Driving regional integration: **can Ghana overcome the Nigerian hurdle?**

With a rounded combination of thriving democracy, stable economy, good legislation and attractive investment incentives, Ghana has managed to cement its position as a driver for regional economic integration. Yet, can Ghana provide a strong enough leadership to resolve the remaining challenges?

Ghana shows leadership in the area of regional economic integration in West Africa; the official inauguration of West Africa's first regional electronic commodity exchange platform, the "Ghana Commodity Exchange" (GCX), the inauguration of the state of the art "Terminal 3" at Kotoka International Airport and "Terminal 2" at Tema port are but a few examples of the many great initiatives that were undertaken by the country, in order to help build greater regional integration and enhance the free movement of goods and people in Ghana and across West Africa.

Ghana: a good destination for doing business in West Africa

With a rounded combination of thriving democracy (five peaceful election, of which three power hand-overs since 2000), growing economy, good legislation (new Company Act 2019), and attractive investment incentives (soon to receive an overhaul), Ghana has managed to cement its position as a favorite destination for doing business in West Africa. Even though Ghana has recently slipped from 114th to 118th position on the latest World Bank's "Doing Business" report, falling for the first time to third position in West Africa behind Togo (97th) and Cote d'Ivoire (110th), it surpassed its West African competitors Nigeria (which peaked at close to $9 billion back in 2011) and Côte d'Ivoire, at close to $3 billion in terms of foreign direct investment flows for 2018.

And yet, the economy of Ghana is far from achieving its potential. Although the country has experienced a continuous devaluation of its currency through its modern history, which would have helped support its export goods to become more competitive on the international scene, the weakening currency (p. 10) could not catalyze industrialization in the country, because most of its export is in raw material, both mineral (Ghana is an oil-producing country since 2011) and non-mineral.

Ghana recently dislodged South Africa as the continent's top gold-producing country and is the second largest producer of cocoa, behind Cote d'Ivoire. And while these two countries alone supply 60% of the world's cocoa beans, they only receive a paltry 6% share from the global chocolate industry. This low level of industrialization, coupled with the fact that the country is a net food importer, increases the vulnerability of its economy to price volatility and external market shocks.

Inadequate infrastructure impedes the flow of trade across Africa, adding delay and increasing cost. This picture was recently taken at the Paga border between Ghana and Burkina Faso, following a heavy storm.

Wolfgang Zeller, AFRIGOS, 2019

Little benefit from the regional commodity exchange

The coming into force of the African Continental Free Trade Agreement (AfCFTA) on 30 May 2019 has the potential to promote intra-African trade, by further liberalizing access to regional and continental originating goods and services. It will also accelerate regional integration efforts, as well as drive all relevant stakeholders; government agencies (ministries, port authorizes etc.), organized private associations (chambers of commerce, women trade associations etc.), CSOs (Borderless Alliance, CUTS Africa etc.), development agencies (DfID, USAID, EU etc.), international financial institutions (Afreximbank, Ecobank etc.) and others, to seek out new alliances, partnerships and terms of engagement, in order to ensure that its implementations will meet the aspirations of its supporters, to the benefit of its governments, businesses and people.

On the other hand, the AfCFTA in itself cannot be the solution to all of Africa's problems. In order to address the perennial low intra-African trade, all hands need to be on deck to help grow Africa, move Africa and trade Africa, which also involve spending more on much-needed infrastructure, both hard (roads, ports, bridges etc.) and soft (governance, corruption, accountability etc.); creating market linkages across the Continent; and, most importantly, building a competitive local industrial base to enhance manufacturing and production, in order to enable African countries to compete on the international markets and to reap the benefit of value addition in their respective local economies.

In the case of Ghana, the regional commodity exchange will remain of little benefit if West African manufacturers and producers are prevented from freely moving theses traded products across borders, whether in raw or processed form.

Time-based performance of West Africa on "Doing Business" Reports, 2012-2020, compiled by author

*Classification Doing Business of West Africa, 2012-2020***

Legend:

Improvement

Decline

Countries; BD12; DB13... West Africa

	COUNTRY	DB12	DB13	DB14	DB15	DB16	DB17	DB18	DB19	DB20
	MAURITIUS*	23	19	20	31	32	49	25	20	13
WEST AFRICA	TOGO	162	156	157	152	150	154	156	137	97
WEST AFRICA	COTE D'IVOIRE	167	177	167	145	142	142	139	122	110
WEST AFRICA	GHANA	63	64	67	112	114	108	120	114	118
WEST AFRICA	SENEGAL	154	166	178	156	153	147	140	141	123
WEST AFRICA	NIGERIA	133	131	147	170	169	169	145	146	131
WEST AFRICA	NIGER	173	176	176	164	160	150	144	143	132
WEST AFRICA	CABO VERDE	119	122	121	124	126	129	127	131	137
WEST AFRICA	MALI	146	151	155	142	143	n/a	143	145	148
WEST AFRICA	BENIN	175	175	174	162	158	155	151	153	149
WEST AFRICA	BURKINA FASO	150	153	154	149	143	146	148	151	151
WEST AFRICA	THE GAMBIA	149	147	150	150	151	145	146	149	155
WEST AFRICA	GUINEA	179	178	175	171	165	163	153	152	156
WEST AFRICA	SIERRA LEONE	141	140	142	147	147	148	160	163	163
WEST AFRICA	GUINEA-BISSAU	176	179	180	181	178	175	176	175	174
WEST AFRICA	LIBERIA	151	149	144	180	179	174	172	174	175
	ERITREA*	180	182	184	189	189	189	189	189	189

Source: World Bank, Doing Business reports, 2012-2020 (compiled by the author).
*African countries at the bottom and top of the rankings for illustrative purposes.
*Each report calculates data relative to the previous year.

The lack of regional enforcement

West Africa has a largely untapped potential when it comes to agriculture, but not every country will end self-sufficient; instead, the path towards food security requires an enabling environment to build local capacity to produce a smaller number of competitive products, complemented by an enabling environment that allows the import of non-available essentials from neighbouring countries.

Sadly, the regional economic communities are unable to enforce implementation of their regional regulations on a national level, due to the lack of regional enforcement or sanction mechanisms against countries that violate these laws, a situation that is compounded by the multiplicity of checkpoints along the corridors, rampant corruption, non-mutual recognition of legal documents and different interpretation of some of the regional texts, like in the case of the axle-weight limit. The current ongoing Nigerian border closure crisis and its spillover effect on legitimate intra-regional trade flows is a perfect embodiement of the inability of some countries to align their national interests with regional and continental ones.

Another example would be the road checkpoints; a recent fact-finding mission by the Ghana Shippers Authority revealed not less than 75 checkpoints, in one direction, along the Tema-Paga road corridor between Ghana and Burkina Faso. This figure was also verified by a separate fact-finding mission by a researcher from the "African Governance and Space" (AFRIGOS) project, a five-year continental corridor study conducted by the Centre of African Studies at the University of Edinburgh, who also counted no less than 320 rumble strips on the same stretch of road, leading to lengthy delays and higher cost of transportation and trade through that road corridor, in addition to significant harvest spoilage from the bad infrastructure.

GHANA HAS A KEY ROLE TO PLAY IN IMPLEMENTING THE AFCFTA AGREEMENT

Ghana: a leader to implement AfCFTA

It is time that West Africa steps up to the challenge of owning up to its problem, and to come up with African solutions to its African issues. The African Continental Free Trade Agreement is an opportunity to break away from the old colonial trade structure and create real economic growth and prosperity across the region, by harnessing its vast population and various resources towards becoming more integrated and prosperous, to the benefit of its governments, businesses and people.

Ghana has a crucial role to play in leading the implementation of the AfCFTA agreement in West Africa, as a host of its Secretariat and in line with its historic role in leading regional and continental integration, but it must first come to terms with its challenges and provide a long lasting solution to some of the bottlenecks that are hindering it from unlocking the full potential of its economy. ■

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Borderless Alliance is an award-winning, regional, private sector-led, multi-stakeholder advocacy group that promotes economic integration in West Africa and tackles barriers to trade and transport in the region.