



GOVERNMENT OF GHANA

# AfCFTA GUIDELINES FOR LOCAL AUTHORITIES IN GHANA



Republic of Ghana



Ministry of Trade and  
Industry



NOVEMBER 2021

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Guidelines for Harnessing the Benefits of Africa Continental Free Trade Area (AfCFTA) for  
Local Authorities (MMDAs)

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# Foreword



In March 2018, African countries signed a landmark trade agreement, the African Continental Free Trade Area (AfCFTA) Agreement, which aims to commit countries to remove tariffs on 90 percent of goods, progressively liberalise trade in services, and address a host of other non-tariff barriers. The AfCFTA is being pursued in cognisance of the overall aspirations of the African people, contained in Agenda 2063, with the vision to establish an integrated continental market with the free movement of persons, capital, goods and services.

The AfCFTA presents an enormous opportunity for Ghanaian businesses to connect to the regional market and be deeply integrated into the African single market. Ghana's exports to Africa increased from US\$1.37 billion in 2018 to US\$1.4 billion in 2019, accounting for 2% of the total imports into the Africa region. As part of efforts to leverage on the opportunity of the AfCFTA, Ghana's exports to African countries over the next 10 years is expected to triple from current levels of US\$1.4 billion to US\$5.0 billion by the year 2030.

Presently, the micro, small and medium-scale enterprises (MSMEs) account for more than 70% of industrial activities in Ghana. They will therefore play an important role in the national objective to expand and deepen intra-Africa trade with particular support from Metropolitan, Municipal and District Assemblies (MMDAs). Ghana has initiated processes including national-level conversations and strategy formulation to harness the opportunities AfCFTA offers and how Ghanaian manufacturing companies and exporters could take full advantage to reach the larger African market.

Local Authorities stand to benefit from the cascading effect of the free trade agreement. However, the benefits could only be realized when local authorities provide the needed information and support to local businesses and investors. The National Development Planning Commission with support from UNDP and in collaboration with stakeholders including the Ministry of Trade and Industry, Ministry of Local Government, Decentralisation and Rural Development, Ghana Shippers Authority, Africa Union AfCFTA Secretariat, Ghana Export Promotion Authority, Ghana Free Zones Authority, Ghana Enterprises Agency among others, has put together this comprehensive guideline to enable MMDAs organize themselves to provide the needed support to local MSMEs to participate effectively in the single African market opportunity created by the agreement.

A significant effort has gone into the development of this guideline to meet the expectations at the national and local levels. This guideline is complimentary to other guidance documents and resource materials on AfCFTA. I am therefore certain that the MMDAs will make use of this guideline to help transform our local economies and fully harness the benefits of the AfCFTA.

A handwritten signature in blue ink, appearing to read 'Kodjo Esseim Mensah-Abrampa'.

**Kodjo Esseim Mensah-Abrampa (PhD)**  
Director-General, NDPC

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# Message from UNDP Ghana Resident Representative



Compliments from UNDP:

In March 2018, when African nations including Ghana, signed the African Continental Free Trade Area (AfCFTA) agreement, they pledged to eliminate tariffs on 90% of products. They also promised to gradually liberalise trade in services and address a slew of other non-tariff barriers to establish a single African market with over a billion people and a total GDP of more than US\$ 3 trillion.

The plethora of opportunities, the main drivers of the AfCFTA agreement and the best methods to harness its opportunities and overcome its risks and challenges need to be understood by all at the sub-national levels, especially by youth and women who are the main drivers of MSMEs. This will advance pathways to boost trade and make the agreement truly transformational.

UNDP understands that for Ghana to benefit fully from the AfCFTA, there is the need to prioritise MSMEs capacity development. MSMEs also need enabling policies for growth and require value addition to compete and penetrate the African and international markets. It is therefore critical to introduce and create awareness of the AfCFTA at the local government level and to facilitate the integration of local businesses into national and regional markets. The Metropolitan, Municipal, and District Assemblies (MMDAs) are better placed to lead this effort.

It is for this reason that UNDP is working in partnership with diverse government agencies including the National Development Planning Commission (NDPC) to support the MMDAs to effectively take up the challenge of leading the localization of the AfCFTA.

The Guideline for Harnessing the benefits of the AfCFTA at the local level is a step-by-step handbook that tries to help local authorities not only to better understand and leverage the AfCFTA but also to support MSMEs in their jurisdiction to fully benefit from the agreement.

It is our sincere hope that MMDAs will find this guide truly useful and maximize its use.

UNDP remains resolute in its efforts to support Ghana to integrate and fully operationalise the AfCFTA at all policy levels.

Thank you.

*Angela Lusigi*

**Dr. Angela Lusigi**

UNDP Resident Representative in Ghana

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# Acknowledgement

This guideline was put together by staff of the National Development Planning Commission with technical and financial assistance from the United Nations Development Programme. The preparation of this guide benefited from valuable contributions from stakeholders including the Ministry of Trade and Industry (National AfCFTA Coordinating Office), Ministry of Local Government, Decentralisation and Rural Development, the African Union AfCFTA Secretariat, Ghana Standards Authority, Ghana Export Promotion Authority, Ghana Free Zones Authority and Ghana Enterprises Agency.

Special thanks also goes to planning officers and local business owners/entrepreneurs at Jomoro Municipal Assembly, Kassena Nankana West District Assembly, Ketu South Municipal Assembly, Kumasi Metropolitan Assembly, Sagnerigu Municipal Assembly and Sefwi-Wiaso Municipal Assembly for providing useful insights during the scoping study to assess sub-national-level readiness capacity to inform the development of the AfCFTA guidelines.

# Acronyms

1D1F	One District One Factory	MMDA	Metropolitan, Municipal and District Assemblies
AFCFTA	Africa Continental Free Trade Area	MSME	Micro Small Medium Enterprise
AU	African Union	PERD	Planting for Export and Rural Development
BAC	Business Advisory Centre	RECs	Regional Economic Communities
BRC	Business Resource Centre	SADC	South African Development Community
CARES	COVID-19 Alleviation and Revitalisation of Enterprises Support	SEZ	Special Economic Zone
DPCU	District Planning Coordinating Unit	SME	Small and Medium Enterprise
EAC	East African Community	TSC	Technology Solution Centre
EASA	Enhanced Assistance Scheme for Exporters to Africa	UNCDF	United Nation Capital Development Fund
ECOWAS	Economic Community of West Africa States	UNDP	United Nation Development Programme
FDI	Foreign Direct Investment	UNIDO	United Nation Industrial Development Organisation
FTA	Free Trade Area		
GDP	Gross Domestic Product		
GEA	Ghana Enterprises Agency		
GMP	Good Manufacturing Practices		
LI	Legislative Instrument		
MFN	Most-Favoured Nation		

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SECTION ONE

# Introduction

This guidelines has been developed for Metropolitan, Municipal and District Assemblies to enable them unlock their potentials and harness the benefits of the Africa Continental Free Trade Area (AfCFTA) Agreement.

# 1.0 Introduction

This guideline has been developed for Metropolitan, Municipal and District Assemblies (MMDAs) to enable them unlock their potentials and harness the benefits of the Africa Continental Free Trade Area (AfCFTA) Agreement. It provides background information on what the AfCFTA is about, Ghana's strategy for enhanced market access and what MMDAs need to do. The guideline should enable local authorities put in place the necessary structures that would enable local businesses take advantage of the opportunities provided by the free trade agreement and enhance local economic development.

## 1.1 Process of developing the Guidelines

This Guidelines was developed through consultative processes with stakeholders, including Ministry of Trade and Industry (Ghana AfCFTA Coordinating Secretariat), Ministry of Local Government and Rural Development, Ghana Shippers Authority, Africa Union AfCFTA Secretariat, Ghana Export Promotion Authority, Ghana Free Zones Authority, Ghana Enterprises Agency, Ghana Investment Promotion Center, UNDP, UNCDF, UNIDO, among others. The final version of the guidelines was validated by the stakeholders for roll-out across MMDAs for adoption and use.

## 1.2 Rationale for the Guidelines

The rationale for introducing this guide at the MMDA level hinges on the fact that the assemblies represent a fertile jurisdiction for the effective implementation of the AfCFTA. Specifically, being the planning authority for any available development space in the country, MMDAs

- Are better placed to assess and provide the enabling environment to support businesses and enterprises within the local economy
- Should be at the centre of the implementation of AfCFTA to facilitate the creation of sustainable jobs and the consequential capacity improvement to human resources at the local level
- Have the capacity to provide grassroots coordination of the implementation of AfCFTA because an effective participation of local enterprises in the AfCFTA business arrangements is likely to enhance income generation, spur local economic development and improve the well-being and welfare of residents.

The AfCFTA holds the potential to provide a credible path to improving intra-Africa trade. It is therefore

imperative to strengthen MMDAs to effectively serve as the main drivers of socio-economic transformation. This should be adequately targeted to ensure that development interventions reach as many stakeholders as possible and that, these interventions are carried out in a sustainable manner.

## 1.3 Objectives of the Guidelines

The objectives for preparing this set of guidelines on AfCFTA are as follows:

- Deepening the integration of local economies into the Regional/Continental markets and boosting their trade performance
- Enhancing planning capacity at the local level for effective participation in AfCFTA
- Outlining the processes that provide support for MMDAs to establish strategic framework to harness the benefits of AfCFTA for local economies in particular, and at the national level in general
- Serve as a resource for local authority's advisory services in SMEs

## 1.4 Structure of the Guide

The guideline is structured in three sections. Following the general introduction is the section two, which provides background information on the AfCFTA, the objectives that it seeks to achieve, guiding principles, benefits and opportunities of the intra-Africa trade arrangement and Ghana's strategy for positioning local businesses to access the regional market. Section three covers areas that MMDAs should consider in order to integrate the continental trade agreement into their development processes, focusing one what they need to do to attract investment and create opportunities for businesses in the local economy have access to the regional market.



## SECTION TWO

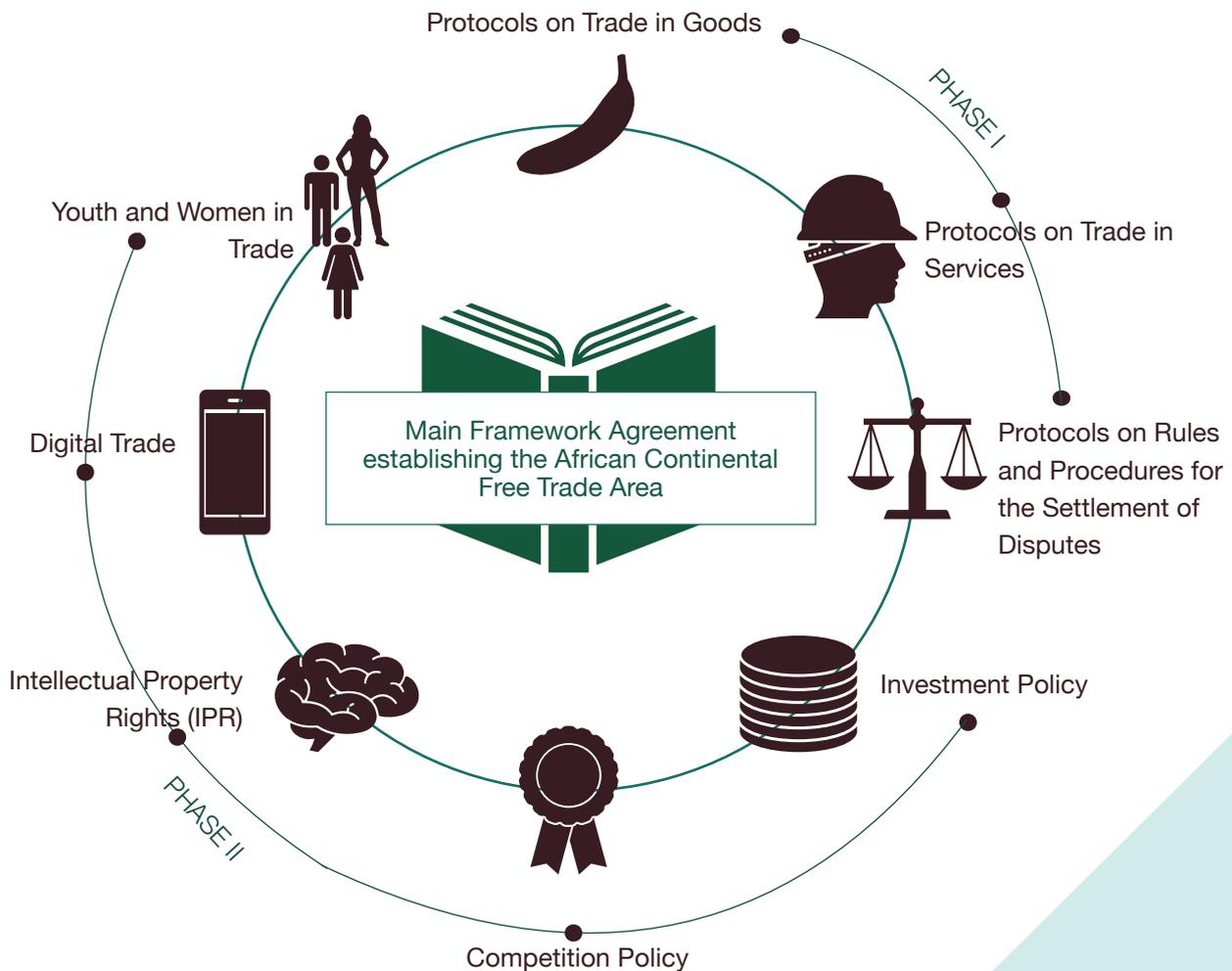
# Background

The promotion of intra-African trade is a fundamental ingredient for sustainable economic development, employment generation and effective integration of Africa into the global economy.

## 2.0 About AfCFTA

The promotion of intra-African trade is a fundamental ingredient for sustainable economic development, employment generation and effective integration of Africa into the global economy. In 2012, African Heads of State and Governments recognized that integrating African economies into a single African market, would provide opportunity for linking into the global economy and expand the size of the African market for the benefit of member countries.

In March 2018, the establishment of the African Continental Free Trade Area (AfCFTA) was signed in Kigali, Rwanda, by 44 Heads of State and Government of the 55 African Union (AU) Member States. By the end of 2020, 54 Heads of State and Governments had signed onto the agreement. See diagram below which depicts protocols and policies covered by the agreement.



The institutional framework at the continental level for implementation, administration, facilitation, monitoring and evaluation of the AfCFTA consist of: (a) the General Assembly; (b) the Council of Trade Ministers; (c) the Committee of Senior Trade Officials; and (d) the Secretariat. The framework agreement describes the functions of each of the level in the implementation arrangement

### 2.1 Objectives of AfCFTA

The key objectives underpinning the AfCFTA agreement includes:

1. Creating a single market for goods, services, facilitated by movement of persons in order to deepen the economic integration of the African continent and in accordance with the Pan Africa Vision of "An integrated, prosperous and peaceful Africa" enshrined in Agenda 2063;

2. Creating a liberalised market for goods and services through successive rounds of negotiations;
3. Contributing to the movement of capital and persons and facilitate investments building on the initiatives and developments in the State Parties and RECs;
4. Laying the foundation for the establishment of a Continental Customs Union at a later stage;
5. Promoting and attaining sustainable and inclusive socio-economic development, gender equality and structural transformation of the State Parties
6. Enhancing the competitiveness of the economies of State Parties within the continent and the global market
7. Promoting industrial development through diversification and regional value chain development, agricultural development and food security; and
8. Resolving the challenges of multiple and overlapping memberships and expedite the regional and continental integration processes.

## 2.2 Guiding Principles

In line with the framework agreement of the AU, the AfCFTA is set out to be driven by member states of the AU and seeks to build on existing regional economic blocs such as ECOWAS, SADC and EAC. To this end, the principles of transparency and disclosure of information, substantial liberalisation, among others are equally important for the process.

### Box 1: Principles Governing AfCFTA

1. Driven by Member States of the African Union
2. REC's Free Trade Areas (FTAs) as building blocs for the AfCFTA;
3. Variable geometry;
4. Flexibility, and special and differential treatment;
5. Transparency and disclosure of information;
6. Preservation of the Acquis;
7. Most-Favoured Nation (MFN) Treatment;
8. National Treatment;
9. Reciprocity
10. Substantial Liberalisations;
11. Consensus in decision-making; and
12. Best practices in the RECs, in the State Parties and International Convention binding the African Union

## 2.3 Status of Negotiations

Trading under the AfCFTA officially commenced on 1st January, 2021. However, negotiations on outstanding issues on Rules of Origin (RoO), submission of tariff concessions and schedules of specific commitments under Phase I are still on-going and expected to be completed by end of 2021. Protocols on rules of origin and schedules of tariff concessions and specific commitments in services have been negotiated on and agreed by the Council of Ministers of Trade.

Negotiations on trade in services are ongoing under phase one. African Ministers of Trade have directed that Phase II negotiations involving protocols on intellectual property rights, investment, and competition policy and Phase III protocols on e-commerce should be concluded by end of year 2021. Information on the status of negotiations and ratifications can be assessed at the National AfCFTA Coordination Office and the Africa Trade Observatory ([www.ato.africa](http://www.ato.africa)).

## 2.4 Benefits and opportunities of intra-Africa trade for the Ghanaian Economy

It has been projected that the AfCFTA would increase the value of intra-African exports between 15% (or \$50 billion) and 25% (or \$70 billion), depending on liberalization efforts by 2040. This will create a single African market with a GDP of over US\$3 trillion<sup>1</sup>. At the continental level, the AfCFTA is expected to lead to economic and distributional effects<sup>2</sup> (See box.. for benefits).

### Box 2: Expected Benefits of AfCFTA

1. Lift 30 million Africans out of extreme poverty and boost the incomes of nearly 68 million others who live on less than \$5.50 a day
2. Boost Africa's income by \$450 billion by 2035 (a gain of 7%) while adding \$76 billion to the income of the rest of the world
3. Increase Africa's exports by \$560 billion, mostly in manufacturing
4. Spur larger wage gains for women (10.5%) than for men (9.9%)
5. Boost wages for both skilled and unskilled workers by 9.8% and 10.3% respectively.

<sup>1</sup> <https://www.brookings.edu/research/intra-african-trade-a-path-to-economic-diversification-and-inclusion/?amp>

<sup>2</sup> The African Continental Free Trade Area, Economic and Distributional Effects, World Bank Group.

The foregoing presents an enormous opportunity for Ghanaians to connect to the regional market created for exporters and to deepen our integration into the African single market. Ghana's exports to Africa increased from US\$1.37 billion in 2018 to US\$1.4 billion in 2019, accounting for 2% of the total imports into the Africa region at the end of 2019<sup>3</sup>. By taking advantage of the opportunities provided by AfCFTA, Ghana's exports to African countries over the next 10-years is expected to triple from current level of US\$1.4billion to US\$5.0billion by the year 2030<sup>4</sup>.

Micro, small and medium-scale enterprises (MSME) accounts for more than 70% of industrial activities in Ghana. Our national objective of expanding trade and deepening intra-Africa trade therefore lies with the MSMEs and Local Authorities. Currently 30% to 40% of Intra-African trade is occurring on an informal basis in the country, and women constitute 70% of informal traders<sup>5</sup>. The AfCFTA provides an opportunity to connect to over US\$50 billion worth of regional market provided under the free trade agreement, increase income, enhance standard of living and create wealth.

The hosting of the AfCFTA Secretariat in Accra also provides enormous opportunities for Ghana. Local authorities stand to benefit from the cascading effect of the free trade agreement. However, the benefits could only be realized should local authorities take a greater control of their economy, provide the needed information to local businesses and investors and put in place the right structures that provides enabling environment for businesses to thrive. Profitability of local manufacturing and exporting SMEs will translate into improved Income levels and revenue generation for local authorities.

## 2.5 Ghana's Strategy for AfCFTA

Ghana pursues a market-based economy rooted on a relatively liberalized trade regime and investment climate, with primary focus on building the competitiveness of industries in both local and international markets

Ghana seeks to enhance its participation in intra-African trade and position itself as a viable destination for investment through its industrialization drive.

Ghana's strategy for the AfCFTA is contained in the National Policy Framework and Implementation Plan for Boosting Intra-Africa Trade (BIAT). The Strategy is based on the shared vision of A Ghana Beyond Aid, the Coordinated Programme of Economic and Social Development Policies (2017-2024), the Ten Point Industrial Transformation Agenda as well as the National Export Development Strategy (NEDS).

The Strategy focuses on seven (7) thematic areas as follows; Trade Policy, Enhancing Productive Capacity, Trade Facilitation, Trade Related-Infrastructure, Trade Finance and Development, Trade Information and Factor Market Integration.

Implementation of the Strategy is expected to be multi-sectoral and involving all relevant stakeholders at the National, Regional and District levels.

Programmes to facilitate implementation at the local level include:

**The One District One Factory (1D1F)** initiative has been identified as crucial in promoting Ghana's competitiveness. It seeks to decentralize industrial development to support the private sector to establish at least one major industrial enterprise in each of the two hundred and sixty (260) administrative districts.

**Planting for Export and Rural Development (PERD)** has targeted 6 crops aside from cocoa. These include coconut, rubber, cashew, oil palm, coffee, and shea. Planting for Export and Rural Development (PERD) is estimated to generate over US\$12 billion in export, with potential to outstrip cocoa earnings and diversify Ghana's economy from over-reliance on cocoa as a major export crop.

Ghana's strategic framework for enhanced market penetration by Ghanaian exporters into Africa has identified priority products that should drive the agenda. This is summarized in Table 1. In addition, the National Export Development Strategy (NEDS) formulated as a market driven strategy also identifies complimentary products for export<sup>6</sup>.

MMDAs with potentials in identified products under Ghana's strategy should seek to develop them through strategic partnerships. Also, to support the growth of Micro Small and Medium Enterprises (MSMEs), 67 Business Resource Centres (BRCs) and 31 Technology Solution Centres (TSCs) are being established all over the country, as one-stop enterprise support and innovation centres for businesses. MMDAs are encouraged to support Pan-Africa collaboration in product development, particularly in the areas of film, textile and other creative production.

3,4 Enhanced Assistance Scheme for Exporters to AFRICA (EASA), Ministry of Trade and Industry, 2020

5 Positioning the Ghanaian MSME to Take Advantage of the AfCFTA, CUTS. UNDP, 2020. The Futures Report: Making the AfCFTA Work for Women and Youth

6 GEPA Webpage for product information: <https://www.gepaghana.org/market-information/ghana-key-sectors/>

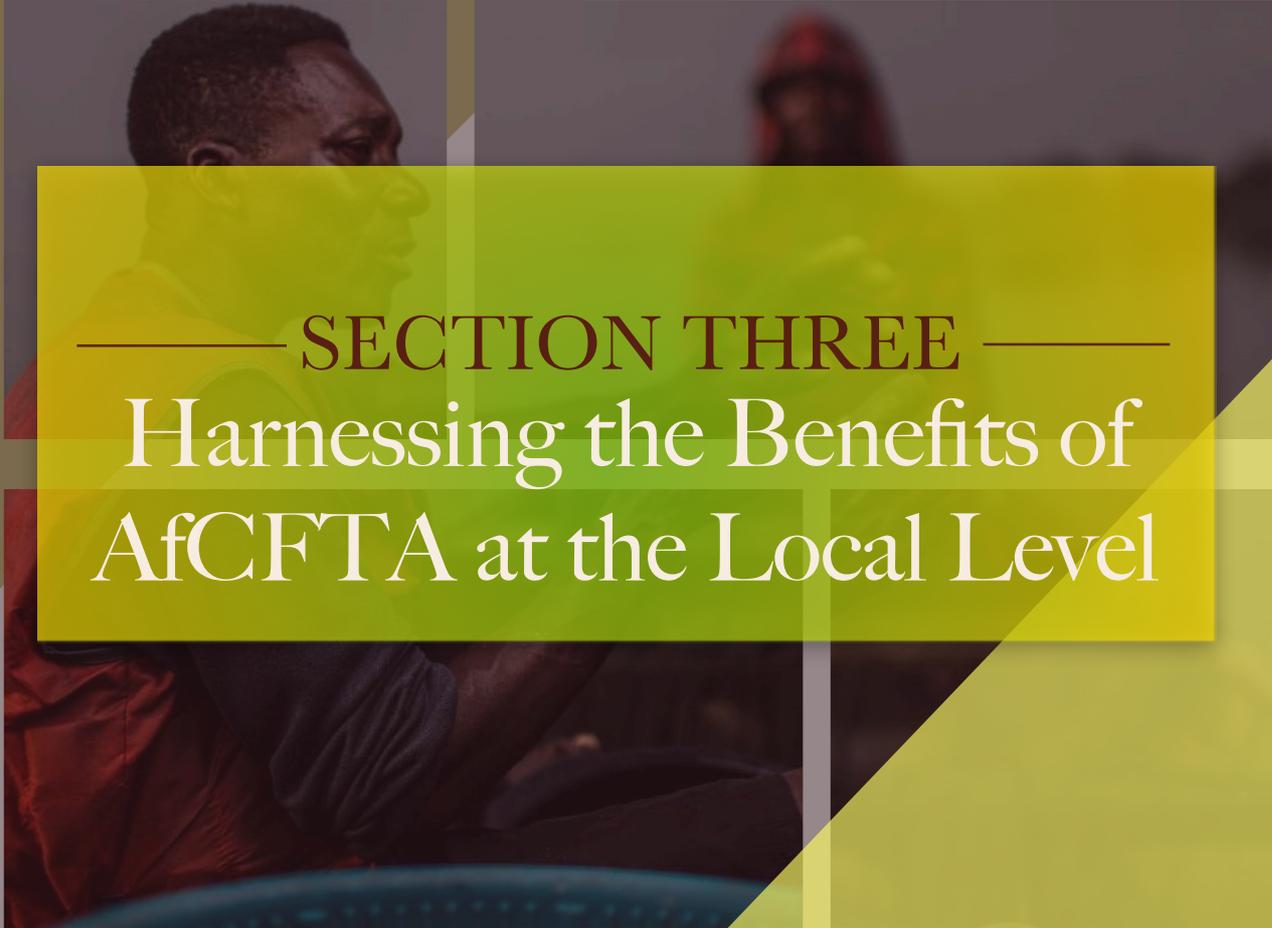
**Table 1: Target Export Penetration Products**

Ceramic Products	Cocoa and Cocoa Products
Petroleum Products	Products of Iron or Steel
Soap and Detergents	Edible Fruits and Nuts
Textiles and Garments	Processed Fish or Meat
Manufactured Articles (Including Handicrafts)	Synthetic Fibres
Wood and Wood Products	Essential Oils
Sugars and Sugar Confectionery	Fertilizers
Leather and Leather Products	Sauce and Preparations
Milled Products (Flours)	Shea and Shea Products
Paints and Varnishes	Processed vegetables and fruits
Plastics and Plastic Products	Fruit Juices
Palm Oil	Pharmaceutical Products
Diary Produce	Beverages and Spirits

Source: Enhanced Assistance Scheme for Exporters to AFRICA (EASA), Ministry of Trade and Industry, 2020.

As part of the enabling environment, harmonization of standards have been initiated across African countries of which Ghana is playing a leading role. Internal adjustment has also been initiated by the Food and Drug Authority for effective risk assessment for industries.





SECTION THREE

Harnessing the Benefits of  
AfCFTA at the Local Level

## 3.0 Introduction

This section outlines areas that MMDAs need to consider in order to help local businesses take advantage of the AfCFTA. These processes, which also contributes to revitalizing local economic development, would help position local authorities to drive development of the local economy on the back of the AfCFTA.

### 3.1 Analysis of Existing Trade Patterns and Infrastructure

At the local economy, trade pattern analysis aims to study and unravel major goods exchanged in international trade. It identifies the industries that employ the majority of the local workforce and puts into perspective the relative advantages available and how they can be expedited. To maximize the full potential of the AfCFTA, MMDAs in Ghana must **identify** and focus on industries and goods with relatively low production costs and high market demand, compared to their trading partners.

#### 3.1.1 Strategy for Analysis

There are several factors to consider when determining these advantages and threats, including;

- **Major Trading Product and Services** - Develop systems to track and survey products and services being traded in the district. This process includes but not limited to
  - Decide an analysis approach (Bottom up or Top-down)<sup>7</sup>
  - Develop a database of all trading products and services in the District
  - Determine comparative advantage of the District in a particular product through Revealed Comparative Advantage matrix. (See appendix for sample calculation)
  - Performance in attractive markets
  - Current export performance in dynamic market
  - Domestic supply capacity
  - One Area One Product (1A1P) initiative where MMDAs lead in the identification and facilitate the development of competitive products from the various localities in partnership with small enterprises.

The output envisaged here is the identified product(s) the district has comparative advantage based on the analytical process.

- **Infrastructure and Facilities for Trade Facilitation** - This is targeted at making trade across borders (imports and exports) faster, cheaper and more predictable, whilst ensuring its safety and security. In terms of focus, it is about simplifying and harmonizing formalities, procedures, and providing basic trade infrastructures such as roads, communication, information technology and utilities. Specific processes in this regard include;
  - Conducting a strength-and-weakness analysis of existing trade infrastructure at the district including procedures and formalities required to enhance local participation in the regional market
  - Formulating and prioritising programmes in the medium-term development plans to address identified gaps and needs
  - Capacity Development - assessing capacity of stakeholders at the local level (MMDAs) and SMEs. GEPA, GEA, ILGS and GSA have developed institutionalized training programmes in the areas of market knowledge, agronomic practices, quality and standards, packaging and labelling, among others. MMDAs with support from BACs and BRCs should identify the area of need and link up with these institutions to build their capacity and those of the SMEs.

The Output of the section includes `a map-out of existing infrastructure and facilities at the local level that support trade, bottlenecks and barriers that could likely impede participation of local SMEs in continental trade. Institutions that play a key role in trade facilitation especially Customs, Ghana Shippers Authority, GEPA, FDA, Plant Protection and Regulatory Service Department, Standards Authority, Ghana Enterprises Agency, PEF among others should be clearly identified with their roles stated.

<sup>7</sup>The top-down approach is a macroeconomic analysis while the bottom-up approach focuses on individual trade as opposed to a macroeconomic view

## 3.2 Business Profile of the district

The business profile of the assembly provides an opportunity to document the essential information needed for investors with interest to undertake manufacturing activities in the district as well as local businesses that are seeking to explore opportunity to export their products to other countries. MMDAs should prepare business profile for their jurisdiction. These should include:

1. Administrative structures
2. Location and size
3. Climatic conditions and physical characteristics
4. Population (by Sex), age group and the growth rate
5. Structure of the local economy (agriculture, service and industry)
6. Major employment sectors
7. Migration trends and its impact on employment and productivity
8. Trading products, services and areas of comparative advantage that could be leveraged for industrial and services development
9. Relationship between formal and informal structures i.e traditional and administrative systems
10. Support services provided to local businesses with export potentials and those looking to invest in the local economy
11. Regulatory environment for land acquisition, permitting, fees and fines and incentives

The business profile developed by the District would be hosted on trade information platforms such as GEPA Impact Hub, GIPC Investment Portal and others that may come up.

## 3.3 Markets and Accessibility

In terms of access to markets, the focus of MMDAs support programme should be to help MSMEs gain initial market access to individual markets, either for exporting, sourcing (importing) or local operations. This would include gathering and providing general market intelligence information, specific market analysis, the organization of trade fairs in collaboration with GEPA, GEA, Ghana Trade Fair Company and formation of effective business networks within the district.

Given that MSMEs lack the necessary manpower and financial resources and have restricted information channels to gather market information, MMDAs must work with key stakeholders such as GEPA, GEA, GSA, FDA to keep MSMEs updated on changing market trends both domestically and regionally, and provide an export-capable business infrastructure and provide a platform for free online business matching service.

The BAC and BRC units of the MMDAs must be strengthened to work closely with GEPA, Shippers Authority and other institutions to provide export information, procedures and documentation.

## 3.4 Special economic zones - Joint regional approach

A special economic zone (SEZ) is an area in a country that is subject to different economic regulations than other regions within the same country. Special economic zones (SEZs) tend to provide conducive environment to attract foreign direct investment (FDI). SEZs are mostly a national phenomenon, but where MMDAs identify the need for the creation of such a zone, Joint regional approach could be adopted.

That notwithstanding, a single factory zone status can be acquired by SMEs at the local level, with the support of the Assemblies.

### Box 3: Incentives available to free zone companies include

1. 100% exemption from payment of direct and indirect duties and levies on all imports for production and exports from free zones
2. 100% exemption from payment of income tax on profits for 10 years from the date of commencement of operation and income tax thereafter shall not exceed 8%
3. Total exemption from payment of withholding taxes from dividends arising out of free zone investments
4. Relief from double taxation for foreign investors and employees where Ghana has a double taxation agreement
5. No import licensing requirements
6. Minimal customs formalities
7. 100% ownership of shares by any investor, foreign or national, in a free zone enterprise is allowed
8. There are no conditions or restrictions on the repatriation of dividends or net profit, payments for foreign loan servicing, payments of fees and charges for technology transfer agreements and remittance of proceeds from sale of any interest in a free zone investment; and
9. Ability to operate foreign currency accounts with banks in Ghana.

A single factory zone is a company that has acquired a free zone statue with the primary aim of producing for export. A single factory zone is required to export at least 70% of its total production, but in an event that the products are sent to the local market, such goods will be considered as imports and therefore taxable.

The MMDA should be in the position to direct SMEs on how to acquire a single factory zone status in order to minimize the cost of production and make SMEs competitive in the regional market.

Guidelines provided by the Ghana Free Zones Authority and GEPA could be useful in setting up the framework for either Special Economic Zones, Single Factory Zone or opportunity provided under the 1 Region 1 Industrial Park Programme.

### 3.5 Trade facilitation - physical barriers, in terms of border and transport issues

The MMDA must recognize that certain trade barriers at the local level could affect business operations of SMEs, particularly, those who are into production of goods as well as provision of services for export to the wider African market. The AfCFTA removes all barriers to trade including tariffs and non-tariff barriers. However, border disputes and provision of basic infrastructure to facilitate intra-regional trade must be considered with needed investments undertaken to improve on those conditions.

The trade facilitation support must focus on border and transport issues to help reduce transactional costs and bring in more efficiency, especially in the movement of goods and services. MMDAs must work with relevant stakeholders including the Ghana Shippers Authority, Ghana Police Service, GRA-Customs to address these physical barriers so as to provide a sound business operating environment for SMEs within the districts.

### 3.6 Conditions for participation

Rules of origin are the criteria needed to determine the national source of a product. More broadly, rules of origin are used to execute commercial policy measures and instruments such as anti-dumping duties and safeguards. These measures include both sanitary and phytosanitary measures.

#### ● **Rules of Origin Certification**

The Government of Ghana has designated the Customs Division of the Ghana Revenue Authority as the competent authority responsible for the

the issuance of Rules of Origin Certificate. The certificate of origin is a documentary proof confirming that a particular product complies with the origin criteria applying to preferential trade under the AfCFTA. Once the certificate of origin is issued, goods originating in Ghana would enjoy duty-free zero tariffs within the AfCFTA area.

To effectively engage local firms in the AfCFTA, MMDAs must create capacities and empower SMEs to meet AfCFTA standards and requirements for exporting quality products. Specifically, the district will seek to:

- Set up platforms for customs, Ghana National Chamber of Commerce, PPRSD experts and other institutions involved in export to offer SMEs with advice on [AfCFTA rules of origin](#) and phytosanitary related issues
- Partner Business Advisory Centers, [Business Resource Centres](#) and Business incubation hubs to provide technical support to SMEs to meet AfCFTA standards
- Partner with GEPA to provide export trade information to SMEs at the District level

### 3.7 Good Manufacturing Practices

Good manufacturing practices (GMP) enables local manufacturing firms to comply with basic set quality standards. The process cover all aspects of manufacturing and guards against risks that could lead to cross-contamination, adulteration and mislabeling. GMP such as Kaizen would help manufacturing firms to improve quality and increase productivity as well as cut down on waste. The aim is to protect both the company and consumer from negative safety events.

MMDAs should advocate and ensure firms comply with these. Where capacity gaps exist, there would be the need to partner with Office of Local Government Service, Association of Ghana Industries, and other regional bodies to coach and support SMEs to implement good manufacturing practices to enhance their competitiveness.



### 3.8 Structures for Implementation

The District Planning Coordinating Unit is the main vehicle for coordinating planning and implementation of development activities at the District level. In order to integrate the AfCFTA processes at the district level, the DPCU should be the anchor and clearing house for the assembly's strategy for AfCFTA.

In addition to the DPCU, the Trade and Industry Department led by the Business Advisory and Resource Centres should be established to handle the operational issues relating to SMEs participation in the AfCFTA and the support mechanisms that are required.

Relationships should be established with the Regional Administration, especially the Ghana Enterprises Agency and the Ghana Export Promotion Authority at the regional level to address bottlenecks faced by local industries and leverage on financing opportunities available to SMEs for export.

Detailed roles and responsibilities of stakeholder institutions involved in trade has been published separately. (visit [www.ndpc.gov.gh](http://www.ndpc.gov.gh))

### 3.9 Financing Mechanisms

In the medium to long term, the assembly should seek to explore specific financing strategies that simultaneously expand productivity of the local firms, spur private sector investment and raise revenue level of the District.

MMDAs are expected to link local SMEs with capacity for export to financing institutions at the national and continental level including the [Ghana EXIM Bank](#), [AfriEximBank](#) and the [Ghana COVID-19 Alleviation and Revitalisation of Enterprises Support \(Ghana CARES\) programme](#). The Assembly should aim at documenting information needed to secure financing from these institutions. The productivity of these exporting firms would have cascading effect on revenue of the assembly. These include:

- Consolidating and expanding revenue sources within the existing legal framework
- Attracting and maintaining Private Sector Investments - The district will facilitate preparations and packaging of product specific projects to suit the criteria for private sector investors E.g., development of a portfolio of bankable projects.

<https://safetyculture.com/topics/gmp>

### 3.10 Performance Targets and Reporting

As part of processes to track progress on support being provided to enable local businesses take advantage of the AfCFTA. Some of the key indicators that could be incorporated into the District wide indicators include.

- number of businesses supported to export to the regional market
- number of new businesses established for export
- number of skills development and technical trainings organised to improve on business processes of local manufacturing firms
- number of partnerships established to promote trade at the local and regional level.
- number of jobs created

Quarterly and annual report prepared to track progress on implementation should feed into the district reporting processes already established by existing legal requirements (Act 480 and L.I. 2232).

## Appendices

1. Revealed Comparative Advantage
2. Schematic Diagram for the Implementation Structure

## Appendix - Revealed Comparative Advantage

The RCA index is defined as the ratio of two shares. The numerator is the share of a country's total exports of the commodity of interest in its total exports. The denominator is share of world exports of the same commodity in total world exports.

The RCA indices (RCA) use the trade pattern to identify the sectors in which an economy has a comparative advantage, by comparing the country of interests' trade profile with the world average. The RCA takes a value between 0 and  $+\infty$ . A country is said to have a revealed comparative advantage if the value exceeds unity. Sample calculation is expressed below.

Sample Calculation for Revealed Comparative Advantage (RCA)					
Cocoa Preparations	Ghana	Germany	Malaysia	Cote D'Ivoire	Total
Ghana	0	75.6	1.57	1	78.17
Germany	0.67	0	693.1	1.3	695.07
Malaysia	0	0	0	0	0
Cote D'Ivoire	0	405	240	0	645
<b>Total</b>	<b>0.67</b>	<b>480.6</b>	<b>934.67</b>	<b>2.3</b>	<b>1418.24</b>
Total Exports	Ghana	Germany	Malaysia	Cote D'Ivoire	Total
Ghana	0	213.3	1109.40	55.6	1378.30
Germany	274.5	0	6138.80	252.6	6,665.90
Malaysia	224.3	6,984.40	0	106.7	7,315.40
Cote D'Ivoire	353.6	592.1	634.1	0	1,579.80
<b>Total</b>	<b>852.4</b>	<b>7789.8</b>	<b>7,882.30</b>	<b>414.9</b>	<b>16,939.40</b>

Above we have two simplified trade matrices, representing trade flows for Cocoa preparations and total trade flows, respectively. Total exports of Cocoa preparations from Ghana are highlighted in orange. Total exports from Ghana are highlighted in red.

**Step 1:** Sum of Ghana's Export of Cocoa Preparations (A) = 78.17

**Step 2:** Sum of Ghana's Total Exports (C) = 1378.30

Calculating the share of Ghana's cocoa preparations exports to its total trade, **Step 3:**  $78.17/1378.30 = 0.057$

**Step 4:** Sum of Total Export of Cocoa Preparations in the World (B) = 1418.24

**Step 5:** Sum of Total World Exports = 16939.40

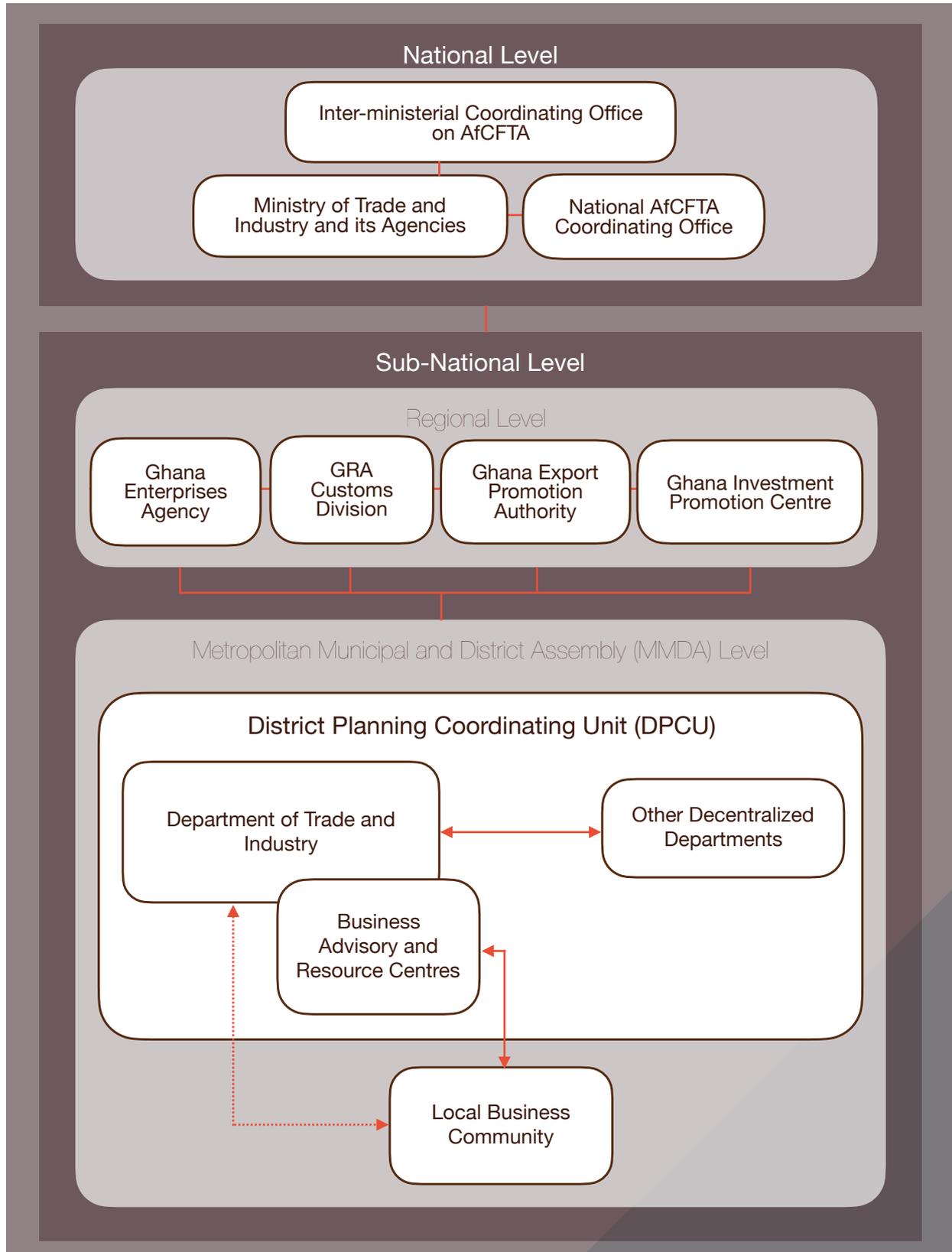
Proportion of Cocoa preparations in World Trade, **Step 6:**  $1418.24/16939.40 = 0.084$

Taking a ratio of these two shares, **Step 7:**  $0.057/0.084 = 0.68$ .

The RCA Index for Ghana in Cocoa Preparations Export in 2018 is 6.8

*Data from UN Commodity Trade database (COMTRADE), WITS Database was relied on for the calculations, with slight modifications.*

## Appendix - Schematic Diagram for Implementation Structure



NB: The diagram above is a map out of key institutions responsible for the implementation of AfCFTA at national and sub-national level. It is not intended to be a reporting arrangement neither is it intended to be exhaustive of all institutions who have a role to play in the implementation of AfCFTA in Ghana.

# GHANA



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