

Stimulating growth

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ALAN KYEREMATEN is an economics graduate of the University of Ghana and holds a law degree from the same University. He was called to the Ghana Bar and is a Hubert Humphrey Fellow at the University of Minnesota, USA having completed management studies under the Fulbright Scholarship programme. Mr Kyeremateng was responsible for establishing the Empretec Programme in Ghana to promote enterprise development and which is now internationally recognised as a best practice model for private sector development. He was appointed Minister for Trade, Industry and Presidential Initiatives in 2003.

The government has, over the past five years, taken bold and pragmatic steps to significantly transform the economic landscape of Ghana, within the context of a new development paradigm designed to launch Ghana into middle income status within the next decade. Ghana was judged to be the leading reformer in Africa by *The World Bank Doing Business Report* for 2006. The major pillars of this progress have been good governance, macro-economic stability and a robust programme of infrastructure development, all aimed at preparing the ground for the launch of a growth phase driven by the private sector. Within this context my Ministry is focused on developing a vibrant, technology-driven, competitive trade and industrial sector that contributes significantly to employment creation and economic growth, particularly for rural communities and other vulnerable groups, and which will lead to the diversification and structural transformation of the economy. The following are some of the key programmes and projects being implemented by the Ministry.

■ The President's Special Initiatives (PSI)

The President's Special Initiatives (PSI) is a comprehensive programme of support for private sector initiatives in selected strategic sectors of the economy. The sectors currently being supported under the PSI programme are the Garments and Textiles, Agri-business (Cassava and Oil Palm) and Salt industries, selected on the basis of their economic viability, capacity to generate export revenue and potential for mass employment creation, particularly for vulnerable groups.

The support provided by the government to participating communities as well as investors includes the provision of technical assistance, the development of appropriate infrastructure and facilitation of access to finance. The private sector is providing local and foreign investment partnerships, commercial financing and entrepreneurial leadership and management.

The successes achieved by the PSIs, over a period of four years, are summarised below.

PSI on Garment and Textiles

The government has constructed new purpose-built

factory units, which have been leased to the garment companies participating in the PSI. Clothing Technology and Training Centres established in Accra and Kumasi under the PSI programme have enabled the Ministry to provide training to over 7,000 sewing operators for the garment industry. High-calibre technical, managerial and supervisory personnel have been recruited to develop and manage efficient production systems. 3,200 jobs have so far been created through 15 new companies which have been established. 6,000 employees are to be engaged in 2007.

PSI on Cassava

The first state-of-the-art industrial starch factory in Ghana has been established at Bawjiase, Central Region, with the capacity to produce 20,000 tonnes of high grade cassava starch per annum. The starch manufacturing company, Ayensu Starch Company Ltd, has mobilised over 8,000 farmers into the farming operations of the company to feed this factory, and landowners have provided 6,000 acres of land in exchange for equity shares in the limited liability company.

PSI on Oil Palm

Under the PSI on Oil Palm, 200,000 hectares of land has been mobilised as equity from landowners, under the Ministry's Land for Equity Swap scheme. 100,000ha of new oil palm plantations will be cultivated in Ghana over the next five years just to meet local demand, and an additional 200,000ha will also be established in subsequent years to meet West Africa demand.

Thirty new nurseries have so far been established in 5 regions, with the capacity to produce 4 million seedlings per annum. Modern oil processing mills will also be established in at least 5 strategic locations in 2007 and 2008. 450,000 farmers and workers will be employed.

PSI on Salt

Fifteen companies with medium-scale salt works have been assisted to improve their technology and production operations. In addition, Community-based artisanal production units are being promoted at Nyanyano and Elmina in the Central Region.

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Access to finance is being facilitated through the Export Development and Investment Fund for participating companies.

■ District Industrialisation Programme (DIP)

The DIP is an enterprise development programme supporting the establishment of at least one flagship commercially-viable industrial enterprise, in each of the 138 districts of Ghana, in partnership with communities, the private sector and district assemblies.

A total of 70,000 people in the 138 Districts are expected to be directly employed in the first 2 years of the operations of DIPs. Government seed funding of €138 billion (€1 billion per district) has been provided to support the DIP under the 2007 budget.

Landowners and Communities are to become shareholders in the DIPs together with other private sector shareholders through the establishment of Community and Landowners' Trusts.

■ Revitalisation of Distressed Industries

This is a programme to revitalise selected strategic industries such as the Pwalugu Tomato Factory at Pwalugu in the Tongo District (Upper East Region) and Juapong Textiles Limited at Juapong in the Asuogyaman District (Eastern Region).

■ Trade Facilitation

Ghana Community Network (GCNet)

The introduction of the GCNet system has improved efficiency in import and export operations by reducing paper documentation through electronic linkage between Customs and other institutions. The time taken to process customs documentation has now been progressively reduced as a result of the introduction of the system. Key border points currently connected to the GCNet are Elubo, Aflao, Paga, Tema, Takoradi, James Town Collection Point, Kotoka International Airport). Freight forwarders countrywide can now electronically connect to the GCNet system. Ministries, Departments and Agencies connected to the GCNet system include CEPS, Ghana Free Zones Board, Statistical Services, Minerals Commission, Bank of Ghana, Ghana Standards Board, Ghana Export Promotion Council, Internal Revenue Service, VAT, Revenue Agencies Government Board, Ghana Shippers Council and the Ministry of Trade and Industry.

An Electronic Transit Tracking has also been introduced to speed up customs clearance procedures for goods in transit to and from neighbouring landlocked countries.

■ Industrial infrastructure

Industrial Estates

A Multipurpose Industrial Park (MIP) has been

established within the Tema Free Zone enclave. This currently hosts a Garments Village, with 5 factory units. The MIP is being expanded to include an ICT Park and a Furniture City in 2007. A Garments Enclave has also been developed at Adjabeng, Accra, which currently has 4 factories operating and an additional 3 are under construction. A total of over 6,000 people are to be employed in the production units of the MIP Garments Village, MIP Furniture City and the Adjabeng Garments Enclave. Industrial Parks will also be established at Boankra (Ampabame) in the Ashanti Region, and at Sekondi in the Western Region.

■ Access to Finance for Business

The government-financed Export Development and Investment Fund (EDIF) has provided a total of €688.6 billion to the Non-Traditional Export sector in the form of concessionary credit and grant. The sectors that have been supported by the EDIF credit facility include agro-processing, salt mining and processing, textiles and garments, aluminium and metal fabrication, wood, handicraft and pharmaceuticals, whilst the grant facility covered market development and capacity building.

An amount of €10 million has also been disbursed through the Ghana Private Sector Development Fund, provided by the Italian Government to private businesses to enable them to acquire machinery and equipment to enhance their operations. A project facility of US\$85 million has been secured from World Bank and International Finance Corporation to provide credit and technical assistance to Micro, Small and Medium Scale Enterprises (MSMEs).

■ Export Promotion and Development

Ghana has recorded a remarkable increase in earnings from the Non-Traditional Export Sector (excluding cocoa beans, round timber and mineral exports) from US\$460 million in 2001 to an estimated US\$890 million in 2006. This compares favourably to the US\$1 billion in earnings realised from Cocoa exports in 2006.

Three Export Trade Houses have been established to act as brokers between buyers in selected export markets and Ghanaian Small and Medium-scale Enterprises (SMEs). The target markets are Europe, Asia and North America; the Mediterranean, North Africa and Middle East; and the ECOWAS sub-region.

■ Promotion of Made-In-Ghana Goods

A web-based National Product Gallery is under development to showcase made in Ghana goods. A National Friday Wear Programme has also been successfully launched in all the 10 regions of the country to promote the use of locally made garments and fabrics for business-wear. **F**