

WHEN INVESTMENT IS NOT JUST ABOUT ECONOMICS

Migrants making a difference in the development equation

By Jemini Pandya, IOM Geneva

A noisy chatter cuts through the gloom as dusk settles on the otherwise sleepy village of Gomoa Simbrofo in Ghana's Central Region. Children are rushing to the one room with electricity in the village school to attend evening class. But it is an evening class with a difference.

Situated in the country's fourth poorest region, Gomoa Simbrofo and its inhabitants are like many other villages in rural Ghana. Subsistence farming defines life as does the absence of employment opportunities and one of the most basic utilities – electricity.

Caught up in their families' daily battle to get food on the table, the children of Gomoa Simbrofo often run from classes during the day to help parents work on the farm or to carry back the day's harvest. By the time they are free from chores, school is over and so are the daylight and the chance to catch up with their studies.

Until September 2006, their learning was limited to a few precious hours in the morning. With no electricity in the village, homework was impossible – some child's dream possibly, but not that of the children of Gomoa Simbrofo.

Today, street lamps powered by solar panels line the road that divides the village in two and along the school building.

"It's become a habit for the children to study every night and it has made a difference to their school performance. Before the electricity, they could never

do their homework and now they can," says a villager elder.

As tonight's class on human biology gets underway, younger children get together and play in and out of the dim glare of the lamps on a dirt patch that serves as the school playground, though 70-year-old Kofi Kum says their usual practice is to sit and study under the light of a lamppost, six at a time.

Soon, the electricity network will be extended to other parts of the village, much to the joy of the villagers who celebrated for two days when the solar panels were first installed and who now envisage a much greater change to their lives.

Another way of developing

The establishment of a 250-acre pineapple farm on land lying fallow around the village in the coming weeks could initially provide employment to about 60 of the villagers and a much brighter future for their families.

Behind all this change bringing hope to a village of 600 people is Ghanacoop, a cooperative of Ghanaian migrants thousands of miles away in the Italian city of Modena with no ancestral links to the Gomoa Simbrofo, only a desire to help in the development of their country.

Created through IOM's Migration for Development in Africa (MIDA) programme which supports migrant diasporas wishing to invest in their country through skills transfer and new enterprises, Ghanacoop is setting a stellar example that is already proving to be a model of diaspora initiative in Italy.



▲ Much to smile about for the children of Gomoa Simbrofo, now able to do their homework in the evenings thanks to the village's solar lamps (Photo: © Jemini Pandya/IOM, 2007)

It is showing that by combining the knowledge, passion and commitment of migrants with institutional and government backing, migrants can make a life-changing difference at both a social and economic level to the development of their country.

Ghana needs that investment of its diaspora. It ranks 136th in the human development index with 46.7 per cent of its population living on one dollar or less a day, according to official statistics. It also has an estimated 3 million of its people, representing 15 per cent of its population living abroad and the fifth highest emigration rate in Africa.

The upside of that emigration is the remittances being sent home. According to the Bank of Ghana, private transfers from migrants abroad increased from US\$680 million in 2002 to US\$1.4 billion in 2004, representing a third of the country's GDP. However, this figure does not take into account unofficial transfers, Ghanaians much preferred mode of remitting.

Since its launch in March 2006 as a cooperative importing fair trade pineapple from Ghana for sale in the supermarkets of Modena and surrounding areas, Ghanacoop has shown another way of contributing to the development of one's country.

"At first we thought we'd do some kind of social projects. But gradually we realized that it is better to construct something strong, something economic which will last long and which during years, [will] help the economy of the country. Our hope is that we create job opportunities for Ghanaians who remain in Ghana and who want to come to Europe so that we can combat the migration situation in our country," says Thomas McCarthy, president of Ghanacoop and the Ghana Nationals Association of the Province of Modena which created the cooperative.

Investment through partnerships

Fundamental to its success so far is a rainbow of partnerships. In addition to

IOM, the cooperative has the backing of the municipality of Modena, a local cooperative bank, AEmil Banca, and the Modena branch of the umbrella organization of Italian cooperatives, Confcooperative. By also teaming up with EmiliaFrutta, now merged into Agrintesa, Italy's largest fresh produce group with partnerships in 55 countries, Ghanacoop has also roped in private sector support and with it the possibility of accessing markets across Europe as a whole.

Revealing an instinctive knowledge of how the modern business world operates, Ghanacoop was fast off the marks on the marketing front, developing a sassy logo and identity by teaming up with Modena's Ventura Art School.

"We don't have the money for marketing, so we use all our energy and free time to make sure people know about us. It's very tiring but it's an investment in long-term relations," says a weary Thomas. It's midnight and the end of another pineapple tasting session at a community theatre some 30 kms from Modena.

Each week, a shipment of anywhere between 25 and 50 tonnes of pineapples arrive from Ghana on the outskirts of Modena for distribution among a network of supermarket chains, including the COOP, GS Carrefour and Nordi Conad. Until now, sales have been limited to nearby provinces and regions. But now, through GS Carrefour, Ghanacoop's fair trade Miss Ghananas pineapples are appearing across Italy.

"We started selling Ghanacoop pineapples last June and they are selling very well. In the first four months we sold about 60 tonnes of pineapples and sales are increasing all the time. They are even better when Ghanacoop come in person to promote them. It's a very positive experience for our shoppers who learn more about where the fruit comes from," says Isa Sala, at a COOP hypermarket on the outskirts of Modena.

In a highly competitive pineapple market, particularly fruit from Costa Rica, it is the fair trade component that has opened supermarket doors. Until their own farm is up and running and producing fruit for export, Ghanacoop has its pineapples supplied by a major fair trade producer, Bomarts. It pays its workers 27,700 cedis (US\$3) a day

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instead of the national minimum wage of 19,200 cedis and provides them with a free daily meal. Their families also benefit from improved water and health care access and education facilities with the farm planning to provide full scholarships to the children in the near future. Its belief in corporate social responsibility resonates within Ghanacoop and the two are now stakeholders in each other's businesses.

Too many ideas

Although Ghanacoop operated at a loss between March and December 2006, the forecast for its 2007 turnover is 1.5 million euros with the first quarter already overtaking figures for 2006.

Its growth isn't just a result of the expanding pineapple trade. Ghanacoop has ideas – plenty of them – for new products and new markets. In May, it imported yam from small, local producers in Ghana to sell in African shops in Italy. It was a resounding success. The contents of a 40-foot container sold out in two weeks and plans are to import more.

This trial represented more than just a new product. The yam was sold under a new trademark that will allow Gha-

nacoop to plough more money into social projects like the solar panels than the current deal with Fair Trade allows. MIDCO – Migrants for Development in their Country of Origin – was developed with the support of IOM in the second phase of its MIDA programme for Ghana, funded by the Italian government.

Ghanacoop is also exporting Italian wine such as lambrusco to Ghana and the co-operative is now working at teaming up with an organic fair trade fruit producer in Togo in order to import dried fruits such as mango, banana, pineapple and papaya in small snack size bags for the health conscious consumer in Italy.

“We have too many ideas because we see endless possibilities,” says Charles Nkuah, Ghanacoop's vice president, currently on a two-month trip to Ghana to ensure plans are followed through. Among these is the possibility of exporting papayas and mangoes as well.

What is particularly remarkable about Ghanacoop is that behind each new commercial idea is a socio-economic hardship story and an instinct to help small producers caught out by the vagaries of the global market.

The pineapple is a case in point. Ghana's producers of the Smooth Cayenne

which until a couple of years ago was the pineapple of choice in Europe, have been virtually ruined by the change in preference for the more yellow, juicy and sweet MD2 pineapple created in a laboratory.

One such producer, Sekoe Kwaku, now only has one acre of Smooth Cayenne in cultivation and is trying to make the transition to MD2 on another 12 acres with the kind support of Bomarts which is providing the otherwise prohibitively expensive plants. The rest of his 250 acre farm is lying fallow.

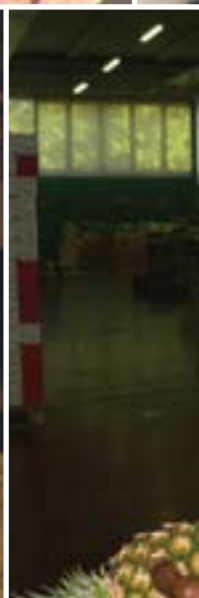
He would have entirely abandoned his stock of Smooth Cayenne plants if it were not for the glimmer of hope offered by Ghanacoop. Seeing the plight of so many producers like Sekoe, Ghanacoop has embarked on another ambitious project.

It is planning to buy the current Bomarts packing house and convert it into a pineapple processing plant. Here, there will be a market for the Smooth Cayenne producers whose fruits will be canned and turned into concentrate for export.

AEmil Banca has already financed a feasibility study on the factory and it, together with UniCredit, Europe's second largest bank, are now providing

▼ A positive reversal of fortune for Sekoe Kwaku who, through Ghanacoop, will again be able to find a buyer for his Smooth Cayenne pineapples (Photo: © Jemini Pandya/IOM, 2007)







Photos: © Jemini Pandya/IOM, 2007

Top row, from left to right:

- ▶ Life is hard in the village in Ghana's Central Region, the fourth poorest part of Ghana
- ▶ About 9 tonnes of pineapples will be needed per hour to feed the new Ghanacoop pineapple processing plant

Middle row, from left to right:

- ▶ Much work to be done to prepare the land for pineapple planting on the 250-acre Ghanacoop farm
- ▶ An evening class is a giant step forward in the children's education at Goma Simbrofo
- ▶ Thomas McCarthy inspects Miss ghananas pineapples upon their delivery in Italy
- ▶ All of Ghanacoop members play their role in ensuring the Italian public knows their fruit and the cooperative

Bottom row, from left to right:

- ▶ Children in the village take part in celebrations as Ghanacoop provides new furniture and materials for their school
- ▶ A worker at Bomarts plants a pineapple sucker. It will take more than a year before a fruit will be ready for harvesting
- ▶ Family members are enlisted to help spread the Ghanacoop word

an 8 million euro loan. This will allow Ghana Coop to employ 300 people at the factory due to be operational by October 2008 and will not only prevent 75 Smooth Cayenne producers from going under, but will also keep hundreds of their workers in a job. A perfect example of the cascading benefits of one investment.

This development is also a critical step forward for other fundamental reasons. It has meant a much-needed injection of funds into the Ghanacoop farm and the laying of a more secure entrepreneurial foundation on the migrants' home soil.

Thirty acres of the farm had already been tilled at the end of 2006 in anticipation of funds coming through in time for planting. They didn't and weeds have reclaimed much of the land. The delay in the start up has been excruciating for the migrants, frustrated in their desire to make a social difference quickly.

"We are moving at a very slow pace," says Charles, complaining of the difficulties Ghanacoop has had in getting capital investment for their projects. "There has been a kind of mistrust because it is not easy for a European institution to give out a loan for investment outside Europe." And equally in Ghana, "it is very very difficult to get Ghanaian institutions to collaborate because we are not local based and they have very high interest rates."

▼ Charles Nkuah says if it is in the interests of Ghanacoop and the development of his country, he is more than prepared to go back to Ghana (Photo: © Jemini Pandya/IOM, 2007)

Leaving no stone unturned

Ghana's government has acknowledged this unwillingness and even dislike of investing in small and medium enterprises by Ghanaian banks is a problem, one which is hindering its poverty reduction strategy targeting human resource development and private sector growth. Key to both targets is the Ghanaian diaspora which the government sees as a dynamic source of potential investors.

In a bid to encourage their investment, the government began a series of homecoming summits in 2001 during which members of the diaspora and the government meet on an annual basis to discuss these and other issues. In 2002, it also changed the law to allow Ghanaians to hold dual nationality in another attempt to attract Ghanaian migrants who have been granted the nationality of their host country, such as Thomas.

Gifty Ohene Konadu, Deputy Minister for Small and Medium Enterprises and Technology at the Ministry of Trade, Industry and Private Sector Development, says the government has taken out a loan of US\$ 45 million from the World Bank to train banks and their staff on why they need to lend to small and medium enterprises. They represent after all, she says, 75-80 per cent of businesses in Ghana. Once that has taken place, money will be made available to the banks for lending and Ghanaian migrants will just

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need to follow the same procedures as resident Ghanaians.

"We are leaving no stone unturned to ensure that this sector thrives and thrives sustainably," she says, adding: "We are calling for investment day in and day out and if we have our own people coming in to invest, then they will have no inhibitions at all. They have a critical role to play."

Encouraging news then for Ghanacoop and others following not only in their footsteps in the second phase of MIDA Ghana, but outside of it too.

Two-way benefits

In Italy also, Ghanacoop is developing apace. Through Confcooperative Modena, which believes Ghanacoop to be the best existing model for integrating migrant communities in Italy while at the same time allowing them to contribute to the socio-economic development of their home country, Ghanacoop was given some start-up costs, essential training on management, accounting and computer skills.

Confidence is now being expressed through a 75,000 euro investment in Ghanacoop from Fondo Sviluppo, a development foundation which is part of the national Confcooperative. This investment allows it to be a member of Ghanacoop while an additional 100,000 euro loan at a low rate will help the mi-



grant cooperative develop its business in Italy and take it to new heights as a national enterprise.

Although the focus of IOM's MIDA programme is on the development of the migrant's country of origin, there is no denying the significant knock-on benefits for the host country as well.

For Agrintesa, the relationship with Ghanacoop means also being able to place Italian agricultural products such as fruit juices on the Ghanaian market and a potentially big business opportunity in a country where religious faith is strong.

"We didn't know the African market. We haven't penetrated it. We thought that it was a reciprocal knowledge, helping them with their product in Europe, them helping us to access their market. We started this adventure. I call it adventure but I am sure it is going to be a sustainable project economically," says Giuseppe Termanani, in charge of foreign markets at Agrintesa.

For AEmil Banca, the support for Ghanacoop has resulted in a positive new image for the bank among the migrant community in Modena province and many more bank accounts being opened, particularly by Ghanaians. For a small provincial bank, migrant business is as important as Italian business. As a result, they are employing a Ghanaian woman to work for them with the role of attracting more migrant accounts. And by getting to know some of the migrants through Ghanacoop, the bank has also given mortgages to them. No surer sign of laying down roots than owning a home.

For the authorities in Modena, Ghanacoop has made a significant impact on the community in the province where 10



▲ A rare moment with the family for Thomas McCarthy (Photo: © Jemini Pandya/IOM, 2007)

per cent of the population is made up of migrants and where until now, engagement between the two has been limited to the provision of social services.

"The visibility of Ghanacoop products in the Modenese supermarkets has changed the way that people look at migrants. Now you don't see migrants as someone who needs services but someone who brings services and new initiatives. This experience has helped us to discover another level of cooperation with them, especially at an entrepreneurial level," says Alberto Caldana, formerly responsible for social policies at the Municipality of Modena and now working for the Province of Modena.

A model to follow?

Both the Modenese authorities and Confcooperative now want to apply the Ghana Coop model to other migrant communities from sub-Saharan Africa and Albania living in the province.

IOM sees Ghanacoop as a model that can be replicated all around the world if one stumbling block can be overcome.

"The problem that we find and which forces us to approach the donors is that migrants often have problems finding the start up capital to launch themselves into such ventures," says Davide Terzi, IOM's Chief of Mission in Ghana. "There is a lot of potential out there so it's important to us to find this funding. The other bonus is that the MIDA approach gives

ownership to the migrants and gives benefits to governments. It also makes the link between private enterprise, governments and migrants and is a much wiser way of investing remittances into the growth of one's country."

For Thomas, in Italy now for 19 years and at first an irregular migrant living on the fringes of society trying to find whatever work he could, key to the Ghanacoop success is that it is a community creation and investment, not just an individual's.

"I think we have learned a lot and other people can learn from us. You have to be very, very serious and smart and also capable and with these three things you can make it. This is what others need to learn from us otherwise it would be very very difficult to compete with the Europeans," he adds.

Working seven days a week early morning to late night with very little time for his wife and two daughters, is it worth it?

"I believe it is worth it. It has improved my life. It has improved the lives of many migrants here, not just Ghanaians. I believe in what I am doing, what I am investing, has a very good and bright future, not just for me but for the Ghanaian community and for the next generation." **M**

A video on Ghanacoop is available on the IOM website for viewing and broadcast use – www.iom.int

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