



Workshop on the potential impact of AfCFTA on agri-food sectors and food security in Ghana

1. Introduction

The sectoral contributions to Ghana's GDP, based on the latest rebasing of the economy in 2013, show that the contribution of agriculture, industry and services sectors were 21.7 percent, 36.9 percent and 41.4 percent, respectively, in 2013. In 2020, services sector made the largest contribution of 47.9 percent, followed by industry with 31.6 percent with the remaining 20.5 percent from the agricultural sector. The agricultural sector is largely dominated by the crop sub-sector, contributing 16.6 percent of the total 20.5 percent; the remaining 3.9 percent is provided by livestock (1.7 percent), Forestry and Logging (1.1 percent) and Fishing (1.0 percent). Despite the fall in contribution of agricultural sector, it continues to serve as an important avenue for employment. In 2019, about 49.2 percent of the labour force was engaged in services, 29.8 percent in agriculture and 21.1 percent in industry (GSS, 2021). While nearly half of the labour force is in the services sector, the majority of activities or employment in this sector are informal in nature, with the share of informal GDP in total GDP averaging 27.8 percent from 2014-2020. Currently, about 5.5 percent of Ghana population are undernourished with 23.4 percent living below the poverty line with disparities across regions. Economic inequalities have also worsened recently. It is against this socio-economic backdrop that Ghana has ratified the African Continental Free Trade Agreement (AfCFTA) whose implementation is gradually gaining momentum. The benefits of AfCFTA to the entire African continent is indubitable as it brings together countries with total population of about 1.3 billion and a combined Gross Domestic Product (GDP) of 2.5 trillion US dollars. The implementation of the agreement will remove tariffs for 97% of all tariff lines and not less than 90% of all intra-African trade.

However, just like any trade liberalization scheme, there will be winners and losers on different sectors of the economy. While some sectors in a country will benefit from the agreement, others are likely to lose. Food security remains important issue in Ghana. Currently, there are protections in agricultural and food production sub-sectors in the country. By opening the entire economy to the Africa region through AfCFTA, the protection in the food sub-sector will be removed for the sub-sector to face competition from other African countries. Yet, we do not know how the agreement will impact on food sub-sector and food security in Ghana. Understanding the qualitative and quantitative effects of AfCFTA on food security and nutrition as well as their distribution consequences will preempt policy makers to initiate policies to either support or mitigate the impact on sectors that will negatively be affected and categories of the population will suffer from food security and nutrition issues resulting from the trade liberalization.



This study uses a single-country computable general equilibrium (CGE) model—the Dynamic Equilibrium Model for Economic Development Resources and Agriculture (DEMETERA) for Ghana to examine the potential impact of AfCFTA on Ghana’s agri-food sectors and food security. The CGE model, developed by the Joint Research Centre of the European Commission is able to describe the Ghanaian economy and its relationship with the rest of the world including the Africa region. This model specifies that output is produced through CES production function nested with home or subsistence production. The CGE model also assumes a small open-economy whose domestic activities cannot affect global prices. Household demand can be obtained from both domestically produced goods and imports. In a like manner, marketed commodities output produced domestically can either be consumed locally or exported. The model also has high disaggregation of economic activities into individual production processes. There are many different households that offer labour and capital in exchange of factor incomes and therefore allow for distributional consequences of a policy. The 2015 Social Accounting Matrix (SAM) of the Ghanaian economy is used to form the benchmark data of the CGE model. Thus, the CGE model will be calibrated using the 2015 SAM. Simulations based on the DEMETERA model and the 2015 Ghana SAM have generally been used to examine the potential impact of AfCFTA on the Ghana’s agri-food system and food security – results from which this workshop seeks to share with stakeholders.

2. Objectives of the workshop

- a. Share information on the activities being undertaken by the European Commission -Joint Research Centre and Africa Union member states through PAANAP on AfCFTA using the DEMETERA model
- b. Share initial results on the research work being undertaken on Ghana titled: Potential impact of AfCFTA on Ghana’s agri-food sectors and food security.
- c. Engage with stakeholders on what the results from the study means for Ghanaian policy makers and practitioners as the roll out of AfCFTA continues.
- d. Provide insights and deep dive discussions on the DEMETERA Model for interested persons.



—Programme Line Up—

Date: Wednesday, 14th February 2024
Time: 9:00 A.M – 15:00 P.M

Facilitator/MC: Mrs Vicentia Quartey

Part 1: Main Programme

| Time | Item | Facilitator |
|-------------|--|---------------------------|
| 9:00- 9:05 | Welcome Address | Peter Quartey/Fred Dzanku |
| 9:05-9:15 | Self-Introduction | Participants |
| 9:15-9:20 | Purpose of Gathering | Richmond Atta-Ankomah |
| 9:20-9:40 | Presentation I: EJRC's AfCFTA activities and the DEMETRA Model | Emanuele Ferrari |
| 9:40- 10:00 | Q & A on the Presentation | Participants |
| 10:00-10:20 | Snack Break | Participants |
| 10:20-10:55 | Presentation II: The potential impact of AfCFTA on Ghana's agri-food sectors and food security | Andrew Agyei-Holmes |
| 10:55-11:15 | Q & A on the Presentation II | Participants |
| 11:15-11:55 | Breakout Group Discussions and Reports | Group Nominees |
| 11:55-12.00 | Closing Remarks | Kwadwo Opoku |
| 12:00-13:00 | Lunch | Participants |

Part 2: Exposition on methods: Demetra Model

| Time | Item | Facilitator |
|--------------|----------------------------|------------------|
| 14:00- 15:00 | Deep dive in Demetra Model | Emanuele Ferrari |



NOTE: Breakout Groups and Topic to be discussed;

Based on the two presentations, in what ways do you think Ghana's agri-food system and food security would be affected by AfCFTA? What can policy makers and practitioners do to change the potential outcomes?

| Action No | Type of action | | |
|-----------|---------------------------|---------------------------------|----------------------|
| | Agricultural Value Chains | Food Security/Household Welfare | Revenue Mobilization |
| 1 | | | |
| 2 | | | |
| n | | | |



—Invitation letter —

.....
.....
.....
.....

Dear Sir/Madam,

INVITATION TO PARTICIPATE IN THE VALIDATION WORKSHOP ON THE POTENTIAL EFFECT OF AfCFTA ON GHANA'S AGRI-FOOD SYSTEM AND FOOD SECURITY

Kindly permit me to formally introduce to you ISSER on AfCFTA. With the assistance of the European Commission Joint Research Centre (EC-JRC), ISSER has conducted a country level analyses of the potential impacts AfCFTA on Ghana's agri-food sectors and food security using a CGE model.

ISSER in collaboration with EC-JRC and FARA is organizing a validation workshop to discuss the major findings of the potential impact of AfCFTA on Ghana's agri-food sectors and food security. Inputs made by stakeholders will help ISSER and the EC-JRC to revise the country report.

ISSER is pleased to invite you as one of the stakeholders to take part in this all-important event scheduled as follows:

Date: Wednesday, 14th February 2024.

Time: 9:00 A.M.-12:00 P.M.

Venue: ISSER Annex Conference Facility, University of Ghana.

If you are unable to attend this event, kindly nominate someone within your organization to attend in your stead.

ISSER is counting on your cooperation and looking forward to hearing favourably from you.

Thank You.

Yours Faithfully,

.....

Prof Peter Quartey

Director

—Proposed list of participants (others to be added)—



| | Institution | Attention (Expert) | Contact details of Expert |
|----|---|--------------------------------|----------------------------------|
| 1 | MoFA (Directorate of Crop Services) | Michael Owusu | 0202906087 |
| 2 | MoFA (District Crop Officer) | Sandra Lamptey | 0204442361 |
| 3 | West Africa Centre for Crop Improve (WACCI), UG | John Eleblu | 0500075526 0551149373 |
| 4 | Crops Research Institute (CSIR) | Kennedy Agyemang | 0244886109 |
| 5 | MoFA (SRID) | Rosalove Opoku | 0244985827 |
| 6 | Dizengoff Ghana | Sammy Abbey | 0242144821 0277525254 |
| 7 | Agromonti | Ben Offei | 0244888713 |
| 8 | Peasant Farmers Association, Ghana (PFAG) | Charles Nyaba | 0203035672 |
| 9 | International Fertilizer Development Center (IFDC) | Ernest Osei Assibey | 0244877298 |
| 10 | African Fertilizer and Agribusiness Partnership (AFAP) | Nana-Aisha Mohammed | 0546467620 |
| 11 | Forum for Agricultural Research in Africa (FARA) | Kweku Dei Antwi | 0550398456 |
| 12 | International Fertilizer Development Center (IFDC) | Williams Kwame Atakora | 0244270904 |
| 13 | World Vision Ghana | Emmanuel Kwabena Takyi Aboagye | 0274688917 |
| 14 | Ayawaso West Municipal Assembly | Felix Ameyaw Boachie | 0244952334 |
| 15 | Dept of Soil Science, UG | Dora Neina | 0576777867 |
| 16 | Apex Farmers Organization of Ghana | Samuel Annan | 0246170379 |
| 17 | Youth Bridge Foundation | | |
| 18 | Academics (ISSER, AG ECONS, ECONS – Charles O, Ayisi, Nkrumah, Seth, Ackah) | | |
| 19 | ABANTU | | |
| 20 | Trades Union Congress | | |
| 21 | Ministry of Trade and Industry | | |
| 22 | National Youth Employment Agency | | |
| 23 | Oxfam International | | |
| 24 | Ghana Statistical Service | | |



| | | | |
|----|--|--|--|
| 25 | Institute of Economic Affairs | | |
| 26 | Association of Ghana Industries | | |
| 27 | Private Enterprise Federation | | |
| 28 | Ghana Enterprise Agency | | |
| 29 | MA and Ph.D. Students, UG | | |
| 30 | Send Ghana | | |
| 31 | Ministry of Food and Agriculture | | |
| 32 | Ministry of Local Government and Rural Development | | |
| 33 | Ministry of Finance | | |
| 34 | Ministry of Employment and Labour Relations | | |
| 35 | National Development Planning Commission | | |
| 36 | United Nations Development Programme | | |
| 37 | Ghana Chamber of Young Entrepreneurs | | |
| 38 | Bank of Ghana | | |
| | Ghana Revenue Authority | | |
| 39 | Department of Economics, UG | | |
| 40 | Centre for Social Policy Studies (CSPS), UG | | |
| 41 | Third World Network | | |
| 42 | Delegation of the European Union to Ghana | | Raffaele.QUARTO@eeas.europa.eu |
| 43 | Ghana EXIM Bank | | |
| 44 | Ecobank | | |
| 45 | Ghana Commercial Bank | | |
| 46 | Department of Agricultural Economics, UG | | |