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Ghana - Mainstreaming trade policy

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1. Introduction

Trade mainstreaming is understood in this paper as a process of articulating trade policy and support measures in such a way that these are supportive of the core national development goals such as growth and poverty reduction. This involves the systematic promotion of mutually reinforcing policy actions across government departments and agencies, creating synergies in support of agreed development goals and avoiding contradictions.

In order to analyse the extent to which trade policies are mainstreamed, a two-step approach is followed. First, relevant national policy frameworks are read carefully, starting with the PRSP, with a view to identifying where and how trade and related policy issues are mentioned and articulated. This is done in Section 2, which is substantive in view of the number of policy frameworks reviewed. Second, for selected policy issues of a more divisive nature, the positions taken, or not taken, on these issues in various policy frameworks are examined with a view to identifying consistency/synergy, on the one hand, and gaps or contradictions, on the other (Section 3). This section also discusses what may be done to improve the write-up of the PRSP and other policy frameworks.

The background works leading to this and other papers under the FAO trade policy articulation project were undertaken by a team of analysts in Ghana on the basis of literature review, data analysis and stakeholder consultations. About 10 national experts contributed to the background work and papers; the project itself was coordinated by the Institute of Economic Affairs (IEA) based in Accra. Many brainstorming meetings were held with government officers, non-state stakeholders and civil society for their views on policies. The background study that contributed to this paper is Osei-Asare (2010). The other three background studies

under the IEA/FAO project were also useful for this chapter (Mensah-Bonsu and Addo 2010, Egyir *et al.* 2010 and Asuming-Brempong 2010).

2. Trade and agriculture in national policy frameworks

With a view to examining where and how trade and related policy issues in the context of agriculture and food security are mentioned and articulated, the following policy documents are reviewed.

- The PRSP - Growth and Poverty Reduction Strategy (GPRS II).
- Ghana National Trade Policy 2004.
- Agricultural Policy – the FASDEP II.
- ECOWAS Trade Policy and ECOWAP Agricultural Policy.

Note that “trade” is very broad in scope, e.g. the many areas that the WTO Agreements cover. Not all of these are divisive in nature, e.g. while tariffs and subsidies are divisive issues, development measures like irrigation, research and SPS standards are not. The focus of this paper is on the more divisive trade and pricing policy issues.

2.1 The PRSP

Ghana’s current PRSP is *Growth and Poverty Reduction Strategy* (GPRS II). In introducing this, it was said that the GPRS II intends to shift the strategic focus towards growth from the 2003 GPRS I, that reflected a policy framework directed primarily towards the attainment of the anti-poverty objectives of the UN MDGs. The goal of the new strategic focus is to accelerate economic growth so that Ghana can achieve middle-income status within a measurable planning period. The inclusion of the word “growth” in the title of the programme from the previous, *Ghana Poverty Reduction Strategy* (GPRS I), is said to be deliberate in order to stress the change in focus and content.

The GPRS II was adopted in July 2006 and is organized around three pillars (Figure 1). Economic growth and productive sectors are mostly covered under Pillar 1. Economic growth and structural transformation is to be propelled by the agricultural sector. The emphasis on agriculture-led growth strategy is predicated on a number of factors such as the importance of agriculture for poverty reduction, food security, raw materials for industry, and possibilities of generating widespread backward and forward linkages in the economy through agricultural growth. Besides the emphasis placed on agriculture, the GPRS II also covers some other strategic sectors that have long-term growth potentials, notably tourism, ICT, light industrialization based on textiles, garments and value addition to metallic and non-metallic minerals.

FIGURE 1:
The three pillars of GPRS II

PILLAR 1	PILLAR 2	PILLAR 3
Private Sector Competitiveness Private Sector Development Agriculture-led Growth Support Services Additional Sectors to Support Growth Employment/Safety Net	Human Resource Development Education Health (incl. HIV) Population Management Water and Sanitation Urban Development Other Social Policy	Good Governance and Civic Responsibility Political Governance Economic Governance Corporate Governance Evidence-based Decision-making

The total cost of the GPRS II is estimated at 73 374 trillion cedis (USD 8.063 billion) – about USD 2 billion per year. Of this, 35 percent is for Pillar 1, 55 percent for Pillar 2 and 10 percent for Pillar 3. Nearly 73 percent of the resource associated with the first pillar is expected to flow into programmes and projects intended to raise agricultural productivity, develop small-scale agro-industries, improve the transport infrastructure, facilitate both domestic and international trade, and develop the capacity and competency of domestic industries.

The GPRS II addresses trade and agriculture strategies and policies in a fairly detailed manner in several places (Box 1 - bolded sub-sections). The rest of this sub-section presents the treatment of these two topics, with some commentary as needed.

**Box 1:
Trade and agriculture coverage in GPRS II**

Chapter 3 - Priorities for Private Sector Competitiveness

3.1 Private Sector Development

3.1.1 Improve Ghana's access to global and regional markets

3.2 Improving the Business and Investment Environment for
Agriculture-Led Growth

3.2.1 Modernized Agriculture

3.2.2 Promoting Trade and Industry

Chapter 5 - Good Governance and Civic Responsibility.

5.6 Economic Governance

5.6.4 International Trade Management

Note: Bolded sections indicate places where trade and agricultural topics are discussed.

Trade coverage in the GPRS II

Trade is first addressed in Chapter 3 (two short paragraphs) under the heading *Improving Ghana's access to global and regional markets*.¹ Among the 2-3 strategies or measures listed are: fully implementing the 2004 Ghana National Trade Policy (GNTP 2004 in short); upgrading institutions that provide technical standards (SPS/TBT-related); and implementing sector-specific measures to support strategic exports, focusing initially on the President's Special Initiatives (PSI).

Trade is explicitly addressed next in section 3.2.2, *Promoting Trade and Industry*. This section follows immediately that on agriculture and is introduced thus: "In line with the long term vision of developing an agro-based industrial economy, the interventions in agriculture will be complemented with appropriate interventions

¹ Bulk of the texts in the chapters and relevant sections of Appendix II, Policy Matrix (in tabular form) are similar, although not identical. Policies and strategies are easier to read in Appendix II and also provide other information as issues and responsible agencies. The write-up in this sub-section draws from both sources, but relatively more from the appendix tables.

in the Trade and Industry sector". The overall objective is to create incentives in trade-related areas for enhanced private sector participation in the agricultural development agenda. This section is short, about 700 words, but additional information is provided in the appendix Policy Matrix (summarized in Table 1).²

The third place where trade is treated explicitly is section 5.6.4 in the sub-section *International trade management* (under *Economic Governance* in Pillar 3 of GPRS II). The text in section 5.6.4 is very short, only 176 words in two paras. Table 2 copies the relevant texts on policies and strategies from the appendix tables.

One commentary to make here is on the view above that certain products are to be given special treatment as being strategic for export (or for other reasons). This view is also found in some other parts of the GPRS II as well as in trade and agricultural policies (below). As will be addressed again in Section 3, it is however not clear from these policy documents what exactly are these products (other than the ones in the President's initiative), nor how these are, or will be, identified, and what special treatment they will receive.

Agriculture coverage in the GPRS II

In the GPRS II, agriculture holds a central position among all productive sectors. In introducing Pillar 1, the vision is stated thus: "The objective of GPRS II is said to be to achieve accelerated growth through modernized agriculture, led by a vibrant and competitive private sector. The challenge to the attainment of this objective is how to systematically address the structural constraints at the policy and institutional levels that hamper private-sector competitiveness in agriculture in the medium term and in the industrial and other sectors over the long term". In other words, the GPRS II is an agriculture-led growth strategy. Achievement of the overall goal of GPRS II requires agriculture to continue to grow at the rate of 6 percent per annum over the GPRS period.

GPRS II devotes about 10 pages for agriculture – 4 pages in section 2.3.3 (Agriculture as Basis for Economic Growth and Structural Transformation) in Chapter 2 called *Macroeconomic Context and Strategic Direction*. The next, five pages are devoted to agriculture in section 3.2.1 (Modernized Agriculture) under Section 3.2 *Improving the Business and Investment Environment for Agriculture-Led Growth* in Chapter 3 (Priorities for Private Sector Competitiveness). Relative to many other current PRSPs, this is a lot of space for agriculture.

² In the text part (section 3.2.2), six policy/strategy areas are mentioned while in the appendix table there are only five, with number 4 (regulatory framework) fully missing in the text, while two areas - agro-processing and agricultural marketing - are covered in the text under trade section but not in appendix. In Table 1, five areas are from the appendix.

TABLE 1:
Policies and strategies under *Promoting Trade and Industrial Development*

Policy	Strategies
1. Ensure proper integration of production sectors into domestic market	<ol style="list-style-type: none"> 1. Identify/promote opportunities for economically beneficial linkages along production and supply chains in new and existing productive sectors 2. Credit supply centres and on-lending to small traders/farmers
2. Enhance access to export markets	<p>Seven strategies (2.1 to 2.7). Briefly, provide or promote or encourage or facilitate as follows:</p> <ul style="list-style-type: none"> • Concessionary export finance • Competition in airport cargo handling • Private sector investment in cold chain facilities • Private sector investment in container terminals • Effectively participate in negotiations and global rule setting • Create fair, transparent and equitable trade regime • Facilitate cross-border trade
3. Increase industrial output and improve competitiveness of domestic industrial products	<p>11 strategies (3.1 to 3.11). Briefly, mobilize, enhance, promote, facilitate etc the following:</p> <ul style="list-style-type: none"> • domestic and outside resources for production of value-added products; enhance accessibility to infrastructures; efficient management practices in production; use of local products and services in government procurement; promote made in Ghana products at home and outside; ensure TBT removals; assist exporters to comply with product standards; develop commercially viable export and domestic market oriented enterprises in the rural areas; promote craft industry.
4. Strengthen the legal, regulatory and institutional framework to support industrial production and trade	<p>Five strategies - enforce competition rules; efficiency of business registration and licensing; measures to remove full ECOWAS integration obstacles; rules to protect IPRs; environmentally friendly consumption.</p>
5. Ensure the health, safety and economic interest of consumers	<p>Five strategies - enforce legislation to prevent sale of unsafe and poor quality goods; regulatory framework for protection of consumers' rights; national consumer awareness programmes; formation of consumer association; representation of consumers on relevant national bodies.</p>

In the section on *Modernized agriculture* (under the heading *Agriculture-led Growth*), there are a total of 41 strategies (actually programmes, policies and measures) listed against just three policy measures, which are:

1. Ensure sustainable increase in agricultural productivity and output to support industry and provide stable income for farmers.
2. Ensure food security for all and increase the access of the poor to adequate food and nutrition.
3. Ensure the development and strengthening of the requisite institutional capacity to support agriculture productivity.

TABLE 2:
Policy and strategies on *International Trade Management*

Policy	Strategies
1. Improve import competitiveness	1.1 Maintain competitive real exchange rate 1.2 Improve the import/export regime 1.3 Minimize the incidence of dumping
2. Diversify and increase export base	2.1 Promote new areas of competitive advantage 2.2 Take full advantage of preferential market access (AGOA, EU-ACP) 2.3 Engage fully in multilateral trade negotiations
3. Institute mechanisms to manage external shocks	3.1 Maintain stable reserves
4. Accelerate economic integration with other regional and/or subregional bodies	4.1 Implement the WAMZ programme 4.2 Work towards establishing a common customs union 4.3 Ensure that National Trade Policy reflects ECOWAS protocols 4.4 Strengthen industry-trade policies links

Source: Appendix 1C: Good Governance and Civic Responsibility, in Policy Matrix, Appendix II of GPRS II.

Space does not permit discussing the strategies. Among the 41 strategies listed, most are well known development measures such as irrigation, R&D, pest control, scientific land use, and so on. Therefore, what follows are notes or commentaries on some of these measures that are more of a trade/pricing nature.

Against policy (1) above, there are some measures listed under a sub-section called *Selected Crop Development*. As with the comment on strategic products for exports above in the trade part, this reference to selected crops could have an interesting point to pursue but then nothing is said on what these products are. Three products are mentioned in one place (pineapple, cashew and oil palm) but only in the context of biotechnology promotion. Likewise, horticulture development is said in a general manner (“develop”). It is not said here that these “selected” products are those under the President’s initiative.

In some other places, strategies are stated in a very general manner. For example, in view of “low level of dairy production”, the stated strategy is “promote dairy production”. “Promote the development of horticulture” and “develop and exploit ground water” are other examples.

Consistent with the pivotal role given to the private sector and competitiveness, reducing and coping with risk and uncertainties – market volatility – receives due attention. The general tune is to develop market-based risk management instruments, but this does not come out clearly all the time. For example, it is said

that *strenuous* government intervention (italic added) is the only way to break the cycle and attenuate the risks on both sides (farmers and service providers) so that the private sector moves in the present development paradigm. But what is this “strenuous” intervention is not clarified. In bullet 3 in page 25 of the text, ensuring “price stability” is stressed, but no indication is given of the instruments that will be used for this. Trade policy is one of the means for stabilizing prices (both of importables and exportables), but it is not clear if and how trade policy will be used.

One common weakness throughout is the way the strategies are written in that in many places there are words like support, promote, facilitate and so on in the context of the adoption by farmers and firms of new technologies and packages (like tractor services), but no indication is given of the types of facilities (e.g. subsidized credits, tax breaks) that will be provided. It is said that agriculture must diversify (from cocoa to other crops), but nothing concrete is said about how this will occur (and why this did not happen in the past?). Without that, it does not answer the question why things are going to be different this time. Presumably, these important specifics are left to annual budgets.

Given the importance of agro-industry in this development strategy, it would have been useful to have some concrete guidance on how to ensure the growth of agro-industries on the one hand, and to enable existing agro-industries to sustain on the other. On the latter, for example, there have been many cases of import surges in Ghana undermining the otherwise functioning agro-industries (poultry, dairy products, tomato paste and so on).³ What is to be done under such a stress? And what is the policy for fostering new industries? Will there be any role for trade/pricing policy here (e.g. on infant industry ground)?

2.2 Ghana national trade policy 2004

The work programme for the GNTPO4 was fairly elaborate and included, in phases, a comprehensive review of trade and development literature that produced a Ghana Trade Policy Background Paper, essentially an “Options” paper, and extensive stakeholder consultations. These led to the formulation of the policy itself, and based on that an implementation plan – the 2005 Trade Sector Support Programme (TSSP). The Options paper provided the Ministry with options for policy and a basis for the extensive stakeholder consultations that followed.

The fundamental goal of the GNTPO4 is to contribute to the realization of the government’s development objectives through two parallel strategies: a) an export-led industrialization strategy; and b) a domestic market-led industrialization strategy based on import competition. The rationale for the first strategy is that Ghana’s

³ The previous chapter discussed import surges as one of the trade policy issues for Ghana.

domestic market is relatively small and so economic growth must necessarily come through increased export. This will depend primarily on adding value to Ghana's national resources and enhancing the competitiveness of local production which in turn can only be achieved through industrialization. This is the rationale for the second, parallel strategy.

The GNTPO4 is detailed through seven thematic areas: 1) multilateral trade; 2) creating a fair and transparent import-export regime; 3) facilitating trade; 4) enhancing production capacity for domestic and export markets; 5) domestic trade and distribution; 6) consumer protection and fair trade; and 7) protection of intellectual property rights. Three other thematic areas were subsequently added while formulating the TSSP, making the total ten: 8) product standards; 9) competition and government procurement; and 10) export trade support services.

Each thematic area has 4-5 sub-topics, with each sub-topic presented under three headings: i) policy context; ii) policy objectives; and iii) policy prescriptions. This is helpful because the "context" helps better understand the "policy process".

For space reason, the following discussion is selective and focuses on some issues/topics that are more of a policy/pricing nature and so relevant for this paper. For example, several of the above areas focus on development measures that are relatively less divisive in policy discussions, e.g. upgrading of technical standards (SPS/TBT measures), trade facilitation, consumer protection, intellectual property rights, competition policy and so on. A better place to consider these topics in some depth is trade support measures or Aid for Trade (next chapter).

Thematic area 1, *multilateral trade*, is about policies on trade negotiations and agreements (namely WTO, ECOWAS, EPA, Africa-wide integration, bilateral agreements and preferential market access like GSP, AGOA). The primary stated goal is to expand export opportunities and market access, as well as to contribute to reducing global trade distortions.

While export is the main focus, this thematic area also provides some guidance on import policy, a relatively divisive issue, especially given the strong emphasis of the GNTPO4 on export orientation. Thus, it is said that Ghana will, through negotiations, seek to retain sufficient flexibility in its own tariffs to allow development of competitive local industries, and that it will ensure to retain the right to support its producers. Also mentioned is the importance of retaining adequate "policy flexibility".

Thematic area 2 outlines policies on *traditional trade instruments*. A fundamental point made while addressing tariff measures for both imports and exports is the following: "Restrictions in the import regime can lead to investment in "protected" sectors rather than sectors for which Ghana can be competitive. This reduces

export potential and results in higher prices of both imports and local products.” This view is consistent with the overarching theme of the GNTPO4 which is export-orientation.⁴

But, reading further, the GNTPO4 does not seem to push this line too far in one direction as it also speaks of the importance of tariffs, safeguards, modest protections and so on, as said above. This also recurs in thematic area 2. It is said there that the government will ensure a reasonable level of protection to all domestic producers on a sectoral basis, depending on their ability to compete with imports while encouraging improvement in competitiveness and development of export potential over time. An escalated tariff structure is also endorsed, consistent with the ECOWAS CET. Strictly speaking, such a structure is not consistent with export-orientation. Similar views are made in subsequent paras – that tariffs will be effectively used to encourage domestic production of strategic commodities.

Taken together, these views could be interpreted as either presenting a balanced view on trade policies or as being inconsistent.

Non-tariff barriers (NTBs) to trade, including quotas, are condemned but not outrightly rejected. It is said that such instruments should be used very carefully in difficult situations when other instruments fail and when these are required for meeting some societal goals. Lastly, the policy supports the provision of incentives for exports, as well as some level of export taxation for generating revenue for covering service costs or for commodity development.

Thematic area 4 - *production capacity* - addresses supply capacity for both exported and domestic market-led industrialization. One notable strategy is identification and targeting of specific sectors for development on the basis of export potential, domestic market requirements, increased employment and income for disadvantaged groups. A number of well-known support measures are also listed. This theme also calls for supports to strategic productive sectors, yet to be identified based on “clear and transparent criteria”. Sub-theme 4.7 (*sectoral development - agro-processing*) alludes to the need for responding to import surges and negative effects on agro-industry.

Some pertinent policy statements are also made in thematic area 5 - *domestic trade and distribution*. It is said that while the basic policy will be maintaining a free market system, with minimum government intervention, the government will, as a last resort, selectively intervene in farm gate prices of strategic products to stabilize

⁴ This is a very important statement of trade policy because it essentially endorses the view that import restrictions of any form or any level are to be avoided as these contribute to anti-export bias. In trade theory, this view is attributed to the Lerner Symmetry.

prices for vulnerable consumers and producers. Note that “strategic products” are again mentioned here but without further elaboration.

In summary, the GNTPO4 is both comprehensive in the coverage of issues and trade policy areas, as well as balanced in terms of the provisions for export, domestic markets and import competition. Overall, the focus is on a liberal trade regime and competitive markets but with safeguards and support measures. The needs of the agricultural sector, especially agro-industry, seem to have been fairly well addressed. In this sense, the GNTPO4 is consistent with the basic thrust of the GPRS II. The two areas in particular where the GNTPO4 could be improved in the next revision would be to reflect the provisions of the ECOWAS trade and agricultural policies (ECOWAP), and clarify what exactly are special and strategic products referred to in several places.

2.3 Agricultural Policy – the FASDEP II ⁵

The FASDEP II followed upon previous policies – the 2002 FASDP I and the 1996 Accelerated Agricultural Growth and Development Strategy. As with the GNTPO4, the formulation of the FASDEP II also underwent an extensive process of stakeholder consultations.

The FASDEP II reviews past approaches to agricultural development and notes that these efforts were not effective for a variety of reasons, including underfunding of the sector, limitations of public-led service delivery and multiple, stand-alone and uncoordinated projects. It refers to the GPRS II’s key pillar of “private sector competitiveness” and accordingly calls for a strategic shift to supporting agriculture. The main building blocks of the new strategy will be commercialization of agriculture, linking farmers to markets through value chains, value addition at every stage, private sector-led provision of inputs and services, and food security and social protection. There is also a strong recognition of the food sector, in view of its large linkages and multipliers throughout the rural economy and beyond.

The following are the eight policy objectives for the FASDEP II within which are articulated the strategies and policies. Brief commentaries are made below on selected policies that are of a more trade/pricing nature, in line with the above discussion on the GPRS II and GNTPO4.⁶

⁵ The introduction and commentary is based on FASDEP II first draft, second revision, May 2007.

⁶ Being an agriculture policy, the FASDEP obviously devotes a great deal of attention to development measures like irrigation, pest control, livestock diseases, research and extension, and so on. The selective discussion here on policy issues in no way undermines the immense importance of these other programmes.

1. Universal (national) food security and emergency preparedness.
2. Improved growth in incomes.
3. Stabilization of farm incomes and food supplies.
4. Stabilization of farm incomes and reduction of income risk.
5. Sustainable management of land and environment.
6. Increased competitiveness and enhanced integration into domestic and international markets.
7. Application of science and technology in food and agriculture.
8. Effective institutional coordination

The first objective begins with a definition of *food security*, which however is not well articulated.⁷ For example, it is not clear to what extent attaining food security at the national level is stressed, versus that at the household level. In the new ECOWAS customs union context, with open borders and strengthened regional trade links, the meaning of food security needs to be rearticulated. This is important because it has policy implications.

It is further said there that the broad strategy for the attainment of food security is to focus at the national and agro-ecological levels on the development of at most four staple crops (maize, rice, yam and cassava). Districts will focus on at most two of these crops, the choice based on comparative advantage, importance of the crops to people in the zone and availability of markets. These selected commodities will receive support to enhance productivity along the whole value chain. This section also mentions stabilization of price through buffer stocks and other measures, but nothing else is said (e.g. how). This also comes up in another strategy (below).

The next policy objective is increased *growth in incomes*. The focus of interventions will be to provide opportunities for diversification into cash crops and livestock, and for value addition on “all” commodities. This objective targets “all” categories of farmers as a principle of equity. But then under the strategy section, it is said that there shall be a focus on tree crops (mango, cashew, oil palm and citrus), small ruminants (sheep and goats), and poultry and vegetables on the basis of comparative and competitive advantage of agro-ecological zones and availability of markets. It is also said that indigenous staple crops and livestock species produced by the poor (sorghum, millet, groundnut, sheanut, goat, fowls and guinea fowls) can be commercialized through linkages to industry.

⁷ The following definition in FASDEP II is not the well-known standard World Food Summit definition of food security: “MoFA defines food security as good quality nutritious food, hygienically packaged and attractively presented, available in sufficient quantities all year round and located at the appropriate places at affordable prices. Although the objective of attaining food security is national, it is the poor that are most vulnerable to food insecurity”.

One comment here – what is the value-added of designating some commodities for food security and others for higher incomes, i.e. why is that classification needed if policies were to remain undifferentiated. There are no indications of product-specific supports and subsidies to the identified products.

The third objective is *stabilization of farm incomes and food supplies*, and is expressed thus: “The objective of stabilising farm incomes and food supplies is linked to that of food security, and the commodities targeted for food security will be the source of procurement for storage”. One notable strategy listed is establishing strategic stocks to stabilize farm prices as well as improving responsiveness to supply shortfalls. As further discussion is not provided, it is difficult to comment on this, but maintaining “strategic stocks to stabilize farm prices” is not a trivial intervention. For example, India has such a policy, and deploys multiple policy instruments, including trade instruments, to make that work. Given the overall policy paradigm pictured in the GPRS II and GNTPO4, as well as elsewhere in the FASDEP II, i.e. one of intense market orientation and minimum intervention, this policy stand seems to be somewhat odd. Also, one could question how such a policy will work for a country that is part of a customs union.

Some other interesting points may be noted from the rest of the policy details in FASDEP II. The FSADEP II rejects the past model of public sector-led provision of inputs and services in favour of the private sector-led provision, with the government facilitating the process. In taking this line, it however recognizes, based on past experiences, that left to itself the private sector will not come forth easily in providing these services, and so the government needs to do more to bring them on board. Although not specified explicitly, these would be incentives of one sort or other.

The FASDEP II also takes note of some of the supports expected for the agricultural sector from the trade side. Thus, it gives due importance to some of the policy positions in the GNTPO4, notably the selective and minimal use of export taxation, and rationally using tariffs to counteract unfair trade practices and encourage domestic production of strategic commodities. Related points are also made in the section on *coordination function of the MoFA*. Thus it is said that the MoFA will, as part of its coordination and advocacy role, identify agricultural commodities affected by unfair trade practices and lobby for protection of strategic commodities identified in the policy.

And lastly, and a point related to the topic of mainstreaming, the MoFA promises to play a pro-active inter-ministerial coordinating role, recognizing the importance of the contributions from other ministries (e.g. road, financial sector, local government, trade etc). In this role, it will regularly assess the consistency of the policies with agriculture sector objectives and strategies, and analyse the impact of policies on the agricultural sector. This will include the analysis of the impact of macro policies on the competitiveness of key agricultural exports.

2.4 ECOWAS trade policy and ECOWAP agricultural policy

The ECOWAS trade policy, the ECOWAP and more recently the ECOWAP/CAADP compact are mostly developments that took place after the formulation of the Ghana policy frameworks reviewed above. For this reason, it was simply not possible to filter in the implications of the regional policies in the national frameworks. Geared towards a customs union, these regional frameworks will be increasingly influential on national policies and programmes. Both these topics were reviewed in the previous chapter on trade policy and so what follows summarizes the main points relevant to this paper.

First, the ECOWAS trade policy. With 90 percent of the imports into the ECOWAS coming from outside ECOWAS countries, the CET will be the effective tariff for Ghana, essentially rendering irrelevant Ghana's WTO bound tariff of 99 percent. The CET was adapted from the WAEMU CET following the January 2006 decision of the ECOWAS Heads of State to implement a similar system of four tariff bands of 0 percent, 5 percent, 10 percent and 20 percent. A fifth band of 35 percent tariff has been added in 2009. Then there are trade remedy measures or safeguards. It is said that these were articulated around a decision of the Heads of State and Government concerning the "adoption of the external trade regime according to the specific circumstances of the agricultural sector". This specific circumstances led to "differentiated protection" for the agricultural sector and eventually to three types of safeguards addressing three different concerns. These are: Degressive Protection Tax (DPT) meant for a limited duration during which to restructure and improve the competitiveness of the production sectors; Safeguard Tax on Imports (STI), similar in design to the WTO SSM and meant for responding to import surges and depressed prices; and ECOWAS Compensatory Levy (ECL), similar to the WTO countervailing duty and meant for offsetting "unfair" competition.

Second, the ECOWAP agricultural policy. The ECOWAP is considered as the overall framework for guiding national agricultural policies in member countries. Its vision is of a modern and sustainable agriculture, based on the effectiveness and efficiency of family farms and the promotion of agricultural enterprises through the involvement of the private sector. Specific objectives include guaranteeing food security for all through initiatives to attain food sovereignty, reducing food import dependency by giving priority to food production and processing, and integration of producers into markets, and of markets across countries in the region. ECOWAP is somewhat unique in that it explicitly uses the concept "food sovereignty". Associated with this are desires for high levels, if not full, of food self-sufficiency, border protection if needed, and strong regional integration.

Third, the recent ECOWAP/CAADP Regional Compact. Since the adoption of the ECOWAP, the ECOWAS Commission and the NEPAD Secretariat have worked together to elaborate and adopt an action plan for joint implementation of ECOWAP and CAADP so that there is a single, unified framework for planning

and intervention in the agricultural sector. As preparatory works for the compact were in progress, the 2008 food crisis prompted some re-formulations of the programme. In June 2008, the Heads of State adopted a *Regional Initiative for Food Production and the Fight Against Hunger* which revised the intervention priorities for the implementation of the ECOWAP/CAADP Compact. Three mobilizing and federating programmes were formulated: i) promotion of strategic food value chains for food sovereignty; ii) promotion of an overall environment favourable to regional agricultural development; and iii) reduction of vulnerability to food crises and promotion of stable and sustainable access to food.

Under the first mobilizing programme, the aim is to support all regional initiatives and strategies that promote food production and food value chains. A number of food products “that contribute to food sovereignty” will be promoted. These are millet/sorghum, maize and rice, roots and tubers, fruit and vegetables, and meat and dairy products, with priority in phase 1 for rice, maize, cassava and livestock-meat and related products, and the rest in phase 2. The products are identified on the basis of: i) high production potential; ii) evolving dietary habits; and iii) large import bills. The second mobilizing programme has components that address regional integration and border policies, e.g. investing in trade infrastructures to boost regional trade in food products, and adaptation and implementation of new regional trade provisions.

3. Conclusions

As commentaries were also made above in presenting the main policy frameworks, this section is brief, and addresses four points. The first is the main concluding remark on mainstreaming, or consistency of positions across the frameworks. The next two indicate some gaps and ambiguities in the texts. The fourth and last point presents a view on trade content in the GPRS II from an ODI study.

On the whole, there is a fairly high degree of consistency in positions across Ghana’s policy frameworks

The main strategic thrusts and guidelines in the GPRS II – the apex policy framework – may be noted as follows:

- Agriculture-led economic growth.
- Structural transformation of the approach to agricultural development (commercialization, efficient and competitive domestic trade, private-sector in services provision and at all points in the value chain).
- Promotion of special/strategic products/sub-sectors and special treatments.
- Balanced treatment of export products and foods, including food security.
- Concerns over risk and vulnerability, and market and price stability.

The GNTPO4, although formulated prior to the GPRS II, is largely consistent with the above strategies and policies. Unlike the sole focus accorded to export in trade policy of many developing countries, the GNTPO4 presents a balanced approach, with its two, parallel strategies of “export-led growth” and “domestic market-led industrialization based on import competition”. Consistent with this, a section of the GNTPO4 is devoted to addressing domestic trade and distribution issues, supporting similar approaches and interventions in the GPRS II. Furthermore, the GNTPO4 is also balanced in that it considers retaining “policy space” in negotiating trade agreements, and provides appropriate instruments for selective protection, promotion of strategic products and sub-sectors, and safeguards against market disruption. Thus the need of the agro-industry has been addressed, consistent with the support to this sub-sector as expressed in the GPRS II.

The FASDEP II, the latest of the three policy frameworks, is also consistent with the above strategies and positions. It is naturally focussed on agriculture growth and development programmes, but unlike the traditional agriculture plans found in many countries, topics such as competition in domestic markets, private-sector provision of services and value chain links are given due prominence. The supports expected by the FASDEP II for agriculture from the trade side are also found to have been met by the range of instruments provisioned in the GNTPO4.

Thus, on the whole, there is a fairly high degree of consistency on positions and synergy across Ghana’s policy frameworks. The one area where some follow-up and fine-tuning is needed is revisiting the above frameworks to ensure that these are also consistent with the new regional policy frameworks (ECOWAS trade policy, ECOWAP, and ECOWAP/CAADP Compact). This was commented on at the end of the previous section.

Targeting “strategic” products/sub-sectors for special treatment

As is the case for many other developing countries, Ghana’s policy frameworks also have strategies calling for promoting special or strategic products.⁸ If carried forward and implemented seriously, such a strategy has implications for the allocation of public and private resources as well as for changing the structure of incentives facing different products and sub-sectors, with economic implications as discussed in the World Bank studies on agricultural distortions (e.g. Brooks *et al.* 2009 for Ghana). So it is important that this issue receives scrutiny.

⁸ There are many examples of such an approach in other fora also, e.g. negotiations for designating selected products as special and sensitive in the Doha Round. Another example would be the targeting of about a dozen food products for increased intra-African trade by the 2006 Abuja Summit on Food Security.

In the GPRS II, this is found in 3-4 places. One is the special treatment to be accorded to “strategic exports”, initially focussing on products in the President’s initiatives (in agriculture, cotton, oil palm and cassava starch). In trade section, it is said that new productive sectors will be identified and developed, including promoting new areas of competitive advantages. In the agricultural section of the GPRS II, there is a strategy for selected crop development, but nothing specific is said on what these are. Likewise, references to special products are found in the GNTPO4. In its thematic area 4 (production capacity), one strategy is the identification and targeting of specific sectors for development. This theme also calls for supports to strategic productive sectors to be identified based on “clear and transparent criteria”. Further in thematic area 5 (domestic trade) it is said that the government will, as a last resort, selectively intervene in farm gate prices of strategic products to stabilize prices for vulnerable consumers and producers. Again, no specific products are mentioned.

In FASDEP II, selecting products for special treatment is found in food security and farm incomes strategies. The former mentions at most four staple crops (maize, rice, yam and cassava) and the latter calls for diversification into cash crops and livestock, with a focus on some tree crops (mango, cashew, oil palm and citrus), small ruminants (sheep and goats), and poultry, vegetables, and indigenous staples and livestock species (sorghum, millet, groundnut, sheanut, goat, fowls and guinea fowls). Lastly, the recent ECOWAP/CAADP Compact has a development programme for strategic food value chains. The products identified are millet/sorghum, maize and rice, roots and tubers, fruit and vegetables, and meat and dairy products, with priority in phase 1 for rice, maize, cassava and livestock-meat and related products, and the rest in phase 2.

Two comments on the strategies. First, it is obvious that the list of such products is rather long, covering almost all cereals, prominent foods such as poultry and several cash crops. In some cases, the strategies merely mention the need for identifying such products and sub-sectors based on some criteria, which are not specified. A second comment would be lack of clarity on the special treatment for these products, both on policy (e.g. higher tariff protection, no export tax, lower VAT, subsidized credit) and investment (e.g. in various points of the value chain). The FASDEP II has detailed programmes for many of these agricultural products but without information on investment (budget), the issue of special treatment and prioritization is not clear. But then resources are limited. Clarifying these matters would also help immensely the operationalization of the Aid for Trade programme.

Clarifying key terminologies helps improve mainstreaming

This is also an important issue for mainstreaming. As the goal is to ensure synergy and consistency across national policy frameworks, it is essential that terminologies

used in various places are clear and consistent. Without that, there is a risk of the subsidiary policy documents using the terms in different contexts, and/or stakeholders interpreting them differently and even influencing policies. For example, it has been written that food security could be used as one criterion to justify export controls. Now if food security is not defined precisely, traders might be asking for (or against) export control for some product for quick profits. This point may be illustrated with some examples from Ghana's policy frameworks; similar examples can be found for many other countries.

Food security is one concept that is understood variously. The World Food Summit definition with its three dimensions is essentially about household access to food, through the combination of production and import. For many, this is no more than household food security or an issue of economic access, and having nothing to do with a national self-sufficiency rate. Others also stress on the latter. The recent global food crisis has shifted support towards increased self-sufficiency. In Ghana's FASDEP II, food security is defined somewhat differently, and seems to be closer to availability at the national and regional levels. In the ECOWAS customs union context, such a definition may not be appropriate. Likewise, the use of the term "food sovereignty" in ECOWAP is another example (previous chapter). Highly divisive debates have taken place in some global fora on discussions on trade and food security when linked to food sovereignty. Although Ghana's own policy documents do not use this term, ECOWAP policies can not be ignored.

The following is a sample of examples of terms found in policy documents that often lack clarity (emphasis added): "protecting *sensitive* industries", "ensure a *reasonable* level of protection", "protection to *all* domestic producers on a *sectoral basis*", "*special, sensitive and strategic* commodities", "NTBs may be resorted to on the basis of *social welfare*", "*food security* could be one of the criteria to justify export controls", "government will facilitate the provision of support to *strategic productive sectors* based on clear and transparent criteria", "improving competitiveness of agro-processing through *economies of scale production* and improved technology".

An additional view – review by an ODI study of the trade content in the GPRS II

A recent ODI study (Driscoll et al 2007) revisits issues raised in previous evaluations of the trade content in the PRSPs (Hewitt and Gillson 2003, Ladd 2003) and examines some new PRSPs for the trade content (six PRSPs reviewed including Ghana). They asked 16 questions concerning trade content in PRSP (in addition to similar questions on the growth content). Overall, Ghana PRSP ranks higher than others on the basis of these questions. The study notes that there are 2-3 sub-sections in the GPRS II with trade content, and also importantly it refers to the GNTPO4 itself. The GPRS II also provides some understanding of the differential treatment of sub-sectors in the trade context, e.g. when agriculture is assigned as the lead sector

for economic growth, when the importance of diversification away from cocoa into other crops, including cereals, is stressed, and in implementing sector-specific measures to support strategic exports, notably the President's initiatives. Also on the positive side, the GPRS II provides a fairly good treatment of the supply-side constraints but is somewhat limited on the demand-side.

The study also finds answers to several other questions posed in the negative, i.e. the GPRS II did not address the issues. These include discussion on trade-poverty linkages, differential impact of trade by vulnerable groups, differentiation by consumers and producers, and by small and large farms and firms, and on regional trade integration. In a way, these are too many no's, but then, to be fair, the GPRS II refers to the GNTPO4 which is comprehensive, and which evolved out of an Options Paper that considered many of the above issues. Seen from this standpoint, the GPRS II can claim to be rich on the trade content. Many countries are increasingly formulating both a PRSP and a trade policy. These serve different purposes, but it is important that the PRSP also has enough trade content and should provide overall guidance on trade policies, which are then detailed in the trade policy. A PRSP could be called mainstreamed when the positions taken are consistent with those in the trade and other national policies.

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