

RESEARCH
REPORT
OF GOOD
GOVERNANCE
AFRICA,
WEST AFRICA

PREPAREDNESS OF LOCAL BUSINESSES PARTICIPATING IN THE AFCFTA AGREEMENT IMPLEMENTATION IN GHANA



**PREPAREDNESS OF LOCAL BUSINESSES
PARTICIPATING IN THE AFCFTA
AGREEMENT IMPLEMENTATION
IN GHANA**



SUBMITTED TO

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West-Africa Centre
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List of Acronyms

ACET	African Center for Economic Transformation
ACP	Africa, Caribbean and Pacific
AEC	African Economic Community
AfCFTA	African Continental Free Trade Area
AfCFTA	African Continental Free Trade Agreement
AGOA	African Growth and Opportunities Act
AGI	Association of Ghanaian Industries
AMU	Arab Maghreb Union
ASEAN	Association of Southeast Asian Nations
AU	African Union
ATI	Africa Trade Insurance
BIAT	Boosting Intra African Trade
CEMAC	Economic and Monetary Community of Central Africa
CEN-SAD	Community of Sahel-Saharan States
CEO	Chief Executive Officer
COMESA	Common Market for East and South Africa
COMESA	Common Market for Eastern and Southern Africa
COVID-19	Coronavirus Disease 2019
CUTS	Consumer Unity and Trust Society
EAC	East African Community
ECCAS	Economic Community of Central African States
ECOWAS	Economic Community of West African States
EU	European Union
GATS	General Agreement on Trade in Services
GDP	Gross Domestic Product
GEPA	Ghana Export Promotion Authority
GGA	Good Governance Africa
GNA	Ghana News Agency

List of Acronyms

GNCCI	Ghana National Chamber of Commerce & Industry
GSP	Generalised System of Preferences
IGAD	Intergovernmental Authority on Development
IPRs	Intellectual Property Rights
ISO	International Organization for Standardization
ITC	International Trade Centre
LDCs	Least Developed Countries
M&E	Monitoring and Evaluation
MOTI	Ministry of Trade and Industry
NEDS	National Export Development Strategy
NTEs	Non-Traditional Exports
OECD	Organisation for Economic Co-operation and Development
PTAs	Preferential Trade Agreements
PTAs	Preferential Trade Agreements
RECs	Regional Economic Communities
SACU	South African Customs Union
SADC	South African Development Community
SMEs	Small and Medium Enterprises
SPS	Sanitary and Phytosanitary
STEs	State Trading Enterprises
TBTs	Technical Barriers to Trade
ToR	Terms of Reference
TSSP	Trade Sector Support Programme
US	Unites States
VAT	Value Added Tax
WAEMU	West African Economic and Monetary Union
WTO	World Trade Organisation

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Foreword

The development story of Africa has been a checkered one with decades of individual country attempts for economic emancipation. A continent so rich in terms of resource endowment yet so poor in terms of the use of its resources in meeting the needs of its current generation whilst protecting the interest of future generations.

Countries on the African continent have over the years have largely adopted an inward-looking approach to economic development as against developing strategies to help leverage their resources to trade with other sister countries on the continent. At best, most liberal economies on the continent have opened their trade doors to other countries on other continents in a bid to rake in much needed foreign currencies but not their peers on same continent. Most recent economic and trade figures for a country like Ghana on the world bank and ITC online platforms, show significant international trade relationship between Ghana and OECD/non-OECD countries. Trade volumes with its counterparts on the African continent however, is insignificant as compared to the European, American and Asian countries.

After years of political emancipation of African countries, there seem to be no significant progress by the continent to create its development

pathway which will be non-dependent of its colonial masters. At least, Africa's trade relations before the enactment and implementation of the AfCFTA clearly depicted this dependent relation with the west. Years and decades of implementing trade policies that favoured the west, have not helped in creating the needed market on the continent to help drive self-reliance for growth and prosperity. The lack of trust among African nations as well as individual countries non-commitment to continental trade pacts in the past have not helped in promoting trade amongst sister nations. Notwithstanding this, the work of the various regional economic communities on the continent is commendable as they have so far promoted trade amongst countries within the different blocks in Africa. Africa's economic communities so far are as follows:

1. *The Southern African Development Community (SADC)*
2. *The Economic Community of West African States (ECOWAS)*
3. *Economic Community of Central African States (ECCAS)*
4. *Intergovernmental Authority on Development (IGAD)*
5. *East African Community (EAC)*
6. *Community of Sahel-Saharan States (CEN-SAD)*
7. *Common Market for Eastern and Southern Africa (COMESA)*
8. *Arab Maghreb Union (AMU)*

Challenges of cross-border trade (in terms of security and restrictions for goods and services) and high tariffs are but a few of the limitations hampering international trade amongst African states. However, with the coming into being of the AfCFTA, these challenges will be addressed to pave way for the much-anticipated creation of the enormous market potential for the continent.

Africa's continental body, the African Union (AU), has been championing reforms that seek to bring the various countries together on a unified front for development. Various policies and programs have been developed by the AU to develop capacities and challenge individual countries to work together to settle differences to pave the way for the continent inch closer to achieving this desired goal. It is therefore welcoming the decision of majority of the nations on the continent to have agreed to the enactment of the AfCFTA Agreement in the year 2018. Since then, the countries have shown commitment to realization

of the Agreement through ratification. The delayed start of the implementation of the Agreement in January 2021 has been welcomed by many and is seen as a bold step to rewriting the history of Africa through economic emancipation. Perhaps, a united Africa is after all achievable if the countries could use the AfCFTA platform to build trust and create the needed market to meet the needs of individual countries.

It is estimated that with the coming into being of the AfCFTA, the Africa trade area is one of the largest trade areas in the world. With almost all the 54-member countries of the AU signed onto the pact, the over 1.3 billion population of Africa will create one of the largest trading platforms and holds the potential to create the needed incomes to liberate the economies of participating African nations all things being equal. To achieve this worthy target, the commitment of participating nations to be secured at all times through active engagements, dialogue, respect for the various trade protocols under the Agreement and prompt redress of emerging implementation challenges and conflicts.

This study is therefore part of initial gathering of data and information on Africa's trade, particularly developments from the six months of implementation of the AfCFTA Agreement. Revelations from the collection information on already published works on the AfCFTA, will be used to ascertain the key policy entry points needing critical analysis, further research and advocacy to help improve the processes for full actualization of the objectives of the continental agreement. The West African Office of the Good Governance Africa (GGA-WARO) seeks to use some of the findings contained in this report to deepen research, advocacy and its awareness creation on intra-Africa trade under the AfCFTA. The Centre is particularly interested in how the implementation of the AfCFTA is able to transform the economies of local areas through the business growth of indigenous companies. Ultimately, the contributions of gains made under the Agreement through the creation of jobs and real incomes to improve the living standards of ordinary citizens is the target of our interventions.



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Executive Summary

In 2012, at the 18th session of the African Union (AU) from 29–30 January in Addis Ababa, Ethiopia, African Heads of State and Government recognized that ‘the promotion of intra-African trade is a fundamental factor for sustainable economic development, employment generation and effective integration of Africa into the global economy’. The initial and subsequent deliberations culminated in the establishment of the African Continental Free Trade Area (AfCFTA). The Agreement, which will become potentially the largest free trade area in the world when fully implemented was signed by 44 out of the total of 55 African countries in Kigali, Rwanda on 21 March 2018, at the 10th Extraordinary Summit of the African Union. The Agreement was however, officially entered into force on 30 May 2019 and establishes a free trade area across the African continent to promote trade and manufacturing with the rippling effect of contributing to the reduction in the number of people living in extreme poverty by 30 million people and people living in moderate poverty by 68 million by the year 2035. On 1 January 2021, Africa officially started trading under the African Continental Free Trade Area (AfCFTA) Agreement.

Study objectives:

The general objective of the study was to assess the general preparedness of local businesses participating in the AfCFTA agreement implementation in Ghana. Specifically, the study sought to: Assess the level of implementation of the AfCFTA in Ghana; Assess the readiness/preparedness of local business in taking advantage of the AfCFTA; Investigate Ghanaian local businesses’ ability and responsiveness in meeting the AfCFTA Agreement’s protocols; and to make recommendations based on findings to further guide implementation processes.

Methodology:

The study adopted the extensive and systematic desk review approach in identifying and assessing relevant peer-reviewed papers, global, regional and national level reports and related documents on the African Continental Free Trade Agreement and on trade in general. The team carried out an extensive review of all available programme documents, policies, Acts and other relevant documents. Other similar international trade reports on best practices were also reviewed to situate this study within internationally accepted contexts. Findings from the desk/document review served as the base for the drafting of this report.

Study Findings:

The findings show that Ghana officially commenced implementation in January, 2021 and has so far implemented policy-level initiatives. These comprise the development of the National AfCFTA Policy Framework and Implementation Plan for Boosting Intra-African Trade (BIAT) and the National Export Development Strategy (NEDS). In relation to institutional structures to oversee implementation processes, the government of Ghana has taken steps to put up implementation structures, comprising the Inter-Ministerial Facilitation Committee, the National AfCFTA Coordinating Office, a National AfCFTA Steering Committee and Technical Working Groups.

Second in the implementation process is the initiation of stakeholder consultations and engagements through sensitisation workshops and seminars across the country which are geared towards providing adequate information on the AfCFTA. This process included national-level stakeholder consultations and 15-regional level stakeholder consultations which focused on providing the needed platform for exporters, potential exporters and the business community in general to understand what the Africa Continental Free Trade Area (AfCFTA) Agreement is about.

The findings in relation to financing arrangements, shows evidence of the work of the Ministry of Trade and Industry collaborating with

financial institutions to establish Special Financing Windows for products of strategic sectors to harness the benefits of the AfCFTA. The first point of entry is ensuring and facilitating the process for Ghanaian businesses to benefit from the roll out of the proposed Pan-African Payment and Settlement System (PAPSS) by Afrexim Bank and the Africa Trade Insurance (ATI) to provide export credit, insurance and guarantees for businesses in Africa under the AfCFTA agreement.

Preparedness of local businesses to take advantage of the AfCFTA

The findings in relation to preparedness of local businesses showed mixed feelings, there are some industry players who believe that the readiness of the state, in terms of the capacity of its institutions and friendliness of macroeconomic environment, is more important than the readiness of the private sector at the firm level. Further to this, the readiness of firms based on study conducted by CUTS International Ghana was analysed and classified into five levels:

- ***Production Capabilities***

The findings in relation to production capability focused on how firms are resourced both internally and externally to produce effectively, expand, diversify or add value to their products to take advantage of the AfCFTA. The results showed that the capabilities of firms are generally low across the various in Ghana. Low productive capability signifies that firms will find it difficult to produce competitively and take full advantage of the AfCFTA if immediate action is not taken to address the challenges.

- ***Ability to Compete***

Under this measure, Ghanaian firms were assessed based on their ability to compete with similar products from other African countries – in relation to price, quality, and quantity produced and sold. The findings showed that Ghanaian SMEs will find it difficult to compete in terms of price in the AfCFTA implementation. A three-year base period that was used to monitor price changes indicated that since

most firms across the sectors had increased price over the past three years, they would not be able to compete with similar products. Additionally, firms' ability to compete with regards to volume is low as only a few recorded an increase in production volume within the stipulated period. Firms studied for this research stated that the inability to compete stems from a high cost of production arising from (a) high cost of raw materials(b)high cost of credit, and (c)high utility charges (CUTS Ghana, 2021).

On the other hand, the Ghanaian SMEs were seen to have competitive advantage in terms of quality. Across industries, participants indicated that their products were known to be of good quality across the African continent. This was attributed to how strongly products are regulated, particularly for the pharmaceutical industry.

- ***Ability to Innovate***

The ability to innovate in the presence of the AfCFTA is very important as it gives firms a competitive advantage over their competitors. Firms were therefore assessed if they have been able to introduce a new or significantly improved product or process and invested in technology in the past 3 years (i.e., 2017-2020). The results show that firms have a significant ability to innovate as many of them have introduced new or significantly improved product and production processes. This is buttressed by the fact that almost all enterprises have invested in new technology. However, the creative ability firstly lies in product design, followed by the use of new machinery or plants.

- ***Ability to Export***

Ability to export considered the possession of export certificate and current export position. The current export position helps to determine those who are already exporting (or have the export potential). Possession of export certificates is also an indication that there is the possibility to enter the foreign market. The research indicated that quite a number of firms did not possess export certificates, therefore confirming them as locally-focused firms. To take advantage of the AfCFTA, it is important Ghanaian MSMEs be given proper education on the importance of acquiring export certificates to aid their export

potential and address any issues concerning the acquisition of export certificates.

- **Knowledge about the AfCFTA**

The CUTS Ghana study measured knowledge in relation to awareness of and understanding of the agreement, its objectives, negotiations, and how it will affect businesses. The findings showed that, across industries, there is limited knowledge and understanding about the AfCFTA. Specific to the Rules of Origin, most of the participants had insufficient knowledge about it. This shows the importance of designing activities to engage MSMEs to bring them up to speed with the agreement. A direct result of this lack of engagement is the failure of MSMEs in this study to project how the AfCFTA may affect their businesses and how to position themselves to stay ahead of the curve.

Promising/Best Practices

The study identified two key success stories that can serve as blueprints for the business community in seeing the prospects of the in the AfCFTA . The two companies were the 'Kasapreko Company Limited' and 'Ghandour Cosmetics Limited'. These two Ghanaian companies have secured licences to export their products to any member country of the African Continental Free Trade Agreement (AfCFTA). In line with this, Kasapreko successfully exported a 20-footer container of alcoholic beverages to South Africa by air, while Ghandour Cosmetics also shipped a 20-footer container of cosmetic products to Guinea by sea last month.

Recommendations:

Based on the findings and the lessons learned from the study, a number of key policy recommendations have been made to guide ongoing implementation processes:

Need to conduct a comprehensive primary research on the

AfCFTA implementation in Ghana: The review showed very scanty and uncoordinated pieces of information on Ghana's implementation of the AfCFTA. In the face of this limitation, a comprehensive primary research employing mixed method approach (quantitative and qualitative) would have enriched the study. In lieu of this, it is recommended that a primary research comprising key informant interviews, FGDs and a survey with the private sector groups and individuals, government officials responsible for the implementation of the AfCFTA, officials from the Ministry of Trade and Industry, Ghana Export Promotion Centre and all other identifiable groups and individuals.

Need for the development of a national strategic plan to operationalise the national AfCFTA Policy Framework:

Evidence from the review of available documents/literature shows that though a number of policy direction and related documents including the National AfCFTA Policy Framework and Implementation Plan for Boosting Intra-African Trade (BIAT) and the National Export Development Strategy (NEDS) have been developed to help harness the benefits of the AfCFTA, the roll-out of the national framework has not yet started and access to the document has not yet been made public. Secondly, operationalising the policy framework requires the need to develop a strategic plan for the implementation of the AfCFTA in Ghana. The absence of the strategic plan leaves a very huge gap in the implementation process---leaving a major gap in implementation direction.

The strategic plan will enable the country to identify sectors where it has a comparative advantage, major trade opportunities, extant constraints and auxiliary measures needed to take an absolute advantage of the Agreement. In lieu of this, the following recommendations are made:

- *The national AfCFTA Policy Framework should be made accessible to the general public, especially the business community to serve as a blueprint for businesses, donors and other relevant stakeholders to follow for a necessary action to be taken.*

- *In designing the strategic plan, focus should be placed on identifying export products that can be exported to other African countries and outline the definite steps to actualize such exports.*

Need to strengthen stakeholder consultations: The results of the desk review study shows that so far, 15-regional level and one-national level stakeholder consultations have been done since January, 2021. This provided an enabling platform for regional level stakeholders to be briefed about the prospects of the AfCFTA and how they can participate and harness the potential benefits. Though this is laudable, the evidence from the study conducted by CUTS International shows knowledge level is very low among the business community, especially at the local level. This call for the need for more decentralised consultations using the decentralised structures to reach broader stakeholders. In line with this, this recommendation is made:

- *The National AfCFTA Steering Committee should work at orienting Officers of MMDAs to serve as focal persons/agents at the district level. These Officers should lead the implementation of the AfCFTA at the local level working with businesses and business people at the Metropolitan, Municipal and District levels to take advantage of the AfCFTA;*

Advocacy for mergers and partnerships: The study also brought to the fore the fact that most businesses in Ghana are SMEs which may not have the capacity to take full advantage of the AfCFTA. In line with this, the AfCFTA steering committee should work at encouraging business mergers at the local level as a way of building the capacity to be competitive and to harness the benefits of the AfCFTA. More advocacy work should be done to encourage partnerships among SMEs to create a formidable force that can collectively meet the increasing demand for Ghanaian products and services on the international markets.

Financial Strategies for Businesses: Access to flexible financial resources has largely been the bane of most businesses in Ghana,

especially SMEs. Though government is making efforts at linking firms to financial institutions, a conscious effort should be made at reducing interest rates on lending to make the local industries much more competitive.

Need to conduct cross-country research on status of implementation of the AfCFTA

The desk study showed non-existent data/information on the status of implementation across all the countries that have signed up to the AfCFTA. This could pose a major challenge to tracking the gains made. In line with this, it is recommended that a cross-country study be conducted after the first year of implementation to measure progress of implementation

Chapter 1

BACKGROUND CONTEXT

1.0 Context / Introduction

This chapter sets out the context of the study and provides perspectives on the scope of the AfCFTA, its link to the 2063 African Economic Community (AEC), institutional framework for the implementation of the AfCFTA, alignment of the AfCFTA to other Preferential Trade Agreements (PTAs) and the context of trade in Ghana pre AfCFTA.

In 2012, at the 18th session of the African Union (AU) from 29–30 January in Addis Ababa, Ethiopia, African Heads of State and Government recognized that ‘the promotion of intra-African trade is a fundamental factor for sustainable economic development, employment generation and effective integration of Africa into the global economy’. The initial and subsequent deliberations culminated in the establishment of the African Continental Free Trade Area (AfCFTA). The Agreement, which will become potentially the largest free trade area in the world when fully implemented was signed by 44 out of the total of 55 African countries in Kigali, Rwanda on 21 March 2018, at the 10th Extraordinary Summit of the African Union. The Agreement was however, officially entered into force on 30 May 2019 and establishes a free trade area across the African continent to promote trade and manufacturing with the rippling effect of contributing to the reduction in the number of people living in extreme poverty by 30 million people and people living in moderate poverty by 68 million by the year 2035. On 1 January 2021, Africa officially started trading under the African Continental Free Trade Area (AfCFTA) Agreement (African Union (2018a)).

The Agreement is expected to lead to an increase in real income by US\$450 billion; increase the volume of total exports by 29%; intracontinental exports by more than 81% and exports outside the African continent by 19%; increase employment opportunities and wages for both skilled and unskilled workers. These gains are largely ex-

pected to be driven by the manufacturing, agricultural sectors and from trade in services.

The AfCFTA which comes across as the continent's most ambitious integration initiative (Tralac, 2019) covers three core objectives comprising the following:

1. Create a single continental market for goods and services, with free movement of business persons and investments;
2. Expand intra-Africa trade across the regional economic communities and the continent in general;



3. Enhance competitiveness and support economic transformation. The AfCFTA builds on already existing economic communities within the African continent including the Arab Maghreb Union (AMU); the Common Market for Eastern and Southern Africa (COMESA); the Community of Sahel-Saharan States (CEN-SAD); the East African Community (EAC); the Economic Community of Central African States (ECCAS); the Economic Community of West African States (ECOWAS); the Intergovernmental Authority on Development (IGAD) and the Southern African Development Community (SADC). The Agreement will inherently complement these existing subregional economic communities and trade agreements in Africa by offering a continent-wide regulatory framework and by regulating policy areas-such as investment and intellectual property rights protection that are not currently covered in these sub-regional agreements in Africa (The African Continental Free Trade Area - A Tralac Guide 6th ed. November 2019 [https://www.tralac.org/documents/resources/booklets/3028-afcfta-a-tralac.](https://www.tralac.org/documents/resources/booklets/3028-afcfta-a-tralac))

As of February, 2021 54 of the 55 African Union Member States had signed on. Thirty-six countries (including 19 African least developed countries, or LDCs) have deposited their instruments of ratification, confirming them as State Parties to the agreement (see Table 1). As with many trade agreements, signing then ratification is a prerequisite to enjoying any benefits.

Table 1: Current status of countries in relation to the AfCFTA

Signed, ratified, and deposited (36)	Angola	Equatorial Guinea	Malawi	Sao Tome and Principe
	Burkina Faso	eSwatini	Mali	Senegal
	Cameroon	Ethiopia	Mauritania	Sierra Leone
	Central African Rep.	Gabon	Mauritius	South Africa
	Chad	Gambia	Namibia	Togo
	Congo republic	Ghana	Niger	Tunisia
	Cote d'Ivoire	Guinea	Nigeria	Uganda
	Djibouti	Kenya	Rwanda	Zimbabwe
	Egypt	Lesotho	Sahrawi Republic	Zambia
Signed only (18)	Algeria		Libya	
	Benin		Madagascar	
	Botswana		Morocco	
	Burundi		Mozambique	
	Cabo Verde		Seychelles	
	Comoros		Somalia	
	Dem. Rep. of the Congo (DRC)		South Sudan	
	Guinea-Bissau		Sudan	
	Liberia		United Republic of Tanzania	
No commitment (1)				

Source: Source: African Union Commission (AUC) - 2021

*Countries in red are LDCs

Scope of the AfCFTA:

The AfCFTA pact connects 1.3 billion people across 55 countries in Africa with a combined gross domestic product (GDP) valued at US\$3.4 trillion. The scope of AfCFTA is large and comprises the reduction in tariffs among member countries and covers policy areas, as well as regulatory measures. These policy and regulatory measures cover reduction of tariffs among member countries; trade facilitation policies including those relating to investment and intellectual property rights protection; regulatory measures across the African continent to establish standards and counter technical barriers to trade. The policy areas covered by this Agreement include tariffs on manufactured and agricultural goods; export taxes; customs; competition policy; anti-dumping; countervailing measures; State Trading Enterprises; technical barriers to trade; sanitary and phytosanitary measures;



The AfCFTA pact connects 1.3 billion people across 55 countries in Africa with a combined gross domestic product (GDP) valued at US\$3.4 trillion.

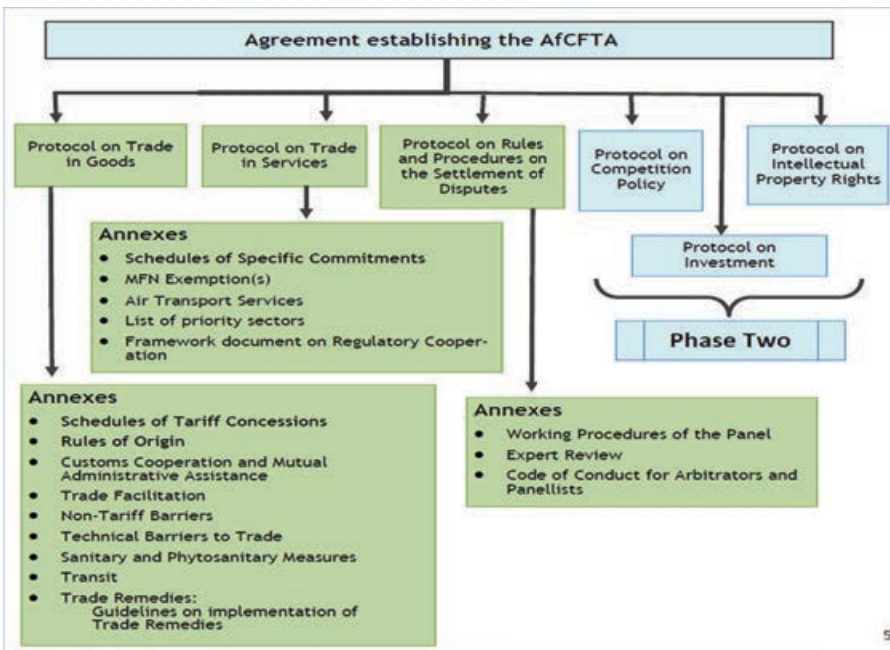


movement of capital; intellectual property rights; and investment.

The Agreement comprises of Protocols on Trade in Goods; Protocol on Trade in Services; and Protocol on Rules and Procedures on the Settlement of Disputes (Figure 1). In addition, The Protocol on Investment, Protocol on Intellectual Property Rights and Protocol on Competition will be formulated in subsequent phases of implementation. The AfCFTA offers greater access to a wider market, various business and partnership opportunities for economic growth within the African continent. Increased intra-African trade is expected to promote competitiveness within the manufacturing sector and industries, spur infrastructure development and technology transfer across countries within the region.



Figure 1: Summary of all components of the AfCFTA



Source: Adapted from Trade Law Centre 2019

Moving towards the African Economic Community (AEC) by 2063:

The AfCFTA is a key step towards achieving the vision of an African Economic Community (AEC), set out in the Abuja Treaty . The AEC was established by Article 3 of the Treaty with the following objectives:

- To promote economic, social and cultural development and the integration of African economies in order to increase economic self-reliance and promote an endogenous and self-sustained development;
- To establish, on a continental scale, a framework for the development, mobilization and utilization of the human and

- material resources of Africa in order to achieve self-reliant development;
- To promote cooperation in all fields of human endeavour in order to raise the standard of living of African peoples, and maintain and enhance economic stability, foster close and peaceful relations among Member States and contribute to the progress, development and the economic integration of the Continent; and
- To coordinate and harmonize policies among existing and future economic communities in order to foster the gradual establishment of the Community.

Institutional framework for the implementation of AfCFTA:

The implementation framework is built around The African Union Assembly which comprises of all African Union Heads of State and Government will provide oversight on the implementation of the Agreement and is also the decision-making body for the AfCFTA (Figure 2 and Box 1).

Other bodies involved in the implementation of the Agreement are the Council of Ministers comprised of Ministers for Trade or other nominees from State Parties; the Committee of Senior Trade Officials comprised of Permanent Secretaries or other officials from participating countries; The AfCFTA

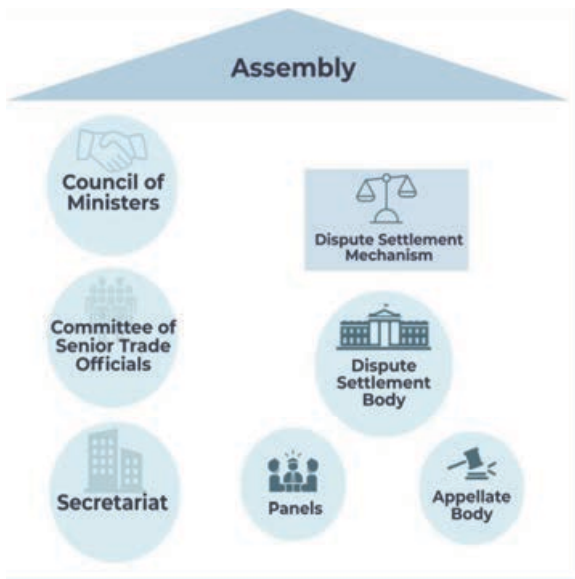


Figure 2: Institutional Framework for the AfCFTA

Secretariat which is the administrative organ responsible for coordination of implementation; and the Dispute Settlement Mechanism to handle disputes involving participating countries.

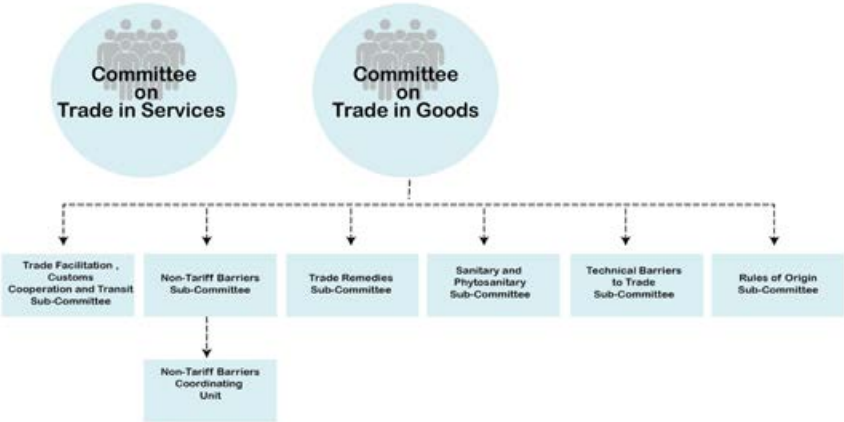
Box 1: AfCFTA Institutional framework

- The Assembly is the African Union Assembly comprising all AU Heads of State, not just those of State Parties to the Agreement. It provides oversight and guidance on the AfCFTA and is the ultimate decision-making body for the AfCFTA.
- The Council of Ministers comprises Ministers for Trade or other nominees from State Parties. It has authority to take decisions on all matters under the AfCFTA Agreement, and works in collaboration with the relevant AU organs and institutions. It reports to the Assembly through the Executive Council of the AU and makes recommendations to the Assembly for the adoption of authoritative interpretation of the Agreement. It is separate from the African Union Ministers of Trade (AMOT) under the AU.
- The Committee of Senior Trade Officials: consists of Permanent Secretaries or other officials designated by State Parties. It is responsible for the development of programmes and action plans for the implementation of the AfCFTA Agreement.
- The AfCFTA Secretariat is the administrative organ to coordinate the implementation of the AfCFTA. It is based in Accra, Ghana.
- The Dispute Settlement Mechanism replicates, with the necessary adaptations, the WTO dispute settlement system. The principles and procedures appear in a dedicated Protocol. Only State Parties will be able to bring applications. Private party litigation is not possible.

AfCFTA Committees

In addition to the higher-level institutional framework, the Protocols of the AfCFTA Agreement establish various technical committees to assist with the implementation of the Agreement (Figure 3). These committees comprise designated representatives from State Parties. The Committee on Trade in Goods will facilitate the operation of the Protocol on Trade in Goods. The Committee will establish sub-committees responsible for the operationalisation of the annexes of the Trade in Goods Protocol. The Committee on Trade in Services will facilitate the operation of the Protocol on Trade in Services.

Figure 3: AfCFTA Committees





President Akufo-Addo exchanging greetings with President Buhari during one of the sessions of the African Union(AU) meeting in Addis Ababa concerning the establishment of AfCFTA
source: graphic.com.gh

1.1 The Context of AfCFTA and Trade Agreements in the Sub-Region

The framework agreement establishing the African Continental Free Trade Area (AfCFTA) comprises 2-key phases. The first phase comprises negotiation of three protocols: Trade in Goods, Trade in Services, and Rules and Procedures for Settlement of Disputes. The agreement requires members to progressively remove tariffs on at least 97 percent of tariff lines that account for 90 percent of intra-Africa imports. The averages tariff rates in Africa are around 6.1 percent, with high variation across countries and sectors within an intra-Africa trade that is highly concentrated. Thus, some of the most onerous and protectionist tariffs may be maintained even if countries liberalize most tariff lines. Trade in certain sensitive sectors is expected to be liberalized over a longer period, but other goods are likely to remain excluded from liberalization. Negotiations on services began in June 2018, with countries identifying five priority sectors: financial services, transport, telecom/information technology, professional services, and tourism. The benefits of services liberalization extend far beyond the service sectors themselves; they affect all other economic activities in which services are inputs. A second phase of negotiations will focus on investment, competition, and intellectual property rights, with the potential of deepening AfCFTA.

This section focuses on a number of sub-regional Preferential Trade Agreements (PTAs), which are currently in force and how the content of these trade agreements are in sync and aligned to the AfCFTA. These PTAs comprise: Common Market for East and South Africa (COMESA), East African Community (EAC), Economic Community of West African States (ECOWAS), South African Development Community (SADC), South African Customs Union (SACU), West African Economic and Monetary Union (WAEMU), and Economic and Monetary Community of Central Africa (CEMAC). This analysis of the content of AfCFTA and Africa's subregional PTAs focuses on the 20 policy areas most commonly included in trade agreements in force and notified to the World Trade Organisation (WTO). Two policy areas have largely not been covered in Africa's subregional PTAs

but are included in AfCFTA. Intellectual property rights are covered in only one subregional PTA (EAC), and no subregional PTA covers state trading enterprises (STEs).

Although AfCFTA is deeper than any of the existing subregional PTAs, some policy areas are included in individual subregional PTAs but not in AfCFTA (Table 2). Examples of these areas are state aid (subsidies), environmental laws, labour market regulations, and public procurement (World Bank, 2021). The exclusion of these policy areas in AfCFTA does not prevent countries from aiming for common regulations at a later stage and does not affect the commitments made by countries in the context of the sub-regional PTAs.

Table 2: Overview of policy areas covered in Africa's subregional PTAs and AfCFTA

	East African Community (EAC)	Common Market for East and South Africa (COMESA)	South African Development Community (SADC)	Economic Community of West African States (ECOWAS)	West African Economic and Monetary Union (WAEMU)	South African Customs Union (SACU)	Economic and Monetary Community of Central Africa (CEMAC)	African Continental Free Trade Area (AfCFTA)
Tariffs on manufactured goods	✓	✓	✓	✓	✓	✓	✓	✓
Tariffs on agricultural goods	✓	✓	✓	✓	✓	✓	✓	✓
Export taxes	✗	✓	✓	✗	✓	✗	✓	✓
Customs	✓	✓	✓	✓	✗	✓	✗	✓
Competition policy	✓	✓	✓	✗	✓	✓	✓	✓
State aid	✓	✓	✓	✗	✗	✗	✓	✗
Antidumping	✗	✓	✓	✓	✗	✗	✓	✓
Countervailing measures	✗	✓	✓	✗	✗	✗	✗	✓
STEs	✗	✗	✗	✗	✗	✗	✗	✓
TBTs	✓	✓	✓	✗	✗	✓	✓	✓
GATS	✓	✓	✓	✓	✓	✗	✓	✓
SPS measures	✓	✓	✓	✗	✗	✓	✓	✓
Movement of capital	✓	✓	✗	✓	✓	✗	✓	✓
Public procurement	✓	✗	✗	✗	✗	✗	✗	✗
IPRs	✓	✗	✗	✗	✗	✗	✗	✓
Investment	✓	✓	✓	✗	✗	✗	✗	✓
Environmental laws	✓	✓	✗	✓	✗	✗	✓	✗
Labor market regulations	✓	✓	✗	✗	✗	✗	✗	✗

Source: World Bank (2020)

Box 2: Legend for Table 2

- Note: √ = policy area covered; × = policy area not covered; AfCFTA = African Continental Free Trade Area; GATS = General Agreement on Trade in Services; IPRs = intellectual property rights; PTAs = preferential trade agreements; SPS = sanitary and phytosanitary; STEs = state trading enterprises; TBTs = technical barriers to trade.

1.2 Context of Trade in Ghana Pre-AfCFTA

Ghana is a lower-middle income country with an estimated population of 27.6 million and GDP of \$42.8 billion. According to records of the international trade Centre (ITC), goods and services account for 65.2% and 34.8% of Ghana's exports portfolio. Well acclaimed for its years of political stability, Ghana is a prized recipient for foreign direct investment in the region. The country is ranked 67 on the Ease of Doing Business Ranking and has an economy that is greatly centered on services. The country's unrealized potential to increase existing exports lies outside its home region, notably to Asia and Europe (see table below). Gold has an unrealized export potential of around \$1.4 billion to Asia, \$228 million to Europe and \$101 million to the Americas (ITC, 2017). Other products with unrealized potential to these regions include cocoa paste and fresh or dried cashew nuts. Regarding new export products, Ghana has diversification opportunities in beverages, chemicals, and processed food with products such as rum and other spirits obtained by distilling fermented sugar-cane products, vegetable waxes, and oilcake and other solid residues. The production of these products involves a relatively strong representation of SMEs and women. Other products identified for diversification include juice of fruit or vegetables, methanol "methyl alcohol" and manioc starch.

Background Context

Commodities featuring in Ghana's export to the international market vary from agricultural outputs to minerals and to forestry products. In the agricultural and forestry sectors, Ghana has consistently exported to Europe, the Americas and Asia mainly, produce such as cocoa, cashew, tuna (including skipjack and Atlantic bonito), rubber, bananas including plantains, and to some extent fruits and vegetables. In the extractive sector, the country has been exporting gold, bauxite, diamonds and in the last decade crude oil. According to the ITC export potential map, Ghana's top 10 exports with significant gaps in terms of unrealised export potentials to the world are as follows in decreasing order:

Box 3: *Ghana's top 10 export commodities*

- 1. Gold, incl. gold plated with platinum, unwrought, for non-monetary purposes (excluding gold in)
- 2. Cocoa beans, whole or broken, raw or roasted
- 3. Fresh or dried cashew nuts, in shell
- 4. Cocoa paste (excluding defatted)
- 5. Cocoa butter, fat and oil
- 6. Prepared or preserved tunas, skipjack and Atlantic bonito, whole or in pieces (excluding minced)
- 7. Gold, incl. gold plated with platinum, in semi-manufactured forms, for non-monetary purposes
- 8. Wood in the rough (excluding rough-cut wood for walking sticks, umbrellas, tool shafts and the like.
- 9. Bananas, incl. plantains, fresh or dried
- 10. Cocoa powder, not containing added sugar or other sweetening matter

Measured using development indicators such as price stability, SME presence, women participation and the use of technology, the ITC study shows significant export gaps of the above commodities to Africa, Americas, Asia, Europe and Oceania. For the export of gold (including gold plated with platinum, unwrought for non-monetary purposes) from Ghana, the country's export has mainly been to Asia, Europe and the Americas in order of quantum of demand. For cocoa beans (whole or broken, raw or roasted), exports from Ghana has mainly been to Europe, Asia and the Americas in that order. For fresh or dried cashew nuts, Ghana's export has been mainly to Asia as compared to the other continents. It is however worthy to note that demand for all the above listed commodities are not significant in terms of trade volumes on the African continent. There lies great potential therefore within the African market to absorb these commodities if the needed infrastructure is set up to create demand for these export goods on the African continent.

Further studies by the World Bank and ITC currently shows a more diverse commodity export profile from Ghana; indicating the country's trade and export commodity base is expanding to incorporate more products in either their raw, semi-processed or processed forms. Using the same development indicators, namely; technology level, price stability, prominence of SMEs and female labour participation, the ITC lists Ghana's top 20 commodities in order in terms of their export potential to the world in the following order:

Table 3: Top 20 export commodities in order of export potential

1. Cocoa beans, whole or broken, raw or roasted	11. Cocoa paste not defatted
2. Gold in other semi-manufactured form n-monetary (including gold plated w platinum)	12. Tubes, pipes and hoses, rigid; of polyethylene
3. Other wood sawn/chipped lengthwise, sliced/peeled	13. Quicklime
4. Cashew nuts, in shell, fresh or dried	14. Technically specified natural rubber (TSNR)
5. Cocoa butter, fat and oil	15. Other oil seeds
6. Plywood, veneered panels and similar laminated wood;	16. Nuts
7. Coffee husks and skins, coffee substitutes	17. Cashew nuts without shell, fresh or dried
8. Household and toilet articles	18. Plain weave cotton fabric,
9. Balls, grinding and similar articles of iron or steel, cast for mills	19. Other logs of wood
10. Prepared explosives, propellant powders	20. Arrow root, salep (yams), etc.

The above commodities were reviewed in terms of their export potential to Sub-Saharan Africa, non-OECD and OECD countries. The list shows a more diversified export commodity base of Ghana as compared to the earlier list but again the study indicates a significant untapped trade opportunity between Ghana and other African countries as compared to the current trade volumes it has with the non-OECD and OECD countries. It is however, worth noting that statistics on trade between Ghana and the rest of the world vary depending which platform information is being source from and where the focus of the research institutions mostly are centered. Nevertheless, the trend in the past two decades show a consistent

growth and variations in the export potentials of the country over the years. Some of the most recent figures from the OEC online platform (2019 country trade statistics) showed the top exports of Ghana as: Gold (\$10.8B), Crude Petroleum (\$4.68B), Cocoa Beans (\$1.61B), Cocoa Paste (\$504M), and Manganese Ore (\$489M), exporting mostly to Switzerland (\$4.92B), India (\$3.62B), China (\$2.67B), United Arab Emirates (\$1.83B), and South Africa (\$1.72B).

In terms of the importation component of Ghana's international trade, a lot of commodities ranging from food, clothing, cars and machinery, industrial equipment and inputs (flexible tubes, machine parts, etc.). 2019 statistics from the OEC online platform showed the following as the top imports of Ghana: flexible metal tubing (\$2.11b), scrap vessels (\$1.03b), special purpose ships (\$655m), cars (\$496m), and refined petroleum (\$471m), importing mostly from China (\$4.35b), Nigeria (\$4.04b), united states (\$924m), United Kingdom (\$757m), and India (\$637m). This list perhaps is so in terms of monetary value of such imports but in terms of volumes, certain consumables such as rice, sugar, canned foods and the like are major features of Ghana's imports.

Successive governments over the years since independence, have ventured into promoting robust domestic trade environment. Fronting this agenda, has been the quest to industrialise and grow trade in-country to facilitate the reduction of imports especially in areas where the country has comparative advantage in terms of the availability of raw materials. Attempts in the early part of development agenda where focus was on the establishment of state-owned enterprise to champion production, to a large extent failed. Ghana's first industrial policy development started in the 1960s (Killick T., 1978). The failure of these enterprises was partly attributed to the lack consistent commitment of the state in terms of funding and to the mismanagement of the firms by management and staff. Succeeding governments have therefore changed the focus to a more private sector led industrialisation agenda with the hope that the meticulous management of private enterprises with proper management and supervision could turn things around and save the country from huge financial losses from

the activities of state-owned enterprises. Most recent attempts and strategies according to the Ministry of Trade to revitalise domestic trade in creating conducive environment to drive export of locally manufactured commodities in Ghana include the following:

- i. Industrial revitalisation program of the Ministry of Trade
- ii. The One District One Factory initiative (private sector led with state support)
- iii. Strategic anchor industries
- iv. One Region one Industrial Park
- v. Development of SMEs
- vi. Export Development Programme
- vii. Domestic retail infrastructure
- viii. Business environment regulatory reforms
- ix. Industrial sub-contracting exchange
- x. Public-private sector improvement dialogue

1.3 Objectives and scope of the current study

In line with the Terms of Reference (ToR), the general objective of the study is to assess the general preparedness of local businesses participating in the AfCFTA agreement implementation in Ghana. Specifically, the study sought to achieve the following:

1. Assess the level of implementation of the AfCFTA in Ghana
2. Assess the readiness/preparedness of local business in taking advantage of the AfCFTA;
3. Investigate Ghanaian local businesses' ability and responsiveness in meeting the AfCFTA Agreement's protocols;
4. Make recommendations based on findings from reported implementational challenges facing local businesses since the roll-out of the Agreement in January 2021.

1.3.1 Research Questions

In adequately responding to the objectives of the study, the following research questions were formulated to guide the study:

1. What is the level of implementation of the AfCFTA in Ghana?

2. What is the level of readiness of local business in taking advantage of the AfCFTA Agreement?
3. Do Ghanaian local businesses' have the ability and responsiveness in meeting the Agreement protocols of the AfCFTA?
4. What are the recommendations based on findings from reported implementational challenges facing local businesses since the roll-out of the Agreement in January 2021?

1.4 Methodology

This study adopted the extensive and systematic desk review approach in identifying and assessing relevant peered-reviewed papers, global, regional and national level reports and related documents on the African Continental Free Trade Agreement and on trade in general (Figure 4). The team carried out an extensive review of all available programme documents, policies, Acts and other relevant documents.

Other similar international trade reports on best practices were also reviewed to situate this study within internationally accepted contexts. Findings from the desk/document review served as the base for the drafting of this report.

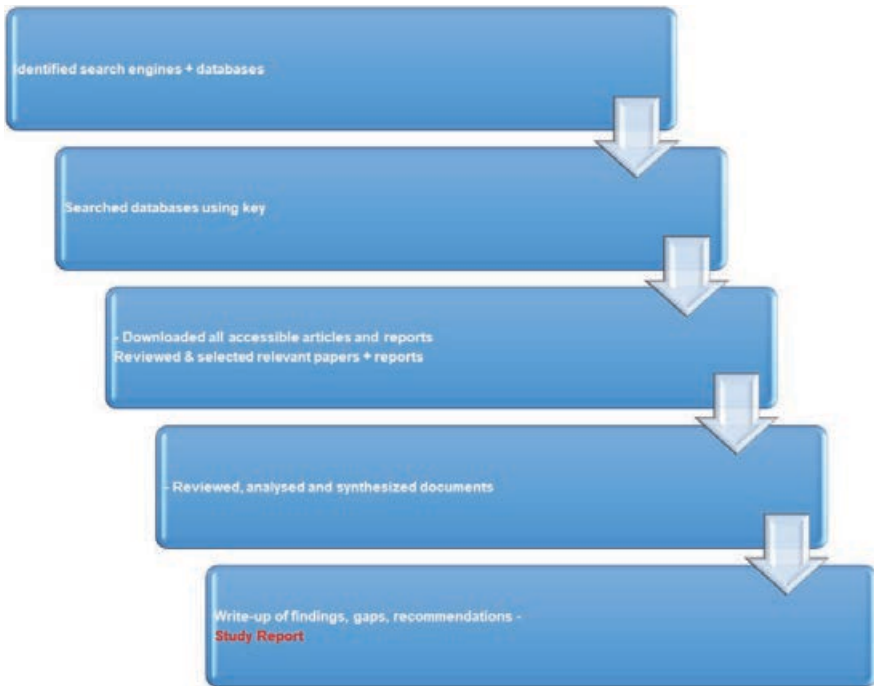


Figure 4: Flow of work

1.4.1 Search Strategy:

The search was done by searching academic and scholarly sites/databases including Google Scholar, Scopus, PubMed, Taylor and Francis, JStor, BMC, Science Direct, ResearchGate and Trade related Journals using the following key terms: "Africa" "Trade," "Trade Agreements," etc. Reports and papers in the trade and comics spaces were selected by reviewing their abstracts and title and also using accompanying references gotten from the list of references on the paper. The review focused on only studies and reports published in English. The study designs used in most of the studies and documents reviewed were in-depth document reviews, quick online surveys --- mostly quantitative and in some instances, mixed

methods comprising both quantitative and qualitative methods.

The synthesis of available literature brings to the fore the level of preparedness of local businesses to take advantage of the AfCFTA and their responsiveness in meeting the tenets/protocols of the agreement. This analysis is extended to investigate the implications of AfCFTA gaps, success stories and the institutional structures put in place to oversee implementation.

1.4.2 Study Limitation

The study limitation was largely related to the adopted methodology. The study strictly adopted a desk review approach which limited the depth of the results. The review showed very scanty and uncoordinated pieces of information on Ghana's implementation of the AfCFTA. In the face of this limitation, a comprehensive primary research employing mixed method approach (quantitative and qualitative) would have enriched the study. Despite this limitation, frantic efforts were made at gleaning the highest level of available data/information which will enrich Ghana's implementation processes.



Some textile and garment sector entrepreneurs
source: ghanaweb.com



Chapter 2

TRADE POLICY ENVIRONMENT IN GHANA



2.1 The Legislative Landscape and Business Policy Environment in Ghana

Ghana's commitment to the implementation of the AfCFTA Agreement is very much in agreement with its own resolve to use trade to drive home its agenda of consolidating its lower middle-income status and gradually move to a full-blown middle-income country status. To achieve this, the country in its Trade Policy has set out to use an export led industrialization strategy; and a domestic market-led industrialization strategy based on import competition. These strategies will thus ensure active participation of Ghana on both international markets and the growth of the country's domestic market. Within the last two decades, two key policies have been developed by the country to guide the country's aim of achieving a middle-income status and they are:

- A. The Ghana Trade Policy; and
- B. The Ghana Industrial Policy

In 2005, the government led by the Ex-president J.A. Kufuor launched what was termed as the Trade Sector Support Programme (TSSP) which was to serve as the implementation plan for the realization of the objectives of the Ghana Trade Policy. The TSSP focused on ten key intervention areas according to the Trade Policy document of Ghana; the areas are as follows:

- i. Multilateral trade
- ii. Import-export regime
- iii. Trade facilitation
- iv. Production capacity
- v. Trade support services



*Inland Container Depot at Tema Port
source: bestnewsgh.com*

- vi. Standards
- vii. Domestic trade and distribution
- viii. Competition and government procurement
- ix. Consumer protection
- x. Intellectual property rights

The continuous and systematic improvements in the above stated areas was seen as catalysts to aid Ghana's aspiration to become a middle-income country by 2015, with a per capita income of US\$1000 per annum. This was an ambitious target and was projected to require an increase in average annual growth rate of GDP from 5% to about 8% (Ghana Trade Policy Document, undated).

Aside Ghana's internal policy framework, the country as an active participant in the world community for trade and development, is signed unto a number of trade agreements and treaties, in Africa and on the world trade platforms. Some of the most critical trade pacts that Ghana is signed onto include the following:

Participation in World Trade Organisation (WTO)

Ghana has been a member of the WTO since 1995. In the global trading environment, WTO negotiations progressively reduce tariffs of all member countries and set the framework within which all member countries must trade. Such commitments are made by all members including Ghana. Agricultural subsidies as well as high tariffs and non-tariff barriers in other countries limit the potential for Ghana to produce and trade in products of interest to Ghana

Policy Objectives

1. To obtain global reductions in tariffs and the elimination of non-tariff barriers on goods produced in Ghana and improve export opportunities for Ghanaian producers.
2. To obtain reductions in subsidies on products which compete with Ghanaian exports.
3. To help develop Ghana's agricultural and industrial sectors to compete in global markets.

Policy Prescriptions

Government will seek improved access to key export markets whilst retaining sufficient flexibility in its own tariff arrangements to allow development of competitive local industries. In agriculture, the Government will support progressive elimination of export subsidies as well as the substantial reduction of trade-distorting domestic support at WTO. Government will ensure that it retains the right to support its own producers.

Sub-regional Integration (ECOWAS)

The integration of the Economic Community of West African States (ECOWAS) into a full customs union will provide access to a larger market, thereby promoting investment and industrialisation. This will also enable Ghanaian products to compete freely in the regional market and promote exports. Increased regional competition will bring lower prices and a greater range of both imports and local products to the benefit of consumers and producers

ACP-EU Partnership Agreement

Europe's trade with the Africa, Caribbean and Pacific (ACP) countries is governed by the ACP-EU partnership agreement (2000), also known as the Cotonou Agreement, which unites over 100 partner countries and some 1.5 billion people. It is the most comprehensive partnership agreement ever signed between the EU and third countries.

The Cotonou Agreement was initially built on the following principles:

- partners' equality
- global participation
- dialogue

To adjust to new challenges, the agreement was revised in 2005 and 2010 to add focus on:

- regional integration
- security and political stability
- the growing challenge of climate change
- inclusiveness and sustainability
- aid effectiveness

African Growth and Opportunities Act (AGOA) –

quota and duty-free trade opportunity with the USA. AGOA builds on existing US trade programs by expanding the (duty-free) benefits previously available only under the country’s Generalised System of Preferences (GSP) program. Duty-free access to the U.S. market under the combined AGOA/GSP program stands at approximately 6,500 product tariff lines, including the tariff lines that were added by the AGOA legislation. Notably, these newly added “AGOA products” include items such as apparel and footwear, wine, certain motor vehicle components, a variety of agricultural products, chemicals, steel and many others.

After completing its initial 15-year period of validity, the AGOA legislation was extended on 29 June 2015 by a further 10 years, to 2025.

Box 4: *Laws of Ghana that border on Trade*

- Ghana International Trade Commission Act, 2016 (Act 926)
- Ghana Investment Promotion Centre Act, 2013 (Act 865)
- The Companies Act, 1963 (Act 179)
- Income Tax Act, 2015 (Act 896)
- Fisheries Act, 2002 (Act 625)
- Petroleum (Exploration and Production) Law 2016, (Act 919)
- Forestry Commission Act, 1999 (Act 571)
- The Minerals Commission Act, 1993 (Act 450)

Chapter 3

READINESS OF LOCAL BUSINESSES TO HARNESS THE BENEFITS OF THE AfCFTA INCLUDING RESPONSIVENESS TO THE PROTOCOLS

3.1 Enabling Environment

Ghana has long been touted as the gateway to West Africa—and Africa as a whole. It has one of the fastest-growing economies in the ECOWAS sub-region over the last five years and remains a top destination for investment - largely because of its political stability, low crime rate, respect for rule of law and comparatively large market. Ghana's international airport is one of the busiest in the region with connecting flights to the rest of the continent and beyond. Accra, the capital city, is rapidly urbanizing with strong transport links to other major cities. The country's physical and digital infrastructure is among the most developed within the region, with mobile and internet penetration (about 50% in January 2021) also among the highest on the continent. It is endowed with abundant natural resources, including vast agriculture and mining, a well-educated populace and a strong middle class.

But the real strength of Ghana is embodied in its democratic credentials. Ghana is considered a beacon of democracy in Africa, having successfully organized seven presidential and parliamentary elections and seamlessly transitioned to different governments since 1992. The economic environment is also fairly stable and growth and expansion. These enabling factors should be harnessed in its entirety to ensure the country fully takes advantage of the benefits the AfCFTA presents, including the market opportunities the agreement presents to Ghanaian businesses.

3.2 Level of Implementation of the AfCFTA in Ghana

The implementation of the AfCFTA officially commenced in January, 2021 and Ghana as a key member of the 54-countries that have signed the agreement also started the implementation process in January this year though not comprehensive and quite slow. This section highlights a few of the processes that have so far been rolled out in response to the implementation of the AfCFTA.

3.2.1 Having a National AfCFTA Strategy

Undoubtedly, for Ghana and for that matter any state party to benefit from the AfCFTA, there is the need for the drafting of a national strategies to help provide systematic and inclusive processes towards measures to ensure AfCFTA implementation. Evidence from the review of available documents/literature shows that a number of policy direction and related documents including the National AfCFTA Policy Framework and Implementation Plan for Boosting Intra-African Trade (BIAT) and the National Export Development Strategy (NEDS) have been developed to help harness the benefits of the AfCFTA in Ghana. However, the roll-out of the national framework has not yet started and access to the document has not yet been made public. Secondly, operationalising the policy framework requires the need to develop a strategic plan for the implementation of the AfCFTA in Ghana. The absence of the strategic plan leaves a very huge gap in the implementation process---leaving a major gap in implementation direction.

3.2.2 Institutional frameworks

The implementation of any new policy direction requires the establishment of institutional structures to oversee implementation processes. The government of Ghana has taken steps to put up certain institutions, structures, and programmes to help the country including the private sector, to harness the benefits inherent in the AfCFTA agreement. In the first place, an Inter-Ministerial Facilitation Committee has been constituted by the President to provide strategic direction and coordinate support for the implementation of AfCFTA in Ghana. A National AfCFTA Coordinating Office is in the process of being established at the Ministry of Trade and Industry (MOTI) to act as one-

stop-shop facilitation and information hub. Moreover, a National AfCFTA Steering Committee has been constituted. At the same time, Technical Working Groups have been established to coordinate support to the Private Sector.

Box 5: *Institutional frameworks established so far*

- Inter-Ministerial Facilitation Committee
- National AfCFTA Coordinating Office
- National AfCFTA Steering Committee
- Technical Working Groups

3.2.3 Stakeholder Consultations

Second in the implementation process is the initiation of stakeholder consultations and engagements through sensitisation workshops and seminars across the country which are geared towards providing adequate information on the AfCFTA. This process is being spearheaded by the Ghana Export Promotion Authority (GEPA) in collaboration with the Ministry of Trade and Industry.

- **National-level stakeholder meeting**

The Ghana National Chamber of Commerce and Industry in collaboration with the Ghana Shippers' Authority, organised the first national level stakeholder meeting. This was held semi-virtually in Accra on the African Continental Free Trade Area for the trading community of Ghana.

The multidisciplinary seminar brought together experts from the legal practice, financial sector, customs, policy makers as well as representatives of private sector to discuss how businesses can strategize to fully benefit from the Continental Free Trade Agreement. The Minister for Trade and Industry, Alan Kyeremanteng, in a speech

read on his behalf by Dr. John Asiedu, revealed that the government had established key national institutional structures to oversee the implementation of the trade agreement which include the AfCFTA inter-ministerial facilitation committee, the national steering committee and technical working groups in 7 clusters identified in boosting intra-African trade.



Figure 5: Participants at the semi-virtual stakeholder workshop

Box 6 Highlights of statements made by key speakers at the meeting

- “The Minister for Foreign Affairs and Regional Integration, Shirley Ayorkor Botchway, represented by Bonaventure Adjavor, Director in Charge of Economic, Trade and Investment Bureau at the Ministry, called for an effective response plan against COVID-19 in Intra-African trading”.
- “The President of the GNCCI, Clement Osei Amoako, underpinned the significance of private sector participation for the success of the AfCFTA. “The Private Sector’s interest, and support for the AfCFTA has been phenomenal. This is based on the premise that production and distribution of goods and services are largely undertaken by the private sector.”
- The Chief Executive Officer of the Ghana Shippers’ Authority, Benonita Bismarck, lauded the important roles industry players are taking to sensitize traders to position them for success in the AfCFTA.
- Anthony Nyame-Baafi, a technical advisor at the Ministry of Trade and Industry, outlined a myriad of benefits of the single continental market including the fact that it would boost economies of large-scale production.

- **Regional-level stakeholder consultations**

The desk review shows evidence of a series of regional conferences (15-regional conferences) held across the country which brought together relevant stakeholders from the private and public sectors to discuss government's export development interventions geared towards empowering Ghanaian businesses to harness the benefits of AfCFTA. These one-day regional-level conferences were a follow-up to the National Conference on the implementation of AfCFTA held at the Accra International Conference Centre from October 20 – 21, 2020.

Box 7,,, Theme for the regional stakeholder consultations

- **“Empowering Ghanaian businesses to harness the benefits of the AfCFTA under the framework of the National Export Development Strategy NEDS”**

The regional events which were under the theme “Empowering Ghanaian Businesses to harness the benefits of the African Continental Free Trade Agreement under the framework of the National Export Development Strategy (NEDS)” were jointly organized by the Ministry of Trade and Industry (MOTI), the Ghana Export Promotion Authority (GEPA) and the National AfCFTA Coordination Office. Partner institutions at these regional conferences were the Ministry of Foreign Affairs and Regional Integration, Ghana Standards Authority, Food & Drugs Authority, Ghana Eximbank, Ghana Revenue Authority (Customs Division) with Stanbic Bank Ghana as Sponsor.

These conferences served two main purposes:

1. Provided the platform for exporters, potential exporters and the business community in general to understand what the Africa Continental Free Trade Area (AfCFTA) Agreement is about; and
2. Provided the platform for discussions on how the National Export Development Strategy will enable businesses take advantage of the African open market of 1.2 billion persons.

In relation to attendance, the regional conferences were largely patronized by representatives from the Regional Coordinating Councils, Metropolitan, Municipal and District Chief Executives, Business Owners, Trade Associations, SMEs and MSMEs as well as the Academia. The Regional Conferences kicked off with a well-attended event at the Golden Tulip Hotel in Kumasi. This was followed by similar ones held in Sunyani, Techiman, Damongo, Tamale, Elmina, Takoradi, Nalerigu, Sefwi Wiawso, Bolgatanga, Koforidua, Ho, Wa, Krachi Nkwanta and Goaso.

Discussions and deliberations centred on issues of quality and standards for export products, support to build local factories, development and sustenance of production volumes as raw material base for agro-based industries, access to capital for business growth, opportunities for participation in Government's flagship 1D1F programme and access to markets within the AfCFTA. Box 8 below provides some highlights in terms of presentations and discussions:

Box 8: *Highlights of statements made by key speakers at the meeting*

- Hon. Robert Ahomka-Lindsay, Deputy Minister for Trade & Industry who delivered the keynote address at most of these events stressed the need for Private Sector to ready itself to take advantage of the many initiatives "Government has put in place to support and empower businesses. He explained that the business of Government was not to do business but to facilitate and support the private sector through agencies such as Ghana Export Promotion Authority, Ghana Standards Authority, Food and Drugs Authority, Ghana Revenue Authority and the National Board for Small Scale Industries".
- The Chief Executive Officer of the Ghana Export Promotion Authority, Dr. Afua Asabea Asare reiterated the importance placed on the development of district products under the One District One Exportable Product policy outlined in the NEDS. This she explained was the thrust of one of the pillars of the document to provide ready source of raw materials for the 1D1Fs.
- The Board Chair of GEPA, Mr. Sandy Osei-Agyeman sharing perspectives as a private business owner, urged SMEs not to shy away from partnerships but rather embrace the concept and work together to create a formidable force that can collectively meet the increasing demand for Ghanaian products and services on the international markets. He also encouraged small business owners to seek advice from successful.

Figure 6: A picture of participants at one of the regional consultative conferences



Source: Businessnews

3.2.3 Financing Arrangements

Strong, accessible and flexible financing arrangements and regimes have been established as one of the enabling platforms that propels businesses into expansion and growth (World Bank, 2020). As part of the processes in strengthening the financial sector to better facilitate the partnership and growth of Ghanaian businesses, especially SMEs, there is evidence of the work of the Ministry of Trade and Industry collaborating with financial institutions to establish Special Financing Windows for products of strategic sectors to harness the benefits of the AfCFTA (Ghana News Agency, 30 March, 2021). The first point of entry is ensuring and facilitating the process for Ghanaian businesses to benefit from the roll out of the proposed Pan-African Payment and Settlement System (PAPSS) by Afrexim Bank and the Africa Trade Insurance (ATI) to provide export credit, insurance and guarantees for businesses in Africa under the AfCFTA agreement. Some of these initiatives and interventions aimed at supporting the business community with improved access to finance as well as reduce the cost of credit, comprise the following:

the Financial Stimulus Package for local industries, implemented with the support of participating financial institutions;

- the banking sector reforms which had yielded improved liquidity in the sector;

- the proposals to establish a Domestic Credit Rating Agency to assist firms with access to capital; and
- Ghana Stock Exchange Market Initiatives to help attract capital to Ghanaian businesses.

3.3 Preparedness of local businesses to take advantage of the AfCFTA

The Government of Ghana has largely demonstrated its determination to implement the protocols of the AfCFTA, it is not however clear whether the Ghanaian private sector itself is ready. The country missed the opportunity regarding prior consultation with the private sector, before the agreement was signed in Kigali in March 2018. The private sector, especially MSMEs and SMEs are clearly major players in the AfCFTA agreement and its implementation. In lieu of that, the level of their readiness was assessed as part of this study.

Whilst opinion about readiness seems mixed, there are some industry players who believe that the readiness of the state, in terms of the capacity of its institutions and friendliness of macroeconomic environment, is more important than the readiness of the private sector at the firm level. This is because private sector takes advantage of the business environment created by the state (OECD, 2017).

SMEs contribute significantly to job creation, income generation and poverty reduction in developing economies and Ghana is no exception. Data from the World Bank suggests that MSMEs account for more than 70 percent of industrial activities in Ghana and have been identified as catalysts for the economic growth of countries (Kusi et al., 2015). In Ghana, MSMEs contribute to about 70 percent of Gross Domestic Product (Abor and Quartey, 2010). Despite being important and contributing significantly to the socio-economic growth and development of the nation, MSMEs are confronted with challenges that affect their production and export potential, thereby hindering their ability to participate fully in global trade including the AfCFTA. Key among these is limited access to finance, power reliability, the difficulty of trading across borders, access to ICT, ICT use and so forth.

Assessment of the preparedness of Ghanaian businesses (MSMEs, SMEs)

The future of Ghana's increased intra-African trade lies with MSMEs. With MSMEs accounting for a substantial amount of economic activity in the country, the AfCFTA provides an opportunity for them to export to other African countries, thus boosting intra-African trade. MSMEs form the bedrock of economic activity in Ghana, thus, the AfCFTA certainly presents an opportunity for MSMEs to deepen their economic footprint (OECD, 2017).

In assessing the readiness of Ghanaian businesses to take advantage of the AfCFTA, the desk review study relied on a research conducted by Consumer Unity and Trust Society (CUTS) Ghana (Affiliated to CUTS International) titled "Assessment of Ghanaian Private Sector Readiness for AfCFTA Implementation" (2021). The study assessed the readiness of Ghanaian MSMEs, particularly pharmaceutical, tourism and hospitality, food and beverage, agri-business and garment, leather and textiles industries to take advantage of the opportunities presented by the AfCFTA. Key points from the findings are presented below:

- **Production Capabilities**

The findings in relation to production capability focused on how firms are resourced both internally and externally to produce effectively, expand, diversify or add value to their products to take advantage of the AfCFTA. The results showed that the capabilities of firms are generally low across the various in Ghana. Low productive capability signifies that firms will find it difficult to produce competitively and take full advantage of the AfCFTA if immediate action is not taken to address the challenges.

- **Ability to Compete**

Under this measure, Ghanaian firms were assessed based on their ability to compete with similar products from other African countries – in relation to price, quality, and quantity produced and sold. The findings showed that Ghanaian SMEs will find it difficult to compete in terms of price in the AfCFTA implementation. A three-year base period that was used to monitor price changes indicated that since most firms across the sectors had increased price over the past three years, they would not be able to compete with similar products. Additionally, firms' ability to compete with regards to volume is low as only a few recorded an increase in production volume within the stipulated period. Firms studied for this research stated that the inability to compete stems from a high cost

of production arising from (a) high cost of raw materials(b)high cost of credit, and (c)high utility charges (CUTS Ghana, 2021).

On the other hand, the Ghanaian SMEs were seen to have competitive advantage in terms of quality. Across industries, participants indicated that their products were known to be of good quality across the African continent. This was attributed to how strongly products are regulated, particularly for the pharmaceutical industry.

- **Ability to Innovate**

The ability to innovate in the presence of the AfCFTA is very important as it gives firms a competitive advantage over their competitors. Firms were therefore assessed if they have been able to introduce a new or significantly improved product or process and invested in technology in the past 3 years (i.e., 2017-2020). The results show that firms have a significant ability to innovate as many of them have introduced new or significantly improved product and production processes. This is buttressed by the fact that almost all enterprises have invested in new technology. However, the creative ability firstly lies in product design, followed by the use of new machinery or plants. Hence, firms can diversify, undertake value addition or come up with new products and thus benefit from the continental trade agreement. Enterprises, however, indicated that a high cost of constant upgrading of production, inadequate skilled personnel, and high cost of importing basic equipment for production are the challenges they encounter to introduce or significantly improve products or production processes (CUTS Ghana, 2021).

- **Ability to Export**

Ability to export considered the possession of export certificate and current export position. The current export position helps to determine those who are already exporting (or have the export potential). Possession of export certificates is also an indication that there is the possibility to enter the foreign market. The research indicated that quite a number of firms did not possess export certificates, therefore confirming them as locally-focused firms. To take advantage of the AfCFTA, it is important Ghanaian MSMEs be given proper education on the importance of acquiring export certificates to aid their export potential and address any issues concerning the acquisition of export certificates.

It was observed that firms across the sectors had the majority of their



Photograph of the production Unit of Kasapreko Company Limited
source: thevaultzmag.com



products sold in the country. In the instances where products were exported, they were largely exported to countries in West Africa. Firms highlighted some export challenges which included custom regimes, language barriers and the heterogeneity of currencies across the continent and the multiplicity of standards and regulations.

- **Knowledge about the AfCFTA**

The CUTS Ghana study measured knowledge in relation to awareness of and understanding of the agreement, its objectives, negotiations, and how it will affect businesses. The findings showed that, across industries, there is limited knowledge and understanding about the AfCFTA. Specific to the Rules of Origin, most of the participants had insufficient knowledge about it. This shows the importance of designing activities to engage MSMEs to bring them up to speed with the agreement. A direct result of this lack of engagement is the failure of MSMEs in this study to project how the AfCFTA may affect their businesses and how to position themselves to stay ahead of the curve.

Evidence from the 10-year business assessment conducted by GUTA showed that the inhibiting factors in Ghana makes it difficult to compete with other firms who have much more flexible business enablers. A synthesis of quotes validates this point and is in sync with the findings from the research done by CUTS Ghana:

“Even if a firm is ready to produce for both local and other African markets, it may still not be capable to compete with products coming from the more developed African economies; South Africa, Egypt, Tunisia and Morocco, where electricity is cheaper and interest rates are lower. For example, the Ghanaian firm will need to borrow at an average rate of 30% per year, while competitor firms in South Africa or Tunisia are borrowing at an average of 6%. In all terms, the cost of production for the Ghanaian based firm will be higher and consumers will shy away from the locally manufactured product. And so, whilst being concerned about the private sector readiness, we need to become equally concerned about the economic readiness of the country for the smooth implementation of the agreement” (Association of Ghana Industries, 2019)

3.4 The Gap Analysis / Implementation Challenges

Over the years, there has been evidence of a major gap between signing treaties and their entry into force (actual implementation). Africa and by extension Ghana has always been extremely visible in terms of the drafting and enactment of policies. The challenge has always been with systematic implementation. This age-long challenge was highlighted by President Paul Kagame of Rwanda explicitly pointing out in his address to AU Heads of States in 2017 that “Africa has a crisis of implementation”. In Ghana, a number of trade related policies, strategies and guidelines have been enacted but have either not been implemented or partially implemented. As a part of this study, a number of possible challenges that are likely to hinder or slow the pace of implementation of the AfCFTA in Ghana were identified:

3.4.1 Overall possible challenges:

Full implementation of the Agreement will not be free of challenges. Implementation of the Agreement is likely to pose various challenges given the nature and extent of policy and institutional changes, infrastructure development and resources required for effective implementation. Secondly, due to the existing and overlapping memberships of AfCFTA participating countries in other regional economic bodies, AfCFTA participating countries may find themselves in a difficult position of conflicting obligations or prioritisation of their obligations under other regional bodies over obligations under the AfCFTA. Thirdly, there is a downside to lowering non- tariff barriers and implementation of other trade facilitation measures advocated for under the Agreement and some of these negative effects may take a while to materialise so it is yet to be seen how successful this Agreement will be. Other challenges may arise from the very principles governing the AfCFTA for example consensus building which is very difficult to attain given divergent interests and priorities of participating countries and political instability in some countries.

3.4.2 Policy Gaps

Empirical evidences have shown that there are positive gains in joining the AfCFTA. However, the benefits to be derived from the Agreement depends on (a) having a national strategy (b) the design of the strategy (c) how fast the national strategy is developed and (d) the implementation

of the national strategy. Currently, Ghana has not churned out a publicly accessible national AfCFTA implementation strategy despite the fact that the real trading under the pact began on 1st January 2021.

3.4.3 The Financial / Funding Gaps

Funding and access to funding has been the bane of most companies in Ghana, especially, SMEs. This gap still pertains and has become much more enormous in the phase of the covid-19 induced challenges faced by most organisations including financial institutions. Though there is evidence of some financial institutions pledging their willing to partner with local firms to expand and be able to export their produce, there are no concrete agreements and support systems in place to achieve this (GNA, Business News, 19 Nov. 2020)

3.4.4 The Data Gap

Review of detailed literature including reports and published articles largely shows limited data on the implementation of the AfCFTA in Ghana. The study could not find any data related to the following:

- Policy framework to guide the implementation in Ghana
- Public/private partnerships relating to the implementation of the AfCFTA
- Information on the number of firms that are working to take advantage of the AfCFTA
- Firms/institutions both large, medium and small-scale industries

3.5 Responsiveness in meeting AfCFTA Agreement Protocols

3.5.1 Content of the AfCFTA for local businesses

The African Continental Free Trade Agreement (AfCFTA) is a continent-wide international trade liberalisation treaty within the African continent. Notwithstanding its international outlook, the Treaty also seeks to establish an equitable playing field for all actors and hence the provision of safeguards for local businesses in member states. To this end, Article 7 of the Agreement requires State Parties to progressively eliminate import duties or charges on goods originating from the territory of member State Parties and also, for products subject to liberalisation,

member States are generally enjoined to desist from imposing new import duties or charges on goods originating from the territories of other State Parties.

This measure, much as it benefits the manufacturers whose goods are being imported, its spillover benefits to local businesses which rely on the importation of goods including raw materials for their business activities cannot be overlooked. Under this Article, State Parties are also allowed to impose anti-dumping or countervailing duties on goods from other State Parties. The destructive effects of dumping on local domestic businesses is quite enormous and as a result, the AfCFTA provides a regime by which state parties may take appropriate measures to safeguard local businesses (Ndongo et al,2020).

Article 10 of the Treaty allows member States the freehand to impose their own export duties as their circumstances would permit subject only to the requirement that such duties and or tariffs should be applied in respect of exports to all member States and not in a discriminatory manner. As it relates to local businesses, this provision has a direct impact on local businesses whose business activities is or includes the export of goods and or services. The greatest beneficiaries of this objective when fully implemented would be local businesses which will now have access to wider markets with lesser restrictions than before.

3.5.2 Level/areas of compliance to the agreement protocols

The protocols under the AFTCA framework were put into two phases; the phase one looks at the trade in services, trade in goods and dispute settlement. The phase two which has not taken place will deal with the protocols on competition, intellectual property rights and investment. (African Union, <https://africa-eu-partnership.org/en/afcfta>)

African Union's (AU's) integration history indicates that the continental body is plagued by flexibility hindering its goal of continental unity. Historically, differing views on AU's role, goals and effect on regional stability has forced a gravitational pull on the essence of the body. Yet, AU continues to facilitate regional free trade agreements and customs union. One of these is the recent African Continental Free Trade Area (AfCFTA) Agreement. This article argues that achieving flexibility under AfCFTA is illusory, hence AU should strive towards attaining a clear

roadmap for flexibility milieu in the implementation of AfCFTA. We argue that, for AfCFTA to be effective, all AU Member States must ratify the agreement, thereby ensuring the harmonization of regional trade agreements, and elimination of tariff and non-tariff barriers. The article concludes that the AU must utilize the principle of variable geometry to have a differentiated level and speed of integration, still achieving the same objective of a unified continent towards maximum intra-trade realization.



African Union Commission Chairman Moussa Faki Mahamat (left), AfCFTA Secretary-General Wamkele Mene (centre) and Ghanaian President Nana Akufo-Addo (right) during the official commissioning and handover of the AfCFTA secretariat headquarters in Accra, Ghana.

Source: <https://africa.cgtn.com>

3.5.3 Challenges to compliance of the agreement protocols

The success of the AfCFTA, like all international treaties, would depend on its due implementation and compliance by the individual sovereign State parties. However, certain inhibiting factors might hinder the implementation and compliance with the Treaty and its Protocols by some or all member states. The compliance of the AfCFTA as reported in Ndonga et al 2020 will be affected by non-tariff barrier and internal factors. Ndonga et al believe that poor infrastructure, low productivity and production is the main economic barrier to African trade.

Chapter 4

SOCIO-DEMOGRAPHIC ANALYSIS OF STUDY PARTICIPANTS

4.1 Promising Practice and Lessons Learned

4.1.1 Promising/Best Practices

The study identified two key success stories that can serve as blueprints for the business community in seeing the prospects of the in the AfCFTA . The two companies were the 'Kasapreko Company Limited' and 'Ghandour Cosmetics Limited'. These two Ghanaian companies have secured licences to export their products to any member country of the African Continental Free Trade Agreement (AfCFTA).

In line with this, Kasapreko successfully exported a 20-footer container of alcoholic beverages to South Africa by air, while Ghandour Cosmetics also shipped a 20-footer container of cosmetic products to Guinea by sea last month.

Profiles of the 2-companies that have shown the way in the AfCFTA implementation	
Kasapreko, a leading and successful alcoholic and non-alcoholic beverage producer in Ghana has made tremendous strides in achieving business success not just locally but internationally.	Ghandour Cosmetics was established by Tanal Ghandour and his brothers in 1996 at Abossey Okai in Accra. It manufactures, and sells hair and skin care products in West Africa, and has indeed fulfilled its mission.

Profiles of the 2-companies that have shown the way in the AfCFTA implementation (Cont'd)

Started in a garage by businessman Dr. Kwabena Adjei in 1989 at Nungua, Kasapreko has grown into a state-of-the-art automated factory located off the Spintex road. Despite its exponential growth over the years, Kasapreko is still hungry for continuous growth and success. Its mission to “be a multinational company creating lasting value for our stakeholders by producing diversified alcoholic and non-alcoholic beverages from herbal and other traditional blends using first class technology,” never seems to be at an end but forward going.y.

Ghandour Cosmetics has provided a superior range of skin and hair care products in West Africa for the past 15 years, with its Accra base employing over 600 Ghanaians. The company has wide spread operations across Africa. These include: Togo, Mali, Burkina Faso, Benin, Gambia, Tanzania, Nigeria, Ivory Coast, among others.

With its aim of expanding further in the region, Ghandour Cosmetics is leaving no stone unturned and thus capitalizing on AfCFTA. Ghandour Cosmetics has shipped a 20-footer container of cosmetic products to Guinea by sea last month.

Source: African Media Agency, March, 2021

There is also evidence to show that other Ghanaian companies including ‘Ernest Chemists Limited’ are in the process of registering to profit from Africa’s over 1.2 billion consumers under the agreement with a number of Ghanaian continuously making enquiries at the coordination office on how they could take advantage of the agreement (Maclean Kwofigrahic.com.gh February 26, 2021)

4.1.2 Lessons Learned

Based on the extensive desk review, a number of key lessons were learned to guide implementation programming in Ghana. These comprises the following:

- The AfCFTA would boost Ghanaian exports, stimulate investments

and innovation, foster structural transformation, improve food security, enhance economic growth and export diversification, and above all, provide fresh impetus and dynamism to the economic integration of Ghana into the African market. However, achieving these benefits requires the need to have a well-informed and well-prepared business community. Findings based on a research conducted by CUTS Ghana showed very low-level of knowledge of business people in relation to the details of the AfCFTA. This calls for intensification in terms of local level consultations and advocacy activities.

- To harness the benefits of AfCFTA, the government complemented the ongoing industrial transformation agenda launching the National Export Development Strategy in 2020, developed a National AfCFTA Policy Framework and Implementation Plan for Boosting Intra-African Trade (BIAT). For all these national documents to be functional, there is the need for the Ghana Export Promotion Authority and the National AfCFTA Coordinating Office to intensify activities under the One-stop Shop Market Hub for the provision of integrated relevant exports trade information, including linking the Hub with the African Trade Observatory which has been established as one of the operational instruments under AfCFTA

4.2 Conclusions

The AfCFTA is a key step towards achieving the vision of an African Economic Community as one of the largest trade areas in the world. With almost all the 54-member countries of the AU signed onto the pact, the over 1.3 billion population of Africa will create one of the largest trading platforms and holds the potential to create the needed incomes to liberate the economies of participating African nations all things being equal. The AfCFTA officially commenced in January, 2021 and Ghana as a key stakeholder in the Agreement, has also started implementation processes in the same period. This desk study is therefore a part of the preliminary gathering of data/information on the Agreement and the associated protocols, the status of Ghana's implementation and responsiveness, the readiness of local industries to take advantage of the opportunities presented through the AfCFTA and the possible implementation challenges and recommendations.

This desk study makes a contribution to the scanty available literature on the implementation of the AfCFTA in Ghana and across other parts of Africa. The findings show that though some level of progress in being achieved, there is much more work required at the policy level, implementation level, resources level and the knowledge (advocacy) level. Even as participating countries prepare and take appropriate measures in preparation for the full operationalisation of the Agreement, Ghanaian businesses must be well positioned for the various opportunities available under the AfCFTA.

4.3 Policy Recommendations

Based on the findings and the lessons learned from the study, a number of key policy recommendations have been made to guide ongoing implementation processes:

4.2.1 Need to conduct a comprehensive primary research on the AfCFTA implementation in Ghana:

The review showed very scanty and uncoordinated pieces of information on Ghana's implementation of the AfCFTA. In the face of this limitation, a comprehensive primary research employing mixed method approach (quantitative and qualitative) would have enriched the study. In lieu of this, it is recommended that a primary research comprising key informant interviews, FGDs and a survey with the private sector groups and individuals, government officials responsible for the implementation of the AfCFTA, officials from the Ministry of Trade and Industry, Ghana Export Promotion Centre and all other identifiable groups and individuals.

4.2.2 Need for the development of a national strategic plan to operationalise the national AfCFTA Policy Framework

Evidence from the review of available documents/literature shows that though a number of policy direction and related documents including the National AfCFTA Policy Framework and Implementation Plan for Boosting Intra-African Trade (BIAT) and the National Export Development Strategy (NEDS) have been developed to help harness the benefits of the AfCFTA, the roll-out of the national framework has not yet started and access to the document has not yet been made public.

Secondly, operationalising the policy framework requires the need to develop a strategic plan for the implementation of the AfCFTA in Ghana. The absence of the strategic plan leaves a very huge gap in the implementation process---leaving a major gap in implementation direction.

The strategic plan will enable the country to identify sectors where it has a comparative advantage, major trade opportunities, extant constraints and auxiliary measures needed to take an absolute advantage of the Agreement. In lieu of this, the following recommendations are made:

- The national AfCFTA Policy Framework should be made accessible to the general public, especially the business community to serve as a blueprint for businesses, donors and other relevant stakeholders to follow for a necessary action to be taken.
- In designing the strategic plan, focus should be placed on identifying export products that can be exported to other African countries and outline the definite steps to actualize such exports.
- It should also underline vulnerable and sensitive products that need special consideration and measures to bolster these sectors---with much emphasis on SMEs (which make up about 85% of enterprises in the country).

4.2.3 Need to strengthen stakeholder consultations

The results of the desk review study shows that so far, 15-regional level and one-national level stakeholder consultations have been done since January, 2021. This provided an enabling platform for regional level stakeholders to be briefed about the prospects of the AfCFTA and how they can participate and harness the potential benefits. Though this is laudable, the evidence from the study conducted by CUTS International shows knowledge level is very low among the business community, especially at the local level. This call for the need for more decentralised consultations using the decentralised structures to reach broader stakeholders. In line with this, this recommendation is made:

- The National AfCFTA Steering Committee should work at orienting Officers of MMDAs to serve as focal persons/agents at the district level. These Officers should lead the implementation of the AfCFTA at the local level working with businesses and business people at

the Metropolitan, Municipal and District levels to take advantage of the AfCFTA;

4.2.4 Advocacy for mergers and partnerships

The study also brought to the fore the fact that most businesses in Ghana are SMEs which may not have the capacity to take full advantage of the AfCFTA. In line with this, the AfCFTA steering committee should work at encouraging business mergers at the local level as a way of building the capacity to be competitive and to harness the benefits of



*Some Cocoa farmers in Ghana drying harvested cocoa beans
source: xinhuanet.com*

the AfCFTA. More advocacy work should be done to encourage partnerships among SMEs to create a formidable force that can collectively meet the increasing demand for Ghanaian products and services on the international markets.

4.2.5 Financial Strategies for Businesses

Access to flexible financial resources has largely been the bane of most businesses in Ghana, especially SMEs. Though government is making efforts at linking firms to financial institutions, a conscious effort should be made at reducing interest rates on lending to make the local industries much more competitive.

4.2.6 Need to conduct cross-country research on status of implementation of the AfCFTA

The desk study showed non-existent data/information on the status of implementation across all the countries that have signed up to the AfCFTA. This could pose a major challenge to tracking the gains made. In line with this, it is recommended that a cross-country study be conducted after the first year of implementation to measure progress of implementation.

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Annexes

Annex 1: Concept Note



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