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DAC WORKSHOP: TOWARDS GOOD PRACTICES FOR DONORS ON CAPACITY DEVELOPMENT FOR TRADE

GHANA CASE STUDY

This document is submitted as background material for discussion at the Workshop, to be held in Paris on 29-30 May 2000 and should be considered together with the background paper [DCD(2000)10].

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Acronyms

ACP	African Caribbean Pacific
ACBF	African Capacity Building Foundation
AERC	African Economic Research Consortium
CEPS	Customs and Excise Prevention Service
CET	Common External Tariff
CSP	Country Strategy Paper
DFID	Department for International Development
EC	European Commission
ECOWAS	Economic Community of West African States
EPZ	Export Processing Zones
ESAF	Enhanced Structural Adjustment Facility
ETLS	ECOWAS Trade Liberalisation Scheme
EU	European Union
FDI	Foreign Direct Investment
GATT	General Agreement on Tariffs and Trade
GoG	Government of Ghana
GEPC	Ghana Export Promotion Council
GSB	Ghana Standards Board
GTPP	Ghana Trade Policy Project (DFID)
IEPD	International Economic Policy Department (DFID)
IMF	International Monetary Fund
IMCC	Inter-Ministerial Committee on Competitiveness
IT	Information Technology
ITC	International Trade Centre
JITAP	Joint Integrated Technical Assistance Programme
MoF	Ministry of Finance
MoFA	Ministry of Foreign Affairs
MoTI	Ministry of Trade & Industry
NGOs	Non-Governmental Organisations
REPA	Regional Economic Partnership Agreement
TA	Technical Assistance
TC	Technical Co-operation
TBT	Technical Barriers to Trade

TRIPS	Trade Related aspects of Intellectual Property rights
UEMOA	Union Economique et Monétaire Ouest Africaine (West African Economic and Monetary Union)
UNCTAD	United Nations Conference on Trade and Development
URAs	Uruguay Round Agreements
USAID	United States Agency for International Development
WTO	World Trade Organisation

I. Review of Economic Performance and Policy

Macroeconomic Environment

1. The Ghanaian economy has grown at a steady rate of around 4% since the early 1990s (see Statistical Profile, Annex 1). Real GDP growth increased from 4.2% in 1997 to 4.6% in 1998, due in large part to increased production in the cocoa and mining sectors. Late in 1999, the government revised its forecast for GDP growth for that year from 5.5% to 4.4%, following declines in gold and cocoa prices and a doubling of oil prices (Economist, 1999). Since 1997, budgetary discipline has improved and current account deficits have been contained. The inflation rate, which reached 21% in 1997, declined to less than 16% by the end of 1998 (IMF, Letter of Intent, Nov. 3, 1999).

Structural Adjustment

2. The 1970s were disastrous years for the Ghanaian economy, prompting an aggressive program of stabilisation and liberalisation that started with the adoption of the Economic Recovery Program (ERP) in 1983 and continued with successive programs. The government's objectives during the 1980s were to control inflation (which had surged to over 100%) and to strengthen market incentives in the economy. Between 1987 and 1992, Ghana successfully reduced poverty and the economy grew at just under 5%. However, about one-third of the population still lives below the poverty line. The main incidence of poverty is in the north of Ghana, where access to employment is low and the climate is fragile. In recent years, poverty has increased in urban areas due to inflation and other factors. Government wages are very low, and many civil servants are paid less than what is required to meet basic living standards. Economic growth is the key to reducing poverty in Ghana.

3. After a period of fiscal instability, renewed efforts to restore macroeconomic balance were undertaken in 1997. The main objective of the current 1999-2001 ESAF is to create an environment that will encourage investment and productivity in the cocoa industries, primarily by promoting private-sector marketing and exporting, increasing the efficiency of financial services, and addressing social issues and infrastructural weaknesses. The plan's growth target is 4-5% per year during 2000-2001.

4. In broad terms, the macroeconomic performance of Ghana in 1999 was in line with the ESAF program targets. Some of the performance criteria for 1999 were missed, however, because of the economic shocks of declining export prices and increasing oil prices, as well as policy slippages (IMF Article IV Consultation with Ghana, 1999). During the Consultative Group meeting for Ghana in November 1999, the government announced plans to compensate for terms of trade deterioration with an increase in the VAT and expenditure cuts.

5. Ghana is now one of the pilot countries for the World Bank's Comprehensive Development Framework (CDF). The government has drawn up a comprehensive long-term development strategy paper, "Vision 2020," which was the basis of the CDF draft presented at the last Consultative Group meeting in November 1999. The strategy focuses on poverty reduction, sustainability, and the role of the private sector as the engine of growth.

Sectoral Reforms

6. Ghana has increased government expenditures on improvements in infrastructure for storage, transportation, and communications. The World Bank has recently approved three "adaptable program

loans" in the areas of water, public sector management, and natural resources management. The commission that regulates the energy sector has begun raising prices to international levels. A new civil service wage schedule, with a 22-level grade structure, was implemented in July 1999. Key privatisations are moving ahead and the cocoa sector has seen some incremental success. The IMF has expressed some concern, however, over the government's decision to hold the line on cocoa prices, despite the decline in world prices.

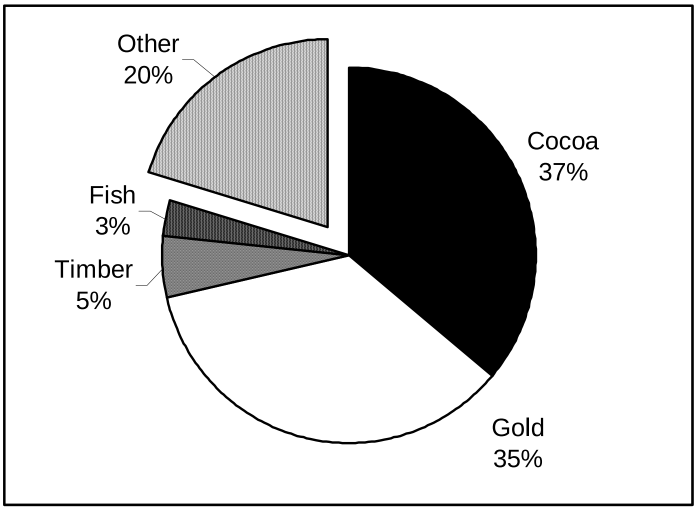
Private Sector

7. Privatisation has been particularly successful over the past decade. By 1997, Ghana had sold more than 180 of its state-owned enterprises. Since the adoption of the Investment Act in 1994, Ghana has recorded 250 new direct foreign investments. Joint ventures, in particular, have increased. From 1992 to 1997, foreign direct investment averaged $133 million per year. Foreign investment has decreased since 1998, however.

Foreign Trade

8. Ghana's competitiveness has increased with currency devaluations and the elimination of a non-market-based foreign exchange system. Exports of goods increased substantially from 1987 to 1997. This increase was to a large extent due to increased sales of traditional commodities (gold and cocoa), as well trade and exchange liberalisation. There was a sharp decline in exports of gold and cocoa in 1999, however, underscoring the country's great need to diversify its export sector. Cocoa accounts for about 40% of Ghana's exports in most years. Official figures for the first half of 1999 show that traditional exports still make up about 80 % of total exports (Figure 1). The direction of Ghana's exports has also been heavily influenced by the preferential access granted under the ACP-EU Lomé Convention. Ghana's most important markets are the EU and the United States, followed by Ivory Coast and Togo.

Figure 1 - Ghana Exports, 1999 (Jan-June)



Source: EIU, 1999.

The government of Ghana is concentrating development efforts on processing industries and non-traditional agricultural and horticultural exports, for which important markets exist in Europe (Project Document for the Follow-up and Implementation of the WTO Agreements, 1998). The government's "Gateway" program supports the promotion of exports and investment and the continued strengthening of policy reforms.

Trade Institutions

9. *Government.* The Ministry of Trade and Industry (MoTI) is the principal Government agency with overall responsibility for trade policy formulation, including for multilateral and bilateral agreements (e.g. ACP-EU). The Ministry's major objective is to "increase exports generally so that the country can finance its economic development effort without undue reliance on external sources of finance [through] the development and diversification of the export base, with particular reference to the development of the non-traditional export sub-sector in support of the private sector export-led growth strategy of the Government." The industrial policy of MoTI stresses export competitiveness and efficient import-substitution (by contrast with "the past import substitution strategy") (MoTI, 94). So far, by contrast with the Ministry of Finance (MoF), the MoTI has not received major support from donors. It suffers from inadequate resources, low wages, and poor equipment.

10. Other ministries play major roles in shaping Ghana's trade policies. The MoF, for example, is in charge of the country's dealings with the Economic Community of West African States (ECOWAS), which has an important trade component. The MoF sets budgetary policy and determines the levels of tariffs. The MoF is also the key player in the implementation of Ghana's Gateway strategy, and thus the Ministry receiving the bulk of donor support for the Gateway project (World Bank, USAID). The Ministry of Foreign Affairs (MoFA) takes the lead in actual trade negotiations, guided by positions prepared by MoTI and MoF.

11. The Ghana Export Promotion Council (GEPC) is the national focal point for export development and promotion. Under the supervision of MoTI, GEPC provides assistance and information to exporters, provides training in marketing, and is authorised to "recommend to government the necessary assistance and incentives needed by the Ghanaian exporter" (MoTI, *not dated*).

12. *Private sector institutions.* Major private sector institutions include the Ghana National Chamber of Commerce (GNCC), the Association of Ghana Industries (AGI, with more than 1,500 members from both the public and private sectors), and the Federation of Associations of Ghanaian Exporters (FAGE). The latter is an umbrella organisation of exporter and product associations (food crops, fisheries, agriculture, forest products, handicrafts and metals).

13. The Private Enterprise Foundation (PEF) was founded on the initiative of AGI, GNCC, the Ghana Employers Association and the FAGE (later joined by the Federation of Ghanaian Bankers) -- with support from USAID, DANIDA, and the government of Ghana. It aims to be the private sector's umbrella organisation, "primarily responsible for the development of the private sector as a whole and of the export sector in particular." It represents the interests of the private sector vis-à-vis the Government and provides services to firms (e.g., analysis and technical assistance).

14. The West African Enterprise Network (WAEN), a grouping of some 350 businesses across the whole region -- of which some 50 are in Ghana -- has its headquarters in Accra. It aims to improve business contacts among its members, and also plays an interface role with governments and donors.

Trade Policy and Strategy

15. *Vision 2020 and the "Gateway" strategy.* In the mid-1990s (in contrast with Senegal, the subject of the other African case study in this project), Ghana adopted a clear, export-led growth strategy, in order to achieve the goals set out in the Vision 2020 plan: a middle-income country with a thriving market-based economy attracting inward investment that supports economic expansion and diversification. Ghana's strategy seeks to make it a "gateway" location for inward investment, expanding access to the regional market. It aims to develop an internationally competitive agricultural processing and industrial base.

16. A vast Ghana Trade and Investment Gateway Project was launched to "attract a critical mass of export-oriented firms [...] to kick start export-led growth as well as facilitate trade" by removing the constraints to the development of exports and investment.[1] More specifically, the project -- whose secretariat is based in MoTI -- aims to modernise "frontline" institutions and agencies that deal with investors by "re-engineering them into trade facilitators." This includes the development of the Tema EPZ site infrastructures. It also includes an ambitious programme of capacity-building in trade facilitation, providing for:

- A profound overhaul of customs (CEPS), with training, equipment, etc.;
- The improvement of the Ghana Ports and Harbour Authority, involving the private sector in port operations;
- The institutional reform of the Ghana Civil Aviation Authority, in the framework of the government's "liberalised skies policy;"
- Limited support to Ghana Immigration Services;
- The strengthening of the Ghana Free Zones Board (which establishes EPZs).

17. By the end of the project, Ghana should "emerge as the key and preferred investment destination into West Africa, with cost of doing business brought to internationally best case levels."

18. *Trade agreements.* Ghana has been a GATT member since independence in 1957, and a member of the *WTO* since its inception in 1995. Ghana's trade policies were reviewed by the GATT Council in 1992. Ghana's Uruguay Round schedules of concessions on goods have bound tariffs between 30% and 99% for agriculture, and between 15% and 40% for industrial products. Ghana has notified the WTO about the implementation of Uruguay Round agreements on anti-dumping, pre-shipment inspection, subsidies and countervailing measures, safeguards, customs valuation, sanitary and phytosanitary measures, and technical barriers to trade.

19. Ghana is a member of ECOWAS, which it co-founded in 1975. ECOWAS foresees the establishment of a free-trade area and, ultimately, a Customs Union, but it has made little progress to date.[2] In 1990, in an attempt to revitalise the agreement, the ECOWAS Trade Liberalisation Scheme was established, with the goal of phasing out tariffs on specified goods within 5 years. Pursuant to this agreement, Ghana has provided tariff reductions of 20% on a few goods imported from countries granted Community Status. To help maintain competitiveness with neighbouring countries, the 2000 government budget provides for a reduction in the maximum tariff rate from 25% to 20%.

20. With regard to trade relations with the EU, Ghana finds itself confronted with issues similar to those which Senegal faces: Because it is not an LDC, Ghana will not be entitled to retain its current non-

[1] Government of Ghana, Brief on Ghana Trade and Investment Gateway Project, mimeo.

[2] See Jebuni, 1997.

reciprocal EU trade preferences beyond 2008 (See Annex 2 on the Post-Lomé IV trade agreement). Beyond that date, it may thus face a choice between granting reciprocal preferential access to EU products in exchange for keeping its own, or graduating to the EU's Generalised System of Preferences. In the latter case, of all non-LDCs in the ACP group, Ghana would be one of the biggest losers in terms of loss of access to EU markets.[3] Alternative WTO-compatible options have been explored by the EU and the ACP group (e.g. in the form of an "improved GSP"), but none of the parties has considered them thoroughly yet.[4]

II. Trade Development Needs

Trade Policy Challenges

21. Ghana's trade policy must address the issue of the country's excessive reliance on a few exports, which makes it highly vulnerable to external shocks, as demonstrated during 1999 by the impact of the collapse in world prices for cocoa and gold on the economy and government revenues. Increasing and diversifying the production and export of non-traditional goods, of processed cocoa products, and of pineapples and bananas are therefore priority goals for Ghana if it is to maximise the potential benefits from deeper integration into the world economy. Two main policy obstacles may prevent Ghana from achieving these goals: the lack of coherence between the trade policy agenda and the overall macro-economic strategy of the government; and difficulties adopting a coherent and efficient trade negotiating agenda in various fora.

Policy Coherence

22. Ghana may have a clear *overall*, outward-oriented trade and investment strategy -- by contrast, for example, with Senegal -- but macro-economic policies, especially exchange rate policies, are not fully conducive to the implementation of that strategy. Macro-economic instability, partly fuelled by the government's monetary and budgetary policies, is arguably "the fundamental problem hampering competitiveness."[5] By reducing real returns to exports, inflation has discouraged investment in outward-oriented activities. High interest rates have also penalised exporters. Achieving the trade objectives of the Vision 2020 plan will require sustained trade liberalisation, but that alone will not be sufficient, and could even be detrimental without continued regulatory liberalisation, privatisation, active inward investment promotion, and fiscal reform.

23. The gap between declared objectives and actual priorities is further evidenced in donors' current experience working with the government on trade issues. For instance, USAID proposals for a pre-Seattle training session did not meet significant interest among officials. The UK High Commission's proposed assistance on Lomé received a minimal response. Sigma One developed an index of competitiveness, but it received very little feedback from policy makers. The World Bank's proposal to revive the trade agenda-setting process initiated during a USAID-sponsored conference in North Carolina in 1997 was apparently resisted by MoF, allegedly out of concern that it would be required to disclose policies to non-governmental actors and to meet economic performance targets.

[3] See Stevens, McQueen and Kennan, 1998.

[4] *Ibidem.*

[5] Sigma One Corp., 1997.

Adopting a Coherent Trade Negotiation Agenda

24. Integration into the world economy through a variety of trade arrangements is an essential element of the Gateway strategy. The government is keen to play an active role in the WTO, by implementing its commitments and through participation in the next multilateral round. The government also seeks to promote progress towards regional trade liberalisation (ECOWAS) and to participate in the negotiation of future ACP-EU trade arrangements. At each of these three levels, however, Ghana faces pressing short-run challenges.

25. *At the multilateral level*, Ghana has largely failed to meet its obligations, and it has not made use of the opportunity to exercise its rights (either defensively or offensively) in the multilateral system. Ghana has failed to meet several notification obligations contained in the WTO Agreements it has signed (see above). Along with other developing countries, it has complained about the complexity of these agreements and suggested that implementing them exceeds the capacity of governing institutions.

26. Ghana does not have an anti-dumping law and has never taken any anti-dumping measures, although the business sector claims there could be cases of dumping in the textile and garment sector.

27. Ghana has not taken part in any dispute-settlement proceedings in the WTO, nor participated actively in the setting of multilateral standards in its strategic export sectors, nor challenged notifications by other WTO members. This inactivity may have extremely serious adverse consequences for the business sector: at the time of this study, for instance, standards for pesticide levels that could negatively impact on Ghanaian cocoa exporters were due to be notified to the WTO, but Ghana had not participated in the standard-setting process, and had taken no action to protect its interests.

28. A sudden surge in interest in *regional integration* issues occurred in 1999. At the time the field work for this study was completed, Ghana trade officials and businessmen expressed great concern about the potential “break away” of UEMOA from ECOWAS. Beginning in January 2000, UEMOA members adopted a common external tariff (CET) for non-UEMOA members, including their ECOWAS neighbours. The potential threat to Ghana is obvious, as its Gateway strategy would make little sense if it were to appear enclaved in a free-trade zone to which it did not belong. This development has triggered a strong reaction from Nigeria and Ghana, which announced that they would jointly use their economic weight in the region to reinvigorate the ECOWAS trade protocol.

29. At the time of this study, there was some confusion concerning what might happen next. There are plans to establish a Nigeria-Ghana free trade area before mid-2000; others threaten trade retaliation against UEMOA members if they continue to use a CET. It is in this context that Ghana created a Ministry of Integration. Businesspeople seem to take a more pragmatic view on these developments, which they see as having been rapidly politicised,[6] and are keen to see Ghana opt for a collaborative, rather than confrontational, attitude towards its neighbours.

30. *At the post-Lomé level*, it can be argued that the preparations and negotiations for a new ACP-EU trade regime will be even more complex for Ghana than for Senegal. For Ghana, indeed, the free-trade agreement scenario remains very unclear: unlike Senegal, Ghana does not belong to UEMOA, the regional group with which the EU may sign a free-trade agreement in 2008;[7] and unlike Nigeria, Ghana has thus far

[6] Political aspects rather than trade policy considerations are obviously a key dimension of this debate, including the issues of leadership in the West African region after the return of Nigeria to civilian rule, and the dividing line between francophone and anglophone members of ECOWAS.

[7] The EC has stressed it was the ACP countries’ responsibility to eventually choose which region should proceed towards an agreement with the EU; nevertheless, UEMOA was the only West African regional group for which it commissioned a Regional Economic Partnership Agreement (REPA) feasibility study in 1998: see CERDI, 1998.

never been mentioned as a potential stand-alone signatory of a free-trade agreement with the EU.[8] Early in the ACP-EU negotiations, the European Commission (EC) seemed to consider the possibility of a free-trade agreement with UEMOA countries *together with* Ghana (implicitly suggesting that it did not believe the larger ECOWAS -- which includes UEMOA, Ghana, Nigeria and a few other countries -- could be a signatory to such an agreement with the EU). In the context of the tense relations between UEMOA and ECOWAS mentioned above, it is easy to understand how this would raise a number of economic, technical, and political problems. It is worth noting that Ghana's concerns over the problematic relationship between the UEMOA and ECOWAS were partly triggered by a report by Ghanaian consultants commissioned by the EC.

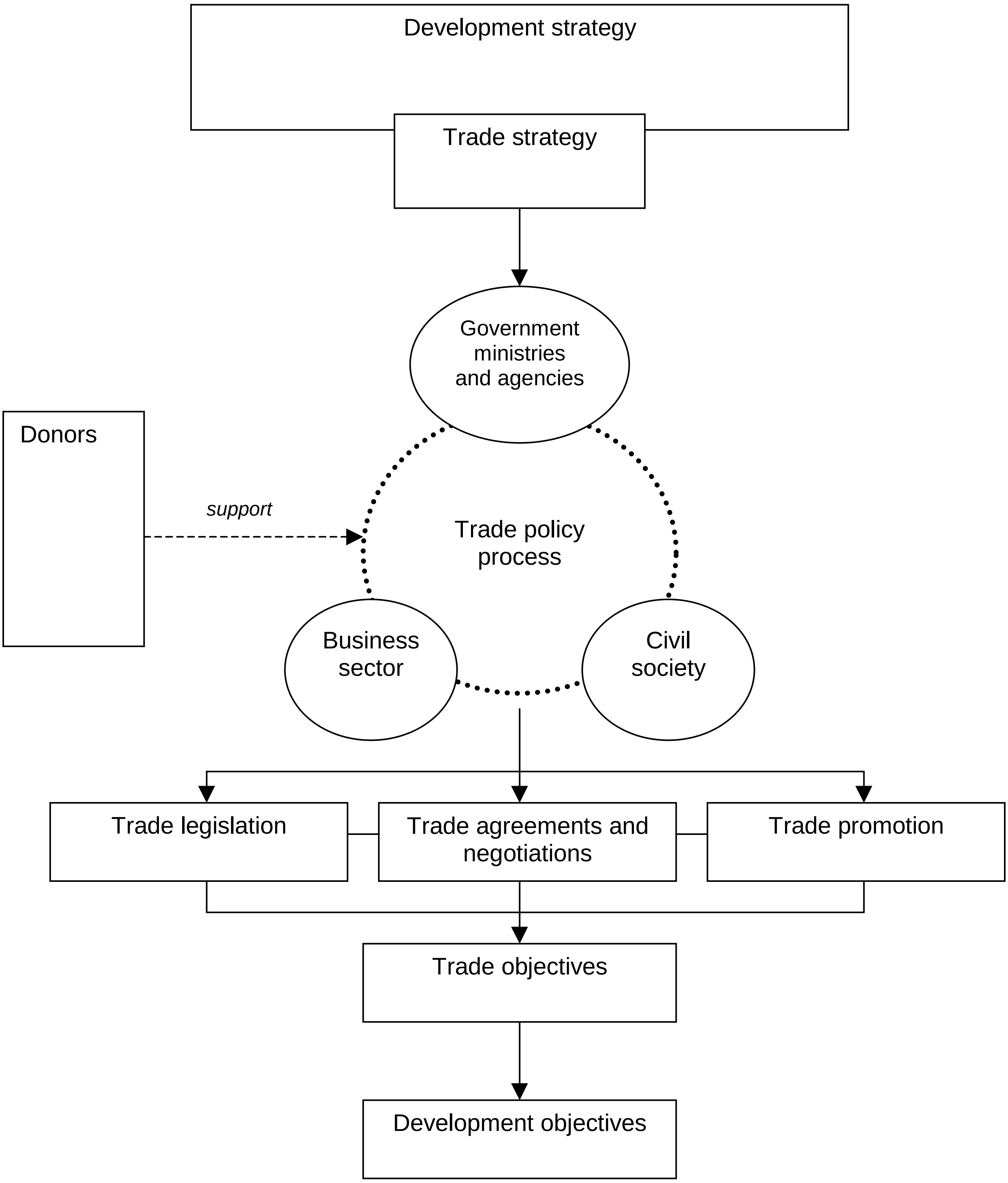
31. The challenge for Ghana is not only to tackle each of the three agendas above, but also to ensure it does so in a coherent and efficient manner. Obviously all negotiating fora are intertwined: the WTO has rules on regional agreements; the relationship between UEMOA and ECOWAS remains to be clarified; and future EU-ACP agreements may be signed with regional groups (e.g. UEMOA or ECOWAS) or with individual countries. Developing positions, forging alliances, and actively participating in the various negotiating fora will therefore be a complex exercise. Technical and political matters will need to be carefully assessed and weighed, through a decision-making process involving a wide range of players (including various ministries and private sector and civil society representatives). As we note below, however, Ghana is still largely ill-equipped to address these complex, interlocking negotiating agendas.

Capacity Gaps

32. Ghana has made the clear choice of an outward-oriented economic development strategy, of which a liberalised trade environment, active export promotion, and the integration into the world economy under multilateral, bilateral, and regional agreements constitute important elements. In implementing this strategy, Ghana faces important challenges over the coming years, as we have seen above. Ghana's weak point is arguably to be found in the insufficiently structured trade policy process by which this strategy is to be implemented -- i.e. trade interests identified and translated into positions and negotiating goals, resources allocated, etc. (see the simplified Figure 2 below). Below are some of the main capacity gaps that must be filled if Ghana is to successfully implement its strategy.

[8] The possibility of a separate EU-Nigeria FTA was mentioned in the EC's Green Paper on future ACP-EU relations (1996).

Figure 2 - From Trade Strategy to Trade Policy



Lack of Resources: Human,Institutional and Material

33. At the trade policy level, a key constraint is the general lack of resources of MoTI, readily observable from the limited access of officials to telephones, computers, e-mail, and other communication equipment. Access to information on trade issues relevant to Ghana is also extremely limited, in part due to the country's poor access to the internet. As a result, information tends to be disseminated in hard copy form. But paper-based material is often distributed to the wrong persons or in inadequate quantity, and photocopying can be a problem.

34. Moreover, there are insufficient resources to communicate and co-ordinate work across ministries (MoTI, MoF, MoFA) on multilateral and other trade issues; to raise stakeholder awareness of, and invite stakeholder participation in, the formulation and implementation of trade policy; or to commission research (e.g. on the impact of current or future commitments under WTO, Lomé, and regional trade agreements). For example, both the ambitious Ghana-Nigeria FTA, which is supposed to be established in several months, and the proposal for the adoption of a common currency by the two countries in 2003, were identified as high priorities by the government before any solid studies of their feasibility and impact were conducted. Lack of resources is also one of the major obstacles that prevent Ghana from exercising its rights in the multilateral system – for example, by making it impossible for officials to investigate eventual dumping cases.

35. As for external representation, Ghana has only one trade attaché in Geneva for WTO negotiations. With no trade specialist in Brussels to follow up on relations with the EU, Ghana has been described as a "silent partner" in the Lomé renegotiation, in spite of the potentially very important implications of the latter for the country. In addition, Ghanaian officials have very limited resources to travel to Europe or within West Africa, and thus little capacity to promote Ghana's interests by participating in discussions or building alliances in various negotiating fora. Similarly, inadequate resources and communications also cause great difficulty in developing negotiating positions and tactics.

36. Closely related to these resource deficiencies is the general problem of limited capacity among trade officials. First, few of the people working in the area of trade development -- in the administration or actually in firms -- have had basic training in trade economics or the management of international trade. Second, scarce resources leave officials dependent on information supplied by international organisations and/or donors, and most officials are not aware of many technical and economic aspects of the various agreements Ghana has contracted.

37. A case in point is the number of notification obligations under WTO Agreements. Trade officials are not familiar with them, and sometimes not even aware of them and their implications for Ghana. They lack the professional skills needed to interpret notification obligations and then respond by gathering the relevant information. There is no WTO reporting system, nor any formal co-ordination mechanisms among ministries for notifications. More generally, the trade policy priorities of sustained trade liberalisation (including reducing tariff escalation and tariff peaks) and export growth and diversification need to be better understood by officials responsible for trade negotiations if they are to secure better market access, improved differential and special treatment, or trade facilitation at the regional level.

Inefficient Co-ordination within the Administration

38. As explained above, the current architecture of trade policy-making in Ghana requires intense consultation among several ministries (MoTI, MoF and MoFA) if coherent positions are to be developed. But linkages among these ministries are actually quite poor, no formal mechanisms exists for co-ordination among officials, and the division of tasks among the ministries remains the subject of conflict.

39. Trade officials in the MoTI believe that, since they are in charge of trade policy, they should be more involved in meetings and negotiations in the region or overseas, which very often are attended by officials from MoFA and/or MoF. The delegation in Seattle included the Minister of Trade and delegates from Ghana's embassies in the United States and Switzerland, but officials of the MoTI were not present. At the Santo Domingo summit of ACP heads of state, ahead of the final ACP-EU negotiating session on Lomé, Ghana's delegation comprised officials only from the Ministries of Foreign Affairs, and Finance. This means that Ghana does not make the best use of its (limited) capacity in the area of trade, and occasionally relies on poorly-equipped officials to deal with technical aspects of trade negotiations.

40. The establishment of a new Ministry of Integration does not seem likely to be a step toward improved efficiency and co-ordination. Although its functions were still unclear at the time of this study, it seemed likely to take the place of the existing ECOWAS Unit in the Ministry of Finance. This would require MoTI to establish links with a third ministry in the effort to adopt a coherent approach to trade negotiations in the region and with the EU.

41. The Inter-Ministerial Committee on Competitiveness is formally designated as the forum for common decisions on improving policy and the regulatory environment, but it is hardly effective, mostly because of the weak leadership exercised by the Ministry of Finance. More generally, there are few if any "operative" staff below the Chief Director level in the ministries, and the latter have often more pressing priorities (of which, some are linked to political activities). Finally, links with other relevant departments -- e.g., the Ministry of Agriculture, the customs agency, embassies abroad, the Ghana Standards Board (GSB) -- or with the business sector and civil society are also underdeveloped. An Inter-Ministerial Committee for the implementation of UR results was established, but it failed to meet more than four or five times.

Insufficient Consultation with Stakeholders

42. In spite of its formal inclusion in public/private consultative processes, the business sector still plays a very limited role in the process of trade policy formulation and implementation in Ghana. Private exporters and the various institutions representing their interests have a limited capacity to *independently* identify obstacles to their competitiveness that stem from Ghana's macro-economic policies or to assess the risks and opportunities associated with the country's participation in regional, post-Lomé, and multilateral negotiating fora. There is, however, a wide scope for them to contribute to identifying Ghana's defensive and offensive interests in those various negotiating fora. For example, the participation of the business community (in Ghana and neighbouring countries) in the debate over the path towards regional integration would probably help develop more pragmatic ways of reconciling the ECOWAS and UEMOA processes than would leaving this issue to be dealt with entirely at the government level.

43. Similarly, at the level of the WTO, the business sector should be pushing Ghanaian authorities to actively participate in the setting of standards (e.g., SPS, TBT) before they become barriers to their exports, or to use anti-dumping or trade remedy measures in response to unfair trade practices by other WTO members. But limited knowledge and capacity prevent the private sector from playing that role.

Independent Analytical Capacity

44. The availability of independent analytical capacity at the national level is crucial if the trade policy process is to achieve overall trade and development objectives. A case in point is the complex agenda of regional integration. Improving the prospects for regional integration in Western Africa and ensuring successful negotiations with the EU require that economic and technical issues be thoroughly assessed before political considerations are weighed (which at the time of the study remained to be done). Ghana's capacity in this area mostly resides in the Centre for Policy Analysis (CEPA) and the University

of Ghana. The former has a track record of informing the policy debate, as in the case of the introduction of VAT.

III. Donor Activities and their Relevance

Overview

45. It is striking that, although the Government of Ghana's Vision 2020 plan largely hinges on an export-led growth strategy, very few donor projects actually support Ghana's capacity in the area of trade. For instance, despite being focused on priorities defined in Vision 2020, the UN Development Assistance Framework does not include any trade-related activities by agencies in the field.[9] Beyond several projects aimed at private sector development by bilaterals, the main donors involved in trade capacity development were the Geneva multilaterals (UNCTAD, WTO, and the ITC), with support from the Swiss government, USAID, the World Bank (through the Gateway project), and, to a lesser extent, the EU. DFID was also about to launch a new programme. Table 1 sums up the main donor trade capacity development (TCD) activities by level of intervention.

Table 1: **Main Donor TCD Activities in Ghana**

Level of intervention	**Donor**	**Project**
Trade analysis	IDRC	Research networks on trade
Policy formulation / dialogue and implementation	Switzerland – WTO, ITC, UNCTAD	Joint Integrated Technical Assistance Programme (JITAP)
	USAID	Trade and Investment Reform Programme (policy components)
	World Bank	Gateway project
	EU	Support to regional bodies and processes (ECOWAS)
	DFID	Ghana Trade Policy Programme*
Export competitiveness	USAID	TIRP (private sector components)
	EU	Upgrading of Ghana standard boards
	DANIDA	Private Sector Development programme (Denmark/Ghana enterprise partnerships)
	NL	Programme for Cooperation with Emerging Markets (NL/Ghana enterprise partnerships)
	GTZ	Subsidies to German-Ghanaian enterprise partnerships
	CIDA	Support to small enterprises
	JICA	Training for officials

(*) Due to start mid-2000.

[9] See UN Country Team, 1998

46. Since the beginning of 1999, Ghana has been participating in the **Joint Integrated Technical Assistance Programme** (JITAP), an initiative sponsored by the **WTO**, **ITC** and **UNCTAD**, that provides assistance in the follow-up and implementation of Uruguay Round agreements.[10] This $1.4 million project is due to run until mid-2001. It is the only donor project that brings together relevant ministries and government agencies specifically to discuss trade policy. It also seeks to raise awareness of WTO agreements in the business community. JITAP helped set up a resource centre for firms in the Ghana Export Promotion Council, and funded workshops on public/private sector dialogue -- for example, a pre-Seattle seminar to produce recommendations on the government's agenda for a new global trade round.

47. In the past, the ITC had assisted GEPC under an Export Trade Planning and Promotion technical assistance project, in collaboration with projects supported by the **EC** (wood-based products), the **Commonwealth Secretariat** (jewellery) and **Norway** (horticulture). The ITC also helped establish the Ghana Export School, a training programme led by GEPC that is now performing on a cost-sharing basis. More than 5000 people have attended export management courses. The WTO has also provided technical assistance and training to trade and customs officials.

48. **USAID** has one major programme aimed at private sector growth, centred on improving competitiveness, several components of which are trade-related. The five-year Trade and Investment Reform Programme (TIRP) is designed to serve the government and private sector, involving both in identifying reform needs (primarily in laws and regulations) and implementing change. This project follows an attempt by USAID to improve the coherence of the Vision 2020 project by fostering involvement of the private sector. The 1997 North Carolina Conference, sponsored by USAID, brought together Ghanaian public and private sector actors to achieve a collective understanding of priorities and economic reforms.[11]

49. The TIRP process follows a dozen steps, from the identification of needed reforms to the "performance payment," budgetary assistance (also called "Non-Project Assistance") that rewards the successful implementation of reforms. It involves an Inter-Ministerial Committee on Competitiveness (IMCC), comprising representatives of the various ministries, under the leadership of MoF, as well as the private sector (PEF). Four US implementing agencies (contractors) based in Ghana operate this project. One is dealing with the policy and regulatory environment and financial intermediation, while the three others work at the firm level (e.g., management capacity, technology, information), including the strengthening of business associations and the promotion of tourism-led growth in one specific region. The project totals $50 million, of which $10 million is earmarked for the performance payment and $40 million for the project. USAID also indirectly contributes to TCD through financial support to private sector organisations (PEF).

50. At the time of this study, **DFID** was designing a major Ghana Trade Policy Project (GTPP), in response to a formal request for assistance from the government of Ghana during annual development talks in August 1999. This two-year, £743,000 technical co-operation programme aims to support trade policy formulation and preparations for multilateral, regional, and bilateral trade negotiations. The goal is for Ghana to be able to secure its objectives in trade negotiations and thereby increase its participation in international trade. The GTPP has been described as a significant and strategic response to Ghana's limited capacity to undertake the range of analysis, consultation, and alliance-building necessary for successful participation in WTO, ACP-EU, and ECOWAS negotiations.

[10] Other beneficiaries of JITAP include: Benin, Burkina Faso, Côte d'Ivoire, Kenya, Tanzania, Tunisia and Uganda. WTO/UNCTAD/ITC, 19998.

[11] See Sigma One Corp., *ibidem*.

51. The GTPP will seek to help the government of Ghana prepare for negotiations; increase awareness and participation by the private sector and civil society in trade policy formulation; help the government fulfill its WTO notification obligations; and enable the private sector to comment on standards and regulations notified to the WTO by other WTO members. The project will work principally with MoTI, but the private sector will also be involved. Technical assistance provided under the project will include project management, consultancy, communications, and funding for participation.

52. The **EC** focuses its efforts at the macro-economic level, including support to structural adjustment. Few EC activities have been trade-focused.

53. As in Senegal, the EC established a short programme to strengthen the Ghana Standards Board for the inspection of fisheries. This helped Ghana become one of the first ACP countries to qualify under the EU’s phyto-sanitary requirements. This project mostly included capacity-building missions and training.

54. Other projects at the micro-economic level aim to directly or indirectly improve the competitiveness of firms, including a scheme to improve product quality in the wood-working sector through technological upgrading; a contribution to the GRATIS programme (See CIDA); and support for the preparation of business plans by Ghanaian companies.

55. The EC also provides assistance to the government on a case-by-case basis to clarify issues pertaining to EU regulations (e.g., on bananas). The EU, which sees its comparative advantage as a donor in promoting regional integration, also supports the ECOWAS Secretariat (in Nigeria). Through its Regional Indicative Programme (RIP) for Sahelian and Coastal Western Africa, it has provided financial support to the second ECOWAS trade fair at the end of 1999.

56. The Centre de Développement Industriel (CDI), jointly operated by EU and ACP institutions in Brussels, has an antenna based at the Ghana Investments Promotion Centre (GIPC). A new trade and private sector development strategy is being implemented, largely through instruments based in Brussels or at the sub-regional level.[12] Among them, the European-ACP Business Assistance Scheme (EBAS), a matching grant fund that co-finances consultancy services to ACP private firms and business associations, has an office based in Côte d'Ivoire for the whole of Western Africa and has just started operating. DIAGNOS identifies obstacles to trade and private sector development to help prepare EC support programmes and has completed reports for Senegal and for UEMOA. On the whole, though, the EC's new strategy and its many instruments were not fully operational, and the Delegation in Ghana was not yet well-informed about their modalities.

57. The **World Bank** does not have any trade-focused activities in Ghana, but it supports the government in its private sector development strategy through privatisation; reform of the legal framework and business environment; support for regulatory agencies in sectors such as electricity, water, etc.; and support for the Gateway project. It is mainly through the latter that the Bank is involved in trade-related activities (e.g., support to customs reforms so as to make them “business-minded”). Smaller activities include support and training sessions for structures such as WAEN. In preparation of the next round of negotiations in the WTO, the World Bank Institute is also funding a study, together with the African Economic Research Consortium (AERC), of the implementation of Uruguay Round agreements in Ghana.

58. **IDRC.** This Canadian agency has its West and Central African office based in Dakar. Its activities cover the whole sub-region. Beyond general support to research activities on the continent (e.g.,

[12] See Van Hove and Solignac Lecomte, 1999.

through AERC),[13] it has three trade-specific projects that apply, *inter alia*, to Ghana, for which Laval University (Quebec) provides scientific support. IDRC funds two research programmes related to trade -- the Trade, Employment and Competitiveness (TEC) project and the Micro Impact of Macro Policies (MIMAP) project -- through research institutes and universities in the different countries (including CEPA in Ghana). It also supports a regional network of agriculture ministers. Its aim is to strengthen analytical and negotiating capacities relating to agricultural trade. Studies are either co-financed (e.g., with ACBF) or funded by IDRC alone.

59. Finally, IDRC Dakar has initiated the CICERA project, which aims to provide financial and scientific support to economic research centres. No research programme is imposed. Funding was obtained mainly from USAID and the EC.

60. At the time of the study, in addition to its support for JITAP, the **Swiss** Government was about to fund a study by the Centre for Policy Analysis highlighting problems with the implementation of the ECOWAS trade protocol, with particular emphasis on the need to streamline trade procedures between Ghana and Côte d'Ivoire.

61. For 6 years, **DANIDA** has been running a Private Sector Development project (PSD) aimed at facilitating contacts between Danish and Ghanaian entrepreneurs, mainly in the form of technical assistance, training, and eventually grants and loans, some of which can support export promotion activities. Twenty-five such partnerships are active, with about 20 more in the pipeline. DANIDA is also sponsoring a three-year collaborative agreement between AGI and the Confederation of Danish Industries, designed to help AGI restructure itself and strengthen its expertise.

62. The **Netherlands** has a Programme for Co-operation with Emerging Markets (PSOM) -- with goals similar to those of DANIDA's PSD -- which contributes two-thirds of the cost of joint projects between a Ghanaian and a Dutch firm focusing on rules of origin and technical requirements.[14] Four projects were in horticulture for exports.

63. Over the last few years, **CIDA** has been refocusing its activities on basic human needs and poverty alleviation, and thus has almost pulled out of trade and private-sector development activities, apart from support for the MIMAP research project and for the development of organisational, managerial, and financial skills in the Ghana Regional Appropriate Technology Service (GRATIS) and the Intermediate Technology Training Unit. Officials noted that the more extensive involvement of CIDA in Senegal's trade strategy project should be regarded as an exceptional circumstance related to its experience in that particular country.[15]

64. **JICA** does not have specifically trade-related activities in Ghana. Over the last year, two experts have been dispatched from Japan for a short consultation mission on investment promotion and quality and inventory control in food processing, and one official of the Ministry of Finance participated in a one-month JICA training programme in Japan on investment. Japan also provides grant aid to port infrastructure.

[13] Today, IDRC's support to AERC is minimal (around 5 per cent through the TEC project).

[14] "The hardware to be exported should have a Dutch content of at least 60 percent in terms of production and components and comply with Dutch environmental standards."

[15] Canadian aid-sponsored private sector facilities also include the CESO Enterprise Project (support to private sector through the provision of Canadian executive volunteers and youth linkages) and the Enterprise Support Services for Africa (ESSA, to reinforce the capacity of the local management consulting firms).

Assessment of Donor Performance

65. The general picture of TCD in Ghana that emerges is one of a country that has substantial trade potential and a formal commitment to exploit that potential. Yet trade policies have thus far yielded modest results, due in part to the fact that the government's main priorities appear to be elsewhere. In addition, donors, although relatively keen to help, actually do not do much.

A Gap in TCD Aid

66. The most remarkable point about TCD in Ghana may be how few donors actually engage in it. Several donor projects contribute to the strengthening of institutions that have important indirect roles in the implementation of Ghana's trade policies (e.g., support to Gateway project), help enhance the competitiveness of exporters (e.g., port and airport infrastructure, or private sector development), or support macro-economic policies that have links to Ghana's trade policy (e.g., structural adjustment). But it is somewhat striking that in Ghana, a country with a high potential for exports that has clearly adopted an outward-oriented strategy, only one project (JITAP) is entirely and specifically dedicated to helping the country come to grips with the risks and opportunities of integration in the world economy. This leaves a double gap:

67. JITAP partly addresses capacity problems at the level of ministries and agencies. JITAP and previous ITC activities in this area have been very well-received by all beneficiaries, many of which considered them the "most useful" assistance projects in which they have participated. But JITAP does not cover in a comprehensive manner the whole spectrum of negotiating fora in which Ghana will have to articulate strong and coherent positions, as it mainly focuses on multilateral issues.

- In addition, no current activities are directly aimed at helping Ghana's private sector to increase its involvement in the trade policy process. For instance, given the recent moves by the EU (Ghana's main agricultural market) to set higher standards for agricultural products, Ghana's negotiating positions would be usefully informed by private sector comments on standards and technical regulations.[16] Similarly, no formal associations of consumers or other civil society bodies are represented in trade policy discussions.

Technical Assistance vs. Capacity Building

68. Among private sector development projects, classical aid-tying issues arise within schemes promoting "North-South" commercial partnerships when a requirement exists for a certain amount of equipment to be purchased from a supplier in the donor country or a large quantity of technical assistance originating from the donor country is "offered" as part of the assistance package. ODA funds are apparently still used by bilaterals for such activities under the assumption they are in the mutual interest of both parties. In some cases, the tied element is explicit (as in the Dutch private sector programme), while in others it is not. In spite of a few successes -- based on the exploitation of local resources, with minor participation by the local partner -- firm-to-firm partnerships have a limited impact because, in the words of a business specialist, "the Ghanaian partners that foreign firms are looking for do not exist," and entrepreneurs usually prefer to conduct their activities on their own, rather than tie themselves to a scheme which "does not include all they need, but provides things they do not need."

69. The issue of aid-tying is not confined to donor activities promoting firm-to-firm partnerships. Policy-focused projects also often include substantial technical assistance delivered by consultants or NGO

[16] JITAP is planning a regional seminar on trade remedies and anti-dumping, primarily aimed at trade officials.

representatives from the donor country. Recipients (officials in ministries and in trade promotion bodies) argue that this is not always justified on the ground of efficiency or local needs. Projects like these thus represent a sub-optimal use of funds, while not allowing for enduring capacity-building and transfer of knowledge. Aid-tying issues must be put in the political context in which each donor agency actually operates, in particular the criticism many face at home that they are "spending money overseas."

Tackling the Tricky Issue of Incentives

70. A key obstacle to the success of several projects in Ghana stems from the set of incentives beneficiaries (especially civil servants) are confronted with: very low salaries make participation in donor-sponsored activities dependent on the fringe benefits accompanying them (training, travel, etc.). Some donors have responded by paying "participation/sitting fees" -- for example, for participation in co-ordination meetings. By contrast, USAID's difficulties in getting major actors around the table have been worsened by its refusal to pay such "sitting fees."

71. Obviously, the risk of an *ad hoc* approach to enhancement of incentives is that there will be competition between donors "bidding" to attract participants, and that beneficiaries will choose to participate on the basis of expected immediate personal benefits rather than the relevance of the activity. In the long run, better salaries are the only answer. In the short run, explicit co-ordination among donors, in the context of an open dialogue with the government, may help clarify issues and harmonise practices. In addition, some immediate improvement in the working environment (a limited budget for communications, for example, or some IT equipment), as proposed in the DFID project, can improve the credibility of the project. Some civil servants also suggested that temporary postings in a better-paid position (e.g., one year on a project, or in a parastatal agency benefiting from donor support) could help improve participation incentives.

Donor Co-ordination

72. Because of the overlap between development objectives and trade interests, it has been argued that donor co-ordination in TCD could be even more difficult than in other areas. Evidence from Ghana suggests a complicated reality:

- Little co-ordination occurs on specifically trade-focused projects, mostly because few donors are involved in such projects and there are no consultative groups on trade. North-South partnership projects on the boundary between trade promotion and aid are, by definition, isolated from one another.

- Dialogue does nevertheless take place among donors in various consultative groups. Representatives of EU member states and of the EC, in particular, insist that they want their activities to be complementary, or at least not to overlap.

- There is still a general lack of transparency on aid flows. Various recipient agencies and organisations do not disclose their sources of funding. There is no compendium of "who does what."

- Problems also exist within donor agencies themselves, where information is not always shared between capitals and managers in the field (e.g., EC, USAID).

73. Officials in the GEPC have expressed concern that donors to some extent contribute to the fragmentation of Ghana’s trade development programme by setting up projects running in parallel to those implemented by the government, rather than supporting existing initiatives.

IV. Lessons and Recommendations

74. As noted above, the most remarkable aspect of TCD in Ghana is that not much of it is taking place. This calls for a clarification of the government’s will to use donor support in this area, and for tackling obstacles at the level of donors themselves.

Clarifying Ghana’s Trade Agenda

75. Ghana’s trade performance may be good by comparison with that of other countries in the region (see the case of Senegal), but it remains weaker than that of many other developing countries (see the cases of El Salvador and Vietnam). In particular, although the objective of export diversification has been high on Ghana’s agenda for several decades, it is obvious from Figure 1 that hardly any progress has been made. Among the many factors that may explain this situation, the lack of coherence among Ghana's policies can not be overlooked. The lack of coherence between monetary policy and the objective of promoting exports was stressed above. Before further TCD activities are undertaken, it may thus be useful for Ghana and donors to clarify and refine the trade agenda in the context of Vision 2020. The next steps could then be to review the trade policy process, rather than assessing static needs, and to identify gaps more specifically than this report has.

Filling TCD Gaps: The Need for Consultation Among Donors

76. There seems to be a convergence in the explicit goals of donors with regard to trade-related activities, with a strong focus on improving competitiveness (e.g., USAID, EC, World Bank). In terms of strengthening the trade policy process, however, many gaps remain. That goal is at the core of DFID's planned Trade Policy Programme. It seems unlikely, however, that this programme could *on its own* support the genuine involvement of all actors in this process, while providing adequate information and technical assistance to them. This is obviously a long-term objective, to which several other projects already contribute at the national or regional level. Consultation, rather than heavy co-ordination, could therefore help donors fine-tune their interventions.

Tackling Internal Obstacles at the Donor Level

Trade and Development: The Case Still Needs to be Made

77. A fundamental question for trade capacity development is whether, and how, African countries can industrialise, and whether and how industrial growth can foster development and reduce poverty. These issues are still extensively debated, even within donor agencies in Ghana. Mainstreaming trade development requires that the case for the connection between trade, development, and poverty reduction be made more clearly within the donor community. This will require further work by the research community. For the case to be made convincingly, it is important that the development community recognises the complexity of these links.

Tackling the Issue of Donor Capacity

78. Many donor agencies -- especially bilaterals, and especially in the field -- are not in a position to identify and start TCD projects due to inadequate incentives and capacity. Trade expertise does not always exist at the policy level, in capitals, and almost never exists at the implementation level. None of the staff working for bilateral donor agencies in Ghana are trade specialists. The concentration of many donors on basic needs has reinforced this “anti-trade bias.” A few donors are currently developing new internal mechanisms that they hope will guide them on how to improve this situation. For example:

- DFID’s International Economic Policy Department, which is based in London, provides technical and financial support to DFID aid managers for the design of TCD projects (such as DFID’s Ghana Trade Policy Project) and for the monitoring of these projects once they have been launched.

- In the context of the Lomé Convention, and its soon-to-be-named successor, the EC has put in place a range of new instruments to promote private sector and trade development in ACP countries. One of the “upstream” instruments, DIAGNOS, based in Brussels, is entirely dedicated to preparing projects for specific countries or regions that take account of the macro-economic environment, how well-structured the private sector is, and the status of firms (i.e., the macro, meso and micro levels). DIAGNOS has a light structure, with few permanent staff; an external agency is conducting its studies.

TCD as a Process

79. There seems to be a case for approaching TCD as an exercise that goes beyond transferring capacity: it is not only about strengthening the capacity of each actor, but also about developing adaptable and sustainable mechanisms for actors to collectively define their interests and priorities and then defend them in various fora.

Process-Oriented Approach to Private Sector Participation in Trade Policy

80. Strengthening the capacity of professional organisations to engage in a dialogue on trade, and supporting corresponding institutional dialogue mechanisms (committees, meetings, etc.), can be only one aspect of a general effort by donors to promote public/private partnerships at the domestic level on development policy issues. Ideally, donor support should be granted to legitimate and representative bodies created by the stakeholders themselves. Otherwise, there is a risk of creating a “market” for organisations and associations seeking ODA funds as rents. Ghana can offer several encouraging examples; bodies like PEF have apparently been quite effective in giving a single voice to the private sector, including in the IMCC. Nevertheless, it is worth stressing that PEF still relies on donor support (USAID), and is not yet able to finance itself through its members.

81. Strengthening private sector institutions and public/private partnerships is a lengthy process that goes beyond narrowly-defined trade capacity development activities. The approach should be to make sure that trade issues are included on the agenda of donor activities supporting the building of partnerships between the government and private sector or civil society bodies. A prerequisite for donor activities in these areas is a government, like Ghana’s, that is prepared to engage in a genuine dialogue with stakeholders on policy issues -- including sensitive matters, like corruption -- in a democratic setting.

82. Finally, it is worth stressing that donors wishing to promote the participation of all actors in the trade policy process may find that they need to help private sector representatives organise themselves into

associations and then identify and articulate their concerns and priorities. Put differently, to ensure that trade development strategy is “demand-driven,” a goal that most donors share, donors may first need to help the private sector figure out what it needs. This is a tricky process, where donors’ success will depend upon many factors beyond their control, especially the response of private sector representatives.

Monitoring TCD

83. Previous DAC analyses have emphasised that results are likely to be less tangible in TCD assistance than in “spending” sectors such as health or education.[17] Assessing the impact of TCD projects may indeed be particularly difficult for process-oriented (rather than output-oriented) activities. This may be a problem for donor agencies, which are often under great pressure to spend funds quickly and with visible impact.

84. *Outputs*. The impact of TCD on the recipient country’s capacity to formulate and implement a coherent trade policy, or to negotiate in international fora, may be assessed through indicators such as the fulfillment of WTO notification obligations, the preparation of background papers for international negotiations, the use of trade remedy or anti-dumping measures, the preparation and eventual achievement by the government of a set of goals in international negotiations, etc. DFID’s planned programme for 2000 uses some of these indicators

85. *Process*. Investing in the institutional capacity of public and private actors to engage in a constructive dialogue on trade-related issues cannot produce visible, let alone quantifiable, results in the short run. The fact that meetings take place may be considered as a positive result, but it does not imply that the objective of genuine consultation on trade policy is achieved, and even if genuine consultation were to take place, its impact would, again, be hard to measure.

[17] Whalley, J., 1998, *Partnership Approaches For Building Poor Countries’ Trade Capacity*, Paper for the Universities of Warwick and Western Ontario and NBER.

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Appendix 1 - Ghana: Statistical Profile

	Ghana	Sub-Saharan Africa	Year
Poverty & Social Data			
• Population (m.)	18.4	-	1998
• Life expectancy (years)	59	51	1998
• Adult illiteracy (%)	36	42	1998
• HDI value	.544	.463	1997
• % Below national poverty line	31	-	1998
Key Economic Data			
• GNP ($US bn.)	7.2	-	1998
• Real GDP growth	4.6	3.4*	1998
• Average GDP growth (%)	4.3	-	1988-1998
• GNP per capita	390	480	1998
• ODA as % of GNP	8.3	4.4	1997/98
• Public & private debt ($US bn.)	6.4	-	1998
• Net private capital flows ($US m.)	203	-	1997
Trade-Related Data			
• Exports ($US bn.)	2.03	-	1998
• Export growth (%)	14.4	-	1998
• Average export growth (%)	9.7	-	1988-1998
• Goods trade as % GDP (PPP)	17	17.8	1997
• Current account balance ($US m.)	-324	-	1997
• WTO member since 1995; GATT member since 1957			

Major Export Markets (1998)	% of total	*Major Export Products* (1997)	$US m.
United Kingdom	11.5	Gold	37.6
Togo	11.4	Cocoa beans & Products	34.3
Italy	11	Timber & Products	9.5
Netherlands	7.5		
United States	7		
Germany	6		

* data refer to Africa

Sources: World Bank, World Development Indicators, 1999; World Bank, Country Profile; IMF, World Economic Outlook, 1999; IMF, Direction of Trade Statistics Quarterly, September 1999. DAC Journal Development Co-operation 1999 Report; UNDP, Human Development Report, 1999; Economist Intelligence Unit 4th Quarter Country Report, 1999.

Appendix 2 - The Post-Lomé Trade Agreement between the ACP and the EU

(to be signed in Fiji in June 2000)

Agreement	**Comments**
A framework agreement will come into force in 2002 at the earliest, opening a formal negotiation period of 6 years.	Existing preferences will be rolled over during a preparatory period of 8 years (instead of the 5 years foreseen in the EC mandate), until January 2008. With implementation lasting 10 to 12 years, the new trade regime would be in place in 2018 or 2020 at the earliest.
Both parties commit to "remove progressively barriers to trade" between them.	After calling for the maintenance of non-reciprocal preferences, the ACP finally explicitly committed themselves to introduce a reciprocal trade regime, and open their markets to European products -- for non-LDCs at least (see below).
After the transition period, "economic partnership agreements" building on "regional integration initiatives of ACP countries" will be concluded with "ACP countries or groups of ACP countries who choose to do so."	Formally, the trade regime would not need to be in the form of "REPAs" -- the acronym is not actually mentioned and the word "regional" was dropped. However, this subtle change in the wording hardly alters the spirit: any such alternative agreement between the EU and a group of ACP countries, if it were to be reciprocal and WTO-compatible, would indeed display most of the characteristics of a REPA.
Alternative trade arrangements for those "not in a position" to enter into the above would be "examined." (A joint assessment of the particular situation of the non-LDCs by the EU and the ACP will be made in 2004). Such arrangements would have to be WTO-compatible, and provide a level of market access equivalent to current preferences.	One tricky point of the EC mandate is re-affirmed here. As of today, and technically speaking, a WTO-compatible regime providing a level of market access equivalent to current preferences for non-LDCs that would not wish to enter into a free-trade agreement with the EU would not be possible, unless the EU's MFN tariffs (its minimum tariff for WTO partners such as the United States) or its GSP were brought to the same level as Lomé preferential tariffs. Both parties know that is impossible, which is why some EU member states are critical of this

provision. It does, however, provide a “hook” for the ACP to bargain upon from 2002.

The 39 least developed countries (LDCs) of the ACP -- which make up more than half of the ACP group and two-thirds of Sub-Saharan African ACP countries (see Table 1) -- are guaranteed free access to the EU market for “essentially all” their products by the year 2005, at the latest. In other words, they are entitled to “keeping Lomé,” or even a slightly improved version of it, without having to reciprocate by opening their own markets to EU products after 2008. By contrast, non-LDCs, which would not enter into reciprocal trade agreements with the EU from 2008, could be transferred into the EU's Generalised System of Preferences (GSP), a non-reciprocal arrangement that is less generous than Lomé.

Appendix 3 - List of Persons Contacted

Organisation	**Person**	Met
CEPA Centre for Policy Analysis (AERC) No. 30A Josif Broz Tito Ave., Switchback Road P.O. Box 19010 ACCRA-NORTH, Ghana Tel.: (233)-21.77.93.64 / 77 93 65 Fax: (233)-21.77 36 70 Http://www.ghana.com.gh/cepa/	Joseph Abbey, Executive Director	X
	Dr. Charles D. Jebuni, Research Fellow Tel 78 80 35 E-mail: charles@cepa.org.gh	X
	Tony Osei, Research Fellow	
University of Ghana Department of Economics P.O. Box 57, LEGON, ACCRA, Ghana Tel.: (233-24) 363 962	Ms. Abena Oduro, Lecturer E-mail: oduro@libr.ug.edu.gh	
World Bank Ghana Office P.O. Box M. 27 Accra, Ghana Tel: 233-21-229-681 / 221-724 Tel: 233-21-232-070 / 220-837 Fax: 233-21 227-887	Peter C. Harrold (Secretary Paula) Pharrold@worldbank.org	
	Kofi Agyen Boateng – Operations officer / private sector finance Kagyen@worldbank.org Secretary: Lydia	X
UNDP Switchboard – Tel 77 38 90 Resident 77 78 31 Deputy Resident Representative 77 52 07 Operations Manager 77 55 39	Mr. Franklin	
	Prgrm assistant – Mme Charlotte Bernklau Charlotte.bernklau@undp.org Secretary: Sheila	
FAO 183/6 North Labone PO box 1628 Tel 76 04 82, 66 96 42, 23 40 03 Tel 66 68 51-4		
Canada High Commission, 42, Independence Ave P.O. Box 1639 Accra, Ghana Tel 22 85 55, 22 85 66, 77 37 91 Fax 77 37 92 Firstname_lastname@acdi-cida.gc.ca	Rhonda Gossen, Head of Aid rhonda_gossen@dfait-maeci.gc.ca	X
	Baljit Nagpal, Officer 011-233-21-77-60-55	
	Mark Mostovak, Officer 011-233-21-77-52	

Denmark Royal Danish Embassy, Dr. Isert Road 67, North Ridge P.O Box CT 596, Accra, Ghana Phone: (21) 22 69 72 / 22 98 30 / 30 18 61 / 22 13 85 Fax: (21) 228061 e-mail: danemb@ighmail.com	Ambassador Ole Blicher-Olsen	
	Jorgen Carlsen – Programme coordinator Danida Private Sector Development Programme	X
	Quame Adjei Kokroh – Programme Officer Danida Private Sector Development Programme	X
EC delegation The Round House, 65 Cantonments Road Accra, Ghana Tel: (233-21) 77 42 01, 77 42 02, 77 42 36, 77 40 72 Fax: (233-21) 77 41 54 Adresse postale: PO Box 9505, Kotoka Int. Airport Accra, Ghana	Mr Charles Brook, Head of Delegation	
	Mr Alessandro Mariani, Economic Adviser Alessandro.Mariani@delcomgh.org	X
USAID Tel 22 84 40, 23 19 42, 22 84 67, 23 19 39, 22 50 87 E 45/3 Independence Av. P.O.Box 1630 Accra, Ghana Fax 773 465 / 669 598	Dr. Fenton Sands – Director of Trade, Agriculture and Private Sector Tel 233 21 77 02 85 Fsands@usaid.gov	X
Sigma One P.O. Box Box CT4713 – Cantonments Accra, Ghana E-mail: Sigma1GH@Ghana.com Tel 222 274 Fax 221 094 Sigma1gh@ghana.com	Dr. Joe Goodwin, Chief of Party Tel 028 21 65 34	X
	Dr. Jay Salkin	
	Mr. Amissa-Arthur	
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