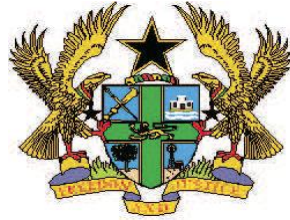


MINISTRY OF TRADE AND INDUSTRY



GHANA NATIONAL EXPORT STRATEGY FOR THE NON-TRADITIONAL SECTOR 2012 – 2016

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ABBREVIATIONS

AGI	-	Association of Ghana Industries
AGOA	-	African Growth and Opportunity Act
CEPS	-	Customs, Excise and Preventive Service
ECOWAS	-	Economic Community of West African States
EDIF	-	Export Development and Investment Fund
EPA	-	ACP-EU Economic Partnership Agreement
EU	-	European Union
FASDEP	-	Food and Agriculture Sector Development Policy
FDB	-	Food and Drugs Board
FDI	-	Foreign Direct Investment
GEPC	-	Ghana Export Promotion Council
GPHA	-	Ghana Ports and Harbours Authority
GIPC	-	Ghana Investment Promotion Centre
GOP	-	Gross Domestic Product
GSA	-	Ghana Standards Authority
HACCP	-	Hazard Analysis Critical Control Point
ICT	-	Information Communication Technology
ITC	-	International Trade Center UNCTAD/WTO (Geneva)
MASLOC	-	Microfinance and Small Loans Centre
MCA	-	Millennium Challenge Account
MCC	-	Millennium Challenge Corporation
MDAs	-	Ministries, Departments and Agencies
MIDA	-	Millennium Development Authority
MMDAs	-	Metropolitan, Municipal and District Assemblies
MOFA	-	Ministry of Food and Agriculture
MOTI	-	Ministry of Trade and Industry
NBSSI	-	National Board for Small-Scale Industries
NEPAD	-	New Economic Partnership for Africa's Development
NES	-	National Export Strategy for the Non-Traditional Sector
PPP	-	Public-Private Partnership
PSDS II	-	Second Medium-Term Private Sector Development Strategy II
PSI	-	President Special Initiative
SPS	-	Sanitary and Phyto-Sanitary Standards
TRIMS	-	Trade-Related Investment Measures (of WTO)
UNCTAD	-	United Nations Conference on Trade and Development, Geneva
WTO	-	World Trade Organisation (Geneva)

EXECUTIVE SUMMARY

The overall objective of the National Export Strategy (NES) is to develop the potential of the non-traditional export (NTE) sector to enable it make maximum contribution to GDP growth and national development to consolidate and enhance Ghana's middle-income status, create formal decent job opportunities and ensure high standards of living for the people.

The NES is situated within the context of the Medium-Term Development Policy Framework: Ghana Shared Growth and Development Agenda 2010-2013, which has identified the private sector as the main agent of change and key actor in developing the non-traditional export sector. The First Medium-Term Private Sector Development Strategy (PSDSI) was implemented to enhance the competitiveness of the private sector. As a follow-up, the Second Medium-Term Private Sector Development Strategy (PSDS II) was formulated with the principal objective of creating jobs and enhancing livelihoods for all. The purpose of formulating the NES is to provide the strategic direction and thrust for mobilizing financial and material resources and the energies of the private sector to deliver the NES.

Ghana is on the way to joining the group of important global oil exporting nations. Despite the attractions of oil revenues, the government has taken a bold policy decision to stay focused on developing the non-oil/ non-traditional export sector.

The NES is driven by envisioning ***Ghana as a world class exporter of competitive products and services*** underpinned by four planned Strategic Outputs:

- Reduced impediments, uncertainties, risks and costs in production and conducting export business.
- Enhanced export value chain infrastructure and support service delivery.
- An established capacity in GEPC with a counterpart at District level for assisting the Metropolitan, Municipal and District Assemblies to undertake export development and promotion, so that every District is able to develop at least one significant export product preferably from the Priority Product List.
- Strengthened and expanded institutional capacity for export-oriented human capital and resource development to enable exporters to keep abreast of modern trends, best practices and demands of the contemporary international market.

The document is presented in two parts:

- The first part provides the background information and the situation analysis, describing “where we are now” regarding the policy environment and the performance of non-traditional exports before dealing substantively with the strategy, the institutional mechanism and implementation arrangements.
- The second part comprises monitoring and evaluation, outlines the funding arrangements and presents the Action Plans which provide the details of how the strategy will be delivered.

Ghana has enhanced its international trade status over the past 30 years with both traditional and non-traditional exports recording substantial growth. However, the unusual situation in 2008 when the foreign exchange reserves dropped to barely 2 months' import cover revealed serious weaknesses in the foreign trade sector.

Presently the Ghanaian economy continues to be natural-resource driven, based on factor accumulation, requiring transformation and modernization with emphasis on efficiency and productivity, driven by extensive application of knowledge, skills and technology in line with contemporary global trends and best practices.

A remarkable feature of Ghana's external trade sector is that the structure of exports continues to be dominated by raw cocoa beans, gold and timber since the colonial era.

Products vary considerably in their export performance. Therefore, a priority product selection approach has been adopted for concentrating resources on a limited range of products for export development following a specific set of criteria and priority setting methodology developed for this purpose. The priority list focuses on products which are likely to make a significant contribution to achieving the strategic growth target revenue of US\$5.0 billion by the 5th year of the NES. The final selection of products has been informed, among other things, by gestation period and the ability to generate the expected rate of revenue growth. The priority products list comprises:

1. Cocoa Products (i.e. Paste, Butter, and Confectionery)
2. Wood products (Veneers, Plywood, Builders' Woodwork and Fibreboard)
3. Fresh/chilled and processed fish
4. Articles of Plastic
5. Vegetable oil seeds and oils
6. Natural rubber and rubber products
7. Aluminum products
8. High value horticultural products
9. Cashew nuts and processed cashew.

Textiles and garments, pharmaceuticals and selected products of the creative arts industry have been added, based on special considerations. (see page 54).

Market exploration for the products has been informed by:

1. The findings of market investigation that markets that traditionally absorb substantial amounts of Ghanaian products, for example, the EU and ECOWAS are likely to absorb more.
2. The newly emerging economies where disposable income is growing rapidly. For example, Brazil, Russia, India and China, the Middle East, Eastern Europe and certain Latin American countries.

Critical issues of export sector-wide impact addressed by the NES include:

- Human capital and export competency development
- Infrastructure
- Transportation
- Technology
- Trade facilitation
- Finance

The development of the selected priority products will be supported with a vigorous programme of investment promotion and an effective “local content policy” where applicable.

The NES contains a major initiative to substantially engage all the Districts in the national export effort with important implications for improved balanced regional/spatial development, geographical distribution of job and income opportunities and poverty reduction. The 170 Districts have been given a task in the NES to generate a minimum of US\$1.0 million NTEs each in 2016 over and above their 2010 levels as their contribution to achieving the NES goal of US\$5.0 billion in 2016.

Technical cooperation projects will be identified and formulated from the NES and implemented as the main vehicle for delivering the NES. At least one of such projects will be for women, focusing on high fashion niche market-oriented Afro-centric textiles and garments in which Ghanaian women entrepreneurs in the fashion business have distinguished themselves, and on shea nuts and butter industry in which about 90 per cent of the producers are women. Another important project will be for strengthening the technical capacity of institutions that have key roles in the NES, mainly GEPC and MOTI, and their strategic ally institutional service providers.

It is recommended that:

- i. The Ghana Investment Promotion Centre (GIPC) and the Free Zones Board (FZB) be given increased resources to drive the additional effort in investment promotion.
- ii. The National Board for Small-Scale Industries be strengthened and resourced to develop export-oriented SMEs nationwide, particularly in the Districts.
- iii. GEPC be strengthened and adequately resourced to undertake the task of managing, coordinating and driving the implementation of the NES and providing technical backstopping under the supervisory responsibility of MOTI.

PART ONE

1.0 BACKGROUND

1.1 Contextualization

This National Export Strategy (NES) has been formulated as a strategic complement to PSDS II. PSDS II is intended to enhance private sector competitiveness while the NES is to provide export opportunities for the private sector to unleash its energy and realize its potential. The NES has been designed to embody the contribution of the non-traditional export sector to national efforts to increase and maintain the economic growth rates necessary for consolidating and sustaining Ghana's newly attained middle-income status. The NES formulation has been informed, inter alia, by the following official policy documents:

- The Medium-Term National Development Policy Framework: Ghana Shared Growth and Development Agenda 2010-2013,
- The National Trade Policy
- The Private Sector Development Strategy II, 2010-15
- The Ghana Industrial Policy and
- Food and Agriculture Sector Development Policy (FASDEP).

The Medium Term National Development Policy Framework assigns major export roles to the manufacturing industry focusing on specific product sectors and development of processed agricultural exports as a strategy to stimulate growth and improve incomes. The Second National Medium Term Private Sector Development Strategy (PSDS II) envisages exports to drive private sector development for transforming the Ghanaian economy and widening economic opportunities in which all may share. PSDS II therefore calls for efforts to find new markets and identify new products in which Ghana can compete in order to increase opportunities for growth and make exports more resilient to falls in prices and drops in demand for particular products. (Government of Ghana, Second National Medium Term, Private Sector Development Strategy (PSDS II), Part One: Strategy, 2010 – 2016, *Prosperity for all through private sector development*, January 2010).

Given the different angles from which these policy initiatives approach the issue, it becomes necessary to articulate a well-focused and coherent strategy to prosecute the national export effort. PSDS II provides vast economic opportunities for the private sector. The NES provides the vehicle for harnessing the potential of the private sector to take advantage of the export business opportunities.

Ghana has enhanced its status in international trade over the past three decades, recording substantial expansion with exports (traditional and non-traditional) growing tremendously and imports increasing significantly more than exports. Recent export performance figures show that exports increased from US\$ 2.8 billion in 2005 to US\$ 4.2 billion in 2007 dropping to US\$ 2.34 billion in 2009. Equally impressive has been the growth of non-traditional exports which have been increasing at rates between 15% - 25% per annum. However, the most remarkable feature of the external trade is that the structure of exports has remained virtually unchanged since the colonial era with the traditional exports of cocoa, gold and timber, which are natural resource-based, asserting their dominance, accounting for about 70 per cent of total exports, despite numerous efforts to diversify exports and effect structural transformation of

the economy. So far, the limited diversification which was achieved has been mainly by expanding into other agricultural opportunities, namely horticulture and fisheries.

Overall, the country continues to run a large balance of trade deficit in relation to its GDP. This is offset by a current account surplus mainly from unrequited transfers, so that the balance of payments is not normally a cause for serious concern. However, the experience in 2008 during the height of the world economic and financial crisis when Ghana's foreign reserves dropped to a level representing less than 2 months' imports cover shows that there is little room for complacency. The country does need to substantially increase and sustain the level of its exports, especially in the non-traditional sector where huge potentials exist.

Ghana has reached the threshold of becoming a world-class significant oil producer and exporter. Oil exports have the ability to generate substantial revenues without the hard work associated with developing non-oil exports. Despite the revenue attractions provided by oil, the government has taken a bold policy decision to stay focused on developing the non-oil/non-traditional export sector, which possesses huge potentials, to spearhead balanced economic development, drive private sector growth and create decent job opportunities. Part of this policy decision is to formulate a National Export Strategy for the non-traditional sector (NTE) to provide the strategic direction for mobilizing and refocusing national efforts to achieve substantial export growth and diversification to ensure widespread shared economic benefits, especially reduction of poverty and spatial inequalities. Ghana has attained middle income status the maintenance of which requires high and sustained GDP growth rates. Exports have the ability to contribute significantly to this GDP growth, spread economic benefits and reduce spatial inequalities, and must be made to play and enhance this role.

The formulation of the NES has been guided by specific Terms of Reference which, however, underwent changes as new issues emerged in the course of research and consultations. The highlights include review of how current international and regional trade protocols impact on market opportunities and access for Ghana's exports; review of Ghana's current strategic objectives and goals for export development and growth; identification of the main factors that drive or hinder Ghana's competitiveness; definition of a practical methodology for selection of priority products and interventions; and elaboration of institutional arrangements for implementation of the NES.

1.2 The process of formulating the NES

The formulation of the NES was undertaken by a team of consultants in consultation the Director of Exports, MOTI, and other senior officials as well as with the organized private sector. A technical committee constituted by MOTI worked closely with the consultants and provided useful inputs. The first draft was subjected to an intensive discussion at a retreat of representatives of stakeholders. Comments and suggestions on the draft report were reviewed with the consultants and taken into account in preparing the subsequent draft. The final draft was discussed at a broad-based stakeholders' forum after which it was revised and submitted.

1.3 Structure of the Strategy Document

The NES document is in two main parts. Part One contains the substantive issues of the strategy divided into seven sections. The first two sections provide the background information and the situation analysis, where the question is asked: Where are we now? The response is summarized in the SWOT Analysis of the external sector.

Section 3 provides strategic interventions in response to the questions: Where do we want to be and how do we get there?

Section 4 deals with issues of export sector-wide impact which have the ability to produce a broad spectrum of results.

Section 5 deals with interventions which can be applied as catalysts.

Section 6 articulates the gender dimension of export development and provides support to government efforts to attain the UN Millennium Development Goal No.3 on gender.

Section 7 deals with implementation arrangements, institutional mechanism and coordination as presented in a governance structure.

Part Two of the document contains two main components: Section 8 on Monitoring and Evaluation and other programme management tools and issues, such as the Logical Framework Matrix and Indicators. Presented in Section 9 are Sector Action Plans which provide the details of how the NES will be delivered.

Section 10 maps out the funding arrangements. It provides financial resources earmarking and identifies the possible sources of funding. The Annexes are contained in Section 11.

2.0 SITUATION ANALYSIS: Where are we now?

2.1 National Development Context

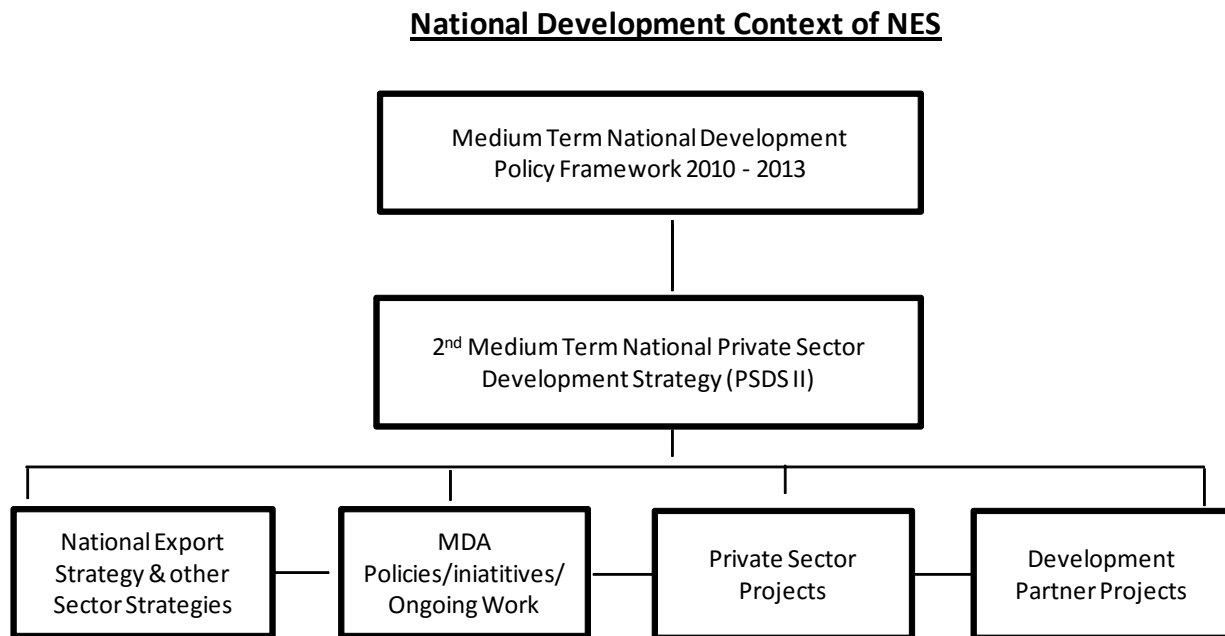
The over-arching policy framework that provides the direction and parameters for the Second Medium-Term Private Sector Development Strategy (PSDS II) is the Medium-Term National Development Policy Framework, 2010-2013, (NDPF). Ghana is an active member of the United Nations, which has adopted Private Sector Development as a United Nations-wide “**Cross-cutting Issue**” and “**Global Priority**”. The PSDS II develops and embodies the President’s promise and commitment to Parliament to promote the development of the private sector as the engine of growth to deliver prosperity to all.

Policies relating to private sector development are envisaged to be delivered primarily by line Ministries, Departments and Agencies (MDAs) by way of on-going and new initiatives and projects as well as through their routine work. PSDS II will also be delivered through International Development Partner projects. One of the major instruments for delivering PSDS II is the National Export Strategy (NES) which is under the responsibility of MOTI. Effective collaboration is envisaged between the NES and projects of Development Partners. (See the Diagram in Figure 1).

By providing vast opportunities for the Private Sector to unleash its new energy, driven by enhanced competitiveness, the NES, which conveys such export opportunities, represents a major complement to PSDS II.

The NES is situated within the context of the Second Medium-Term National Private Sector Development Strategy (PSDS II) to enable the enhanced competitiveness of the private sector that is envisaged under PSDS II to be reflected in significant economic gains to be realized from the conditions expected to be created under the NES. The interaction between PSDS II and NES is expected to result in a substantial improvement in the performance of non-traditional exports and sustained contribution to GDP growth, which is a pre-requisite for higher per capita income and improved standards of living for the people. Higher GDP growth rates and per capita income, improved distribution of income and reduced spatial inequalities represent the ultimate goal of the Medium-Term National Development Policy Framework 2010- 2013. Moreover, exports have the ability to improve distribution of income and reduce spatial inequalities, depending on how the implementation of the NES is managed. A diagrammatic presentation of the National Development Context of the NES is in Figure 1. It will be observed that the NES is expected to incorporate coordination of the relevant activities of MDAs, Private Sector projects and Development Partner Projects which are also expected to be situated within the context of PSDS II.

Figure 1



2.2 Trading in a Competitive Global Context

This section attempts to provide an analytical description of the international scene where Ghanaian exports will be competing with exports from other countries. The purpose is to highlight the challenges and opportunities of competing in a global economy, so as to strategize to contain them.

The coming up of certain South East Asian and The Far Eastern countries, particularly China, India, South Korea, Malaysia and South American countries, e.g. Brazil, Chile and Mexico, as newly emerging economies was accompanied by a structural transformation of their exports, changing from mainly raw commodities to engineering and electronic goods and components, capital goods and services. The rapid development and transformation of these countries has been made possible by increasing foreign direct investment, making extensive use of “local content” policy, and trade liberalization accompanied by rapid technological progress which underpinned globalization. Indeed the changing pattern and structure of world trade was not limited to the newly emerging economies. The advanced industrialized countries continue to participate in this phenomenon.

Over the past two decades, perhaps the most striking feature of the international scene was the successful conclusion of the protracted Uruguay Round of Trade Negotiations which culminated in the establishment of the World Trade Organization (WTO) on 1 January 1995 as the body responsible for overseeing the multilateral trading system (MTS) which has gradually evolved over the last 50 years. The MTS is a body of international rules by which countries are required to abide in their trade relations with one another. The system’s primary goal is to provide liberal, secure and predictable access to foreign markets for goods and service products of exporting enterprises.

The ability of industries and business enterprises to benefit fully from this rule-based system in today's rapidly globalizing economy depends on their knowledge and understanding of the detailed rules and their ability to take advantage of opportunities and respond to challenges of the MTS.

Certain factors are responsible for the rapid expansion of world trade:

- Globalization
- Technological progress
- Technical progress, producing a vast array of transport and communication services, resulting in a spectacular decline in transportation and communication costs and making it possible to move people and goods easily and rapidly from one country to the other, thus making the world a global village.
- Revolutionary changes in information communication technology (ICT).

Opportunities

- Theoretically, the commitment of WTO member countries to pursue liberal trade policies and submit to the norms of the rules-based multilateral trading system means availability of secure and predictable access to foreign markets to Ghanaian export companies. This will enable companies to plan and develop production for export.
- The MTS ensures that Ghanaian enterprises can market their export products internationally under conditions of competition that are equitable without the disruption likely to be caused by the sudden and arbitrary imposition of restrictions by the importing country's government.
- The rules give industries and business enterprises certain rights vis-à-vis their own governments and grant exporters in some cases the right to defend their interests in their export markets against the imposition of measures affecting their trade.
- Globalization offers tremendous trade and export opportunities. The process of globalization, which has increased the dependence of countries on international trade, is further given a new impetus by trade liberalization driven by the MTS as evidenced by the shift in economic and trade policies to further liberalization as noticeable in leading trading countries, supported by vigorous measures to promote foreign direct investment (FDI). These developments and measures have prompted multinationals to source the components and intermediate products required in their manufacturing processes from countries around the world where costs are lowest and to establish production facilities there in the form of FDIs.

Challenges

On the flip side of the vast opportunities are challenges that export companies must learn to respond to or overcome. These are:

- Competition for markets.
- How to be competitive and go on enhancing competitiveness in order to stay in the "race". At company level, an enterprise has to take cost-reduction, efficiency and productivity-enhancing measures to be competitive. At national level, the government has to continually invest in infrastructure, improve the regulatory and business regime and invest in human capital and other "competitiveness drivers".

- Compliance with market access requirements, especially Sanitary and Phyto-sanitary Standards (SPS). Very often this requires investment on the part of export enterprises.
- Promotion of foreign direct investment into the export sector, which involves competing with other countries for FDI.

Lessons from selected emerging economies and relevant advanced countries demonstrate that within the context of their development agenda, most of the successful trading developing countries determine in advance the major exports that will lead and drive their economies. In making their policy choices they determine what to export and proceed to engineer their education, training and service support infrastructure to develop the human resources they need to produce those exports. On one hand, their choice is influenced by trends and patterns in the international market. Their choice of response to the trends and patterns in the international market is informed by their domestic developmental needs and where politically they want to go. These considerations are influenced by two main schools of thought. Traditional concepts of comparative advantage which stress endowments of labour, capital, land and natural resources. New trade theories stress that inasmuch as endowments are important, human capital, technical knowledge, public infrastructure, quality of institutions and more generally the ability of firms to provide the right products to the right markets at the right time are more important in determining exports and their competitiveness.

The External Trade Sector

Ghana has enhanced its position in international trade with rapid export growth, increasing from US\$ 2.8 billion in 2005 to US\$ 4.2 billion in 2007 but dropping to US\$ 2.34 billion in 2009. (Reference: Ghana Statistical Services). Equally impressive has been the growth of non-traditional exports which has been increasing at rates between 15%- 25% per annum. However, 70 per cent of the exports are still in the traditional sector, dominated by cocoa beans, gold and timber, which are natural-resource based. Numerous efforts at diversification of the export base have yielded limited results and diversification has been achieved mainly by expanding recently into other agricultural opportunities, namely horticulture and fisheries.

Overall, the country continues to run a large balance of trade deficit in relation to its GDP. This is countered by a current account surplus mainly from unrequited transfers, so that the balance of payments is not normally a cause for concern. However, the experience in 2008, when the country's foreign reserves came to represent less than 2 months imports cover, shows that there is little room for complacency. The country does need to increase and sustain the level of its exports. This provides a strong case for a NES to provide the strategic direction and roadmap to achieve sustained significant increase in exports and lay the foundation for export diversification and structural transformation.

Ghana's exports are rather concentrated. Countries that depend on a narrow range of exports experience sharp reductions in GDP growth rates when the prices of the few commodities they depend on fall, underscoring their vulnerability to shocks originating from world trade. Finding new markets and products in which the country can compete will increase the opportunity for growth and make exports more resilient to price falls and drops in the demand for particular products.

Move to exporting rich country products. Evidence worldwide shows that what you export matters. There are technological benefits that flow from exporting "rich country products" that spread to other parts of the economy (spillovers), so not only does the exporting industry benefit but also the rest of the economy. This is the development dimension of export spurred by spillover effects.

One of the main reasons why Ghana has not been able to achieve much higher levels of growth, despite investing a large percentage of its GDP is low productivity of capital. There is a need to change the source of growth from factor accumulation (eg expansion of cultivated land, hiring of more workers, increased investment) to increase in productivity of factor inputs. This can be achieved by increased application of improved technology eg fertilizer, high-yielding and disease resistant variety of seeds and seedlings, etc and use of more efficient machinery, tools and other inputs accompanied by investing in human capital development.

Destination of exports and policy implications

South Africa featured strongly in the direction of Ghana's total exports taking a high proportion on account of gold ore from Canadian- and South African-owned mines in Ghana for extraction and processing. Main target markets for exports other than gold ore are EU, Switzerland, Malaysia, Nigeria, India and Japan. Burkina Faso featured mainly on account of re-exports. The implication for policy recommendation is that Ghana must invest in gold refining substantially to capture the huge value-added element of the gold value chain.

ECOWAS Trade

Since 2006 Ghana consistently ran trade deficits with ECOWAS through 2008 mainly on account of petroleum imports from Nigeria. From a small deficit of \$29.4m in 2006 the deficit grew to \$247.4m in 2007, reaching a level of \$712.8m in 2008. In 2009, however, the deficit swung into a trade surplus of \$244.6m mainly on account of a surge in exports from Ghana to other ECOWAS countries. A significant amount of transit trade resulted in large recorded re-exports from Ghana to Burkina Faso.

ECOWAS presents a huge market opportunity for Ghana to expand exports, especially of manufactured products. The ECOWAS Trade Liberalization Scheme (ETLS) provides the framework for operating a preferential trade arrangement. However, the Rules are hardly respected by the Member States to the extent that it is like an opportunity squandered.

A plethora of checkpoints renders almost useless the provisions governing inter-state transit. Trade Facilitation is intended to serve the dual purpose of maximizing legitimate revenue collection for government and reducing transaction costs for cross-border and transit goods and services but this hardly works satisfactorily. A trader cannot predict how much it will cost to transfer goods from one country to another. This is enough to discourage trade.

The ECOWAS Commission tried to use ECOWAS Trade Fairs to promote intra-ECOWAS trade. This, however, has failed because of the manner in which Customs, Immigration and Security personnel conduct their work. Even participation in individual country international trade fairs is being discouraged by the arbitrary charges levied on participants especially those from neighbouring countries and other forms of harassment by customs and security personnel.

2.3 Performance and features of Ghana's NTE sector

This Section seeks to provide an overview assessment of the current status of the economy and performance of our non-traditional exports, particularly the performance of the portfolio of Ghana's

leading non-traditional export products, policy support to the export sector, institutional export and business development support service delivery, and challenges of the export sector.

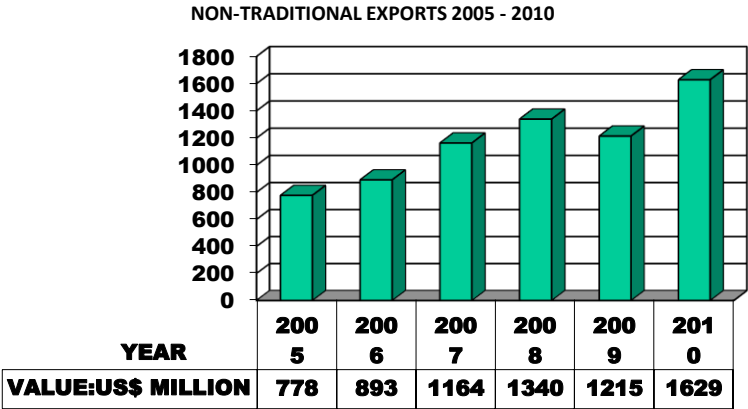
Ghana has now attained middle income status. The country is ranked 92nd out of 183 countries in 2010 World Bank’s Doing Business Report. In the 2009 Report Ghana was identified among the 5 African countries considered to be “systemic reformers” for the year under review. In the Global Competitiveness Report, Ghana slipped from its 102 out of 134 countries position in 2008/2009 to 114 out of 133 countries in the 2009/2010 Report. In order to grow at an average rate of 8 % per annum in the medium term and pursue economic and export transformation, Ghana’s competitiveness rating should not be lower than 51, which is the average of emerging markets, otherwise competing emerging economies will out-perform Ghana. The IMF has forecast that Ghana’s GDP will grow at 14.1%.

Performance of the NTE sector and leading export products

The performance of major products in the NTE sector is presented in the graph below and in Tables 1, 2 and 3 in the Annex.

The graphs below show the general trend of NTE performance in United States Dollars.

Figure 2



Source: Ghana Export Promotion Council

Figure 3

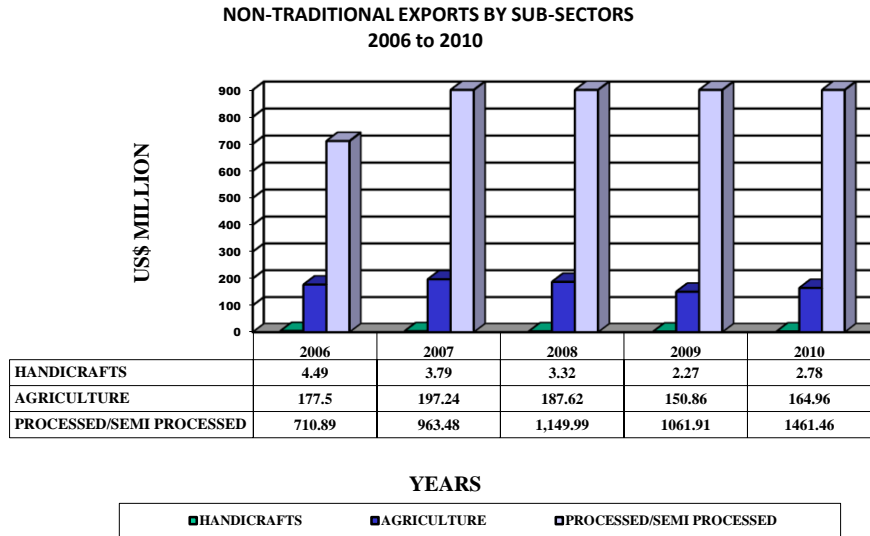


Source: Ghana Export Promotion Council

Non-traditional export (NTE) performance by sub-sector

Total earnings of the non-traditional export sector in 2010 are made up of earnings from three main sub-sectors, Agriculture, Processed and Semi-processed and Handicrafts as indicated in Figure 4 below and Table 2.

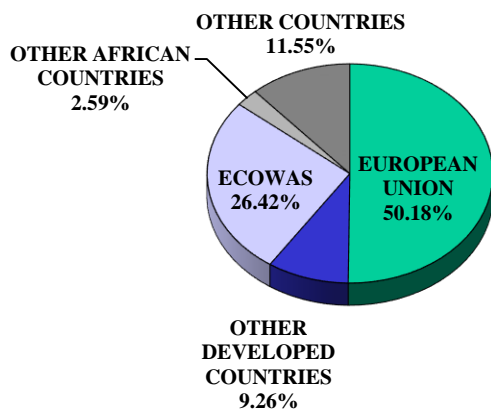
Figure 4



Source: Ghana Export Promotion Council

Figure 5

Performance of NTE Sector by Markets (Destinations)



Source: Ghana Export Promotion Council

Features of Ghana's NTEs

The Non-traditional Export (NTE) sector is a significant contributor to Ghana's overall exports. The sector, on average, accounts for close to 25% of total exports. (GEPC, 2011) The sector has recorded significant growth rates year after year in the last five years, except in 2009, when there was a slight decline due mainly to the global economic downturn witnessed in that year. In 2010 NTEs resumed their growth to the highest level ever recorded. The potential for future growth in NTEs is very high as Ghana seeks to add more value particularly to its agricultural produce. Already, the figures show that a very high proportion of overall NTE revenue (87.40%) is generated from export of manufactured products. Seven out of the ten leading NTEs are semi-processed or processed products.

This positive trend is likely to continue given the current efforts by the Ghana Investment Promotion Centre and the Ghana Export Promotion Council to attract more investments into the agro-processing and light industrial sectors of the economy. Currently, a few state-of-the-art modern factories including Barry Callebaut, Cargill Ltd, Cocoa Processing Company Ltd, Ghana Rubber Estates Ltd., Pioneer Food Cannery Ltd. Blue Sky Ltd, Myroc Food Processing Ltd., Aluworks Ltd. and Pipes and Plastics Ltd. and others in the wood sector account for the highest proportion of total non-traditional exports such as cocoa products, canned tuna, plastic pipes and products, telephone and electric cables, aluminum ingots and other aluminium products, etc. The rest of the revenue (under 20%) is accounted for by a large number of SMEs.

Ghana's export sector comprises the traditional and non-traditional sectors. In December 2010 when oil exports from the Jubilee Field commenced the country added a third sector – the oil sector. The traditional export sector (TES) is dominated by cocoa beans, gold and timber (See Table 3). These three commodities have maintained their dominance of the export landscape since the colonial era. Over the 4 years 2006-2009 the three commodities accounted for an average of 75.2% of total exports. Over the same period cocoa contributed an average of 31.3%, gold 35.5% and timber 8.4%. The bulk of the cocoa is exported in a raw form as beans. During recent years, however, the implementation of government

policy to add value to the commodity has resulted in increasing processing of the commodity locally. Foreign direct investment (FDI) in local processing of cocoa is gradually assuming importance, resulting in increasing export of cocoa butter and paste as part of NTEs. However, processed cocoa faces escalating tariff rates in the EU market in addition to loss of the premium that Ghana's raw cocoa beans traditionally command on account of quality.

Direction of NTEs

Ghana's non-traditional products are exported to 140 countries which GEPC has classified into 5 broad geographical areas as follows:

1. The European Union (EU)
2. Other developed countries
3. ECOWAS
4. Other African countries
5. All other countries.

Non-traditional exports to destination market indicate that the European Union and ECOWAS markets absorbed 50.18% and 26.41% respectively or both of them together 76.6% of total NTEs in 2010. These two major destinations continue to be the leading markets for Ghana's NTEs products. Other countries account for Ghana's NTEs destinations as follows: Other African countries (2.5%), Other developed countries (9.26%) and all other countries (11.55%) totaling 23.4%.

While the European Union market has shown strong growth year-after-year since 2006 for Ghanaian NTEs, ECOWAS market has been characterized by variations, although basically firm. The policy implication is that the European Union and ECOWAS markets demonstrate greater absorptive capacity. Therefore expansion of export production should be directed to these markets. We have not as yet explored emerging markets enough.

2.4 Current status of the domestic export environment and institutional support service delivery

In addition to the government regulatory regime, a combination of several sectoral policy domains play specific roles to shape the export environment. Export promotion involves, among other things, product development and therefore investment in export production development. It follows that any policy which is favourable to investment will naturally be conducive to export production and expansion under certain exchange rate regimes.

The export environment is defined by the conditions which drive exports, the most important element being profitability. Profitability, however, is a function of many variables with costs exerting a dominant influence on the supply side, and export prices influencing the demand side.

The Ghanaian export environment is characterized by high costs of production and of doing business as explained in Section 2.6 below. Most of the costs are accounted for by infrastructural service deficiencies, fuel prices and the cost of credit. With regard to the prices that exports fetch, every product has an "average world price" over which Ghanaian exporters, who supply only a small fraction of the world's total, have no control because they are "price takers" as distinct from being "price makers". The lower Ghanaian exporters are able to keep their average production costs below the "average world price" the more competitive they are and the more profit they can make.

Apart from this cost-price phenomenon, the optimality of policy mix of certain key policy domains, relating to trade, macroeconomics, agriculture, industry, human capital development, and science and

technology impact on conditions that shape the export atmosphere. Presently, the government has issued new policy documents covering all these policy domains. How their implementation will be coordinated to ensure coherence in policy delivery, converging towards the achievement of stated national development objectives, including the objectives of the NES, is the greatest challenge.

The quality and timeliness of support service delivery to exporters contribute to reducing export risks and costs, enhancing profit prospects and therefore impact on shaping the export environment. Presently there is a need to upgrade not only the service portfolio of the key institutional service providers in the export sector but also their delivery capacity.

The fact that the Ghanaian export sector is dominated by SMEs with limited technical capacity produces prejudices which limit their access to credit. The extent to which institutional financial service providers extend this prejudice to other clients in the export sector affect the export environment.

The overarching business and export legislative and regulatory regime has the singular effect of determining how export-friendly and attractive conditions are. There is room for improvement. The government and stakeholders are committed to continue to improve this.

Currently, facilities for productivity improvement services that can permit a shift from the tendency of factor accumulation (or application of more factors) for production expansion to improving productivity to achieve output expansion in export production do not exist.

The international market access and trade opportunities provided by international agreements to which Ghana is a signatory play a part in contributing to the export environment, especially as they challenge the ability of the country to respond to the opportunities. The extent to which facilities exist to provide assistance to exporters to exploit market opportunities contribute to shaping export conditions and environment.

2.4.1 Macroeconomic Policy

The macroeconomic variables that influence investment, production and export are the interest rate, inflation rate and the exchange rate. Experience demonstrates that macroeconomic stability is conducive to investment, production and export mainly because of the long term planning that it permits. The policy domains that determine a macroeconomic situation are monetary and fiscal policies as reflected in the exchange rate, inflation rate and the interest rate. The issue of high interest rates in Ghana has generated considerable public debate recently largely because the gains of macroeconomic stability have not translated into significant decline in lending rates by commercial banks in the country. In the last 2 decades inflation dropped from over 40 per cent in 1990 to 8.58 per cent in December 2010, whilst the Bank of Ghana policy rate declined from 30 per cent to 12.5 per cent. Currently, the base lending rates in the country for most commercial banks range from 20 per cent to 25 per cent depending on the sector in which the borrower operates. Standard Chartered Bank alone has reduced its base lending rate to 16.95%.

Empirical evidence suggests that price stability is favourable to export and declining prices are reflected in lower production costs thus enhancing competitiveness. According to the published data on the Ghanaian economy, headline inflation increased from 18.1 per cent at the end of 2008 to peak at 20.7 per cent in June 2009 but declined steadily to end 2009 at 15.9 per cent. The annual average headline inflation increased from 16.5 per cent in 2008 to 19.3 per cent in 2009. It reduced later in 2010 reaching a single digit in the beginning of 2011. The rate of inflation is usually under pressure from a rise in oil prices. (Reference: Ghana Statistical Services).

2.4.2 Trade Policy

Trade policy occupies a unique place among other policy domains in shaping the environment in which companies establish and operate their businesses. Whether, for example, local industries are protected or are left to the mercy of severe and unfair competition is attributable to trade policy. Therefore in order to maximize synergies between policies and the strategy, trade policy should not only work in tandem with the export strategy; it must reinforce it to permit trade and export to play their recognized role as an engine of economic growth. Presently Ghana's trade liberalization is extensive. Protection to infant industries is very limited, leading to the collapse of many industries. We still maintain import duties on a vast list of inputs. This reduces the effective rate of protection of the products and the competitiveness of the industries concerned.

Ghana's trade sector is governed by four main trade agreements and related protocols:

- i. The WTO Agreements;
- ii. ACP-EU Economic Partnership Agreements; and
- iii. ECOWAS Trade Treaty and Protocols which established the ECOWAS Trade Liberalization Scheme (ETLS).
- iv. The African Growth and Opportunity Act (AGOA).

The African Growth and Opportunity Act (AGOA) represent a landmark bilateral trade agreement with the United States Government. Under AGOA eligible Ghanaian export products are admissible to the US market duty free and quota free. Production capacity limitations, however, have prevented Ghana from taking full advantage of provisions of the Act.

Ghana also participates in the Generalized System of Preferences (GSP). Ghana has Bilateral Agreements with certain countries. Despite the Trade Liberalization Scheme, intra-ECOWAS trade continues to perform poorly. Many member countries do not respect the provisions and therefore do not apply them. Inter-state transportation of goods still suffers from harassment from a plethora of checkpoints and overlapping customs and administrative checks which stifle intra-ECOWAS trade.

ACP-EU Economic Partnership Agreement (EPA)

Following the initialing by Ghana of an Interim Economic Partnership Agreement, also known as EPA-lite, with the European Union on 13 December 2007, Ghana has entered into a commitment to phase out import duties between ECOWAS Member States and the EU under a Free Trade Area arrangement.

After four successive Lome Conventions, a Cotonou Partnership Agreement (CPA) was established under which over 90% of Ghana's exports could enter the EU market duty free on a **non-reciprocal basis** up to 31 December 2007 when it was due to be replaced by a **new reciprocal preferential arrangement** called Economic Partnership Agreements (EPAs) under which African, Caribbean and Pacific (ACP) States, including Ghana, will extend **reciprocal** preferential treatment to a **substantial number** of products imported from the EU, i.e., for the most part, EU exports will enter Ghana duty free.

The current WTO rules (Article XXIV of GATT 1994) do not take into account the asymmetry between developed and developing countries concluding free trade area arrangements. According to Article XXIV, an interim agreement for the establishment of a free-trade area should have "a plan and schedule" (an interim agreement) for the formation of the free-trade area "within a reasonable length of time" (may exceed 10 years only in exceptional cases). (Reference: ACP-EU EPA Conference papers).

This means if Ghana is a party to EPA, it will have to grant full reciprocity in trade preferences to the EU in all areas covered by the Agreement by 2018.

Another provision in Article XXIV is that in any free-trade area, duties and other restrictive regulations of commerce (with certain exceptions) have to be eliminated on “**substantially all the trade**”. (Substantially is interpreted to mean 90% of trade). This will apply to EPAs between the EU and the ACP groupings (including Ghana). This means that all ACP States that are parties to EPAs will have to grant full reciprocity in trade preferences to the EU in areas covered by the agreements by 2018 or beyond, as the case may be.

It is the implications of opening up ACP markets to EU exports that have been the source of worry and apprehension to many ACP countries, including Ghana, and not market access to EU for exports from ACP countries.

Ghana has opted for EPA-lite which is equivalent to the status quo rather than GSP+. EU exports to Ghana are likely to increase but it is doubtful if Ghana’s exports to the EU will significantly increase, given Ghana’s supply-side constraints, especially as Ghana’s current EU market access situation will not change in the short-to-medium term. If the NES is implemented to the letter, the situation may change. The argument that the conclusion of an EPA will increase our exports to the EU is based on the premise that there will be new investment flows into Ghana to increase production capacity and take advantage of the vast EU market under economies of scale and at the same time address the supply-side constraints and enhance our competitiveness. This, however, is not happening and will not likely happen unless we intensify our investment promotion focusing on development of infrastructure and other “competitiveness drivers” that substantially reduce costs and increase productivity rather than on creating more investment incentives in the hope that these will offset economic disadvantages. We should also make use of local content options as far as possible consistent with WTO TRIMS Agreement.

Given our weak competitive export supply capacity, building productive and export capacity is an indispensable condition, if we are to derive benefits from the EPAs. If our supply-side constraints are not addressed, our enterprises will find it difficult to realize the benefits of the economies of scale which production for a large market like the EU provides.

Already, the situation is affecting different groups differently in Ghana. While Ghanaian pineapple exporters are happy, poultry farmers are lamenting. Pineapple exports from Ghana to the EU do not threaten EU agriculture. However, Ghanaian poultry industry is in competition with EU subsidized poultry exports to our local market. Moreover, Ghanaian poultry is not sufficiently export-oriented but is more oriented to the domestic market. The issue of how our current international trade protocols impact on market opportunities and market access for exports from Ghana should make a distinction between regulatory obstacles in the form of tariff and non-tariff barriers, non-regulatory obstacles such as voluntary code of conduct between European private buyers e.g. EUREPGAP (the global partnership for safe and sustainable agriculture) and their suppliers and real obstacles experienced or perceived by Ghanaian exporters.

The current structure of Ghana’s exports to the EU market reveals that almost all the products exported to the EU market do not face any tariff. The only challenges our exporters face now before establishment of full EPA include the need to comply with SPS and HACCP requirements and sometimes unfair competition occasioned by subsidized products in EU markets. Another important obstacle Ghanaian exports may face in the EU concerns tariff escalation, especially as it is now Ghanaian government policy to undertake local value added processing while tariff rates on processed products

are higher than those on raw or semi-processed commodities. It will benefit Ghana to sign the EPA if we address our supply side constraints, orient our trade policy to be pro-export and undertake investment promotion into the productive sectors and infrastructure.

In the end, almost all the trade Agreements are based on trade liberalization which only provides opportunities. To enable a signatory country to take advantage of the opportunities that country has to be competitive. In general, the lower the average production cost curves of a country, the more competitive that country is viewed in relation to other countries of the world that are competing for opportunities in world trade. It is important to state that all trade agreements are required to be WTO-compliant.

2.4.3 Industrial Policy

Given that the basis of export is production, development of industrial products for export is not only important for increasing exports but also for altering the composition by increasing the proportion of exports of industrial products to raw commodities. Presently a significant proportion of manufactured export products come from the industrial sector. This comprises handicrafts (GH¢3.2m), aluminum products (GH¢23.7m), animal or vegetable oils GH¢74.8m, Articles for printing GH¢14.5m etc. (Reference: Ghana Statistical Services). Ghana's manufacturing sector is dominated numerically by SMEs using vastly different levels of technology and management practices. There are, however, a number of relatively large modern manufacturing companies using state-of-the-art technology, some of which are subsidiaries of foreign multinationals. According to the Ghana Industrial Policy document, the manufacturing sector has not responded well to the various economic and trade policy reforms pursued over the last decade. There are reasons. Manufacturing firms have faced considerable challenges in the face of increased competition in the domestic and export markets and high production and distribution costs arising from high interest rates, old and obsolete equipment, inefficient infrastructural and utility services and low productivity. Other challenges include:

- Inadequate supply of skilled labour and low labour productivity;
- Lack of tax holidays, other incentives and safety nets for local industries, especially those in genuine and temporary distress.

2.4.4 Agricultural Policy

The basis of export is production. A significant and growing proportion of non-traditional exports come from the agricultural sector.

This comprises mainly horticultural products, fish and sea food, oil seeds and nuts. Agriculture continues to dominate the Ghanaian economy. The sector provides employment to about 70 per cent of the working population; continues to contribute the largest share of GDP until it has just been overtaken by services. Since 2000, the contribution of agriculture to total GDP has varied between 35.8% and 37.0%. The dominance of the agriculture sector in the Ghanaian economy being overtaken by the fast growing services sector, which has, at least for now, taken first position in the economy as at 3rd quarter 2010. (Reference: GSS).

The agricultural sector comprises two principal sub-sectors: traditional agricultural and the non-traditional or commercial. In the traditional sector agriculture is predominantly practiced on smallholder, family-operated farms using rudimentary technology to produce about 80% of the total agricultural output. Agricultural production is generally dependent on rainfall. In 1999 an estimated

6,000 farm enterprises nationwide were using some means of irrigation. In 2002, the total area under formal irrigation was around 11,000 hectares whereas the potential area including inland valleys that could be developed for irrigation is estimated at 500,000 hectares. The traditional sector is difficult to deal with because of its extensive geographical and spatial character and the fact that the vast majority of the operators are not literate. However, any quantum of success achieved in the sector produces substantial and vast spillover effects. This makes it strategic requiring attention in the NES. The non-traditional or commercial sector is characterized by large-scale and modern methods of farming.

This is where significant productivity progress is made and where most of the newly emerging products, namely, horticultural export crops and oil seeds and nuts are produced. There is a growing demand for large tracts of land for mechanized farming to achieve high rates of productivity. However, existing land tenure system continues to pose a serious challenge.

2.4.5 Institutions

There are specific institutions which play key roles in the export sector:

The Ministry of Trade and Industry (MOTI) has overall responsibility for the formulation, implementation and monitoring of Ghana's internal and external trade and provides policy direction for Ghana's export and industrial trade. MOTI is pursuing an export-led industrialization agenda with strong emphasis on regional trade. The Ministry has formulated a trade policy which is under implementation currently. It has completed formulating an industrial policy and is in the process of developing a national export strategy. The Ministry is also leading Ghana's multilateral trade negotiations at the WTO and with the EU under the Economic Partnership Agreements. The major challenge for the Ministry is the coordination between it and its agencies in the smooth implementation of policies. Sometimes, the Ministry is caught in the web of implementing its own policies, instead of providing guidance and supervising implementation by its key agencies. In addition, there are sometimes gaps or ineffectiveness in policy measures undertaken in response to certain concerns expressed by the Ghanaian private sector.

The Ghana Export Promotion Council (GEPC) has the responsibility of providing leadership in implementing policies and measures relating to export and coordinating export promotion activities. The Council, however, suffers from persistent under-utilization of its export services support capacity mainly due to the twin challenges of poor staffing and funding. There are ongoing efforts by the Council's Governing Board and Management to address the situation through new staff recruitments and strong advocacy for increase in Government budgetary support particularly through the Export Development and Investment Fund (EDIF).

The main target group for GEPC's service portfolio is exporters and potential exporters. The most important services of GEPC are provision of relevant and timely export trade information, dissemination of research findings and related training, capacity building in export-related fields, networking for exporters and consulting services on export management.

The Ministry of Food and Agriculture (MOFA) is responsible for formulating agricultural policy. Apart from ensuring that the food and nutrition needs of the country are met, MOFA has the responsibility of ensuring that sufficient agricultural products required for export and industrial processing are provided. For this purpose, MOFA has launched a programme in horticultural export development under the FASDEP programme and also ensures that adequate agro-based raw materials are available to the industries for processing. A lot of progress has been made in the implementation of this programme but

substantial work is required in value chain infrastructure development. (Ministry of Food and Agriculture Republic of Ghana Food and Agriculture Sector Development Policy (FASDEP II) August 2007).

The Ghana Standard Authority (GSA) is the National Statutory Body under the Ministry of Trade and Industry responsible for the quality infrastructure of Ghana which comprises the pillars of Metrology, Standards, Testing, Quality management and Conformity Assessment, including Certification and Accreditation. The GSA is mainly government-funded, but charges fees for its quality assurance and testing services.

GSA is responsible for developing and publishing Ghana Standards in line with International Standards for 21 commodity groups, management systems and services. As a conformity assessment body, GSA is mandated to carry out product assessment through inspection and testing and issuance of certificates of conformity/quality which allow the use of GSA Certification Mark. The Authority continues to receive support both from Government and development partners for the development of its infrastructure, particularly testing facilities, to position it to provide enhanced services for Ghanaian exporters.

Food and Drugs Board (FDB) is the national regulatory body under the Ministry of Health with the responsibility of implementing Food and Drugs Law of 1992, (PNDCL 305B) to regulate the manufacture, importation, exportation, distribution, use and advertisements of food, drugs, cosmetics, medical devices and household chemicals with respect to ensuring their safety, quality and efficacy. The Board has reasonably well-equipped laboratories and other testing facilities for testing of food and drug-related export products before they are exported.

The reference to exportation highlights the sometimes overlapping roles of GSA and FDB as far as export procedures are concerned. Exporters often complain of the impact on their production cost of the high fees charged by both the GSA and the FDB for services which they consider very similar, if not the same.

Customs, Excise and Preventive Services (CEPS) apart from revenue collection, plays important roles in ensuring that trade rules, compliance with standards and laws governing entry of commercial goods into Ghanaian territory, are respected. One of the mandates of CEPS relate to ensuring compliance with export procedures. With the automation of export declaration through the GCNet system and the placement of all revenue agencies under one authority, the turn-around time for exports is expected to decrease significantly. A lot more coordination and collaboration should be expected from CEPS, GCNet, GEPC and the GNCCI to further improve the facilitation of exports.

Millennium Development Authority (MIDA) which is overseeing the US Government-funded infrastructural development programme is undertaking several export-oriented programmes, notably in the horticultural crops sector. As part of the implementation of the programme, horticultural value chain infrastructure is being upgraded in key production zones. Feeder and main roads are under construction to facilitate transportation of agricultural produce for the domestic and export markets.

National Board for Small-scale Industries (NBSSI) The National Board for Small Scale Industries (NBSSI) is the apex governmental body for the promotion and development of the Micro and Small Enterprises (MSE) sector in Ghana. It was established in 1985 by an Act of Parliament of the Third Republic because the government viewed the sector as having the potential to contribute substantially to job creation, development of the private sector and the growth of the national economy. It has offices in all the 10 regional capitals and operates 124 district offices out of 170 districts.

The activities of NBSSI fall into two broad categories: financial and non-financial services. The financial services aim to improve NBSSI clients' banking culture and accounting practices. They also include

extending credit through its loan schemes to small entrepreneurs for both working capital and the acquisition of fixed business assets.

Non-financial services are provided by the Business Advisory Centres (BACs), which are the extension wings of the NBSSI operation across the country. BACs provide relevant information, training and guidance to individuals that will make the entrepreneur a well-rounded, competent and confident business person and to enterprise associations to enable them provide effective services to their members to enhance the general business culture and business knowledge sharing.

The totality of NBSSI's services is to promote the development of SMEs, thus contributing to private sector development. To the extent that a significant number of these SMEs take up export activities, the organization will be contributing to the expansion of the export sector.

2.5 Institutional service support to exporters: selected simulation exercises

This Section attempts to provide a simulation of institutional service support to export activities under selected scenarios based on 3 products on the NES priority product list with a view to demonstrating the institutional collaboration in service delivery to exporters. It underscores the leadership and coordination role of the lead agency in export, GEPC.

Task/Issue	What needs to be done	Services required	Service providers and description
1. A potential exporter conceives an export idea to enter into the business of exporting FRESH CHILLED and PROCESSED (FILLET) FISH , which is one of the priority products of the NES.	<p>1.1 Identification of a foreign buyer and obtaining his specifications.</p> <p>1.2 Assessment of the product supply base.</p> <p>1.3 Drawing up a product development plan including the design of the value chain infrastructure taking into account market access and buyer requirements.</p> <p>1.4 Meeting technical requirements: food safety, SPS, HACCP, product quality, packaging and labeling.</p> <p>1.5 Negotiation of price and other terms</p> <p>1.6 Export marketing</p> <p>1.7 Sourcing of funds for development and production needs.</p> <p>1.8 Ensuring that the necessary documentation is in order.</p>	<p>1.1 Obtaining a short list of potential buyers from GEPC's database</p> <p>1.2 Obtaining buyer specifications</p> <p>1.3 Negotiation of price and other relevant terms.</p> <p>1.4 Selection of a potential buyer with the involvement of the prospective exporter.</p> <p>1.5 Technical advice on product development in a manner that is likely to meet market access and buyer requirements.</p> <p>1.6 Information on input sourcing.</p> <p>1.7 Funding for infrastructure and product development and working capital.</p> <p>1.8 Inspection of product supply chain facilities and certification by GSA.</p> <p>1.9 Inspection of goods and documentation.</p>	<p>GEPC : Market research, establishment of market contact, supply survey to ascertain status of product supply and make recommendations for supply and value chain infrastructure development, technical advice, provision of information on market access and buyer requirements, advice on sourcing of inputs, export marketing.</p> <p>GSA : Provision of information and technical advice on food safety standards on fish, meeting requirements of SPS, HACCP and packaging. Inspection of product supply chain facilities and certification. Training.</p> <p>FDB : Provision of information on food safety and enforcement of standards and market access requirements. Training.</p> <p>IOPG : Provision of technical advice on packaging; assistance in procurement and use of suitable packaging materials.</p> <p>EDIF : Provision of medium term infrastructure development finance and short-term working capital.</p> <p>CEPS : Physical inspection of goods and verification of documentation to ensure conformity.</p>

<p>2. An existing manufacturer of <u>ALUMINUM PRODUCTS</u> intends to increase exports 3-fold, <u>ALUMINUM PRODUCTS</u> being one of the NES priority products.</p>	<p>2.1 Substantial expansion of market outlet. 2.2 Expansion and diversification of product range. 2.3 Upgrading and adaptation of products.</p>	<p>2.1 Market survey and exploration. 2.2 Exporter-buyer contact promotion. 2.3 Product upgrading, adaptation and diversification advice. 2.4 Export marketing 2.5 Trade fairs and exhibitions 2.6 Development and export finance. 2.7 Investment promotion into manufacturing capacity development.</p>	<p>GEPC : Market research, market exploration mission, technical advice on product adaptation, upgrading and diversification in response to research and contact findings, export marketing, organizing participation in trade fairs and exhibitions. EDIF : Export finance (short term) Development finance for expansion of factory. GIPC/ FZB : Investment promotion to attract new investors and for expansion of existing production facilities. Joint venture promotion. CEPS : Verification of export documents.</p>
<p>3. A prospective exporter wishes to engage in the business of export of <u>FRESH PINEAPPLES, MANGOES AND PAPAYA.</u></p>	<p>3.1 Identification of a buyer abroad and obtaining his specifications. 3.2 Assessment of the supply base 3.3 Assessment and design of value chain and related infrastructure taking into account market access and buyer requirements. 3.4 Meeting technical requirements; SPS, product quality and packaging. 3.5 Opting for organic products development. 3.6 Meeting organic certification standards.</p>	<p>3.1 From its research database, GEPC identifies prospective buyers; evaluation of the buyers with a view to selecting two or three most suitable ones; obtain specification from the buyer; after exchanging communication with the buyers, one buyer is selected with the involvement of the exporter. 3.2 Negotiation of prices and other terms. 3.3 Technical advice and training. 3.4 Trial runs/test marketing 3.5 Export marketing.</p>	<p>GEPC : Market research and development of databases for buyers of selected priority products of NES; supply survey to ascertain the supply situation and potential; formulation of a product development plan covering value chain infrastructure development; provision of information. GSA : Provision of information and technical advice on meeting standards and market access requirements including SPS and packaging. IPOG : Provision of technical advice on packaging, advice on procurement and sourcing of packaging materials.</p>

2.6 Current challenges in the NTE sector

The problems of export are sector-wide and not limited to the NTEs sector. There are several of such factors that may be classified. The major problems currently impeding the expansion of the export sector relate to weak competitiveness in which several factors play a part.

The basis of trade is production. Currently we have a situation of widespread “production aversion”, where entrepreneurs tend to shy away from investment in production capacities because of perceived uncertainties; costs are high leading to uncertainties about the price of the final products as to whether they can compete with similar products in the international and domestic markets. Insufficient production results in insufficient non-traditional exports.

The factors which account for the cost escalation include:

Problem Description	Suggested Solution
<p>1. High cost of production and of doing business.</p> <ul style="list-style-type: none"> i. Deficiencies in infrastructural services, namely insufficient and unreliable supply of electricity, water, telecommunication and internet services, deficient road and rail network and high port services charges as well as inadequate dedicated export supply logistical infrastructure; ii. Difficult access to credit and high cost of borrowing; iii. High cost of raw material inputs; iv. Inadequate security and protection of life and property necessitating engagement of the services of security agents at high cost; v. Medium-to-long term unpredictability of the stability of the cedi; vi. Complicated, protracted and costly port and customs clearance procedures; vii. Bottlenecks in government administration associated with regulation, control, application procedures and operation of public agencies; viii. Unofficial payments for public services; ix. Difficulty of access to land for undertaking production for export. <p>2. Insufficient availability of, and access to, information on issues to be addressed in setting up and operating an export business.</p>	<p>1. Address all the factors that contribute to the high cost of production and of doing business.</p> <ul style="list-style-type: none"> i. Investment in the relevant infrastructure and training of technicians who will manage the operation and undertake maintenance of equipment. ii. More prudent fiscal policy and reduction in public sector borrowing. Stricter regulation of the banks by Bank of Ghana. iii. Removal of import duties on raw materials and other inputs. iv. Improvement of security in general and protection for industrial and agricultural establishments. v. Improved management of monetary policy. vi. Improved trade facilitation services and streamlined port clearance procedures. vii. Rationalization of public services to eliminate overlapping. Streamlining relevant administrative procedures. Increased training of public service personnel. simplification of the regulatory regime. viii. Rationalization of public services. Regular training of public servants. Improved transparency. ix. Improved land administration. Establishment of more land banks. <p>2. Establish a dedicated outfit to assist new export companies and persons with good export company project proposals to fully realize their intentions.</p>

<p>3. Banking and financial services are too restrictive and not sufficiently adapted to production capacity development needs. Dysfunctionality of the existing export financing facilities, eg EDIF.</p> <p>4. Insufficient availability of, and access to, business/export start-up support and facilitating services. (For those starting an export business or already having infant export businesses, their greatest need is concentrated support and facilitating services to enable them to overcome their “teething” problems).</p> <p>5. Lack of public support for the various institutions which provide support services, training and development services oriented to enhancing competency in entrepreneurship and export business.</p> <p>6. The high risk of selling abroad on a consignment basis or against documents in certain export sectors, eg horticultural products and handicrafts, thus discouraging enterprises from engaging in those businesses.</p> <p>7. Commercial policy which is not sufficiently development oriented, especially weak management of the trade liberalization process. (Trade liberalization may be good for economic efficiency. However, if it is not managed in a pro-development manner it can lead to the destruction of domestic industry and other economic activities when exposed to unrestrained, unfair competition and abuses in importation and if the WTO Safeguard Clauses are not used).</p>	<p>3. Organize special export training and financing programmes for bankers to deepen their understanding of export promotion and assist them to design specific export financing packages for exporters. EDIF should be encouraged to continue its quest for lending directly to viable export firms and for projects. EFC and Exim Guaranty should be sufficiently resourced.</p> <p>4. Set up a dedicated outfit to provide a comprehensive concentrated start-up support to new export enterprises. This should include financing and technical advisory services.</p> <p>5. Since export promotion requires a concerted national effort, provide specific support to export support service provider and training institutions based on assessment of their needs and that of their clients. Provide specific resources to the GEPC Export School.</p> <p>6. Provide customized training to export enterprises engaged in high-risk activities aimed at risk mitigation and improved profitability. Enlist the services of Ghanaian embassies abroad to assist as necessary.</p> <p>7. Take measures to strengthen trade policy management. Strengthen services that combat dumping and other unfair trade practices.</p>
<p>8. Management capacity limitations of SMEs. (The latter dominate the NTE sector).</p> <p>9. Insufficient cooperation and coordination of the activities of relevant government agencies and with organized private sector.</p>	<p>8. Provide more training to SMEs. Strengthen and resource NBSSI, EMPRETEC and GEPC to provide country wide capacity building training to SMEs and for training of trainers.</p> <p>9. Rationalization and coordination of the services of relevant government agencies. Improved collaboration with the organized private sector on policy making and implementation issues.</p>

2.7 SWOT Analysis of Ghana's External Trade Sector

The SWOT analysis attempts to present an assessment of the present situation of the NTE sector with a focus on its strengths and weakness, which are mainly internal, and on opportunities and threats, which are mainly external.

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. Abundance of production factors of land and labour for export production 2. Proximity to Europe and America. 3. Geographical location of Ghana which provides converse of the seasons of the northern hemisphere. 4. Specialization in a major global crop (cocoa) of which Ghana is second world producer, thus providing the base and potential for product development and diversification. 5. Availability of human capital in form of an educated workforce. 6. Availability of modern seaports. 7. Political stability that provides attraction to FDI 8. A committed private business sector and active associations. 	<ol style="list-style-type: none"> 1. Infrastructural deficiencies especially in electricity, water and road and rail network that result in costs escalation. 2. Insufficient orientation of trade policy to export promotion. 3. Inadequate value chain infrastructure oriented to export. 4. Insufficient technical skills of the right type resulting in low productivity. 5. Difficult access to land for export production 6. Inadequate skills set to match current and emerging needs. 7. Paucity of the domestic market deterring local market seeking FDIs. 8. Unreliable and unstable regulatory environment due to drastic and sudden policy changes (policy somersault). 9. Poor urban/rural and regional planning resulting in unattractive business environment outside the capital and large cities. 10. Difficult access to bank/institutional finance and high cost of borrowing. 11. Protracted and costly customs clearance. 12. Limited management capacity of SMEs which dominate the external trade sector.
Opportunities	Threats
<ol style="list-style-type: none"> 1. Proximity and location in a region with alternating seasons with Europe provides opportunities for a vibrant horticultural industry. 2. High levels of FDI provide opportunity for technology transfer. 3. Emerging oil industry provides vast opportunities for services exports industry development. 4. ECOWAS and EPA trade pacts offer immense trade opportunities. 5. Political instability in the sub-region makes Ghana a preferred FDI destination. 	<ol style="list-style-type: none"> 1. Political instability and civil war in the sub-region may make potential investors hold back their investment in certain cases. 2. Attitude and culture of work force which are not productivity enhancing. 3. Over-dependence on petroleum as a source of energy and exposure to the vagaries of the international oil market. 4. Inability to take advantage of trade opportunities in preferential trade arrangements of ECOWAS, GSP, EPA, etc. 5. Trade liberalization if not managed properly to protect domestic industry. 6. Expected FDI inflows not materializing to avail opportunities in AGOA and EPA.

2.8 Key issues and challenges emerging from the situation analysis

The problem definition

The approach to this part of the NES involves identification of the “building blocks” needed to construct a model that is likely to realize the defined Goals, Objectives and eventually the Vision of the non-traditional export sector. We:

- i) Need to identify buyers of products that Ghana can competitively produce:
 - the products must have sufficient scope for value addition, so as to fetch high prices;
 - the products must preferably and predominantly be domestic resource-based (but not necessarily limited to that).
- ii) Need modern enterprises driven and managed by a caliber of managers that are capable of developing and marketing the new products.
- iii) Need educated skilled and trained workforce to achieve high rates of productivity and efficiency.
- iv) Need a policy and regulatory environment that is transparent, predictable and business-friendly to stimulate export effort and innovation.
- v) Need a focal point institution with the authority and technical capacity to coordinate and lead the national export promotion efforts and play advocacy role vis-à-vis government to ensure a conducive export business atmosphere.
- vi) Need a private sector business oriented banking and finance service willing and committed to support and grow the private sector.
- vii) Need to identify service export “buyers” and promote the development of the service export they wish to “buy” based on the “4 modes” of services exports.
- viii) Need appropriate mix of policy domain support and measures to sustain the national export effort and enhance the results.
- ix) Need competent institutional business development service providers, including training institutions, to support the private export enterprises.
- x) Need to create conditions which reduce on a sustained basis impediments to export and minimize the risk of engaging in export business.
- xi) Need to shift from raw commodities which can easily be dislodged from their market position to differentiated products that are branded or incorporate patented intellectual property that add value and are difficult to displace, since such products are capable of holding their market position.
- xii) Need to broaden the export base to make the economy less vulnerable to exogenous shocks. This can be done by finding new and growing markets and developing for them new products in which the country can compete effectively.
- xiii) One of the main reasons why Ghana has not been able to achieve much higher levels of growth, despite investing a large percentage of its GDP is low productivity of capital. There is a need to change the source of growth from factor accumulation (eg expansion of cultivated land, hiring of more workers, increased investment) to increased productivity of factor inputs.

3.0 STRATEGIC INTERVENTIONS: Where do we want to be and how do we get there?

3.1 Strategic Statements

The NES is driven by the following strategic statements:

3.1.1 Vision Statement

*We envision **Ghana** as a world class exporter of competitive products and services.*

3.1.2 Our Goal

Our goal is to achieve significant increases in non-traditional exports with annual growth targets reaching \$5.0 billion in the 5th year 2016 of the National Export Strategy.

The achievement of this goal has the significance of paving the way for us to achieve our vision.

3.1.3 Purpose

What is the purpose of aspiring for a US\$5.0 billion increase in NTEs?

According to the President, the primary objective of government is to improve the standard of living of the people. This is only possible if there is a bigger “national cake” to share. Increasing the contribution of NTEs to GDP by US\$5.0 billion means increasing the size of the “national cake” which permits increasing everybody’s share of the national cake.

The process of “baking the national cake”, or producing the increased value of NTEs, will definitely generate considerable number of jobs and incomes. This, under normal circumstances, translates into improved standards of living and welfare of the people, which is important for maintaining and consolidating our middle-income status.

3.1.4 Strategic Objectives

In order to achieve our goal, we need to pursue the following strategic objectives:

- To achieve a significant increase in the share of NTEs in total exports as a major step towards structural transformation of the export sector for spearheading growth and diversification of the economy.
- To strengthen and resource export development related institutions and networks of business development service providers, policies and programmes for providing well-focused and enhanced support services to enable export businesses to flourish.
- To ensure that export culture is imbibed nationwide, so that every District is able to have at least one significant and commercially viable agro-based export product success story with which it can be identified.

3.1.5 Strategic Outputs

The NES will be driven by 4 strategic outputs:

1. **Impediments, uncertainties, risks and costs of production and export of goods and services reduced.**

A platform already exists for policy dialogue in which the private sector participates. It has the mandate to address the above issues. It needs to do more to implement the prescribed policy changes that reduce impediments, uncertainties, risks and costs in producing goods and services for export and in conducting export business. It is these factors that cause the persistent general aversion to production and attract entrepreneurs into buying and selling at the expense of production and expansion of the non-traditional export sector.

2. **Institutional capacity and resources for export value chain infrastructure development and support service delivery enhanced.**

The capacity of relevant public and private institutions and organizations should be strengthened and they should be resourced to develop the value chain infrastructure and services for export products, particularly the selected priority products to enhance their competitiveness.

3. **Capacity of GEPC, Metropolitan, Municipal and District Assemblies enhanced to promote export so that every District is able to develop at least one significant export product preferably from the Priority Product List.**

The MMDAs have a responsibility in the NES to develop at least one significant agro-based export product from amongst the products in which they have comparative and potential competitive advantage. Preferably, an export production and processing zone should be established as a cluster within a value chain. Each export production and processing zone should have the full complement of infrastructure, services and the network of actors with complementary resources, activities and linkages. This should impact on overall national non-traditional export growth, contribute to improved physical and social infrastructure, employment creation, increased personal incomes, increased revenues to the Districts; contribute to the diffusion and adoption of skills, technologies and best practices within the export sector with a spill-over effect into other sectors of the MMDA areas and the nation as a whole. The activities relating to it, namely supply and market studies, training, input supply (e.g. seeds and seedlings), market development, backstopping and coordination, etc, should be financed from an allocation of the MMDA/ Local government budget. Supplementary funding may be obtained from EDIF. The active involvement of MOTI, MOFA, GEPC, GIPC, GFZB and the various trade associations is envisaged for the achievement of desired results.

4. **Institutional capacity for export-oriented human capital and resource development expanded and strengthened to enable exporters to keep abreast of modern trends and demands of the contemporary international market where competition is fierce among the emerging economies.**

Human resource development for the export sector is essential for the growth, development and sustainability of the non-traditional export sector and for responding to challenges and opportunities created by dynamics of the international market. The Ghana Export School of GEPC should be upgraded into a trade training institute to carry out enhanced human resource development for the NTE sector.

3.1.6 The National Export Strategy Map

The National Export Strategy Map attempts to provide the perspectives of key stakeholders on the NES. Specifically, it tries to summarize how the different major groups of stakeholders perceive the NES meeting their needs and expectations.

The Development Perspective provides how the stakeholders perceive the NES meeting developmental needs such as employment, poverty reduction, reduction of spatial and regional inequalities or improvement of regional development balance, backward linkages, sustainable environmental practices, gender equality and women empowerment.

The Competitiveness Perspective provides how business associations, investors, etc perceive that the NES meets their needs relating to competitiveness at national, sector and company levels. The competitiveness perspectives cover such issues as capacity development, acquisition of technology and innovation, human capital development, infrastructure development, trade facilitation, transactions costs, security, market access and national promotion.

The Client Perspective provides how exporters and key players in the value chain perceive that the NES responds to their needs. The needs relate mainly to performance issues such as business development and export readiness, trade information, finance, quality management, packaging and branding.

The Institutional Perspective provides a summary of how the key institutional players in the export institutional infrastructure, or the trade support networks, perceive the NES in terms of relevance, how it reinforces their position, facilitates their work and enhances their capacities and competencies. The institutional perspective also covers policy coordination, strategy management, institutional capacity development, and service delivery coordination.

The various perceptions are presented in the NES Map

THE NES MAP

VISION

Ghana as a world class exporter of competitive products and services .

DEVELOPMENT PERSPECTIVE

NES contributes to job creation and poverty reduction, improved balance in spatial and regional development, backward linkages, sustainable environmental development and gender equality and women empowerment.

COMPETITIVENESS PERSPECTIVE

Supply-side

Improved access to credit for export firms.

Effective reorganisation of production and industrial re-tooling resulting from availability of upgraded expertise and skills in industry.

Increased FDIs and product development partnerships result in increased and new products successfully launched into commercial value chains.

Transactions/cost of doing Business

Infrastructure and access to land significantly improved.

Business transaction costs stabilized and reduced under impetus of improved infrastructural services.

Improved investment climate resulting from improved infrastructure, regulatory regime and business support services. Greater transparency.

Demand-Side

Support provided for improved access to target markets.

Increased private sector participation in policy development and negotiation.

Support provided for high branding and national promotion costs.

CLIENT PERSPECTIVE (How mainly exporters perceive the NES)

TRADE INFORMATION

The trade information disseminated is relevant and timely.

Website providing information support to exporters well developed and regularly updated.

BUSINESS & TECHNICAL COMPETENCY

Technical expertise for production of quality exportable goods developed to world class level.

Marketing management skills developed for export marketing and preparation of business plans improved.

FINANCE

Financial services more adapted to private sector needs in export business.

Finance affordable and accessible more easily to exporters.

QUALITY & STANDARDS MANAGEMENT

Ghana Standards Authority resourced with new equipment and the capacity of conducting wide range of scientific analysis to support the industry.

Significant improvement in the setting and enforcement of standards.

Regular training events for exporters which facilitate their compliance with standards and meeting market access requirements .

PACKAGING

Affordable quality export packaging made available locally.

Training events organized at regular intervals for exporters to facilitate their compliance with packaging requirements.

INSTITUTIONAL PERSPECTIVE

GEPCC's technical and service delivery is strengthened and the institution is able to provide optimal support to exporters and other trade support agencies.

3.2 Strategy for achieving our goal

This Section seeks to answer the question: What is the strategy for achieving the US\$5.0 billion goal in 2015?

In 2010 NTEs totalled US\$1.6 billion. This achievement is likely to be repeated or exceeded. There are 170 Districts in Ghana. In the NES each District has been given a task to achieve a target of at least US\$1.0 million of NTEs by 2016 over and above the 2010 level. This is achievable and sums up to US\$1.7 billion.

The two sources of NTEs give us US\$3.3 billion. This amount less the goal of US\$5.0 billion leaves a difference of US\$1.7 billion. The focus of the NES is therefore on:

- i. Generating the difference of US\$1.7 billion by 2016, and
- ii. How to help the Districts to deliver at least US\$1.0 million incremental NTEs each by 2016.

3.3 Identification of priority products

In order to generate the \$5 billion of non-traditional exports, it is necessary to select priority product sectors that can effectively contribute the desired revenues with positive multiplier/ spillover effects on the Ghanaian economy. The selection of priority export sectors and products is guided by the following:

- Review of Government policies regarding key non-traditional export sectors found in relevant policy documents of the National Development Planning Commission, the Ministry of Food and Agriculture, the Ministry of Trade and Industry and the Ministry of Finance and Economic Planning, (Medium-Term National Development Policy Framework: Ghana Shared Growth And Development Agenda (Gsgda), 2010-2013, Volume I: Policy Framework Final Draft, Government of Ghana, National Development Planning Commission (NDPC), September 7, 2010; Government of Ghana, Second National Medium Term, Private Sector Development Strategy (PSDS II), Part One: Strategy, 2010 – 2016, *Prosperity for all through private sector development*, January 2010; Medium-Term National Development Policy Framework: Ghana Shared Growth And Development Agenda (GSGDA), 2010-2013, Volume I: Policy Framework Final Draft, Government of Ghana, National Development Planning Commission (NDPC), September 7, 2010, pp 6-7)
- A Pareto Analysis (also known as the 80/20 rule) of historical performance data of the non-traditional export sector,
- Market-driven value chain analyses of priority products that predominantly apply the “*economic benefit model*” (the basis of sector-specific interventions by government and development aid institutions such as the USAID’s TIPCEE, ADCI/VOCA’s Agricultural Development and Value Chain Advancement Program (ADVANCE), West Africa Trade Hub, SPEED (DANIDA), GTZ and TECHNOSERVE), (*USAID TIPCEE Program et al.* (June 2006), Ghana: The Next Big Fresh Produce Source; USAID TIPCEE Program, (April 2009), The Pineapple Market: Fresh And Processed, Status And Outlook, Ghana; USAID TIPCEE Program, (May 2008), Economic Benefit Assessment For Ghana’s Mango Sector; USAID TIPCEE Program, (July 2009), The Papaya-Export Sector: A Brief Look At Economic Benefits), and
- Consultations with key stakeholders (including industry/trade associations).

The Pareto Principle (also known as the 80/20 rule) is applied in the NES to identify which non-traditional export product sectors have generated and can generate a significant proportion of the total

earnings. These are the vital few, as against the trivial many who contribute insignificant proportion of export revenues. **The Economic Benefit Model** has been a key methodology adopted for the product-specific market-driven value chain studies to guide government policy and development aid interventions. (see Annex 4) These prior studies guided the selection of priority products in this NES. Analyses using the methodology of the **International Trade Centre UNCTAD/WTO (ITC)** further confirmed the choice of priority product sectors even though firm level surveys were not conducted (see Annex 4). The “**Decision Support Model for Export Market Selection and Identification of Realistic Export Opportunities**” which overcomes the limitations of earlier models is recommended for future priority export product selection. (Ernie Steenkamp, Riaan Rossouw, Wilma Viviers, and Ludo Cuyvers (2009), **Export Market Selection Methods and the Identification of Realistic Export Opportunities for South Africa Using a Decision Support Model, Working Paper Series 2009-03, Trade & Industrial Policy Strategies (TIPS), Australian Government, AusAid; see Annex 4**) This should provide a robust mechanism to guide the screening of potential sectors on an on-going basis to facilitate investment promotion and export development in Ghana.

The tables in Annex 1, 2 and 3 summarize the performance of non-traditional products over the 2005-2009 period, demonstrating the dominance of the manufacturing sector.

Annex 5 provides a summary of the principal products that will contribute to the performance of the NTE sector over the plan period based on studies that applied the Economic Benefit Analysis methodology, the ITC Methodology and the historical performance of key products. These products are expected to enable Ghana achieve the goals and strategic objectives set in this NES through interventions in the (a) Manufacturing sector (b) Agricultural sector and (c) the Handicraft Sector in two ways:

1. The products that have been historically dominant and will significantly contribute to export earnings over the plan period will be maintained to benefit from the comparative and competitive advantages they offer.
2. The products that have historically not been dominant NTEs and have not contributed significantly to export earnings in the past but demonstrate significant export market growth potential. Ghana can benefit from the comparative and competitive advantages they offer and need to invest in them to grow. These are products which require export development and promotion under this NES. These would constitute the priority sectors in the NES.

The implementation of the NES seeks structural transformation of the export sector. In order to achieve this export diversification, it is considered essential to concentrate scarce resources on selected priority products and the companies engaged in their production and marketing. Apart from the choice of product sectors in which to invest to grow, the priority products for the 2012-2016 period were also expected to meet the following criteria:

1. Capability of generating growth rates that contribute significantly to consolidating Ghana’s position as a middle income economy and sustaining it;
2. Products in which Ghana possesses considerable and long experience in production and exporting and there is probability of excelling with additional support;
3. Capability of contributing significantly to improving regional balanced development in Ghana.

4. Possessing significant potential for employment creation and poverty reduction with due consideration given to women.

The priority-setting methodology first examined the portfolio of products in the manufacturing, agricultural and handicraft sectors. The premise is that sustaining and enhancing market-driven interventions that culminate in market expansion through targeted development and diversification in these sectors should enable Ghana to meet the strategic objectives set for the 2012-2016 period. This is informed by the fact that the manufacturing sector contributed over 84% of export revenues between 2005 and 2009 with a relative annual growth of 22%, followed by the agricultural sector with 15.4% and a relative growth rate of 11%, and the handicraft sector representing 0.6% of total non-traditional exports with negative growth rate (-27%).

Product selection has been abundantly informed by what is achievable to attain the strategic export target of \$5.0 billion in 2016. The premise is a stepwise approach in which we maintain the contribution of the portfolio of products that currently make significant contributions to NTEs by facilitating institutional support mechanisms within the business environment; investing to grow through effective export development and promotion of products that currently do not make significant contributions to NTEs but have the potential to grow substantially; identifying and laying solid foundation for and developing worthwhile emerging product sectors which are realizable beyond 2016 especially as they are likely to pave the way to taking Ghana to a higher export platform. (See Methodology in Annex 4).

Processed and semi-processed products that have historically contributed significantly to export growth and revenues that have to be maintained through the effective workings of the facilitating institutions and a favourable business environment:

1. Cocoa Products (Cocoa Paste, Cocoa Butter, Cocoa Confectionery)
2. Wood Products (Veneers, Plywood, Builders' Woodwork, Fibreboard)
3. Fresh/chilled and processed fish (e.g. Fresh/Canned Tuna, Fresh/chilled fish, prepared Fish)
4. Articles of Plastic (pipes, containers frames etc)

Products that have historically not made substantial contributions to export revenues in the past but in which Ghana has to invest to grow through export development and promotional efforts because of their potential to significantly contribute during the plan period to export revenues and growth:

1. Salt
2. Vegetable oil seeds, tree crops and oils (e.g. raw and processed Shea/Karite nuts, oil palm, groundnuts, soya, sunflower, etc.)
3. Natural rubber and rubber products
4. Aluminum products

5. Agricultural products, including high value horticultural products (fresh, semi-processed and processed):
 - a. Root crops such as yams, cassava, and sweet potatoes
 - b. Grains and legumes such as rice, maize and cowpeas
 - c. Fruits and processed fruits, etc. (e.g. pineapples, banana, mangoes, papaya, citrus; cut pineapple fruit, preserved pineapples and fruits, tomato paste, etc.);
 - d. Vegetables
 - e. Natural plant products (medicinal plants and parts) and pharmaceutical preparations.
6. Cashew nuts and processed cashew
7. Products of the creative arts industry

3.4 Export growth projections

It is expected that in the course of developing exports to achieve set targets the foundation will be laid for structural transformation of exports to launch Ghana on a new export platform for accelerated and sustained growth. To achieve the US\$5 billion target, the non-traditional export sector must experience significant increases in earnings between 2012 and 2016, as Ghana consolidates her position as an export-led middle-income economy. This will be achieved by maintaining the contribution of the principal product sectors that currently contribute to export performance and earnings while investing to grow the sectors that demonstrate significant export growth potential through effective export development and promotion. The NES must achieve the following objectives at the sector levels:

- a. Export earnings of manufactured products increased by 25% annually;***
- b. Export earnings of non-traditional agricultural products increased by 30% annually;***
- c. Export earnings of creative arts increased by 20% annually; and***
- d. Export earnings of services increased by 35% annually.***

3.4.1 Export earnings of manufactured products increased by 25%

Naturally, the manufacturing sector offers the highest potential towards the attainment of the export value goal set in the NES for the plan period ending 2016 because this sector contributed 84.03% to total non-traditional exports over the 2005-2009 period and has the potential to contribute over US\$5 billion by 2016 given a relative annual growth of 25%.

Two categories of products within the processed and semi-processed products sector are expected to drive the NTE sector in meeting our goal of US\$5 billion by 2016.

- A. Processed and semi-processed products that have traditionally made and can make substantial contributions to export revenues during the plan period and beyond:***
 1. Cocoa Products (Cocoa Paste Cocoa Butter Cocoa Confectionery)
 2. Wood Products (Veneers, Plywood, Builders' Woodwork, Fibreboard)
 3. Processed Fish (Canned Tuna, Fish Prepared Nes.)
 4. Articles of Plastics

Increased investment as well as export development and promotion would be required for firms to maintain current or higher growth rates in exports. Apart from the natural contribution of the

manufacturing sector to export growth, the lead time between interventions/investment and exports implies that **cocoa products, canned tuna, and processed wood products** are most likely to significantly increase export earnings in the short to medium term. Increased capacity through further investments in **cocoa processing** by major global firms would depend on their global strategic plans and a change in the current policy of processing predominantly minor crop cocoa (small beans). Firms may have to buy major crop cocoa for processing in Ghana at international market prices, in which case the expected foreign exchange earnings still accrue to Ghana. Furthermore, if processing in Ghana should offer strategic advantages to both the firms and Ghana, importing additional cocoa for processing in Ghana may be an issue to be discussed as an option if Ghana cannot deliver the raw beans required in the short to medium term. Short to medium-term revenues should remain high for **canned tuna and processed wood products** but long-term earnings are likely to dip unless strategies for long-term sustainability are developed with a commitment to successful implementation. Exports of **plastics products** are currently quite substantial and expected to significantly increase as an outgrowth of the oil industry as would the contribution of other downstream products of the oil and gas industry (chemical products), even though this may take some time to realize.

B. Processed and semi-processed products whose export revenues have not been substantial in the past but which have the potential to contribute significantly to future export earnings:

1. Salt
2. Vegetable Oils (e.g. Shea – Karite- Oil, Palm Oil, Vegetable Oil, Margarine).
3. Natural Rubber Sheets.
4. Aluminium Products (e.g. Aluminium Plates, Sheets and Coils, Aluminium Waste and Scrap, Crude Aluminium Household Utensils),
5. Processed Fruits and vegetables (e.g. Cut Pineapple Fruit, Preserved Pineapples and fruits, Tomato Paste, etc.).

The lead time between interventions/investment and exports implies that **processed pineapples and shea oil** are most likely to significantly increase export earnings in the short to medium term. In the case of **shea products**, increased value chain investment and efficiencies, including upstream plantation development, are essential for long term sustainability and competitiveness. Also, significant investment in the **processing of cashew, oil palm, and fruits** should significantly contribute to increased non-traditional exports in the long run. **Salt** can begin to contribute significantly to non-traditional export earnings in the short to medium term. The market potential for salt exists and Ghana needs to build up significant supply capacity and systems to tap into this growing market especially in the emerging oil sector and regional and continental markets. The oil and gas industry of Ghana is likely to compete for supplies of salt at the expense of salt exports from Ghana.

3.4.2. Export earnings of non-traditional agricultural products increased by 30% annually.

The non-traditional agricultural sector is expected to achieve an annual growth rate of 30% over the plan period. Export growth in the non-traditional agricultural sector is expected from **the horticulture sector** which is a priority sector under the Ministry of Agriculture's export diversification strategy. Although these have not made substantial contributions to non-traditional export, this is to be the focus of investment and export promotion. The non-traditional agricultural exports sector will have to yield significant annual increases resulting from new interventions and sustained market opportunities. The non-traditional agricultural export sector has been experiencing a higher growth rate than the manufacturing sector, even though with a limited product range. In terms of export volumes and values, the drivers of agricultural exports over the 2005-2009 period were: *Fresh or Chilled Fish, Fresh or Chilled Tunas, Shea Nuts (Karite Nuts), Cashew Nuts, Pineapples, and Yams. Bananas* have also been growing in

importance. The policy of government is for the agricultural sector to drive economic development and therefore the export sector. Therefore if the current trend is maintained, the agricultural sector will achieve this export growth rate.

The Appraisal Report of the Ghana Export Marketing and Quality Awareness Project (African Development Fund, 2005) focused on increased crop yields to increase production volumes for export of *pineapples, papaya, egg plant, chillies, and cassava*. MOFA's national crop development strategy under FASDEP II focuses on *mango, cashew, oil palm, rubber, plantain, citrus, and vegetables*. The policy of MOFA is to promote these products on the basis of comparative and competitive advantage of agro-ecological zones and availability of markets. (**Ministry of Food and Agriculture Republic of Ghana Food and Agriculture Sector Development Policy (FASDEP II) August 2007**) The performance of cassava under the PSI has resulted in a de-emphasis in recent discussions. It is significant to note that the Ayensu Cassava starch Processing Factory has been reactivated for production of industrial cassava starch.

The priority list of the Ghana Export Promotion Council (GEPC) which is based on their market potential and potential for development in substantial quantities for export includes *banana, mango, pineapple, papaya, natural rubber, oranges, and shea nuts*. *Medicinal plants and parts* are also recommended for inclusion in the list of priority products by experts. In addition, the priority product groups selected on the basis of ***the Economic Benefit Model*** by the development aid organizations in collaboration with the MOFA and MOTI include rice, maize, citrus, mango, soybeans by the USAID-Agricultural Development and Value Chain Enhancement Program (ADVANCE), and various fresh produce, including bananas, mangoes, pineapples, papaya, grains (maize, soya beans, rice), oil seeds and oil palm by USAID-TIPCEE. SPEED, with sponsorship from DANIDA, has identified medicinal plants and plant products for investment and export promotion using a value chain approach.

The non-traditional agricultural export products sector contributed fewer than 10% of total NTEs over the 2005-2009 period but offers potential for investment and export development for medium to long-term gains. (See **Table 6** below) It is expected that the product drivers of the agricultural export sector:

1. Should enable Ghana consolidate its middle-income status quickly
2. Are sustainable in the short, medium or long term
3. Have significant potential for employment creation and poverty reduction
4. Should contribute significantly to balanced regional development in Ghana

The key drivers of the sector are expected to be:

1. Cashew Nuts – require investment in plantations, processing and protection for workers.
2. Vegetable oil trees and seeds such as oil palm, shea nuts (Karite Nuts), soya beans, sunflower, groundnuts, etc.
3. High value horticultural products (e.g. pineapples, banana, mangoes, papaya, citrus, vegetables, etc.)
4. Roots and tubers like yams, cassava, and sweet potatoes
5. Grains and legumes such as rice, maize and cowpeas
6. Medicinal plants and parts (part of the natural plants products sector)

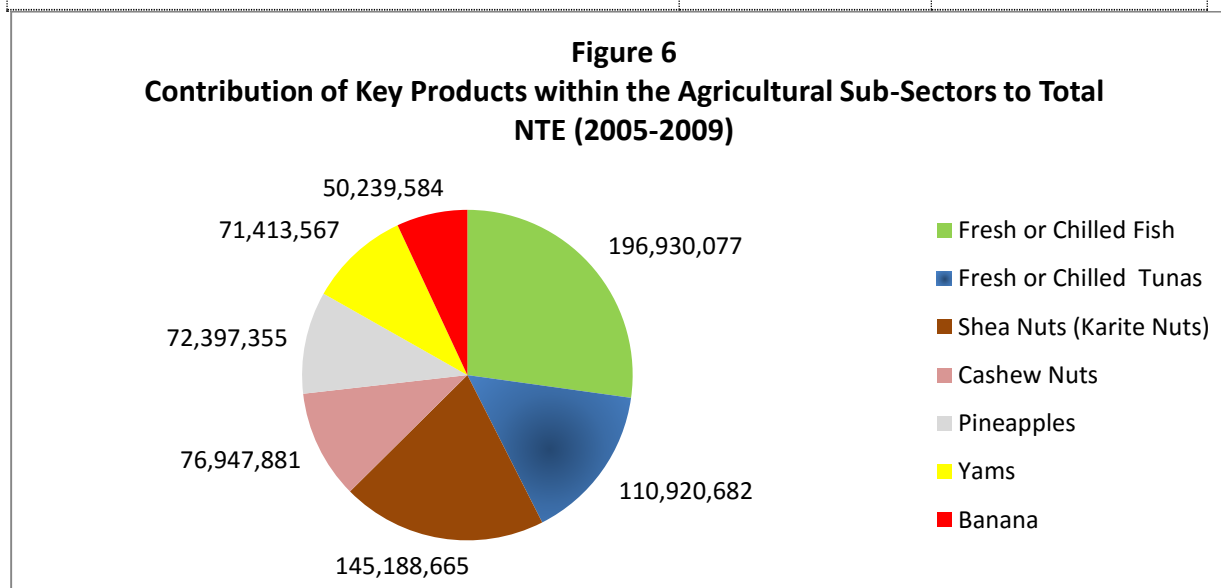
7. Natural Rubber
8. Fresh or chilled fish/tunas.

Significant investment towards efficiencies and performance of market-driven value chains and export promotion should transform the following into the key drivers of the non-traditional agricultural sector that make significant contributions to NTE growth in the short, medium and long terms (see **Annex 6**):

- i. **Short to medium-term:** high value horticultural products (e.g. pineapples, banana, papaya, plantain, chillies, egg plant, and other vegetables), yams, cassava, grains, oil seeds, fresh or chilled tunas, and fresh or chilled fish;
- ii. **Medium to Long-term:** cashew, mango, citrus, natural rubber, oil palm, shea nuts, and medicinal plants & parts.

Table 6: Contribution of Key Products within the Agricultural Sub-Sectors to Total NTE (2005-2009)

Agricultural Sub-Sectors and Key Product Drivers		Total 2005-2009	% of 2005-2009 Total NTEs
Fresh Or Chilled	Fresh or Chilled Fish, Nes	196,930,077	5.21%
	Fresh or Chilled Tunas	110,920,682	
Shea Nuts (Karite Nuts)		145,188,665	2.46%
Cashew Nuts		76,947,881	1.30%
Pineapples		72,397,355	1.23%
Yams		71,413,567	1.21%
Banana		50,239,584	0.85%



Source: GEPC

3.4.3 Objective: Export earnings of creative industries increased by 20% annually.

The creative arts industry is taken to comprise the performing arts, fine art, the media, handicrafts, design and related industries. Information on this sector has unfortunately not been captured on a systematic basis to date. The GEPC has, for example, over the years only captured information on handicraft exports which shows that the performance of the handicrafts sector has not been encouraging. Statuettes, the only product among the top 50 non-traditional products, ranked 44th, contributing only 0.43% of total non-traditional exports between 2005 and 2009 but at a negative growth rate (-27%). The performance of the handicraft sector was US\$3,212,706 in 2009 and is expected to rise to US\$9,593,089 in 2016, given a 20% relative annual growth rate as an objective to turn the sector around. A re-examination of statuettes and ceramic products to redefine their role in increased exports is urgently required. To clearly develop a strategy for creative arts would require a survey beyond this current report. From the survey, a careful selection of product sub-sectors for export development and promotion to serve niche markets could be developed.

3.4.4 Export earnings of services increased by 35%

The services sector requires mention as an NTE sector due to its significance to the national economy and the phenomenal growth of the sector. The Services Sector Strategy has been developed and GEPC is responsible for its implementation, while the Ministry of Tourism has responsibility for the tourism sector and the Ministry of Communications for the development of ICT. Given the need for further investigations and update of the *National Strategy for the Non-Traditional Exports of Services from Ghana*, the NES excludes further discussion of this sector. The recommendation is for the key implementing institutions to update these documents that they have been mandated to implement to capture current trends and adapt strategies accordingly so as to effectively contribute to export revenues over the 2012-2016 plan period.

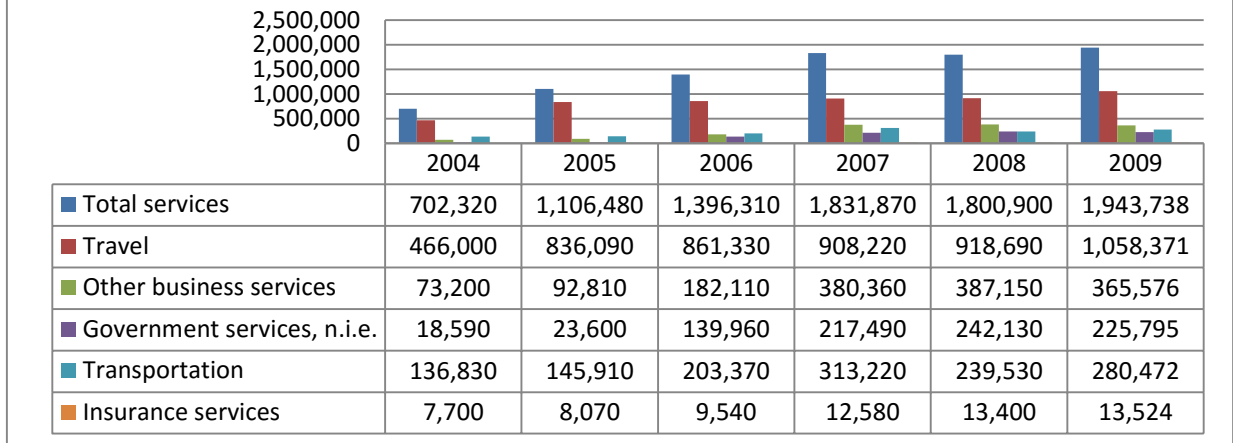
This situation notwithstanding, the services sector's relative share in GDP has increased from around 30% to 35%. The contribution of the sector to exports is illustrated in **Table 7** below. Services in Ghana currently account for about 35 per cent of GDP (US\$ 3.87 billion) and make a significant contribution to economic growth (31 per cent of growth in GDP for 2007 is attributed to services). Services exports amount to US\$1.07 billion and equate to 8.3 per cent of GDP. Most of the revenue from services exports is tourism, but it is expected that significant increases in earnings will result from new investments in Business Processing Outsourcing (BPO), professional consultancy, higher education exports, and medical tourism services in the foreseeable future.

Table 7: List of services exported by Ghana (US\$'000)

Service label	Exported Value in 2004	Exported Value in 2005	Exported Value in 2006	Exported Value in 2007	Exported Value in 2008	Exported Value in 2009
Total services	702,320	1,106,480	1,396,310	1,831,870	1,800,900	1,943,738
Travel	466,000	836,090	861,330	908,220	918,690	1,058,371
Other business services	73,200	92,810	182,110	380,360	387,150	365,576
Government services, n.i.e.	18,590	23,600	139,960	217,490	242,130	225,795
Transportation	136,830	145,910	203,370	313,220	239,530	280,472
Insurance services	7,700	8,070	9,540	12,580	13,400	13,524

Source: ITC

Figure 7
List of services exported by Ghana (US\$'000)



Source: ITC

3.4.5 Conclusion

While providing an environment for maintaining the high performance and contribution of the product sectors that have traditionally accounted for the export revenues of the NTE sector, the following constitute the priority sectors in which Ghana has to invest in order to grow over the period of the current NES:

1. Fresh/chilled and processed fish (e.g. Fresh/Canned Tuna, Fresh/chilled fish, prepared Fish)
2. Agro-products (fresh, semi-processed and processed):
 - 2.1 Vegetable oil seeds, tree crops and oils (e.g. raw and processed Shea/Karite nuts, oil palm, groundnuts, soya, sunflower, etc.)
 - 2.2 Fruits (e.g. pineapples, banana, mangoes, papaya, citrus)
 - 2.3 Vegetables
 - 2.4 Root crops such as yams, cassava, and sweet potatoes
 - 2.5 Grains and legumes such as rice, maize and cowpeas
3. Natural plant products (medicinal plants and parts, culinary herbs, high nutrient plants, etc.) /natural plant product preparations.
4. Processed fruits, etc. (e.g. cut pineapple fruit, preserved pineapples and fruits, tomato paste, etc.);
5. Cashew nuts and processed cashew.
6. Natural rubber and rubber products
7. Aluminum products
8. The creative arts industries

At the national level, there are products that have historically not made substantial contributions to export revenues, have not received the attention required because of the relatively long gestation period for the nation to benefit significantly from investments in these sectors, but which have the potential to significantly contribute to export revenues and growth beyond the NES timeframe. If due recognition is not given to their significance to national development now, Ghana's future participation in this global growth areas of activity will be compromised. This is in consonance with the need to ensure an effective transition to the next phase of Ghana's export development requiring interventions for the development of new product and service sectors as well as targeting new and growing markets. These additional efforts are intended to propel Ghana to a higher level export economy with significant supply from sectors that develop high value-added products that are **knowledge-, skill- and technology-intensive**.

The identified **emerging sectors** are: banking, insurance and other financial services, other services sectors, ICT products (including software development, electronic products, etc), light engineering goods, semi-conductors, metal fabrication and a vast array of intermediate metallic products, home appliances, food processing, biotechnology, agrochemicals (fertilizers, herbicides, insecticides, etc.), and newly emerging sectors, such as petrochemicals. These products and services may not be completely new to the Ghanaian economy except that their contributions to total NTEs may either not be significant or not adequately captured in the statistics at present. The development of these sectors requires radical reforms in the educational system with emphasis on science, mathematics and technology accompanied by massive investments in teacher education and training, enhancement of the teaching of mathematics, science, technical subjects, engineering and ICT courses in our schools, polytechnics and universities, the re-tooling and modernization of Ghanaian industries to provide the platform for attachment for students and practical apprenticeship for employees.

3.5 Market Development

A close examination of the destinations of Ghana's non-traditional exports shows significant concentration on the EU for fresh, unprocessed, semi-processed and processed products, with the Middle East and South-East Asia becoming significant lately (especially for cashew and cocoa products). The geographic markets for most products, especially horticultural and other agricultural products are quite diverse, fragmented, and rather unstable, a situation that diffuses marketing efforts and this dissipates resources and engenders ineffectiveness and inefficiency in the short-term. EU will continue to be the dominant market for cocoa products, wood products, natural and processed rubber products, shea products, fish and fish products and major horticultural products like fresh and cut pineapples and fresh vegetables. Competition in these markets is intense and the need to grow Ghana's exports demands that each sector not only maintains but gains market share. Effort must be made to:

1. Grow each of these markets through effective market positioning, benchmarking and brand strategies that would increase market share and generate economies of scale required for competitiveness and market success. The focus should be on high value products, with a clear decision to undertake further processing only where there is a net gain.
2. Enhanced quality assurance and compliance with global market requirements through investment in relevant technologies, recruitment and training of requisite skilled manpower, and effective relationships with quality assurance institutions such as the Ghana Standards Authority and the Food and Drugs Board.

3. Diversify into and develop new markets for long term growth. Priority product sectors have to continue to target and grow existing markets so as to achieve dominance through effective market linkages and partnerships with complementary investment in increased production capacity and value chain efficiency. This should be complemented by an assessment of new markets, especially those that have been underserved within the EU as well as selective markets in North America, Africa, the Middle East and Asia, for further development. The markets for emergent products should also be investigated as a project to lay the foundation for the future development of the NTE sector.
4. Intensify marketing efforts within regional markets, for the priority products such as medicinal plant preparations and pharmaceuticals, vegetable oil products, salt, and horticultural products (especially with the emerging middle class that are health conscious and demand quality products).
5. Increase funding for, and provide support to, export promotion activities:
 - i. Market research and intelligence – Provision of reliable and timely market information and training towards increased understanding and knowledge of foreign markets.
 - ii. Training in product-specific and market-specific competitive marketing for middle and top level personnel in exporting firms as well as investment and trade promotion institutions. This can also be addressed through bilateral and multilateral mechanisms, such as the provision of technical assistance from development partners and access to courses run by bodies such as UNCTAD, WTO, ITC and the World Bank Institute.
 - iii. Official Trade Representation Offices in the existing and potential destination markets should be established by Government to lend support to the exporters. The intensified role of trade representatives in Ghana's overseas missions underscores the need for increased support to help intensify trade promotion efforts by existing offices and the creation of new commercial offices to facilitate existing efforts and generate new business.
 - iv. Effective representation in key markets with investment in warehouses, storage facilities, and operations centres in key markets that are manned by persons with expertise (product and market-specific knowledge/experience). In the case of horticultural products, for example, the establishment of effective representation and warehousing in the main markets of choice (Europe, America, and the Middle East for the time being) should reduce the regular incidents of non-payment by importers owing to the fact that many Ghanaian exporters are small exporters and can only deal with small and usually unreliable overseas clients.
 - v. Trade missions – this requires close collaboration between the government and the private sector, especially in the area of subsidies for overseas missions.
 - vi. Trade shows and exhibitions – participation in leading international trade shows and exhibitions, the mounting of solo or sector-specific exhibitions in key markets on a permanent or temporary basis.
 - vii. Market linkages through effective downstream partnerships with global players in key markets – key ingredient of Ghana's investment and trade promotion agenda.

6. The continued success of the NTE sector would require building upon the earlier massive support that has been extended by the donor community, both governmental and non-governmental institutions. For the horticulture sub-sector, for example, such initiatives as TIPCEE, MIDA, MOAP, HELL, etc. have enabled Ghanaian exporters to take advantage of such development partner policy initiatives as AGOA, EBA, and the various GSPs.
7. Advantage should be taken of preferential opportunities that exist within the framework of Ghana's participation in multilateral institutions, such as the WTO, ACP-EU, EPA, ECOWAS, etc.

3.6 Export Strategic Approach to ECOWAS

In addition to EU, export market targeting under the NES should be directed to ECOWAS. The ECOWAS regional market offers immense opportunities but have become rather complex due to a plethora of man-made obstacles.

Statement of the issue

There is a huge market potential for Ghanaian exports in ECOWAS but only a limited size of that potential is being realized presently, although a comprehensive and viable framework exists for the Member States to realize their trade potential of the ECOWAS market. Movement of persons across the frontiers suffers from extortion of money from travellers by border security operatives. Unofficial payments are demanded from owners of vehicles crossing the frontiers. Unofficial levies are imposed on commercial vehicles trying to cross the borders with goods, otherwise various forms of impediment are created to force the vehicles to pay. A plethora of checkpoints is placed on inter-state trade routes which serves as points for money extortion from transit vehicle drivers. The total result of the situation described above is a reduction of intra-ECOWAS trade significantly below its potential. Several efforts were made in the past without success to resolve the problem, the most promising one being the Fast-Track Initiative (FTI) sponsored by Ghana and Nigeria to spearhead an accelerated approach that would enable two or more countries that were willing and committed to implement Community Decisions at a faster pace to do so without waiting for all the others. The FTI was endorsed at an ECOWAS ministerial meeting, 28-29 March, 2000. Many countries joined. The initiative was diluted and the situation reverted almost immediately to the status quo.

Recently Ghana signed a bilateral trade agreement with Burkina Faso in an effort to "salvage" the gains of trade liberalization and free movement of people, which appears to be working. There are suggestions that this bilateral initiative should be replicated.

Empirical evidence suggests that in any form of regional integration, Member States with significant manufacturing capacity are likely to achieve more gains in trade than those without. In ECOWAS, only Ghana, Nigeria, Cote d'Ivoire and, to some extent, Senegal have such capacity. It is in the interest of Ghana to seek collaboration of Nigeria, as a strategic partner, to champion reactivation of the Fast Track Initiative.

In 2010 Ghana's NTEs to destination markets indicate that the EU and ECOWAS absorbed 50.18% and 26.41% respectively (Figure 5). In 2008 ECOWAS was the third largest destination market for Nigeria's non-oil exports (12.5%) after Europe (52.3%) and Asia (21.9%). The data confirms the reality and potential of ECOWAS as an important market which merits a strategic approach to realize its potential.

Investigations reveal that markets that traditionally absorb substantial amounts of products from an exporting country are likely to absorb significantly more under certain conditions. This conclusion suggests that such markets should be included in the focus for export market development thrust in the NES.

Procedures for cross-border trade, transit and movement of persons, goods, services and vehicles have already been regulated and harmonized within the framework of the ECOWAS Trade Treaty and Protocols and the ETLS. Dissatisfaction with the system has to do solely with poor implementation by Member States. The manner of application of rules varies from one Member State to the other, reflecting their level of commitment to regional integration and respect for the rules. Extortion of money and unofficial payments that are rampantly practiced by the security personnel of almost all Member States are often justified by low salaries and late payment of salaries of the personnel at the frontiers. Not all Member States have the same problem with salary levels and timeliness of payment but the behavior of the personnel of one State affects transactions and movement of persons on the other side of the frontier. Another issue is the demonstration effect. The personnel with no such problems begins to emulate the behavior of their colleagues on the other side of the frontier. Various solutions were proposed and rejected in the past including one that the unofficial payment of GH¢4.00 per head for crossing the border into and out of Togo, for example as at August 2011 be converted into a legal levy and the proceeds used to supplement the salaries of the border personnel. This would be an infringement of the ECOWAS Treaty and Protocols. It seems the most viable solution will be for the salaries and conditions of service of the personnel to be improved and salaries paid promptly. But some Member States have genuine budgetary constraints. In addition, levels of commitment to regional integration and respect for the rules should be improved. How to deal with these issues falls outside the terms of reference of the NES.

ECOWAS Trade Liberalization Scheme (ETLS)

In ECOWAS, trade liberalization in the form of reduction and elimination of tariffs, quotas and other forms of restrictions on goods is regulated within the framework of a body of rules and procedures represented by the ECOWAS Trade Liberalization Scheme (ETLS). The key elements of the ETLS framework are:

- i. Free movement of persons;
- ii. Modalities for tariff reduction and elimination, removal of quotas and other forms of restrictions;
and
- iii. Rules of origin.

Free movement of persons

For the ETLS to work, there must be a free movement of persons, vehicles and goods within the ECOWAS Free Trade Area (FTA). This is a condition that lies at the heart of the ECOWAS regional integration.

Modalities for tariff reduction and elimination

The modalities basically relate to a schedule for the reduction and elimination of tariffs and other forms of trade restrictions. This has been established in the form of a time table by end of which all forms of tariff and trade restrictions will have been eliminated followed closely by the establishment of a common external tariff (CET), thus transforming ECOWAS FTA into a Customs Union.

Rules of origin

The purpose of trade liberalization is to promote trade in goods originating in Member States as well as the collective economic development of the Community. This requires that for the goods to be accorded the benefits of trade liberalization, it must be proved that the goods were produced wholly or partially up to a specific proportion in a Member State (i.e., made in ECOWAS) or by a company owned wholly or partially up to a specific **percentage of ownership** by indigenous ECOWAS citizens or the **raw material**

content of the goods is up to a specific proportion of Community origin or a **local value added** is up to a specific percentage of the FOB price of the finished goods. The Rules of Origin are therefore designed to promote the economic development of the Community.

Implementation of the ETLS

In implementing the ETLS, certain challenges have been experienced. How the challenges were handled by the Member States has implications for the state of intra-ECOWAS trade.

- i. The most important challenge for Ghana was the ban imposed by the Federal Government of Nigeria on Ghanaian exports to Nigeria in 2004-5.
Several reasons were given by Nigeria, including one that Ghana failed to observe the Rules of Origin. In the end, this action impacted severely on the businesses of the private sector operators in Ghana.
- ii. Revenue loss from removal of duties on imports. This was foreseen and provided for but it led to discontent and lukewarm attitude to intra-ECOWAS trade.
- iii. Consolidation of import duties and non-tariff barriers.
- iv. How the Rules governing the various categories of goods are handled: handicrafts, unprocessed products, industrial products, etc.

For the system to work satisfactorily, all Member States must operate the Rules diligently without discrimination. This did not happen. In the end many Member States failed to respect the ECOWAS Trade Rules and Protocols and the ETLS Rules.

Recommendation

Since Ghana and Nigeria have more to gain in ECOWAS, it is recommended that the two countries reactivate the FTI and endeavour to seek the opening of the trade route from Lagos to Accra to begin with. Without unnecessary checkpoints and demands for unofficial payments.

Specifically, Ghana should convert its rapport with Togo into a formal bilateral agreement. Nigeria should convert its rapport with Benin into a bilateral agreement. Subsequently, these two bilateral agreements should be merged and eventually extended to cover the existing agreement with Burkina Faso. This will represent a nucleus ECOWAS Fast-Track Initiative. The door should be left open to other countries which are keen on enjoying the benefits of regional integration to join.

Adequate provisions and procedures already exist for free movement of people, vehicles, goods and services as well for as inter-state transit and should be implemented.

3.7 Product Development

Five key elements underpin the pillars of the proposed national exports strategic focus. These are:

1. The increased production and export of high value horticultural products.
2. Processing for export of output from the extractive industries, namely agricultural and other products hitherto exported in crude state.
3. Manufacturing for an expanding sub-regional market.
4. Export product manufacturing based on imported inputs, especially for the sub-regional market.
5. Improving productivity of factors of production.

It is clear from the priority product sectors selected that even though the Vision Statement is a long-term affair, the broad **strategic focus for the transformation of Ghana into a World Class exporter of competitive products** in the short to medium term will be on the agro-industrial sector, which has the comparative advantage of utilising abundant local resources, including land, while providing greater employment opportunities through a multiplicity of value-adding manufacturing activities in virtually all districts of the country. There is, however, the need to emphasize factor productivity improvement as against factor accumulation to increase production. The priority products where the contribution to current export performance is minimal require significant investment promotion and market development for Ghana to derive significant benefits. The challenge is to turn the comparative advantage into competitive advantage through the development of agro-based infrastructure and public policies to strengthen the broader non-agricultural and services sectors to ensure increased global competitiveness in the medium-to-long term while offering complementary support to the agro-industrial sector almost immediately.

The investment in the research activities of our universities and research institutions such as the Council for Scientific and Industrial Research (CSIR) should be increased. In particular, the commercialization of research findings in the various areas of agriculture, forestry and forest products, plant medicine, cocoa products, and the creative arts should be a priority through the establishment of think-tanks, sector working groups, the forging of partnerships and constant dialogue. The role of COTVET and its associated Skills and Innovation Fund, the EDIF and other public funds should be harnessed towards new product development and commercialization of research findings. GRATIS Foundation and its various centres as well as the Suame Magazine need mention in this regard.

3.8 Supply Base Expansion

Increased investment would be required for firms within the manufacturing sector to maintain current or higher growth rates in exports. Apart from the natural contribution of the manufacturing sector to export growth, the lead time between interventions/investment and exports implies that **canned tuna, processed pineapples, and shea oil** are most likely to significantly increase export earnings in the short to medium term. Given the availability of local supplies of shea nuts, increased value chain investment and efficiencies in collection, warehousing, transportation, and quality assurance, as well as plantation development are essential for long term sustainability and competitiveness of **shea products**. Increased investment in the production of local raw materials should support significant **processing of cashew, oil palm, and fruits** towards increased exports in the long run. These require substantial investment in plantations, the application of modern production and processing technologies, quality assurance and highly skilled management and labour force.

Growth in the supply base of fresh or chilled fish and tunas requires the modernization of fishing and fisheries management, substantial investment in aquaculture, including the development of local feedstock which are essential components of the fisheries sector strategies of MOFA - the Ministry of Food and Agriculture (Fisheries Division) and efforts by GIPC and Ghana Free Zones Board. Short to medium-term revenues should remain high for **canned tuna** but long-term earnings are likely to dip, requiring that strategies for long-term sustainability with a commitment to successful implementation by the Fisheries Division of MOFA.

Salt is expected to contribute significantly to non-traditional export earnings in the short to medium term. Substantial potential exists to be exploited. The market potential for salt exists and Ghana needs to build up significant supply capacity and systems to tap into this growing market especially in the emerging oil sector (including regional and continental markets). The comprehensive mapping out and feasibility studies should be funded to attract investment into the sector immediately. The application of modern production and processing technologies, quality assurance and highly skilled management and labour force are critical to success. A salt sector export strategy exists and should be implemented.

High value horticultural products (e.g. pineapples, banana, mangoes, papaya, citrus, vegetables, etc.) and **vegetable oil tree crops and oil seeds** (e.g. soybeans, sunflowers, oil palm, shea nuts), **roots and tubers** (e.g. yams, cassava), **grains and legumes** (e.g. rice, maize, and cowpeas), **medicinal plants and parts** (part of the natural plants products sector) as well as **natural rubber** require investment in plantations, export production zones, and export infrastructure. These also call for dealing with the long-standing land acquisition issues by promoting extensive outgrower schemes as an essential facet of the development of farmer-based organizations nationwide.

Significant investment towards efficiencies and performance of market-driven value chains and export promotion should transform the following into the key drivers of the non-traditional agricultural sector that make significant contributions to NTE growth in the short, medium and long terms (see **Annex 6**):

- i. **Short to medium-term:** high value horticultural products (e.g. pineapples, banana, chillies, egg plant, vegetables, papaya, plantain), yams, cassava, grains, oil seeds, fresh or chilled tunas, and fresh or chilled fish;
- ii. **Medium to Long-term:** cashew, oil palm, mango, citrus, natural rubber, and shea nuts, and medicinal plants & parts.

In the agricultural sector, for example, the entire export industry is driven by mainly small to medium scale producers. There are only a few large producer-exporters accounting for well over 50 percent of exports. Due cognizance should be taken of advantages that may accrue from a careful selection of locations for cost-effective horticultural export production, especially since the cost of logistical support could be significant and beyond the reach of most operators. Consolidation of production units and the forging of effective networks to strengthen the operational capacities of actors in the sector is needed. These also call for dealing with the long-standing land acquisition issues by promoting extensive outgrower schemes as an essential facet of the development of farmer-based organizations nationwide. The NTE sector requires the development and adoption of effective modern business models and practices that ensure the emergence of medium to large-scale entities, enhanced financial literacy in basic areas such as pricing, retail bar-coding, basic accounting, etc., quality assurance in meeting market requirements, including good corporate governance, especially with the recommendation that plantations be established.

3.9 Export Management Capacity Development

Increased competitiveness of the NTE sector requires significant investment in export management capacity development. This should focus on:

1. Investment in systematic training of management at all levels in all export and export-related sectors:
 - a. MOFA – with a focus on managers of export firms and product associations
 - b. GEPC through the Ghana Export School
 - c. Universities through various academic and executive development programmes, courses, seminars and workshops;
 - d. Industry Associations (e.g. PEF, GNCCI, Ghana Employers Association, AGI) through various seminars and workshops
 - e. Training institutions – e.g. MDPI
2. Training of management at all levels of the value chain – persons that manage upstream and downstream activities, from production to markets.
3. Training of officials of public sector export development and promotion institutions – MOFA, MOTI, GIPC, GFZB, GFDB, GSA, etc.
4. Support for participation in field trips and missions by persons involved in the management of export activities in both the public and private sectors.

3.10 Product Sector Strategies

Product sector strategies have been formulated for key priority products, noting the clear links between fresh and processed agro-based products as well as fish and processed fish. The contributions of the products stems from historical and expected performance over the plan period and beyond, sustainability of comparative advantages, the development of competitive advantage, human capacity building, the development and adoption of relevant business models, the ability to attract local and foreign investment, the rate of adoption of competitive technologies, and above all an enabling policy and regulatory environment that engenders the growth and sustainability of exporting efforts by industry actors within the various value chains and value networks. The product sector plans discussed below and the related action plans reflect the activities and strategies that the various actors in the public and private sectors, including development partners, would have to undertake and implement to achieve desired goals and objectives.

The achievement of the target of US\$5m by NTE sector over the plan period will be the total contribution of the current high performing product sectors whose contribution must be maintained and the sectors in which efforts must be made to invest to grow because of their high potential for export growth. Due cognizance must also be taken of emerging sectors whose foundation has to be laid during this plan period because of their potential contribution to the future economic success of Ghana.

HIGH PERFORMING NTEs TO MAINTAIN
<p>Processed and semi-processed products that have historically contributed significantly to export growth and revenues that have to be maintained through the effective workings of the facilitating institutions and a favourable business environment:</p> <ol style="list-style-type: none"> 1. Cocoa Products (for example, Cocoa Paste, Cocoa Butter, Cocoa Confectionery) 2. Wood Products (for example, Veneers, Plywood, Builders' Woodwork, Fibreboard) 3. Articles of Plastics (for example, Pipes, Containers, Frames)
LIST OF NTEs IN WHICH TO INVEST TO GROW
<ol style="list-style-type: none"> 4. Fresh/chilled and processed fish (e.g. Fresh/Canned Tuna, Fresh/chilled fish, prepared Fish) 5. Agro-products (fresh, semi-processed and processed): <ol style="list-style-type: none"> 5.1 Vegetable oil seeds, tree crops and oils (e.g. raw and processed Shea/Karite nuts, oil palm, groundnuts, soya, sunflower, etc.) 5.2 Fruits (e.g. pineapples, banana, mangoes, papaya, citrus) 5.3 Vegetables 5.4 Root crops such as yams, cassava, and sweet potatoes 5.5 Grains and legumes such as rice, maize and cowpeas 6. Natural plant products (medicinal plants and parts, culinary herbs, high nutrient plants, etc.) /natural plant product preparations and pharmaceuticals. 7. Processed fruits, etc. (e.g. cut pineapple fruit, preserved pineapples and fruits, tomato paste, etc.); 8. Cashew nuts and processed cashew. 9. Natural rubber and rubber products 10. Aluminum products 11. The creative arts industries
EMERGING SECTORS IN WHICH TO INVEST TO GROW
<p><i>Next generation export sectors for which a strong foundation has to be laid during this plan period include: Banking, insurance and other financial services, other services sectors, ICT products (e.g. software development, electronic products, etc), light engineering goods, semi-conductors, metal fabrication and a vast array of intermediate metallic products, home appliances, biotechnology, petrochemicals, agrochemicals (fertilizers, herbicides, insecticides, etc.). etc.</i></p>

Sector Strategy for Cocoa Products

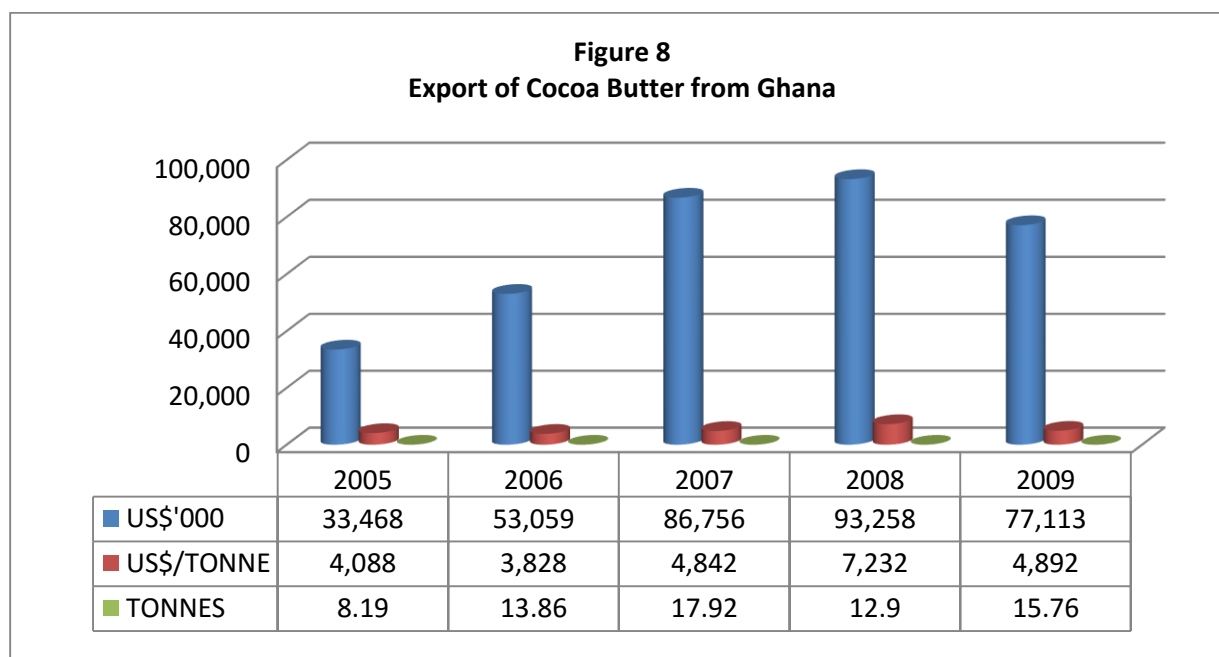
Cocoa butter and paste are derived from the beans of the cocoa tree (*Theobroma cacao*). Cocoa butter and cocoa paste are intermediate products and are used mainly in the production of candy and confectionery products, baked goods, beverages, and cosmetics. The volume of cocoa butter and paste exports is dependent upon a number of factors, including the level of domestic cocoa bean production and the portion of domestic cocoa bean production that is exported versus that which is processed. The

quantity of cocoa butter and paste exports is influenced by the growth and utilization of processing capacity and the variations in the supply of cocoa beans available for processing. The factors affecting the supply of cocoa beans available for processing are climatic and soil conditions, government policies, and COCOBOD interventions infrastructure, product quality, productivity, civil strife (in neighbouring Cote d'Ivoire), labor issues, and development policies. Cocoa and cocoa products are relatively high-priced luxury goods, the demand for which is affected more by income than by price. Factors that contribute to increased demand include rising populations and incomes in both the large, mature markets (Europe and the United States) and emerging markets (mainly in Asia). The rising demand for high-quality, high-cocoa-content chocolate products also likely had a positive impact on Ghana's exports of cocoa butter and paste. Several recent studies have concluded that the consumption of certain cocoa products provides health benefits, which also may have affected the demand for cocoa butter and paste. The impact of consumer health issues is mixed. Concerns regarding obesity have had a negative effect and scientific evidence of health benefits of cocoa had a positive impact. (*Sub-Saharan Africa: Factors Affecting Trade Patterns of Selected Industries, First Annual Report, Investigation No. 332—477*, U.S. International Trade Commission, Washington, DC 20436, Publication 3914 April 2007, www.usitc.gov).

Table 8: Export of Cocoa Products from Ghana

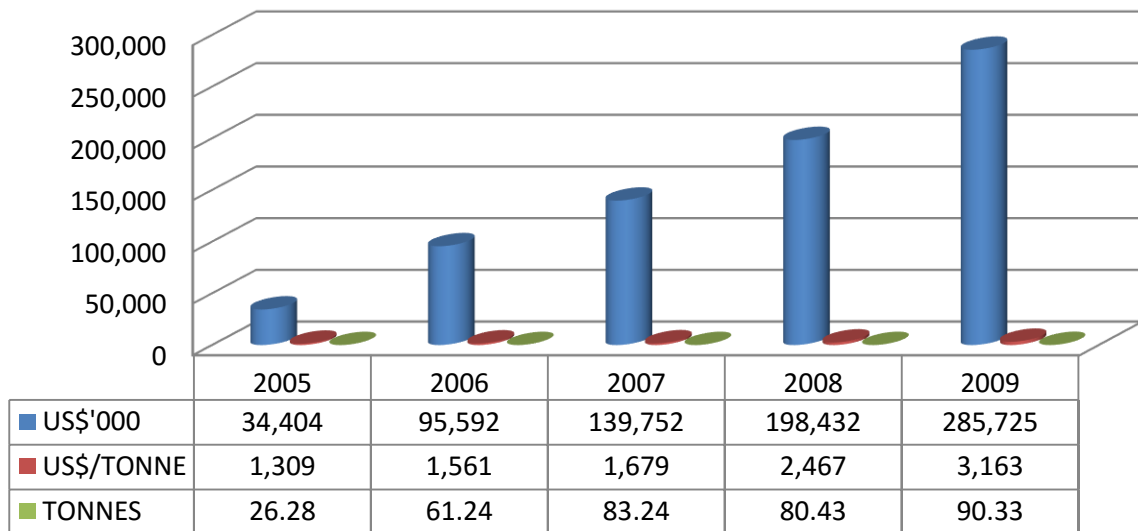
Year	Cocoa Butter			Cocoa Paste		
	US\$'000	US\$/TONNE	TONNES	US\$'000	US\$/TONNE	TONNES
2005	33,468	4,088	8.19	34,404	1,309	26.28
2006	53,059	3,828	13.86	95,592	1,561	61.24
2007	86,756	4,842	17.92	139,752	1,679	83.24
2008	93,258	7,232	12.90	198,432	2,467	80.43
2009	77,113	4,892	15.76	285,725	3,163	90.33

Source: Ghana Export Promotion Council



Source: Ghana Export Promotion Council

Figure 9
Export of Cocoa Paste from Ghana



Source: Ghana Export Promotion Council

To effectively contribute to the attainment of the targets set in this NES:

1. Maintain a stable business environment to guarantee supplies of beans to processors in Ghana. COCOBOD with all stakeholders should critically assess the proportion of beans to process locally for export. If the quantity of light crop beans which is the main input for processing cannot meet the requirements of processors, due considerations has to be given to importing cocoa for processing in Ghana in efforts to increase capacity utilization of cocoa plants in Ghana. By this earnings from the export of Ghana's premium cocoa beans will not be affected.
2. Encourage global processors to process more beans in their plants in Ghana. Since substantial share of new cocoa butter and paste production capacity is accounted for by subsidiaries of U.S. and EU firms, the volumes produced in Ghana are influenced by overall production plans of parent companies for key global markets.
3. Continue government policy on rehabilitation of the cocoa production sector and productivity improvements to maintain quality of beans supplied to processors.
4. Enhance the Ghana Cocoa Board's (COCOBOD) activities in the areas of research and development, setting quality grading standards, quality certification, and regulating internal cocoa marketing and exports, all of which directly or indirectly affect Ghana's exports of cocoa butter and paste.
5. Efforts should be made to ensure that prices paid to farmers continue to motivate them to commit to production and quality levels while minimizing smuggling to neighbouring countries of Togo and Cote d'Ivoire.

6. Increased funding to the Cocoa Research Institute of Ghana to continue scientific research and development regarding such issues as hybrid plants, pest and disease control, and the development of new cocoa products. The development of new products for new markets will increase Ghana's export earnings in the medium term.
7. Ghana's exports to the EU are currently free of duty for both butter and paste under EPA lite. It is feared that this will be lost with the implementation of the impending full EPA with the EU, so the Government has to consider the implications in its negotiations.

Strategy for Processed Wood

These are leading NTEs that will continue to make significant contributions to total value of the NTE sector in the short to medium term. Even though exports are growing at less than world market growth rate, processed wood products will continue to significantly contribute to the growth of the non-traditional export sector in total value in the short to medium term. Long term prospects are limited by the rate of depletion of virgin forests and the slow rate of afforestation and the long gestation period to maturity.

Challenges and Opportunities:

1. The major input, wood is under threat of over exploitation and there is a need to manage the resource judiciously.
2. Investment biased towards lumber, plywood, and veneer rather than semi-finished and finished products that require greater skills and competencies.
3. Downstream operations are dominated by micro- and small-scale operators and medium-sized firms that focus on the local rather than export markets. Exports are to neighboring countries.
4. Production standards among artisanal groups (carpenters) are virtually non-existent.
5. Machinery and tooling level at artisanal level is poor.
6. Apprenticeship is the dominant skill acquisition method and thus an apprentice is usually limited to the level of competence of the master craftsman (trainer).
7. Plastic substitutes, e.g. plastic T&G for panelling has almost wiped out the market for wood T&G. In addition cheaper imports, especially from China are threatening to push the carpenters out of business.
8. Electric power supply is unreliable at certain periods.

To effectively contribute to the attainment of the targets set in this NES:

1. Establish a holistic roadmap for the medium to long-term sustainability of the wood processing sector.
2. Promote investment in forest plantations, and the use of secondary species for sustainable processed wood exports.
3. Invest in re-tooling and modernization of the wood processing sector.
4. Explore the market for knocked-down furniture and components.

Sector strategy for Plastics

The plastic packaging industry has a direct linkage to the manufacturing industry which relies on most of their finished products for packaging such as plastic bottles, jars, containers, closures, films & flexible and as well as Poly Propylene Woven sacks. The plastic packaging industry relies on the plastics industry supplying to most of all the small-medium-to-large-scale companies, such as the water companies, pineapple and yams, breweries, pharmaceutical, food and beverage, agro food processing, oil marketing companies and has provided timely packaging solutions to a lot of companies in the country. The sector produces films and flexible as well as Poly Propylene Woven sacks for rice, maize, sugar and salt, overhead water tanks, dust bins among others, and paper carton boxes for the local and export markets.

1. The country's plastic industry faces unfair competition from imports. This impacts the competitiveness of exports.
2. High overhead costs coupled with other structural difficulties create a lot of hidden costs of doing business that may negatively impact the competitiveness of Ghana products in both domestic and export markets.

To effectively contribute to the attainment of the targets set in this NES:

1. Assist firms to develop policies to enhance the competitiveness of the plastics sector through cost reduction strategies.
2. Promote investment in the petrochemical industry which is downstream activity associated with the oil refinery industry - to boost medium to long term production and export growth.
3. Promote investment in the plastics processing sector.
4. The sector should develop regional markets further.

Sector strategy for Fish and Fish Products

The country's marine fish catches are fast depleting. Ghana is highly import dependent but does well in the export of fresh and processed fish, mainly tuna. There is room for increased exports in the short to medium term but may not be sustainable in the long term unless scientific methods of fisheries management and harvesting are adopted, including aquaculture. There should be naval patrols to protect the sea from invasion of foreign vessels and dumping of toxic waste.

The fisheries sector has some challenges but offers great opportunities:

1. Huge deficit in fishing industry due to low level of investment in commercial fishing for decades resulting in significant import dependence and limited surplus for exports, except for limited species such as tuna.
2. Inadequate/inappropriate cold storage and packaging facilities.
3. Underdeveloped aquaculture sector.
4. Land acquisition can be problematic and aspiring fish farmers need to be insulated from such problems.
5. Inadequate infrastructure to, and at, fishing sites – roads, electricity, freshwater, fishing ports, selling (market) facilities, etc.
6. Some aspects of fish farming are expensive, e.g. pond construction and appropriate intervention are needed.

7. Ecosystems may be threatened by establishment of aquaculture sites.
8. There is opportunity for positive synergy in that fish farming can be linked to crop cultivation and stock-raising.
9. New and very high yielding methods of fish farming are available and must be encouraged to achieve higher yields per unit site.
10. Support services like hatcheries for fingerling, vaccines and other extension services need to be easily accessible to fish farmers.
11. Regulators like EPA can be painful to deal with and ordinary fish farmers need to be educated in their dealings with such institutions.

To effectively contribute to the attainment of the targets set in this NES:

1. Modernization of fishing and fisheries management.
2. Investment in marine and inland fisheries as well as fish processing.
3. Promotion of investment in the development of the aquaculture, not only as the fulcrum of the country's fisheries policy initiative to augment the shortfalls caused by the dwindling fish stocks resulting in low fish catch, but to lay the foundation for sustainable exports.
4. Concentrating on the development of scientific ways to supplement marine fish stock deficit, reduce the level and cost of fish import within the shortest possible time to create employment for the youth, especially create wealth and reduce poverty among our people.
5. Evolve strategies to address constraints such as quality fish seed and feed, inadequate extension services and support, market and the emerging threat of security.
6. Develop fast growing species, which would make fish farming commercially and economically attractive. Produce quality fingerlings to supply farmers and out-growers.
7. Investment in production of local feedstock.
8. Beef up staff of the Fisheries Directorate with expertise and skills to assist fish farmers with extension services.
9. Encourage the establishment of fish farmers associations in potential districts in the country to facilitate increased fish supply. Appeal to fish farmers: to form or join existing associations to enable them influence policies, more easily access loans, and redress to their grievances, and to adhere to advice by experts and extension service personnel to ensure the growth of their businesses.

Sector Strategy for Aluminum Products

The principal Aluminum Products that have been exported over the years include Aluminum Plates, Sheets and Coils, Aluminum Waste and Scrap, Crude Aluminum and Household Utensils. Exports by this sector have suffered from the closure of the Volta Aluminum Company Ltd. (VALCO) until recently. The resumption of production in early 2011 should revitalize a sector that has tremendous export potential in regional and global markets not only for ingots, but for diverse intermediate and finished products. Interruption and cost of power supplies have in the past been major hindrances to competitiveness, capacity utilization, and therefore overall export growth. Expected improvements in power supplies with the construction of the Bui Hydroelectric Project, new thermal plants, and the discovery of substantial gas reserves to economically fuel power generation plants as well as plans to develop an alumina processing plant in Ghana should increase the competitiveness of this industry in the medium to long

term and increase export earnings. The diversity of intermediate and finished products within this industry creates an urgent need for an aggressive investment drive by government.

Sector Strategy for Salt

The industry spans along the coastal belt of the country from the Volta Region in the eastern part to the Western Region. The major geographical zones of salt production are the Keta area (Volta Region), Ada and Weija (Greater Accra Region), Mfantseman and Komenda (Central Region), and the Ahanta West (Western Region). The industry is largely underdeveloped but studies indicate that Ghana can earn over US\$ 1.0 billion annually from salt exports if the industry is well developed.

Currently salt is mainly exported to countries within the ECOWAS subregion, such as Mali, Burkina Faso, Niger, Togo and Benin. Along the West African Coast, only Senegal and Ghana have the right climatic conditions and suitable lands to produce large quantities of salt. Although annual salt production was estimated to be about 200,000 tons in 2007, with exports of 62,099 tons valued at US\$ 3,043,353, studies have shown that 2.5 million tons of salt can be produced annually. Market studies also reveal that there is a vast market for Ghana's salt especially in neighbouring Nigeria which imports \$1.5 billion worth of salt from Australia and Brazil a year in order to meet domestic demands and feed its oil industry. Also, salt from Ghana and Australia are graded as higher than that of other suppliers, as further processing costs are lower. (National Export Strategy for Ghana, 2008, p. 57)

There are several indications to suggest that salt is an industry that can and indeed should be promoted strongly as a big foreign exchange earner, especially if the Chlor-Alkali and petrochemical industry requirements are factored into the calculations. According to MOTI sources, interest in the sector is on the rise.

To effectively contribute to the attainment of the targets set in this NES:

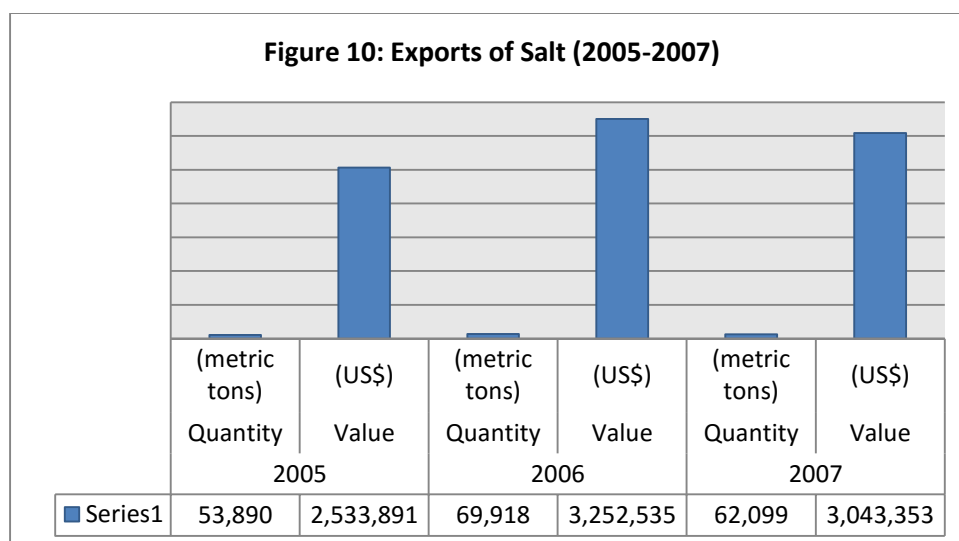
1. Land issues should be dealt with comprehensively through dialogue with all community stakeholders.
2. Improving the living conditions of the local communities must be a key consideration.
3. Develop a comprehensive investment plan that promotes job creation for the localities.
4. Explore possibilities of a joint venture between the clans through a Special Purpose Vehicle (SPV) and prospective investors. It is envisaged that the Trust would acquire shares in future investments in the area and use its dividend from the investment to finance the District Administration, Traditional Councils and improve social amenities such as schools, health facilities, housing, sanitation, water and electricity supplies.
5. Access to long-term credit should be facilitated through the improved operation of the various Government financial schemes.
6. Infrastructure such as roads, power, and meteorological services should be improved in the salt producing areas. The possibility of using solar power/wind power, use of boreholes for brine intake, and use of high density poly sheets for harvesting as is done mainly in the Far East should also be explored.

7. The product associations should be involved in this project.
8. The Minerals Law relating to the salt industry in particular and mining in general should be reviewed with the view to making its practical effects simple and transparent and to respond much better to the needs of the salt industry. The Minerals Commission should ensure that investors also have some form of social license from localities - currently license may be issued for mineral right to one party, whereas another party may have surface right to land.
9. Government agencies that issue licenses should be properly coordinated and monitored by the Ministry of Land and Natural Resources, the Ministry of Public Sector Reform and the Office of the President, to avoid costly duplication of efforts by both the private operators and the public institutions. Conditions for issuance of license should be enforced.
10. The development of the Salt industry should be closely coordinated with other government departments with direct interest in the industry, e.g. the Ministry of Lands and Natural Resources.
11. MOTI should explore the possibility of creating a central marketing board or commodity exchange for salt in order to facilitate the production, further processing and trade of this commodity as is the case of the cocoa industry.
12. MOTI, GEPC, GIPC and the product associations should work together to design and promote a comprehensive investment plan for the salt industry with appropriate incentives in order to attract domestic and foreign investors.

Table 10: Exports of Salt (2005-2009)

2005		2006		2007	
Quantity (metric tons)	Value (US\$)	Quantity (metric tons)	Value (US\$)	Quantity (metric tons)	Value (US\$)
53,890	2,533,891	69,918	3,252,535	62,099	3,043,353

Source: Ghana Export Promotion Council



Source: Ghana Export Promotion Council

Sector Strategy for Vegetable Oils

The vegetable oil industry is a sector that has a tremendous development and export potential. The world demand is extremely strong and the demand deficit in West Africa alone is estimated to be about 1 million metric tons annually. Ghana itself is currently a net importer of vegetable oils and its demand deficit is estimated to be about 200,000 tons annually. The domestic production therefore does not even cover the domestic needs, while export quantities are very small and concern mainly supplies to ethnic Ghanaian consumers living abroad. The vegetable oil sector as a priority sector maybe has the best potential for export development. The main issue is how to increase production capacity in the country in order to: satisfy the domestic demand and become a successful exporter of vegetable oils to the world markets. For both purposes, the estimated foreign exchange earnings or savings could be considerable and at par with other important traditional sectors such as cocoa. The vegetable oil industry is also critical to poverty alleviation in the country because it is located essentially in the rural parts of Ghana. Recommended for development are palm oil, including palm kernel oil, coconut oil and soya oil, taking into consideration factors such as their growth potential, world demand trends, their ability to alleviate the level of poverty in the rural areas and their potential to attract the interest of private investors in the medium to long-term.

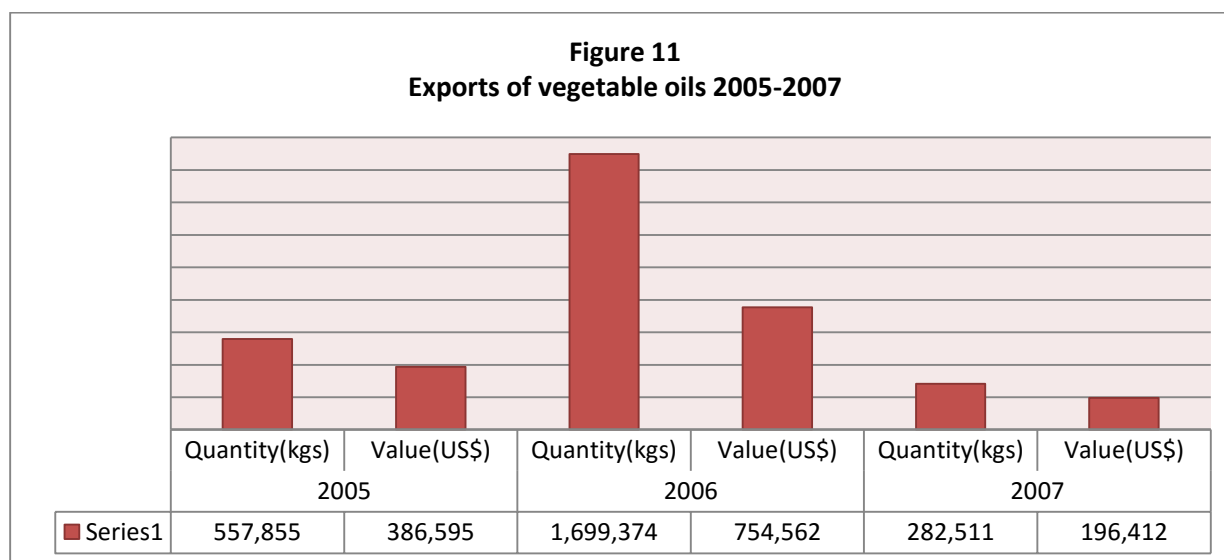
To effectively contribute to the attainment of the targets set in this NES:

1. Research and Industry should work much more closely together to enhance the quality and productivity levels of the industry. It is recommended that MOTI sets up a public/private Research Committee at sector level, modelled on the Malaysian example, to ensure closer cooperation and synergies. This Research Committee should have two sub-committees, one for coconut and palm oil and another for soya oil;
2. MOTI should undertake an assessment of the existing expertise in the country in matters of production and processing techniques as well as marketing and research in the sector. This assessment should identify existing gaps and establish a list of subjects or practices where expertise from outside Ghana is required. On the basis of this assessment, technical assistance should be sought from the donor community;
3. MOTI should explore, in cooperation with GIPC, the possibility of providing incentives to large private companies that possess the required experience (such as Unilever-Lever Brothers), for providing training courses in production techniques, marketing, costing and pricing, accounting, book keeping, budgeting to small growers in rural areas, so that they feel confident and undertake to establish and manage new vegetable oil plantations;
4. MOTI, in cooperation with GIPC, should undertake an assessment of the current status of equipment, technology and supply of spare parts to the vegetable oils industry. On the basis of this assessment, an incentives programme should be designed to attract investment in modern production units in Ghana to fill the gaps and satisfy the spare parts needs of the industry;
5. GIPC should promote the vegetable oil sector on a priority basis in order to attract investors from both Ghana and abroad.
6. The issues of land acquisition should be addressed, especially through the development of outgrower schemes with the establishment of farmer-based organizations that bring together smallholder farmers to operate within the network of large-scale farmers and processors.

Table 11: Exports of Vegetable Oils 2005-2007

2005		2006		2007	
Quantity(kgs)	Value(US\$)	Quantity(kgs)	Value(US\$)	Quantity(kgs)	Value(US\$)
557,855	386,595	1,699,374	754,562	282,511	196,412

(Source: Ghana Export Promotion Council)



Source: Ghana Export Promotion Council

Sector Strategy for Rubber and Rubber Products

This sector has potential for medium to long term growth but requires interventions that remove long-standing bottlenecks that have prevented the exploitation of its full potentials. Domestic market is likely to absorb significant volumes of finished products in the medium term. Increased exports of processed rubber may be obtained in the medium to long term through significant backward linkages to plantation development. World Bank Country Economic Memorandum (2007) identifies the rubber industry as having export potential. The EU study on market access opportunities for Ghana in EPA negotiations notes that technically specified natural rubber (TSNR) is a product that exhibits strong volatility in market share, suggesting that production issues (such as quality, reliability, volumes) and/or marketing issues (such as limited number of customers, too many small players) are significant factors affecting the export performance of the industry. FASDEP II (pp. 36-37) notes that the natural rubber faces certain constraints which include unavailability of high-yielding planting material, poor agronomic practices, and cultivation of smallholdings.

MOFA, in FASDEP II thus states the following:

1. The objectives in the medium term are to increase the availability of improved planting material, improve adoption of improved agronomic practices and expand average farm size per holder.
2. MoFA will collaborate with the Ministry of Trade and Industry to attract private sector investments in these industrial crops (e.g. in nurseries for improved seedlings).
3. The outgrower-nucleus farmer linkage will be strongly promoted as a way of improving smallholders' access to credit, improved planting material, extension on improved agronomic practices, and capacity to expand farm size per holder.

4. Collaboration with external research institutions will be encouraged to build research capacity.
5. Rubber will be promoted on the basis of comparative and competitive advantage of agro-ecological zones and availability of markets.
6. Research to identify genetic material with desired qualities and to improve productivity along the value chain will contribute to poverty reduction.

Relevant specific strategies are in FASDEP II are:

1. Support diversification by farmers into tree crops (including rubber), to create employment in the dry season.
2. Promote primary grading, processing and storage to increase value addition and stabilise farm prices.
3. Collaborate with MoTI to develop institutional capacity to support commercial scale agroprocessing.
4. Develop standards and promote good agricultural practices along the value chain to enhance quality and incomes.
5. Promote linkage of smallholder production to industry.
6. Improve accessibility from farm to market centres.
7. Promote formation of viable farmer groups and Farmer-Based Organisations with gender equity, to enhance their knowledge, skills, and access to resources along the value chain, and for stronger bargaining power in marketing.
8. Advocate improved rural infrastructure (transport and communication), and appropriate regulatory environment to enhance private sector investments and participation in delivery of services, including extension.
9. Advocate the enactment and enforcement of laws on good agricultural practices.

Sector Strategy for Cashew

We rely on two main sources of information for this section.¹ Cashews are generally viewed as a high-value, luxury commodity, although of all edible nuts produced in the world, cashews are the second largest industry after peanuts. Cashews compete in the same market as other edible nuts, and demand for them is rising due to improved quality and consumer interest in the health benefits associated with nuts. Ghana's cashew production is exported in-shell because capacity for shelling and further processing is limited locally. The efforts of international aid agencies, foreign governments, traders, and marketers have led to increased technical assistance at the grower level, public and private investment in new or refurbished processing facilities with investor oversight, networking and marketing assistance for producers, as well as the increasing global consumption of cashews are the key factors contributing to export growth. Growth has been facilitated by coordinated support effort by international development agencies, NGOs (Non-governmental Organizations), foreign governments, and global traders to provide technical assistance at the grower level, provide marketing assistance, and coordinate public and private investment initiatives. National governments have also partnered with business organizations and others to promote the sector.

1 (1) *Sub-Saharan Africa: Factors Affecting Trade Patterns of Selected Industries, First Annual Report, Investigation No. 332—477*, U.S. International Trade Commission, Washington, DC 20436, Publication 3914 April 2007, www.usitc.gov; and (2) The Ministry of Food and Agriculture's Cashew Development Project's "*Status of Ghana Cashew Industry*", www.ghanacashewproducts.com that provides significant insight on the cashew industry in Ghana.

Table 12: Exports of Cashew Nuts (2005-2009)

Year	US\$'000	US\$/TONNE	TONNES
2005	5,498	379	14.51
2006	11,976	343	34.92
2007	10,779	456	23.64
2008	20,424	252	81.05
2009	20,154	381	52.90

Source: Ghana Export Promotion Council

At present, 6 major raw cashew nut processing companies are in operation. These are Nasaka group of processors, Winker Agro Processing, Shop Best, Nsuro, CRIG and Krobo Group of Processors with a total installed capacity of about 377 MT annually. The private sector has taken up the challenge of roasting kernels and as a result, more than eleven cashew roasters have also been in operation since 2003 to roast cashew kernels for the domestic market. Employment creation and income generation. Processing is a recent development undertaken by unskilled personnel with a low capacity to handle large volumes required for the export market.

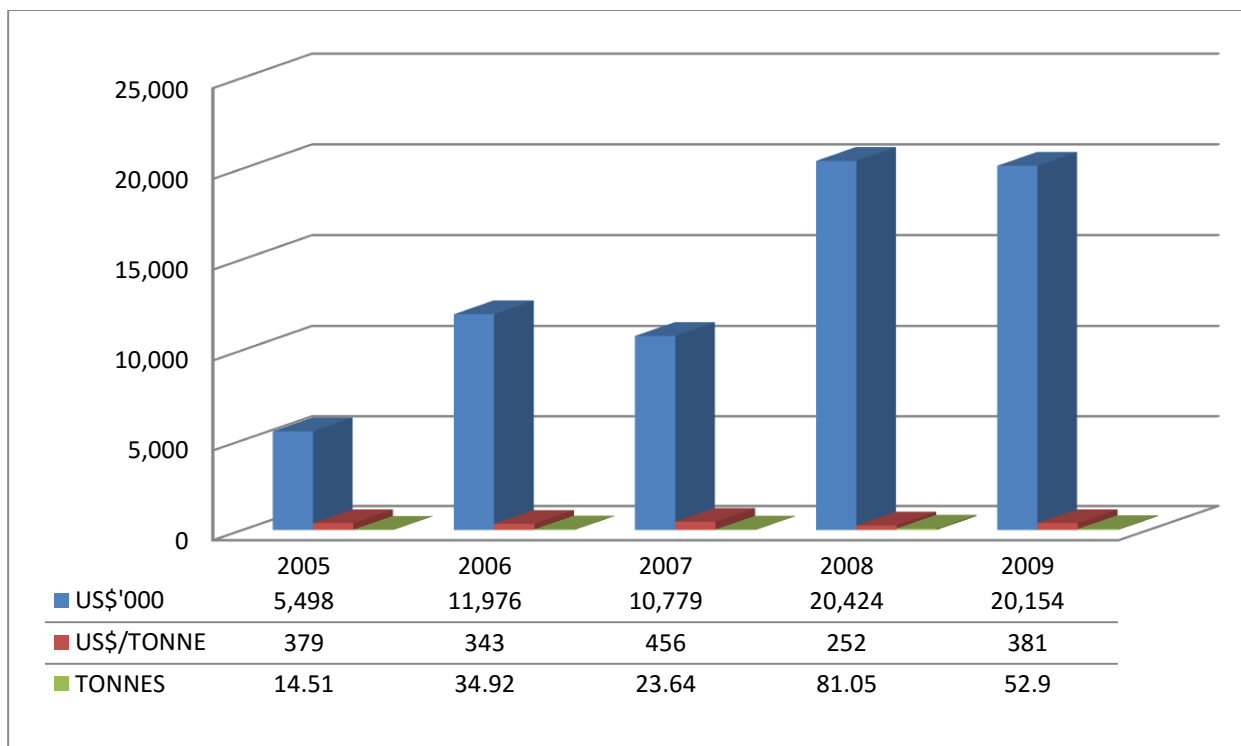


Figure 12: Exports of Cashew Nuts (2005-2009)

Source: Ghana Export Promotion Council

Table 13: Major Raw Cashew Nut Processors in Ghana

Processing Units (Raw Cashew Nuts)	Location	Installed Capacity (Mt)
NASAKA	Kabile	79.2
NASAKA	Sampa	47.52
NASAKA	Nsawkaw	63.36
SHOP B.	Accra	12
NSURO	Accra	10
CRIG	Bole	120
Winker Agro Proc.	Afiencya	45.00
TOTAL		377.08

(Source: Ghana Cashew Development Project, www.ghanacashewproducts.com)

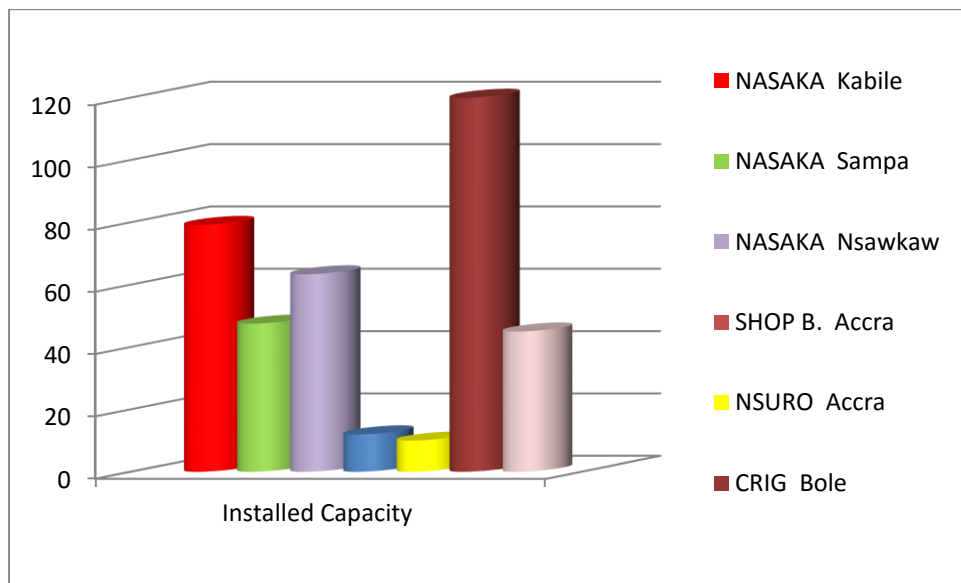


Figure 13: Major Raw Cashew Nut Processors in Ghana

(Source: Ghana Cashew Development Project, www.ghanacashewproducts.com)

To effectively contribute to the attainment of the targets set in this NES:

1. The development and promotion of cashew in Ghana must be viewed within the context of developments in Sub-Saharan Africa (SSA) and major global producers and processors.
2. Ghana should intensify efforts at modernizing production and increasing processing capacity of Cashews as demand for them is rising due to improved quality and consumer interest in the health benefits associated with nuts.
3. Ghana should capitalize on the increased efforts of international aid agencies, foreign governments, traders, and marketers in providing technical assistance at the grower level, private investment in new processing facilities, and networking and marketing assistance. These

efforts and the increasing global consumption of cashews are the key factors contributing to export growth.

4. Clear mapping of cashew cultivation zones to ensure effective collection and processing for export.
5. Investment in plantations and processing and protection for workers.
6. Development of plantations that provide technical services to smallholder farmers
7. Introduction of early maturing and high-yielding planting material
8. Continuation of the comprehensive farm rehabilitation programme of the Cashew Development Project through canopy substitution of old unproductive tree canopies with high yielding scion materials, selective thinning, pruning, weed, pest and disease control.
9. Provide continuous funding of CRIG to undertake cashew research. Investment in research and development into valuable cashew byproducts, such as cashew nut shell liquid.
10. Improve quality of nuts at farm gate as this is a key issue that largely influences nut prices.
11. Ensure proper post-production handling by farmers especially drying, packaging material used and the method of storage since these have a direct influence on the nut quality.
12. Enhance the efficiency of industry associations through continuous training on quality standards and best industry practices.
13. Modernize processing plants and the operations of processors to enable them become competitive and enjoy economies of scale.
14. Evolve systems that reduce the costs of transportation and compliance with product certifications in export markets.
15. Provide funding to local buying companies to increase their participation in upstream activities.
16. Provide easy access to farm credit to finance maintenance and expansion operations. Facilities should also be developed to support processors. Strict credit conditions by commercial banks with often prohibitive interest rates have made loans unattractive to most processors who require huge capital for investment in processing equipment.
17. The knowledge and information platform www.ghanacashewproducts.com which has interactive interphases that will enable buyers and sellers to interact online to transact business should be promoted. A number of presentations, including production guides and extension bulletins have been posted on this website to enhance dissemination of cashew information.

Sector Strategy for Shea Products

The shea industry has been growing fairly steadily in recent times because of the growing demand in the developed countries, especially the US and Europe (France and the Netherlands being the biggest importers). These markets use the butter for products such as confectioneries and cosmetics. Its growth is also due to the reorganization of the supply/value chain owing to the attraction of big foreign companies (e.g. AAK, 101, FFF, ADM, who mostly act through local buyers) and some minor players into

the trade. Shea butter has a wide variety of uses. In the body care industry, the butter is used as a moisturiser in soap, due to shea's high saponifiable content, in skin and hair care cosmetics, including lotions, creams and moisturizers. It is also used as a cocoa butter substitute and in the manufacture of chocolates and as an additive to confectionary products, biscuits and pastries in the form of vegetable fat.

To effectively contribute to the attainment of the targets set in this NES:

1. There is the need for a clear assessment of the potential that exists in the natural plant population of shea trees, densities and nearness to populations that may be readily mobilized for collection. With this assessment, the gap between current levels of collection and the potential that exists could be established. Also, the strategy of resource mobilization required for harnessing the full potential of the sector can then be established.
2. The work of the NGOs and other donor communities which have shown interest in the growth of the industry should be encouraged but better coordinated by MOFA;
3. The local farmers should form cooperative societies in order to improve on their bargaining power with both the government and buyers (mainly foreign companies);
4. There is a need for a trade association in this sector;
5. Access to credit should be made less costly and credit should be more easily available, as a matter of deliberate public policy to grow the industry;
6. Processing facilities should be established either with or without the support of Government. Alternatively, private sector operators should be encouraged to establish processing facilities to add value to the nuts before export;
7. Shea Nuts (Karite Nuts) sector requires increased investment in upstream logistics, plantation development, and further processing.
8. MOTI and MOFA should study the feasibility of creating plantations of shea trees which could begin to bear fruits in shorter periods (4 years);

MOTI and MOFA should study the possibility of creating a Development and Marketing Board for Shea products on the lines of the Cocoa Board. Other views expressed are that an industry led trade association – such as the **Global Shea Alliance** which is now in its formative stages – would be better body for the promotion and marketing of shea from both Ghana and other shea producing nations. It is argued that shea is so small a commodity that is better marketed and traded from a sub-regional perspective, because the creation of an additional board will only result in less opportunity for product value reaching the primary producers. It is further argued that although a component of shea is used to formulate chocolate improvers (bloom prevention, coatings with melting point control, etc), this is not its only end use, e.g. shea is also used in margarine, ice-cream, natural cosmetic and pharmaceutical products.

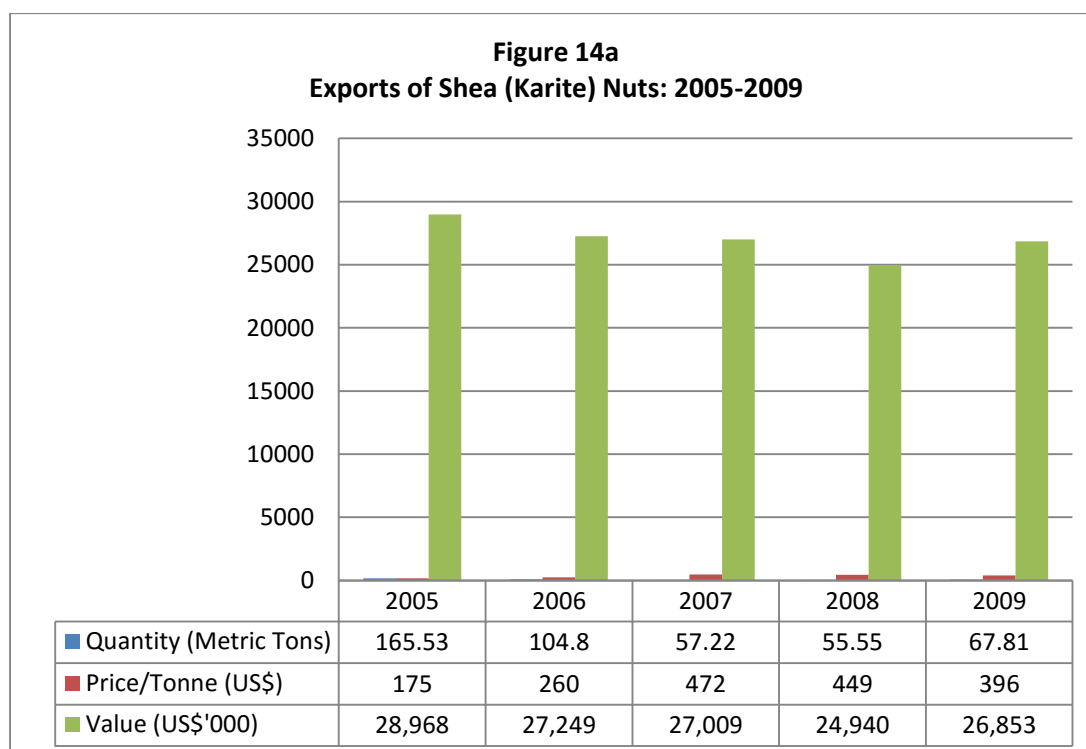
The development of an integrated value chain that is resourced with effective control and mechanisms such as the cocoa sector cannot however be undervalued, especially from the perspective of maximizing benefits to Ghana as a nation.

9. A quality management scheme including the possibility of traceability should be put in place.
10. MOTI and MOFA should establish links and exchange experiences with other Sahelian countries that are exporting shea products.

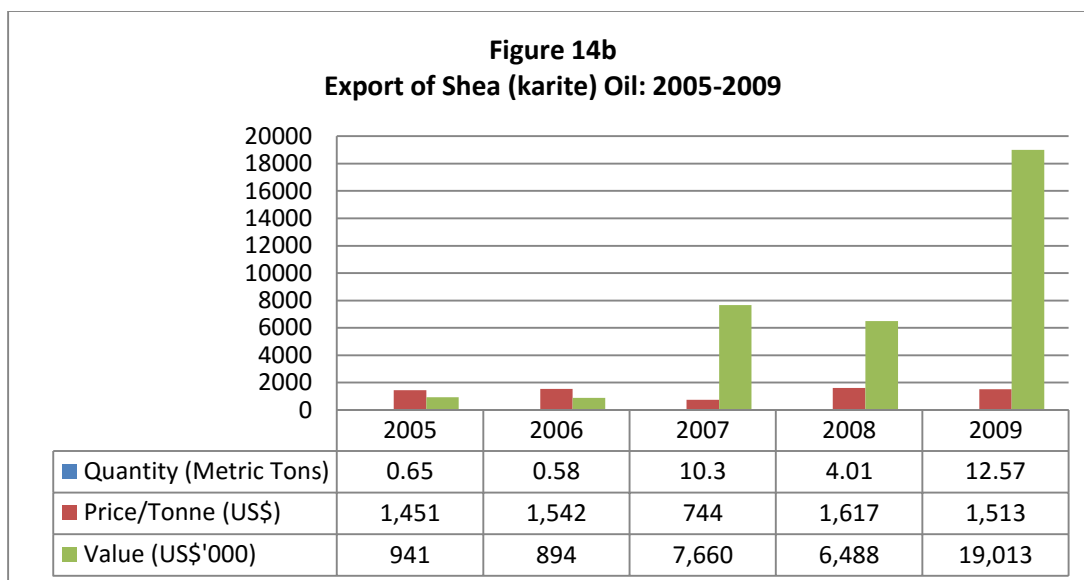
Table 14: Exports of Shea Nuts (Karite Nuts) and Shea Oil (Karite Oil) convert to chart

Year	Shea nuts (karite nuts)			Shea (karite oil)		
	Quantity (Metric Tons)	Price/Tonne (US\$)	Value (US\$'000)	Quantity (Metric Tons)	Price/Tonne (US\$)	Value (US\$'000)
2005	165.53	175	28,968	0.65	1,451	941
2006	104.80	260	27,249	0.58	1,542	894
2007	57.22	472	27,009	10.30	744	7,660
2008	55.55	449	24,940	4.01	1,617	6,488
2009	67.81	396	26,853	12.57	1,513	19,013

Source: Ghana Export Promotion Council



Source: Ghana Export Promotion Council



Source: Ghana Export Promotion Council

Sector Strategy for Agro-based products

The agro-based products, including high value horticultural products, are expected to significantly contribute to the success of the NTE sector. Most of the growers are small holders who reside in the rural areas, hence its successful development will enhance the efforts of government to reduce rural poverty by creating employment and income opportunities in the communities where the products are grown. This in turn will stem the rural-urban drift which has become a major challenge to Government. Due cognizance should, however, be taken of advantages that may accrue from a careful selection of locations for cost-effective commercial agro-based/horticultural export production, especially since the cost of logistical support could be significant and beyond the reach of most operators.

Ghana's comparative strengths in the horticultural industry derive from a number of factors:

1. Relatively abundant and suitable but under-utilised land that can be used for increased production, despite the problems associated with land acquisition;
2. Suitable climatic conditions for diversified horticultural pursuits even with minimal irrigation;
3. Proximity to both Europe and the Middle East, both of whose markets for horticultural products are rapidly expanding;
4. The availability of fairly cheap, semi-skilled and trainable labour force suitable for labour intensive horticultural production, even if productivity is usually low among such employees;
5. The introduction of simple and low cost equipment for processing some of the products could tremendously increase value to the raw products and create jobs and earn more foreign exchange for the country.

To effectively contribute to the attainment of the targets set in this NES:

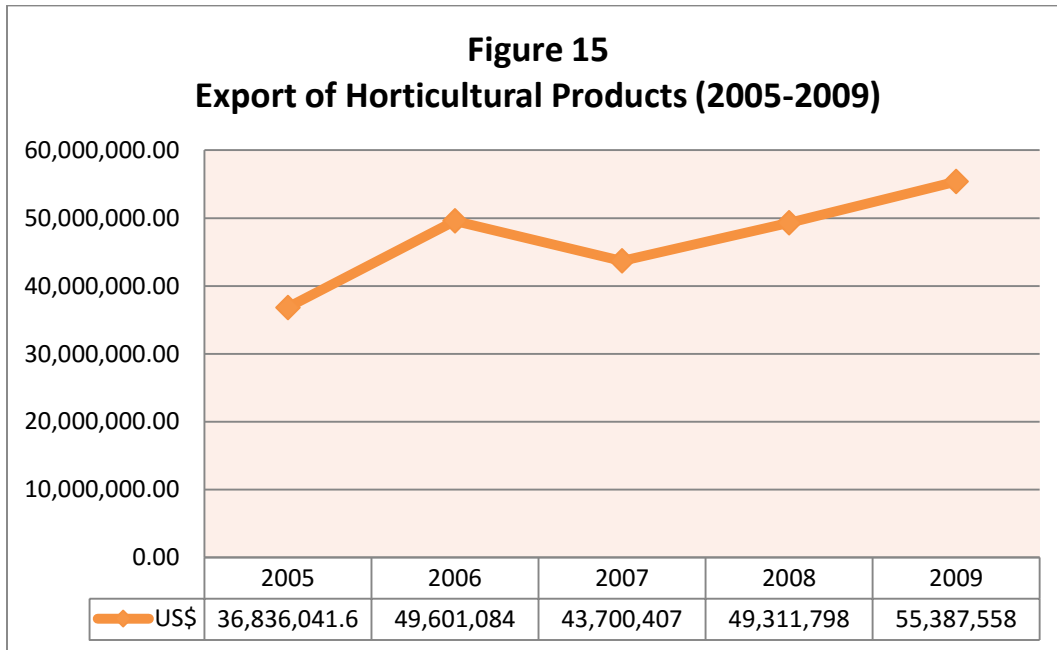
1. The land tenure issue that has hindered agriculture in Ghana for years has to be addressed creatively. In the immediate term, the farmer-based organizations need to be re-oriented as effective and efficient outgrowers to lead producers and processors that provided needed modern service support and training.

2. Also, the isolated individualistic approach to agriculture needs to be reversed by giving new meaning to the call for the numerous and small-scale operators to operate on a cooperative basis but within an effective network along the value chain so that they can
 - make common use of facilities such as pack houses;
 - have reliable markets for their products for direct export to markets or further processing depending on the critical assessment of the options available to them;
 - be able to negotiate with Government from a position of strength and to be able to exploit economies of scale;
3. Product associations should be also strengthened in order to enable them to establish commercial links with established traders, such as super market chains in overseas markets;
4. As a serious player in the global market, the credit institutions which have been created by Government to support the growth of the private sector should dedicate a considerable portfolio to the horticultural sector as a deliberate policy to nurture industry champions in the country;
5. The Land Administration Project recommendations should be implemented by the Government promptly since the horticultural sector is also confronted with the complex land tenure system in the country;
6. Commercial production of agro-based products and high value horticultural products require investment in plantations, export production zones, and export infrastructure - The creation of export production zones with fully developed infrastructure to facilitate the production and export of high quality agro-based/horticultural products.
7. Mini irrigation schemes should be built to help the growers enhance their productivity and ensure year-round production;
8. The wealth of local expertise should be harnessed to drive the sector to success by creating the right incentives for them;
9. A Horticulture Sector Fund should be created for providing support and strengthening product associations;
10. Official Trade Representation Offices in the existing and potential destination markets should collaborate with NTE sector product associations to lend support to exporters;
11. There is the need for Government and the private sector to work together to find ways and means of responding to market access requirements, such as sanitary and phyto-sanitary standards that are being applied to address hitherto unknown risks parallel with changes in official standards and public oversight, as well as concerns and preferences of consumers. The problem can be addressed through bilateral and multilateral mechanisms, such as the provision of technical assistance from development partners and access to courses run by bodies such as UNCTAD, WTO, ITC and the World Bank Institute.

Table 15: Export of Horticultural Products (2005-2009)

2005	2006	2007	2008	2009
US \$	US \$	US \$	US \$	US \$
36,836,041.62	49,601,084	43,700,407	49,311,798	55,387,558

Source: Ghana Export Promotion Council



Source: Ghana Export Promotion Council

Sector Strategy for Medicinal Plants

The development of medicinal plants is being promoted in Ghana as a part of the natural plants products sector. The major clusters within this sector have been identified by Agribusiness in Sustainable African Plant Products (www.ASNAPP.org) as:

CLUSTER	SELECTED PLANTS
Medicinals	Griffonia and Voacanga
Sweeteners	Miracle berries, Serendipity berries and Thaumatococcus
Spices	Black pepper and Birds eye chilies

The main export commodities in the natural plants sector are: Griffonia, Voacanga, Annatto (food dye), Thaumatococcus, Miracle berries, and Kombo butter.

The interventions required are:

1. Medicinal plants and parts (part of the natural plants products sector) – require investment in commercial farms and plantations, including outgrower groups.
2. Further processing should be the focus, especially with the growth in global demand for nutritional supplements, natural therapies, and plant medicine.
3. Organized production and mobilization systems, shifting from collection from the wild to commercial production.
4. Production expansion through investment in propagation of domesticated species, commercial farming, and plantation development.
5. Enhance the efficiency of industry associations through continuous training on quality standards and best industry practices; Capacity building for local entrepreneurs.
6. Investment in domestic industrial extraction and processing facilities to reduce the percentage of raw material exports.
7. Market consolidation and expansion, given the global market potential of the sector.
8. Research support from agronomy to processing.
9. Provide easy access to farm credit to finance maintenance and expansion operations. Facilities should also be developed to support processors. Strict credit conditions by commercial banks with often prohibitive interest rates have made loans unattractive to most processors who require huge capital for investment in processing equipment.
10. Provide funding to local buying companies to increase their participation in upstream activities.
11. In addition to interventions in infrastructure development, specific interventions should also be on export development e.g. training and other export-related services.

Sector Strategy for the Creative Arts Industries

Ghana's cultural and creative industries are a major contributor to the local economy. Within the Creative Industries, Handicrafts have been of primary focus within the NES even though Dance, Drama, Film and Music are among the strongest services and have the greatest potential to promote Ghana's culture and creativity. While there is limited data on the size of the creative industries in Ghana the significant potential for export earnings from the crafts, visual art, music, film, dance and drama could result in significant increase in exports and GDP. With the actual and potential linkages with other industries, the creative industries have the potential of becoming a major economic sector. The sector attracts and engages many persons from marginalised groups – geographic and social – and therefore provides economic opportunities where other sectors are not able to.

A comprehensive project needs to be developed for the sector based on realistic estimates of the contribution of the various sub-sectors within the creative industries to NTEs. This should enable a clear determination of export objectives for the sector in terms of:

- i) The level of exports to be attained over the next five years;

- ii) The percentage increase in exports across the industry annually.

The full development of the export potential of the creative industries sector would require:

- i) Making Ghana a globally-recognized brand in the creative industries;
- ii) Focusing on quality and distinctiveness;
- iii) The strengthening of the industry by focusing on the formalization and development of enterprises and industry associations;
- iv) Enhancing the institutions that support the industry to improve coordination and business approach to its development;
- v) Capacity building at all levels of the value chain in the creative industries;
- vi) Developing effective funding mechanisms and support for the export development of the creative industries sector;
- vii) Effective promotion of all subsector actors in the international markets as active participants in their respective professions and industries.

A project profile is presented below on page 126 focusing on Ghanaian music, dancing and drama. Other creative arts, such as handicraft and afro-centric garments are dealt with in other sections of the NES.

Next Generation Products

These are products that have the potential to significantly contribute to export revenues and growth beyond the NES timeframe. These products and services are to ensure an effective transition to the next phase of Ghana's export and therefore economic development. Interventions would be required for the development of new product and service sectors as well as targeting new and growing markets. These additional efforts are intended to propel Ghana to a higher level export economy with significant supply from sectors that develop high value-added products that are **knowledge-, skill- and technology-intensive**. The identified sectors are: creative industries (garments, jewellery, ceramics, performing arts, fine arts, etc.), banking, insurance and other financial services, other services sectors, ICT products (including software development, electronic products, etc), light engineering goods, semi-conductors, metal fabrication and a vast array of intermediate metallic products, home appliances, food processing, pharmaceuticals (especially in the area of plant medicine), biotechnology, agrochemicals (fertilizers, herbicides, insecticides, etc) and newly emerging sectors, such as petrochemicals. The development of these sectors requires radical reforms in the educational system.

Conclusion

The development and growth of the NTE sector requires mutual commitment by government and the private firms and institutions. Government must be committed to helping business sectors to develop robust, market-oriented export strategies. Through a single, integrated approach, MOTI can harness the sectors themselves to lead Ghana's export growth. The strategy thus recommends five clear steps:

- i. Step 1: Listen to business.
- ii. Step 2: Lead business sectors to develop robust export goals and paths to achieve them.
- iii. Step 3: Identify what will help industry reach its goals and what gets in its way.
- iv. Step 4: Make recommendations to government and business that address issues and support sectoral export goals.
- v. Step 5: Oversee government's and businesses' commitment to action.

The strategy is a repeat process since in a dynamic global economy; an export strategy cannot be static. The Ministry needs to constantly return to Step 1 to keep listening to business and to keep sharpening its recommendations. With this wheel of dialogue and review, the NES is aiming to turn around business thinking and lead a cultural change. The key question for business will shift from: *“How do I sell what I produce?”* to *“What do our customers want to buy in global markets and how do we supply it?”* This new approach to world markets may demand change within many individual firms and industry associations and require re-organisation of many industry-level export strategies. Fortifying the ability of whole sectors to export must be the starting point.

It is propose to have in the NES a project for “Export development of industrial textiles and garments”, based on technology of mass production for employment creation in order to build on recent past efforts and make use of existing infrastructure for training. A project profile is presented below for the proposal.

EXPORT DEVELOPMENT PROJECT PROFILE: INDUSTRIAL TEXTILES AND GARMENTS

Title: Export development of industrial textiles and garments
Location: Greater Accra Region (with plans to establish in other regions)
Objective: To strengthen Ghana’s capacity to participate effectively in the global export trade for garments and textiles and benefit from the development gains especially in terms of job opportunities.

Target beneficiaries

The programme is addressed to men and women, especially the youth, who are in the textiles and garments industry or intend to participate in the industry as workers, subcontractors and entrepreneurs.

Programme description

The textiles and garments product sector continues to be the fastest growing goods sector in world trade, according to WTO. It is therefore important for Ghana to develop the capacity to participate effectively in this dynamic global product sector trade.

The Ghanaian garment industry has two main sectors, viz artisanal and industrial. By far the larger sector is artisanal characterized by low technology, reflecting culture and providing jobs for a vast number of people spread across the length and breath of the country. The industrial garment sector is characterized by application of modern technology of mass production, strongly oriented to the export market where competition is severe. Efficiency in production methods is emphasized. One industrial establishment employs a large number of people. It is therefore used as an instrument for employment creation. The programme is concerned mainly with industrial garment and textile products manufacturing using mass production technology aimed at employment creation for the youth.

Issues addressed

1. Promotion of Foreign Direct Investment (FDI) in the form of garment and textiles products development factories coming from abroad to establish in Ghana, bringing with them modern technology, management and capital.
2. Land acquisition for the factories.

3. Training of workers (men and women) in the technology of mass production.
4. Marketing in the form of prospecting for big buyers, such as foreign large chain stores, especially in the United States, so as to manufacture according to buyer specifications.
5. Fulfilling market access conditions in order to take advantage of trade opportunities under AGOA.
6. Promoting backward linkages to maximize domestic value addition and the employment effect.
7. If necessary facilitate availability of bank finance.
8. Promotion of the development of the local cotton and intermediate products industry for backward linkage development.

Planned output

1. Reports of market studies in the US and other markets with potential, to generate data on profiles of buyers, buyer specifications, market channels, market access requirements, etc.
2. Buyer-seller contacts established through marketing missions.
3. Training factories established and existing ones upgraded.
4. A cadre of trained trainers developed to be available to the industry for providing training services.
5. High technology manufacturing techniques and procedures introduced.
6. High-level management procedures and practices introduced.
7. A website developed as a platform for virtual exhibition of goods and best practices.
8. Manufacturing and marketing skills upgraded in the industry.
9. A programme for garment industry auxiliary services elaborated and implemented.
10. Investments and partnerships promoted in the industry.
11. Raw material base (local cotton and yarn) developed for effective industrial backward linkages.

Duration: 5years

Estimated budget: US\$20million

3.11 Core Export Support Services

There are certain services which may be described as core export support services because of their importance to export development. These are trade or export finance, trade information, standards management, packaging and labeling.

Trade Finance

Access to trade finance continues to be a major constraint for the export community, particularly for small and medium enterprises and new exporters. Ghana's export sector suffers from high commercial interest rates compared to those of Ghana's competitors, prohibitive collateral requirements, and the reluctance of banks to share any risk of export trade. There is also a lack of longer term capital for export oriented funding which limits the possibility of increases in export capacity and the

modernization of export production. In the face of sustaining the sectors that contribute substantially to export earnings while investing in potential sectors, trade finance becomes a key consideration. A summary of the profiles of the main trade financing support institutions is presented below.

Export Development and Investment Fund (EDIF)

The Export Development and Investment Fund (under MOTI) was established in 2001 by the Government with the objective to facilitate access to trade finance for non-traditional exporters. EDIF offers two complementary services:

The EDIF Credit Facility, which operates with 18 designated financial institutions (DFIs). These are mostly commercial banks but include also the Export Finance Company Ltd, a state company (see below);

The Export Development and Promotion Facility, which provides grants for business services aiming to promote exports. Under the first category, exporters who need export financing address themselves to commercial banks (DFIs), which appraise their request and the risks involved. If the request is approved, the banks recommend the exporter to EDIF for preferential export. EDIF does its own appraisal of the request and either approves or rejects. In a case of approval the money is transferred to the exporter through the commercial bank. It also means that those who benefit from such loans are well established exporters with proven professional history and credentials. The main products financed under EDIF's credit facility are shea butter, cocoa powder, canned tuna, vegetable oil, and handicrafts. The EDIF facility has been enhanced to cover agricultural development credit.

Export Finance Company Ltd (EFC)

This company was established in 1989 having basically the same mandate as EDIF (supporting the non-traditional export sector), but not having the same source of financing. According to its present management, its original creation as a state commercial company by the Bank of Ghana was based on a wrong premise as an export finance instrument and it was never given sufficient funding in order to fulfill its mandate. At present it seeks to operate a Pre- and Post-Shipment Credit Scheme, an Export Refinance Scheme, an Export Credit Guarantee Scheme and an Export Advisory Service. It can serve a useful purpose as an important strategic partner of EDIF if given sufficient funds or integrated into mainstream EDIF operations.

Exim Guaranty Co Ltd

Exim Guaranty Co Ltd evolved from a special financial service first established at the Bank of Ghana and subsequently set up in 1994 as a separate entity Exim Guaranty Company Ltd. It commenced operation in 1996. The company later established specific guarantee schemes. The main objective of the schemes was to encourage banks to extend facilities to small-and medium-sized borrowers in the non-traditional export sector that the banks were reluctant to accommodate for lack of collateral.

The guarantee scheme was also extended to cover production credit and foreign exchange credit for the importation of raw materials by Ghanaian manufacturers. The main purpose was to facilitate increased

demand for, and effective utilization of, foreign credit lines, induce increased flow of credit to exporters and producers and thereby stimulate export growth.

Strengthened collaboration between Exim Guaranty Company and Export Finance Company is already producing results in the NTE sector.

Government should provide adequate credit guarantee through Exim Guaranty Company to support the sector, so that the banks are encouraged to on-lend EDIF funds to the exporters.

It is also recommended that EDIF and Export Finance Company be merged or operationally integrated to strengthen financing capacity.

Commercial Banks

Among the commercial banks there are some that are more disposed to lending to non-traditional exporters and others that lend more to traditional exporters. The Prudential Bank and the Ecobank have developed their relationship with exporters in some non-traditional sectors such as creative arts, horticulture, garments, cocoa processing and wood manufactures. They seem to have developed deep knowledge and expertise in the international trade transactions of their customers and often provide them with information and training in order to make them more competitive.

Export market information system should be made more efficient to enable banks to have ready access to needed information.

Donor Funding

A number of on-going donor-funded projects provide export financing to selected enterprises (MIDA, MSME, TIPCEE etc.). These are important but temporary sources as all these sources will eventually close in a few years' time, as has already TIPCEE.

Critical Issues

1. Non-traditional exporters in Ghana continue to face great difficulties in accessing export finance;
2. The most widespread lending rate for loans for non-traditional exports is very high and is very much higher than rates practiced in countries competing with Ghana in international markets;
3. Long term finance for export production development and trade is very difficult to obtain;
4. The present arrangement and functioning of EDIF and EFC does not correspond to the needs of the export community;
5. New and small exporters of non-traditional products do not have the necessary skills to approach financing institutions in order to promote their business;
6. There is a lack of a dialogue and consultation between the public sector (EDIF, MOTI, Ghana Commercial Bank) and the export community on trade finance issues;
7. The absence of an Export Credit Insurance and Guarantee scheme in Ghana has a negative effect on lending to non-traditional exporters.

To effectively attain the targets set in this NES due consideration should be given to the following recommendations:

1. There is a need to review the current mandates and operations of EDIF and EFC and design a new consolidated institution putting emphasis on developmental considerations in lending;
2. With continued emphasis on the adoption of a value chain approach to export development, the funding of export development should be geared toward the development of efficient value chains that ensure meeting the demands of markets.
3. The possibility of granting longer term loans for export development operations should be strengthened;
4. Specialized training should be provided to new small exporters who need to obtain loans for export operations;
5. Bank staff doing loan appraisals should also be trained in international trade and export operations;
6. The scope of activities of Exim Guaranty Company (Ghana) Ltd should be broadened to cover Export Credit Insurance and Guarantee.

Trade Information

The Ghanaian exporting community generally complains not only about the lack of reliable trade and production statistics, but lack of sufficient specific, relevant and timely information. Also, official data collected by the GEPC and MOFA often have gaps (NES Report, 2008). Successful exporting requires trade information that is suitable and reliable. The information that is available to businesses must be properly collected and analyzed to address the needs of key stakeholders in the export sector, be accurate, current/timely (subject to constant update), objective, relevant in content and context, and dependable. The GEPC, the statutory organ responsible for providing the export sector with trade information services, established the Ghana Export Trade Information Centre (GETIC) in 2005. To further support the Ghanaian business sector which predominantly comprises micro, small and medium, enterprises, the GHANA MSME PROJECT seeks to facilitate the Establishment of a Proactive Trade Information System (PTIS) “to support MSMEs to access and settle on markets on sustainable basis through bridging the gap of information asymmetry....” (GHANA MSME PROJECT, *IDA/IFC/Ministry of Trade, Industry, Private Sector Development and President’s Special Initiatives*, Terms of Reference, Establishment of a Proactive Trade Information System (PTIS). Some donor-funded programmes such as SPEED, TIPCEE or the West African Trade Hub also provide their target beneficiaries with information they require to operate successfully. Trade associations such as FAGE and AGI have internal information systems that provide leads and consultancy services to their members.

To effectively attain the targets set in this NES due consideration should be given to the following:

1. Provide adequate financial and human resources to GETIC in order to allow it to subscribe to important data banks and to disseminate information selectively;
2. Provide adequate premises and equipment for visiting exporters;

3. Assess the exact needs of trade information in each non-traditional product sector level through personal interviews with exporting firms;
4. Make known the possibilities of acquiring targeted information from GEPC through publicity campaigns, an improved website and trade information workshops for exporters;
5. Improve the existing system of collection of trade statistics and establish a system of collection of production statistics, particularly in the agricultural sectors;
6. Establish a network of foreign trade representatives in key markets for information collection and feedback;
7. Enable GETIC to become the central point for the coordination of all trade information providers in Ghana.
8. Recommendation for the establishment of additional trade missions at strategic locations eg South Africa, EU, etc.

Standards management

Export quality standards in international trade generally refer to WTO standards of the multilateral trading system (MTS). However, the EU and US have set their own standards. In general, the WTO, EU and US standards are basically the same except for certain details. For example, the sanitary and phytosanitary (SPS) regulations of the WTO are applicable in the US for fresh foods. However, the rules are made more rigorous for fish and fishery products in the US by the application of the Hazard Critical Control Point (HCCP). These are issues which fall under Technical Barriers to Trade (TBTs). The GSA and FDB are two important institutions responsible for quality standards and enforcement. MOTI has a role to coordinate the activities of the two organizations to assist exporters to comply with export market access requirements regarding quality standards. The roles of GSA and FDB are mutually complementary. However, in practice, there are overlappings leading to disharmony which does not help exporters. It is important for the two organizations to continue to maintain up-dated database on market access requirements regarding quality standards for export products, disseminate information and organize training events for exporters for awareness creation, upgrading of technical knowledge on standards and market access issues, assist exporters to adapt their products in order to comply with entry requirements for their destination markets, and undertake research on quality of Ghanaian products. The African Regional Standards Organization (ARSO) provides support by sharing information with the national institutions dealing with standards

It is recommended to strengthen co-ordination between GSA and FDB to avoid overlap of work. This will speed up the processes for export business.

In this connection, the National Quality Infrastructure will be required to identify and define clear roles of the two institutions.

Packaging and Labeling

Packaging has an important role in product development and marketing. Apart from protecting the content or the product, it performs the role of presentation of the product to the consumer. In so doing, it also performs a marketing function, making the product attractive or otherwise to the consumer. The rules in international trade regulate how a product is packaged and labelled to meet the requirements of health, safety and the environment within the framework of Technical Barriers to Trade (TBTs). This is to ensure that the material in which an export product is packaged does not damage or present danger to the health, safety and environmental status of the partner country importing the product.

The GSA and FDB are responsible for enforcing compliance with packaging and labeling requirements in both internal and international trade. The Institute of Packaging Ghana (IOPG) undertakes information dissemination on packaging and labeling and related best practices, provides technical advice and promotes the development of local manufacturing of packaging materials.

There should be clear embossments of expiry and manufacturing dates with batch codes to meet international standards.

4.0 ISSUES OF EXPORT SECTOR-WIDE IMPACT AND INTERVENTIONS

There are certain issues that have been identified as having the ability of making a wide spectrum of impact on the export sector and may be leveraged to enhance results. These are human capital and competency development, infrastructure, transport, technology, trade facilitation and finance.

4.1 Human Capital and Export Competency Development

All export activities have to be undertaken by somebody to enable the envisaged results to be achieved. It is therefore indispensable for persons who have specific tasks to perform to have the requisite expertise and skills. Implementation of the NES requires operations at different levels, the most important being:

- i) Enterprise level
- ii) Policy and coordination institution level
- iii) Support service provider level
- iv) Export training institution level

Human resource development at enterprise level comprises several layers from the managerial to operations level. Apart from specialized subject areas, such as market research and marketing, product design and development, quality management and packaging, there are certain competencies that enable personnel to deliver efficiently, the most important being ICT.

Similarly specific expertise and skills are required at policy making and NES implementation management levels. Support service providers specialize in their specific fields with knowledge, expertise and competency related to their specific subject area. For example, the subject area relating to the functions of GSA and FDB is science and technology-based.

Institutions which provide export and related training have expertise which cover the entire spectrum of various areas of export operations, management, policy and programme.

On a more general note, exports originate from activities relating to agriculture, manufacturing and services. The national education and training policy should be oriented to produce human resources with competencies and entrepreneurship to be capable of undertaking production with results in the three sectors.

4.2 Infrastructure

To enhance the export competitiveness of the products on the NES priority products list, certain critical infrastructure is required particularly feeder roads, water, drainage and irrigation systems, silos and other storage facilities, value chain infrastructure, inland ports, fishing harbor and other fish-landing facilities, etc.

For the purpose of enhancing export sector-wide and national competitiveness, the issue of infrastructure must be addressed on a broad front.

In the present globalised international market, competitiveness is the bottom line for every economic activity. This makes physical infrastructure a key component of the items that collectively influence the cost structure of companies and constitutes a significant determinant of national competitiveness. Presently in Ghana deficiencies occur in differing degrees of severity in energy, roads and highways, railways, water supply, sewerage, irrigation systems, canals, ports and harbours, cold chain facilities and telecommunication systems. All of these areas provide necessary inputs to sustain productive activity,

productivity and economic efficiency while contributing to the quality of life. To the extent that there are serious differences in the services provided by the physical infrastructure, remedying the deficiencies represents a critical area in which serious challenges face the nation. The government has recognized the problem and it is making efforts to address them through loans and suppliers' credit agreements with foreign governments, development partner assistance and public-private partnership (PPP).

4.3 Transport

The global phenomenal technical progress witnessed in modern times has resulted in spectacular declines in transport costs, among others, making it possible to move people and goods easily, rapidly and cheaply from one country to the other. Countries that have achieved significant export success are those which paid specific attention, among other things, to developing various modes of transport such as rail, road, water and air to attain a high level of efficiency in transportation, thus significantly reducing the transport costs element of exports and enhancing export competitiveness.

In Ghana high transport costs are one of the factors impeding export expansion, performance and competitiveness. Apart from the paucity of road and rail network, many major and feeder roads are in a poor state, the railway system is obsolete and water transportation is risky and hardly developed. International air transport is well developed but the freight rates are high. Local air transportation, apart from not being sufficiently developed, is costly. The majority of Ghana's non-traditional exports are agro-based. Therefore in the short to medium term a focus on feeder road development will open up potentially productive areas to facilitate the transportation of produce to urban centres for onward transfer to export exist points, lower costs and make a significant contribution to the achievement of the expected results of the NES. Government has embarked on a major road and rail transport rehabilitation and development programme. This is likely to strengthen the NTE sector in the medium to long term. There is also the need to develop a competitive domestic air and water transport. The latter is likely to contribute significantly to cost reduction in the transport of bulk cargo.

4.4 Technology and Innovation

Technology is the application of the entire body of scientific knowledge, methods and materials especially for achieving industrial, agricultural and commercial objectives. There is a direct relationship between the level of technology employed and the level of economic efficiency, productivity, competitiveness and product diversification attained. Improving export competitiveness and achieving increased value of exports as envisaged by the NES will require, inter alia, transforming the profile of certain existing exports to reflect greater portions of value added products and product innovation. Diversification and innovation are often driven by changing market demands and trends. Ghana's response requires research and product development and services with corresponding investment in systems of product quality and packaging that harness Ghana's competitive advantages.

The approach to technology in the NES emphasizes innovation, transfer and acquisition of technology which should be reflected in the "local content" provisions of our foreign direct investment agreements. One of the major findings of research into our non-traditional export sector is that production expansion is driven by factor accumulation rather than productivity. The non-traditional export sector needs massive application of science, technology and innovation in the entire value chain for enhanced competitiveness. The challenge is how to do it.

The policy objectives are to:

- Facilitate mastering of scientific and technological capabilities and their application in industry, agriculture, manufacturing, services and marketing and develop a critical mass of science-

oriented school leavers in the hope that a significant proportion of them will enter agriculture, manufacturing and service industries and eventually the export sector;

- Create conditions for science, technology and innovation to provide support to Ghana's trade and export drive to achieve improvement in competitiveness.

Policy support measure

- Launch an initiative to promote a science and technology culture;
- Strengthen systems and mechanisms for acquisition, assessment, adaptation, adoption and application of essential technologies for industrial and agricultural activities,
- Promote S & T activities that would accelerate technology transfer and innovations;
- Strengthen partnership building with research institutions for transfer of research findings to manufacturing, agriculture and service industries and facilitate their adoption and application.
- Create fiscal incentives to promote investment and support in R & D by the private sector.

4.5 Trade Facilitation

The relevance of trade facilitation to export is established through its impact on the cost of imported inputs for export production and on costs related to shipping export goods out of the country.

Trade facilitation encompasses all activities that affect the outflow and inflow of goods and services. In Ghana trade facilitation sets out to address all issues that impact on the easiness, cost and efficiency of transferring goods and services across the external frontiers of Ghana, inward-bound (imports) and outward bound (exports) as well as transit. The issues include:

- I. Physical elements such as the condition of the ports and harbour, equipment, machinery and other facilities;
- II. Intangible elements such as procedures, rules and regulations that seek to implement relevant laws and conventions;
- III. Institutional services providers, such as CEPS, GPHA, Ghana Shippers' Authority (GSA) and Ghana Immigration Service are responsible for providing services that affect the flow of trade. MOTIS' role is that of coordination with CEPS at the centre, and
- IV. Human resources or personnel that carry out the relevant functions.

It is only when every element has performed its functions satisfactorily that we can consider maximization of customs revenue for government. CEPS is at the centre of trade facilitation, ensuring, inter alia, that documentation conforms to the goods. To achieve maximum efficiency, CEPS requires the collaboration of certain service providers, such as Ghana Immigration Service, Ghana Ports and Harbours Authority), (GPHA) and Ghana Electricity Corporation.

To the extent that port clearance is efficient, transparent and hassle free, and there is sufficient cooperation from other service providers, it will mean minimum costs to exporters and other service users.

4.6 Finance

Finance is a critical issue in export development. It is required at every level at a competitive cost to borrowing exporters. The most important considerations are access to, and cost of, credit. Since the private sector operators are the main driving force in the implementation of the NES, it is important to give priority attention to their needs. Medium-to-long-term finance is required by the private sector for capital investment purposes to develop the production capacity and related infrastructure, be it in agriculture, manufacturing or service industry. In Ghana, however, the banking and financial institutions are yet to adapt their services sufficiently to the needs of the private sector. They generally do not have sufficient medium to long term funds to lend. The situation is worse if one considers that the export sector is dominated by SMEs whose capacity is limited. They are therefore considered high-risk instead of customizing lending packages with risk-reducing elements linked to provision of assistance to strengthen their performance.

Because of the difficulties that exporters face in accessing credit, the government has taken the initiative to establish specific lending institutions for them, the most important being EDIF. Unfortunately EDIF's operation mechanism is not sufficiently functional. The Export Finance Company which could be an important operating wing of EDIF is poorly resourced. Likewise Exim Guaranty Company.

There are several financing schemes set up with donor support but most of the SMEs are either not aware of them or do not know how to access their facilities.

The banks and other institutional lenders have lucrative and risk-free windows of opportunity for lending to government, especially through Treasury Bills and other securities. So long as public sector borrowing requirements keep this short-term money market flourishing, private sector needs will continue to be crowded out.

In order to provide effective support to the NES, the following are proposed:

- i) Devise a way of lending EDIF funds direct or through institutions which do not have loanable funds of their own competing with EDIF funds, so that most of the concessionary benefits accrue to borrowing exporters.
- ii) Provide sufficient funds to Exim Guaranty Company to provide credit guarantee to enhance availability of funds to exporters.
- iii) Make an inventory of the existing concessionary financing facilities, provide information on them and provide a one-stop window through which they can be accessed. (Presently the facilities are diffused).
- iv) Government fiscal policy should make efforts to limit the fiscal gap and public sector borrowing from the banking system.
- v) GEPC training school should be strengthened and resourced to offer support to exporter SMEs to strengthen their management capacity and enhance their performance and ability to source funding from financial institutions.
- vi) Even though there are guidelines for sectoral allocation of credit to exporters, there has not been sufficient compliance. Policy of government encouraging banks to dedicate a percentage of their loan portfolio to exporter SME's should be backed by incentives to ensure compliance.
- vii) The Bank of Ghana should continue to use moral suasion to get the universal banks to reduce their base rates and reduce the spread between lending and borrowing rates failing which it should consider "capping" commercial interest rates.

5.0 RELEVANT INTERVENTIONS

In order to influence developments in the NES in specific directions or reinforce programmes and enhance outcomes, certain interventions may be necessary. Successful export-led economies in the developing world have experimented with a variety of such interventions, notably among them were Export Houses, Export Roundtables and Free Ports with varying levels of success that provide valuable lessons learnt. It may be useful to analyse and evaluate these models for consideration within the framework of the NES.

5.1 Export Houses

Export Houses were very popular in India, Pakistan and Sri Lanka in their early years of adopting national export strategies for spurring their export-led national development efforts. They were designed to collect exportable products from producers, undertake quality management, packaging and export marketing of the products. These were functions that the producers were not in a position to carry out for various reasons, including lack of knowledge and skill in performing the tasks involved.

In general, the pioneer countries were successful but encountered many challenges from which Ghana can draw lessons. Some of the problems experienced were:

- The cost of collecting from producers over vast geographical areas;
- The producers are heterogeneous groups and their products were of vastly different quality;
- The need to pay cash to the producers on collection of goods;
- Not all the product development was market driven, therefore how to adapt them to meet market requirements;
- Storage of goods was costly.

Export Houses can be useful in reinforcing our export programmes and can, indeed, be successful under certain conditions, especially if:

- i. The products are indeed exportable and meet buyer requirements;
- ii. A dedicated financing scheme is available to finance primary purchases from the producers, so that the latter are paid cash on delivery of their products.

The system of outgrowers is a variation of the Export House concept. Handicraft and horticultural products can be useful candidates, depending on how the schemes are designed and managed.

The main case against Export Houses is that more often than not the products are developed by heterogeneous groups of producers who do not sufficiently take into account market access requirements and buyer specifications. Thus the marketing of the products becomes a burden to the Export House Manager, as he goes round looking for buyers.

5.2 Export Roundtables

An Export Roundtable is a “one- stop” platform for providing concentrated technical, financial and management services and for mobilizing the skills and resources of service providers for supporting the operations of export firms. Indeed the functions of an Export Roundtable are a concentrated version of what a focal point export promotion organization is expected to be doing. The concept has been given different names but the modus operandi are the same. It is relevant in the present NES because a

priority product list has been proposed. The purpose of priority setting is to guarantee a minimum level of service and resource provision to enterprises engaged in the development and export of the products on the priority list. In other words, once an enterprise is dealing in the products on the priority list, access to technical services, finance, management and resources from service providers is guaranteed. The rationale for establishing a priority list is that resources are limited; it is not possible to provide the same level of support to all enterprises dealing in all exportable products. Since certain products have been identified as having high export prospects, it is valid to give them concentrated support. All the resource do not have to be under one roof. Technical expertise is sourced from a network of service providers specialized in various fields of export management. Other names given to the concept of Export Roundtable are Export Resource Centre, Export Resource Capacity, Export Support Service, etc. Despite the variety of names, the functions are the same. Once we have established a priority product list, we would need to establish an Export Resource Centre within the existing lead institution to undertake the functions of an Export Roundtable.

5.3 Free Ports

The purpose of a Free Port is to attract “trade in services” and create job opportunities. To the extent that foreign enterprises and ocean liners are attracted to use the port because it is “free”, the incentive will be using the free port for promoting services exports and entrêpot trade. What makes a port “free” is the removal of customs duties and reduced charges from certain port services. It is useful when there is competition among similar contiguous ports for attracting port users from contiguous countries in the hinterland such as we have up north – Burkina Faso, Niger and Mali. The location of Cotonou, Lome, Tema, Takoradi and Abidjan is such that these ports are in competition for port service users from the northern zone. The choice by the port users is based on cost, trade facilitation, efficiency and security. If Ghana wants to develop its entrêpot trade and gain sufficiently from service exports, it has to pay attention to streamlining port clearance procedures, which are still complicated and unnecessarily time-consuming, security not only at the port but also on transit routes, quality of connecting roads and highways, removal of unnecessary man-made obstacles and security checkpoints to permit free and rapid flow of vehicular traffic. Whether to make a port free or not depends on the outcome of the evaluation of the cost-benefit analysis of the proposal. It must be noted that a free port brings with it heavy use of the road and railway infrastructure, requiring high maintenance costs.

The idea of a Free Port is in principle good. It must, however, be subjected to a rigorous feasibility study because conditions and needs differ from country to country.

6.0 GENDER IN EXPORT

6.1 Introduction

Gender in export is about deliberately promoting export activities in such a way as to achieve improved gender balance. To give it a truly gender orientation, the export policy is integrated with core gender issues especially those relating to cultural values and practices which discriminate against women and limit their access to land, credit and other resource inputs and benefits accruing from work done. Given that men have dominated the export landscape in Ghana for a long time, in practical terms, this means providing support to women's export-oriented businesses and activities to increase their participation in export. Gender equality and empowerment have been affirmed in national policy as basic human rights that lie at the heart of equitable development. Women empowerment has been recognized as a viable tool for eradicating poverty and advancing development. The importance of gender equality is further underscored by its adoption by the Ghana Government as one of the eight Millennium Development Goals (MDGs), i.e. the United Nations Millennium Development Goal No. 3 on Gender Equality and Women Empowerment. The Government of Ghana is committed to its fulfillment.

The NES approach is to focus on the demonstrable relative comparative advantages of women and men. There are certain areas of export activity in which women have distinguished themselves in performance, indicating that they have a comparative and competitive advantage in those fields. These include:

- Textiles and garments
- Shea butter
- ICT
- Performing arts
- Hand-crafted products
- Jewelry
- Cosmetic and beauty products, and
- Service trade, such as hospitality, travel, catering, hotel services, beautician services, etc.

Apart from these products and services slated to be dealt with across the board in the NES, two product groups, namely, **i) textiles and garments** and **ii) shea butter** have been selected to be addressed in the Product Selection. (See methodology for Product Selection). Both products are “**non-achievers in performing markets**” mainly because of supply constraints. With appropriate support under the NES they can become “**achievers in performing markets**”.

The export development plans of the two products are presented below as Export Development Project Profiles.

Central Theme

The central premise of the Gender component of the NES is that if women are supported for their export businesses and activities to flourish they will be economically better off, provide more job opportunities for womenfolk and be empowered to play more important and varied roles in our society.

6.2 Gender Strategy

1. In the gender context of the NES, women have been identified as the main agent of change to achieve equitable balance and social justice. We should therefore address women empowerment and removal of obstacles that impede the export activities of women.
2. In planning the NES programmes, undertake the mapping out of gender roles and relations along the value chain, to identify and eliminate inequalities and gender-biased constraints.
3. Mainstream gender in collection and analysis of statistical data and monitoring and evaluation of the programmes of the NES.
4. Promote measures that strengthen women's product associations to facilitate their access to resources, benefits and training.
5. Within women's business enterprises, promote management practices that foster gender equity and advancement of women.

Dealing with other challenges that women face

Other gender-biased challenges that women exporters face include

Lack of access to information

This is due to a variety of factors. Very often they do not have their own computers or they are not computer literate.

Inability to take advantage of beneficial trade options

These options include adopting trade practices which earn premium revenues such as those obtained in "fair trade" and "organic farming".

Fragmented micro and small-scale production

The majority of women in export business operate on small and micro scales which are not on their own viable. As a result, they face several problems ranging from access to resources to benefits.

Response to issues emerging from the situation analysis

1. Access to credit

As much as possible women's export projects will incorporate dedicated revolving fund for providing credit facilities to women's participating groups. Through advocacy, the project will promote access to credit for women and removal of impediments due to gender biases.

2. Access to land

The NES will foster collaboration with relevant Ministries, Departments and Agencies (MDAs) as well as with relevant NGOs to promote women's access to land, other resources and factors of production.

3. Access to benefits accruing from work

Quite often women are inhibited from accessing earnings and other benefits that accrue from the work they do. Through the NES, interventions will be made in collaboration with competent bodies to ensure social justice especially as far as export activities are concerned.

4. Access to information

Most women do not have sufficient access to information for a variety of reasons including not having the means for access of a computer. The NES programme will disseminate information through women's associations for on-ward dissemination. Women will be trained in business information management so that they are able to derive maximum benefit from the trade information service of the NES.

5. Fair trade and other voluntary trade options

It is possible to earn higher returns by adopting optional trade strategies such as "organic" production and "fair" trade by choosing to go those ways because they command a premium. The programme will put in place measures to encourage women to go for the optional trade practices that fetch the highest returns. These include going for fair trade certification and organic production and market linkages.

6. Fragmented micro and small-scale production

In general it is difficult for uncoordinated, individual fragmented micro and small-scale production to be economically viable. The NES programme will encourage women to form associations through which resources are provided to them to operate their businesses. Such resources include finance, training, trade information, inputs, and other business development services.

Target Beneficiaries

The intended primary target beneficiaries of the programme are women who are engaged in the development of the products which have been selected to be addressed as priority products in the NES. The programme will benefit them in terms of income and job opportunities as well as skills development and general economic empowerment.

- The secondary beneficiaries are the families and communities of the women directly involved in the activities of the programme.
- The Associations to which the participating women belong will be strengthened.
- Revenues will accrue to government agencies in the relevant Districts for development work.

The specific export development programmes for women in the NES are presented below covering textiles and garments and shea butter.

6.3 Export Development Project Profile: Textiles and Garments (ARTISANAL)

Title: Support to selected Ghanaian Women’s Groups for export promotion of Ghanaian Afro-centric garments to ECOWAS, African regional and overseas markets.

Location: Multi-Regional coverage, depending on the catchment areas of the Groups.

Objective:

To provide technical support to selected women’s groups to penetrate new markets and substantially increase and sustain their market share of Ghanaian Afro-centric textiles and garments in African regional and selected overseas target markets.

Target Beneficiaries

The project is addressed to members of Ghana Association of Fashion Designers and Exporters (GAFDE), Ghana Association of Women Entrepreneurs (GAWE) and other women’s groups in the garment export business to enable them expand their businesses and employment opportunities.

Management Arrangements

The project will be hosted at a specific Gender Desk in GEPC and supervised by the Gender Desk in MOTI. It will work in collaboration with target partner organizations, NGOs and Development Partners.

Project Description

One of the areas where Ghanaians have excelled in demonstrating their talents is Afro-centric textiles, fashion design and garment making. Afro-centric textiles and garments fall under products of creative arts industry. Talent, skill and creativity are the central issues.

The vast majority of SMEs in the sector are owned and managed by women. Of late the garment sector has become stagnant for not being able to open new market outlets or expand existing ones. The vast opportunities under AGOA remain virtually unexploited. There is also a virtual disconnect between the external market and local manufacturers. This means manufacturers are not sufficiently designing their products according to the requirements of the market to reflect changes in consumer tastes and preferences as well as fashion trends. There is growing unemployment in the sector because of poor business performance and limited skills.

After preliminary investigative assessment, potential target markets will be selected for in-depth market analysis to generate data on identification of potential buyers and their requirements as well as on changing pattern and trends in the fashion market. Data will also be provided on international fashion events.

There will be supply surveys to ascertain the status of the domestic textiles and garments industry separated into mass produced merchandise and high fashion products dedicated for the high-end of the niche market. Emphasis will be placed on the high fashion product sector in the short-term where we have greatest comparative advantage. Data to be generated by the supply survey will include familiarity with fashion trends and conditions in the world market, extent of ability to respond with appropriate designs and quality products to meet market requirements, machines, equipment and input requirements, technology, skills requirements etc.

Data will also be provided on training and skill development needs of operators and managers as a basis for designing training courses and packs. Workshops and practical training on the job will be organized during which new and improved designing, technologies and techniques will be introduced. Opportunities will be provided for in-service training of trainers abroad.

Investments will be promoted into the industry, strategic partnerships and joint ventures encouraged.

Problems addressed

- Insufficient contact with the market and knowledge of what the market wants.
- Skill deficiencies and variations as reflected in wide variations in quality of Ghanaian made Afro-centric garments.
- Inconsistencies in standardization, eg size 38 differs from one producer to another.
- Colour running of garments when washed.
- Use of inappropriate inputs and finishing materials.
- Inappropriate marketing techniques and strategy.
- Low investment in the industry.
- Lack of strategic partners with technology, capital and market demand.

Planned outputs

1. A supply survey providing an inventory of target enterprises and a diagnostic analysis of the garment manufacturing enterprises and their assistance needs.
2. Market studies identifying potential marketing channels, buyers and their requirements, providing proposals on marketing techniques and strategies, and recommendations on participation in international marketing missions, fashion shows and trade exhibitions.
3. Production and marketing skills upgraded in the industry through various forms of training and skills development events.
4. Contacts established and maintained with the market and buyers through marketing tours and participation in fashion shows and niche marketing missions.
5. New investments and partnership opportunities introduced.
6. Upgraded technologies, new and more suitable machines and other inputs introduced.
7. A training factory established
8. A permanent showroom for Ghanaian textiles and garments.
9. A dedicated revolving fund of US \$5.0m established to provide credit facilities for participating associations.
10. A website developed for virtual exhibition of products and other competitiveness-enhancing measures.
11. Investments and partnerships promoted into the industry.

Duration: 5 Years

Estimated Financial Resources Earmarking: US\$ 15 million.

6.4 Export Development Project Profile: Shea Butter

Title: Support to Selected Women Associations for Export Development of Shea Butter

Location: Northern Ecological Zone of Ghana

Objective:

To provide technical support to selected women's associations engaged in the production of shea nuts and butter to increase their production, upgrade the quality and improve the marketing of the products, so as to achieve significant increase in their export revenues to enhance their empowerment and standard of life.

Target Beneficiaries

The project is addressed to selected women's groups and associations engaged in shea nut and butter production.

Management Arrangements

The project will be hosted at a specific Gender Desk in GEPC and supervised by the Gender Desk in MOTI. It will work in collaboration with target partner organizations, NGOs, and Development Partners.

Project Description

The shea industry in Ghana has been growing significantly in recent years in response to increase in demand in the industrialized countries, especially in the US and Western Europe for use mainly in the confectionery and cosmetics industries. Following the passage of the EU's Chocolate Directive in March 2003, permitting the inclusion of shea butter in the formulation of chocolate, the demand for this wild fat, shea butter, more than doubled in recent years. The growth of the shea industry is partly due to the reorganization of the value chain following the attraction of foreign buyer companies which collaborate with local buyers.

The shea industry is labour intensive, from shea seed germination and stock plant (seedling) production for plantation development and harvesting to processing into shea butter. The majority of the workers are women. Most of them form themselves into associations, cooperatives and other groups.

Recently a few foreign processing factories have established in the production areas. This phenomenon has given a new impetus to the industry, increasing the production and improving the quality of the product. However, the industry is still under-developed and Ghana has an enormous potential in shea.

Problems addressed

- Inadequate coordination of development activities in the shea product sector.
- Weak bargaining power of producer groups vis-à-vis buyers (foreign and local).
- High cost of borrowing and near absence of credit facilities.
- Insufficient investment attraction into the shea industry especially for value-added processing.

- Inadequate plantations for shea production.
- Weak and uncoordinated marketing system.
- Wide variations in product quality.
- Wanton cutting of shea trees in the producing areas.
- Unavailability of quality water for processing shea butter.
- Lack of standardized method of processing good quality nuts/butter.
- Chaotic marketing system for shea products resulting in producers not getting fair prices.
- Lack of legislation on production of shea nut trees and protection of the industry.
- Poor or non-existent network of feeder roads in the producing areas.

Planned outputs

1. A technical report presenting an overview and summary of various reports prepared by WATH, MoFA, GIZ and other development partners on the status of the shea industry in Ghana.
2. A solid system for developing shea raw material base and intermediate product for local and foreign industries established.
3. Strengthened producer associations and groups for accessing inputs, technical assistance and benefits, etc.
4. A revolving fund established for providing credit to producer associations.
5. Established standards of quality for product and procedures for enforcement.
6. Improved and well coordinated system of buying and marketing of produce.
7. Trained trainers with upgraded technical knowledge and skills for providing training at grassroot level.
8. Upgraded technologies for production and more suitable and efficient tools introduced.
9. Improved contact and communication between producer associations and buyers (local and foreign).
10. New FDIs attracted into the industry to boost production, improve product quality and increase remuneration.
11. Improved and sustainable system of shea plantation management introduced.

Duration: 5 Years

Financial Resources Earmarked: \$15 million

7.0 IMPLEMENTATION ARRANGEMENTS

7.1 Description

This Section sets out to provide an answer to the question: *How do we implement the NES?* For this purpose, it is proposed to set up a governance structure named National Export Strategy Steering Committee, comprising representatives of various categories of stakeholders and stakeholder groups. The respective roles of the groups and key persons in the implementation are spelt out. Since the efficient performance of the roles is important for the success of the NES, the capacity building needs of the groups and key persons have been identified and profiles of competency and capacity building programmes have been defined for them.

The main thrust of the Implementation Arrangements is to provide a platform for advocacy at the highest political level and coordination of critical inputs from competent institutional service providers to support the national export effort as well as for mobilizing resources to finance projects.

The Steering Committee will determine the frequency of its meetings which should not normally be fewer than once a year.

It is proposed to deliver the main components of the NES based on a project approach, effectively coordinated to ensure maximum complementarities and synergies. Projects will therefore be developed from the NES. Projects have the merit of clearly defining, inter alia, specific target groups, objectives, outputs, activities and inputs, appropriately translated into costs and a project budget. The detailed work plan which is an integral part of the project, sets out a logical sequence of activities which serves the purpose of an implementation roadmap.

7.2 Governance Structure

The governance structure is presented in figure 15. At the top of the structure is an apex body comprising MOTI (Chairman), 4 other representatives from the public sector, namely, Ministry of Finance and Economic Planning (MOFEP), Ministry of Food and Agriculture (MOFA) and Ministry of Local Government and Rural Development (MLGRD), Ministry of Foreign Affairs and Regional Integration (MFA & RI) and 3 from the private sector (AGI, FAGE and GNCCI). The role of this apex body is leadership, coordination, resource mobilization and advocacy at the highest level of government.

Below this body is GEPC, which is the lead institution on export. It is the technical body which hosts, manages and drives the implementation of the NES. Its most important role is to develop and implement export projects from the NES, provide technical backstopping to the NES and coordinate technical inputs and support from competent collaborating institutions as well as those from international organizations such as ITC, UNIDO, COMSEC and relevant development partners. In its position, it interfaces with the apex body and Sector Groups. It receives feedback from the Sector Groups and ensures that the needs of stakeholders, especially at the grassroots are promptly addressed and that the expected results are realized.

It is proposed to have 9 Sector Groups that will constitute Task Forces covering Manufacturing Group, Agri-Product Group, Services Product Group, Creative Arts Industries Group, Local Government (MMDAs), Trade and Investment Facilitation, Technology and Innovation, Infrastructure, and Finance. Each Group will have a leader appointed to serve and represent their respective Sector Group. The role of a Group Leader is to maintain contact with the economic operators, provide information on the respective Sector Group's needs, challenges and achievements. The Sector Group Leaders are to monitor the implementation of the NES within their relevant sectors and provide feedback from the

economic operators to GEPC. The Sector Group Leader will interact with other Steering Committee members on the Sector’s NES-related activities and ensure that the NES implementation in the Sector is on track.

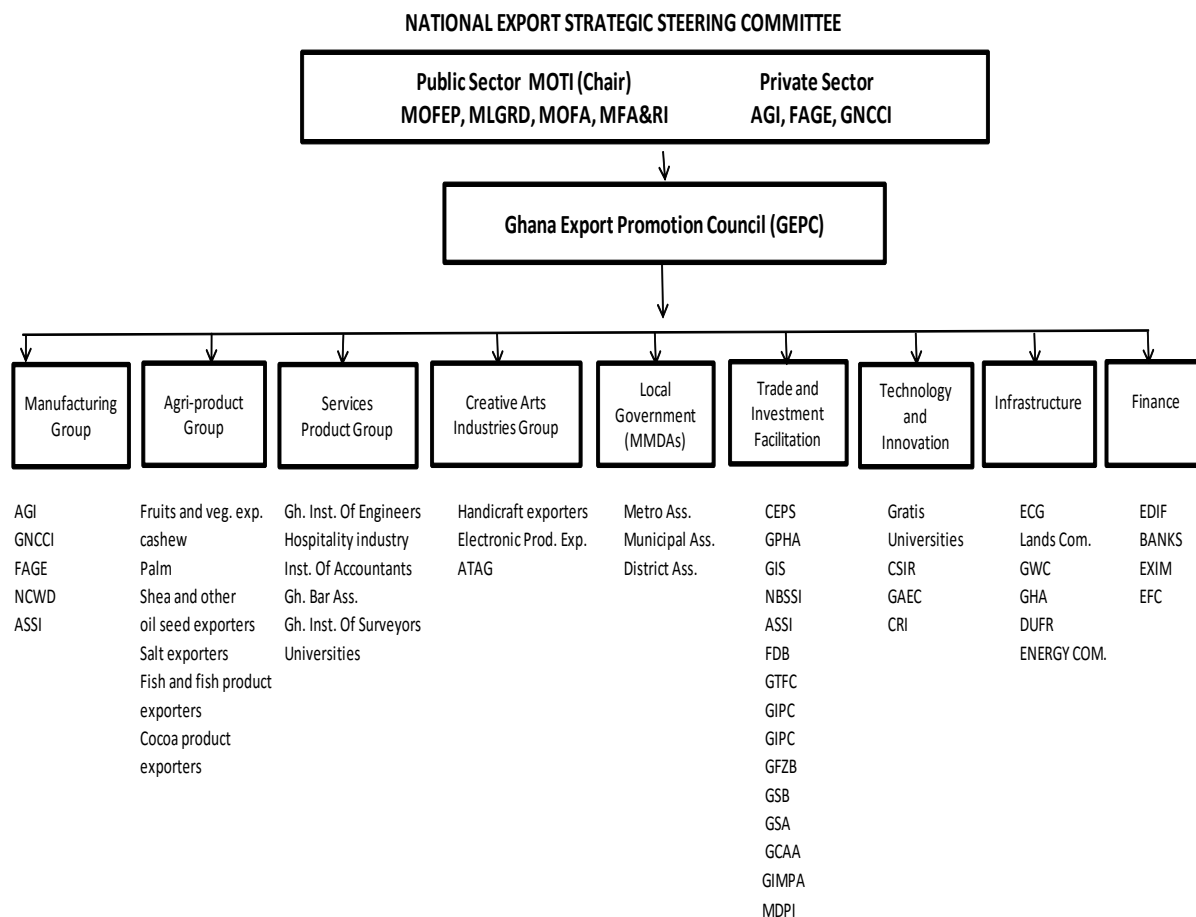
It is intended to abundantly engage the MMDAs in the national export effort. This is consistent with, and reinforces, the provisions in LI 1961 of the Ministry of Local Government and Rural Development which requires the Districts to set up Departments of Trade, Industry and Tourism. Consequently the Ministry of Local Government and Rural Development is recognized as a strategic partner and player in the NES and has been given a specific NTE target to fulfill towards the achievement of the NES Goal of US\$5.0 billion NTEs by 2016.

Notwithstanding the description of the categories of constituents of the National Export Strategic Steering Committee, the representatives form one entity as a Steering Committee, comprising Apex Body 8 members (Chairman MOTI), GEPC 2 persons and Group representatives 9 persons, totaling 19 NES Steering Committee members.

The details of stakeholders’ roles, skills and competency requirements, and training programmes are spelt out in the Matrix of Stakeholders Groups role in the government structure as presented below.

Figure 15

7.3 Governance Structure of NES



7.4 Implementation Arrangements:

Matrix of stakeholder groups role in the governance structure and their capacity building needs and programmes

STAKEHOLDER GROUP	MAIN ROLES	SKILLS AND COMPETENCIES REQUIRED	TRAINING PROGRAMME PROFILE
Manufacturing Group Agri-product Group Services Product Group Creative Arts Industries Group Local Government (MMDAs) Trade and Investment Facilitation Technology and Innovation Infrastructure Finance	<ul style="list-style-type: none"> - Advocacy - Identification and formulation of projects - Ensuring effective use of resources and inputs for achievement of planned results. - Providing feedback on needs and achievements in the sector to GEPC/Steering Committee - Maintaining information flow between operators at grassroots level and other Steering Committee members. 	<ul style="list-style-type: none"> - Diplomacy and communication skills - Project management - Techniques of export promotion - Export project monitoring and evaluation 	<ul style="list-style-type: none"> - Techniques of diplomacy and communication/inter-personal skills development. - Techniques of project formulation, monitoring and evaluation - Export management and promotion techniques
Ghana Export Promotion Council	<ul style="list-style-type: none"> - Developing projects from the NES - Market exploration and marketing - Market research - Product development - NES implementation management monitoring and evaluation. - Technical backstopping - Provision of support services to export enterprises - Organizing training for SMEs - Identification of capacity building needs of exporters and formulating technical assistance projects to address them. - Coordinating support and training from other service providers for exporters. - Provision of trade information. 	<ul style="list-style-type: none"> - Techniques of export project formulation - Project management - Techniques of export promotion - Techniques of market research and marketing. - Product development techniques. - Preparation of feasibility studies. - ICT and information management. 	<ul style="list-style-type: none"> - Export project management - Techniques of export promotion - Market research and marketing - Product development - Market access issues - Study tour to selected successful exporting developing countries - Techniques of preparing feasibility studies. - ICT.

<p>Apex Body: MOTI (Chair), MOFEP, MLGRD, MOFA, MFA&RI AGI, FAGE, GNCCI</p>	<ul style="list-style-type: none"> - Ensuring that essential services required for successful national export effort are provided by respective competent institutions - Coordination of services and policy inputs to the implementation of the NES - Leadership - Oversight - Advocacy at highest government level - Resource mobilization - Information dissemination to Government 	<ul style="list-style-type: none"> - Trade and export promotion - Economic development management - Diplomacy - Effective communication - Leadership skills 	<ul style="list-style-type: none"> - Familiarization with export promotion - Study tour to selected successful export development countries
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7.5 Guidelines for Project Sequencing

It is recognized that projects cannot be developed and launched simultaneously within the framework of the NES. Therefore the following sequencing of projects has been suggested to guide management of the NES.

- i. Institutional capacity building for export-related service providers
- ii. Capacity building at enterprise level
- iii. Market exploration
- iv. Product development
- v. Technical support services (quality management, packaging)
- vi. Market development
- vii. Capacity and competency building for selected persons in relevant institutions and export enterprises.

7.6 Schedule of Initial Implementation Activities

1. Management retreat for GEPC and key stakeholder organizations to deal with the NES implementation issues:
 - Validation of the implementation roadmap;
 - Implementation implications for GEPC’s internal arrangement and organization;
 - Developing a work plan;
2. Launching of the NES nationwide in Kumasi, Takoradi, Tamale, Ho and Accra to engage all the Regions and Districts
3. Integrated workshop for key representatives of MMDAs on Techniques of Export Project Formulation, review of the NES and how the District, Metropolitan and Municipal Assemblies should respond; and
4. Formulation of export projects from the NES following specific guidelines and the work plan.

7.7 Kick-start Priority Projects

7.7.1 Export Institutional Capacity Building Project Profile

Project Title: **Integrated Export-Related Capacity Building**

Duration: 3 years

Objective: To strengthen and resource export development related institutions and networks of business development service providers, policies and programmes for providing well-focused, effective and enhanced support services to enable export businesses to flourish.

Project description

The design of the project is presented in modules:

Module 1 is designed to strengthen the technical capacity of GEPC to manage the implementation of export-related projects effectively and provide effective support to exporters:

- Enhance service delivery to exporters.
- Provide and coordinate training for exporters, financial institutions, trade attaches and service providers.
- Upgrade the GEPC Export School.
- Provide technical backstopping to the NES implementation.

Module 2 is designed to strengthen the policy making capacity to the Ministry of Trade and Industry, especially in its contribution to improving the export and related investment environment.

Module 3 is designed to strengthen the capacity of Ghana Standard Authority and Food and Drug Board to provide enhanced services to exporters, organize training events for exporters to facilitate their compliance with international standards and packaging requirements especially as far as market access is concerned.

Module 4 is designed to help private sector organizations viz AGI, FAGE, GAWE, etc. to make effective inputs to government export-related policy making processes, and to enhance their capacity to provide effective demand-driven services and support to their members and coordinate relevant export service and training support for the benefit of their members.

Planned outputs

Module 1

- 1.1 Upgraded technical knowledge of relevant GEPC officers in the key areas of export promotion to enable them provide effective service support to export SMEs especially in marketing, product development, trade information, quality management, packaging, and export supply chain management.
- 1.2 A functional programme established for regularly upgrading the technical knowledge and expertise of staff.
- 1.3 A functional project services unit established for project development and management, for identification and formulation of export promotion projects and for providing technical backstopping to projects.
- 1.4 A strengthened trade information and market intelligence service for collection, analysis and dissemination of export trade information and for providing training in information management.
- 1.5 Material resources provided for NES projects implementation, viz vehicles, office equipment, accessories and consumables, documentation and software, etc.

Module 2

- 2.1 Strengthened trade policy making capacity of the Ministry of Trade and Industry, especially the aspects which impact on the export and related investment environment.

- 2.2 Upgraded knowledge of relevant trade officers in trade policy issues and multilateral trade negotiations.
- 2.3 Material resources provided for NES projects implementation, viz vehicles, office equipment, accessories and consumables, documentation and software, etc.

Module 3

- 3.1 Enhanced service delivery and capacity of Ghana Standard Authority (GSA) and Food and Drug Board (FDB) for supporting the export activities of SMEs.
- 3.2 Upgraded knowledge and expertise of relevant staff of GSA and FDB in the fields of quality management and packaging, TBT as well as market access requirements.
- 3.3 Workshops organized for export SMEs to help them understand and comply with market access requirements.
- 3.4 Material resources provided for NES projects implementation, viz vehicles, office equipment, accessories and consumables, documentation and software, etc.

Module 4

- 4.1 Upgraded ability of FAGE, AGI, GNCCI and GAWE for making inputs to government policy making process relating to trade and export.
- 4.2 Upgraded and more relevant services to members provided by FAGE, AGI, GNCCI and GAWE.
- 4.4 Training workshops organized for member SMEs.
- 4.5 Material resources provided for NES projects implementation, viz vehicles, office equipment, accessories and consumables, documentation and software, etc.

Financial Resources Earmarking: US\$40million

7.7.2 MMDAs Export Promotion Capacity Building Project Profile

Project Title: **Export Promotion Capacity Building for Metropolitan, Municipal and District Assemblies (MMDAs)**

Duration: 4 years

Objective: To ensure that export culture is imbibed nation-wide, so that every District is able to have at least one significant and commercially viable agro-based export product success story with which it can be identified.

Project description

A dedicated MMDAs export promotion capacity will be established at GEPC. A counterpart export promotion capacity will be established at every MMDA for sustained export promotion activities in the Districts.

The focus of the project will be export-related human resource and competency development to ensure that the leaders and personnel of relevant SMEs understand export promotion and are able to develop and market their products effectively. The MMDAs will be subjected to intensive export promotion capacity building, so as to be capable of undertaking vigorous export promotion in the Districts. Capacity building will be at the level of personnel managing the MMDA desk and at SME level.

Planned outputs

1. A report on needs assessment providing information on needs and what is to be done to develop export promotion capacity in the District.
2. An established capacity in GEPC with a counterpart at District level for assisting MMDAs to undertake export promotion in their Districts so that every District is able to develop at least one significant export product preferably from the priority product list.
In addition every District must have the capacity to generate new and incremental exports of at least US\$1.0 million over and above the 2010 level.
3. Export and potential SMEs sensitized through workshops to play their role in the NES.
4. District Export Committees formed.
5. Projects formulated at District level and implemented to contribute to attainment of District level export targets.
6. Technical knowledge on report enhanced for personnel manning the report desk at the MMDAs.
7. Export product map developed for the Districts.
8. Potential export SMEs sensitized about export possibilities.
9. A programme established for developing the export potential of SMEs which are committed to engaging in exports business.
10. Product development programmes established for developing and marketing of products.
11. Export market contact established for the marketing of products developed in the Districts.
12. Regional investment forum organized to promote investment into the export sector in the Regions and Districts.

Financial Resources Earmarking: US\$35million

PART TWO

8.0 MONITORING AND EVALUATION

Monitoring and evaluation, as management tools, seek to provide the main parties and stakeholders with timely tracking information about the implementation progress, or lack thereof, in producing the expected results for achieving the broad and specific objectives of the NES. This provides a basis for decision making to improve implementation and take appropriate corrective measures if necessary. The following provision has therefore been made for a mechanism for monitoring and taking such decisions. A specific management structure, the NES Governance Structure, should be set up within which monitoring and evaluation should be conducted at agreed intervals. However, about 6 months before the end of the NES period, an independent external evaluation of the NES should take place.

The same Structure should be responsible for the implementation of the strategy, the role of which includes management, oversight, giving direction and monitoring. See below for details.

8.1 Performance Indicators

For the purpose of NES implementation management, Benchmarks and Success Criteria will be the adopted performance indicators, as management tools.

8.1.1 Benchmarks:

- Removal of critical constraints to export development and trade.
- Introduction of measures that improve the export environment.
- A number of projects formulated from the strategy and implemented.
- Technical progress reports prepared at agreed intervals on the implementation of projects expected to emerge from the NES.
- Envisaged surveys and studies undertaken.
- Periodic meetings of the steering committee and stakeholders on implementation of the strategy.

8.1.2 Success criteria:

The strategy will be deemed successful when the following conditions are fulfilled:

- When at least 15 projects are identified from the strategy and at least 12 are financed and executed with 90% of expected results achieved.
- When GEPC, the lead institution, has been restructured, to respond to the needs of exporters, financed as envisaged and has attained sustainability, i.e., is able to utilize the results of technical

assistance, has indeed made further improvements on its own and does not need further assistance.

- When at least 80 per cent of the identified critical constraints to the export sector have been removed by the end of the 4th year of the strategy implementation.
- When the total of non-traditional exports has increased over the strategy period and has attained the strategic US\$5.0 billion level for the last year 2016 of the NES period.
- If new exports have emerged and showed rapid strong growths rates of and attain at least 90 per cent per annum of annual programmed targets during the strategy period.
- If the export sector is able to generate new jobs of at least 20 per cent increase per annum.
- If of the new jobs created, at least 50 per cent have gone to women.
- If 90 per cent of export SMEs express satisfaction with services they receive from GEPC and other service providers as indicated by the result of periodic independent surveys.
- If the vast majority (90%) of organized private sector express satisfaction with the implementation results as indicated in the survey reports.

8.2 NES Logical Framework Matrix

Elements	Summary of key Elements	Indicators How do we know if achievements are made?	Verifiers Where do we find the evidence?	External factors (Risks) What could go wrong?
Vision	Ghana as a world class exporter of competitive products and services.			Possibility of global recession.
Goal	To achieve significant increases in non-traditional exports with annual growth targets reaching \$5.0 billion in the 5 th year 2016 of the NES.	Significant annual rate increases in export growth of non-traditional products.	GEPC export trade statistics.	Possibility of crop failure due to inclement weather conditions as majority of NTEs are in the agro-based sector.
Purpose	To create jobs and improve the standard of living of the people	Substantial increase in jobs created in the NTE sector and by “spillovers”.	A significant drop in the unemployment rate in the labour statistics.	There may be more influx of people into the NTE sector than creation of new jobs, leading to distortions in the labour statistics.
	1. To achieve a significant increase in the share of NTEs in total exports as a major step towards structural transformation of the export sector for spearheading growth and diversification of the economy.	% increase of trade figures to reflect performance of NTEs.	Published trade statistics	Unforeseen adverse weather conditions causing significant crop failure. World recession.
	2. To strengthen and resource export development related institutions and networks of business development service providers, policies and programmes for providing well-focused and enhanced support services to enable export businesses to flourish.	Increased number of SMEs that benefit from the support services	Reports of periodic monitoring surveys.	Possible delays in providing resources to support service providing institutions. Management challenges

	3. To ensure that export culture is imbibed nationwide, so that every District is able to have at least one significant and commercially viable agro-based export product success story with which it can be identified.	Export trade performance of MMDAs	GEPC Export trade statistics	Some MMDAs may delay in starting their export effort. There may be wide differences in MMDAs' export performance. Political interference.
Strategic Outputs	1. Strengthened mechanisms and processes for systematic and sustained reduction of impediments, uncertainties, risks and costs in export production and in conducting export business.	<ul style="list-style-type: none"> ▪ Periodic monitoring surveys will reveal status of business atmosphere. 	AGI Business Environment Barometer	Possibility of not implementing policy environment improvement measures.
	2. Impediments, uncertainties, risks and costs of production and export of goods reduced.	<ul style="list-style-type: none"> ▪ Turn around time at the port ▪ Reduction in time and cost of registering business, permits and certification ▪ Availability of TBT/SPS information to exporters. 	World Bank Doing Business Survey.	Lack of full implementation of approved policies.
	3. Enhanced institutional capacity and resources for export value chain infrastructure development and support service delivery.	<ul style="list-style-type: none"> ▪ Significant improvement in export performance of products slated to benefit from the value chain infrastructure. 	<ul style="list-style-type: none"> ▪ Export data of the relevant products 	Institutional constraints other than resource and capacity building inputs.
	4. Institutional capacity and resources for export value chain infrastructure development and support services delivery enhanced or improved..	<ul style="list-style-type: none"> ▪ Reduction in power outages. ▪ Reduction in the cost and availability of utility services (water, tele-communication, energy etc.) 	<ul style="list-style-type: none"> ▪ Public Utilities Regulatory Commission, ▪ National Communication Authority and ECG. 	Possibility of prolonged low rainfall causing water level in the dam to drop.
	5. An established capacity in GEPC with a counterpart at District level for assisting the District and Municipal Assemblies to undertake export promotion so that every District is able to develop its exports.	Technical services provided to SMEs in MMDA areas resulting in significant new exports.	Data generated by periodic monitoring surveys in the MMDA areas.	Weak service delivery to contain MMDAs due to geographical remoteness.

	6. Capacity of GEPC, Metropolitan, Municipal and District Assembly's enhanced to promote export.	Increase in the number of skilled personnel at GEPC and MMDAs.	GEPC export Statistics Annual Reports from GEPC and MMDAs.	Possibility of political interference.
	7. At least one significant export product preferably from the Priority Product List developed in each district.	Increase in the number of projects in the NTEs sector at the MMDAs.	Records and reports of MMDAs.	Unfavourable weather conditions.
	8. Strengthened and expanded institutional capacity for export-oriented human capital and resource development to enable exporters to keep abreast of modern trends and demands of the contemporary international market where competition is fierce among the emerging economies.	Significant number of new SMEs graduating from export schools and similar outfits.	Records of attendance and graduation of training institutions.	Possibility of many SMEs considering fees charged for training too expensive and not taking advantages of the facility.
	9. Institutional capacity for export oriented human capital and resource development expanded and strengthened.	Number of training programmes. % increase in number of people trained.	Ghana Export Training School, MDP and GIMPA reports.	Delayed interventions.

9.0 SECTOR ACTION PLANS

9.1 Exhibit 1: Action Plan for the Cocoa Products Sector

Action Plan for the Cocoa Products Sector						
Objectives	Measures/ Indicators Of Implementation	Targets	Initiatives/Actions	Support Entities/ Institutions	Resources	Timeline
Expand production and exports of cocoa products	A 10-year development plan of the cocoa processing sector indicating priorities and resource requirements prepared and approved by Cabinet		Cooperate with the trade associations and other stakeholders to establish a 10 year development plan for the cocoa processing sector.	MOTI, MOFA GIPC, Trade Associations, Ministry of Finance and Economic Planning, The Cabinet	GoG	YR 1-2
	Increased production/ capacity utilisation by existing processors	At least 90% capacity utilization by Yr 5	MOTI should encourage global processors to process more beans in their plants in Ghana through increased capacity utilization.	MOTI GIPC GFZB	GoG	YR 1 – 5 Ongoing
	Potential products that correspond to the needs of the industry and are demand-driven identified for commercial production.		<p>Improve and promote closer cooperation and synergies between research institutions and the cocoa processing industry</p> <p>Promote investment cocoa derivatives production/ Promote commercialization of existing and potential research findings towards the diversification of the cocoa processing industry.</p>	MOTI MOFA COCOBOD Cocoa Research Institute/CSIR GSB FDB Trade associations	GoG	YR 1 – 5 Ongoing

9.2 Exhibit 2: Action Plan for the Processed Wood Sector

Action Plan for the Processed Wood Sector						
Objectives	Measures/ Indicators Of Implementation	Targets	Initiatives/Actions	Support Entities/ Institutions	Resources	Timeline
Re-structuring of production and exports of processed wood products	Increased investment in forest plantations.	All firms within the sector targeted to maintain current level of exports	Promote investment in forest plantations to increase available stock for future processing for export.	MOTI, Ministry of Lands and Natural Resources GIPC GFZB	GoG Donor community UN Global Fund on Environment.	YR 1 – 5 Ongoing
	Potential areas for further investment in wood processing identified and additional investment attracted into the sector.		Promote the use of secondary species for sustainable processed wood exports.			
	Re-tooling and modernization of the wood processing sector completed. Training programmes for the wood processing sector developed and implemented.		Invest in the re-tooling/ modernization of the wood processing sector, including the re-training of the labour force for sustained export performance.	MOTI TIMBOD GEPC	GoG	YR 1-5 Ongoing

9.3 Exhibit 3: Action Plan for Plastics Products

Action Plan for Action Plan for Plastics Products						
Objectives	Indicators of implementation	Targets	Actions & Timings	Support Entities/ Institutions	Resources	Timeline
Expand production and exports of plastics products	Holistic roadmap for the longer term development of plastics products established	25% increase in exports in 5 yrs	Establish a development plan for the plastics processing sector as a downstream activity of the petrochemical industry.	MOTI, MOFA GIPC, Trade Associations, Ministry of Finance and Economic Planning, The Cabinet	GoG	Year 1 – 5 Ongoing
	Increased production by existing manufacturers		Encourage plastics manufacturers to increase capacity utilization and/or investment in processing capacity on the basis of assessment of regional markets.	MOTI GIPC		
	Additional investment attracted into the sector plastics manufacturers sector.		Promote investment from domestic and foreign sources into the sector, especially on a joint venture basis.	MOTI GIPC GFZB		

9.4 Exhibit 4: Action Plan for the Fisheries Sector (Chilled/Fresh and Processed Fish)

Action Plan for the Fisheries Sector						
Objectives	Measures/ Indicators Of Implementation	Targets	Initiatives/Actions	Support Entities/ Institutions	Resources	Timeline
Improve/ Expand production, marketing and exports of fishery products.	Technical assistance on aquaculture and fishery development provided	Provide technical assistance, manuals and guides to fishing/aquaculture firms and processors by YR 2	Provides technical assistance in aquaculture and fisheries development	MOFA	GoG, Donor Community.	YR 1 – 2 Ongoing
	Technical manuals and guides for fisheries sector prepared and distributed		Produce technical manuals and guides for the fishing industry	MOFA	GoG Donor Community.	YR 1 – 2
	Professional training offered to existing associations.	100% by YR 5	Provide training in fisheries and aquaculture, costing and pricing, marketing and processing facilities/pack house management to develop professional production and management skills and competencies of existing product associations.	MOFA, Product Associations.	GoG Donor Community Product Associations.	YR 1 – 5 Ongoing
	Large-scale aquaculture export production zones established and fully operational.	Identification and facilitation of land/water bodies acquisition for aquaculture and processing facilities by YR 2.	Creation of large-scale aquaculture export production zones with market access. Initial focus on southern sector.	MOFA, GFZB	GoG Donor community	YR 1 – 5 Ongoing
		4 projects per year by YR 5	Promotional programme to attract private investment into aquaculture and fisheries development.	MOFA District Assemblies	GoG Donor Community	YR 1 – 5 Ongoing
	Increased investments in fish processing facilities.	Increased value addition in fish products exports by YR 5.	Promote investment in fish processing facilities.	MOFA, GIPC, GFZB.	GoG	YR 1 – 5 Ongoing
	Sector actors fully utilizing the services of Quality Control organizations.	Better response to quality requirements for fish products in import markets by YR 2.	Educate the sector actors to fully utilize the services of quality control institution with internationally accredited laboratories to check on quality	MOFA, GSB, FDB. MOFA, GSB, FDB	GoG Donor community	YR 1-2 Ongoing
	Fisheries Sector Development Fund created and available to production units.	Improved access to trade and production finance for the fisheries industry by YR 2.	Creation of a Fisheries Sector Development Fund for providing support and strengthening the production of fisheries products.	MOFA, MOTI, GEPC, EDIF, PEF, Product Associations.	GoG Donor Community	YR 1 – 2

9.5 Exhibit 5: Action Plan for the Salt Sector

Action Plan for the Salt Sector						
Objectives	Measures/ Indicators Of Implementation	Targets	Initiatives/Actions	Support Entities/ Institutions	Resources	Timeline
Increase and expand production and exports of salt	Minerals Law reviewed to the satisfaction of salt trade associations.	Adapt the legislative infrastructure to the needs of the salt industry by YR 1	Review the Minerals Law with the objective of making it relevant to the needs of the salt industry.	MOTI, Ministry of Land and Mineral Resources, Trade associations, Cabinet	GoG	YR 1
	Improved land acquisition for salt production	Improve the land acquisition procedures by YR 2	Intensify efforts at rationalizing the land process of land acquisition for salt production	Ministry of Land and Natural Resources, Trade Associations.	GoG Donor Community	YR 1-2 Ongoing
	Increased investments in the salt industry by YR 5. Salt production and processing increased	Over 100% increase in production and processing by YR 5	Attract local and foreign investment into salt production and processing. Organize smallholders to partner larger firms	MOTI, GIPC, GFZB, Trade associations.	GoG	YR 1 – 5 Ongoing
	Increase of quantities of salt that is processed, traded and exported.	All salt producing areas linked by road networks by YR 5.	Improve the road network accessing salt producing regions. Facilitate the transport of salt from producing areas to processing and sale points.	Department of Feeder roads, Ministry of Transport.	MIDA GoG Donor community	YR 1 – 5 Ongoing
	Professional training offered to existing groups/associations.	100% by YR 5	Provide training in salt winning, costing and pricing, marketing and processing facilities/ pack house management to develop professional production and management skills and competencies of existing product associations.	MBSSI Product Associations	GoG Donor Community Product Associations	YR 1 – 5 Ongoing

9.6 Exhibit 6: Action Plan for the Vegetable Oils Sector

Action Plan for the Vegetable Oils Sector						
Objectives	Measures/ Indicators Of Implementation	Targets	Initiatives/Actions	Support Entities/ Institutions	Resources	Timeline
Expand production and exports of vegetable oils	Improved quality in vegetable oil products and management of firms.	100% of export firms educated/ targeted and accessing services of GSB and FDB by YR 2	Promote and educate firms on ensuring quality by accessing the services of GSB and FDB	MOTI, MOFA, GSB FDB	GoG	YR 1 – 2 Ongoing
	Technical and management training courses organised Number of small and medium sized producers trained	Productivity levels and yields improved through capacity building of firms by YR 5	Organize training courses for small and medium size producers in processing, accounting, costing and pricing, marketing and overall plantation management techniques.	MOTI/NBSSI MOFA Trade associations Large companies Universities, polytechnics, professional training institutions	GoG Donor community	YR 1 – 5 Ongoing
	Land acquisition for production of vegetable oils expanded and related investments increased. Increased investment in farming and processing within the vegetable oils sector. Increased number of outgrower groups	Increase investment into the sector by 25% annually.	Investment promotion to modernize the sector through adoption of modern technologies and retooling of existing facilities. Facilitate land acquisition and attract significant investment in plantations development and processing in the sector by major local and international players. Intensify outgrower programmes.	MOTI GIPC GFZB Trade associations	GoG Trade associations	YR 1 – 5 Ongoing
	Research work corresponds to the needs of the industry and is demand-driven	Improve and promote closer cooperation and synergies between research institutions and the vegetable oils industry	Set up a public/private sector Research Committee modelled on the Malaysian example with sub-committees for coconut, palm and soya.	MOTI, MOFA, Research Institutions, Trade associations	GoG	YR 1 – 5 Ongoing
	Production, processing and marketing of vegetable oil products improved.	100% improvement in production, processing and marketing of vegetable oil products YR 5	Acquisition and adoption of modern technology expertise in production and processing and marketing of vegetable oils.	MOTI MOFA Trade associations,	GoG Donor community	YR 1 – 5 Ongoing

9.7 Exhibit 7: Action Plan for Rubber and Rubber Products

Action Plan for the Rubber and rubber products Sector								
Objectives	Measures/ Indicators Of Implementation	Targets	Initiatives/Actions	Support Entities/ Institutions	Resources	Timeline		
Improve production, processing, marketing and exports of rubber and rubber products.	Map of rubber and rubber products cultivation zones prepared.	Mapping of potential rubber and rubber products cultivation zones by YR 2	Produce maps of the ecological zones identified for rubber cultivation to ensure increased production and processing for export..	MOFA	GoG Donor Community	YR 1- 2		
	Rubber plantations and processing plants rehabilitated/ revitalized	Existing farms /plantations and processing plants rehabilitated and operational by YR5	Promote/increase investment in rehabilitation /revitalization of the rubber and rubber products sector. Rehabilitate existing and develop new plantations for rubber production.	MOFA MOTI GIPC GFZB	GoG Donor Community.	YR 1 – 5 Ongoing		
	Increased Investment in new plantations		Promotion of new investment development of rubber plantations, outgrowther programmes and rubber processing plants					
	Farmers diversify into rubber		Support diversification by farmers into rubber					
	Increased availability of improved planting material. Improved adoption of improved agronomic practices. Increased average farm size per holder.		Increase the availability of improved planting material, improve adoption of improved agronomic practices and expand average farm size per holder.					
	Improved the outgrower-nucleus farmer linkage with associated benefits		Strongly promote the outgrower-nucleus farmer linkage as a way of improving smallholders’ access to credit, improved planting material, extension on improved agronomic practices, and capacity to expand farm size per holder.					
	Technical assistance on plantation development provided by MOFA		MOFA provides technical assistance in plantation development	MOFA			GoG Donor Community	YR 1 – 5 Ongoing

Exhibit 7b: Action Plan for Rubber and Rubber Products (Continued)

Action Plan for the Rubber and rubber products Sector						
Objectives	Measures/ Indicators Of Implementation	Targets	Initiatives/Actions	Support Entities/ Institutions	Resources	Timeline
Improve production, processing, marketing and exports of rubber and rubber products.	Natural rubber production in suitable agro-ecological zones to investors promoted	Potential local/foreign investors from YR 1-5	Promote natural rubber production on the basis of comparative and competitive advantage of agro-ecological zones	MOFA GIPC GFTZ	GoG	YR 1 – 5 Ongoing
	Cooperatives and FBOs established.	Producers and producer industry associations organized by YR 2	Organize/Assist farmers to form viable farmer groups and Farmer-Based Organisations with gender equity	MOFA	GoG	YR 1 – 2
	Technical manuals and guidelines for rubber and rubber products prepared and distributed to farmers and processors.	Available to all farmers and processors	Produce technical manuals and guides for farmers and processors. Build capacity among farmers and processors on technical matters.	MOFA	GoG Donor Community.	YR 1 – 2 Ongoing
	Availability of genetic material of desired quality to farmers.	Awareness created and available to all farmers by YR 2	Collaborate with external research institutions to build research capacity.	MOFA	GoG Donor Community.	YR 1 -2 Ongoing
	Increased use of genetic material of desired quality.		Research to identify genetic material with desired quality.			
	Productivity improvement measures adopted by actors along the value chain	Adoption by 75% of all actors along the value chain by YR 5	Improve productivity along the value chain to contribute to poverty reduction.			YR 1 – 5 Ongoing
	Quality Control mechanism established and operational.	Quality control mechanism established and operational by YR 2.	Regulate the use of the services of internationally accredited laboratories to check on quality.	MOFA, FAGE, GSB	GoG Donor community	YR 1 – 5 Ongoing
	Improved quality for rubber and rubber products.	100% compliance by farmers and processors by YR 5.	Promote primary grading, processing and storage to increase value addition and stabilise farm prices			

Exhibit 7c: Action Plan for Rubber and Rubber Products (Continued)

Action Plan for the Rubber and rubber products Sector						
Objectives	Measures/ Indicators Of Implementation	Targets	Initiatives/Actions	Support Entities/ Institutions	Resources	Timeline
Improve production, processing, marketing and exports of rubber and rubber products.	Institutional capacity developed.	All processing firms by YR 5	Develop institutional capacity to support commercial scale processing.	MOTI MOFA GIPC GFZB	GoG Donor community	YR 1 – 5 Ongoing
	Promotional programme developed and implemented for increased value addition in natural rubber and rubber products exports.	Current and potential local and foreign investors	Promote investment in rubber and rubber processing facilities.			
	Smallholder linkage to industry developed	100% of smallholder farmers linked by YR 5.	Promote linkage of smallholder production to industry prove accessibility from farm to market centres			
	Access from farm to farm centres improved.	100% integration into national road projects linked to Farms/ plantations in growing areas by YR5				
	Training manuals developed and industry/trade association members trained.	Standards and training manuals developed by YR 2 100% training of Producers, Processors and Service providers along the value chain by YR 5.	Develop standards and promote good agricultural/industry practices along the value chain to enhance quality and incomes. Develop training materials on quality standards and best industry practices and train members of industry associations to enhance efficiency.	MOFA GSB	GoG Donor Community	YR 1-2 Ongoing
	Laws on good agricultural/ industry practices enacted and enforced.	Laws enacted by YR 2	Enactment and enforcement of laws on good agricultural/ industry practices.	MOFA MOTI	GoG	YR 1 – 2
	Regional cooperation agreements signed among producer nations within the ECOWAS. Bilateral/multilateral cooperation agreements established with producer nations.	Improved regional / international cooperation in research, production and marketing by YR 5.	Establish links and exchange of information and experiences with other rubber and rubber products producing countries, especially within ECOWAS	MOTI MOFA Ministry of Foreign Affairs.	GoG Donor Community.	YR 1 – 5 Ongoing

9.8 Exhibit 8: Action Plan for the Cashew Sector

Action Plan for the Cashew Sector						
Objectives	Measures/ Indicators Of Implementation	Targets	Initiatives/Actions	Support Entities/ Institutions	Resources	Timeline
Improve production, processing, marketing and exports of cashew products.	Map of cashew cultivation zones prepared with technical guidelines distributed to producers and processors.	Mapping of cashew cultivation zones to ensure increased production and processing for export by YR 2.	Produce maps of the ecological zones identified for cashew cultivation with technical guidelines for producers and processors.	MOFA	GoG Donor Community	YR 1-2
	Technical manuals and guides for cashew products prepared and distributed to farmers and processors.	100% of Farmers and Processors reached by YR 2	Produce and distribute technical manuals and guides to build capacity among farmers and processors on technical matters similar to what exist for cocoa.	MOFA GIPC.	GoG Donor Community.	YR 1-2 Ongoing
	Training manuals developed and industry trade association members trained.	100% of Industry associations reached by YR 2	Develop training materials on quality standards and best industry practices and train members of industry associations to enhance efficiency.	MOFA GSB FDB GEPC	GoG Donor Community	YR 1-2 Ongoing
	Regional cooperation agreements established among producer nations within the ECOWAS.	Agreements established and operational by YR 5	Collaborate with other cashew producing nations within ECOWAS to address specific issues of cashew production and marketing in West Africa	MOTI, Ministry of Foreign Affairs.	GoG	YR 1 – 5 Ongoing
	Promotional campaign on a regional basis undertaken.			MOTI, MOFA, GEPC, Ministry of Foreign Affairs.	GoG Donor Community	YR 1 – 2
	Increased information exchange within ECOWAS			Establish links and exchange information and experiences with other cashew producing countries within ECOWAS		

Exhibit 8b: Action Plan for the Cashew Sector (Continued)

Action Plan for the Cashew Sector						
Objectives	Measures/ Indicators Of Implementation	Targets	Initiatives/Actions	Support Entities/ Institutions	Resources	Timeline
Improve production, processing, marketing and exports of cashew products	Cooperatives and trade association established.	By YR 2	Organize/ Assist producers and collectors to form cooperatives and a trade association to represent their interests.	MOFA FAGE	GoG FAGE	YR 1 – 2
	Cashew marketing system streamlined	By YR 2	Streamline marketing system for cashew products along the lines of the Cocoa Board.	MOTI MOFA MOFEP COCOBOD	GoG	YR 1 – 2
	Increased private sector investment in cashew plantations	100% adoption by Cashew farmers by YR 5.	Development of early yielding cashew farms/plantations	MOFA.	GoG Donor community	YR 1 – 5 Ongoing
			Investment promotion to attract private investment into new cashew plantation development.	MOFA GIPC GFZB		
	Technical assistance on plantation development provided	Available to 100% of Farmers from YR 1	Provide technical assistance in plantation development to the cashew sector	MOFA		
	System for effective quality control established and operational.	100% compliance by Producers and processors by YR 2	Ensure the adoption of quality control systems through the use of internationally accredited laboratories to check on quality and better response to quality requirements for cashew in import markets.	MOFA FAGE GSB FDB	GoG Donor community	YR 1-2 Ongoing
	Increased investments in cashew processing facilities.	75% of local raw cashew nuts processed by YR 5	Promote investment in cashew processing facilities	MOTI MOFA GIPC	GoG	YR 1 – 5 Ongoing
			Increased value addition in cashew product exports.			

9.9 Exhibit 9: Action Plan for Shea Products

Action Plan for Shea Products						
Objectives	Measures/ Indicators Of Implementation	Targets	Initiatives/Actions	Support Entities/ Institutions	Resources	Timeline
Improve production, collection, marketing and exports of shea products	Technical manuals and guides for shea products prepared and distributed to collectors in the producing areas.	By YR 2	Produce technical manuals and guides for collectors and processors similar to what exists for cocoa to build capacity on technical matters.	MOFA	GoG Donor Community	YR 1 – 2
	Promotion of shea sector on a regional basis undertaken.	In all shea producing countries within ECOWAS By YR 2	Promote the development of the sector on a regional basis by establishing links and exchange of information and experiences with other shea producing countries in the Sahel	MOTI, MOFA, GEPC, Ministry of Foreign Affairs.	GoG Donor Community	YR 1 – 2
	Cooperatives and trade association established.	By YR 2	Organize/Assist the producers and collectors in the production zones to form cooperatives and a trade association to represent their interests.	MOFA FAGE	GoG FAGE	YR 1 – 2
	Marketing system for shea products streamlined	By YR 2	Streamline marketing system for shea products along the lines of the Cocoa Board.	MOTI MOFA MOFEP COCOBOD	GoG	YR 1 – 2
	Pilot shea plantation scheme established.	2000 hectares/ annum in each of the Northern, Upper East, Upper West, Brong Ahafo, and Volta Regions	Develop early yielding pilot shea plantations of shea trees which could start bearing fruit in shorter periods to modernize production and collection.	MOTI, MOFA.	GoG Donor community	YR 1 – 5 Ongoing
	Increased exports to US and EU.	By YR 2	Organise industry operators, specially farmers and pickers to help buyers establish traceability for export purposes.	MOFA FAGE GSB FDB GEPC	GoG Donor community	YR 1 – 2
	Quality Control system established and operational. Certification as an organic product established.	By YR 2	Create quality control system through internationally accredited laboratories to check on quality and to better response to quality requirements for shea in import markets.			
	Increased investments in shea processing facilities	At least 90% processing of shea nuts by YR 5	Promotion investment in shea processing facilities. Increased value addition in shea product exports.	MOTI MOFA GIPC GFZB	GoG	YR 1 – 5

9.10 Exhibit 10: Action Plan for the Agro-Based NTEs

Action Plan for Fresh and Processed Agro-Based Ntes						
Objectives	Measures/ Indicators Of Implementation	Targets	Initiatives/Actions	Support Entities/ Institutions	Resources	Timeline
Enhance capacity to increase benefits of economies of scale for agro-based NTE sector	Existing product associations strengthened	By YR 2	Strengthen existing product associations	MOFA GEPC FAGE Product Associations	GoG Product Associations	YR 1-2
	New product associations established if necessary.		Facilitate the establishment of new product associations if necessary.			
	Increased funding for agro-based NTE sector		Facilitate increased funding of agro-based NTE sector			
	Professional officers assigned to existing associations.		Allocation of professional officers in agronomy, costing and pricing, marketing and pack house management to existing product associations.	MOFA, FAGE, Product Associations.	GoG, Donor Community, Product Associations.	YR 1-2
Expand production and exports of agro-based NTEs	Productivity and yields of growers increased by 30%	By YR 5	Enhance technologies and resources available to farmers - irrigation schemes, equipment, improved seeds, extension services and agronomic practices for small and medium scale growers to increase productivity and yields of agro-based NTEs.	MOFA	GoG Donor Community	YR 1-5 Ongoing
	Modern farming technology introduced		Exchange of appropriate information for transfer of technology with foreign specialized institutions/universities			
Improve quality of export products and lessen certification costs.	Proposals for establishment of a GhanaGAP scheme adopted by GoG.	By YR 3	Establishment of a GhanaGAP on the lines of the KenyaGAP.	MOFA GSB	GoG, Donor Community	YR 1-3
	Draft Code of Practice prepared and approved by the export community.	By YR 3	Improve existing quality certification and quality assurance schemes	FAGE Product Associations		
			Develop a Code of Practice for agro-based NTEs	GEPC Product and exporters' associations	GEPC, Donor Community	YR 1-3

Exhibit 10b: Action Plan for the Agro-Based NTEs (Continued)

Action Plan for Fresh and Processed Agro-Based NTEs						
Objectives	Measures/ Indicators Of Implementation	Targets	Initiatives/Actions	Support Entities/ Institutions	Resources	Timeline
Expand production and exports of agro-based NTEs	Facilitate access to credit for export operations and export development for the agro-based NTE sector	By YR 2	Improvement of access to trade and production finance/credit by small growers of the agro-based NTE sector	EDIF, MOTI, MOFA Commercial Banks, Product Associations	GoG Donor community	YR 1- 2
	Land acquisition for agro-based NTE production purposes expanded Increased outgrower programmes with persons with access to land	Improved system of land acquisition for production purposes by YR 2	Implementation of the Land Administration Project recommendations by the government agencies concerned. Design programme to target persons with access to land to serve as outgrowers to commercial export-oriented farms.	Lands Commission, Ministry of Land and Mineral Resources, MMDAs, Traditional Authorities, MOFA	GoG	YR 1 – 2
	Agro-based NTE production zones developed and fully operational	By YR 5	Creation of Agro-based NTE production zones	MOFA, MMDAs, MOTI	GoG, Donor Community	YR 1 – 5 Ongoing
	Ghanaian private investment attracted and operating large-scale agro-based NTE businesses with effective market linkages.	Increase productivity and yields of agro-based NTE crops.	Attract Ghanaian private investment into large-scale agro-based NTE business with market linkages through substantial financial and technical support from government	MOFA, GIPC, EDIF, GFZB, Irrigation Development Authority, and GEPC.	GoG, Donor Community	YR 1 – 5 Ongoing
	Major agro-based NTE firms attracted and operating in Ghana in partnership with Ghanaian firms. Productivity and yields of agro-based NTE sector increased by 30% annually Increased outgrower programmes		Attract major foreign agro-based NTE firms with resources, market linkages, ability to meet market requirements, and ability to provide training and services to medium and small-scale outgrowers.	GIPC, Product Associations, MOTI GEPC.	GoG, Donor Community	YR 1-5 Ongoing
	Farmers offered specialized training Productivity and yields of small growers increased by 30% annually		Organise practical specialized training events to small growers on modern horticultural production techniques, efficient production under irrigation.	MOFA, Irrigation Development Authority.	GoG, Donor Community.	YR 1-5 Ongoing
	Introduction and generalized use of modern irrigation and production techniques.		Creation/offering of courses in Universities, Polytechnics and Agricultural institutions on modern irrigation and production techniques.	MOFA, Irrigation Development Authority, Univ. of Ghana, KNUST, UCC.	GoG, Donor Community	YR 1-5 Ongoing
	Medium and small scale growers trained in modern production and meeting the export requirements of agro-based NTEs		Provide financial support as an incentive to experienced operators to disseminate their expertise through workshops to medium and small scale growers.	MOFA, EDIF MOTI, GEPC (Ghana Export School) Product Assocs.	GoG.	YR 1-5 Ongoing
	New Trade Representation offices opened and operational and exports of agro-based NTE products increased.	By YR 2	Opening of new Trade representation offices in Ghana's main export markets. Establish strong links and feedback in Ghana's main markets for agro-based NTE products.	MOTI, GEPC, Ministry of Foreign Affairs, Cabinet.	GoG.	YR 1-2 Ongoing
	Medium and Small scale growers and exporters have become aware of opportunities offered by preferential trade agreements.	50% By YR 2	Organise training events for medium and small scale growers and exporters on how to take advantage of preferential multilateral and regional trade agreements (EU-EPA, AGOA, GSTP, ECOWAS etc.).	MOTI GEPC/ Ghana Export School MOFA.	GoG.	YR 1-5 Ongoing

9.11 Exhibit 11: Action Plan for the Development of Agro-Based NTE Products by Metropolitan, Municipal and District Assemblies

Action Plan for the Development of Agro-Based NTE Products by Metropolitan, Municipal and District Assemblies						
Objectives	Measures/ Indicators Of Implementation	Targets	Initiatives/Actions	Support Entities/ Institutions	Resources	Timeline
Expand production and exports of agro-based NTE products	One pilot scheme established	YR 2	Facilitate the establishment of commercial farms/ plantations.	MMDAs, MOFA.	GoG	YR 1-2
	Cooperatives and trade associations established	YR 2	Better organization of farmers. Assist farmers to form cooperatives and product associations to represent their interests	MMDAs MOFA	GoG	YR 1-2
	Land acquisition for Production of agro-based NTE products expanded	By YR 5	Implementation of the Land Administration Project recommendations by the government agencies concerned.	MMDAs, Lands Commission, Ministry of Land and Natural Resources, Traditional authorities	GoG	YR 1
	NTE production zones developed and fully operational		Creation of NTE production zones with full service resources/ facilities to service value chain activities. Facilitate land acquisition for commercial production purposes.	MOFA MMDAs	GoG Donor Community	YR 1-5 Ongoing
	Technical assistance on plantation development provided		Provision of technical assistance in commercial farm and plantation development	MOFA	GoG Donor Community.	YR 1-5 Ongoing
	Ghanaian and foreign private investment with effective market linkages attracted and operating large-scale agro-based NTE businesses. Productivity and yields of agro-based NTE sector increased by 30%	By YR 5	Attract Ghanaian and foreign private investment with market linkages into large-scale agro-based NTE sector	MMDAs, GIPC, EDIF, GFZB, MOFA, Irrigation Development Authority, and GEPC.	GoG Donor Community	YR 1-5 Ongoing
	Growers trained Productivity and yields of small growers increased by 30%.		Organise practical specialized training events for small growers on modern agro-based NTE production techniques	MOFA, Irrigation Development Authority.	GoG Donor Community.	YR 1-5 Ongoing
	Major service providers attracted and operating in the districts to support efforts of farmers. Small growers trained in modern production and meeting the export requirements agro-based NTE products.		Support product associations within the MMDAs to access EDIF funds as an incentive to experienced operators to disseminate their expertise through workshops to small growers, provide services for effective market linkages, meeting market requirements, etc.	MMDAs, MOTI, MOFA, EDIF, GIPC, Ghana Export School, Product Associations.	GoG.	YR 1-5 Ongoing
	Farmers trained on technical matters.		Train/build capacity among farmers on technical matters in collaboration with product associations .	MMDAs , MOFA	GoG Donor Community.	YR 1-5 Ongoing
	Increased investments in facilities for value addition.	Increased value addition in agro-based NTEs	Promote and provide incentives for investment in value-added agro-based NTE products	MMDAs, MOTI, MOFA, GIPC.	GoG	YR 1-5 Ongoing

9.12 Exhibit 12: Action Plan for the Medicinal Plants/Pharmaceutical Sector

Action Plan for the Medicinal Plants/Pharmaceutical Sector						
Objectives	Measures/ Indicators Of Implementation	Targets	Initiatives/Actions	Support Entities/ Institutions	Resources	Timeline
Increase benefits of economies of scale for small scale operators.	Existing associations strengthened/ Restructured Cooperatives /FBOs/outgrower programs created	Better organization of the producers/ Collectors by YR 2 Create cooperatives/ FBOs/outgrower programmes by YR 2	Strengthen existing product associations. Facilitate the restructuring of existing product associations. Facilitate formation of cooperatives/Farmer-based organizations (FBOs)/outgrower groups	MOFA, MOTI, BOPA/Product Associations	GoG.	YR 1-2
	Increased funding for medicinal plant products sector		Facilitate increased funding of medicinal plant products sector	MOFA, MOTI, GEPC, EDIF, BOPA/Product Associations.	GoG, Donor Community	YR 1-2
	Professional officers assigned to existing associations		Allocation of professional officers in agronomy, costing and pricing, marketing and pack house management to existing product associations.	MOFA, MOTI, GEPC, EDIF, BOPA/Product Associations.	GoG, Donor Community Product Associations	YR 1-2
Expand production and exports of medicinal plant products	Technical manuals and guides for medicinal plants sector prepared and distributed to collectors in the producing areas.	By YR 2	Produce technical manuals and guides for farmers, collectors and processors similar to the ones that exist for cocoa. Build capacity among collectors and processors on technical matters.	MOFA, MoH, Centre for Research into Plant Medicine, Forest Products Research Institute (CSIR)	GoG Donor Community	YR 1-2 Ongoing
	Land acquisition for medicinal plants production purposes expanded	By YR 5	Implementation of the Land Administration Project recommendations by the government agencies concerned. Facilitate land acquisition for production purposes.	Lands Commission, Ministry of Land and Natural Resources, MMDAs, Traditional authorities.	GoG	YR 1-5 Ongoing
	Medicinal plants export production zones developed and fully operational		Creation/Development of medicinal plants export production zones	MOFA, District Assemblies	GoG Donor Community	YR 1-5 Ongoing
	Commercial farms/ Plantations of medicinal plants established		Promote investment in the establishment of commercial farms/plantations of medicinal plants.	MOFA GFTZ GIPC	GoG Donor community	YR 1-5 Ongoing
	Technical assistance on plantation development provided		Provide technical assistance in plantation development	MOFA	GoG, Donor Community.	YR 1-5 Ongoing
	Increased investments in medicinal plants processing facilities. Increased value addition in medicinal plant exports.	90% processing by YR 5	Intensify promotional programme to attract investment in medicinal plants processing facilities. Improve access to trade and production finance for medicinal plants industry.	MOTI, GFZB, GIPC, EDIF	GoG	YR 1-5 Ongoing
	Marketing system streamlined like that of the cocoa sector	By YR 2	Restructuring of medicinal plant products sector along the lines of the Cocoa Sector.	MOTI, MOFA, Cocoa Board.	GoG	YR 1-2

Exhibit 12b: Action Plan for the Medicinal Plants and Pharmaceuticals (Continued)

Action Plan for the Medicinal Plants/Pharmaceuticals						
Objectives	Measures/ Indicators Of Implementation	Targets	Initiatives/Actions	Support Entities/ Institutions	Resources	Timeline
Expand production and exports of medicinal plants/ processed medicinal plant products/ pharmaceuticals.	Growers trained Productivity and yields of growers increased by 50%	Increase productivity and yields of medicinal plants sector by 50% by YR 5.	Organise practical specialized training events to growers on modern production techniques, efficient production under irrigation, etc.	EDIF, MOFA, Irrigation Development Authority. Product Associations. ASNAPP, Ghana Export School,	GoG	YR 1-5
			Support Product associations to provide incentive to experienced operators so that they disseminate their expertise through workshops to small growers.			Ongoing
Expand exports of pharmaceutical products	Exports to regional markets increased by 50%	Increase market share in regional markets	Intensify marketing of existing pharmaceutical firms to regional markets			
Improve quality of medicinal plants/plant products exports	Increased use of the services of internationally accredited Quality Control organizations Better response to quality requirements for medicinal plants/products in import markets.	100% compliance by exporters by YR 2	Ensure that sector actors utilize the services of quality control institution with internationally accredited laboratories to check on quality Organise industry operators, specially farmers and collectors to help buyers establish traceability for export purposes.	MOFA, BOPA, GSB, FDB	GoG Donor community	YR 1-2
	Ghana standards scheme established and adopted by GoG.	By YR2	Develop technical manuals and standards for the production of medicinal plants and plant products.	GSB, MOTI, MOFA, GSB, FDB, Ghana Pharmacy Board, Ministry of Health/ Centre of Research into Plant Medicine, ASNAPP, Product Associations.	GoG, Donor Community	YR 1-2
		By YR 2	Improve existing quality certification and quality assurance schemes.			
Code of Practice prepared and approved by the export community.		By YR 2	Develop a Code of Practice for medicinal plants/ processed medicinal plant products exports.	GEPC, MoH, Pharmacy Board, FDB, GSB and product and exporters' associations.	GoG (GEPC), Donor Community	YR 1-2

9.13 Exhibit 13: Action Plan for Trade Finance

Action Plan for Trade Finance						
Objectives	Measures/ Indicators Of Implementation	Targets	Initiatives/Actions	Support Entities/ Institutions	Resources	Timeline
Improve the access to trade finance by exporters of non traditional products	Increase of the number of exporters that obtain loans;	All exporters qualified with confirmed export orders who meet established criteria for loans.	Facilitate access to credit, terms of lending and lending rates to exporters to enhance the export competitiveness of the NTEs Facilitate longer term loans	MOTI, Ministry of Finance, EDIF, Commercial Banks, Bank of Ghana, Export Finance Company, Ghana Import-Export Guarantee Bank, FAGE, PEF.	GoG Donor Community	YR 1
Lower the lending rates available to exporters	Lending rates offered to non-traditional exporters below the 12.5% mark.					Ongoing
Make available longer term loans for exporters	Exporters having access to longer term loans.					
Improve appraisal of exporters' requests for loans.	Fewer complaints by export community on lack of understanding.	All Project appraisal staff in financial institutions.	Undertake targeted training to project appraisal staff in relevant financial institutions in order to increase their familiarity with export operations Upgrade the skills of staff in financial institutions in export project appraisal.	MOTI GEPC, Institute of Bankers, Commercial banks.	GoG Banks	YR 1
Facilitate exporters' relations with financial institutions.	Skills of exporters upgraded in writing business plans and preparing loan requests to financial institutions. Proportion of requests rejected by financial institutions decreased	Requirement for all exporters by YR 2	Undertake training of new and small exporters to upgrade skills in writing business plans and preparing requests for loans by financial institutions. This may be outsourced but exporters require knowledge of these to gain ownership of plans.	MOTI, GEPC, EDIF, FAGE, PEF.	GoG Commercial banks, Donor Community.	YR 1-2 Ongoing

9.14 Exhibit 14: Action Plan for Trade Information

Action Plan for Trade Information						
Objectives	Measures/ Indicators Of Implementation	Targets	Initiatives/Actions	Institutions Owner/ Support Entities	Resources	Timeline
Enhance the research and planning capabilities of trade promotion institutions and private exporting firms.	Trade statistics reflect more accurately Ghana's foreign trade. Agricultural and industrial production statistics are collected and published.	By YR 2	Develop an improved system of collection of reliable trade statistics. Intensify training of its extension services personnel on how to collect agricultural production Statistics. Develop an effective system for collecting reliable production statistics in the industrial sector.	GEPC MOTI MOFA Bank of Ghana CEPS Trade associations	GoG, Donor community	YR 1-2
Promote GETIC to satisfactory service levels.	Adequate financial and human resources provided to GETIC. Capacity of GETIC staff built. Increased use of GETIC by export community.	By YR 2	Increase GETIC's annual budget allocation to enable it to subscribe to foreign data banks, recruit more staff, and relocate to better premises. Provide appropriate training to staff of GETIC	MOTI, GEPC, GETIC.	GoG Donor community	YR 1-2
Respond to real trade information needs of the exporters to enhance operations.	Increased use of GETIC by export community. New trade information sources and dissemination introduced by GETIC.	By YR 2	Undertake trade information needs analysis of exporting companies in all non- traditional products sectors.	GEPC, GETIC, Trade Associations	GoG, Donor community	YR 1-2
Improve accurate and timely information flows from key target markets.	Improved flow of information from key export markets.	By YR 2	Establish new foreign trade representatives in key export markets. Establish trade information network using Ghana foreign trade and investment representatives in key target markets.	MOTI, GIPC.	GoG.	YR 1-2
Increase the use of available trade information in Ghana by the export community.	Number of exporting firms trained in how to access trade information sources; Exporting community aware of all existing trade information sources in the country; A GETIC website containing all these sources operational.	All exporters	Undertake training workshops for exporters to build capacity on how to access existing and available trade information sources. Undertake publicity for GETIC, including a detailed information brochure, improved website and networking events. Make known among exporters the trade information possibilities existing in GETIC and in other providers.	MOTI, GEPC, GETIC, Trade associations. Donor-funded programmes	GoG, Donor community	YR 1-5

9.15 Exhibit 15: Export Development Project Profile: Ghanaian Movies, Music And Drama

Project Title: **Export promotion of products of the creative arts industry: Ghanaian movies, music and drama**

Location: Countrywide (mainly Regional capitals)

Objective: To develop a framework with measures that permit increased earnings from Ghanaian movies, music and drama to accrue to the producers in order to stimulate sustained development and expansion of the industry for creating jobs, particularly for the youth.

Target beneficiaries

The project is addressed to the Ghanaian artists in Ghana and abroad actively engaged in the creative arts industry, particularly in movie, drama and music, and those with the talents and potential to participate in the industry. Secondary beneficiaries are persons and companies whose services and products support the primary producers.

Background

Ghana's cultural and creative arts industry is large, vibrant and growing rapidly, providing significant job opportunities mainly for the youth. Available statistical data on the industry is, however, limited. The creative arts industry is vast, covering fields such as craft, hand-made articles including textiles and garments, handicrafts, drama, music, dancing and fine arts, etc. However, for the purpose of this project, the focus is on **live drama** and **music which are transferable to electronic materials such as compact discs and tapes** for marketing. Being intangible and invisible, drama, music and dancing fall under services and export of these services conform to characterization of trade in services according to WTO's 4 Modes. The fact that the services can be transferred onto, and embodied in, compact discs and tapes makes export promotion of drama, music and dancing rather complex. Unlike the international transactions in goods which require a physical movement across a country's borders, exports of drama, music and dancing would be conducted according to one or a combination of these 4 modes of supply:

Mode 1: export or cross-border movement of compact discs, tapes and cassettes;

Mode 2: consumers of products visiting Ghana to enjoy the services or the products;

Mode 3: the establishment of a commercial presence by Ghanaian artists in foreign countries for the purpose of providing drama, music and dancing services; and

Mode 4: temporary (short) visits by Ghanaian artists to foreign countries to deliver their services.

Even though the lack of reliable statistical data makes any concrete estimate difficult, it can be inferred that the total value of the entertainment services traded through Modes 3 and 4 is probably much greater than that of the trade taking place through Modes 1 and 2. However, rapid changes in communication technology continue to provide dynamism to the industry.

For over two centuries the entertainment world market was dominated by films from the US Hollywood and subsequently India's film industry. In recent times, the performance and popularity of Nigerian movies have earned for Nigeria the proud name "Nollywood". The Ghanaian version is expanding very fast, gaining popularity and market share.

However, there are challenges that threaten to slow down the rapid growth of the industry. These are vulnerability of films and music compact discs to piracy and casual copying which limit the earnings that are expected to accrue to the artists.

If properly harnessed, the creative arts industry can generate substantial service export earnings and make significant contribution to GDP. The sector attracts and engages many persons from marginalized social groups and is therefore capable of providing economic opportunities to the vulnerable where other sectors are not able to.

The focus of a project of this nature may be in 4 main areas: i) Legal framework for protecting the products/industry and for enforcement; ii) development of the human capital resources (talents) for the industry; iii) development of training and recording studios and other relevant facilities; and development of infrastructure for delivering the services (theatres and other entertainment facilities) in the regional capitals to enable participatory to be more evenly distributed nationwide.

Issues addressed

1. Modalities and facilities for identification and development of talents in the creative arts industry.
2. Training of trainers.
3. Studios, theatres and other training infrastructure and facilities development in the regions.
4. Production studios development.
5. Development of infrastructure, such as theatre, for delivering the services.
6. Legal framework for copyright and patent registration and capacity for enforcement.
7. Quality standards and cultural content.
8. Promotion, marketing, branding and distribution.
9. Capacity building for MUSIGA and other relevant associations or groups.

Planned output

1. A supply survey to generate data on:
 - i. identification and profile of artists;
 - ii. the available facilities for identification and development of new talents;
 - iii. available training studios for skill development and recording;
 - iv. trainers.
2. Trained trainers who would try to develop the talents of potential artists for the industry.
3. Identifies and upgraded training studios.
4. Identifies and upgraded production studios.
5. A promotional framework established for development of infrastructure for delivery of services.
6. Legal framework enhanced for copyright and patent registration and capacity strengthened for enforcement within the framework of WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).
7. Quality standards and cultural content standards established to limit excesses and ensure wider acceptability internationally.
8. A framework established for sustained promotion, marketing, branding and distribution of Ghanaian music, dancing and drama products.
9. The capacity of MUSIGA and other creative arts, music and drama groups strengthened.

Financial Resource Earmarking: US\$30million

10.0 FUNDING ARRANGEMENTS

The financial resources that will enable us put in place all the structures, systems and capacities to generate the \$5 billion of exports target and lay the foundation for putting Ghana on a higher export performance platform are presented below:

10.1 Financial Resources Earmarking

Item/Product	Description of Major Programme Elements	US\$ Million
Cocoa products	Investment promotion into cocoa processing. Promotion and branding.	40.0
Wood products	Investment into wood processing. Reforestation and promotion of sustainable environment. Promotion and branding	20.0
Aquaculture and Fish Processing	Investment promotion into the fish processing industry Promotion and branding	60.0
Articles of plastic	Promotion and branding Promotion of Sustainable environment	10.0
Salt	Land administration Investment promotion into salt mining and processing Promotion and branding, Sustainable environment	60.0
Vegetable oils (or oils from oil seeds)	Investment into the oil seeds industry	50.0
Natural rubber/rubber products	Investment into development of natural rubber plantations and production. Promoting investment into rubber processing into intermediate and finished products.	50.0
Aluminum products	Investment promotion into aluminum industry	30.0
Processed fruits	Investment promotion into fruit plantation development and fruit processing. Branding	50.0
Medicinal plants/pharmaceutical products	Investment promotion into plantation development and processing. Branding	50.0
Products of creative Arts Industry	Sector development Promotion, patents/copyrights and branding	50.0
Gender	Promoting gender equality and women empowerment (Women in Export)	30.0
<ul style="list-style-type: none"> ▪ Afrocentric high fashion textiles and garments 	Investment promotion into Afrocentric textiles and garments. Promotion and branding.	(15.0)

▪ Shea butter	Promoting investment into growing shea trees, nuts production for processing	(15.0)
▪ Mass produced textiles and garments	Investment promotion into textiles and garments manufacturing on a mass scale production, Branding, Training.	(25.0)
Capacity building for GEPC, MOTI, GSA, FDB and product associations.	Strengthening GEPC, putting in place systems and materials. Upgrading of technical skills and knowledge. Mainly training. GIPC to open outfits in strategic partner countries.	40.0
Export promotion capacity building for MMDAs	Training and putting in place systems and materials to develop export capacity.	35.0
General Export Promotion	Export promotion across-the-board covering all product sectors and services. Other than those already specified and provided for.	55.0
Cross-sectoral issues and interventions	ICT, Innovation, Development and acquisition of technology, Export Houses, Export Roundtables and Free Ports.	30.0
Total		685.0

10.2 Sources of Funding

As part of the NES formulation, the following sources of funding have been identified to enable the NES to be implemented:

1. Government of Ghana

▪ **Central Government Budget**

The Central Government Budget will finance non-private business activities and focus on activities and projects which would normally fall within the responsibility of the public sector. These would include services and infrastructure shared by many private sector companies and communities as common facilities.

▪ **Municipal and District Assemblies (MMDAs) local Government Budget**

The MMDAs have a responsibility in the NES to develop at least one agro-based export product. The activities relating to it, namely supply and market studies, training, input supply (e.g. seeds and seedlings), market development, backstopping and coordination, etc, should be financed from an allocation of the MMDA/ Local government budget. Supplementary funding may be obtained from EDIF.

2. Export Development and Investment Fund (EDIF)

- Private sector requirements for export business operations will be financed partly by banks, finance houses and the Credit Window of EDIF.

Private sector business requirements do not *per se* fall within the management ambit of the NES implementation, although private business sector's access to credit is critical to the success of the NES implementation.

- EDIF will finance common facilities and value chain infrastructure, market research, test marketing, certain inputs (eg seeds and seedlings) of prescribed quality, irrigation facilities, training, etc under EDIF's Grant Window.

3. Development Partners

Development Partners will partner with GOG to finance worthwhile projects and programmes.

4. Private Sector

It is expected that private business operations relating to export activities will be financed mainly from bank credit, EDIF's credit facility, internally generated funds of companies and private sources. It is the private business companies that will drive the implementation of the NES.

5. Public-Private Partnership (PPP)

As an alternative or complement to financing of public projects, PPP may be adopted for certain projects, namely roads, common facilities, etc for which realistic user fees may be charged.

11.0 ANNEXES

Annex 1 :

Performance of Ghana's Ten Leading NTE Products

No.	Product	2009 (US\$)	2008 (US\$)	% Growth	% contribution to NTE In 2009
1	Cocoa Paste	285,725,061	198,432,396	43.99%	23.52
2	Canned Tuna	110,456,915	120,104,383	-8.03%	9.09
3	Articles of Plastics (nes)	93,821,523	82,473,683	13.76%	7.72
4	Cocoa Butter	90,297,425	93,258,053	-3.17%	7.43
5	Veneers	39,006,475	65,847,954	-40.76%	3.21
6	Plywood	31,505,307	61,444,267	-48.73%	2.59
7	Fresh or Chilled Tunas	27,667,412	40,666,027	-31.96%	2.28
8	Sheanuts	26,853,367	24,939,825	7.67%	2.21
9	Natural Rubber Sheets	24,834,381	30,915,982	-19.67%	2.04
10	Cashewnuts	20,154,095	20,423,939	-1.32%	1.66
	Total	750,321,961	738,506,509	-1.35%	61.75

Source: GEPC

Annex 2:

Composition of Exports by Major Groups 2006-2009

PRODUCT \ YEAR	2006:	% Share	2007:	% Share	2008:	% Share	2009:	% Share
Cocoa Beans	994.4 m	28.40	866.4 m	24.90	918.2 m	25.20	1,087.5m	46.80
Timber	284.2 m	8.10	298.2 m	8.60	271.7 m	7.50	220.8 m	9.50
Gold(including monetary gold)	1,205.0m	34.40	1,622.4m	46.70	1,854.2m	50.90	234.1 m	10.10
Non-Traditional	1,020.7m	29.10	688.2 m	19.80	595.9 m	16.40	781.0 m	33.60
Total	3,504.3m	100.00	3,475.2m	100.00	3,640.1m	100.00	2,323.5m	100.00

Source: Ghana Statistical Service

Annex 3:

Performance and projections of major product groups (US\$'000)

	2009	2010	2011	2012	2013	2014	2015
TOTAL NTE EXPORTS	1,215,040	1,628,920	2,718,666	3,416,086	4,293,211	5,396,575	6,784,832
PROCESSED & SEMI-PROCESSED EXPORTS	106,910	1,461,260	2,354,341	2,942,926	3,678,657	4,598,322	5,747,902
AGRICULTURAL EXPORTS	150,860	164,960	359,699	467,609	607,892	790,259	1,027,337
HANDICRAFTS	2,270	2,700	4,626	5,552	6,662	7,994	9,593

Annex 4:

Methodologies for Priority Product Selection

A. The Economic Benefit Model

The Economic Benefit Model provides a set of criteria for selecting product groups with maximum defined benefits using the multiplier concept and linkage effects. The economic-benefits model is a simple form of the standard economic-benefits model which measures the direct benefits generated by a firm's employment and purchases, and the indirect economic benefits associated with "upstream" purchases made by the firm's direct employees and by the firm's suppliers. Conceptually, the direct economic benefits are measured by examining the cost structure of the product group or industry and the associated cost structure of the company's direct suppliers. The direct economic benefits can be measured in terms of income earning potentials or currency value and in terms of additional employment and additional dependents supported. Indirect economic benefits arise from expenditures by the work force and suppliers who are the beneficiaries of the direct benefits. In so far as the expenditures give rise to indirect benefits made within the Ghanaian economy (rather than for imports), then linkage effects become stronger with domestic resources, thereby increasing Ghana's value-added portion of those expenditures. (USAID TIPCEE Program et al. (June 2006), *Ghana: The Next Big Fresh Produce Source*; USAID TIPCEE Program, (April 2009), *The Pineapple Market: Fresh And Processed, Status And Outlook, Ghana*; USAID TIPCEE Program, (May 2008), *Economic Benefit Assessment For Ghana's Mango Sector*; USAID TIPCEE Program, (July 2009), *The Papaya-Export Sector: A Brief Look At Economic Benefits*).

The economic benefits from the initial direct investment expenditures by the industry in question would tend to multiply into indirect benefits as subsequent turnovers are generated. This is known as the *multiplier effect* and creates linkages with domestic resource usage for increased domestic value addition. This concept is important to recognizing the total economic benefit that arises from initial investment expenditures by any sector. When the direct and indirect benefits are disaggregated, three main criteria are generated for the selection of export sub-sectors and products for promotion. These criteria are (a) market and economic growth potential, (b) opportunity for early maturity, and (c) political impact and massive demonstration effect. Details of each of the three main criteria are specified below.²

² It must be noted that primary data collection and analyses for the economic benefit modelling have sufficiently been undertaken by the development partners in collaboration with Ministry of Food and Agriculture, and Ministry of Trade and Industry. In particular, USAID's Trade and Investment Programme for a Competitive Export Economy and the Agricultural Development and Value Chain Advancement Program (ADVANCE) have done detailed analysis of economic benefits for many high value horticulture products with soil mapping etc. The West African trade Hub has also invested substantially in Shea butter and other essential oils, and all these findings are used to select the product groups for promotion for exports.

Market and Economic Growth potential:

- Market opportunities, especially outside Ghana
- Employment or job creation
- Income-earning opportunities
- Innovation potential
- Structural transformation
- Linkage effect with domestic resources
- Industrial heritage, which involves social, historical and traditional capacity of the SMEs

Opportunity for Early Maturity:

- Current activity level and potential for increased collaboration
- Stakeholders' shared objectives on macro-level, and commitment to change
- Stakeholders' appreciation of the joint efforts, especially preparedness to collaborate while maintaining individual SME identity
- History of collaboration - level of trust and social capital

Political Impact and Massive Demonstration Effect

- Potential for duplication and political interest/alignment with existing policies
- Geographic outreach
- Gender sensitivity
- Environmental sustainability

Based on these criteria, it is proposed that policies that provide solutions to the prevailing constraints would be established to enhance private sector initiatives in product development for export production.

In addition, the application of the *Economic Benefit Model* for selecting product groups can facilitate the adoption of the *Cluster Approach* to export development which has benefits for improving efficiency of small scale enterprises for export promotion. When properly implemented, irrespective of whether the objective is to increase price competitiveness of existing products or services through process innovation, or whether designed to develop and commercialize new products or services through product or service innovation, cluster initiatives are veritably effective vehicles for achieving increased competitiveness. Clusters are associated with increased innovation, productivity, efficiency and commercialization given that businesses based in the same geographic area, working within the same sector generally alongside ancillary organizations such as universities.

It is proposed that the use of business clusters form part of the vertical policy framework of the export strategy. This is especially the case as Ghanaian companies are fragmented, small and cannot use scale economies in competitive pricing behaviour. With the level of their operations, these SMEs are not adequately resourced to access various resources to be able to mass produce and be competitive. Once product groups work together on a range of issues for the common good, these will improve their sustainability performance, competitiveness and profitability. These advantages forcefully apply to agric produce and high value horticulture, especially in terms of irrigation, feeder road networking and cold storage facilities.

B. Selecting Priority Product Sectors on Using the ITC Methodology

The ITC methodology for selecting priority sectors with significant potential for export growth in Ghana bases its calculations on COMTRADE statistics. This is a multi-criteria approach. The export potential of a product group is defined here to include both those sectors that already have a proven track record (existing export capacity) and to those that do not yet export, but fulfill many of the necessary supply conditions of doing so. To gauge the export potential, each of the product sectors is examined along several broad dimensions, including:

- a. *Characteristics of the international environment*, such as growth of world demand and access to international markets;
- b. *Current export performance* such as its world market share; and
- c. *Domestic supply capacity*, such as the quality of products or the efficiency of supporting industries. This dimension for measuring export potential was not ascertained because this assignment did not involve a survey of firms and institutions. The information obtained from the 2008 NES assignment which involved significant private sector involvement and contribution of sector-specific information was however accessed and updated through consultations.

Indicators of export potential of product sectors on the basis of the ITC methodology is thus limited to (a) and (b) above. The final selection of key export product sectors using the ITC methodology involved comparing the indices for “world markets” and “Ghana’s current export performance”. Mapping the industries along the two dimensions of “world markets” and “Ghana’s export performance” allows distinguishing four polar cases (**Figure 1**).

a. Performers in attractive markets:

Our analysis (covering the 2005-2009 period) indicates that *cashew nuts, processed cocoa shea and shea products, salt, processed wood and horticultural products* can be considered “performers in attractive markets”. For these industries, Ghana's export performance is strong and the world markets dynamic. Exporters of these products from Ghana have proven their competitiveness over recent years. Trade promotion efforts for these products are less risky, as there are national success stories that can serve as reference points. Promotional efforts should particularly aim at broadening the supply capacity.

b. Performers in unattractive markets:

Over the 2005-2009 period, there was no product in this category for which Ghana's export performance is strong, but for which the international environment are unfavourable. These industries represent particular challenges for trade promotion efforts in Ghana. Niche marketing strategies are required to isolate the positive trade performance from the overall decline in these markets.

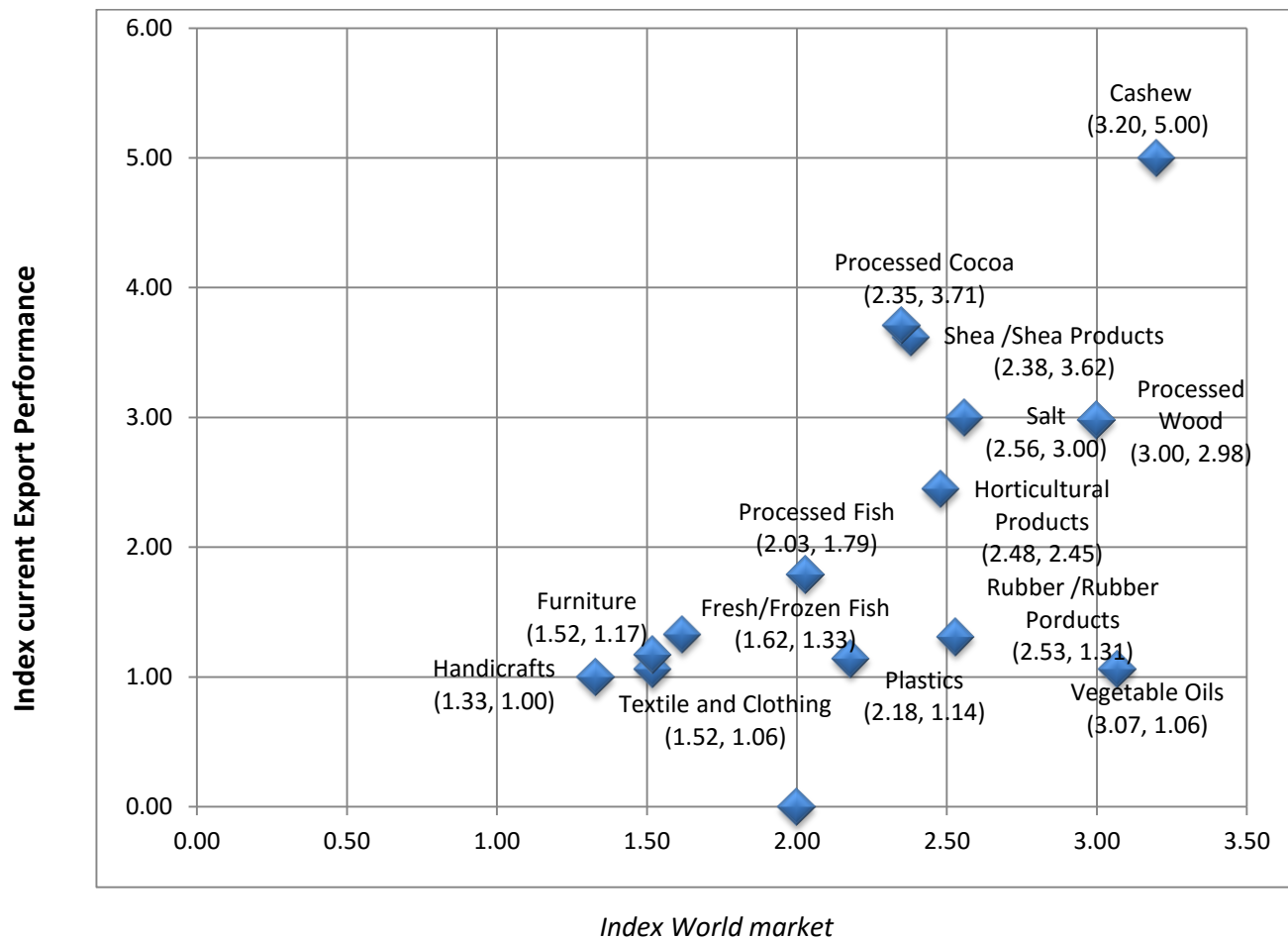
c. Underachievers in attractive markets:

Based on this analysis processed fish industry, rubber and rubber products, plastics and vegetable oils are “underachievers in attractive markets”. While world markets for these industries are favourable, export performance by Ghana enterprises is at present weak. These industries represent particular challenges for trade promotion efforts in Ghana, as the bottleneck is in general not the international environment (demand is strong and/or markets are open), but domestic factors hampering export performance. It is essential to identify and remove the specific bottlenecks that impede a more dynamic expansion of exports.

d. Underachievers in unattractive markets:

Based on this analysis *fresh / frozen fish, furniture, textiles and clothing, and handicrafts industries* are “underachievers in unattractive markets”. Both world markets and export performance are low,

unfavourable and/or have little dynamism/static. Trade promotion efforts for product groups in this category face an uphill task and carry some risk as export prospects tend to be bleak or poor.



Ghana: Export Product Portfolio Matrix (2005 - 2009)

On the basis of the ITC methodology (2004-2008) sectors with high export potential include: *cashew nuts, processed cocoa, shea and shea products, salt, processed wood and horticultural products* (which are “performers in attractive markets”) and *processed fish industry, rubber and rubber products, plastics and vegetable oils* (which are “underachievers in attractive markets”).

“**Underachievers in unattractive markets**” such as *fresh/frozen fish products, furniture, textiles and clothing, and handicrafts* make relatively insignificant contributions to total non-traditional exports but require selective development and promotion for purposes of income and employment security with emphasis on niche markets and selective development support.

C. Using a Decision Support Model for Export Market Selection and Identification of Realistic Export Opportunities

The development of a robust approach to select priority non-traditional export sectors would in future require confirmatory analyses using different tools since the existing models have their limitations. The challenge of export policy development is striking a balance between dependence on historical information and focusing on the predictability of future export performance of the various sectors, both existing and emergent. One such approach which needs to be considered in Ghana for the selection of priority sectors and products for export development and promotion is the **Decision Support Model** that was adapted for the South African Department of Trade and Industry by Ermie Steenkamp, Riaan Rossouw, Wilma Viviers, and Ludo Cuyvers (2009) [*Export Market Selection Methods and the Identification of Realistic Export Opportunities for South Africa Using a Decision Support Model, Working Paper Series 2009-03, Trade & Industrial Policy Strategies (TIPS), Australian Government, AusAid*] This methodology is based on the premise that export promotion activities are, to a large extent, driven by historical trends and trading partners. The limited resources of government should be allocated in such a manner that they contribute towards successful exports and increased export growth in the future. International market selection for export promotion would greatly assist senior management in ensuring that government resources are used with maximum return on investment by determining priority products and markets. Market selection methods, of which a vast number exist, are a critical tool in firms' and government's policy, planning and budgeting processes. To this end, it is necessary to determine the international market selection method best-suited to the identification of potential export opportunities. The secondary aim is to apply the chosen method in order to determine realistic export opportunities (country-product combinations).

Ermie Steenkamp et al. (2009) evaluated the international market selection literature and found six country-level market estimation models best-suited to the identification of potential export opportunities for a given exporting country. After an assessment of the benefits and limitations of each of these methods or models for application, the **Decision Support Model** (DSM) of Cuyvers *et al.* (1995:173-186) and Cuyvers (2004:255-278) was chosen as the most appropriate international market selection method for application to provide the Department of Trade and Industry in South Africa with a tool to justify export promotion activities more scientifically. Incorporating various adaptations, it was demonstrated that the model can be used to more successfully identify realistic export opportunities. The decision support model consists of a screening process of four consecutive filters, through which relevant information on markets (such as country risk indicators, macroeconomic data, imports per product group, etc.) is fed, and which allows the identification realistic export opportunities. In this way, a country's export opportunities in individual countries are listed and categorised according to criteria such as import market characteristics and the country's market share in the various markets.

Specifically, the methodology of the DSM consists of a sequential filtering process using four filters to eliminate countries with lower export potential. The first filter considers the macro-economic environment of the trading partner. Indicators such as country risk ratings; GDP (GDP per capita); and GDP growth (GDP per capita growth) play a role in the selection process. In filter two, import market growth in the short and long term, and relative market size, are considered for each country-product combination. In filter three, the Herfindahl-Hirschmann Index gives an indication of the market concentration of the importing countries and barriers to entry. In filter four, realistic export opportunities identified in the previous filters are classified. This classification is done by calculating the country's (e.g. Ghana's) relative market importance for each country-product combination and combining this with the categorisation in filter two. After the application and adaptation of the DSM for the country (e.g. Ghana), country-product combinations are then identified as realistic export opportunities. After the identification of the country-product combinations, a clustering process is undertaken to enable governments to focus on specific regions, if needed, when developing their export promotion strategies. This clustering is reported and graphically represented. The DSM results should form part of an overall strategy towards increasing exports through utilising government resources in order to contribute to the effectiveness of export promotion.

Annex 5:

Summary of Priority Product Sectors/Products Based on Alternative Analyses

Methodology	Priority Product Sector/Product List	
Economic Benefit Model	<p align="center">Products</p> <ul style="list-style-type: none"> • High value horticulture products • Shea butter and other essential oils • Medicinal Plants and Essential Oils • Garment and Textiles • Wood Products • Grains and legumes (maize, soya bean, rice) 	<p align="center">Product Clusters</p> <ul style="list-style-type: none"> • The Wood Products Industry in Ashanti Region, Greater Accra and Western Region • SME Clusters for the Shea Butter Industry around Tamale (Northern Region) • Medicinal Plants and Essential Oils in the Eastern Region and Volta Region: • Garment and Textiles in the Greater Accra Region, Upper East, Ashanti and Volta Regions
Analysis using ITC Methodology	<p><i>“Performers in Attractive Markets”</i></p>	<ul style="list-style-type: none"> • Processed cocoa • Processed wood • Cashew nuts • Shea and shea products • Horticultural products • Salt
	<p><i>Underachievers in Attractive Markets</i></p>	<ul style="list-style-type: none"> • Processed fish industry • Plastics products • Rubber and rubber products • Vegetable oils
	<p><i>Underachievers in Unattractive Markets</i></p>	<ul style="list-style-type: none"> • Fresh / frozen fish, • Furniture • Textiles and clothing • Handicrafts
Historical Analysis Of Export Performance (2005 – 2009)	<p align="center">Manufacturing Sector Performance</p>	<ul style="list-style-type: none"> • Cocoa Products-31.39% • Wood Products-15.25% • Processed Fish -9.11% • Articles of Plastics-6.94% • Aluminum Products - 2.89% • Vegetable Oils and Products-2.65% • Natural Rubber and Sheets-2.25% • Processed Fruits- 2.09% • Milk & Cream-1.230% • Tomato Paste-0.91%
	<p align="center">Agricultural Sector Performance</p>	<ul style="list-style-type: none"> • Fresh or chilled fish/tunas 5.21% • Natural rubber-2.25% • Shea Nuts (Karite Nuts)- 2.46% • Cashew Nuts-1.30% • Horticultural Products (Pineapples-1.23%, Yams-1.21%, Banana-0.85%) • Medicinal plants & parts-0.755%

Annex 6:

**Expected Impact of Manufactured Priority Products on Increased Export Earnings of
Non-traditional Exports**

Category	Product	Short Term	Medium Term	Long Term	Remarks	
1 st Tier	Cocoa Products				Potential for significant growth in medium to long term: With favourable market access in growing world markets, significant investment in the sector for increased exports from further processing in medium to long term.	
		Cocoa Paste	High	High	High	Backward linkages to benefit farmers and other upstream operatives
		Cocoa Butter	High	High	High	
		Cocoa Confectionery	Low	Moderate	Moderate	Backward linkage to domestic processing of cocoa beans
	Processed Fish					Ghana is a net importer of fish. The focus on niche markets is the key to export growth in this sector. Domestic demand is a major challenge to increased export earnings of the sector. Investment in the sector offers opportunities for export growth in the medium to long term.
		Canned Tuna	High	Moderate	High	Depends on long-term availability of stocks and investment and control of the industry.
		Prepared Fish	Mode rate	High	High	To be backed by investment in aquaculture
	Articles Of Plastics		Mode rate	Moderate	High	Potential for long term growth – downstream industry of the oil refinery industry: Currently a net importer but with significant prospects as a downstream industry of the oil industry. This will be a medium to long-term strategy for significant non-traditional export growth. Will benefit from the development of the oil and gas sector in the long term. Current factors providing advantages to the sectors should be enhanced given the potential advantages
	Wood Products	Veneers	High	High	Moderate	These are leading NTEs that will continue to make significant contributions to total value of the NTE sector in at least the next decade. Potential for significant growth in short to medium term. Even though exports are growing at less than world market growth rate, processed wood products will continue to significantly contribute to the growth of the non-traditional export sector in total value in the short to medium term. Long term prospects are limited by the rate of depletion of virgin forests and the slow rate of afforestation and the long gestation period to maturity.
		Plywood	High	High	Moderate	
Builders' Woodwork		Mode rate	Moderate	Moderate		
Fibreboard		Mode rate	Moderate	Moderate		

Annex 6 (Cont'd):

Expected Impact of Manufactured Priority Products on Increased Export

Earnings of Non-traditional Exports

Category	Product	Short Term	Medium Term	Long Term	Remarks
2nd Tier	Salt	Low	Moderate	High	Potential for significant growth in medium to long term: The market potential for salt exists so Ghana needs to build up significant supply capacity and systems to tap into this growing market especially in the emerging oil sector (including regional and continental markets). Salt can contribute significantly to non-traditional export earnings in the short to medium term.
	Vegetable Oils and Products				Potential for significant growth in medium to long term (net importer): As an underachiever in attractive markets, it should be noted that Ghana has favourable conditions for the production of the raw materials for vegetable oil production (oil palm, soya beans, groundnuts, sunflower, etc.) Ghana is a net importer of vegetable oils, a major limitation on export capacity in the short term. Significant investment in the sector should result in increased output to meet domestic demand and generate surpluses for export in the long term.
	Shea (Karite) Oil	Moderate	High	High	Potential for significant growth in medium to long term: With favourable market access in growing world markets, significant investment in and alignment of the value chain will to increase exports to niche markets in the medium to long term. Investment in further processing and modernization of upstream activities essential for growth. Backward linkage to development and efficiencies in shea butter chain for supplies/input.
	Palm Oil, Crude	Moderate	High	Moderate	Backward linkage to development of oil palm production for supplies/input. Competing with domestic demand.
	Vegetable Oil	Moderate	High	Moderate	Backward linkage to development of other oil seed production (groundnuts/peanuts, soya beans, sunflower, etc.)
	Margarine	Moderate	High	Moderate	Backward linkage to oil palm, shea, etc production
	Natural Rubber Sheets	Moderate	Moderate	High	Potential for medium to long term growth: This sector requires interventions that remove long-standing bottlenecks that have prevented the exploitation of its full potentials. Domestic market is likely to limit the realisation of significant exports volumes in the near term to medium. Increased exports may be in the medium to long term. Backward linkage to plantation development-existing and new.
	Aluminium Products (Aluminium Plates, Sheets And Coils, Aluminium Household Utensils)	Moderate	Moderate	High	The closure of VALCO was a major hindrance to this sector. Medium- to Long-term potential exists to drive the export sector with the resumption of work at Valco to supply inputs to the industry.
	Processed Fruits (Cut Pineapples, citrus, etc.)	Moderate	Moderate	High	Can make significant contribution to exports with support for farmers to ensure availability of fruit for processing - requires support at all levels of the chain, farm inputs.
	Tomato Paste	Moderate	Moderate	High	Backward linkage to key production areas/farmers. Develop efficiencies in the value chain.

Annex 7: Selected Non-Traditional Exports: Projections 2005-2016

Years	2005	2006	2007	2008	2009	2010
TOTAL NTE EXPORTS	628,600,825	782,345,667	1,003,058,762	1,151,134,272	1,062,092,047	1,412,301,257
Cocoa paste	34,403,613	95,592,050	139,751,514	198,432,396	285,725,061	539,099,694
Cocoa butter	33,468,122	53,058,590	86,755,662	93,258,053	90,297,425	127,140,067
cocoa confectionery	1,275,732	1,311,646	10,028,187	13,758,006	10,592,945	9,272,742
Sub-Total	69,147,467	149,962,286	236,535,363	305,448,455	386,615,431	675,512,503
canned tuna	54,849,916	55,519,913	99,149,233	120,104,383	110,456,915	116,418,648
Fresh or chilled tunas	15,023,075	22,839,338	52,753,454	40,666,027	27,667,412	37,421,012
Fresh or chilled fish, NES	27,272,090	39,433,575	27,965,401	17,349,661	19,933,918	9,061,822
Fish prepared NES	22,904,775	24,745,116	56,852	1,891,546		4,540
Sub-Total	120,049,856	142,537,942	179,924,940	180,011,617	158,058,245	162,906,022
Articles of plastics NES	69,584,733	52,133,275	72,513,029	82,473,683	93,821,523	86,421,187
Sub-Total	69,584,733	52,133,275	72,513,029	82,473,683	93,821,523	86,421,187
Veneers	54,714,572	77,233,947	87,294,164	65,847,954	39,006,475	46,001,268
Plywood	22,520,991	40,235,854	53,358,888	61,444,267	31,505,307	32,618,272
Builders' woodwork	18,706,972	14,714,121	22,898,270	18,418,307	9,843,930	18,341,033
Articles of wood NES	6,250,974	6,440,617	6,382,086	4,875,862	2,201,668	3,532,845
Fibreboard	13,846,752	12,881,895	7,033,913	4,366,628	526,329	0
Wood charcoal/ waste	849,938	2,835,445	5,249,889	5,893,907	5,499,163	85,984
Sub-Total	116,890,199	154,341,879	182,217,210	160,846,925	88,582,872	100,579,402
Shea nuts (karite nuts)	28,968,495	27,248,779	27,008,556	24,939,825	26,853,367	13,791,267
Shea (karite) oil	940,514	894,317	7,659,888	6,487,683	19,010,304	24,764,995

Palm oil, crude	4,974,108	2,655,050	6,408,335	9,371,809	9,206,687	9,809,419
Vegetable oil NES	451,380	754,562	196,412	5,764,203	12,644,422	16,116,829
Sub-Total	35,334,497	31,552,708	41,273,191	46,563,520	67,714,780	64,482,510
Cashew nuts	5,497,632	11,975,289	10,779,329	20,423,939	20,154,095	24,435,354
Sub-Total	5,497,632	11,975,289	10,779,329	20,423,939	20,154,095	24,435,354
Natural rubber sheets	11,668,801	27,238,517	27,243,389	30,915,982	24,834,381	42,182,655
Rubber tyres/tubes	5,460,313	2,164,274	3,311,019	6,483,367	3,272,871	1,760,234
Sub-Total	17,129,114	29,402,791	30,554,408	37,399,349	28,107,252	43,942,889
Pineapples	12,784,322	19,086,134	13,474,551	11,842,250	10,628,229	13,554,621
Yams	10,951,355	14,156,905	14,551,433	14,888,801	12,032,058	12,688,201
Banana	489,358	10,330,404	9,965,075	12,717,079	11,589,533	15,532,998
Medicinal plants & parts	2,461,985	2,080,704	4,066,879	2,408,905	8,147,137	21,126,397
Sub-Total	26,687,020	45,654,147	42,057,938	41,857,035	42,396,957	62,902,217
Cut pineapples	13,429,736	25,869,191	25,285,079	169,595	2,716	83,726
Tomato paste	20,677,407	16,178,460	15,950,522	1,118,590	421,116	1,093,214
Fruit, preserved NES	1,033,474	1,400,143	1,502,174	30,508,617	17,150,430	24,410,404
Margarine	2,037,571	7,196	16,065,750	17,285,161	10,382,082	12,170,222
Baby food	1,096,137	9,493,351	7,908,576	13,084,056	9,701,728	13,056,392
Milk&Cream	4,823,667	4,995,446	8,074,712	11,694,190	13,427,408	14,715,585
Sub-Total	43,097,992	57,943,787	74,786,813	73,860,209	51,085,480	65,529,543
Soap	7,182,133	2,162,181	6,542,952	11,811,862	12,489,785	13,762,450
Hair products	3,934,190	4,204,110	2,516,713	7,807,539	6,982,377	4,253,296
Cotton fabrics (grey baft)	5,860,912	13,265,513	11,607,491	13,026,567	12,547,493	7,539,547

Garments/clothing	1,035,832	7,753,403	6,393,875	1,413,866	10,002,199	8,888,604
Textile products NES	1,816,570	3,190,882	2,830,448	3,893,825	6,763,857	4,794,459
Aluminium plates,sheets and coils	17,148,079	21,726,387	23,541,541	24,647,043	6,557,320	3,306,257
Aluminium waste and scrap	2,220,756	7,109,699	12,903,080	20,212,721	1,963,669	1,391,379
Aluminium household utensils	3,002,722	2,897,184	6,777,202	7,263,573	7,172,766	7,166,710
Lubricating oil	10,383,617	5,730,378	2,418,518	2,825,260	2,514,362	5,357,424
Paints and varnishes	11,466,046	2,632,872	5,880,166	7,937,748	6,454,919	8,054,693
Light oils	13,510,646	5,857,035	117,415	26,157,635	6,078,863	3,831,067
Fertilizers	7,575,696	7,889,003	6,194,132	15,653,592	9,943,299	13,220,145
Iron/Steel circles,rods,sheets,billets	3,009,132	480,709	8,294,066	31,389,519	5,386,245	7,877,035
Machinery and parts NES	8,525,558	6,688,786	12,045,921	5,208,368	9,506,069	17,737,959
Vehicle parts	2,840,916	1,177,376	3,999,985	4,057,285	9,192,439	3,955,076
Copper waste and scrap	4,330,395	9,242,507	10,138,577	11,803,219	1,338,964	
Articles for printing/printed matter NES	2,241,790	1,696,739	8,909,476	6,521,586	9,749,461	13,353,831
Sub-Total	106,084,990	103,704,764	131,111,558	201,631,208	124,644,087	124,489,932
Statuettes	19,097,325	3,136,799	1,304,983	618,332	911,325	1,099,698

Annex 7: Selected Non-Traditional Exports: Projections 2005-2016 – Contd.

Years	2011	2012	2013	2014	2015	2016
TOTAL NTE EXPORTS	1,660,884,997	1,992,072,469	2,436,432,786	3,036,116,687	3,849,270,368	5,055,598,193
Cocoa paste	744,859,566	1,029,152,454	1,421,952,300	1,964,673,297	2,714,536,319	3,750,601,914
Cocoa butter	140,623,930	155,537,827	172,033,419	190,278,455	210,458,471	232,778,683
cocoa confectionery	9,437,384	9,604,949	9,775,489	9,949,057	10,125,707	10,305,493
Sub-Total	894,920,880	1,194,295,229	1,603,761,208	2,164,900,808	2,935,120,497	3,993,686,090
canned tuna	129,150,213	143,274,104	158,942,587	176,324,578	195,607,467	216,999,136
Fresh or chilled tunas	39,022,142	40,691,779	42,432,855	44,248,427	46,141,681	48,115,941
Fresh or chilled fish, NES	9,245,619	9,433,143	9,624,472	9,819,680	10,018,849	10,222,056
Fish prepared nes	4,577	4,614	4,652	4,690	4,728	4,766
Sub-Total	177,422,551	193,403,642	211,004,566	230,397,375	251,772,724	275,341,900
Articles of plastics NES	93,342,546	100,818,228	108,892,627	117,613,695	127,033,221	137,207,145
Sub-Total	86,421,187	86,421,187	86,421,187	86,421,187	86,421,187	86,421,187
Veneers	48,835,163	51,843,638	55,037,451	58,428,017	62,027,457	65,848,641
Plywood	34,123,257	35,697,681	37,344,749	39,067,810	40,870,373	42,756,105
Builders' woodwork	18,684,821	19,035,053	19,391,850	19,755,335	20,125,633	20,502,872
Articles of wood NES	3,549,521	3,566,276	3,583,110	3,600,023	3,617,016	3,634,089
Fibreboard	0	0	0	0	0	0
Wood charcoal/ waste	86,403	86,823	87,246	87,670	88,097	88,526
Sub-Total	105,279,164	110,229,472	115,444,404	120,938,855	126,728,576	132,830,232

Shea nuts (karite nuts)	14,090,930	14,397,104	14,709,931	15,029,555	15,356,124	15,689,789
Shea (karite) oil	25,474,465	26,204,260	26,954,963	27,727,171	28,521,502	29,338,589
Palm oil, crude	9,897,690	9,986,756	10,076,623	10,167,299	10,258,791	10,351,106
Vegetable oil NES	16,116,829	16,116,829	16,116,829	16,116,829	16,116,829	16,116,829
Sub-Total	65,579,914	66,704,949	67,858,346	69,040,854	70,253,246	71,496,313
Cashew nuts	24,972,230	25,520,901	26,081,628	26,654,675	27,240,312	127,302,837
Sub-Total	24,972,230	25,520,901	26,081,628	26,654,675	27,240,312	127,302,837
Natural rubber sheets	43,767,459	45,411,803	47,117,926	48,888,148	50,724,877	52,630,612
Rubber tyres/tubes	1,766,630	1,773,048	1,779,491	1,785,956	1,792,445	1,798,958
Sub-Total	45,534,088	47,184,852	48,897,417	50,674,104	52,517,322	54,429,570
Pineapples	13,744,831	13,937,711	14,133,297	14,331,628	14,532,742	14,736,678
Yams	12,860,195	13,034,521	13,211,210	13,390,294	13,571,805	13,755,777
Banana	16,324,876	17,157,124	18,031,801	18,951,069	19,917,201	20,932,588
Medicinal plants & parts	21,388,292	21,653,434	21,921,863	22,193,620	22,468,745	22,747,281
Sub-Total	64,318,195	65,782,791	67,298,171	68,866,610	70,490,494	72,172,324
Cut pineapples	89,745	96,196	103,111	110,523	118,468	126,984
Tomato paste	1,102,791	1,112,452	1,122,197	1,132,028	1,141,945	1,151,949
Fruit, preserved nes	25,916,970	27,516,519	29,214,789	31,017,874	32,932,241	34,964,760
Margarine	12,280,202	12,391,177	12,503,154	12,616,143	12,730,153	12,845,194
Baby food	13,364,822	13,680,539	14,003,714	14,334,522	14,673,146	15,019,769
Milk & Cream	14,892,617	15,071,778	15,253,095	15,436,594	15,622,299	15,810,239

Sub-Total	67,647,148	69,868,661	72,200,060	74,647,684	77,218,252	79,918,894
Soap	13,940,278	14,120,404	14,302,857	14,487,668	14,674,866	14,864,484
Hair products	4,279,322	4,305,507	4,331,852	4,358,358	4,385,027	4,411,859
Cotton fabrics (grey baft)	7,631,643	7,724,864	7,819,223	7,914,735	8,011,414	8,109,274
Garments/clothing	9,059,492	9,233,665	9,411,187	9,592,121	9,776,535	9,964,493
Textile products nes	4,818,171	4,842,000	4,865,947	4,890,012	4,914,196	4,938,500
Aluminium plates,sheets and coils	3,350,126	3,394,576	3,439,617	3,485,255	3,531,498	3,578,356
Aluminium waste and scrap	1,406,844	1,422,481	1,438,292	1,454,279	1,470,443	1,486,787
Aluminium household utensils	7,218,051	7,269,760	7,321,839	7,374,291	7,427,119	7,480,326
Lubricating oil	5,383,978	5,410,664	5,437,482	5,464,434	5,491,518	5,518,737
Paints and varnishes	8,120,624	8,187,094	8,254,109	8,321,672	8,389,788	8,458,461
Light oils	5,397,567	7,604,599	10,714,074	15,094,993	21,267,244	29,963,291
Fertilizers	13,386,066	13,554,069	13,724,181	13,896,428	14,070,837	14,247,434
Iron/Steel circles,rods,sheets,billets	8,210,419	8,557,912	8,920,113	9,297,643	9,691,152	10,101,316
Machinery and parts nes	17,971,357	18,207,827	18,447,408	18,690,141	18,936,069	19,185,232
Vehicle parts	3,979,723	4,004,523	4,029,478	4,054,589	4,079,856	4,105,280
Copper waste and scrap	0	0	0	0	0	0
Articles for printing/printed matter nes	13,532,752	13,714,071	13,897,819	14,084,029	14,272,735	14,463,968
Sub-Total	127,686,412	131,554,017	136,355,477	142,460,648	150,390,297	160,877,797
Statuettes	1,103,228	1,106,769	1,110,322	1,113,886	1,117,462	1,121,049

Annex 8:
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