Connecting Local Enterprises to Global Markets: The Case of Ghana

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Introduction

• Exports/GDP ratio 32.4% in 2012
• Cocoa, gold, oil account for 84% of merchandise export, 2012
• Cocoa, gold account for 80% of non-oil export, 2012.
• Diversifying exports, adding value necessary to reduce vulnerability to commodity price fluctuations.
Inserting Enterprises into the GVC

• What is Required (Bamber et al, 2014)?
  – Minimum Cost
  – Quality
  – Reliability

• To remain competitive in the GVC requires:
  – Productive capacity
  – Infrastructure and services
  – Business Environment
  – Trade and Investment Policy
  – Industry Institutionalisation
Strengthening Production Capacity

• The Ghana Export Promotion Authority established in 1969, which has a focus on non-traditional exports has as one of its objectives
  ‘To facilitate the development and expansion of the supply base ..... It does this through the establishment of export production village schemes and provision of technical advisory services.

• Under the African Cashew Nuts Initiative farmers have been trained in good agricultural practices and provided improved seedlings.
Strengthening Production Capacity II

• Improving Standards and Certification
  – Cocoa Abrabopa Association of over 19,000 farmers. Works with private organisations such as Rainfall Alliance and UTZ and the Cocoa Research Institute of Ghana to obtain traceable, sustainable certification.
  – Under the UNIDO State Secretariat for Economic Affairs (SECO) project:
    • The Ghana Standards Authority has developed the capacity to develop standards for the main export products using international best practice.
    • The Ghana Standards Authority is an accredited certification body that can serve the west African sub-region (ISO 9000, ISO 22000).
    • Accredited laboratories for testing that ensures products have achieved required standards and regulations.
    • National Traceability system and committee under the aegis of the Ghana Export Authority. Capacity to implement traceability systems.
Infrastructure and Services

• Transportation, ICT, Energy and Water.
  – Energy and water supply are still major challenges in the Ghanaian economy.
Business Environment

• Ghana Ranking World Bank Doing Business 2014:
  – 67 among 189 countries
  – Dropped 5 points from a position of 62 in 2013.

• Starting a Business
  – Introduction of the computerization system and customer service desk, has reduced long procedures in business registration.
    • The number of registered businesses from the informal sector has risen since the introduction of these reforms.

• Access to Finance
  – Credit Reference Bureaux
  – Association of Ghana Industries - access to credit is a major concern for Ghanaian industries.
Trade and Investment Policy

• The regulatory framework for international trade:
  – Number of documents to export remains the same at 6.
  – The time it takes to process trade at the ports has marginally reduced. Trading across Ghana borders has been eased to some extent by the policy to reduce congestion at the port area.
  – Cost of international trade processing (cost of importing and exporting) has increased significantly since 2004. In an effort to reduce the importation of contraband goods, scanning processes of imports have been increased and the customs clearance system has been changed. This however has introduced delays in the process because of the limited number of the machinery used in the scanning process.

• The Ghana Export Promotion Authority
  – Organises missions to link Ghanaian exporters with prospective buyers
  – Provides technical advice on export marketing to exporters
Industry Institutionalisation

• Government policy recognises the importance of entering the global value chain.
  – Works with development partners and private foundations
    • For example, UNIDO, SECO, USAID
    • African Cashew Initiative – German BMZ and Bill and Melinda Gates Foundation
  – Public-private partnerships
    • Grow Africa Initiative– A continental initiative (Comprehensive African Agricultural Development Programme (CAADP) that has a framework that includes civil society

• Private sector initiatives
  – Cocoa Abrabopa
Reference

Thank You