

UK- Ghana Chamber of Commerce

1

Webinar on the Theme:

“Connecting Industrial FDIs to the Centre of the World”



PRESENTER:
DR. JOHN-HAWKINS ASIEDU
TEL: +233 244631138
E-Mail: jhasiedu@gmail.com

PRESENTATION OUTLINE

2

- **1. Making the most of FDIs for development - Ghana's industrial policy**
- **2. Addressing the policy barriers to trade and investment**
- **3. Ghana's industrialization strategy / plans – short to long term**
- **4. Ghana's industrialization plan under the AfCFTA**
- **5. Leveraging the AfCFTA as an incentive for attracting industrial FDIs to Ghana**

Industrial Parks/Special Economic Zones

- ▶ SEZs are spatial industrial policy instruments used by various governments to attract investments.
- ▶ By definition, they are demarcated geographical areas that function with administrative, infrastructure, regulatory, and in some cases fiscal incentives that are distinct from those existing in the domestic economy.
- ▶ SEZs are also viewed as part of the strategic instruments to expedite Africa's industrialization as well as regional integration supporting the vision of creating one African Market under the AfCFTA Agreement.

The purpose of the Industrial Transformation Agenda is to facilitate the achievement of the policy objectives of the Republic of Ghana ("Ghana") in respect of its industrial development and special economic zone (SEZ) strategies, including:

- (a) Supporting the diversification of the Ghanaian economy through private-sector SEZ development;
- (b) Reducing the country's dependency on crude-oil and cocoa exports;
- (c) Improving the delivery of high-quality physical Infrastructure and energy in the SEZs;
- (d) Expanding investment and trade opportunities in Ghana;
- (e) Increasing foreign direct, diaspora, and national investment in strategic sectors;
- (f) Promoting inclusive economic growth and confronting extreme poverty;
- (g) Creating enhanced job opportunities for low-, semi-, and high-skilled Ghanaian workers;
- (h) Improving the labour productivity of Ghanaian workers through focused training and learning programs;
- (i) Enhancing business conditions for local suppliers to participate in regional and global value chains;
- (j) Streamlining the business-facilitation process; and
- (k) Piloting reforms, including energy, Infrastructure, immigration, labour, environment, business-registration, and access-to-finance improvements, on a targeted, zone-by-zone basis before applying such reforms on a countrywide level.

Making the most of FDIs for development - Ghana's industrial policy

- ▶ Ghana's manufacturing sector thrives on the back of financial stability and openness to investors.
- ▶ Building on several years of robust growth in the sector, Ghana has launched a multifaceted programme aimed at increasing its industrial capacity and output.
- ▶ This wave of new initiatives is designed to strengthen the investment environment for manufacturing and boost the value-added component of the country's manufactured exports.
- ▶ While challenges remain – notably in terms of taxation and insolvency regulation – these efforts could be set to increase the contribution of the non-oil sector to overall growth and support sustainable diversification

Making the most of FDI for development - Ghana's industrial policy

In June 2017 the government unveiled the Industrial Transformation Agenda, which seeks to make Ghana “the most business-friendly nation in Africa to accelerate socio-economic development”.

Significantly, the 10-point programme emphasises private sector-driven development and attracting FDI.

It also emphasises that Ghana should build on its existing competitive advantages – including its political stability, location, security and legal system – to foster development.

TEN POINT INITIATIVE INDUSTRIAL AGENDA

7

- District Industrialization Programme, - “one district one factory” (1D1F).
- Facilitating access to medium and long-term financing (Stimulus Package).
- Industrial Parks and Special Economic Zones – “One Region One Park”.
- Strategic Anchor Industrial Initiatives.
- Small and Medium-scale Enterprises.
- Export Trade Development and Diversification Programme.
- Improving Domestic Retail Trade.
- Regulatory and Legislative Reforms.
- Industrial Sub-contracting and Partnership Exchange.
- Promoting Public–Private Sector Dialogues.

'ONE DISTRICT ONE FACTORY' (1D1F)

8

- The “One District One Factory” initiative (1D1F) is a key component of the Industrial Transformational Agenda of the Government.
- The ‘One District One Factory’ initiative is designed to set up at least one medium to large scale industrial enterprise in each of the 216 Districts.
- Enterprises are to fundamentally impact on the economies of the districts.

OBJECTIVES OF 1D1F

- To create massive employment particularly for the youth in rural and peri-urban communities, thereby improve income levels and standard of living, as well as reduce rural-urban migration.
- To add value to the natural resources of each district and exploit the economic potential of each district based on its comparative advantage.
- To ensure even and spatial spread of industries and thereby stimulate economic activity and growth in different parts of the country.
- To promote exports and increase foreign exchange earnings to support the government's development agenda

INDUSTRIAL PARKS AND SPECIAL ECONOMIC ZONES

10

NATURE AND SCOPE

- Envisage for industrialization and economic transformation paving the way for the creation of quality jobs, higher incomes and poverty reduction.
- At least one “large” park (s) in all the sixteen (16) regions of Ghana.
- Purely private sector lead initiative, with government providing the enabling environment.
- Participation of private sector and multinational corporations (MNCs) for industrial development.
- Addressing the challenge accessing litigation-free lands and other infrastructure required for industrial development.

NATURE AND SCOPE CONT....

- Complementary to other industrialization initiatives programmes – 1D1F, Strategic Anchor Industries etc.
- **ONE-DISTRICT-ONE-FACTORY**
- Serves as a complementary to the IP & SEZ Programme
- It will act as Agricultural Transformation Centre:
 - ✓ To providing intermediate and semi finished raw materials for further processing in the industrial zones
 - ✓ Factories located within Districts/Villages that is around the Parks (Agro Industrial Park) will aids in primary process i.e. collection, storage, and supplies to the parks/zones

INDUSTRIAL PARKS AND SPECIAL ECONOMIC ZONES

► **IPs and SEZs Importance**

- Foreign investment attraction
- Employment generation and the facilitation of better matching of workers to jobs
- Foreign exchange earnings
- Increasing export growth
- Reduction in transportation costs: goods, inputs, outputs and people
- Facilitating technology transfers, ideas and knowledge sharing and
- Propelling backward and forward domestic linkages and regional development.

INDUSTRIAL PARKS AND SPECIAL ECONOMIC ZONES

13

► IPs and SEZs Policy objective

- To develop effective industrial land banks acquisition and security systems at national, regional and district levels to facilitate easy zone/enclave planning for industrial development
- To promote spatial distribution of industrial development for job creation in order to achieve reduction in poverty and income inequalities
- To improve access to litigation free land and access to utility services while spreading economic activities across the country
- To provide an institutional framework, modern services and physical infrastructure that may not be available in the rest of the country to foster development and economic activities.
- To encourage industrial cluster formation for networking and spill over effects.

FORMS OF IPs & SEZs

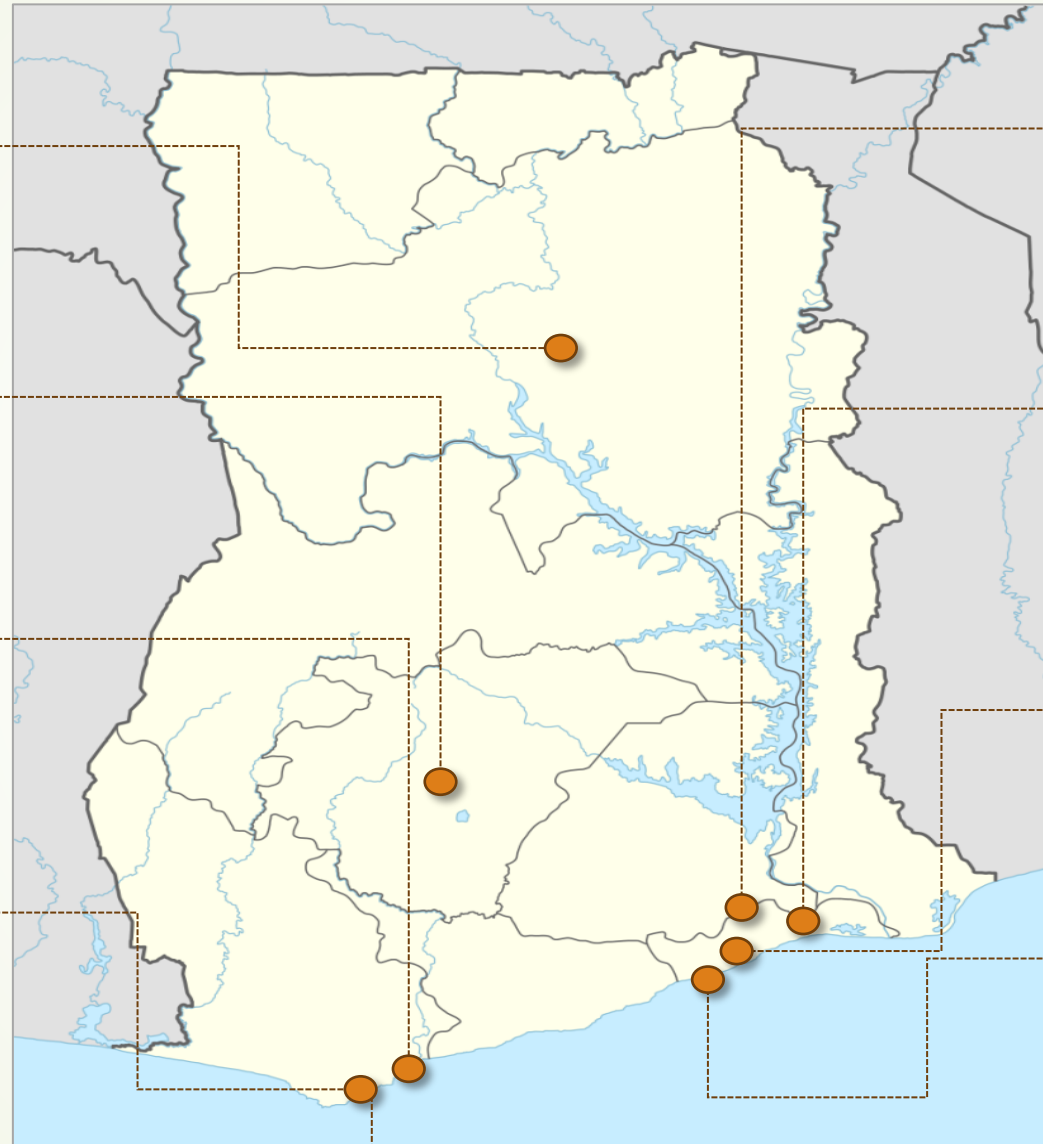
The “ONE-REGION-ONE PARK” (1R1P), Will take the following Form :

- Multi-purpose Industrial Parks/SEZs
 - ✓ For two or more Sectors, and

- Sector Specific Industrial Parks/SEZs
 - ✓ (Parks Dedicated to Sector Base Activities (Eg. Textiles Only, Pharmaceuticals Only Etc) with the requisite infrastructure and utilities.)

- ✓ Priority is given to Strategic Anchor Industries/Special Projects

STRATEGIC LOCATION OF IPs AND SEZS SITES



Tamale Industrial Park (Northern Region)

- 63 acres

- Undeveloped (**Public**)

Greater Kumasi Industrial City (Ashanti)

- 5000 acres (SEZ)

- Under Development (**PPP**)

Sekondi EPZ (Western Region)

- 2,035 acres

- Under Development (**Public**)

Shama Industrial Zone (Western Region)

- 3,200 acres

- Undeveloped (**Investor Search**)

WestPark Industrial Estate (Shama, W. Region)

- 405 acres

- Under development (**Private**)

Ministry of Trade & Industry, Ghana

Apollonia City (Greater Accra)

- 2,325 acres (1 hr 4 min/
30.9 km to Tema Harbour)

- Mixed Use (**Private**)

Dawa Indust. Park (Greater Accra)

- 2,000 acres (1 hr 11 min/
46.4 km to Tema Harbour)

- LDC

Tema EPZ (Greater Accra)

- 2,000 acres (**37 mins/11.7 km to Tema Harbour**)

- Operational since 1995 (**PPP**)

Silicon Accra (Greater Accra)

- 60 acres

- Development started (**Private**)

Gbangu (Northern Region)

- 600 acres

- Expression of interest (**Private**)

23/09/2021 9:48 AM

INVESTMENT OPPORTUNITIES:

1. Petrochemicals
2. Iron and Steel
3. Integrated Bauxite and Aluminum
4. Industrial Chemicals (incl. Industrial Salt)
5. Pharmaceuticals
6. Vehicle Assembly
7. Garments and Textiles
8. Agribusiness, e.g. Vegetable Oils and Fats, Industrial Starch
9. Machinery and Equipment Manufacture

STRATEGIC ANCHOR INDUSTRIES INITIATIVE

- ▶ The initiative is aim to drive Ghana's industrial landscape along certain anchor industries.
- ❖ This Industrial development will centre on certain products of our daily use.
- ▶ Strategic Anchor Industries includes:
 - ❖ Automotive Assembly and Component Manufacture, Pharmaceuticals, Garment and Textiles, Petrochemicals, Chemical industries based on industrial salt (Caustic Soda, Chlorine), Cassava based industrial Starch, oil and fats (vegetable based) etc
- ▶ Etc.

AfCFTA and SPECIAL ECONOMIC ZONES

The AfCFTA Agreement supports the establishment and operation of SEZs for the purpose of accelerating its development.

Special Economic Zones are in fact one of the main devices to advance the objectives of the AfCFTA :

- in driving sustainable economic growth,
- uplifting trade integration,
- enhancing competitiveness and
- promoting industrial investment,
- as well as job creation

AfCFTA Opportunities

- **Enhance industrial diversification**
- **Enhance bilateral cooperation with other African SEZs**
- **Attract new non-African investment**
- **Accelerate exports to other African countries**
- **Attract new African investment**

National Institutional Framework for implementation of AfCFTA

As part of Ghana's implementation arrangements for AfCFTA, the following structures have been put in place

- ▶ **Inter-Ministerial Facilitation Committee:**
- ▶ This was put in place by H.E The President in 2018 and was instrumental in securing Ghana's successful bid to host the secretariat of the AfCFTA.
- ▶ Provides strategic direction and coordinates policy support for the implementation of AfCFTA in Ghana. It is made up of the following Ministers
 1. Minister for Trade And Industry
 2. Minister for Foreign Affairs and Regional Integration
 3. Minister of Finance
 4. Minister for National Security and
 5. Minister of Justice and Attorney General

National Institutional Framework for implementation of AfCFTA

- **National AfCFTA Coordinating Office** has been established under the Ministry of Trade and Industry
- The NCO
 1. Is the liaison between the Ghana government, Ghanaian Stakeholders and the AfCFTA secretariat
 2. Provide the Ghanaian private sector with a one-stop facilitation and information for effective decision making and participation in trading.
 3. Coordinate support for implementing a coherent National Action Plan for Boosting Intra-African Trade

National Institutional Framework for implementation of AfCFTA

National AfCFTA Steering Committee for BIAT.

- ❖ Technical Working Groups were set up In February 2020 to help develop a comprehensive National Action Plan for Boosting Intra African trade. The TWGs were based on the AfCFTA Clusters for BIAT.
- ❖ The National AfCFTA Steering Committee is made up of the Chairs of the Technical Working groups and provides technical guidance for development and implementation of National Plans and programmes for Boosting Intra African trade.
- ❖ It is responsible for the development of a multi sectoral National Action Plan for BIAT

National Action Plan for Boosting Intra African Trade (BIAT)

INTRODUCTION

- ❖ Ghana's Exports to Africa are mainly light industrial products including agro-processed food, beverages, edible oil, detergents and plastic products
- ❖ Preliminary survey shows that Ghana would substantially benefit from the AfCFTA if we address the supply capacity constraints and boost exports.
- ❖ However The benefits will not come automatically. This is why Ghana has developed a comprehensive inter sectoral National Action plan for Boosting Intra African Trade.
- ❖ The National Action Plan has seven components, structured on the lines of the priority clusters identified by the AU for Boosting Intra African Trade.



National Action Plan for Boosting Intra African Trade (BIAT)

Seven Components of the NAP

1. Trade Policy
2. Trade Facilitation
3. Trade-related Infrastructure
4. Enhancing Productive Capacity
5. Trade Information
6. Trade and Development Finance
7. Factor Market Integration

AfCFTA Challenges

- **Neglect of labour and environmental standards by firms due to rising regional competition**
- **Heterogeneity of the market sizes and characteristics**
- **Heterogeneity of market regulations**

IP/SEZ Challenges

Currently, zones face a variety of barriers that impact performance across different dimensions.

For example:

- informal trade barriers and non-tariff barriers, infrastructure,
- procedures at borders are classified as the main obstacles to regional exports from zones.

Similarly, several factors are perceived to hinder FDI to zones, such as :

- infrastructure, unavailability of skilled labor,
- lack of information of investment opportunities,
- regulatory and administrative barriers

CONCLUSION: WHY GHANA?

- 1) Stable macro-economic environment
- 2) Strong democratic credentials
- 3) Political stability
- 4) Safe haven for investors
- 5) Good enabling infrastructure – energy, roads, sea ports, airports, telecoms, new railway network (under development)
- 6) Access to commercial justice
- 7) Educated workforce and Skilled manpower

Conclusion

Ghana has shown that by dropping the dogma around free market policy, making manufacturing a bipartisan cause and using the government as a problem-solving machine for business, African countries can create jobs and attract investment into industry

THANK YOU