision of the investment promotion as well as identifying the key area, the next step is to map out the implementation strategy.

Hewitt’s proposed promotion plan is grounded on the specific needs, culture, and business opportunities in Ghana.

Specifically, we have detailed the following as key components of a comprehensive investment promotion plan:

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5.4 OWNERSHIP OF ITES INVESTMENT PROMOTION IN GHANA - INVESTMENT PROMOTION CELL

While the government outlines investment promotion strategies and initiatives, such efforts may become ineffective due to the lack of ownership by a single agency and lack of coordination between various ministries and agencies involved. In this regard, most countries in the world have created one-stop-shops or dedicated agencies for investment promotion of their target sectors.

To this effect, we recommend creating an Investment Promotion Cell under the proposed ITES-BPO Secretariat by the government of Ghana. This cell will be responsible for developing and implementing all the investment promotion activities for the ITES-BPO sector in Ghana.

5.4.1 Recommended Role of Investment Promotion Cell (IPC)

The primary responsibility of the IPC will be to:
- cooperate with investment promotion agencies in the region and worldwide, and
- facilitate communication and feedback between investors and the government.

5.4.2 Recommended Organizational Structure of the IPC

The effectiveness of the IPC depends on its organizational structure. The cell must be equipped to quickly respond to investors’ needs, adjust to changing market conditions and possess autonomy to refine and implement the investment promotion strategy in the long term - activities that are more typical of a private sector agency than of a government body. Hence the following organizational structure is recommended for the IPC:

- The IPC should work like a quasi-governmental organization, funded by the government but separate from the governmental departments. It should be able to communicate effectively with government officials and domestic and foreign businesses.
- It may be recalled that BPO secretariat would consist of the steering committee which would include senior representatives from various ministries such as Communication, Finance and Economic Planning, Energy, and Education. The relationship between BPO Secretariat, under which the IPC would reside, should be formal and contain adequate knowledge basis to provide inputs to investment policy advocacy for Ghana.
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- The IPC will be a specialized cell residing under the proposed ITES-BPO Secretariat, which will be able to provide an adequate budget for promotion and marketing. The creation of such a cell will be seen as a demonstration of the government’s commitment to the ITES-BPO sector. As a result, the government could enjoy greater credibility and visibility in the international and national business community.

To deliver on its responsibilities, the IPC should be staffed with people experienced in marketing and in the private sector who have an understanding of the structure and procedures of the government in Ghana. Of critical importance will be the head of this agency who should:
- be a full time employee of the IPC,
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have the autonomy and budget to work for effective measurement of results. This can also be done by creating a non-profit "trust," with BPO secretariat as the sole trustee. This will also have the benefit of creating an image of an independent body in all its interactions at various forums.

5.4.3 Measuring Performance of IPC

Marketing is maturing as a result-driven discipline that is accountable for results. Though qualitatively, measurement will provide trends, it is important to have targets for measurement. The targets will also help provide direction to IPC and measure the effectiveness of initiatives undertaken by the IPC.

Hewitt recommends that the following metrics could be used for IPC:

- Number of leads generated.
- Number of companies setting-up business.
- Investor conversion time from leads.
- Number of initial visits made by investors as a result of image building.
- Number of jobs created.
- Value of FDI generated in a period.

The measurement metrics and related targets would need to be reviewed constantly within the changing landscape of investments in the country. For example, after three years, the focus could shift from image building to attracting larger volumes, more complex work, getting into different sectors etc. This would require the metrics to be modified accordingly.

5.5 TARGET MARKET SEGMENTS

To ensure that the marketing and promotion efforts are effective in reaching the appropriate audience, they should be in line with the overall industry development aims, targets and strategic focus.

As detailed in the main Study Report, we believe Ghana could adopt a "niche/product leadership" positioning in the ITES-BPO market. Ghana’s current capabilities, its latent strengths, hindering weaknesses and market perception are the cues to our determining "niche/product leadership" as Ghana’s ‘National ITES-BPO Offer' based on the concept of sustainable competitive advantage.

Other emerging destinations, such as Singapore, have also identified a niche value proposition for its IT/ITES-BPO sectors, based on the inherent capabilities and strengths.

Similarly, based on the value proposition (mentioned above) and the SWOT analysis for Ghana (provided in the main study report), the recommended target verticals, markets, approach to be adopted and relevant target customers within each niche area that Ghana should focus on in the short and medium term, are as follows:

- Value of FDI generated in a period.
- Number of initial visits made by investors as a result of initiatives undertaken by the IPC.

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### 5.6 MARKETING MESSAGE

These verticals, markets, and customers will serve to be the target audience for Ghana's investment promotion efforts and provide direction to the efforts of the Information Promotion Cell.

Ireland’s IDA has adopted such a targeted investment strategy over the years for various industry sectors in the country.

#### Ireland – Targeted inward investment strategy

The targeted inward investment strategy of the Ireland Development Authority (IDA) has become a best-practice model for other IPA’s (Investment Promotion Agencies).

In the 1970s, the IDA focused on the electronics and pharmaceutical sector, and in the 1980s and 1990s, it sought to develop the software and internationalized services.

From 2000 onwards, the industry focus has shifted to Information Technology, multimedia and services.

Source: IDA
5.7 KEY STRATEGIC INITIATIVES

In addition to the marketing and promotional campaigns to be implemented, the IPC, along with the ITES-BPO Secretariat, will be required to introduce the key initiatives outlined below:

5.7.1 Image Building for Ghana

Awareness and perceptions are key factors in the offshoring decision-making process. Firms make investment decisions based on their market intelligence, peer information, and the image of the location. Image and location marketing hence becomes critical for any country. For example, South Africa is marketed as Africa’s “Preferred BPO Destination.” This promotion was made through extensive promotional activity both by the government as well as the private sector incumbents, at several forums outside South Africa. Today, because of these activities, South Africa’s image has been considerably improved from the initial perception of a “diamond-producing country” to an established “Preferred BPO Destination.”

Similarly, some initiatives towards image building for Ghana will include:
- leveraging existing image building and industry promotion efforts being conducted by the government of Ghana;
- creating an image of Ghana as an attractive location for ITES-BPO investment; and
- identifying and building relationships with potential customers.

5.7.2 Building Relationships and Collaboration

Relationship building and collaborations with international bodies and investment agencies will be essential for Ghana, especially in the initial

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5.8 SUGGESTED MARKETING AND PROMOTION ACTIVITIES

Considerable planning will be required in the use of various tools and the channels of communication. The materials and tools which would be used will depend on the forum where it is being presented as well as on the target audience.

Hewitt recommends deploying the following category of promotion activities as part of the ITES-BPO Investment Promotion program:

5.8.1 Internet/Electronic Promotion

The Internet today is the most commonly accessed media for information and therefore offers great potential for establishing and keeping contact with prospective investors. Keeping this in mind, Ghana should:

• Create a website for ITES-BPO in the country.
• Create an Internet community of potential investors.
• Pursue e-mail direct marketing.
• Send e-mail newsletters, and
• Offer online services.

5.8.2 Direct Marketing

We recommend direct marketing for some key prospects only, including the existing anchor clients—NSC. An account manager from the IPC should typically be assigned to these key prospects. Typical activities that would be required include:

• Listing of target companies/agencies,
• Identification of suitable contacts,
• Development of mailing letter,
• Follow-up by including on-site visits, if necessary,
• And
• Follow-up and support during investment phase.

5.8.3 Selected Investment/Industry Forums

It is important to ensure participation in only relevant and focused forums as there is currently a plethora of such events. Some useful events and forums (mainly annual) that we would recommend are:

• Customer Management South Africa—This is a director level conference providing strategies and tactics for marketing, sales, and customer service. This would be a useful event to get insights into the regional call center market and best practices and also showcase Ghana in the region.
• Gartner Outsourcing Summit—This is a forum for discussing outsourcing strategies and objectives, and evaluating and selecting service providers. This event attracts global decision makers in the outsourcing space, and could be a good platform to promote Ghana as an upcoming ITES destination.
• Shared Services Conference—This event is in association with SBOPA (Shared Service and Business Process Outsourcing Association) and should provide Ghana with useful information.

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FT Global Outsourcing & Offshoring Conference: The United Kingdom is one of the key target countries for Ghana. This will be a very useful event for networking and understanding the U.K. market and also for showcasing Ghana’s capability and intent as an offshoring destination for U.K. companies.

NASCOM Strategy Summit—Stalwarts from industries around the world discuss trends and give insights into the industry’s future at this forum. Companies and professionals from Ghana can interact with Indian and global players to learn best practices from the ITES space in this forum.

Outsourcing World Summit—Organized by the International Association of outsourcing (UNOP), this summit brings together investors, providers, and the support industry.

Outsourcing & IT services Summit-To be organized in April 2007 in London, this conference attracts investors and service providers.

Datamonitr—Provides good sources for conferences and events.

Australian Information Industry Association—Organizes conferences for investors, which should assist Ghana in obtaining international exposure and showcasing its capabilities.

International outsourcing forum—Organizes annual and periodic conferences. In the conference, be held in February 2007 at Singapore, senior executives from companies involved in the automotive, aerospace, manufacturing, industrial products, telecom, construction, utilities, heavy machinery and semiconductors sectors, will be in attendance.

The event will provide an opportunity for senior buyer delegates from across Europe to meet with major IT & BPO suppliers from all over the world.

Outsourcing summits organized by Corbett Associates—Will help Ghana expand its horizons and getting on the spot trends as well as analyze its advantages for offshoring and future promotions.

A Government of Ghana and InfoDev Workshop on, “Improving Business Competitiveness and Sourcing Economic Growth in Ghana: The Role of ICT-ITES” was hosted in partnership with the World Bank Group in Accra in May 2006. Large, global, captive, and third-party outsourcing organizations participated in the event, as well as industry associations in other ITES destinations. Success of this event and of the industry itself in Ghana in the coming year may enable the government to host this forum as a regular feature.

5.8.4 Selected Advertising
Even though advertising can be quite expensive, we would recommend limited initial advertising to increase awareness and build the right image for Ghana. There should be in the nature of “Image and Awareness campaigns” run at some of the specific events and forums mentioned above, and in certain select print and online publications.

5.8.5 Other Networking Avenues
Here are some other useful traditional and non-traditional avenues through which we would recommend spreading the ITES-BPO promotion message and materials:

- Press
- Ghana’s High Commissions abroad, especially in the target countries
- Foreign embassies/consulates in Ghana and in West Africa
- Chambers of Commerce, Industry and Trade Associations
- Offshoring consultants
- Ghana Diaspora community

5.9 MARKETING AND PROMOTION TOOLS AND MATERIALS

The promotion tools and materials used will need to be customized depending upon the investor category targeted. However, certain key materials that will be required for all categories are recommended as follows:

5.9.1 Investor’s Guide
In addition to the Investor Guide prepared by GIPC for promotion of various sectors including agriculture, fisheries, mining, tourism, agro-processing etc., we propose compilation of an ITES-BPO specific Investor’s guide available in both brochure and

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5.10 CONCLUSION

As the need arises for countries to distinguish themselves while pitching for foreign investment, national and sectoral marketing and promotion plans acquire greater prominence. These plans are an integral part of a government’s strategy in promoting the country as well as focus industry sectors.

A standard investor’s guide available in both brochure and CD-ROM format will be one of the most critical promotion materials for the ITES sector. It will be mandatory to develop and effectively utilize high-quality brochures and CD-ROMs for distribution in conferences, investment missions, and on the proposed website.

This investor guide may be used during the direct marketing process. However, given the high costs of production and postage, electronic versions of the guide may be made available on the website while promotional material for road-shows, presentations at trade fairs, and other events may be available in printed form.

The investment guide would need to provide concise information on Ghana as an ITES-BPO destination. Key advantages, upcoming developments, the business environment, policies and incentives, and major regulations and agencies involved. A reference to the most critical industry studies done by international organizations in Ghana and their sources would also be advisable. The guide would have to be updated regularly and present all information without ambiguity and in a user-friendly, professional format. It would be useful to supplement the investor guide with ‘how to’ type brochures, such as “how to establish a company in Ghana,” “how to rent or buy an office,” and similar practical information.

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In conclusion, to ensure the development and growth of an internationally focused industry such as ITES-BPO, the government of Ghana will need to put in place an investment promotion plan that involves:

■ clearly defining the country’s position in the market;
■ building a professional, result-oriented investment promotion agency and empowering the agency to act as single point contact with investors;
■ creating an effective message based on current capabilities and strengths, and refining the same on an ongoing basis with regards to changing demand, supply factors;
■ investing in broad-based marketing activities comprising direct marketing, on line promotion, selected advertising;
■ undertaking initiatives towards image building, and developing and nurturing relationships with private sector investors and investment advisory community; and
■ Ensuring effective and consistent international promotional programs and materials, including newsletters, investment missions, and sector specific targeting activities.
### 6 Monitoring & Evaluation Indicators for ITES-BPO Industry in Ghana

Having identified the opportunities in ITES-BPO for Ghana as well as defining the necessary initiatives to be undertaken by Ghana for ensuring the country is able to fully capitalize these opportunities, it is important to track the progress of the industry and its impact on the economy by establishing an effective Monitoring and Evaluation (M&E) framework.

Based on some of the above requirements as well as our understanding of the ITES-BPO industry, Hewitt has proposed the following indicators that may be used as targets for Ghana’s for ITES-BPO sector:

- Growth in total employment in ITES-BPO industry.
- Growth in employment of women in ITES-BPO industry.
- Growth in senior management, middle management and junior level jobs.
- Revenue Creation by ITES-BPO.

#### 6.1 ITES-BPO Workforce Projections

The ITES-BPO industry can make a significant contribution towards employment generation in a country. However, the rate of growth for the industry is highly dependent on the level of institutional and government support extended towards the development of the sector.

Another factor impacting the growth of the ITES-BPO industry is the relative stage of development of the ITES-BPO sector in a country. Based on our experience with regards to growth rates of comparatively established ITES-BPO destinations, we can classify the development of the ITES-BPO industry in three phases of growth.

**Phase I** can be defined as the initial period of development, i.e., when the industry starts out from a small base and most of the growth is led by internal initiatives. Most countries have witnessed growth rates of 60-70 percent in Phase I of the development of the industry.

**Phase II** refers to the phase of consolidation and organized industry growth. Phase II assumes the availability of the necessary institutional and support infrastructure. The ITES-BPO industry of countries such as the Philippines can be classified under Phase II of development, having achieved a certain level of scale. Growth of the industry in Phase II is highly dependent on access to an enabling external environment. In Phase II the industry may witness an average annual growth of around 40 percent.

**Phase III** refers to the phase of consolidation and organized industry growth. Phase III is highly dependent on the level of institutional and government support extended towards the development of the sector. Another factor impacting the growth of the ITES-BPO industry is the relative stage of development of the ITES-BPO sector in a country. Based on our experience with regards to growth rates of comparatively established ITES-BPO destinations, we can classify the development of the ITES-BPO industry in three phases of growth.

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The M&E indicators proposed by the world Bank included:

1. Job creation in ITES-BPO sector with encouraged opportunities for women  
2. Increase in supported revenues in the ITES-BPO sector  
3. Business opportunities for local ITES-BPO businesses  
4. Revenue Creation by ITES-BPO

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Phase III is the phase of relative maturity of the industry in a country. The ITES-BPO sector in India can be classified under this stage. The country has attained a clear leadership position within the industry globally and therefore builds significant scale in terms of both number of employees and revenues generated by the sector. In Phase III, the expected average annual growth would be around 35 percent.

Ghana’s ITES-BPO industry is currently at a nascent phase of growth, i.e. Phase I, with a workforce of around 2,200 employees. Over the last five years, the employee strength has increased by an impressive compound annual growth rate (CAGR) of over 80 percent, largely due to the fact that the industry was starting out from a small base. However, as the size of the industry increases, it is unlikely that Ghana’s ITES-BPO sector will be able to sustain this growth rate.

For the purpose of the analyses we are considering 2005 as Y0. Projections have been provided for the next five years. While some of the proposed initiatives enumerated in this report can be implemented in the short term, impact of other initiatives will evident only over the medium term. The Government will also play a significant role in facilitating the implementation of these recommendations.

Taking into consideration both the parameters of expected government initiative and current stage of development of the ITES-BPO industry, we have provided projections on the impact of the ITES-BPO industry on job creation in Ghana. The projections made are based on three scenarios:

- **S1: Realistic Growth**
- **S2: Optimistic Growth**
- **S3: Conservative Growth**

These scenarios reflect the extent to which Ghana mobilizes and exploits the opportunity of growing international demand for ITES-BPO. The scenarios are not driven by scientific macro-economic modeling; rather they are based on recent past growth figures and on international trends in the industry.

### 6.1.1 S1: Realistic Growth

A realistic growth scenario for Ghana’s ITES-BPO industry would assume a growth rate of around 60 percent for the next three years, i.e. till Y3, given that the industry is still at a comparatively nascent stage of development and assuming that the government will be proactive in introducing favorable policies and ensuring that investors have access to the necessary infrastructure and talent.

Post Y3, however, we believe that Ghana will move towards a more modest growth rate of 40 percent as the industry achieves scale and enters the second stage of development wherein it is competing with destinations such as Philippines and South Africa.

### 6.1.2 S2: Optimistic Growth

A realistic growth scenario for Ghana’s ITES-BPO industry would assume a growth rate of around 80 percent, largely due to the fact that the industry was starting out from a small base. However, as the size of the industry increases, it is unlikely that Ghana’s ITES-BPO sector will be able to sustain this growth rate.

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### 6.1.3 S3: Conservative Growth

A realistic growth scenario for Ghana’s ITES-BPO industry would assume a growth rate of around 40 percent as the industry achieves scale and enters the second stage of development wherein it is competing with destinations such as Philippines and South Africa.
6.1.2 S2: Optimistic Growth

In an optimistic growth scenario we would expect Ghana’s ITES-BPO industry to grow at an annual average of 60 percent until Y5. Such a growth can be achieved if Ghana is able to establish itself as a leading destination within the African region with regards to ITES-BPO. Here Ghana will witness growth rates similar to that of Phase I of development, as the country is able to wrest away ITES-BPO business from other destinations in the region and globally.

To achieve this position, Ghana and the responsible industry bodies will need to proactively promote the country as an ITES-BPO investment destination and ensure that the industry is equipped with state-of-the-art infrastructure and offers highly attractive investment incentives for foreign and domestic ITES-BPO establishments.

6.1.3 S3: Conservative Growth

In a conservative growth scenario we expect Ghana’s ITES-BPO industry to grow by around 40 percent annually until Y5. This is based on the assumption that Ghana is unable to distinguish itself on the world stage from other regional competitors such as South Africa and Mauritius and therefore witnesses only incremental growth which is characterized by the overall growth of the sector.

6.2 OTHER DEMOGRAPHIC PROJECTIONS

6.2.1 Employment of Women

As mentioned in the beginning of the report, one of the most salient features and persistent trends in the services industry is the increased feminization of labor. Based on our understanding, the average female-to-male ratio in Ghana is around 70:30. Going forward, this is likely to rationalize to around 65:35—F:M as has been the case in established destinations such as India.

Given our total employment projections, the number of women to be employed by Ghana’s ITES-BPO sector is as follows:

6.2.2 Projections for ITES-BPO employment in Ghana—realistic growth:

<table>
<thead>
<tr>
<th>ITES Industry Indicators</th>
<th>S1 - REALISTIC GROWTH</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employment in ITES-BPO Companies</td>
<td>200</td>
<td>2,200</td>
<td>9,011</td>
<td>24,727</td>
<td></td>
</tr>
<tr>
<td>Increase of Employment ITES-BPO Companies</td>
<td>n/a</td>
<td>82%</td>
<td>60%</td>
<td>40%</td>
<td></td>
</tr>
</tbody>
</table>

Notes:
1 CAGR of no. of employees between 2001 - 2005
2 Refers to CAGR growth

6.2.3 Projections for ITES-BPO employment in Ghana—optimistic growth:

<table>
<thead>
<tr>
<th>ITES Industry Indicators</th>
<th>S2 - OPTIMISTIC GROWTH</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Employment in ITES-BPO Companies</td>
<td>200</td>
<td>2,200</td>
<td>9,011</td>
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Notes:
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2 Refers to CAGR growth
Improving Business Competitiveness and Increasing Economic Growth in Ghana

Accordingly we can estimate the employment by skill for Ghana as follows:

The prevalent ratio within these levels is 6:19:75 for Senior: Middle: Junior Management.

The skill levels for the ITES sector can be broadly classified under the following:
- **Senior management**, which comprises the CEO and heads of the various administrative departments and verticals.
- **Middle management**, which comprises the team leaders, supervisors and shift managers.
- **Junior management or operations**, which refers to the direct contributors in an ITES-BPO organization.

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Using the above projections on the employment to be created by the ITES-BPO industry, we can estimate the revenues that will be generated by the sector in Ghana. Note that there were no baselines available for the current industry and therefore the same have not been included in the above analysis.

Based on Hewitt’s estimation, the average revenue generation per full time employee per annum will be US$20,000 (for a U.S. based voice/data process). Incorporating this with the employment projections yields the following results:

### TABLE 6.3.1 Projections for ITES-BPO employment in Ghana—conservative growth

<table>
<thead>
<tr>
<th>ITES Industry Indicators</th>
<th>S3 - CONSERVATIVE GROWTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Employment</td>
<td></td>
</tr>
<tr>
<td>1.1 – Total Employment in ITES-BPO Companies</td>
<td>200</td>
</tr>
<tr>
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<td>n/a</td>
</tr>
</tbody>
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Notes:
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### TABLE 6.3.1 Projections for ITES-BPO revenue generation in Ghana

<table>
<thead>
<tr>
<th>ITES-BPO INDUSTRY REVENUE CREATION</th>
<th>USD Million</th>
<th>Y3</th>
<th>Y5</th>
</tr>
</thead>
<tbody>
<tr>
<td>S1</td>
<td>180.22</td>
<td>494.53</td>
<td></td>
</tr>
<tr>
<td>S2</td>
<td>180.22</td>
<td>738.20</td>
<td></td>
</tr>
<tr>
<td>S3</td>
<td>120.74</td>
<td>331.30</td>
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</tr>
</tbody>
</table>

### TABLE 6.3.2.1 Projections for employment by skill—level

<table>
<thead>
<tr>
<th>Y3</th>
<th>Junior Mgmt.</th>
<th>Middle Mgmt.</th>
<th>Senior Mgmt.</th>
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<th>Senior Mgmt.</th>
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<tbody>
<tr>
<td>S1</td>
<td>6,758</td>
<td>1,712</td>
<td>2,541</td>
<td>18,345</td>
<td>4,694</td>
<td>1,646</td>
</tr>
<tr>
<td>S2</td>
<td>6,758</td>
<td>1,712</td>
<td>2,541</td>
<td>27,683</td>
<td>7,013</td>
<td>2,215</td>
</tr>
<tr>
<td>S3</td>
<td>4,528</td>
<td>1,147</td>
<td>362</td>
<td>12,424</td>
<td>3,147</td>
<td>994</td>
</tr>
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</table>

### TABLE 6.6.2.2.2 Projections for women in ITES-BPO in Ghana

<table>
<thead>
<tr>
<th>PROJECTIONS FOR WOMEN IN ITES</th>
<th>2005 - Y0</th>
<th>Y3</th>
<th>Y5</th>
</tr>
</thead>
<tbody>
<tr>
<td>S1</td>
<td>1,540</td>
<td>3,924</td>
<td>10,767</td>
</tr>
<tr>
<td>S2</td>
<td>1,540</td>
<td>5,857</td>
<td>23,992</td>
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6.2.2 Employment Projections by Skill Level

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6.3 REVENUE CREATION BY ITES-BPO

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