

**MAKING EXPORT-LED POVERTY REDUCTION OUR BUSINESS: THE
ROLES OF THE PUBLIC, PRIVATE AND NGO SECTORS**

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1.1 BACKGROUND

1. Ghana's economy, which is largely agro-based, has in the past been characterized by high rates of inflation, continuous depreciation of the cedi, dwindling foreign reserves, excessive public debt overhang and fluctuating rate of economic growth. Extensive liberalization and adjustment in the 1980s produced some growth in services and mining but did little to produce and sustain growth in agriculture and manufacturing. Both economic growth and incomes remained stagnant, resulting in deepening poverty.

2. Against this background, the first programmes under the Ghana Poverty Reduction Strategy (GPRS I, 2003-2005), i.e. Ghana's medium term national development policy framework, were formulated, with the objective of stabilizing the highly distorted macroeconomic environment as a necessary condition for the implementation of sectoral policies specifically targeted towards reducing the incidence of poverty as observed in the 1990s. Within this broad framework, the environment of macroeconomic stability was expected to significantly enhance the capacity of the private sector to lead the creation of wealth through increased productivity in agriculture, manufacturing and services sectors of the economy. As a key component of the strategy, exports were targeted to contribute significantly towards overall GDP growth, employment and incomes at a projected rate of not less than 15% per annum.

3. A review of current data indicates that relative macroeconomic stability has since been achieved, with all the targeted indicators registering positive trends. In spite of a succession of major fuel price adjustments in the domestic price of fuel occasioned by fast-rising prices in the international crude oil market, the overall consumer price index declined dramatically over the period 2001-2004. Interest rates fell and exchange rates stabilized. The overall budget deficit as a percentage of GDP fell from 13.1% in 2001 to 3.3% in 2005, and the Bank of Ghana financing of the national budget deficit reduced, thereby creating the condition for the private sector to have access to more investment capital.

4. These positive trends in macroeconomic indicators, however, did not translate to the expected supply response in the value of exports. The average annual growth rate of exports over the period (2002 – 2005) was 11.6%, instead of the projected minimum growth rate of 15%, with the non-traditional export sector growing at an average rate of 14.1% over the same period. The implication of this trend is that the relatively stabilized macroeconomic environment was not sufficient to generate the high level of supply response anticipated under the GPRS I, and that structural constraints relating to supply capacity both in agriculture and industry, access to international markets, and availability of the right support services including cold chain facilities, improved road and rail networks, availability of ICT, constant energy and water supply, among others have to be addressed.

5. Recognizing these constraints, Government has formulated a successor medium term development policy framework, namely, The Growth and Poverty Reduction Strategy (GPRS II, 2006-2009). The overall objective is to change the structure of the economy by supporting the private sector to lead accelerated economic growth, especially in the agricultural sector, and in selected products for which Ghana has a competitive edge in domestic and export markets in order to generate employment and create wealth as a means to sustained poverty reduction.

1.2 EXPORT SECTOR POLICIES AND STRATEGIES UNDER THE GROWTH AND POVERTY REDUCTION STRATEGY (GPRS II)

6. The export sector policies prioritized in the GPRS II are set within the context of Ghana's long-term strategic vision of attaining middle-income status by 2015. The prioritization of public sector policies in support of the export sector is in recognition of the potential role of the private sector to significantly accelerate economic growth.

7. The role of the public sector in this respect is focused on the implementation of policies and strategies designed to remove structural constraints to the performance of the private sector and the promotion of those that positively impact on a trade-enabling environment.

These include:

- reducing the administrative bottlenecks associated with the export and import processes;
- engaging fully in multi-lateral trade;
- minimizing the incidence of “dumping”;
- diversifying and increase the export base;
- promoting new areas of competitive advantage; and
- taking full advantage of international protocols relating to preferential market access (AGOA, EU-ACP);

8. Among specific policies being implemented towards reducing the administrative bottlenecks associated with the export processes, government will:

- continue to provide concessionary export finance facilities to exporters;
- promote competition in airport cargo handling;
- encourage private sector investment in construction, and operating cold chain facilities from production point to the port;
- facilitate the provision by private sector of well organised container terminals with security, equipment, effective operators and computerised tracking;

9. To further enhance the multi-lateral trading environment within which Ghanaian exporters operate, Government will:

- fully participate in negotiations and rule setting in multi-lateral trading fora to ensure that Ghana’s national interests are secured;
- create a fair, transparent and equitable trade regime; and
- facilitate trade through Ghana’s borders to reduce costs and improve ease of trade.

10. In order to address supply constraints to industrial output and improve the competitiveness of local industrial products in the domestic and international markets, the role of Government is focused on:

- facilitating the mobilization of domestic and international resources for production of value-added products;
- enhancing accessibility to competitive productive infrastructure especially road, water, telecommunications and electricity, among others;
- promoting efficient management practices in production systems;
- promoting the use of local products and services in government procurement;
- actively promoting made in Ghana products in the domestic and international markets; and
- assisting exporters to observe international standards required by selected export markets.

11. Other policy interventions include facilitating the development of commercially viable export and domestic market-oriented enterprises in the rural areas, including horticultural and other crops and crafts which have the potential to contribute to exports and employment creation in the rural communities.

12. The textile industry has been identified as an important additional growth point, under the GPRS II for its potential to:

- earn foreign exchange through exports,
- create large-scale employment and contribute significantly to growth and poverty reduction
- provide a good opportunity for economic expansion and diversification, and

- harness the advantages under the preferential access to the North America markets under the African Growth and Opportunity Act (AGOA) initiative.

13. In this respect, it is envisaged that a selected number of high growth-oriented, internationally competitive exporting firms in the garment and textile industry would be supported under the Export Action Programme on Textiles and Garment to explore the American and European consumer markets.

14. These sets of policies and strategies are expected to improve the ease of doing business, enhance Ghana's competitiveness abroad, and increase the value of exports by at least 15% during the GPRS II period (2006-2009), with the non-traditional exports (NTE) sector growing at 12% per annum at the least.

1.3 THE ROLE OF STAKEHOLDERS TOWARDS THE ATTAINMENT OF THE OBJECTIVES OF GPRS II

15. Effective stakeholder influence and participation in the formulation, implementation, monitoring and evaluation of public policies and strategies are essential to ensuring transparency, improvement in accountability and efficiency in management of development policies and strategies at all levels of government.

GPRS II Formulation and the Role of Stakeholders

16. The full participation of the public, private and non- governmental organizations (NGOs) was considered as critical to the formulation of the GPRS II. Therefore the participatory process was employed and sustained throughout the process. A series of stakeholder consultations provided the platform for public declaration of the non-state actors' preparedness to collaborate with government to prepare a comprehensive development policy framework for accelerated growth and poverty reduction, with government leading the process.

17. Cross-sectoral planning groups (CSPGs) established for the thematic areas of the GPRS constituted the focus of analysis and design, and recommendations of policies and strategies. The membership of core teams was drawn from the public sector, civil society organizations, the private sector, research and academic institutions, and development partners. The work of the core teams constituted an important part of the process of consultation between government, private sector, civil society and development partners to ensure that policies and strategies formulated in the GPRS II represented adequate consensus on the views of the average citizen at the national, regional, district and community levels. The process also contributed positively to enhancing the advocacy and watchdog role of civil society as well as clarifying roles of non-state actors in the implementation, monitoring and evaluation of these policies and strategies.

18. Various groups participated in the formal consultations on the GPRS, either through workshops, seminars, retreats, meetings, or public fora. Specific groups included community groups, communications media, professional bodies and student groups, Ghana Employers Association, research institutions and policy think tanks, NGOs and religious bodies, women's leaders/coalition of women's groups, members of parliament, representatives of political parties, ministers of state and their deputies, chief directors and directors of government ministries, departments and agencies. Formal comments on the draft GPRS II document were also received as part of the participatory policy formulation process.

Communication Strategy

19. The GPRS communication strategy, which has been developed to support effective stakeholder ownership in the implementation of the GPRS II, also incorporates the principle and benefits of the participatory process. A number of stakeholders have therefore been identified as collaborating partners in this respect. This strategy for the dissemination of the GPRS involves a number of different activities. These include: (i) national launch of the GPRS; (ii) printing and distribution of the main document as well as a simplified version in English and in the major Ghanaian

languages; (iii) newspaper pullouts, articles, brochures and pamphlets; (iv) TV and radio discussions and documentaries in English and the local languages; (v) seminars and workshops. Given the gender dimensions of poverty special efforts are being made to make the communication strategy gender sensitive.

Implementation Arrangements

20. The GPRS II consists of programs and projects that are to be implemented by the public sector, the private sector, and non-governmental and civil society organizations. Given that the private sector, non-governmental and civil society organizations have competencies in certain areas that the public sector does not have, the GPRS assigns specific roles and responsibilities to the stakeholders based on their special competencies.

21. A major challenge that has historically faced the development of the Ghanaian economy is not the inability to formulate good and credible policies and strategies but rather the weak capacity to implement these policies and strategies effectively. To address this basic weakness, implementation arrangements under GPRS II focus on the establishment and operationalization of a number of institutional structures to ensure effective public/private sector policy dialogue at all levels on key issues, which affect the effective promotion of the export sector. These include the Ghana Investment Advisory Council, the Private Enterprise Foundation and the Association of Ghana Industries. In addition a technical committee has been which is responsible for linking the GPRS II to the annual national budget, a Parliamentary Select Committee on GPRS oversees the implementation of the policies and strategies outlined in the GPRS II, and a Monitoring and Evaluation (M&E) system has been established to produce Annual Progress Reports (APR) on the implementation of the GPRS II.

Monitoring and Evaluation Arrangements

22. The GPRS M&E institutional arrangements have been designed to facilitate active participation of stakeholders to ensure that policy recommendations are relevant and contribute to policy formulation and resource allocation that are geared towards growth and poverty reduction.

23. The Annual Progress Report (APR) provides a framework for the systematic monitoring and evaluation of the achievements of the GPRS targets as well as the outcomes and impacts of government policies through a set of indicators. Further, it identifies weaknesses that are likely to hinder the achievement of the goals and objectives of the GPRS and proposes policy recommendations to help address the concerns. The APR also provides information on the linkage between the budget and the GPRS and is used to inform the Medium Term Expenditure Framework (MTEF) process for the preparation of the following year's annual budget, to ensure that resources are refocused appropriately.

24. National Inter-Agency Poverty Monitoring Groups (NIPMG), Regional Poverty Monitoring Groups (RPMG) and District Poverty Monitoring Groups (DPMG) have been established at the national, regional and district levels respectively. These groups are multi-sectoral, and include public, private and NGO representatives selected for their expertise in the specific GPRS thematic area. The poverty monitoring groups are established to validate and facilitate the collection of data towards the update of selected indicators and policy recommendations. By having access to monitoring and evaluation results, the private and NGO sectors can generate participatory review of the growth and poverty reduction efforts to increase accountability and transparency of public resource allocation and utilization.

25. Participatory Monitoring and evaluation is an additional tool employed to obtain citizens' perceptions and assess whether the prescribed/recommended policy interventions have met the expectations of a wide range of stakeholders including policy makers, development partners, local communities, the poor and the vulnerable and excluded in society. It complements the information obtained through the Annual Progress Report (APR). The effectiveness of this tool requires the building and maintenance of partnership between the public sector, including district assemblies, NGOs, CBOs and local communities.

1.4 CONCLUSION

26. Given the important role that the export sector plays in the economy, the public, private and NGO sectors must collaborate to play their respective roles effectively in order to achieve shared growth and sustainable poverty reduction. It is recognized that priorities within the export sector change over time; new technologies create new opportunities, while changes in the international markets and terms of trade can dramatically alter the environment within which the actors in the sector must operate. Government will therefore continue to implement policies that take into account the opportunities and challenges that confront the sector. However, there is the need to sustain the dialogue among the public, and the private and NGO sectors to ensure that policy initiatives that are pursued are compatible with the objective of promoting export sector growth for the attainment of overall economic growth and poverty reduction.