CASE STUDY

The Challenge of Building an Effective Public-Private Sector Partnership in Strategy Development

A COUNTRY PAPER
CONTRIBUTED BY

THE GHANAIAN STRATEGY TEAM
1.0 Introduction

Effective public-private sector partnerships are critical for the achievement of development goals. Invariably, the public sector controls the policy and regulatory framework within which firms must operate and increasingly, changing trends point to an acceptance of the fact that enterprise level activity is best carried out by private sector operators. In order that national goals can be achieved it is necessary that the two sides, the public and the private sectors, should act with cohesion and in a complementary manner. When both sides participate in strategy development, a good basis is set for collaboration at the implementation stage. The challenge however is how this may be achieved.

2.0 Background

2.1 The Ghanaian economy went into transition during the decade extending from the mid-eighties to the mid-nineties, from a state dominated economy to a liberalised, open market and growing private sector populated business environment. The export sector is characterised by a mature traditional export sub-sector engaged in the export of cocoa beans, timber log and minerals (gold, manganese, bauxite, etc.). This traditional export-sub-sector, which used to be dominated by state actors, is now largely private sector operated, except for cocoa exports where state involvement is still substantial.

2.2 A second sub-sector in the export sector which emerged in the eighties and has since seen exponential growth ever since is the non-traditional exports (NTEs) sub-sector. This sub-sector comprises, by definition, any product other than cocoa, timber or gold. The NTE portfolio thus has accumulated a large and diverse list of agricultural, manufactured and craft products, some of the more substantial ones being fresh tropical fruits such as mangoes and pineapples, aluminium metal-ware and straw baskets. From a low level of less than US$2 million in 1984, NTE revenues have climbed to over US$500 million as at the end of year 2003. This paper focuses on strategy issues in the NTE sub-sector.

3.0 The Players

3.1 The NTE sub-sector is characterized by small and medium enterprises (SMEs). It is pre-dominantly populated by private-sector enterprises that export products by themselves. Over time, these private sector operators in the NTE sub-sector have organised themselves into business associations on a product-by-product basis. Thus one may find, for example, the Horticulturists Association of Ghana (HAG), which groups pineapple and other tropical fruit exporters. One may also find the Handicraft Exporters Association, a grouping of firms engaged in the export of crafts. All these associations come together in an umbrella group called the Federation of Associations of Ghanaian Exporters (FAGE), which is itself affiliated to the Private Enterprise Foundation (PEF) which groups all major private sector business associations in Ghana.

3.2 On the public sector side, the institutions with direct responsibility for the export sectors are, first, the Ministry of Trade, Industry and President's Special Initiatives (MOTI/PSI). Working to the Ministry is the Ghana Export Promotion Council (GEPC) which is the statutory and focal point national export trade promotion and development agency. Other agencies in the public sector such as the Customs, the Standards Board, the Ministry of Agriculture and its agencies, and so on, are stakeholders involved with the export community.

3.3 The other set of players involved in the export sector in Ghana include Donor agencies, such as UNDP, ITC, USAID, and NGOs, such as Aid to Artisans Ghana (ATAG). A small but significant and growing group of players are the specialists, consultants and subject specific experts who provide services to the exporting community in terms of technical inputs for product and market development as well as policy formulation.
4.0 The Strategy Process

4.1 The strategy development process for the NTEs is the result of continuous dialogue among the export community in Ghana. As indicated in the diagram above, all categories of players are engaged in an open advocacy process where consensus building is emphasized, yielding policy that is then implemented as appropriate.

4.2 One of the most successful strategy development instruments employed for the NTE sub-sector is the Exporters’ Forum, which is organised by the GEPC twice a year. At this forum, exporters come face to face with public sector actors including ministers and officials from the various agencies. Both sides are free to table issues and concerns for discussion and consideration. Major strategic decisions are known to have been taken as a result of this process. For example, the movement to decontrol foreign exchange earnings of exporters leading to a relaxation of foreign exchange regulations, which allow Ghanaian residents to hold foreign currency accounts, emanated from such a forum.

4.3 The organization of the forum starts several weeks prior to the forum itself. GEPC invites submissions from all interested parties. These are reviewed by staff and appropriate queries are submitted to relevant public sector agencies for responses. On the day of the forum, the issues are brought up and discussed. On the basis of the discussions undertaken at the forum, recommendations are prepared for the relevant party for consideration and implementation. A status report on the issue is issued at the next forum to update participants.

4.4 This Exporters’ Forum has proven to be one of the most effective and enduring means for promoting public-private sector partnerships in strategy development in Ghana. It is a dynamic instrument, which provides a current and real sense of participation in the development process for all parties from the public and private sectors. It allows the private sector to make inputs, into the design and management process, without having to resort to burdensome formalities. This helps to maintain the involvement of the private sector in the process.