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### The Analysis of the Contribution of China's Foreign Direct Investment (FDI) to the Economic Development of Ghana

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#### Abstract

Over the years, China has continued to contribute to the economic development of Ghana through foreign direct investment (FDI). Hence, this study is set out to analyse the contributions of foreign direct investments (FDI) by China to the economic development of Ghana in terms of actual investment values and number of registered projects, the type of foreign direct investment (FDI) engaged by China in Ghana and the determinants for foreign direct investments (FDI) by China in Ghana. The investment reports of Ghana Investment Promotion Centre (GIPC) from 2020 to 2024 were utilized as secondary sources of data in this study. Additionally, a firm level survey was also applied to gather data. This study makes use of statistical descriptive method (SDM) and exploratory data analysis (EDA) to analyse the data. The findings revealed that China has contributed to the economic development of Ghana through foreign direct investment (FDI) by investing a total value of US\$ 1,187.85 million and establishing 180 registered projects from 2020 to 2024. However, 139 registered projects representing

77.22% were established through greenfield investments and only 41 registered projects representing 22.78% were also established through joint venture in foreign direct investment (FDI). Additionally, the findings also revealed that 60 of the registered projects representing 40% were established as a result of the availability of natural resources and infrastructures while 30 registered projects representing 20% were also established because of the market size and trade openness in Ghana. The result further indicates that the majority of the management of the registered projects representing 75% are willing to increase their investments over the next five (5) to ten (10) years in Ghana. It is suggested that the attempts and actions of government in supporting local individuals and firms should be intensified in order to create more partnerships or entities in joint ventures with foreign companies for the creation of new separate entities and the sharing of ownerships, resources, risks and profits.

**Keywords:** Foreign Direct Investment (FDI), Investment Values, Number of Projects, Greenfield Investment, Joint Venture in FDI, Determinants, Investment Decisions

#### 1. Introduction

Several studies have shown that the inflow of foreign direct investment (FDI) can be quite beneficial for the host country especially developing countries. Developing countries are constrained by corruption, political and economic instability and the quality of their institutions. These constraints hinder capital accumulation and are a major obstacle to the efficient use of existing resources. Additionally, these developing countries are mostly characterized by low savings rates, low per capita income, unemployment, poverty, and high population growth. Certainly, low levels of savings and investments create savings-investment gaps that have negative effects on economic growth and development. Foreign direct investment (FDI) helps to fill the gap between savings and required level of investment (Sabir and Khan 2018) <sup>[18]</sup>. However, foreign direct investment (FDI) can broadly be categorized into greenfield investments and joint ventures. Majority of investments in most countries in West Africa comprise greenfield investments (UNCTAD, 2010) <sup>[21]</sup>. Greenfield investment in FDI involves direct establishment of new facilities or operations from scratch in a foreign country, rather than buying an existing one (Atobrah *et al.*, 2021) <sup>[5]</sup>. This type of investment provides the parent company with maximum control but requires a large initial investment and carries risks like navigating local regulations. Despite the establishment of new facilities in a foreign land, this type of investment can benefit local economies by creating new jobs and bringing innovations that improve labour skills. However, joint venture in FDI is a business arrangement where a foreign company and a local company partner to create a new, separate entity. This new

entity shares ownership, resources, risks and profits, and is often used as a strategy for a foreign company to enter a new market. By partnering, the foreign company can gain local market knowledge, navigate regulations, and leverage the local partner's expertise, while the local partner benefits from foreign technology and capital. According to a survey by the Investment Promotion Agency, firms in developed countries prefer undertaking greenfield investment to other types of investments such as joint ventures or mergers and acquisitions in the African continent (UNCTAD, 2015a) <sup>[22]</sup>. It is worthy to note that foreign direct investment (FDI) can directly and indirectly reduce unemployment (Lipsey 2001) <sup>[13]</sup> and increases productivity by improving the skills and knowledge of workers in the host country. Furthermore, it provides a relatively high degree of capital inflow stability that contributes to capital formation, and it offers the potential transfer of intangible assets such as technology, skills, management know-how, and entrepreneurship. Hence, it is not surprising that developing countries seek to attract foreign investment by offering new and relatively unexploited markets, availability of natural resources, relatively cheap labor, locational advantages, and direct and indirect incentives (Albuquerque *et al.* 2005; Asiedu 2002; Reece and Sam, 2012) <sup>[3, 4, 17]</sup>.

In the case of China, there has been a declared policy by the government to support and encourage investment in African economies such as Ghana. (China, 2006) <sup>[10]</sup>. Since 2000, China has become an unparalleled economic force in Africa. The trade between China and Africa in terms of value has grown from US\$1 billion in the year 2000 to US\$55 billion in the year 2007, to an estimated US\$198.4 billion in the year 2012 and to more than an estimated US\$300 billion in the year 2020 accounting for more than 5.13% of the aggregate value of the international trade of China (Chris A., 2007; Atobrah *et al.*, 2021) <sup>[11, 5]</sup>. Hence, Ghana is now a beneficiary of this declared policy by the government of China where Ghana has continued to benefit from the foreign direct investment (FDI) by China for several years. Ghana has been rated by reputable surveys as being the most enticing locations for establishing a business in Africa. But, in the aspect of the policy of Government to make Ghana the tollgate to the western part of Africa, attempts are being made to ensure that the business environment of the country becomes more favourable by decreasing costs with regards to occupancy for industrial and commercial properties and the actual overall cost of operating business in Ghana (Atobrah *et al.*, 2021) <sup>[5]</sup>. Programmes have been initiated by the government to attract foreign investors to operate autonomously or through partnership with the government in order to overcome the local drought of skills in terms of entrepreneurial and capital (Atobrah, 2024) <sup>[6]</sup>. The Ghanaian economy is characterized by diverse sectors, each contributing significantly to national income and employment. These sectors include manufacturing, export trading, general trading, building/construction, mining, oil and gas/petroleum, agriculture, services and tourism. These diverse sectors base has continued to position Ghana for sustained growth and development (Boakye, 2020) <sup>[9]</sup>. It is significant and worthy for China to continue to invest in Ghana. Hence, this study is set out to analyse the actual contributions of foreign direct investments (FDI) by China to the economic development of Ghana, the type of foreign direct investment (FDI) engaged by China in Ghana and the determinants for foreign direct investments (FDI) by China

in Ghana.

## 2. Review of Theoretical and Empirical Literatures

### 2.1 Theoretical Literature Review

The theories considered in this study article were Rate of Return theory, Location theory and Product Life Cycle theory. As for the rate of return theory, it argues that the most important reason for investing directly in other countries is differences in the rate of return on investment between different nations. The theory posits that, all things being equal, capital tends to flow from countries with low returns to countries with high returns for the purpose of gaining the best returns. It can be noted that the transfer of capital, technology and personnel from China to Ghana as a result of foreign direct investment (FDI) is in line with this theory. This arbitrage phenomenon will persist until all countries have the same return on capital.

In the case of location theory, it emphasises that most multinational corporations may choose to invest in a location which is close to raw materials or market. It emphasises that the location of every host country is characterized by a set of factors that may attract or repel investment. These sets of factors include locational endowments which mainly consist of proximity to natural resources, raw materials or markets. Others include a range of man-made factors such as skilled labour, socio-economic, political and infrastructural factors of a host country. These sets of factors play a significant role in a firm's decision to enter a host country through investment. Indeed, the availability of natural resources/raw materials, market size and trade openness, regulatory and institutional environment, macro-economic and political environment are the major determinants attracting foreign direct investment (FDI) from China to the economy of Ghana.

However, product life cycle theory is a long run and dynamic theory. It emphasizes changes in the comparative advantage position of a nation in regard to trade and investment over a number of years. It suggests that a newly produced good, once exported, could ultimately end up being imported as the technology and production is transferred to lower cost nations. The argument is that comparative advantage shifts from one nation to another as a product matures. This theory considers acquired advantage especially technology as an important factor for determining comparative advantage. The theory may be a good starting point in developing a theory of foreign direct investment flows associated with products that depend mainly on acquired advantages such as manufactured goods. Therefore, it is prudent to argue that the importation of technology, personnel, manufactured goods and other second cycle goods from China determines the comparative advantage gained by Ghana as a result of foreign direct investment (FDI). It can be argued that the standard of living of Ghanaians has increased as they are able to access several manufactured goods and services at cheaper prices from China.

### 2.2 Empirical Literature Review

Over the years, there have been many research papers done by numerous scholars on the contribution of foreign direct investment (FDI) by China to the economy of Ghana. For Instance, Tang and Gyasi (2012) <sup>[20]</sup> investigated the effect of China's foreign direct investment float on employment or job creation in Ghana. The outcome suggested that several

jobs have been created as a result of approximately 80% or extra of investments from China being centered within the Manufacturing, Building & Construction and General Trade sectors of the economic system of Ghana from 2006 to 2010. However, this research study was limited to the creation of jobs within some selected sectors by China's foreign direct investment (FDI) without taking into consideration other impacts, all the sectors of the economy and the actual values of investment made by China in the various sectors of the economy of Ghana. Boakye-Gyasi and Li (2016) <sup>[8]</sup> also examined the relationship between China's foreign direct investment and Ghana's building and construction sector performance. By using a robust regression model, the results showed that China's foreign direct investment (FDI) in Ghana's building and construction sector has significant positive effect on the economic growth of Ghana due to strong increase in investors' confidence in the Ghanaian economy. However, this research study did not consider the actual value of investment made in the building and construction sector of the economy of Ghana. The type of foreign direct investment (FDI) made by China in the building and construction sector was also not considered. But this research study is set out to achieve that purpose and also to analyse the actual contributions of foreign direct investments (FDI) by China to the economic development of Ghana by taking into consideration the actual investment values made by China in the economy of Ghana from 2020 to 2024.

Other research papers were focused on impacts, determinants, linkage between foreign direct investment (FDI) and gross domestic product (GDP) with different significance effect of foreign direct investment (FDI) from other foreign countries on the economy of Ghana. For instance, Owusu-Nyamekye (2018) <sup>[16]</sup> examined major determinants of FDI in Ghana by employing time series annual data over the period between 1980 and 2014. The outcome indicated that natural resources, size of government expenditure, openness of nation's economy and market, interest rate regime, and infrastructure are determinants of Ghana's foreign direct investment (FDI). Djokoto and Dzaha (2012) <sup>[12]</sup> reviewed published papers on foreign direct investment (FDI) in Ghana. The authors identified exchange rate, inflation, trade openness, and size of economy as factors that determine inflow of foreign direct investment (FDI) into Ghana. Owusu-Antwi, Ashong, and Owusu Peprah (2016) <sup>[15]</sup> empirically determined factors influencing the inflows of foreign direct investment (FDI) in Ghana from 1983 to 2012. The results registered that exchange rate, openness of trade, inflation, and natural resources have significant influence on the inflows of foreign direct investment (FDI). However, determinants such as the strategic plan of the parent company, other micro-economic factors and political environment which are also crucial were not considered in those research studies as this research study seeks to achieve that. Hence, this research study seeks to consider significant determinants

such as macro-economic and political environment, natural resources and infrastructures, regulatory and institutional environment, market size and trade openness and finally, strategic plan of parent company which are influencing the inflows of foreign direct investment (FDI) from China to Ghana.

### 3. Methodology and Data Source

A significant data already exists which is accessible for the purpose of this study to be accomplished. The investment reports of Ghana Investment Promotion Centre (GIPC) from 2020 to 2024 were utilized as secondary sources of data in this study. According to Atobrah (2025) <sup>[7]</sup>, the Ghana Investment Promotion Centre (GIPC) is known to be the solitary establishment set up by Ghana's government under the Act, 2013 (Act 865) to advocate, modulate and elevate investing dealings in Ghana. Statistical descriptive method and exploratory data analysis were applied to analyse the data gathered in order to achieve the purpose of this study. A statistical descriptive method uses actual values in terms of numbers to organize, summarises and present the main features of a dataset, giving clear and concise overview of its characteristics. As a result, the principal input of data focused on the fundamental total values of foreign direct investment and number of registered projects by China in Ghana at each quarter of the year from 2020 to 2024. However, an exploratory data analysis is an approach of analysing data sets to summarize their main characteristics, often using statistical graphics and other data visualization. Hence, the type of foreign direct investment (FDI) engaged by China in Ghana was analysed using data visualizations. In addition to the above methods, a firm level survey was applied where the total number of 150 Chinese firms were interviewed to investigate the relative importance of the determinants in influencing their decisions to invest in Ghana and their investment plans for the future. For the use of an exploratory data analysis, the data gathered from the interview was analysed through data visualizations.

### 4. Results and Discussions

#### 4.1 Cumulative Estimated Value of Foreign Direct Investment (FDI) by China in Ghana

The table below shows the breakdown of the cumulative estimated value of foreign direct investments (FDI) by China in Ghana at each quarter of the year from 2020 to 2024. From Table 1 below, the highest investment in terms of value was made in the year 2020 with US\$ 751. 01 million whiles the year 2024 recorded the lowest investment. It was noted that the highest investment was made in the fourth quarter of the year 2020 with US\$ 715.73 million whiles the lowest investment was made in the fourth quarter of the year 2024 with US\$ 1.42 million. The table below also shows that China continues to invest in Ghana each year. A total value of US\$ 1,187.85 million was contributed by China to the economy of Ghana as foreign direct investment (FDI) from 2020 to 2024.

**Table 1:** Breakdown of Values of Foreign Direct Investment (FDI) by China to Ghana

Quarters of Each Year	2020 Investment Value-US\$ (in millions)	2021 Investment Value-US\$ (in millions)	2022 Investment Value-US\$ (in millions)	2023 Investment Value-US\$ (in millions)	2024 Investment Value-US\$ (in millions)
First (January-March)	10.49	16.84	47.56	47.50	3.23
Second (April-June)	3.67	15.62	45.82	111.50	32.96
Third (July-September)	21.12	18.51	17.24	5.53	10.21
Fourth (October- December)	715.73	6.30	9.24	47.36	1.42
<b>Total</b>	<b>751.01</b>	<b>57.27</b>	<b>119.86</b>	<b>211.89</b>	<b>47.82</b>

Source: Author's Computation

#### 4.2 Total Number of Registered Projects by China in Ghana

The table below shows the breakdown of the number of projects registered by China in each quarter of the year from 2020 to 2024. From Table 2 below, the second and third quarters of the year 2024 recorded the highest number of registered projects with 18 registered projects followed by the second quarter of the year 2021 with 15 registered projects and then, followed by the second quarter of the year 2022 with 12 registered projects. But the lowest number of

projects were registered in the second quarter of the year 2020. It must be noted that the highest total number of projects were registered in the year 2024 with 49 registered projects, followed by 40 registered projects in 2021 and then, followed by 32 registered projects in 2022. From 2020 to 2024, China contributed to the economy of Ghana through foreign direct investments (FDI) by establishing a total number of 180 registered projects in the various sectors of the economy of Ghana.

**Table 2:** Breakdown of the Number of Registered Projects by China through Foreign Direct Investment (FDI)

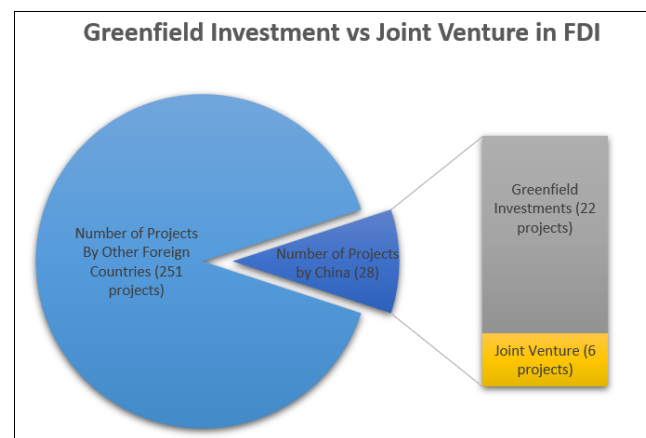
Quarters of Each Year	2020 Number of Registered Projects	2021 Number of Registered Projects	2022 Number of Registered Projects	2023 Number of Registered Projects	2024 Number of Registered Projects
First (January-March)	8	9	7	6	8
Second (April-June)	4	15	12	10	18
Third (July-September)	9	8	6	8	18
Fourth (October- December)	7	8	7	7	5
<b>Total</b>	<b>28</b>	<b>40</b>	<b>32</b>	<b>31</b>	<b>49</b>

Source: Author's Computation

#### 4.3 Type of Foreign Direct Investment (FDI) Engaged by China in Ghana

The figures below show the type of foreign direct investment (FDI) engaged by China in Ghana from 2020 to 2024. Each figure below shows the number of registered projects by other foreign countries and the number of registered by China in each year from 2020 to 2024. Additionally, each figure shows the type of foreign direct investment (FDI) engaged by China through the establishment of the number of the registered projects in each year from 2020 to 2024.

The figure 1 below shows that a total number of 251 projects was registered by other foreign countries in 2020 while the total of 28 projects were registered by China in that same year. Out of the 28 registered projects, 22 registered projects were established through greenfield investment. This means that all the 22 registered projects were directly established with total maximum control by China in Ghana. However, only six (6) registered projects were established through joint venture in foreign direct investment (FDI). It simply means that these Chinese projects were registered with local firms or partners to establish new separate firms to share ownership, resources, risks and profits. In the year 2020, it can be noted most of these registered projects were established through greenfield investment.



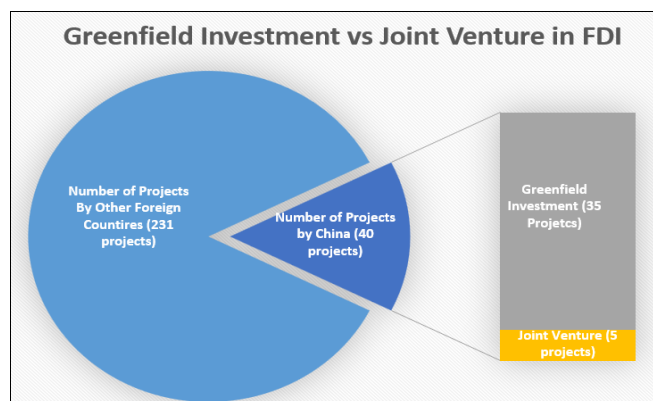
Source: Author's computation

**Fig 1:** Type of Foreign Direct Investment by China in 2020

As for Fig 2 below, it shows that a total number of 231 projects was registered by other foreign countries in 2021 while the total of 40 projects were registered by China in that same year. In 2021, 35 registered projects were established through greenfield investment. This means that all the 35 registered projects were directly established with total maximum control by China in Ghana. However, 5 registered projects were established through joint venture. It



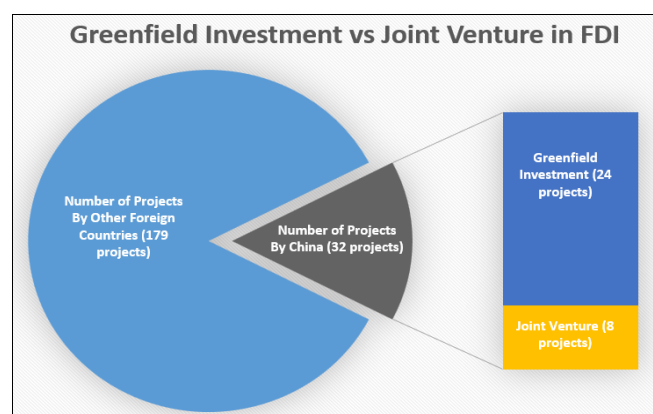
simply means China prefer to contribute to the economic development of Ghana through foreign direct investments (FDI) by directly establishing more of the newly registered projects as a result of greenfield investment as compared to joint venture in foreign direct investment (FDI) in 2021.



Source: Author's computation

**Fig 2:** Type of Foreign Direct Investment by China in 2021

Fig 3 below shows that a total number of 179 projects was registered by other foreign countries in 2022 while the total of 32 projects were registered by China in that same year. In 2022, 24 registered projects were established through greenfield investment. This means that all the 24 registered projects were directly established with total maximum control by China in Ghana. However, only 8 registered projects were established through joint venture in foreign direct investment (FDI). It can be noted that the preference for the establishment of registered projects through greenfield investment was continued from 2021 to 2022 as compared to joint venture in foreign direct investment (FDI). This simply shows China continued to contribute to the economic development of Ghana through foreign direct investments (FDI) by directly establishing more of the newly registered projects as a result of greenfield investment as compared to joint venture in foreign direct investment (FDI) in the year 2022.

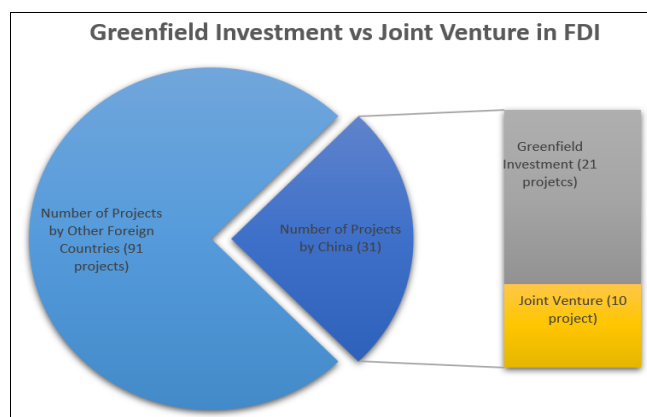


Source: Author's computation

**Fig 3:** Type of Foreign Direct Investment by China in 2022

China continued to contribute to the economic development of Ghana through foreign direct investments (FDI) by directly establishing new registered projects as a result of greenfield investment from 2021 to 2022. Fig 4 below shows that a total number of 91 projects was registered by other foreign countries in 2023 while the total of 31

projects were registered by China in that same year. Out of the 31 registered projects, 21 registered projects were established through greenfield investment. This means that all the 21 registered projects were directly established with total maximum control by China in Ghana. However, 10 out of the 31 registered projects were established through joint venture in foreign direct investment (FDI). It simply means that these Chinese projects were registered with local firms or partners to establish new separate firms. In the year 2023, most of these registered projects were established through joint venture in foreign direct investment (FDI) as compared to the previous years.

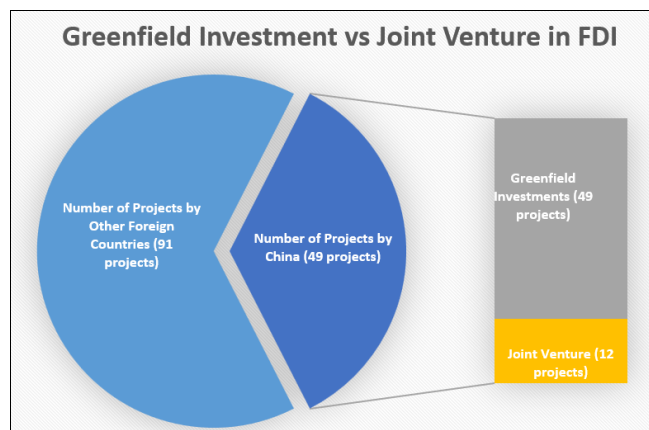


Source: Author's computation

**Fig 4:** Type of Foreign Direct Investment by China in 2023

As for Fig 5 below, it shows that a total number of 91 projects was registered by other foreign countries in 2024 while the total of 49 projects were registered by China in that same year. In 2024, 37 of the registered projects were established through greenfield investment. This means that all the 37 registered projects were directly established with total maximum control by China in Ghana. But 12 out of the 49 registered projects were established through joint venture in foreign direct investment (FDI). In the year 2024, China preferred to contribute to the economic development of Ghana through foreign direct investments (FDI) by directly establishing more registered projects as a result of greenfield investments as compared to joint venture in foreign direct investment (FDI), especially as compared to year 2023.

From 2020 to 2024, it can be argued that greenfield investment dominates as a type of foreign direct investment (FDI) engaged by China in establishing registered projects in Ghana. From outcomes of the findings in this study, 139 registered projects representing 77.22% were established through greenfield investments in contributing foreign direct investment (FDI) to the economy of Ghana. However, only 41 registered projects representing 22.78% were established through joint venture in foreign direct investment (FDI). This means that China was interested in the direct establishment of new facilities or operations with maximum control from scratch in Ghana. But it can also be argued that registered projects established through joint venture in foreign direct investment (FDI) continued to increase each year especially from 2022 to 2024. The increment of the establishment of registered projects through joint venture in foreign direct investment (FDI) showed that other Chinese firms were interested in joint venture in foreign direct investment (FDI) in order to share ownership, resources, risks and profits with local firms or partners.

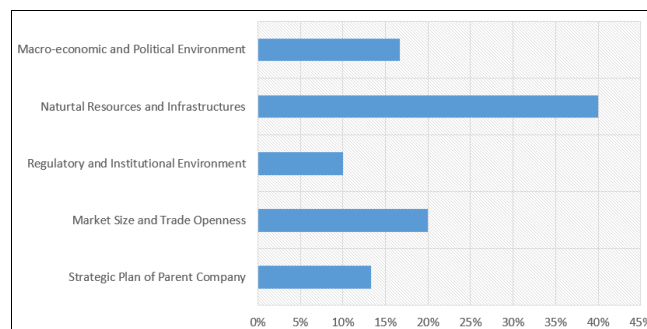


Source: Author's computation

Fig 5: Type of Foreign Direct Investment by China in 2024

#### 4.4 Determinants of Foreign Direct Investment (FDI) by China in Ghana

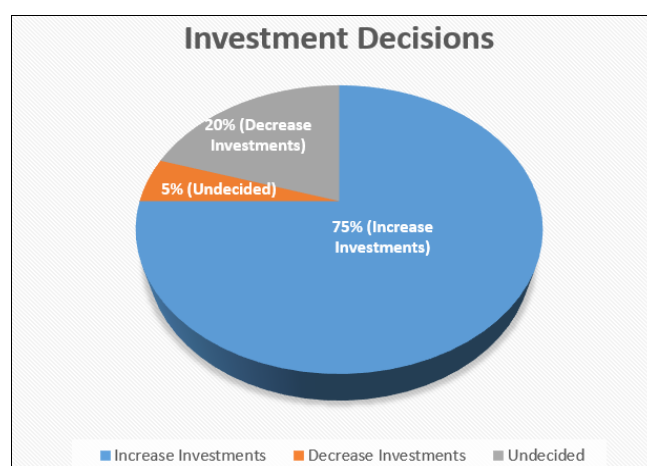
From 2020 to 2024, China contributed to the economy of Ghana through foreign direct investments (FDI) by establishing a total number of 180 registered projects. However, the management of 150 Chinese established projects in Ghana from 2020 to 2024 were interviewed to investigate the relative importance of the determinants in influencing their decisions to invest in Ghana and their investment plans for the future. The Fig 6 below shows the determinants of foreign direct investment (FDI) by China in Ghana. From the figure below, 60 of the registered projects representing 40% were established as a result of the availability of natural resources and infrastructures. This finding is consistent with that of Senkuku and Gharlegh (2015) [19], who suggested that there is always a positive and significant relationship between FDI and natural resources, as abundant natural resources serve as an alluring factor for investors. But this was followed by 30 registered projects representing 20% which were also established because of the market size and trade openness in Ghana. As a result, Djokoto and Dzaha (2012) [12] alluded that the size of an economy is a notably determinant of foreign direct investment (FDI) inflow. Additionally, Adi *et al.*, 2015 concluded that a country's degree of openness to internal trade is relevant for attracting foreign direct investment (FDI). It can also be noted that 25 of the registered projects representing about 16.67% were established as a result of the macro-economic and political environment of Ghana. This finding is consistent with that of Ahlquist (2006) [2], who noted that foreign direct investment (FDI) inflows tend to increase under more stable and democratic governments. Additionally, this supports the results by Nunnenkamp and Spatz (2002) [14], who argued that market-related determinants are one of the dominant factors shaping the distribution of foreign direct investment (FDI) to developing countries like Ghana. However, Atobrah (2025) [7] argued that Ghana is seen to be a prospective host nation for investments due to both substantial political climate and the copiousness of natural resources. From Fig 6 below, 20 number of projects representing 13.33% were registered in Ghana by China through foreign direct investment (FDI) as a result of the strategic plan of the parent company. However, only 15 number of projects representing 10% were registered in Ghana from 2020 to 2024 as a result of the regulatory and institutional environment of Ghana.



Source: Author's computation

Fig 6: Determinants of Foreign Direct Investment by China

The management of these same 150 registered projects by China were asked about their investment decisions for the next five (5) to ten (10) years. The majority of the management of the registered projects representing 75% said they will increase their investments over the next five (5) to ten (10) years as shown in Fig 7 below. However, 20% of them said they will decrease their investments over the period. A further 5% of them said they were unsure about which direction their investments will go over the next five (5) to ten (10) years.



Source: Author's Computation

Fig 7: Investment Decisions by Chinese Firms over the Next Five to Ten Years

#### 5. Summary of Findings and Conclusions

The purpose of the study was set out to analyse the actual contributions of foreign direct investments (FDI) by China to the economic development of Ghana, the type of foreign direct investment (FDI) engaged by China in Ghana and the determinants for foreign direct investments (FDI) by China in Ghana. From the outcomes of this study, it can be emphasised that the contribution of foreign direct investment (FDI) from China to Ghana is in line with rate of return theory, location theory and product life cycle theory. From 2020 to 2024, China contributed a total investment value of US\$ 1,187.85 million as foreign direct investment (FDI) to the economy of Ghana. Additionally, China contributed to the economy of Ghana through foreign direct investments (FDI) by establishing a total number of 180 registered projects in the various sectors of the economy of Ghana within that same period of years. However, most of these registered projects were established through greenfield investment. For instance, 139 registered projects were

established by China through greenfield investment from 2020 to 2024. But only 41 registered projects were established through joint venture in foreign direct investment (FDI). Major determinants influencing the inflows of foreign direct investment (FDI) from China to Ghana were also considered in this study. The findings show that registered projects representing 40% were established as a result of the availability of natural resources and infrastructures in Ghana. Registered projects representing 20% were also established because of the market size and trade openness in Ghana. However, registered projects representing about 16.67% were established as a result of the macro-economic and political environment of Ghana, 13.33% were registered as a result of the strategic plan of the parent company while the number of projects representing 10% were registered in Ghana from 2020 to 2024 as a result of the regulatory and institutional environment of Ghana. About their investment decisions, 75% representing the management of the registered projects said they will increase their investments over the next five (5) to ten (10) years. However, 20% of them said they will decrease their investments while a further 5% of them said they were unsure about which direction their investments will go over the next five (5) to ten (10) years. From the findings above, it can be concluded that China is indeed contributing to the economy of Ghana after actual investment values and number of registered projects representing foreign direct investment (FDI) were considered in this research study. Additionally, it can be concluded China is interested in establishing projects through greenfield investment than joint venture in foreign direct investment (FDI). The determinants such as natural resources, infrastructures, market size and trade openness in Ghana will always influence the inflows of foreign direct investment (FDI) from China to Ghana. Furthermore, the investment decisions as indicated in the findings of this study reveal that China will always be interested in investing in the economy of Ghana through foreign direct investment (FDI).

## 6. Recommendations

It is recommended that policies and initiatives focused on generating business-friendly economic indicators should be adopted and implemented to attract more foreign direct investments (FDI) from China and other foreign countries. Consistency and transparency in investment-related policies are crucial for maintaining investor confidence. The Ghanaian government should ensure that investment policies are stable, clear, and consistently enforced. This will help in reducing uncertainties and foster a more favourable investment climate for foreign businesses. Additionally, the government should build on the country's inherent strengths which include political stability, availability of natural resources and labour to create a more attractive, transparent, and integrated environment for Chinese firms to invest in Ghana. Appropriate directions should be given to Chinese investors and other investors with regards to sectors and geographical areas reserved for development and growth by the Ghanaian government. The attempts and actions of government in supporting the local individuals and firms should be intensified in order to create more partnerships or entities in joint ventures with foreign companies for the creation of new separate entities and the sharing of ownerships, resources, risks and profits.

Additionally, the government should deepen its support for local firms to create a robust partner ecosystem which can make it easy and significant for Chinese investors to invest in Ghana.

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