Introduction

Although an under-developed sector in Ghana, manufacturing is nevertheless an important contributor to the country’s GDP. But the burdens it struggles under are substantial. Hampered by the variability of the agricultural sector on which it is based, Ghana’s industries must also contend with high costs of production, high interest rates and increased competition arising out of the policy of trade liberalization.

In this context, the sector is characterised by a narrow industrial base dominated by agro-industries, limited diversification, reliance on imported inputs of raw materials and intermediates, relatively under-developed industry linkages, prevalent use of obsolete technologies and production that is mainly focused on the domestic market.

Government recognises that significant transformation of the sector is vital. In order to achieve this, it is necessary to promote and stimulate a change process which will make the sector exhibit a diversified structure of production; undertake processing of more of the natural resources with which Ghana is endowed; and become export-oriented.

Importance of the sector and performance

In terms of importance, the manufacturing sector, though not strong as it should be, continues to play a respectable role in the economy, contributing about 9% to GDP.

Ghana’s most important manufacturing industries include aluminium smelting,
agro-food processing, oil refining and cement. Other industries include the production of beverages, textiles, apparel, glass, paints, plastics, chemicals and pharmaceuticals, and the processing of metals and wood products.

The sector provides employment for an estimated workforce of over 250,000 people.

About 25,000 firms are registered. More than 80% of them are small size enterprises with less than 50 employees, while it is estimated that 55% of all enterprises are located within the Greater Accra/Tema Region.

The Manufacturing sector recorded a growth of 5% in 2009 compared to 4% in 2008. However, the contribution of Ghana’s manufacturing sector to overall growth is still marginal.

Management of the sector & policies

The Ministry of Trade and Industry is the primary Government agency with the overall mandate of formulating, developing, implementing, monitoring and evaluating trade and industry policies in Ghana. The Ministry is also the advocates for the private sector within government and is the principal agency responsible for monitoring the implementation of the Governments private sector development programs and activities.

The Ministry aims at developing a vibrant, technology-driven, liberalised and competitive trade and industrial sector that significantly contributes to economic growth and employment creation through:

- Policy formulation.
- Facilitating enterprise development including SMEs.
- Development and enforcement of standards in trade and industry.
- Promoting and facilitating Ghana’s internal and export trade with emphasis on diversification and value-addition.
- Promoting and facilitating Ghana’s active participation in Global Trade through participation in multilateral and plurilateral Institutions as well as champion Ghana’s market expansion drive.

To meet the challenges posed by the changing domestic and international trade environment; the Ministry is pursuing proactive policies designed to create conditions for the renewal of Ghanaian industry and commerce. One major policy measures being employed for the achievement of accelerated and sustainable growth is the Ghana Trade and Investment Gateway Programme (GHATIG), which seeks to promote foreign direct investment and to establish Ghana as a major manufacturing, value added, financial and commercial centre in West Africa. Other programmes being directly overseen and implemented by the Ministry include the Trade Sector Support Programme (TSSP), which was designed with a view to deliver rapid and strategic expansion of Ghana’s productive base, and the Private Sector Development Strategy (PSDS), which focus on creating a thriving private sector, creating jobs and enhanced livelihoods for all.

Harmonisation and rationalisation of policies

Recognising that the revival of the industrial sector is key to Ghana’s ability to develop a competitive manufacturing base, the Ministry is currently developing a National Industrial Policy to complement the existing one. The new industrial policy will provide clear and transparent guidelines for the implementation of Ghana’s Industrialization agenda, particularly with respect to the manufacturing sector. It is also intended to create a
consistent and stable policy environment in which the private sector can competitively promote industrial activities effectively and with certainty.

The following issues are being developed to suit the industrial policy needs of the country:

- Labour and industrial relation.
- Incentive framework for industrial development.
- Privatization and public-private partnership for development.
- Technology and industry.
- Intellectual property rights in industrial development.
- Financing for industrial development.
- Gender mainstreaming in industrial.
- Quality health in industrial development.
- Micro, small and medium enterprises development.
- Establishment of manufacturing enterprises to process agricultural products (value addition).
- Rejuvenation of textile industry in an integrated manner.
- Establishment of integrated Shea butters Processing factories in the three northern region targeting production of 50,000 tons of Shea butter per annum.
- Processing of salt leading to the petrochemical industry.
- Establishment of an integrated iron and steel project in Ghana and the rehabilitation of abandoned but viable manufacturing enterprises.

Implementing Agencies

The Ministry implements its policies, programs and special projects through its implementing agencies.

Export Development and Investment Fund (EDIF)

The Export Development and Investment Fund (EDIF) was established by law in the year 2000 and since 2002 up to date has provided loans and grants in the total amount of about GH¢126 million in accordance with its mandate. The EDIF provides funding as loans through 20 designated financial institutions (DFIs) to producers and marketers of export goods and services. The fund also provides grants to associations, institutions and groups to boost the production and management capacity of such groups operating in the non-traditional export sector.

Ghana Export Promotion Council (GEPC)

The Ghana Export Promotion Council was established in 1969. It has as its mandate the development of Ghana’s export trade and the promotion of Ghana’s exports abroad. It acts as a coordinating institution for the various public sector and other organizations involved in trade facilitation, it carries out advocacy services for organizations and individuals involved in the export trade and organizes workshops, forums, conferences and seminars for such organizations and individuals.

The GEPC also organizes market and trade missions, trade fairs and exhibitions, buyer-seller meetings with a view to helping Ghanaian enterprises to do business in the competitive international export market. GEPC also has the trade information
centre, which offers information and referral services to the business community.

GEPC has some 3,000 private sector exporting companies organised into 15 product associations.

The general performance of the non-traditional export sector shows that Ghana earned US$729.14 million over the first eight months of 2009, compared with US$613.64 million in the same period in 2008, representing 18.8% growth. Given the magnitude of the global financial crisis, it is a welcome development.

Ghana Free Zones Board (GFZB)

The Ghana Free Zones Board was established by law in the year 1995, and has as at today 205 approved Free Zone Companies and five designated export processing zone areas. These are: the Tema Export Processing Zone with a total of 1,234.11 acres which has been developed to some extent under the Gateway project. There are also the Sekondi Export Processing Zone with a total of 2,512.82 acres; the Ashanti Technology Park with a total of 1,090 acres; the Shama Export Processing Zone with a total of 3,238 acres; and the Community 21 residential area with a total of 152 acres all of which are yet to be developed.

The main Free Zones Enterprises are into: Shea butter processing, development of computer software, wood processing, cocoa processing, ICT, consumer goods and flight catering. The total number of employees directly employed in the Free Zones is 27,971. The total capital invested in Free Zones Enterprises over the period since its establishment is approximately US$3 billion while the total value exported is US$ 5.8 billion.

Ghana Standards Board (GSB)

The Ghana Standards Board is responsible for the nation’s quality infrastructure and conducts its activities on the four pillars of metrology, standards, testing and quality assurance. The national standards infrastructure is critical to the growth of industry and promotes standards in public and industrial goods, welfare, health and safety.

Currently three of Ghana Standards Boards Laboratories have received and maintained international accreditation in the areas of mass, temperature and pressure. A national enquiry point has been strengthened to serve as the National Standards Information Centre relating to Standards, Technical Regulations, Conformity Assessment Procedures, Import-Export procedures and is serving as a reliable information source for both local and foreign import/export demands.

The testing laboratories are currently preparing towards international accreditation on the requirements of ISO/IEC 17025. This will ensure that the GSB labs will be in a position to certify that exporters meet specific export standards and requirements.
National Board for Small Scale Industries (NBSSI)

The National Board for Small Scale Industries is the Government organization responsible for the promotion and development of micro and small enterprises in Ghana. It was established in 1981 and it is the view of the government that it is a key institution that has the potential to assist in the reduction of unemployment and facilitate the growth and development of the MSME sector.

NBSSI has its head office in Accra, Ten Regional Offices and 110 District Offices known as Business Advisory Centres. 2,750 entrepreneurs have benefited from counselling and advisory services offered by the Business Advisory Centres in 2009. Extension services have been provided to 1,559 entrepreneurs while 40 associations have received training in leadership and group dynamics.

Gratis

The GRATIS Foundation was incorporated in December, 1999. It evolved from the Ghana Regional Appropriate Technology Industrial Services (GRATIS) Project which was established in 1987 by the Government of Ghana with support from the European Union and the Canadian International Development Agency to promote small-scale industrialization in Ghana. It seeks to develop, promote and disseminate marketable technologies and skills for the growth of industry, particularly, micro, small and medium scale enterprises in Ghana and the West African sub-region. GRATIS operates through a network of 9 regional centres and 3 District Rural Technology Service Centres.

Others facilitators

There are several other institutions rendering support services to the manufacturing sector. These, among others, include: The Association of Ghana Industries (AGI), The Ghana National Chamber of Commerce and Industry (GNCCI), the Private Enterprise Foundation (PEF) and the Federation of Association of Ghanaian Exporters (FAGE).

Latest Development

In November 2009, local media reported government’s intention to reopen the state-run Volta Aluminium Company Limited (VALCO) following its closure in January 2009. Not only have prices for aluminium rebounded in recent months, but water levels in the Volta Lake have risen back above 270 feet, which will enable the company to make use of hydroelectric power. When fully operational, VALCO could inject some US$300m into the Ghanaian economy.

Investment Opportunities

Opportunities for investment exist in the following areas:

- Garments and Textiles for Export – AGOA and EU;
- Agro-food processing and seafood processing;
- Electrical and electronic components assembly;
- Aluminum based products;
- PVC and other plastic products;
- Jewellery (Gold processing, Refinery);
- Pharmaceuticals;
- Vehicle assembly and parts manufacturing;
- Capital goods manufacturing (Agro-processing equipment, packaging equipment, machine tools, components and spare parts);
- Processed wood products for exports;
- Ceramic tiles manufacturing.

Conclusion

The manufacturing sector holds the key to Ghana’s economic growth given the desire to diversify from agriculture to other sectors. Although the sector’s contribution to the national economy has not significantly improved lately, there is every reason to believe that with proper policies and investment incentives in place, manufacturing sector is a growth area.