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Ghana - Articulating trade-related support measures for agriculture

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1. Introduction

This third paper on Ghana complements the previous two on trade policy and trade mainstreaming by focussing on the issue of articulating trade-related support measures essential for trade development. The rationale for conducting the background works on these three topics together is that trade-related support measures should be fully consistent with, or are mainstreamed within, strategies and policies as articulated in a national development strategy such as the PRSP and in subsidiary policy frameworks (e.g. on agriculture, industry). This is also essential for prioritizing support measures. This paper is also a contribution to the efforts underway on operationalizing the Aid for Trade initiative at the country level. The background paper under the FAO project that contributed to this chapter is Asuming-Brempong (2010).

The rest of the chapter paper is organized as follows. Section 2 forms the substantive part. It reviews guidelines for investment, priorities and allocation of resources in key policy frameworks, covering the Ghana PRSP (the GPRS II), TSSP and agricultural development plan. One of the issues to be addressed in this review is the consistency across the policy frameworks in terms of prioritization of support measures. Section 3 concludes the paper with an overview on the overall approach to articulating TRSMs, and some other observations.

As explained in the synthesis paper (Chapter 4), this case study uses the term TRSM instead of Aid for Trade (AfT) for two reasons. One is that AfT is limited to external funding while TRSM does not make that distinction and covers all support measures irrespective of the source of funding. The other reason is that TRSMs as used here are meant to cover all products and sub-sectors, including importables, whereas AfT is often seen as support to exports, although this is not

very clear from the WTO Task Force report on AfT. Aside from these, there are no differences between the two terms. The six categories of the scope of the AfT are comprehensive in covering both trade-specific measures and productive sectors like agriculture and industry.

2. Trade-related support measures in national policy frameworks

Three policy frameworks and their corresponding implementation plans together provide a holistic picture of the vision, guidelines and plans for Ghana's TRSMs. These are the GPRS II, the TSSP 2005-2010 and Agricultural Sector Plan 2009-2015. What follows summarizes the priorities and plans in these frameworks, as well as illustrations of some agricultural trade projects that are considered to be innovative. Some of the observations summarized in this section were discussed in some detail in the previous two chapters.

2.1 The GPRS II

Volume II of the GPRS II provides a four year costing framework (budget allocation) for implementing GPRS II. The total cost is estimated at 73 374 trillion cedis or about USD 8 billion, which consists primarily of investment and service costs but excludes wages, salaries and administrative expenses associated with project and programme implementation. Of the total of USD 8 billion, 35 percent is for Pillar I of the GPRS II, 55 percent for Pillar II and 10 percent for Pillar III (Table 1). It is said that consistent with the emphasis given to growth in the GPRS II, resource allocation to the thematic area covered by Pillar I has been increased from 27 percent in GPRS I to 35 percent in GPRS II.

The table shows that within Pillar I about 16 percent of the total is allocated to both modernized agriculture and trade and industry. Private sector development programme also receives 10 percent of the total. Of the rest of the total in Pillar I (USD 1 604 million), just over 50 percent is allocated to transport, 26 percent to energy and the rest 24 percent to other components (natural resource management, science and technology, IT sector, tourism, music industry, and safety nets).

The 16 percent allocation to modernized agriculture is indeed a substantive amount, considering that 5-6 other important areas noted above share just 24 percent of the total. Moreover, this 16 percent is 60 percent larger than the 10 percent budgetary allocation to agriculture that the Maputo declaration has targeted. Also importantly, the 16 percent allocation to trade and industry, and the 10 percent to private sector development, are critical complementary inputs to the GPRS II goal of agriculture-led industrialization and growth.

TABLE 1:
Allocations across GPRS II Pillars (million USD)

GPRS II Pillars	2006	2007	2008	2009	Total	%
Pillar I: Private sector competitiveness	752	765	704	634	2 855	100
• Modernized agriculture	141	132	101	91	466	16
Increased productivity	2%	2%	2%	2%	2%	
Food security	76%	79%	81%	81%	79%	
Institutional capacity	22%	19%	17%	17%	19%	
• Modernized fishing methods and aquaculture	6	6	7	6	26	1
• Trade and industrial development	136	126	113	102	477	17
• Private sector development	51	84	78	70	283	10
• Rest of Pillar I	418	417	404	364	1 604	56
Pillar II: Human resource development	1 111	1 116	1 159	1 043	4 428	
Pillar III: Governance and civic responsibility	204	202	176	197	780	
Total	2 066	2 083	2 039	1 874	8 063	

Source: Appendix tables in GPRS II Volume 2

Within agriculture, Table 1 shows that 79 percent of the budget is allocated to food security. This however is somewhat misleading, and a reading of the text section in Volume I of the GPRS II reveals that this programme covers not only what is said as “food security” crops but also the “higher farm income” crops – essentially those products that “contribute significantly to domestic food security, agro industry and export”. Specific development activities include irrigation, inputs supplies, research and development and so on. These are further elaborated in the agricultural programme.

2.2 Trade sector support programme

Ghana’s TSSP (Ghana – TSSP 2005) can be said to be the equivalent of the DTIS of the LDCs, but it is more than a DTIS because it covers all aspects of trade, not just exports but also importables. As reviewed in some detail in the previous chapter on mainstreaming, the Ghana National Trade Policy 2004 (GNTP04 in short) addresses issues not only on the external but also domestic trade agenda to some extent. Also importantly, the TSSP is closely linked to the GNTP04 and GPRS II.

The key programme design features that are reflected horizontally across the TSSP are as follows:

1. *A new approach to programme design that facilitates implementation* – The design of the TSSP is directly related to the policy prescriptions in the GNTPO4. The design process included a review of existing projects and programmes, identification of gaps and formulation of project activities in order to achieve the trade policy prescriptions.
2. *Ensuring a strategic fit between the TSSP and other key national development programmes* - The TSSP has been designed to complement the GPRS II and Private Sector Development Strategy as well as other ongoing projects and programmes in the trade sector in order to avoid duplication.
3. *Entrusting responsibility to government for programme implementation* – The central responsibility and accountability for leading programme implementation is placed on ministries and agencies rather than outside contractors.
4. *Maximizing local ownership* - The TSSP has been designed through a collaborative process under which external consultants worked closely with the Ministry of Trade counterparts, and together consulted a wide range of stakeholders through a structured process of kick-off meetings, one-to-one discussions and presentations of findings and proposals.
5. *Built-in flexibility* - The TSSP has been designed to respond to emerging needs through rolling annual workplans and budgets within the parameters of the draft five-year project implementation plan and resource framework.
6. *Mainstreaming cross-cutting issues* - Provision is made in the design to mainstream crosscutting issues during the implementation of all programme components, including poverty and gender inequality, HIV/AIDS, good governance and sustainable environmental development objectives.

Designed for implementation for five years (2006-2010), the TSSP is a long document in three volumes. Volume 1 analyses present situation, challenges and specific recommendations. Volume 2 builds on these recommendations into a series of 26 implementable projects, each with targets, outputs, implementation plan and institutional responsibilities. And volume 3 provides budgetary details.

The 26 projects are clustered into 10 thematic components. Each project comes with a purpose statement, key targets for the five-year project period, and time-bound action plans with institutional responsibilities, performance indicators and budgets. The following listing of the 26 projects under the 10 components provides an idea of the range of the TRSMs envisaged.

- **Component 1: Multilateral trade**

Project 1: Improved structures for international trade negotiations

Project 2: Formulation and implementation of trade negotiation strategies

- **Component 2: Import-export regime**

Project 1: Tariff & non-tariff measures

Project 2: Export & import incentives

- **Component 3: Trade facilitation**

Project 1: Customs clearance

Project 2: Airport cargo handling, storage & cold chain

Project 3: Adequate and efficient facilities at ports

Project 4: Cost-effective and secure transit trade facilities

Project 5: Free port

- **Component 4: Production capacity**

Project 1: Development of industrial policy & sector strategies

Project 2: Investment promotion

Project 3: SME support

Project 4: Education-industry linkage

Project 5: Investment finance

Project 6: Infrastructure support & service delivery for strategic sectors

- **Component 5: Export trade support services**

Project 1: Export trade support services

- **Component 6: Standards**

Project 1: Institutional upgrading

Project 2: SPS & TBT

Project 3: Enforcement of standards on domestic market

Project 4: Productivity improvement

- **Component 7: Domestic trade and distribution**

Project 1: Improved trade and distribution systems and infrastructure

Project 2: Promotion of *Made in Ghana* goods and services

- **Component 8: Competition & government procurement**

Project 1: Competition

Project 2: Government procurement

- **Component 9: Consumer protection**

Project 1: Consumer Protection

- **Component 10: Intellectual property rights**

Project 1: Intellectual property rights

Looking at these from the standpoint of the scope of the AfT, it is obvious that these 26 projects, and numerous outputs and activities within them, cover many if not all elements of the AfT. Thus, these represent a holistic and balanced trade development agenda. What follows are two comments on the package.

First, note that some of the 10 components include areas that are not the standard “trade” subjects, but fall within the AfT scope under “building productive capacity” and “trade infrastructures” categories. In the above list, these would be components 4, 7 and 9. Component 4 is about building productive capacity, notably industrial capacity, and includes the formulation of industrial policy and related infrastructures. Component 7 addresses domestic trade issues: “To create an efficiently functioning domestic market for the development and distribution of products for both local consumption and export, and promote consumer welfare”. This also includes storage, transport etc of agricultural products. Component 9 is about consumer protection. Its inclusion in the package, however, is consistent with the fundamental goal of the GNTPO4 with its two parallel strategies: export-led growth and domestic market-led industrialization based on import competition.

Second, the package also demonstrates that the TRSM is not just about investment or “hard” infrastructure. A balanced package of TRSMs includes creating and strengthening institutions, directives and laws, analytical and institutional capacity, incentives and subsidies, as well as hard investment. The following compilation from the 26 projects and their outputs illustrates these varied categories of interventions.

Creating and strengthening institutions

- Reorganization of the Ministry of Trade and Industry
- Consumer protection authority
- Standards Setting Bodies
- Agency for trade remedy measures

Directives and laws

- Industrial policy
- Consumer protection policy and law
- Laws for IPRs
- Regulations and laws for Foreign Direct Investment

Analytical and institutional capacity

- Trade negotiations and formulation of negotiating strategies
- Policy analysis, including trade statistics
- Monitoring outcomes on trade flows and impact on poverty

Incentives and dedicated funds

- Channelling investment finance through banks to priority sectors
- Export incentives
- Incentives for private sector investment in infrastructures
- Appropriate rates of domestic and export taxes
- Dedicated loan facilities

Investment – “hard” infrastructures

- Cold storage
- Cargo facilities at airports and ports
- Infrastructures like roads and ports
- Investment on research and technology

2.3 Investment on agriculture

Following the completion of the revision of the FASDEP II in 2007, the government initiated the process of formulating a detailed implementation plan. The process was comprehensive and included the following: historical analysis of constraints and success stories, stocktaking of ongoing sector programmes, strategies and projects, value chain analysis of priority commodities, analysis of the needs of the new FASDEP II objectives, and a series of workshops and stakeholder consultations. The output - *Agricultural Sector Plan 2009-2015* (Ghana – ASP 2009, ASP09 in short) - offers detailed programmes and projects on agriculture. What follows is mostly based on that document.

In an effort to maintain consistency with policy, all the activities (projects, outputs etc) of the ASP09 are aligned to the same six strategic objectives of the FASDEP II. An attempt is made in Table 2 to provide a flavour of the programme as a whole. Against the six objectives, the ASP09 has a total of 20 components and 51 specific outputs.

Most of the individual outputs and projects in the table are fairly well known. There are, however, some points that are worth commenting, given the context of this paper. Two comments are made: i) the relative weight of the six programmes in budgetary term; and ii) increased priority accorded to commercialization and trade of not just cash crops but also food crops.

On the first point, Table 3 provides the relevant information. It shows that the first three programmes attract the most resources, about 70 percent of the total. The ASP priorities will shift in the later years (2013-15). Relative allocations to programmes 2 and 3 will increase (each by 5 percentage points) while that to programme 1 will shrink, and markedly so (by 10 percentage points).

On the second point, the fact that programme 3 would receive the highest budget share (30 percent of total) in the second period speaks itself of the importance given to commercialization and trade by the agricultural programme. This is also consistent with the emphasis in both the GPRS II and trade policy (see the previous chapter on mainstreaming). The essence of the programme is to enhance the capacity of semi-commercial and commercial smallholders, including agro-industry, to produce for the rapidly growing regional and domestic markets.

TABLE 2:
A snapshot of programme objectives and outputs of Ghana Agricultural Sector Plan 2009-2015

Programme objectives	Components and outputs
1. Food security and emergency preparedness	7 components, 16 outputs - For selected food crops (maize, rice, sorghum, cassava, yam and cowpea), poultry and guinea fowl, and cultured fishery, R&D, productivity and production programmes, human nutrition, off-farm activities, storage and distribution, early warning, emergency preparedness, irrigation, water, mechanization.
2. Increased income growth and reduced income variability	6 components, 12 outputs - Focus on cash/export crops and new products - R&D, productivity and promotion, of cash crops, livestock and fisheries production, new products development, pilot value chains, out-grower concept, rural infrastructures, urban and peri-urban agriculture
3. Increased competitiveness and integration into domestic and international markets	1 component, 3 outputs - Three focus areas: i) <i>food staples</i> - increased commercialization of staple crops by smallholders, capacity building on market driven production, market promotion programme for import substitution commodities (e.g. rice, chicken, cooking oil etc), connection to supermarkets, hotels and restaurants etc through value chains, anti-dumping regulations; ii) <i>cash/export crops</i> - promotion of non-traditional agricultural exports, identify and promote successful export models, private sector involvement; and iii) market information provision, grading, standards, laws, trade negotiations capability in MoFA.
4. Sustainable management of land and environment	1 component, 6 outputs - Policies and regulations to support sustainable land management (SLM), support the promotion of SLM, technology dissemination and adoption, SLM knowledge, and motivating incentive system for SLM.
5. Science and technology applied to food and agriculture	1 component, 5 outputs - Adoption of improved technologies, new technology along the value chain, extension, support private sector input distribution network, sharply increased agricultural research funding, bio-safety bill.
6. Improved institutional coordination and stakeholder engagement	4 components, 9 outputs - Capacity for planning, policy analysis and M&E at national, regional and district levels; MoFA communications strategy; human resource capability; inter-ministerial coordination; platform for private sector and CSO engagement; strengthen MOFA-donors coordination and collaboration.

Source: Author, based on the details in Chapter 3 of the Ghana Agricultural Sector Plan (Ghana - ASP 2009)

According to the ASP09, the projected higher prices of food products in the world market have created opportunities for enhancing the comparative advantage of food products. The recent global food crisis has also harnessed political support for the food sector. In the case of the external markets, new challenges are enhancing competitiveness in terms of the price and quality of products.

It is to respond to these opportunities and challenges that this programme objective was created – not an entirely new programme, but a strong reflection of the paradigm shift. Activities proposed under this programme are identifying successful lead firms/agro-industries and applying viable model(s) of linkage with

TABLE 3:
Planned budget allocation to the six FASDEP II programmes
(amounts in millions of New Cedi)

	2009-12		2013-15		2009-15	
	Amount	%	Amount	%	Amount	%
Progrm.1: Food security and emergency preparedness	1 281	25	1 959	15	3 240	18
Progrm.2: Increased growth in income	1 025	20	3 265	25	4 290	24
Progrm.3: Increased competitiveness and market integration	1 281	25	3 918	30	5 199	29
Progrm.4: Sustainable management of land and environment	513	10	1 959	15	2 471	14
Progrm.5: Science and technology applied to food and agriculture development	513	10	1 306	10	1 818	10
Progrm.6: Improved institutional coordination	513	10	653	5	1 165	6
Projected total budget allocation	5 125	100	13 059	100	18 184	100

Source: Table 19 of the ASP09. In July 2010, 1 New Cedi was about USD 0.7.

smallholders that have been developed through pilot and successful projects. At the same time, capacity building activities will be launched so that they are increasingly linked to markets. One expectation is that this will reduce the surging imports of such food products as rice, chicken and cooking oil. Likewise, on the export side, notable activities are identifying successful lead firms with access to assured export markets and applying viable model(s) of linkage with smallholders that have been developed through projects, as well as provide incentives to the private sector participants in value chains, and upgrade standards, grading and laws.

2.4 ECOWAS and intra-trade through food value chains

As also discussed in the previous two chapters, the objective of the ECOWAS is to expand intra-ECOWAS trade through a variety of measures including trade facilitation and regional programmes. Many trade and agricultural programmes at the regional level are being formulated. There are plans to mobilize resources, including through the AfT initiative, EPA and the CAADP/NEPAD.

One promising initiative is the recent ECOWAP/CAADP Regional Compact. As preparatory works for the compact were in progress, the 2007-08 global food crisis prompted some re-formulation of the programme. In June 2008, the Heads of State adopted a *Regional Initiative for Food Production and the Fight Against Hunger* that revised the intervention priorities for the implementation of the 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.

2.5 Illustration of some innovative agricultural trade projects

According to ASP09, there were 13 development partners (DPs) funding agriculture sector-related projects and programmes in Ghana, totalling 63 interventions of which two were budget support. A tabulation of the ongoing interventions by the six FASDEP II objectives for the period 2000-2012 (“ongoing” as many projects continue beyond 2009) showed that most projects supported objectives 1 and 2 (Table 4). The second column shows planned programmes/projects for the period 2006/2007-2012.

The table shows that a majority of the ongoing DP activities is concentrated on the FASDEP II objectives 1 (39 interventions, 29.3 percent) and 2 (46 interventions, 34.6 percent). Likewise, a significant number of activities contributes to objectives 3 (19 interventions, 14.3 percent) and 6 (18 interventions, 13.6 percent). In contrast, objectives 4 (3.0 percent) and 5 (5.2 percent) are covered by DP activities only to a very limited extent.

Around the world, many projects have piloted innovative ways of supporting agriculture and trade. There is a great deal to learn from these and to apply the knowledge for new TRSMs. In Ghana too, several innovative projects have been attempted. As a contribution to the general literature on the TRSMs as well as to stress that such projects should be part and parcel of the approach to articulate

TABLE 4:
On-going and planned projects according to the FASDEP II objectives

FASDEP II objectives	Share of entries (percent)	
	Ongoing	Planned
1. Food Security and Emergency Preparedness	29.3	22.2
2. Increased Growth in Incomes	34.6	27.8
3. Increased Competitiveness and Integration into Markets	14.3	19.4
4. Sustainable Management of Land and Environment	3.0	5.6
5. Science and Technology applied in Good and Agriculture Development	5.2	11.1
6. Improved Institutional Coordination	13.6	13.9

Source: Table 15 of Ghana ASP (2009)

TRSMs, what follows provides briefs on four projects that illustrate the initiatives underway to develop agriculture as business through links to markets and trade, and as part of the value chains.¹

Trade and Investment Programme for a Competitive Export Economy (TIPCEE) – This was initiated by USAID in 2005 with a resource envelope of USD 30 million for five years. It sought to achieve rapid exports through increased competitiveness of Ghana's private sector. The project consists of two components: Enabling Environment (EE) and Export Business Development (EBD). The EE focuses on improvement of the legal and regulatory environment for private sector operations and investment with respect to trade, finance and agriculture, with most of the support taking the form of technical assistance. The EBD works with the private sector to build its capacity to compete in the regional and international markets. The EBD component is driven by market demand: farmers are taught to produce what they can sell and not to sell.

A major goal of the TIPCEE is to integrate smallholder farmers into export-oriented (and more recently domestic market) value chains. Thus, smallholder groups are linked to exporting firms in the pineapple, mango, papaya and vegetable sub-sectors, and local or regional firms in the case of other commodities such as maize. TIPCEE is also collaborating with the nucleus firms to increase their ability to engage with smallholders. One major defining character of the TIPCEE is that it works predominantly through the private sector and only partially through government structures.

Another notable approach of the project is its collaboration with other ongoing donor projects, e.g. with *Market Oriented Agriculture Programme* (MOAP) funded

¹ These illustrations are from *inter alia* Wolter (2008) and Asuming-Brempong (2010).

by Germany. In 2006, TIPCEE provided technical and financial assistance to a Ghanaian company that produces juice and juice concentrate to enable it to supply 500 tonnes of pineapple concentrate to the Coca-Cola Company. In 2006, USAID Ghana raised the estimate of the number of rural households that should benefit from the programme from 30 000 to 100 000. For this, the TIPCEE's mandate was also expanded to include certain food crops (citrus, tomatoes, onions and maize) that target regional markets and/or domestic markets.

EMQAP – non-traditional exports – Non-traditional exports have received considerable attention in Ghana, as elsewhere, from all parties involved - farmers, traders, government and donors. There are many projects that contribute to this sub-sector. One of them, focussed on horticultural products, is the AfDB-funded Export Marketing and Quality Awareness Project (EMQAP). Operational since 2007 with a resource envelope of USD 25 million, it seeks to increase incomes of horticultural farmers and exporters and of cassava producers. It covers the entire value chain for pineapple and cassava and some other horticultural products (papaya, eggplant and chillies). The project activities include developing value chains, database on market information and consumer preferences, marketing strategies for the selected horticultural crops, 410 km of all-weather road, cold chains and so on. The integration of cassava processing is considered to be an innovative feature of the project, and contributes to integrating more smallholders than would have been otherwise.

NRGP – Value Chains in Northern Ghana - Wolter (2008) in his review of projects has remarked that while much donor support has been going into the export-oriented horticultural sector, the NRG, funded by IFAD, stands out in that it is a project aimed primarily to fight poverty in northern Ghana. Over the years, IFAD through this and other projects has been active in building domestic markets for traditional food crops by promoting the modernization of production of specific commodities (roots and tuber crops - cassava, yam, sweet potatoes). The project was also a response to a common criticism that the focus of many donor efforts has been disproportionately on production and much less on market linkages. Accordingly, the NRG promotes a value chain approach with a special focus on linking producers to the market, thus working simultaneously with the rural poor as well as traders, wholesalers and exporters. The aim is to encourage food-crop farmers to produce for the markets in southern Ghana as well as abroad and not just for own consumption.

The NRG, initiated in 2008 with a total project cost of USD 60 million, will support three northern regions to develop the value chain of 11 commodities (five rain-fed and six irrigated). It also envisages investments in rural infrastructures such as small dams and transport links, and improved access to rural financial services. The NRG is going to be a test case for demonstrating if the value chain approach works for small holders and for food crops.

Agricultural Value Chain Facility under SDSP II project – This is considered to be a good example of a project that was conceived with clear grounding into one of the core development strategies of the GPRS II – enhancing private sector competitiveness (DANIDA 2009). Support to agricultural value chains is one of the components of the SPSP II project (Support to Private Sector Development – Phase II, 2010-2014), funded by Denmark. This component aims at enhancing the access to finance and business development services to commercial as well as rural farmers, and actors in the up and down-stream of promising agricultural value chains. The support focuses on improving access to medium to long term finance combined with mentorship/technical assistance to key players in the value chains, including commercial farmers, seed producers, input suppliers and agro-dealers, agribusiness and agro-processors, marketers, farmer-based organizations and groups/associations of out-grower farmers. Being part of the SPSP has an additional advantage as the project has also other components supporting private sector programmes. Collaborators are Stanbic Bank and the Alliance for a Green Revolution in Africa. The latter will provide advisory/mentorship services throughout the value chain to strengthen the capacity of agribusinesses and farmers' organizations.

3. Conclusions

With a series of linked and consistent policy frameworks – the GPRS II and the recent Long-Term Development Plan 2009-2015, the trade policy and its TSSP, and the FASDEP II and its implementation plan – Ghana's planning framework at the strategic level is very impressive. Looking on the ground, Ghana has also accumulated experiences through a variety of projects on what works and what does not. All recent frameworks have stressed on markets, competitiveness and private business environment as the way forward. This is the environment within which agriculture as the core productive sector in the GPRS II is to be modernized. Food sector is given its due prominence. All in all, these point to the prospect of much higher return than before of the increased flow of external and domestic resources to the productive sectors.

Several commentaries were already made in the previous section while going through various policy frameworks and their implementation plans as regards the TRSMs. As noted at the beginning of this paper, what is important is that the TRSMs are mainstreamed, or in other words are articulated through the frameworks. As noted in Section 2, this seems to be the case mostly in the case of Ghana. The challenge ahead is obviously one of implementation. What follows adds some more observations – the first point on the effort being made to ensure mainstreaming, and the next 2-3 points on the approach and process.

Addressing the challenge of mainstreaming support measures

One recurring complaint in the development literature is the mismatch between stated goals and priorities on the one hand, and actual public expenditure on the other. One interpretation of the concept of mainstreaming would be that such a mismatch is avoided or minimized. In the context of the TRSM for example, investment should follow from the PRSP priorities.

The GPRS II is conscious of this issue and so addressed this right at the beginning of its Costing Framework (in Volume II). Towards ensuring a close link between the GPRS II programme priorities and expenditures, the following three measures were said to have been adopted:

1. *Pooling of resources for financing expenditures associated with the implementation of the GPRS II* - The idea is to consolidate and rationally allocate all available funds targeted at growth and poverty reduction by the MDAs (ministries, departments and agencies).
2. *Improved targeting of the resource allocation mechanism* – To ensure that resources are targeted on priority programmes, projects and activities under the respective thematic areas of the GPRS II.
3. *Alignment of MDAs' objectives to the strategic objectives of the GPRS II* – Under the previous medium term expenditure framework, which provided the framework for annual budgeting, the objectives are drawn from strategic plans developed by MDAs. Under GPRS II, all MDAs objectives are aligned to GPRS II objectives in order to enhance the environment for a more effective monitoring of expenditure outlays in the GPRS II.

Recent approaches to articulating support measures have taken due note of the development strategy

An example of the initiative to articulate trade projects anchored to national development strategy like the PRSP is the *Agricultural Value Chain Facility* under the DANIDA project SDSD II, summarized in the last section. Another such example would be the *Strategy Framework for Agribusiness Development in Ghana*, proposed for USAID by a study team (Easterling *et al.* 2008).

Following an analysis of the past and current approaches and practices, Chapter 6 of the latter document presents “a prioritized programme development framework for USAID”.

It notes that commercialization-based competitive business practices is critical to achieve agricultural transformation, and that the span for commercialization can be both for domestic markets as well as international markets -- both regional and beyond. With this broader space, it concludes that a focused strategy should aim at

increasing the productivity of selected staple food/cash crops and a selected set of non-traditional export crops with an emphasis on horticultural products.

The strategy has six elements, with the following first two being the major ones: i) economic growth through the export of high-value agricultural products; and ii) poverty reduction through the production and marketing of food crops. The other four elements play a supporting role to the first two (these include FDI, policy analysis, dialogue, matching grants for business development, and business management training). The basic programmatic approach will be value chains, with support provided at various points of the chain to solve problems and remove constraints, develop appropriate practices to increase the output and improve the efficiency of farm production, post-harvest handling, processing and marketing of the targeted products. Linking farmers to markets is implicit in this framework.

Importance of “soft” infrastructures – policy, regulations and institution building

In the literature as well as in meetings of senior officers, one typically finds “hard” infrastructures given the most attention while undermining “soft” infrastructures. While this may not apply so much to Ghana based on a reading of the 26 projects under the TSSP, this is an issue in general in the context of the TRSM, and so needs to be noted. Many evaluation studies of projects in particular typically conclude that the project did not work, despite the availability of funds, because its activities suffered from numerous cross-cutting obstacles beyond the control of the project authority. These range from local taxes and lack of legislation for business contracts to trade policy that failed to respond to import surges or depressed import prices. Indeed, a typical agricultural value chain passes through at least a dozen stages from the farm to market and beyond the border. What happens there will determine competitiveness in price and quality.

While lack of fund for hard infrastructures is often perceived as the main constraint, it is much less explained why the government failed to carry out simple reforms like reducing (or eliminating) the numerous local taxes along the chain or not enact a legislation on contract farming despite knowing its significance for many years. This is the type of postponed reforms that are most frustrating for the business. Studies on product competitiveness within the framework of a value chain hold the potential to bring out such problems and also demonstrate their quantitative significance. Through these works, stronger cases can be made for undertaking often politically difficult policy reforms, institutional changes and legislation necessary for raising competitiveness. Value chain studies are just beginning. It is necessary that such studies and analyses are recognized as a core component of the TRSM. So are obviously the investment in soft infrastructures.

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

This issue was addressed in the previous two chapters also and is raised again in view of its significance in articulating TRSMs. As in many other developing countries, strategies to promote special or strategic products are also found in Ghana’s policy frameworks.²

The GPRS II speaks of according special treatment to “strategic exports”, initially focussing on products in the President’s initiatives (in agriculture, cotton, oil palm and cassava starch). It also calls for identifying and promoting new productive sectors. In its agricultural section, there is a strategy for selected crop development. The 2004 trade policy also makes a reference to special products. One of its strategies is identification and targeting of specific sectors for development. In the GNTPO4, strategic productive sectors are mentioned, as well as strategic farm products. In FASDEP II too, selecting products for special treatment is found in food security and farm income strategies, the former calling for promoting at most four staple crops and the latter stressing on diversification into cash crops and livestock. Lastly, the ECOWAP/CAADP Compact also has a programme for promoting in the region strategic food value chains covering millet/sorghum, maize and rice, roots and tubers, fruit and vegetables, and meat and dairy products.

The question asked here is how do these statements influence the prioritization of resources and identification of TRSMs? This is not clear. The list of such products is too long currently to sharpen the priority, and so more thoughts are obviously needed. Following this, a second question is what special treatments are to be provided to these identified products? This too is not that clear. Putting in place value chains for these identified products is likely to be one action, together with associated institutional and policy reforms. The FASDEP II has detailed chapters on many of these agricultural products but budgets and other resources, including subsidies/incentives, are not indicated, and so it is difficult to comment on the priority. Obviously, some more work is needed for fine-tuning the programme on special or strategic products.

Fresh views on the TRSM articulation process and stakeholder consultations

As part of the preparation of the three background papers on Ghana, several stakeholder consultations were held to solicit fresh views on various issues, including the process of articulation of the TRSMs (Asuming-Brempong 2010). A series of workshops were also held where participants shared their views. In

² There are many examples of such an approach in other fora also, e.g. negotiations for designating selected products as special or 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.

addition, several MDAs were also visited to consult with officials on issues relating to TRSM, among others. The overall feeling was that the process followed by Ghana in the identification, articulation and prioritization of trade policies and TRSMs was comprehensive and participatory, and on the whole produced policies, programmes and projects that were consistent. There was a discussion on the issue of appropriately balancing the soft and the hard side of trade-related assistance by donors, the former being measures like strengthening institutional capacity (e.g. training on negotiations). The feeling was that soft assistance is often favoured. There was also a general support for basket funding of projects in order to avoid many fragmented projects with limited impact. And lastly, there was a strong support for the view that more and more of the TRSM resources should be channelled in order to entice the private sector in agricultural value chains.

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