



International
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Centre

SME COMPETITIVENESS IN GHANA

ALLIANCES FOR ACTION



In collaboration with

AGI
Association
of Ghana
Industries



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Country report, the first of a series of publications assessing SMEs Competitiveness; based on a business survey conducted in Ghana in 2016, it analyses survey findings and compares them to other sources on SME Competitiveness and strengths and weaknesses related to the immediate and national business environment in Ghana; covers manufacturing and agriculture sectors in Tema, Kumasi, and the Greater Accra Region; provides policy interventions based on the survey findings; presents results of an in depth analysis of the internal production system for a small sample of enterprises in the agro-processing sector; presents an action plan achieved through ITC Alliances for Action methodology and coordination among local partners as a result of this analysis; and includes bibliographic references (pp.45-47).

Descriptors: **Ghana, SMEs, Competitiveness, Global Value Chains, Trade Policy.**

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Foreword

This joint report of the International Trade Centre (ITC) and the Association of Ghana Industries (AGI) comes at a critical time. Many countries are facing challenges brought about by a weakened global economy: stagnant demand, persistent unemployment, increasing requirements for exports and financial vulnerability have all played their part in creating a deep sense of unease on where future sources of growth will come from.

This uncertain global outlook affects many actors throughout different value chains, but some groups are more affected than others; small and medium-sized enterprises (SMEs) are particularly susceptible to these increased pressures. This report intends to provide public and private stakeholders in Ghana and abroad with data and analysis necessary to steer Ghanaian SMEs successfully through challenging times.

SMEs are critical economic drivers in most countries. This is no different in Ghana, where more than 85% of enterprises are SMEs. Yet, recent studies suggest that the vast majority of SMEs fail to be competitive, to survive or to grow. Local, national and international institutions can help; they facilitate access to international markets and value chains through technical capacity building and knowledge sharing, ensuring that the resulting growth is both sustainable and inclusive. This joint report provides practical guidance on how to do this.

The Ghanaian government and relevant support institutions have started to implement strategies to enable sustainable and inclusive growth through different measures, including: the national export strategy, which focuses on non-traditional export diversification; the yam sector strategy, which created a roadmap for risk diversification strategies; the Made-in-Ghana campaign, that spurred local content development by making part of procurement conditions to supply locally; and the Ghana Shared Growth and Development Agenda (GSGDA II), which has a strategy to leverage the country's natural resources by providing incentives for linking industry to the agriculture sector, hence promoting value addition. However, there is more to be done, and this joint report provides practical guidance on how to pursue this.

ITC is the only United Nations development agency fully dedicated to supporting the internationalization of SMEs. To deliver on the mandate of helping SMEs to join international markets, ITC developed the SME Competitiveness Survey, and has launched data collection exercises in several countries. These efforts aim to assess the key elements that affect the competitiveness of SMEs – their capacity to connect, compete and change.

The Association of Ghana Industries is one of the leading voices of the Ghanaian private sector, representing over 1,200 businesses and raising awareness about private-sector constraints through advocacy, capacity building and knowledge-sharing initiatives.

Together, ITC and AGI have launched the first large-scale deployment of the SME Competitiveness Survey. The survey effort also benefited from broad-based support from multiple partners, including: the Federation of Associations of Ghanaian Exporters (FAGE); the Ministry of Food and Agriculture of the Republic of Ghana; the Ministry of Trade and Industry of the Republic of Ghana; the Ghana National Chamber of Commerce; the Ghana Root Crops and Tubers Exporters Union (GROCTEU) and the Ghana Export Promotion Authority (GEPA).

First findings of the Ghanaian SME Competitiveness Survey were featured prominently in ITC's *SME Competitiveness Outlook 2016*. In addition, the detailed analysis of findings in this report will flow into further stakeholder discussions in Ghana with the aim of developing measures aimed at further strengthening SME competitiveness.

The ITC Competitiveness Grid, used in this report, shows that enterprise performance depends not only on firm competitiveness but also on external factors linked to the immediate business environment and national environment. This confirms that no enterprise or institution can tackle all constraints on their own. Efforts to strengthen SME competitiveness in Ghana have to be part of an aligned and coordinated strategy at the industry level, with a strong role for relevant support institutions. Under the lead of AGI and ITC, an 'Alliance for Action' has been created that provides the multi-stakeholder platform necessary to transform data and analysis into action.

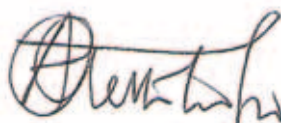
Under this Alliance for Action, groups composed of private and public sector institutions have started to work on generating activities and linkages to support SME innovation, competitiveness and inclusive growth. They are doing so by considering what role local, national and international institutions and policies can play to allow Ghanaian SMEs to maximize the benefits of trade and participation in international value chains.

We believe that this report can provide an evidence-based starting point to guide sector-specific associations and government agencies in the design and implementation of support policies targeting SMEs competitiveness.

In a dynamic and integrated world, the availability of up-to-date information on SME competitiveness and its drivers is crucial for sector associations and government agencies to foster SME integration in global markets and inclusive growth. For this reason, AGI and the ITC plan to conduct the SME Competitiveness Survey on a regular basis to help monitor changes.



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