Feed the Future Enabling Environment for Food Security Project
Policy Data Snapshot: Ghana

The World Bank’s Enabling the Business of Agriculture Index (EBA) is a unique tool for measuring the ease of doing agribusiness. EBA data, coupled with contextual analysis and consultations with key stakeholders, can inform priority reforms and allow for transparent result tracking over time and across countries. The index scores, on a scale of 0-100, the strength of the legal and institutional environment for agribusinesses across eight topics: seed, fertilizer, machinery, finance, markets, transport, water, and ICT. Scores and detailed topical data can be used to inform design and monitoring of Feed the Future’s agricultural reform efforts. As seen in the graphic, Ghana performs relatively well in fostering access to seed, fertilizer, water, and machinery; and areas of excellence are access to financial services and ICT. However, Ghana’s scores within sub-categories highlight burdensome time and costs for registration of seed, fertilizer, and machinery; and areas of excellence are access to financial services and ICT. The scores reveal clear areas for improvement in laws and regulations that affect access to markets. The following sections take a deeper look at select EBA data relevant to USAID/Ghana.

Finance

Ghana’s strongest EBA score is fostering access to financial services for the agriculture sector. Only Rwanda, Tanzania, and Kenya perform better in sub-Saharan Africa. Scores are very high for agent banking, e-banking, and branchless banking, which are all governed by a set of guidelines issued in 2015. Its microfinance institutions adhere to standards similar to commercial banks, but are capped at the maximum size of loan it can grant to 25,000 Ghanaian Cedi. To improve performance in this area, Ghana should introduce a legal framework that supports the validity of warehouse receipts as movable collateral. Cote d’Ivoire, for example, has a law regulating the operation of warehouse receipts that provides guidance on the information required to be on a receipt in order for it to be valid, and requires warehouse operators to provide performance guarantees to secure obligations.

Markets

Market indicators measure laws and regulations that impact access to agricultural markets for producers and agribusinesses. Ghana’s scores suggest several areas for improvement, including its weak plant protection practices and information dissemination, as well as onerous regulations governing agricultural trade. Ghana institutes price regulations for selected products and enforces restrictions for obtaining licenses and certifications to trade and export agricultural products. Consequently, Ghana has one of the lowest agricultural trade scores in sub-Saharan Africa at 25/100.
Ghana’s seed score falls slightly behind the sub-Saharan Africa average. Ghana has a comparatively strong seed quality control process for the release and multiplication of new varieties. A percentage of certified seed is subject to post-control tests by the national seed authority, and seed is removed from the market if standards are not met. However, the overall seed score is weighed down by weaknesses in Ghana’s plant breeding system, particularly the lack of laws protecting plant breeder’s rights and onerous testing requirements. Ghana also has exorbitant time and expenses required for the variety release process; it is the most costly country in which to release new seed varieties, whereas other West African countries and the East African Community (EAC) average require half the time to register at a fraction of the cost.

Ghana’s fertilizer scores outperform its sub-Saharan Africa and FTF peers, but reveal registration bottlenecks: it takes 231 days to register new fertilizer products with a cost of 337% per capita income. Many African countries require a similar number of days, but can achieve this at a much lower cost. Ghana’s fertilizer importing and distribution scores reflect the greatest area for improvement with a score of 36/100. Currently, importer registration is specific to fertilizer products, limited to one year, and a permit must be obtained for each shipment. This process is costly and time consuming. Easing requirements for companies to obtain and maintain fertilizer import registration and permits will allow freer flow of fertilizer imports, ultimately lowering the cost to farmers. By contrast, Ghana has a comparatively strong legal framework for fertilizer quality control, based on clear labeling guidelines and penalties for mislabeled products.

This topic evaluates the regulatory framework for tractors as a proxy for all agricultural machinery. Ghana’s machinery ranking falls within the average of its sub-Saharan Africa peers. Ghana excels in its tractor import scores, reflecting few regulatory barriers to the private sector’s ability to import and sell tractors. However, there is no law requiring tractors to obtain type approval before they are marketed in the country. Once imported, tractors must undergo a lengthy and costly registration process, requiring 30 days to register. By comparison, Ethiopia registers tractors within 2 days at 18 percent of the cost of Ghana. Finally, there are few national operator safety standards in place to ensure tractor safety and technical reliability.

The Feed the Future Enabling Environment for Food Security program is a global support mechanism for Feed the Future focused and aligned Missions to address policies, as well as legal, institutional, and regulatory factors that affect food security. To learn more, please contact Lourdes Martinez Romero (COR) at lmartinezromero@usaid.gov or Nate Kline (Chief of Party) at nkline@fintrac.com.