

# ANALYSIS OF SUPPLY CHAIN AND LANDSCAPE ANALYSIS OF TEXTILES AND GARMENTS SECTOR IN GHANA

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## 1.0 INTRODUCTION

### 1.1 Context and background

This study was commissioned as part of the Foreign, Commonwealth & Development Office's (FCDO) Ghana Jobs and Economic Transformation (JET) programme. The JET programme seeks to help drive economic transformation in Ghana by supporting government to attract increased private investment and create high quality jobs in key industrial sectors. The programme expects to spawn at least 15,000 quality jobs and stimulate over £50 million in private investment into in anchor industrial sectors of the country. Adopting an industrialization driven approach within key priority sectors (Pharmaceuticals, Automobiles and Textiles & Garments), the JET programme will realize these results by (a) accelerating anchor investment into priority sectors to drive industrial scaling; (b) building capability of domestic firms and increasing local content and suppliers in facilitated investments; (c) supporting industrial policy development in priority sectors; and (d) building a more enabling environment for stakeholder coordination. The scope of the assignment is limited to controlled medicines.

For the textiles and garments, JET seeks to support Ghana to realize its long held of policy objective of rekindling the growth and productivity of the sector by making strategic interventions in the supply chain and stimulating investment into the sector . To achieve this, Ghana's garments and textiles sector would need to be competitive in pricing and have an efficient distribution system to meet local and international demands. To provide sound policy and design interventions needed to address the challenges in the industry the JET programme has commissioned a study to thoroughly analyse the domestic garments and textile supply chains to determine players, relationships, products and opportunities.

### 1.2 Objectives of the Assignment and Research Questions

The objective of this assignment is to analyse the supply chain and the landscape of the textiles and garments sector in Ghana to provide in-depth knowledge leading to designing of interventions for the JET programme in Ghana. The specific objectives of the assignment include:

- To conduct scan to assess the competitiveness and market trends for opportunities and threats within the textiles and garments sector in Ghana
- To study the policy, regulatory and institutional mechanisms existing in the textile and garment sector.
- To analyse the supply chain of the textiles and garments industry taking into consideration the capacity, investment risks, and challenges in the distribution system.

In line with specific objectives identified above and the scope of work, the research questions guiding the assignment are as follows:

- a. What regulatory and institutional frameworks guide the textile and garment sector in Ghana?

- b. What is the structure of the supply chain of the textile and Garment industry in Ghana?
- c. Who are the major local and foreign players in the textile and Garment industry, and what are the functions of the players/actors in the supply chain structure?
- d. What are the competitive issues, market trends and opportunities in the textile and garment sector?
- e. What are the investment risks in the Ghanaian textile and garment sector?
- f. What challenges within the sector has curtailed job creation and growth within the section and what does this mean for gender and the socially inclusion in the industry?
- g. What specific short to medium term interventions are required to meet the overall objectives of the JET programme of boosting investment and job creation in the sector?

### 1.3 Approach to the assignment and analytical framework

To address the objectives of the assignment, this report will follow the analytical framework below, in order to provide a holistic analysis of the textile and garment industry in Ghana. The study will touch on three main blocs of the sectors: (a) the policy and regulatory landscape of the sector; (b) the demand side issues and (c) the supply side issues. The study provides a snapshot of the first two blocs and deep dives into the supply side issues in order to adequately respond to the demands of the study.

**Fig. 2: Analytical Framework for the study.**

Source: Author's Construct

To capture the current state of the textiles and garments sector in Ghana including policy and regulatory environment, we adopt a mixed approach to data collection which will involve desk reviews, consultations with critical stakeholders, and diverse fact-finding enquiries.

#### **Detailed Desk Research and Literature Reviews**

The assignment commenced with a comprehensive desk review of key literature and policy documents relevant to garment and textile industry. The desk research and literature reviews of the textiles and garment sector covered the policies governing the sector, an overview of previous successful or failed strategies, major stakeholders, specific challenges for gender and the socially excluded, issues around climate adaptation and resilience, general sector constraints as well as the supply chain and risks of investment. This further enhanced our understanding of the sector and helped identify data gaps to be filled with the primary and other field data for selected stakeholders. The review also provided information on designing methodologies, sampling strategies and on the types of information available in existing sources. This entailed the review of various available documentations on textile and garments in public domain including import and export data from World Integrated Trade Solution (WITS), index-mundi, AGOA website, etc.

#### **Data collection and fieldwork**

The research approach was a mix of both quantitative and qualitative. The qualitative approach involved the generation of data in quantitative form which was subjected to quantitative analysis of the realities about textiles and garments sector in Ghana. The approach included consultations with selected key stakeholders in the supply chain and the policy sphere using simple interview guides designed in line with the objectives. Data was collected from the following four broad categories of key stakeholders:

- **Regulatory and policy institution** which covers selected Government Ministries, Departments and Agencies (MDAs),
- **Industry/Manufacturers and importers** including Textile Companies, Garment and apparel manufacturers, Dealers/importers of Accessories, Importers/Exporters of textiles and garments, and Garment and textile distributors.
- **Industry associations** like the Garments and Textiles Business and Trade Associations, and Textiles and Garments Factory Workers.
- **Potential Users of textile and garment products** in the health, security, and hospitality industry.

The full list of stakeholders consulted as part of this study is presented in Annex 3.

### **Synthesis, Analysis and Reporting Writing**

Following the consultations, the data collected was analysed and triangulated to map out factors critical to the competitiveness and job creation potential of the textile and garment sector in Ghana. The purpose of the triangulation was to identify the consistency of major themes or factors that are important to delivering a competitive T&G sector from the perspective of key stakeholders.

## 2.0 TRENDS IN THE TEXTILE AND GARMENTS INDUSTRY

This section outlines the textile and garment trends around the globe and narrows down to Ghana's specific cases exploring the industry's growth potential.

### 2.1 Overview and trends of the Textile and Garment industry in Ghana

Ghana's Textile and Garment industry used to be part of numerous industries set up in Kwame Nkrumah's industrialization era in the late 1960s and was aimed at making the economy self-sufficient. By the middle of 1970s, Ghana had about 40 medium to large scale textile companies. The Textile and Garment sector productivity reached its maximum in 1977 where it recorded a total output of 130 million yards with 60% factory utilization capacity and employed over 25,000 workers (Quartey, 2006).

Since then, the sector's performance has drastically dwindled largely because of the trade liberalization regime introduced in the 1980, economic mismanagement, scarcity and high cost of raw materials played a major role (Killick, 2010). The period saw the influx of relatively cheaper textile products including secondhand clothing into the economy. The secondhand clothing from USA, UK and other EU countries plays a vital role in the economy yet, they pose a real threat to the growth of the domestic textile and garment industry. In view of that, in 1994, Government banned the importation of used clothes (specifically listed brassieres, handkerchiefs, underpants, mattresses and sanitary ware) under the Imports and Exports Prohibited Goods Legislative Instrument No. 1586. Also in March 2020, the Ghana Standards Authority (GSA) called for strict enforcement of legislation on second-hand goods in the country for Protection of Human Health and Safety, and Environmental Protection.

Over the last couple of decades, the textile manufacturing companies in Ghana have faced serious economic challenges which could be traced back to the trade liberalization regimes in the 1980s. These challenges range from lack of raw materials, external influx of manufactured textiles and garments especially from China and India through smuggling, importation of sub-standard textile products from China with price undercutting. The low prices of the imported fabrics have made it more profitable to the fabric sellers and cheaper to consumers. The imported fabrics are estimated at 70% of the total consumption of textile products in the country. Other textile sector specific challenges especially for the locally small-scale manufacturers include lack of access to capital, outdated equipment with outmoded forms of technology including the nature of the dyes for printing the textile cloths, low productivity, lack of managerial skills, lack of securing orders along with other supply chain issues including regulatory impediment and access to international markets. The poor quality of dyes used in the manufacturing process, lack of drying facilities with its attendant effect on operations during the raining season, difficulty in accessing fuel wood for boiling roots and barks to produce the dyes are part of the outmoded technologies in the sector leading to the low productivity. The result of these challenges is that most of the small and medium textile firms have been outcompeted from the Ghanaian market. The four main textile manufacturing companies that survived the turbulence over the last decades include Ghana Textile Printing Company Limited (GTP), Akosombo Textile Limited (ATL), Ghana Textile Manufacturing Company (GTMC) and Printex Ghana, with GTP maintaining the lead in the industry in terms of market share of project at US 41 million.

For the garment sub-sector specific challenges in Ghana, one can always itemize the following as impeding the sub-sector: quality of garment products, factory workers agitation with poor

conditions of services, lack of motivation, inadequate facilities and amenities, lack of funding, and insufficient managerial ability.

These challenges as mentioned above led to a lot of job losses and lack of job opportunities in the Ghanaian textile industry, which experts in the sector believe could be resolved through concerted efforts of all stakeholders in the supply chain and regulatory bodies by unifying the fragmented associations in different segments and government policy support. The supply chain issues when ironed out will lead the sector to gain advantage in terms of customer service and cost over competitors in the international markets.

Successive government have proactively facilitated the expansion of the textile and garment industry including port duties on plant and machinery and corporate tax discount up to 50% and provision of industrial zones for textile and garment processing for exports. Additionally, the recent times has shown job opportunities especially in the garment subsector. This could be evidenced by the performance of the Dignity DTRT Apparel which manufactures T-shirt, polo shirt and Phillis jackets exporting over 60 million garments to the United States and employing about 2,500 workers which was an increase from 50 that the company started with in 2013. There are generally large youthful population with abundant sources of labor forces which are easily trainable within one to three months to accommodate the textile and garment industries.

## 2.2 Market structure and analysis

### Textile Sector

**The production of textiles in Ghana is mainly cotton based.** There is a mixture of independent and dependent yarn, fabric, fabric processing and product forming units produced output that are used by other independent units to supply final products for clothing, home furnishings and to some extent industrial uses.

**Total local demands for textile products especially cotton fabrics was estimated at 120 million yards which values at US\$ 400 million annually.** However, all the large and organised manufacturers together were operating at 30% capacity utilisation due to intense competition from huge imports of textile products from Asian countries especially China, India and Bangladesh. The industry is characterised by high operating cost and lack of raw materials as the cotton industry is close to dead. The industry relies mostly on imported raw materials and in some cases challenged with labour agitation for lack of good conditions of service.

**The production of textiles is structured across the organised sector and unorganised decentralized sector with highly labour-intensive processes.** Large scale textile production is the organized sector consisting of spinning mills and composite mills where all the activities such as spinning, weaving and processing are performed in the same factory especially by Ghana Textile Products (GTP) Company, Ghana Textile Manufacturing Company (GTMC), Printex Ghana and Akosombo Textiles Limited (ATL) and Volta Star Textile at Juapong.

**There are however micro and small manufacturers of textile products usually decentralised, unorganised, and scattered across the country.** These include producers of traditional textiles such as kente, adinkra cloths, tie and dye, and batik. Within the unorganised sector the cotton yarns are purchased from cotton producers who are engaged in ginning and spinning to produce

yarns. The market for the textile products from the micro and scale producers are limited to few buyers who value quality whilst the rest of local buyers perceived these products to be costly. A handful of the textile products from the micro and small manufacturers are exported in very smaller quantities for expo and cultural display.

**Ghana's textile industry is yet to adapt to the needs of the global market. The global textile industry is changing to meet the needs of the new market.** With new trends in technology, nonwoven materials, domestic sales, green textiles and environmental sustainability, textiles in these days are no longer just clothing anymore. These new trends have started to increase growth in the market as well. However, Ghana's industry is more into clothing needs without looking at these new markets due to lack of continuous research and innovation within.

### **The Garments Sector**

**The garment industry has a national market of \$ 1.6billion and privileged access to \$ 12 billion ECOWAS and \$60billion AGOA markets.** The domestic market is growing at 7% CAGR. The limited domestic production of textile in Ghana has a long of adverse implication for the supply of raw materials to the garment industry. The African prints market is still a tailoring market. Very few brands with very small product offer ready to wear apparel made from African print fabrics (domestic market only). The estimated current domestic demand for imports from China, South Africa, Togo, India was more than 70%. Similarly, about 80% of imported clothes (in terms of volume) are second-hand clothing from UK, Germany, China, Korea.

**The current structure of the garment market involves the individual who buy garments for personal use, micro-scale retailers, small and medium distributors, large scale wholesale and retailing and international buyers.** The garment and apparel sub-sector employs more than 6,000 Ghanaians. <sup>1</sup>The market is structured in such a way that it is non-integrated. There is generally no collaboration among micro and small-scale producers of garment for promotion and marketing of their products. These micro and small producers are limited to selling garments to individuals and sometimes to micro-retailers with no capacity to supply international contracts. They target mostly the fashion industry and clothing for individuals. Medium and large-scale garment manufacturers usually target the fashion industry, mass production market for clothing, institutional buyers and international contracts. The major players in terms of garment manufacturing own facilities with over 1000 machines.

**The sector relies on availability of convertible low skilled labour into relatively skilled-intensive forces for manufacturing with a short period of 3 months.** The lack of capitalisation has made innovation and improved technology very expensive for the industry thus losing trust domestically among potential users of the textile and garment products in Ghana. As a result, most of the huge domestic contracts were awarded to foreign players and this is likely to kill the local domestic industry.

**The quality of garment products was seen as a key challenge within the garment sub-sector.** Garment sub-sector is one where quality is a key competitive factor affecting the entire supply chain. Indeed, the quality of the final product that reaches the customer is clearly the result of a chain of successive, inter-linked phases: spinning, weaving, apparel and distribution. In this new competitive environment that Ghanaian firms seems to face, quality is a feature of all the market

segments for both basic and fashion, in order to meet the specific requirements and tastes of all types of customers. Additionally, quality cannot be restricted to the area of the intrinsic quality of the goods themselves but must also take even more operational aspects into account.

**Competition in the garment industry are two main forms: local competitors and imports from China and other Asian countries.** Among the fashion designers, local competitors were identified as Joyce Ababio Fashion, Kofi Ansah Fashion, and Lizdon Fabric Garment whilst second hand clothing and exports from China were considered as foreign competitor. In terms of product substitutes, there are a lot of substitute products for cotton-based fabrics where Ghana's textile is specified since the demands for other natural and synthetic fabrics are high for production of garments. These substitutes include nylon, polyester, silk, etc.

**The key weakness is identified as garment engineering and inability to secure sourcing agents for their products in the global markets.** The strength of the garment industry however lies on the competencies in manufacturing. The garment sector manufacturers have excellent knowledge of production and textile manufacturing processes and the impact of one process on another. There is proven expertise in resources and materials planning as well as ability to accurately evaluate/analyse test results. The strength in the industry also includes manufacturing technologies for cotton-based fabrics with understanding of textile materials, characterization, structure-property relations, and utilization towards application.

**Traders are the key buyers.** The existing buyers of textiles and garments are individuals who request for garments for fashions as well as the mass production of garments for domestic markets such as Makola traders who buy for retailing. Apart from that, a number of institutions place order for certain forms of garments to be manufactured for them. Private security agencies also request for attires for their employees. However, these sources of buyers are on a smaller scale as capacities of the garment factories are more than the request/orders of these the existing buyers.

**Institutions, especially the hospitality, national security services, education service, health services and construction sector present a huge potential market.** Over 80% of the personal protective equipment (PPE) in these sectors especially the over-all and uniforms, decorative materials are textiles and garments. However, with the Ghana Education Services, and National Security Service agencies such as the military, police, National fire, Customs and Prisons the procurement contracts are not transparent and in most cases Chinese, Indians and other foreign nationals are awarded with the contracts.

### 2.3 Industry trade and regional market

The textile industry is an ever-growing market, with key competitors being China, the European Union, the United States, and India. China is the world's leading producer and exporter of both raw textiles and garments. Increasing birth rate and aging population has contributed to the growing demands for hygiene products, such as baby diapers, sanitary napkins, and adult incontinence products, which, in turn, is expected to fuel the demand for non-woven fabrics. The recent market trends in textile and garment show that aside from the fashion and clothing, there are potential growth in the non-woven fabric and technical textiles markets. The global trade in non-woven fabric hits over US\$ 75.11 billion between 2015 and 2019 whilst technical textiles

trade hits US\$ 24.97 billion within the same period. Total trade in non-woven fabric products in Ghana amounted to US\$ 10.6 million between 2015 and 2019 with technical textile products totalling US\$ 32,364 in the same period.

The recent trends of trade in the textile and garment sector have been fluctuating since 2000s though a lot of progress have been made to improve the sector. T&G industry exports from Ghana range from cotton yarn to fabrics, printed fabrics, polyester fabric, blankets, bedsheets, clothes, sandals and shoes, and bags. Source: Ghana Investment Promotion Centre<sup>2</sup> As at 2018, the export destinations for Ghanaian textiles and clothing include United States S\$16,128.04 (40.38 percent), Burkina Faso, 7,718.31 (19.32 percent), Morocco, 4,228.35 (10.59 percent), Cote d' Ivoire, 3, 478.11 (8.71 percent), Benin, 2, 585.29 (6.47 percent), other (95) partners, 5,803.35 (14.53 percent).<sup>3</sup>

The West African regional market provides a lot of opportunities as most of the textiles produced in Ghana are exported to the ECOWAS countries. The Table below shows the export of textile and garment products from Ghana to the sub-regions of Africa. Ghana exported textile and garments to the ECOWAS sub-regions valuing over US\$ 94 million between 2015 and 2019 with an average of US\$ 18.89 million annually.

<b>Ghana's Export of Textile and Garment Products to ECOWAS Countries (US\$ Thousand) in 2015 – 2019</b>					
	2015	2016	2017	2018	2019
Country	Export	Export	Export	Export	Export
Benin	2,750.96	2,434.77	2,459.18	2,585.29	2,487.45
Burkina Faso	10,591.37	3,114.07	1,961.22	7,718.31	15,799.22
Cote d'Ivoire	5,806.10	4,560.28	2,824.87	3,478.11	1,946.17
Guinea	474.55	43.47	62.86	130.17	122.03
Gambia		1.98	2.91		22.01
Liberia	171.89	1.52	42.16	10.80	5.75
Mali	76.46	49.57	88.37	23.71	1.93
Niger	307.63	1,835.19	149.15	179.85	502.67
Nigeria	6,306.85	1,035.88	974.21	322.56	317.05
Senegal	21.48	14.04	23.40	17.51	8.75
Sierra Leone	34.64	13.04	69.14	19.23	14.10
Togo	1,269.14	1,642.68	1,304.70	1,106.91	5,106.65
<b>TOTAL</b>	<b>27,811.07</b>	<b>14,746.49</b>	<b>9,962.17</b>	<b>15,592.45</b>	<b>26,333.78</b>

Source: WITS, 2022

<b>Ghana's Import of Textile and Garment Products from ECOWAS Countries (US\$ Thousand) in 2015 – 2019</b>					
	2015	2016	2017	2018	2019
	Import	Import	Import	Import	Import
Benin	246.90	5.20	213.10	0.60	105.52

Burkina Faso	31.30	2.67	274.03	858.90	2,075.07
Cote d'Ivoire	3,729.23	386.15	850.18	1,764.27	455.22
Guinea	5.44	1.20	3.82	6.18	6.50
Gambia	93.64	0.04	1.07	-	0.16
Liberia	30.24	23.02	56.68	54.19	37.07
Mali	8.55	1.71	2.70	0.75	18.92
Niger	4,902.39	4.24	1.46	70.31	0.34
Nigeria	39.05	304.87	5,340.00	1,547.89	747.92
Senegal	1.10	20.52	17.42	24.51	116.82
Sierra Leone	8,715.99	1.45	9.77	12.79	3.26
Togo		6,452.27	7,946.74	4,664.30	1,635.16
<b>TOTAL</b>	<b>17,803.83</b>	<b>7,203.34</b>	<b>14,716.97</b>	<b>9,004.69</b>	<b>5,201.96</b>

Source: WITS, 2022

Within the Sub-Saharan Africa, Ghana's total trade in textile and garment was valued at US\$213.3 million between 2015 and 2019 with an average of US\$ 42.6 million annually. These total exports amounted to US\$ 103.2 million during this period. The Table below provides Ghana's textile and garment trade with rest of Sub-Saharan African countries.

Ghana's Trade in Textile and Garments in Sub-Saharan Africa 2015 – 2019			
Year	Export (US\$ Thousand)	Import (US\$ Thousand)	Total Trade (US\$ Thousand)
2015	28,175.65	29,245.29	57,420.94
2016	20,008.87	20,191.67	40,200.54
2017	10,894.40	23,935.03	34,829.43
2018	16,128.44	20,162.96	36,291.40
2019	27,978.70	16,536.27	44,514.97
<b>TOTAL</b>	<b>103,186.06</b>	<b>110,071.22</b>	<b>213,257.28</b>

Source: WITS, 2022

### Textile and Garment trade trends within other Regional Blocs

Comparing Ghana's trade in textile and garment among regional blocs, the trade is more concentrated in Sub-Saharan African countries. Total export of textile and garment with Sub-Saharan Africa amounted to 27.98 million in 2019 which is far more than amount exported to other regional blocs such as East Asia & Pacific, Europe & Central Asia, Latin America & Caribbean and North America. Among the other blocs there a lot of market opportunities in North America and Middle East & North Africa as Ghana exported huge amount of textile and garment products. In 2017 for instance, Expo in Dubai attracted over US\$ 70 million from Middle East & North Africa.

Export of Ghana's Textile and Garment (US\$ Thousand) to Regional Blocs 2015 – 2019					
	2015	2016	2017	2018	2019

East Asia & Pacific	1,398.10	2,578.78	470.97	2,037.80	4,397.58
Europe & Central Asia	996.82	544.00	777.48	891.36	1,908.86
Latin America & Caribbean	48.30	54.36	42.15	38.76	107.05
Middle East & North Africa	57.12	65.42	74,792.39	4,331.72	73.13
North America	9,138.12	381.12	9,538.06	16,434.02	18,425.59
Other Asia, nes	-	-	-	-	-
Sub-Saharan Africa	28,175.65	20,008.87	10,894.40	16,128.44	27,978.70

*Source: WTTS, 2022*

<b>Import of Ghana's Textile and Garment (US\$ Thousand) from Regional Blocs 2015 - 2019</b>						
	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>TOTAL</b>
East Asia & Pacific	132,182.47	116,987.64	128,473.69	134,763.00	114,125.12	<b>626,531.92</b>
Europe & Central Asia	57,930.26	57,327.21	61,990.80	65,523.78	64,235.64	<b>307,007.69</b>
Latin America & Caribbean	713.04	516.54	1,183.81	728.47	313.78	<b>3,455.64</b>
Middle East & North Africa	7,584.92	4,468.29	5,565.18	5,977.25	4,203.15	<b>27,798.79</b>
North America	15,775.33	15,822.72	15,892.79	15,725.25	11,282.96	<b>74,499.05</b>
Other Asia, nes	676.07		364.24	131.34	140.81	<b>1,312.46</b>
Sub-Saharan Africa	29,245.29	20,191.67	23,935.03	20,162.96	16,536.27	<b>110,071.22</b>

*Source: WTTS, 2022*

## 3.0 INDUSTRY POLICY, LEGAL, REGULATORY, AND INSTITUTIONAL FRAMEWORK

This section highlights issues relevant to the textile and garment sector within the Ghana trade and industrial policies. It also analyses the legal and regulatory framework, as well as the institutional framework and key stakeholders in both public and private sectors. The section also provides a brief analysis of lessons learned from various successful and failed policies and programs implemented to boost productivity in the sector over the past few decades.

### 3.1 Legal and Regulatory framework

Generally, all policies and laws applying to the manufacturing sector in general are also applicable to the textile and garment manufacturing in Ghana. Though some sub-sectors within manufacturing have specific policies and regulations, the textile and garment industries do not specifically face any policy or law targeting on only the textile and garment. It is often erroneously assumed that investment specific regulation such as Ghana Investment Promotion Act 2013, Free Zone Act 1995 are the only legal frameworks affecting investors operation under them. Other policies and regulations such as taxation, labour, environment, and company laws as well as various investment friendly international treaties are all important and relevant to investors and businesses including those in the textile and garment sector.

As part of the International Trade system, Ghana policy is also shaped by international agreements. The international trade rules affecting Ghana's textiles and apparel industry have mainly been defined by Ghana's relations with international partners. Over the years Ghana's main trade partners have been the European Union (EU), the USA, and the Economic Community of West African States (ECOWAS), followed by the rest of the world. Essentially, over the course of the past five decades the international trade in textiles and garments has been governed by various multilateral and bilateral agreements among and between nations. Many of these agreements on textiles and garment exports and imports have been such that producers and government must come out with innovation policies that promote and make the industry competitive in the international market in order to survive.

A number of the general policies include the following:

- **Industrial policy and the Industrial Sector Support Programme (ISSP):** Ghana's Industrial Policy was designed and launched in 2010 to promote increased competitiveness and enhanced industrial production, with increased employment and prosperity for all Ghanaians. The policy was intended to provide clear and transparent guidelines for the implementation of the government's industrial development agenda with a focus on the growth, diversification, upgrading and competitiveness of Ghana's manufacturing sector. However, the achievement of the objective depended on actual implementation of the activities to provide clear and transparent playing field for the players in the sectors including the textile and garment as one of the numerous target areas. Thus, fair pricing and quality of products which depended much on conducive business environment could not be achieve within the medium terms as most of the activities earmarked in the policy document were not implemented. The actual implementation was expected to be affected through an Industrial

Sector Support Programme (ISSP), with a detailed Action Plan and Budget specifying activities to be undertaken annually. However, lack of implementation of the policy guidelines resulted in the policy failure. The ISSP was designed in 2011 to give the public officers procedures and steps to achieve the objectives of the policy. However, the ISSP was not practically implemented on the ground due to lack of funding from government. The sources of funding were only targeting development partners with less government of Ghana contribution. Besides, successive government disrupted the implementation along partisan lines and finally dismissed external technical experts supporting the implementation in the end Ghanaian businesses faced severe high cost of doing business especially the manufacturing sector including textile and garment.

- **Industrial transformation Agenda:** Strategic anchor industries forms part of the 10-point plan for industrialization. Textiles and garment sector has been one of the key areas the Government of Ghana is currently using to anchor the economy of Ghana as a priority industry to create jobs and increase investment under its Industrial Transformation Agenda (MOTI, 2018). The implementation of this strategic anchor policy initiative is currently accelerated aimed at designing individual policies for each of the anchors including textile to create new pillars of industrial growth in Ghana. This policy initiative paved way for the Garment and Textile sector and provided opportunities during the peak of the COVID-19 Pandemic, when global supply chains were disrupted. As at the end of 2020, over 110 local Garment manufacturing companies had been assisted to enhance their production capacity and given orders to produce production of Personal Protective Equipment (PPEs) to combat the COVID-19 Pandemic. A total of 19.5 million face masks, 90,000 hospital gowns, 90,000 head cover, and 50,000 medical scrubs were produced with fabric procured from 3 local textile manufacturing companies: GTP, ATL, Printex Ghana.
- **One-district one-factory policy:** Local manufacturers of textile and garment which are viable but under-capitalized and about to shutdown are entitled to apply for Government support One-District One-factory initiative. The 1D1F was designed as a comprehensive programme for rural industrialization, involving the setting up of at least one medium to large scale factory in each of the administrative districts of Ghana. Among the 1D1F companies, 22% are light manufacturing companies including textiles and garments. Other textile and garment factories under 1D1F include Volta Star Textile, Anowah Afrique Company Ltd., Dignity DTRT Apparel, Navina Catel Garment, Alfie Designs, and Unijay Garment.
- **Ghana National Export Policy:** The export of textile and garment products are considered as non-traditional exports under the National Export Policy. GEPA introduced dedicated desk for textile and garment value chain development for its export potential. The desk currently provides support to the AGAM secretariat including financial support. <sup>4</sup>
- **Stimulus Measures:** This Covid-19 policies policy initiative paved way provided a significant opportunity for the Garment and Textile sector and provided opportunities during the peak of the COVID-19 Pandemic, when global supply chains were disrupted. As at the end of 2020, over 110 local Garment manufacturing companies had been assisted to enhance their

production capacity and given orders to produce production of Personal Protective Equipment (PPEs) to combat the COVID-19 Pandemic. A total of 19.5 million face masks, 90,000 hospital gowns, 90,000 head cover, and 50,000 medical scrubs were produced with fabric procured from 3 local textile manufacturing companies; GTP, ATL, Printex Ghana. Garments industry also benefitted. An example is Maagrace Garment Industries Ltd one the garment factories commissioned under the 1D1F initiative in Koforidua-Effiduase in the Eastern Region. The Factory was to produce utility clothing, uniforms for security forces and hospital scrubs and providing employment for over 500 workers. In the early days of the COVID-19 outbreak, it was one of the leading garment industries, which produced more than two million facemasks, 18,000 hospital gowns and head covers as well as 12,000 medical scrubs for export as one of the strategic objectives of the 1D1F initiative

There are certain key policies and programmes that are specific to the textile and garment sector. These include:

- **Tax Incentives and textile tax stamp policy:** Under the Excise Duty Act 2014 (Act 878) that provides for the collection of excise duty on selected imported and locally manufactured goods, textiles attract zero rate of excise duty. Another policy on the textile and garment was the introduction of the tax stamps in 2019. This policy was an intervention against the import of fake textile products and other unfair practices that have stifled the growth of domestic firms. The textile tax stamp policy requires textile manufacturers, importers and traders to ensure that approved stamps bearing key security features by the finance ministry are affixed on their textile prints before they are traded. Government also designated a single import corridor, as part of the measures to deal with the challenges of the textile industry. A lot of incentives also accrue to the garment industries under the Free Zones including tax holidays and removal of VAT on exported products.
- **The President's Special Initiatives (PSI) on Textile and Garment.** This initiative was aimed at adding value to non-traditional export to diversify the economy to create more employment and improve local livelihood. The PSI was to promote healthy co-operation between public and private sectors, wherein Government helps the private sector to source resources. The PSI on textile and garment was one of the six (6) priority areas which resulted into good potential to bring in foreign exchange and create jobs. This initiative saw the construction of garment and textile village in the Multi-purpose Industrial Park enclave within the Tema Industrial Area. 19 units of PSI companies were set up with nine of them generating about 4,000 employments. The other ten factories were purposely for textile and garment to target USA under AGOA and EU market. A dilapidated factory complex belonging to Ghana Textile Manufacturing Company (GTMC) was purchased by Government at US\$1.5 million to construct ten new factories at the Multipurpose Industrial Processing Zone in Tema, Kumasi and Koforidua for textiles and garment each of these ten employing 300-500 workers. The PSI textile and garment was the first initiative that built capacities of local producers to be able to access the United States market under the Africa Growth and Opportunity Act (AGOA) where Ghana was eligible to export over 1,800 products including garment and textiles into the United States economy, duty free (MOTI, 2008; GNCC, 2015). Belin Textile International Limited which exported 1.2 million dollars' worth of T-Shirts, Trousers, Fabric and Garments

factory was among the first garment companies established to export garment products to the US under the AGOA Initiative.

- **Protection of Industrial designs and Unfair Competition.** In 2003, an Act of Parliament had been enacted by Government that seeks to revise the enactments on the protection of industrial designs and to provide for related matters especially in the textile sector. In the case of textile, industrial design was defined as a textile design where the composition, form or material gives a special appearance to a product of the industry or handicraft and can serve as a pattern for a product of the industry.<sup>5</sup> The law provided avenues for players in the textile industry to register their designs and gives rights to the creator of originated designs. There is also a law protecting industries including textile and garment against unfair competition through the use of slander under Act 589.

There are a lot of Development Partner support to the garment and textile sector. These include:

- African Growth and Opportunity Act of the United States is one of the key agreements that boost the sector. Textiles and garments received the most attention under AGOA agreement due to its importance in the socio-economic development of African countries and the fact that textiles and apparels were not included in the generalized system of preferences (GSP).
- As part of DPs support to the garment manufacturing industry, the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, together with its partners – Ethical Apparel Africa (EAA), Gerber, Groz Beckert, Freudenberg and Accra Technical Training College (ATTC) launched the Ghana Apparel Training and Service Centre. This was part of a public-private partnership between the German Federal Government and Ghana's private sector. The key objective was to strengthen export-oriented small and medium-sized garment manufactures to create socially responsible jobs. The programme was intended to support skills gaps by providing appropriate training and services to current and future potential factory employees.
- The United States through its Development Finance Corporation (DFC) was providing support to deepen trading activities with Ghana to help mobilize foreign direct investments to create more employment for the youth especially in the textile and garment sector.

### **Lessons from previous policies and programmes**

- **The policy formulation processes were not inclusive enough to involve all stakeholders especially the private sector.** In most cases, policy making has been centred on the generally sectors without specially targeting and focusing on strategic sectors. The implementation of the Ghana Industrial Policy was very weak as there was lack of collaborations among government stakeholders. Ownership of activities within parties other than the policy originating institutions was a key issue to address. There is generally lack of transparency in the policymaking domain. Publicity and communication of government policies to the general public and the business sectors in particular are lagging behind.
- **Many public institutions do not have adequate capacity to roll out or maintain incentive reforms due to poor data and low data visibility, limited governance, and lack of written procedures and documentation.** Even when reforms are tried, they are difficult to sustain

through any transition in government or management. Low human resource capacity plagues the implementation of Ghana industrial policy as many of the experts who developed the concepts were removed after change of government with weak transitioning procedures among the removed and new once taking over.

- **Another key issue in the policy implementation failure is over reliance on donor funding for support activities.** The implementation process dies with the ending of sponsorship funds. Besides, key experts are reshuffled to areas they may have less expertise.

### 3.2 Institutional framework

The business environment in Ghana is highly regulated than most countries in the world with time consuming and several procedures and high associated cost. There are numerous regulatory bodies regulating different sectors with a lot of overlaps in their functions with relatively little collaboration among the institutions. The Government Ministries, Departments and Agencies that regulate the businesses especially the textile and garment sector include the following:

- a) Ministry of Finance
- b) Ministry of Trade and Industry
- c) Ghana Export Promotion Authority
- d) Ghana Cotton Development Authority
- e) Ghana Investment Promotion Centre
- f) Ghana Revenue Authority –Customs Division
- g) Ghana Ports and Harbours Authority
- h) Ghana Shippers Authority
- i) Ghana Standards Authority
- j) Food and Drugs Authority
- k) Ministry of Tourism, Arts and Culture
- l) Bank of Ghana
- m) Ghana Tourism Development Company
- n) Ghana National Labour Commission
- o) Environmental Protective Agency

The financial sector is overseen by the Bank of Ghana, whilst the Ghana Free Zones Board enables the establishment of free zones in the country for the promotion of economic development and to provide for the regulation of activities in free zones. The National Labour Commission aims to develop and regulate harmonious industrial relations and promote co-operation in the labour market. Other notable regulatory bodies include the Public Utilities and Regulatory Commission, the Securities and Exchange Commission, the National Commission on Culture and the National Petroleum Authority.

Ghana is a member of the International Organization for Standardization (ISO). The Ghana Standards Authority (GSA) is the national standards body that promotes standardisation for the improvement of quality of goods, services and sound management practices in industries and public institutions in Ghana. All standards and conformities of products including textile and

garments are under the GSA. GSA has a Technical Committee purposely for textile, garment and leather. Through the committee, GSA provided and issued a Code of Practice for Garment Manufacturing. This standard specifies the general principles for production in the garment industry. It sets out the necessary guidelines for garment manufacturing industries. Additionally, as part of efforts to seek ways to improve market access for Ghana's textile industry under the US African Growth and Opportunity Act (AGOA), the Ghana Standards Authority (GSA) is establishing an equipment hub as the tools needed for accurate measurement are expensive for manufacturers. This was intended to among others make dressmakers and fashion designers understand the importance of measurement.

The Food and Drugs Authority (FDA) is responsible for regulating food, drugs, food supplements, herbal and homeopathic medicines, veterinary medicines, cosmetics, medical devices, household chemical substances, tobacco and tobacco products. The chemical for used in manufacturing processes of the textile products including cotton farming, dying of fabrics, etc. are all regulated by FDA.

The Ministry of Trade and Industry regulate with the Destination Inspection Scheme (DIS) for importation of goods including textile and garment raw materials and finished textiles/garments. The Government has moved Pre-Shipment Inspection and only implementing a Destination Inspection Scheme under the Export and Import (Amendment) Act, 2000.

### 3.3 Other key stakeholders within the industry

The textile and garment industry involves a lot of players within the chain. It cuts across wider stakeholders from direct and indirect players such as Government Regulatory Institutions, Trade and Business Associations, Manufacturers. There are various activities within various segments of the supply chain of the sector. The activities span from cotton production to ginning, spinning, yarning and weaving and from fabric production and accessories supplies to garment manufacturing to marketing and distribution.

Critical trade and business associations within the sector include: (a) Association of Ghana Apparel Manufacturers (AGAM) (b) Dressmakers and Tailors Association (c) Textile Garments and Leather Employees Union (TEGLEU) (d) Association of Ghana Industries (AGI) (e) Ghana National Chamber of Commerce and Industry (GNCCI) (f) Kente weavers Association of Ghana (g) Textile Hand weavers Association (h) GUTA - Textile/Garment Exporters and Importers

## 4.0 TEXTILE AND GARMENT SUPPLY CHAIN ANALYSIS

This section deep dives into the supply side issues of the textile and garment industry in Ghana. Specifically, we seek to explore the following: How is the supply chain structure? Who are the major players within each segment of the market, and what are their products? How do the players interact with one another? What is the product range of the local manufacturers? How do products flow from the point of manufacture or import down to the ultimate users or patients?

### 4.1 Supply chain structure

The sector is made up of a number of players from the production of the cotton to textile and garments manufacturing to wholesale and retail of final products. The industry is composed of a lot of small, medium and large firms with most of which are under-capitalised. The supply chain structure of the textile and garment industries are based on ad-hoc chain of activities. The structure of Ghana's textile and garment sector is made up of a number of different segments with numerous labour-intensive processes of activities starting from cotton farming as one segment to cotton milling as another segment up to production of textile fabrics and manufacturing of garment products for distribution to the final end users. Even the end users of the textile products may also determine in some part the kind of activities along the supply chain.

The actors in the textile and garment supply chain are involved in six (6) broad categories of segments with labour intensive activities: (i) cotton manufacturing, (ii) textile production, (iii) textile products distribution, (iv) garment accessories supply, (v) garment manufacturing and (vi) supply of garment products to end users.

These 6 segments of the supply chain also have components that are produced by different actors with series of activities. For instance, cotton production starts with the farming which involves a lot of activities including all the agronomic practices to harvesting to produce cotton in bales. The process continues with ginning of cotton bales, spinning and yarning. Textile production continues with weaving of cotton yarns into grey bafts, textile wax printing and designing of textile fabrics. The fabric production ends with a continuous process and the marketing and distribution of fabrics as raw materials for garments are carried out.

There are different supply chains for different segments in the textile and garment sector. Some of the segments of the textile and garment production chain in Ghana do not directly depend on each other because all the major inputs/raw materials are externally sourced through imports. The structure was in such a way that each segment imports its own raw materials, produces and supplies to both local and international markets without depending on the other segments internally. Most of the segments are however, connected through dealers in imported raw materials by external players between their various activities especially import of raw materials from China, United States and other parts of the world. The textile manufacturing companies import huge quantities of cotton bales from China because cotton production in Ghana can no more provide the required quantity at the right time and this was attributed to very low productivity in the cotton sector. The garment manufacturers also import all their inputs including fabrics and accessories and not depending much on locally manufactured textiles.

Transportation is key aspect of the supply chain that cannot be overemphasized. This includes road, sea and air transport to deliver final products of garments to buyers. Key players in the transportation include the Ghana Cargo Drivers Association of GPRTU, Ghana Ports and Harbor Authority, Ghana shippers Authority, Ghana Airport Company Limited, Shipping lines and Freight forwarders and Ghana Revenue Authority Customs Division

#### 4.1.1 Cotton production

The cotton sector has traditionally been managed in Ghana by vertically integrated, state-supported cotton companies. These companies have largely operated under an input credit system by supplying cotton farmers with production inputs such as cottonseeds, chemical fertilizers, pesticides, and ploughing services on credit under contract so that the farmers then sell their cotton to the same company for a guaranteed price. Activities of cotton production included the growing and ginning of tonnes of cotton. Within the supply chain of the textile and garment sector, the activities of cotton production are the primary areas in which Ghana's textile and garment depended much on for production of fabric and other garment products some years back. The good performance of cotton production in the 1970s and 1980s had benefited the textile and garment sector leading to employment of over 25,000 workers in the textile and garment sector in those periods. Currently, the industry is almost dead as it is no more functioning as previous due to a number of challenges: lack of capital, inadequate education and extension services, poor quality seed, late inputs deliver, inadequate labour

The current players in the cotton industry include Wenco Cotton Limited, and Ghana Cotton Company Limited working with small holder cotton farmers. Cotton farming for the past years had been a core part of most household in Sissala Zone.

In terms of the linkage of the cotton industry to the textile industry in Ghana, majority of the cotton are exported than sold locally. As the Table below shows, between 2015 and 2019 Ghana exported 4.61 million kg of cotton and imported 3.26 million kg of cotton in the same period. Majority of the cotton is exported to Asian countries such as Bangladesh, India, Viet Nam, Indonesia and Thailand whilst majority of imports in Ghana were from Burkina Faso, Côte d'Ivoire, China and Benin. The reason is that the cotton producers find it more convenient to export while the textile industry often frustrated by inefficient supply chain finds it convenient to import the cotton from neighbouring countries.

Cotton Trade in Ghana (KG) and US\$				
	Export		Import	
Year	Qty in KG	Value (US\$)	Qty in KG	Value (US\$)
2015	-	1,644,870	569,576	737,959
2016	1,344,234	1,687,882	83,168	6,211
2017	1,195,982	2,041,811	269,703	273,303
2018	1,201,807	2,063,704	972,788	1,658,865
2019	864,615	1,488,398	1,364,337	2,067,543
<b>TOTAL</b>	<b>4,606,638</b>	<b>8,926,665</b>	<b>3,259,572</b>	<b>4,743,881</b>

Source: COMTRADE, 2022

Currently the Ministry of Food and Agriculture is supporting the small-scale farmers interested in farming cotton with improved seeds, fertilizers and other resources and linking them to interested cotton companies. The activities are in such a way that when the farmers produce the cotton, it is sold directly to the cotton companies which in turn processed the cotton both for the local textile industry and for export. The Government is currently trying to engage key private sector investors to modify the system in order to revamp the industry to ensure high commercial quantities of cotton production in Ghana.

In May 2019, Government fixed the seed and input cost for the cultivation of cotton for the 2019-20 crop season at a meeting of government representatives and cotton farmers and companies in Tamale. The price of seed cotton grade A was fixed at GH¢2.2 per kilogram while grade B seed cotton was to be supplied at GH¢1.76 per kilogram. The input cost was pegged at GH¢351 while repayment in kilograms was fixed at GH¢159.5.<sup>6</sup> Wience Cotton currently of \$10 million invested into the sector to revamp cotton farming and improve livelihoods. The bottlenecks within the sector include poor farmer organization, lack of farm inputs, research into improved seeds and new technology in the cultivation of cotton.

#### **4.1.2 Textile manufacturing**

The textile production segment usually produces the fabrics as the end products in this same segment. However, it entails a long and tedious processes including spinning, yarning weaving, designing up to the printing and distribution. The major components of raw materials for this segment are cotton which is currently in short supply. The industries rely much on over 70% import of cotton and source only about 30% locally.

The textile and garment segments activities flow are normally optimised by independent players for their disproportionate gains instead of total benefit of the supply chain within the country. There are only few cases where the production of cotton into yarns and grey bafts from Volta Star Textiles are supplied to the GTP for manufacturing of textile wax prints. The finished products of textiles are generally distributed through the wholesale and retail outs and some parts are also exported within the West African countries. Similarly, very few of the total products from the textile manufacturing companies are supplied directly to the garment manufacturing sectors.

Within the textile sector in Ghana, very few among the textiles companies in the sector collaborate to produce textile/garment products. Typical example is the GTP group of textile products manufactured together by Tex Styles Company and Premium African Textiles. The collaboration is in such a way that, whilst Tex Styles Company is engaged in the printing of the products, the Premium African Textile continues with the designing, distribution, sales and marketing of the textile's products notably the African wax prints. Similar collaborations exist between Akosombo Industrial Company Limited and A. Brunschweiler & Company (ABC) in United Kingdom to produce real wax African prints.

The key players in the textile industry are made up of GTPC, Tex Styles Company Limited, Akosombo Industrial Company Limited, Ghana Textile Manufacturing Company Limited, and Printex Ghana. Tex Styles Ghana Ltd and Premium African Textiles are manufacturers and distributors respectively of the African fabric brand GTP and Woodin. These two textile companies

are subsidiaries of Vlisco BV a foreign company headquartered in Helmond, Netherlands. In terms of imports of textile products such as cloths and African prints, Vlisco BV which has 100% shareholding in Tex Styles, imports a lot of these products into Ghana as most local customers see the imported brands as superior and image enhancing.

Currently only three textile companies are in good standing in the manufacturing of fabrics. They are mainly engaged in production of Africa wax prints. They are the GTP Group, Akosombo Industrial Company Limited and Printex Ghana. Currently these companies together are able to produce only 40 million yards constituting 30% of annual demand of 120 million yards domestically. The rest of the 70% are imports. This implies total capacity utilisation had moved from 60% to 30% between 1977 and 2020. Akosombo Industrial Company Ltd over the years was manufacturing school uniform fabrics for the Senior High Schools in Ghana. The GTP group manufactures textile fabrics in Ghana and also import from its other subsidiaries in the neighbouring countries such as Cote D'Ivoire. Akosombo Industrial Company which is the largest supplier of cotton yarns has suspended spinning and weaving due to lack of cotton locally and high import cost to feed the factories. As at 2020 Akosombo was importing the grey bafts from Pakistan and India for manufacturing of textiles.

There are also minor producers of textile fabrics in the form kente, batik, and tie and dye. Majority of these smallholders source their raw materials locally which include grey bafts, cotton yarn, and chemicals for the dying and printing.

#### **4.1.3 Textile products distribution**

The textile products distributors play vital role in the supply chain of the textile industry. Most of the textile companies in Ghana have distribution outlets and directly engage in sales and marketing of the textile fabrics especially African Prints. The players include the market women who distribute the textile fabrics to the end users across the country and export to the other African countries. They include the wholesalers, retailers, and importers of similar products from China and other Asian countries. The imports of textile fabrics into the country constitutes 70% of the local demands made up of about 80 million yards per year.

#### **4.1.4 Garment manufacturing segment**

**Garment manufacturing is another broad segment which begins with series of labour-intensive activities carried out by different actors.** The Garment sector encompasses the design, manufacturing, distribution, marketing, and retailing of garment products. Fashion designers and manufacturers promote their clothes not only to retailers (such as fashion buyers) but also directly to customers. It includes sourcing of raw materials and accessories, pre-production of garments, line feeding for actual production of garments, finishing, quality control and packaging.

Key actors in this segment include production managers, fashion designers, patterns cutters, machinists (dressmakers/ seamstresses), wholesalers and retailers, accessories dealers/importers and textile and garment products sourcing agents and/or international buyers.

The garment manufacturing sub-sector in Ghana is usually engaged in production of semi-durable consumer goods that are normally aimed at fulfilling the basic clothing needs of individuals and in few cases for industrial use. Garment manufacturing industry in Ghana produces all kinds of cloths but imports almost 80% of the raw materials including accessories for the finished products.

Key local players are the garment manufacturing companies which include KAD Manufacturing Limited, Global Garments and Textiles, Lizdon Fabrics and Garments, Sleek Garments Exports Ltd, Dignity DTRT Apparel, Maagrace Garment Industries, Katenit Textiles Limited, Just Me Fabrics and Fashions, Alfie Designs, Nallem Clothing Ltd, Juantex Enterprise, Navina Catel Garments and Silk Africana. The garment production is dominantly local players with very few foreign joint ventures such as DTRT Apparel. The foreign players in the garment sector are mainly international buyers and sourcing agents such as Walmart.

The key challenge in this segment is difficulties in finding international buyers for Ghanaian products as most sourcing agents seem the products from Ghana as expensive. Dignity DTRT has a sourcing agent due to its foreigners living in United States.

**Garment Export 2016-2020**

YEAR	WEIGHT	VALUE_US_DOLLARS
2016	606,863	7,190,764.00
2017	1,581,675	12,573,725.00
2018	1,570,129	15,925,376.00
2019	1,173,811	17,821,137.00
2020	820,201	10,283,049.00

*Source: GEPA, 2022*

#### **4.1.5 Garment accessories supply**

The garment sub-sector supply chain is a continuation from the manufactured fabrics which are generally the finished products of the textile industry and serve key component of garment sub-sector. The fabric is the major raw material component of garments manufacturing. To make a garment more convenient and attractive, some other materials are also used along with the fabrics, which are collectively known as garment accessories. Based on the functions of the garment, example for decorative purpose these materials are required for full complement.

Each of the raw materials serve different functions of a garment. As inputs into garment sector, the accessories also go through different processes to be manufactured. The main functions of the accessories of garment are as follows:

1. Garments accessories sometimes act as a decorative material.
2. Accessories can make a garment more suitable to wear.
3. Accessories are used to make the garments more flexible.
4. Accessories help to ensure the garments durability.
5. To fulfill customer demand different accessories are used.

The raw materials for garment manufacturing can be grouped into three (3) as: (i) basic accessories (basic raw materials), (ii) decorative accessories, and (iii) finishing accessories.

### *Basic accessories*

Basic raw materials are the fundamental accessories of a garment. Sometimes it is not possible to make a garment without basic accessories. Some of the basic accessories are listed in the Table below.

**Table #: Basic raw materials of garments**

1. Thread	6. Pocketing fabric	11. Cord
2. Zipper	7. Lining	12. Ribbon
3. Button	8. Interlining	13. Rivet
4. Label	9. Velcro	14. Toggle
5. Motif	10. Elastic	15. Collarbone

### *Decorative accessories*

This type of accessories is used to increase the appearance and to make the garments more attractive. There are many types of decorative accessories which include the list in the Table below.

**Table #: Decorative Accessories**

1. Piping	6. Welt tape	11. Tassel
2. Buttonhole tape	7. Stamped tape	12. Fringe
3. Ribbed tape	8. Bias binding	13. Taffeta ribbon
4. Seaming tape	9. Pompom	14. Galloon
5. Moiré ribbon	10. Soutache	15. Rosette

### *Finishing Accessories*

The finishing accessories as raw materials of garment manufacturing is normally used in the garments finishing section. Finishing Accessories are mainly non-fabric materials and generally, they do not form part of the garments when the garments are utilized by final consumers. The finishing accessories include the following list in the Table below.

**Table #: Finishing accessories**

1. Hanger	6. Sticker	11. Backboard
2. Hand tag	7. Plastic clip	12. Safety sticker
3. Polybag	8. Scotch tape	13. Brass Pin
4. Size tag	9. Safety pin	14. Neck board
5. Tissue paper	10. Butterfly	15. Carton

In manufacturing garments, every component of the accessories is key to the completion for their functional use. All these accessories are imported from China. In most cases like supplying under AGOA to the United States, the buyer procures and supply all the raw materials including the

fabrics and accessories. Where the buyer does not supply directly, he/she specifies where to source the materials for the garment. Apart from the cotton fabrics, there are basically no locally made raw materials in Ghana as all pieces are imported by the garment producers or bought from the accessories dealers in the open market who also import them into the country.

The key local dealers in accessories/raw materials for the garment sector include Homeland Ghana, Garment Solutions, Visco Ghana Group, Ghana Textile Printing Company Ltd, and Tribe Clothing and Accessories Ghana. According to Global Garments and Textile Ltd., the structure of the industry is about getting the quality fabrics for garments which are not easily found in Ghana except to import. A lot of the orders of supplies may require other types of fabrics such as nylon, polyesters and other synthetic fabrics materials. The CEO believes all the raw materials/accessories could easily be manufactured in Ghana, but this will require huge initial investment to set up. The high cost of production in Ghana may limit the investment in the production of accessories locally in Ghana.

However, a few of the accessories such as beads used in garment manufacturing are produced in Ghana using broken bottles but at smaller scale by companies such as Ahenepa Beads, Sameer Ansa Limited, David Beads Africa, Afrikan Kraft Inc.

#### **4.1.6 Distribution of garment products to end users**

The distribution of the garment products is in two parts, locally and foreign buyers and/or international sourcing agents. The key players and participants in the garment sector admit that the market size of the sector is large and most of the products are exported mainly to the US market and some European countries such as UK and Germany. Some of the garment manufacturers are registered free zone companies which produce and export 70% and sell 30% in the locally market. Other free zone garment producers such as KAD manufacturing and Dignity DTRT Apparels and others are in to 100% exports to United States and Europe. Other small players such as Lizdon Fabric Garment, Joyce Ababio Fashion are usually doing retailing directly to customers. They sell 100% domestically to customers who buy for retailing and for personal use. However, some of their customer purchase products and export to abroad in very smaller quantities.

The customers or buyers though are treated equally as important sources of revenue, the relationship main depends on the price which in turns depends on the cost of manufacturing with smaller margins of about 7% to 10%. In most of the supplies to the United State market under AGOA, the prices are not based on negotiation but rather imposition. The buyers usually determine their own prices for the products.

There are times some of the key producers collaborate to supply large orders based on individual capacities and the time limit within which to supply the orders. The players are currently producing at different capacity utilisation based on availability of orders to supply. The DTRT Apparel is operating at 80 to 85% capacity utilisation.

## 4.2 Product Ranges of the Textile/Garment sector

The products categories and ranges in the supply chain of the textile and garment sector could be classified as follows:

- With respect to the cotton production segment of the chain, the main products of the cotton industry are the cotton which are either corded, combed or not at all. The cotton in most cases is packaged into bales.
- In the textile production, Ghana's textile subsector is engaged primarily in the production of fabrics for use by the garment industry heavily based on cotton. Fabrics produced locally were the wax, java and fancy prints, household fabrics, tie die, batik, kente, and printed adinkra cloths. Other products such as yarn, ropes, knitting, napkins and towels are considered as semi-finished goods for use by other segments of the sector.
- In terms of garment manufacturing, the major g products include apparel, clothing, pet accessories, hospital scrubs, nightwear, curtains, bedspreads, towels, tablecloths, and personnel attire (uniform)
- On locally products, cotton processing (ginning, spinning, weaving, printing and finishing) is the major activity in the textile industry. The main cotton-based textile products include traditional African prints (Wax, java, Batik, Tie and Dye etc), bedsheets, school uniforms, household fabrics including curtain materials, kitchen napkins, diapers and towels
- With respected to imported products, the man-made fibres used in the industry are mainly polyester, acrylic and polyamide. The main products of the man-made fabrics and their blends include suiting fabrics, knitted underwear, knitted blouses, shirts and socks. Other include fishing nets, ropes, twine, elastic braids, shoelaces, lamp wicks, sewing thread, and metallic zip fasteners.

## 4.3 Environmental Sustainability and climate considerations

Environmental Sustainability has become a large issue in the textile industry due to the immense use of water, air pollution, and waste concerns. Many countries across the world have started to really focus on green textiles. Some of the new innovations in green textile are making clothing out of used coffee grounds, algae, or spoiled milk.

The environmental sourcing of goods is becoming more important to ethically aware consumers. Customers are increasingly demanding for products that meet environmental sustainability in most of the markets where exports of textile/garment are destined from Ghana. Raw materials, goods and finished products within the textile/garments sector are expected to meet safety and other compliance regulations mandated by law, in all countries where they are available, and Ghana is no exception. Originally, Ghanaian textile industry is more specialised in the manufacturing of cotton-based fabrics, and it is just unfortunate that less than 20% of locally made cotton fabrics such as African print, batik and tie and dye feed into the garment exporting industry. Most of the garment products rely on imported materials such as the nylon and other synthetic fabrics from China, India and other parts of Asia. Manufacturing of high-performance textile including technical and non-woven are not common here in Ghana.

In order to create a sustainable textile, the main change factors have been linked to eco-materials which generate less and harmless waste or they are reusable, recyclable or they required use of lesser energy, water and chemicals and have ethical issues in their production processes. Most garment factories like Dignity DTRT Apparel, KAD Manufacturing and Global Garments had certificates of Worldwide Responsible Accredited Production (WRAP).

Additionally, due to environmental sustainability issues, buyers of garment products identify, specify and direct as to where fabrics and other accessories as raw material should be sourced. Under AGOA, for instance, most buyers source their own materials such as fabrics and garment accessories which they believe have been produced under environmentally sustainable conditions by using materials that are eco-friendly (eco-materials) to protect their brand images. The Ghanaian suppliers are only engaged in the manufacturing of the garments and shipment to the buyers or sourcing agents.

According to Dignity DTRT Apparel, the company was founded on a commitment to 'Do the right thing' since 2013 through joint venture and the company is currently the industry's leader in sustainability with a gold-level certificate from the Worldwide Responsible Accredited Production (WRAP) organisation, verifying the company's commitment to ethical manufacturing and employment practices. Dignity DTRT Apparel provides access to training and healthcare to not only the workers but also their families. Environmental sustainability is also at the core of the DTRT business model. The business works with suppliers to produce a polyester fabric that requires 80 per cent less water for dyeing than the traditional fabric-dyeing process. DTRT estimates savings of over 200,000,000 litres of water over the last six years using this fabric. Similarly, as part of environmental sustainability textile producers such as Akosombo Industrial Company have installed water treatment plants to remove all chemicals from wastewater before discharging.

#### 4.4 Gender, Equity and Social Inclusion (GESI) in the T&G sector

The textile and garment sector has vast opportunities for both the players and for job creation especially for women empowerment and social inclusive initiatives. Within the textile and garment sector structure in Ghana, the textile factory workers are dominated by men (60% and 40%) whilst the garment factory workers are over 80% dominated by women. Thus, there will be more jobs created for women if the garment sector is expanded in order to improve their livelihood as women's purchasing power will increase.

In Ghana, garment making is one of the few sectors where both men and women are represented without issues. The sector directly benefited vulnerable and marginalized women from rural population through employment opportunities. Whilst research has shown that, there is extensive occupational segregation and gender discrimination in wage rates in Bangladesh (Global Gender Gap Report 2017), the opposite is revealed in Ghana during the field survey of garment and textile factories and Associations. It was found out that women form majority in the garment sector as compared to men. However, discussion with Global Garment and Textiles revealed that women-owned businesses make less profit than male-owned businesses in Ghana because women tend to be more considerate and sometime desperate to win the contracts, they end up settling on lower margins of profits (about 3% less than men).

Dignity DTRT, KAD Manufacturing and Global Garments confirmed that all employers including women signed employment contracts with no gender divisions or segregation as well as equal salaries over and above the minimum wage of GHS 12.50 per day. As a result of female employment in the sector, majority of women are able to afford basic needs of their families. In the past men used to dominate at the cutting sections and packaging and loading and unloading. However, current situation show that it is equally balance with no special job for any particular genders. Lifting previously was done physical as against current situations where machines are used for bulk lifting. Similarly, discussion with the CEO of Akosombo Industrial Company revealed that employment in the industry is opened to all persons without discrimination against women and people with HIV/AIDS.

The garment and textile sector has equal opportunities for both men and women than any other sectors in Ghana as salary structures are determined by availability and willingness to work. The textile and garment sector employment in Ghana does not discriminate against gender as well as socially excluded persons. In terms of HIV/AIDS issues, no employer in the sector specifically verifies the status of any employees as ability and availability of workers determine employability in the sector. It is quite so because all kinds of skills set could be trained within a short period of 3 months to be perfect on the job. Besides, where qualifications are required, employment is based on successful candidates with no regard to gender, social status or disability.

There is a little challenge for disabled persons due to the old structures of some factory premises that were constructed without such people in mind. Still a lot of factories have provided other alternative ways to assist people with disabilities. In policy perspective, the National Disability Policy of 2004 and the Persons with Disability Act, 2006, Act (715), sought to mainstream the needs of the disabled into the national development process. One important aspect is the amendment of the building code that makes office and public buildings including garment factories accessible to the disabled.

The Alliance for African Women Initiative (AFAWI) is an organization that was founded in 2005 to support people, particularly women with disability and who are affected by HIV/AIDS in Ghana. One of AFAWI's projects is the clothing cooperative that urges women to use their skills to manufacture clothes made from 100 percent Ghanaian materials. The livelihood project offers loans with a low monthly interest rate to women who are in need of initial capital for their businesses.

In global sourcing of garment supply contracts, gender and socially inclusive issues are very critical in the entire value chain of the sector. The most successful textile/garment products in terms of sale revenue are those that meet consumer requirements of quality, availability and price and but not compromising on GESI issues. There are a lot of opportunities in the market, but the underlying supply chain requires quality, availability and relatively low price as vital to meeting those needs.

Focused discussion with members of the Association of Ghana Apparel Manufacturers (AGAM) revealed that gender equality, socially inclusive and environmental sustainability issues are critical part of any contracts to supply textile and garment products in most of the markets especially buyers from North America and some parts of Europe. In many cases buyers of Ghanaian garment

products come down to the country to inspect factory's facilities and whether GESI are adhered to before concluding to finalise the contract of supply.

Part VI of the Ghana Labour Act 2003 specifically provides conducive working environment for women including protection against night work, overtime and assignment of pregnant women and nursing mothers, and also provides women maternity, annual and sick leaves. As a result, all major players in the garment industry ensure compliance at all times. There were instances, where buyers and sourcing agents requests for only products manufactured with certain categories of workers especially socially vulnerable, marginalized and physically challenge.

## 5.0 OPPORTUNITIES WITHIN THE SECTOR

### 5.1 Overview of opportunities

The textile and garment industry has the opportunity to create more jobs and increase income in order to spur Ghana's economic growth as global demands for textile and garment products are continuously increasing.

Textile and garment are one of the strategic sectors in Ghana in terms of export potential and job creation. Ghana's new strategic is based on selected anchor industries which include the textile and garment industry to transform the economy. The textile and garment sector has seen a resurgent in the recent years as compared to the past decades where the sector faced serious challenges and led to decline in employment. There are currently vibrant and traditional prints and hand-woven fabrics currently find their ways on the international fashion stages. The investment opportunities in the textiles and garments sector are very wide including showing the signs of significant growth and potential in recent years, promoting high-quality traditionally designed fabrics as made-in-Ghana to niche markets across the globe.

The benchmarking in the textile and garment industry on cost revealed two primary cost drivers: wage cost and power cost. However, wage cost is very competitive at a little less than US\$100. Since 2019, government has introduced zero rated VAT on locally manufactured textile and garments to ease cost pressures on the industry.

#### **Quantifying opportunities**

Ghana's potential domestic market for textile and garment is huge as annual demand is estimate at over US\$ 200 million out of which uniforms alone has a potential market of US\$ 43.1 million. This is because of the growing services sector of the economy including the hospitality, education, health, private and national security, as well as banking sectors. Within the hospitality industry alone, there are estimated 2,570 hotels and similar establishments including motels and guest houses across the country whose requirements for the textile and garment products are key component of their customer service delivery. Uniforms for Staff, decoration, furnishing, fittings and internal lining (bedspread) form part of the beautification of the accommodation facilities in this industry.

The major textile and garment products required include curtains, bedspreads, towels, tablecloths, and personnel attire (uniform). Some of these products are sourced locally whilst others are imported based on the mission and style of services of the hospitality facilities. For instance, most of the hotels source their staff uniforms locally because they believe the locally made ones fit better than sourcing from outside where exact measurement and cloth size become issues.

A number of hotels such as Movenpick Ambassador Hotel in Ghana sources all its textile products including uniforms from outside as the prescribed products including the uniform are supplied by its Headquarter in France to the rest of its branches across the world. Fiesta Royal Hotels at a case study shows that, the hotel currently has 132 workers who are provided with uniforms amounting to US\$ 8,500 per year. Uniforms alone in the sector thus provide potential markets for the textile and garment manufacturers in Ghana. Each player in the hospitality sector in Ghana generally

spends between US\$ 1,000 and US\$10,000 annually on only uniforms for Staff (an average of US\$5,000). The textile products as many as those other than uniforms such as awnings, tents, carpets and rugs, as well as a variety of linens - curtains, tablecloths, towels, and sheets are all categories of products imported by the hospitality industry in Ghana. The figure below shows potential demand for uniforms for the hospitality industry by Regions in Ghana. A total annual demand for uniforms was estimated at US\$12,850,000 for only the hospitality industry.

*Source: Source: Estimated based on information from GHA and GbPHA, 2021*

Additionally, the education and health sectors are very wide with cross-cutting activities overlapping. Within the education sector, provision of school uniforms across the country is estimated at US\$ 17.87 million annually for Senior High Schools. This includes government senior high schools (500) and private ones (200). In recent times many schools in Ghana have adopted the use of different uniforms for different occasion such as uniforms for normal class activities, sports, laboratories and night preparatory studies. In all Government schools the use of unapproved attires by pupils and students in Junior and Senior High Schools are discouraged. Recently, the Ghana Education Service has prescribed a new set of uniforms for Government Junior High Schools across the country.

Similarly, in the health sector, there Teaching Hospitals such as Korle-Bu, Komfo Anokye, etc. require uniforms for both class work and practical works apart from the use of hospital scrubs and other personal protection equipment including headgears. Other government hospital and health facilities under Ghana Health Service are spread across the country. The procurement and supplier of uniforms and other textile and garment products are carried out by the head office of the Ghana Health Services. Within huge number of personnel in the health care services sector, huge quantities of textile and garment products are required.

**Table #: Size of Market Opportunities for Uniforms in Ghana**

Potential Users Textile & Garment	No. of Persons	Amount US\$
Hospitality Sector (Uniforms)	205,600	12,850,000
Education Sector (Public SHS Uniform)	1,072,000	17,870,240
Ghana Police Officers (Uniform)	30,000	4,500,000
Ghana Armed Forces (Uniforms)	16,500	2,475,000
National Fire Service (Uniforms)	12,862	2,572,400
GRA-Customs Division	-	-
Health Sector (personnel uniform)	52,258	1,045,160
Number of Health Facilities beds (bedsheets)	29,000	290,000
Private Security Agencies (350 members)	15,000	750,000
Ghana Immigration Service (Uniforms)	5,000	750,000
Construction Sector	-	-
<b>TOTAL</b>		<b>43,102,800</b>

A detailed analysis of this table and the underlying assumptions and basis for this analysis is provided in Annex 1 of the report.

Other opportunities include the following:

- **Cotton Production:** There are opportunities in the cotton production sector in Ghana especially the northern belt. The northern sector of Ghana is part of the cotton growing corridors of West Africa which contributes 10% of cotton supply in the world. With the recent development in rail and existing road transport network across the country coupled with the inland water transport along the Volta River by Barge it is easy to import extra cotton from the rest of West Africa especially the Northern neighboring countries such as Burkina Faso and Mali to be processed and used in the textile and garment industries.
- **Non-Woven fabrics:** Nonwoven fabrics though not currently produced in Ghana present another opportunity as the current imposed simple average import tariffs of 18.9% would have served to protect domestic production of such products (WITS, 2021). The key markets for export are United States and EU countries especially Germany.
- **Africa Markets and AfCTA as an opportunity:** The West African regional market presents a great potential for textiles and garments produced in Ghana as the population hits over 401 million in 2020. The emerging middle class in West Africa constitutes over 90 million people and thus presents huge textile/garment trade and investment opportunities. AfCTA has potential to further bolster this trade. The total population of Sub-Saharan Africa is estimated at 1.341 billion in 2020 with high demands for textile and garment products. Ghana as the headquarters of the AfCFTA, there are more opportunities to explore one big market in the continent of Africa.
- **The American Growth and Opportunity Act (AGOA) Opportunity:** The AGOA alone provides market access to US economy that is worth over US\$125 billion annually. The global textile industry was estimated at around US\$920 billion in 2018, and it was projected to reach approximately US\$1,230 billion by 2024 (AGOA, 2022) with United States being the largest importer in the world. This therefore presents market opportunities for developing countries especially AGOA eligible nations like Ghana. A number of apparel and garment firms are located in Ghana to serve local, regional and international markets taking advantage of the policies including AGOA and other market access programme, free zones act, tax holidays, streamlined custom process that allows materials in and finished goods out to increase value for the industry players. The Ghana as a host of the largest seaports in West Africa also serve as opportunity for the textile and garment sector as shipping time is relatively shorter than the rest of the sub-region. Since its inception, AGOA has helped to increase trade between Ghana and U.S. from US\$159.5 million in 2000 to US\$303.3 million in 2015 (Schneider, 2016) even though Ghana has not made maximum use of the agreement. The AGOA original came to an end in 2015. However, the 2014 meeting of Africa leaders by the US President, Barack Obama in Washington, DC to discuss trade and investment, security, democratic development, and the achievement of a better quality of life for all Africans resulted into extension of AGOA to 2025 by the US to continue its trade and investment relations with Africa. One key risk under AGOA is that because it was not a negotiated agreement, the US is at liberty to have it withdrawn any time or exclude Ghana from the initiative. Ghana still stands the chance of gain more under AGOA if the capacity in key sectors such as the textile and garment is boosted to take advantage by 2025. According to GSA, a key factor inhibiting

access to AGOA was lack of adherence to standards and GSA, as the national metrology institute, has the ability to support industry to adhere to world class standards.

- **Trade measures can also boost Ghana's industry.** As a result of preventing unfair trade practices in the industry, Ghana's textile and garment trade weighing 1,270,390.09 kg of textile products and articles for technical uses under the harmonised system code with six-digit number 591190 were subjected to non-tariff barriers most of which were imports from other countries between 2015 and 2019. This is an opportunity that may guarantee the textile/garment markets in Ghana from unfair competition. The measures were not intended to restrict trade but as a result of stopping pirated textile products from outside in order to provide fair competition.

## 5.2 Critical Success Factors

The textile and garment industry in general is a long chain including raw materials production, complement production, clothing production and so on. For the industry to be successful in contributing to economic growth, serious investment is required along the supply chain. Investments within Ghana's textile industry are mainly by local firms. According to Quartey (2006), only 5% of investment in the sector was involved in joint ventures with foreign investors whilst the rest of the 95% was locally owned and there was no solely foreign owned. Mensah (1998) attributes the reasons for not having solely foreign textile companies to the previous policies on state-owned enterprises and this is confirmed by ACET (2014) as result of increase in government's stake under the import substitution drive. Thus, there is the need for government policies to attract and increase private investment. Some critical success factors for the textile and garment sector with respect to Government initiatives include:

- An enabling business environment including SEZ development with focus on the needs of the textile and garment industry; Government's commitment to private sector support will go a long way to ensure success of investments in the industry.
- Completion of the strategic framework for the textile and garment sector which is currently under development by the Ministry of Trade and Industry. This will be a critical document that will provide strategic direction to developments in the industry while building ownership.
- Market access to regional and international markets such as AGOA, the Economic Partnership Agreements (EPA) with the European Union (EU), as well as other bilateral and multilateral arrangements; provision of infrastructure under the President's Special Initiative (PSI) on Garments and Textiles (MOTI, 2021).
- Government has reconstituted National Technical Committee for Textiles and Garments in 2018 aimed to ensuring that Ghana meets the requirements for the production of textiles and garments for the local and the international markets (MOTI/TRALAC, 2022). Rekindling the activities of this committee will be critical for the competitiveness of the sector.

There are other success factors that are internal to the textile and garment producers which every investor needs to consider before going into the sector. These include the following:

- (i) Strategic partnerships with local stakeholders. Developing long-term partnerships with buyers is the best way to grow and sustain the business. Considering the growth of apparel consumption globally and in Ghana, investments in such tie-ups will reap benefits in the long term. These long-term partnerships mutually benefit both manufacturers and buyers.
- (ii) Investment in skills of workers. Availability of trained or trainable workforce, the use of modern machinery (both core machines and software), availability of material at right time and quality, new technology in production.
- (iii) Product development is the lifeline for adding new buyers as well as retaining the existing ones. With product strategy being a vital part of the overall business strategy, it is vital for garment manufacturers to adapt to global requirements.
- (iv) Compliance with health, safety, and welfare of workers as buyers globally are focusing on sourcing from compliant garment factories.
- (v) It is crucial that manufacturers introduce timely technological advancements in order to ensure product quality and sustainable growth. For instance, an automated machine reduces manual intervention, thus resulting in cost savings because of the reduction in time and freeing labour for other labour-intensive tasks. Benefit of modern technology additionally, include better quality, energy-saving, reduced breakdown and inventory control.
- (vi) Training and human resources are crucial for any labour-intensive industry and textile and garment manufacturing are no exception. Understanding the importance of training and HR is critical. It is almost impossible to produce a quality product without a trained workforce.
- (vii) Information technology has become an integral part of the apparel industry. The data collected on a shop floor can be fully utilized only if it is analysed properly to arrive upon strategy-defining results. Modern software provides manufacturers with the ability to monitor and control almost all the aspects of their business from anywhere in the world.

## 6.0 RISK ANALYSIS OF INVESTMENTS IN THE SECTOR

Risk in the supply chain creates a lot of pressure in the textile/garment industry. For instance, the international complexity, environmental challenges, economic pressures and trade disputes all put pressure on the supply chain. This pressure can easily turn into risks and issues that snowball throughout the network, causing significant problems. Some of these issues include:

- Suppliers, manufacturers, logistics, clients and customers which are spread across multiple countries, time zones and continents, requiring careful coordination and management.
- Adding more steps to the supply chain creates exponential complexity for upstream and downstream partners.
- Silos data and a lack of visibility increases the difficulty of reporting, business intelligence and good decision-making.
- Regulations, compliance and quality management demands strong agreements, contracts and controls with supply chain organizations.

The number one risk to businesses in Ghana is the business regulatory environment. The most pressing risks emanate from the delays with exporting procedures and internal transport systems, and overburdened utilities infrastructure, which lead to supply chain delays and disruptions to operations. Weak access to low-cost financing mechanisms and limited development in the financial sector inhibit capitalization of the sector. This is even more severe on the development of small- and medium-sized enterprises within the supply chain.

The rest of this section discusses the critical factors in Ghana, the specific risks and mitigations for textile and garment, and the assessment of PESTLE.

### 6.1 Textile and Garment Sector Specific risks

The investors in the textile and garment sector are likely to consider risks in venturing into the sector in terms of the range of products produced and their uses such as the technical garments and other apparels. Investors usually assess the risk of products produced as compared with other industries and both existing and potential demands for the products as well as availability of skilled labour with reference to specific countries. The Table below summarizes the industry specific risks and mitigation.

#	Sector Specific Risks	Suggested Mitigation
1.	The fashion industry is a sub-sector depending hugely on textiles and garments but faces the problems of volatility, making it difficult to predict fashion trends and consumer demands. Despite recent improvements, traditional forecasting techniques could not deliver the accuracy required for managing logistics in the fashion market. Thus, forecasting risks could affect investment in the sector as people may not rely on it so much because the trend could change within shortest period.	<ul style="list-style-type: none"><li>• This can be overcome by shortening lead times and correctly timing seasons, since this allows better response to consumer demand. Speed-to-market has become a fundamentally important way to cope with the increasing demand for fashion variety.</li><li>• Forecasting should rely on current data to avoid failures.</li><li>• A research and development experts should be required for the Associations to support the</li></ul>

#	Sector Specific Risks	Suggested Mitigation
	Ghana in particular, the sector is handicapped in terms of resources for gathering data for forecasting for improvement.	sector to conduct up to date research to forecast market potential as well as managing data for the sector.
2.	Availability of raw materials within local sources is a key risk. About 90% of total raw materials including fabrics, components and accessories sourcing are all through imports. High cost of production within has led to importation which limits domestic employment opportunities and escalate foreign exchange rate.	This could be mitigated by empowering and building local capacity to produce raw materials through proper incentive packages, reduction of cost of finance, mechanization of cotton farming, reduction of cost of power and improve infrastructural development.
3.	There is high rate of labour turnover, and this makes labour availability very volatile particularly in the garment sub-sectors. Though it is very easy to train labour within a short period of 3 months and use in the production of garments, the cost of training is so high, and they easily disappear at the time they are readily needed for production due to waiting time between securing new supply contracts.	Government should provide labour training support to increase the skills based in the sector.
4.	There is low capitalization of the textile/garment industries due to difficulties in accessing long term funds. The players in garment sub-sector are much concerned about the dying upstream textile manufacturing and attributed this to low capitalization, weak cotton production causing lack of raw material for spinning, yarning and weaving quality products.	Provision of long-term financing, cheap loans, debt financing, crowd funding or guaranteed loans. Grant support to the sector players is another option to capitalize the sector to increase growth and employment.
5.	Quality specifications are constantly changing the terms and conditions of buyers. This leads to buyer rejection of orders.	The solution to is to (a) provide quality control support and compliance (b) strive to understand the tech pack and sample testing; and (c) allow the buyers to supply their raw materials of their choice.
6.	Transporting supplies to foreign buyers sometimes are hampered by the warehousing system risks as well as delays at the port in Ghana for exporting garments.	Government should take up as one of the key measures for GIPC and GEPA to provide support to ensure a smooth delivery of exports to buyers.
7.	There is opportunity in Ghana to manufacture accessories. However, it requires huge investment to acquire the machines and equipment	Government should support AGAM to establish an accessories production plant to feed the industry.

## 6.2 The general industry's external risk factors (PESTEL)

The external and uncontrollable risk assessment of investment take into consideration the wider ecosystem such as the political risks, economic risks, social/cultural risks, technological risks and environmental risks. These factors have been summarized in the Table below.

### PESTEL Analysis Matrix of the Textile and Garment Sector

Sector	Risk description	Mitigation
<b>Political Risks</b>	<ul style="list-style-type: none"> <li>Corruption persists and presents challenges to government performance, and this coupled with recent political encounters among Members of Parliament in agreeing on national matters have become a concern. These are a growing threat to peace and security in the country</li> <li>Politics in awarding government contracts is a serious challenge as public procurement in Ghana are in most cases sole sourced. Besides, lack of transparency in procurement persists.</li> <li>Change of government and its effect on personnel and policy</li> </ul>	<ul style="list-style-type: none"> <li>Enforcement of Corruption Policy and laws to expose corrupt activities and risks that may otherwise remain hidden; keep the public sector honest, transparent and accountable; helps stop dishonest practices; and ensure that public sector employees act in the public interest.</li> <li>There should be transparency in Government contracts by providing free and fair participation of all qualified parties. There should be a policy to allow all government uniforms to be produced in Ghana regardless of whether local or foreign ownership.</li> </ul>
<b>Economic Risks</b>	<ul style="list-style-type: none"> <li>Access to finance is a growing concern for the textile/garment industries as interest rate for very long time in Ghana remain very high. Despite reductions in BOG policy rate commercial banks are not following suit as most claim that they pay saving rate for savings and also need to keep their banks in business.</li> <li>Other economic threats include high level of state debts and heavy fluctuation of in foreign direct investment.</li> </ul>	<ul style="list-style-type: none"> <li>Avenues should be provided for the sector players to raise long term funds through cheap loans, debt financing, crowd funding or guaranteed loans. Grant support to the sector players is another option to capitalize the sector to increase growth and employment. Policies should be put in place to attract private sector financing through credit guarantee and digital financial platform to leverage private sector financing by making it more efficient and less risky for private financiers to lend to businesses in the textile/garment sector.</li> </ul>
<b>Socio-Cultural Risks</b>	<ul style="list-style-type: none"> <li>The traditional values and socio-cultural factors have put strains on the effective and efficient performance of some public sector officers. There are situations where some public sector officers have to bend the rules in order to satisfy the demands of kinsmen at the expense of established organizational norms.</li> <li>Most part of the corruption in the country emanates from cultural practices and nepotism and tribalism.</li> </ul>	<ul style="list-style-type: none"> <li>This could be mitigated through orientation and public education about the different role of public offices and the traditional values.</li> </ul>
<b>Technological Risks</b>	<ul style="list-style-type: none"> <li>Rapid changes in technology</li> <li>High cost of acquisition of modern machines and equipment such as giber plotters, embroidery, accessories manufacturing technology and machines are currently limiting the potential of the sector.</li> <li>Lack of textile/garment technical engineering experts to support the sector</li> </ul>	<ul style="list-style-type: none"> <li>The local sector players should be supported with acquisition of modern technologies, machines and equipment to increase efficiency and productivity.</li> <li>Support could be a grant or matching grant to assist the players to acquire new technology, machines and equipment to replace the obsolete once.</li> </ul>

Sector	Risk description	Mitigation
<b>Legal Risks</b>	<ul style="list-style-type: none"> <li>• There are some weaknesses in the judicial independence and rule of law as legal issues are influenced by affordability of counsels. This becomes a serious threat to small businesses in terms of enforcing commercial justices. Besides, it takes about 2 and half years (730 days) to resolve commercial disputes</li> <li>• There is lack of policy to support the textile/garment sector growth. Transparency and extensive inclusion of private sector in policy making process is lacked.</li> <li>• Governments rules and regulations are not readily available online free of charge, except to buy them. GSA has a code of practices for garment and textiles but not available online for compliance.</li> </ul>	<ul style="list-style-type: none"> <li>• Support to the Judicial Service of Ghana to scale up e-Justice System across all forms of courts in Ghana to reduce time to enforce commercial justices. Support should include provision of electronic devices such as computers, transcribers, video-virtual devices, etc.</li> <li>• Enhance commercial justice and reduce timelines court proceedings.</li> <li>• All judgment and cases should be provided with timelines to complete and must be adhered to.</li> <li>• Publish all business regulations and rules online for free access to able compliance.</li> </ul>
<b>Ecological/ Environmental Risks</b>	<ul style="list-style-type: none"> <li>• The clothing and textile industry is depleting non-renewable resources, emitting huge quantities of greenhouses gases and using massive quantities of energy, chemicals and water.</li> <li>• Ghana receives 15 million items of used clothing sent from the West per week. Over 40% of the products are discarded due to poor quality. They end up at landfills and in bodies of water, polluting entire ecosystems.</li> <li>• Reputational damage of Ghana products due to perception of weak environmental standards.</li> </ul>	<ul style="list-style-type: none"> <li>• There should a policy for control of secondhand clothing. This requires a review of the existing policy that limited importation of secondhand clothing to underwear, etc. Recycling of used clothing should be explored to generate another form of jobs.</li> <li>• Water treatment plants, and environmentally sustainability technologies and eco-materials should be adopted and applied in textile and garment sectors.</li> </ul>

## 7.0 CONCLUSIONS AND RECOMMENDATIONS FOR DESIGN STRATEGY FOR JET PROGRAMME

### 7.1 Conclusions

Supply chain activities are generally related to each other. As a result, one segment activities often influence the cost or performance of other ones. Linkages and connections have found to minimally existing between segments activities within the country but relatively maximised outside sources through imports of raw materials for the support activities. The summary of findings are as follows:

1. Despite the lots of opportunities and high market potential in Ghana's textile and garment sector, a lot of the textiles and garments manufacturing companies in Ghana do not plan their growth strategies and therefore meet a lot of unplanned activities along the chain which could have been capitalised on as opportunities to grow and extend further. This further has to do with lack of business management among lots of the players in the sector. It is clearly ascertained within the sector that all the players especially local manufacturers have a lot of expertise and highly technical in the textile and garment business. However, a lot are challenged with business ethics, entrepreneurial and behavioural competencies in business management. The inability of most of the sector players to take advantage of the opportunities has limited the growth of the supply chain of the textile and garment sector.
2. The supply chain is disjointed and operating in silos without paying proper attention to whether input suppliers would be sustainable or not for long term planning of the textile/garment business. From a logistics point of view, the textile, apparel and garments industry are considered a time-sensitive industry. Irregularities in making goods reach a particular place at a specified location on time can lead to reduced (or no) profits for the textile owner. This explains why most of the AGOA exporters could not either meet their deadline or not able to deliver the quantities required or requested by their trading partners in the United States economy. There is the need for policy to re-organise the whole textile and garment sector and link them to their various segment to reap the benefits of industrial transformation.
3. There are very few players with foreign partnership such as Dignity DTRT Apparel which are operating with efficiency and higher capacity utilisation. The managerial quality along with expertise in the sector as well as installation of modern apparel equipment and machines at Dignity DTRT Apparel were evidenced in the efficient production system. DTRT is currently among the few garment sector players that exports high quality and functional garment products such as sport wear to the United States duty-free quota free under the AGOA market access. The company does not depend on local supply chain but rather a global chain where raw materials, equipment and machines are globally sourced and imported at zero rate duties to feed the company in Ghana. As of 2019, DTRT Apparel employed about 2,500 workers after moving from 50 to about 1,600 employees in 2017. About 75% of employees of the Dignity DTRT Apparel in Ghana constitutes women.

4. Another key issue within the supply chain of Ghana's textile and garment is that, whilst the cotton industry, though relatively weak in recent times, is able to produce and export cotton, the textile industry imports huge quantities of cotton and other raw materials for manufacturing of textile products in Ghana. Similarly, the textile industry is exporting some of the final fabrics and locally distributing directly wax prints and other fabrics to individual customers through market queens and retailing shops, the garment sub-sector is also importing its fabrics as the main components of the manufacturing garment products.
5. Investment is seriously required for establishing the garment raw materials especially the other types of non-cotton fabrics, basic accessories and other finishing goods as raw materials for the garment industry.
6. In recent times, quality and speed of delivery are becoming as important as pricing when it comes to purchasing garment products. Buyers and other consumers of textile and garment products want their suppliers to immediately deliver at least within a few days or at a shorter period. They generally expect that the products should meet the quality requirements that are suitable for the purposes of demanding those products. Any slightest delay or mistake will make the buyers and consumers reject the orders.
7. From a logistics point of view, the textile, apparel and garments industry are considered a time-sensitive industry. Irregularities in making goods reach a particular place at a specified location on time can lead to reduced (or no) profits for the textile owner.
8. Ghana's industry is yet to adapt to the needs of the global market. The global textile industry is changing to meet the needs of the new market. With new trends in technology, non-woven materials, domestic sales, green textiles and environmental sustainability, textiles in these days are no longer just clothing anymore. These new trends have started to increase growth in the market as well. However, Ghana's industry is more into clothing needs without looking at these new markets due to lack of continuous research and innovation within.
9. The textile and garment industries originally are supposed to rely on each other for survival as in the case of countries such as United States, EU countries, China, India and Bangladesh. The Ghanaian case has been totally different due to influences on the various segments by foreign supplies and buying of virtually every component. Thus, whilst the textile industry is not completely integrated locally it also lacks the capacity to completely plug into global value chains. For instance, foreign buyers of garment products especially under AGOA are also the suppliers of raw materials such as the type of fabrics, the accessories either directly or indirectly.
10. There are high buyers' power in the Ghana textile and garment sector. The biggest buyers are the foreign players. Foreign buyers of Ghanaian manufactured garment products usually determine the sources of the raw materials to use as well as specific types of raw materials and components of the accessories to be used for the final products. This does not provide incentive for the local suppliers of fabrics and other garment accessories to develop. It also makes the supply chain within the country very complex and unrelated thus discouraging local manufacture of accessories. A lot of these challenges are emanating from the rules of origin under the AGOA agreement as to where the components and raw materials should be sourced. This in turns favours raw materials and

accessories manufacturers of in the United States, China and other Asian countries. For instance, majority (about 85%) of the materials used for manufacturing orders under AGOA markets are coming from United States and its related sources. The lack of established linkages with alternative markets for Ghana's compliant producers may intensify the severity of the overall economic impact of the AGOA market access.

## **7.2 Recommendations**

From the analysis of the landscape and supply chain of the textile and garment sector, the JET programme could help the government address some of the issues in the Table below.

T&G Supply Chain	Identified Problems/Challenges	Recommendations for JET	
		Short-Term	Medium- to long-term
(i) Cotton Manufacturing	<ul style="list-style-type: none"> <li>• The quantity of textiles produced is woefully inadequate to supply the garment sector as a result of lack of cotton from local sources.</li> <li>• There is a broken marketing link between cotton companies and textile companies due to undue delay of payment for purchased lint on the part of the textile companies</li> <li>• Loss of the local market for lint due to the low demands and influx of cheap textile products</li> <li>• High cost of inputs in the open market for cotton production</li> <li>• High interest rate coupled with lack of financing agriculturally based companies such as cotton by the banks.</li> <li>• There are generally delays in delivery of input credit by cotton companies to farmers.</li> <li>• Poor quality of seeds, pesticides and other chemicals supplied to farmers</li> <li>• Cotton is rain-fed with erratic rainfall in most parts of the Northern parts of Ghana affecting cotton production</li> <li>• Lack of transparency in the seasonal price-setting system making it unattractive for many farmers to engage in cotton cultivation and this leads to divesting in other crops</li> </ul>	<ul style="list-style-type: none"> <li>• Conditions of farmers should be improved through transparent and guaranteed prices, donation of biotech cotton varieties for cultivation</li> <li>• MOTI, MOFA and JET should support the small holder cotton farmers with improved seed varieties such as Biotechnology (Bt) cotton seed and quality disease control measures with the recommendation from SARI</li> <li>• Set up a technical working group made up of MOTI, MOFA, GCDA, SARI, GSA, FDA, and Open Forum on Agricultural Biotechnology (OFAB) on cotton production to draw up a road map for implementation of the Biosafety Act 2011 in cotton production.</li> <li>• Government/JET should support SARI to implement the use of Bt cotton by reviving GMO cotton trials which was suspended in 2016 after funding ran out.</li> <li>• Send delegation to Nigeria to learn how Biotech cotton was implemented within short period to increase cotton</li> </ul>	<ul style="list-style-type: none"> <li>• GoG and JET: Besides cotton, other sources should be exploited as major textile materials such as nylons, silk and polyesters.</li> <li>• GoG/JET should create cordial relationship among cotton companies and textile companies and support with credit guarantee.</li> <li>• Exim Bank should provide support to players to commercialise Bt cotton in large quantities</li> <li>• Government to collaborate with SARI on biotechnology implementation in the cotton production areas.</li> </ul>

(ii) Textile Production	<ul style="list-style-type: none"> <li>• Access to finance is a major challenge faced by the textile industry as most of the banks are not comfortable with funding manufacturing sector especially textile production in Ghana . Besides, the interest rate is very high and with short term lending tenure.</li> <li>• High cost of production in Ghana as a result of high overheads such as power supply, labour, and transportation limiting the industry's potential.</li> <li>• The textile industry is capital intensive requiring huge sums of investment for modern technology, machines and equipment. The textile sector is mostly weaving at large-scales without knitting. Knitting is undertaken in smaller scales by micro and small-scale producers. Large scale knitting requires huge investment in machineries usually not affordable to micro and small-scale producers.</li> <li>• Demand of local textile products is threatened by influx of secondhand clothing.</li> <li>• Lack of competitiveness of local textiles against imported textiles due to high cost of production and smuggling. Influx of substandard manufactured textiles with price undercutting from Asian countries especially China and India smuggled through Togo and Benin.</li> <li>• Lack of raw materials as a result of high prices and scarcity of cotton in Ghana .</li> <li>• Unwillingness of cotton companies to supply local textile industry as result of lack of access to capital.</li> <li>• Low prices of the imported fabrics made it more profitable to the fabric sellers and cheaper to</li> </ul>	<ul style="list-style-type: none"> <li>• GoG/JETto work with Exim Bank and Venture-Capital to support the sector with low-cost credit with less challenges such as time to approve and disburse the credit.</li> <li>• MOF/BOG/JETshould initiate discussion to reduce GoG borrowing from Commercial Banks and T-bills to encourage long term financing, debt financing of private sector.</li> <li>• JET/GoG can consider grant supports to the segment's SMEs.</li> <li>• Utility tariff should be reduced for the sector.</li> <li>• MOTI/GSA/JET to set up a committee to implement the Imports and Exports Prohibited Goods Legislative Instrument No. 1586</li> <li>• MOTI/GRA/JET to revive the Taskforce on dealing with counterfeit and pirated textile products.</li> <li>• MOTI/JET to contract EMPRETEC Ghana or other capacity building institutions to provide entrepreneurial and management skills training for key players in the textile and garment sector</li> <li>• GoG stimulus package provided to the sector to improve conditions of services and reward system.</li> </ul>	<ul style="list-style-type: none"> <li>• GoG/BoG/JETshould develop public credit guarantee schemes; stimulate the creation of private mutual guarantees; and promote FDI in financial services, supply chain finance (factoring) and leasing; and facilitate collateral-free loan screening mechanisms.</li> <li>• GoG/JET support with acquisition of modern technology, machines and equipment to replace the obsolete ones.</li> <li>• Setting up of large-scale knitting plants depends on availability of raw material. Implement the recommendations on Cotton production to achieve this result.</li> <li>• MOTI/GSA/JET to review and amend the Imports and Exports Prohibited Goods Legislative Instrument No. 1586 to cover importation of other used clothing.</li> <li>• MOTI/JET to work on competitiveness of textile manufacturing in Ghana .</li> </ul>
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	<p>consumers but killing the local textile production and increasing job losses.</p> <ul style="list-style-type: none"> <li>• Lack of access to the latest technology and failures to meet global standards in the highly competitive export market. That is, outdated machines and equipment with outmoded forms of technology and low productivity.</li> <li>• Lack of entrepreneurial and managerial skills limiting ability to secure orders.</li> <li>• Lack of enforcement of local policy to rescue the industry.</li> <li>• Regulatory impediment, access to regional and international markets especially entry of Ghanaian products into Nigerian market.</li> <li>• The poor quality of dyes used in the manufacturing process, lack of drying facilities with its attendant effect on operations during the raining season, difficulty in accessing power for producing locally made dyes heavily hit and driven out small-scale and medium textile producers from business.</li> <li>• High cost of environmental compliance often as one of the top of textile industry concerns as well as huge cost of waste management.</li> <li>• Factory workers agitation with poor conditions of services, lack of motivation, inadequate facilities and high reward system</li> </ul>	<ul style="list-style-type: none"> <li>• GoG/JET to support the sector with efficient effluent management system to reduce pollution of waterbodies with its attendant climate change implications.</li> </ul>	<ul style="list-style-type: none"> <li>• MOTI/JET to develop a comprehensive sector wide policy aimed at improving the sector.</li> </ul>
(iii) Textile Products Distribution	<ul style="list-style-type: none"> <li>• Lack of availability of locally manufactured textiles for stocking and meeting customer demands leads to pirating of Ghanaian textiles designs at cheaper prices</li> </ul>	<ul style="list-style-type: none"> <li>• JET/MOF to provide low-cost credit with less challenges such as time to approve and disburse the credit.</li> </ul>	<ul style="list-style-type: none"> <li>• GoG/JET to support for policy recommendations for a conducive business environment in general and for</li> </ul>

	<ul style="list-style-type: none"> <li>• High cost of locally manufactured textile products as compared to imported ones from China, India and other Asian countries.</li> <li>• Delays in delivery in addition to inconsistency in supply of textile products from local companies</li> <li>• High cost of transportation of textile products and losses due to damages in the course of transporting processes inland.</li> <li>• High cost as a result of high taxes and unfair tax policies on textiles distribution in Ghana by GRA staff and Metropolitan Assembly Collectors.</li> <li>• Exchange rate volatility and high inflation rate</li> <li>• Lack of access to capital to secure textile products from local manufacturers to meet the high demands of the market in Ghana .</li> <li>• Importation of used clothing in high quantities limit the sale potential of fabrics.</li> </ul>	<ul style="list-style-type: none"> <li>• Create trade credit system between Textile manufacturers and distributors/ wholesalers</li> </ul>	<p>the textile and garment sector in particular to survive.</p> <ul style="list-style-type: none"> <li>• GOG institute a viable trade credit facility or system in Ghana through enforcement of Borrowers and Lenders Act 2020.</li> <li>• MOTI/GSA/JET to review and amend the Imports and Exports Prohibited Goods Legislative Instrument No. 1586 to cover importation of other used clothing.</li> </ul>
(iv) Garment Raw Materials and Accessories Supply	<ul style="list-style-type: none"> <li>• Lack of access to capital to acquire the machines and equipment for manufacturing of garment accessories limit local investment in these areas though there are lots of opportunities.</li> <li>• High cost of capital affects the quantities of accessories supplied to the local garment sector.</li> <li>• Imported raw material attract a lot of levies other than the duties.</li> <li>• Production of cotton, yarn, textile, accessories and garment are not integrated locally to benefit job economic growth.</li> <li>• High start-up cost of production of garments accessories as a result of overheads, lack of raw materials mobilisation even though there are abundant resources</li> </ul>	<ul style="list-style-type: none"> <li>• GOG/JET support is required to provide finance at very lower rate as the bank rates are so high.</li> <li>• JET/GOG: AGAM should be supported to extend its membership to include accessory suppliers/producers to linkage the sector players.</li> <li>• GOG/JET to encourage collaboration between Sector players and academic and training institutions to increase the skills capacity of garment accessory workers. Garment accessory firms to be assisted to</li> </ul>	<ul style="list-style-type: none"> <li>• JET should consider provision of credit for acquisition of technology, machines and equipment for accessory manufacturing and production of nylon and polyester to create more jobs.</li> <li>• JET/GOG to establish more special economic zones and industrial parks for the garments and accessories production.</li> </ul>

	<p>such as steel, brass, copper, aluminium, stainless sheets, skin (leather), etc..</p> <ul style="list-style-type: none"> <li>• Exchange rate instability affects the supply of garment accessories as almost all accessories are imported.</li> <li>• High levels of skills gaps and shortages in critical skills areas of garment accessory production. Gaps include computer aided design of accessories, quality assurance, etc. As a result of the skills gaps and shortages, the existing few garment accessory producers are operating at a competitive disadvantage.</li> <li>• Access to land and high cost are detrimental to entering into manufacturing of garment accessories and components.</li> </ul>	<p>adopt competitive manufacturing strategies such as the use of technology, low-cost and added-value manufacturing.</p> <ul style="list-style-type: none"> <li>• JET/GOG to assist with acquisition of technical experts to provide technical support to the players in the industry.</li> </ul>	
(v) Garment Manufacturing	<ul style="list-style-type: none"> <li>• Export procedures are challenging with a lot of delays at the seaports for exporting garment products.</li> <li>• High cost of production in Ghana as a result of high overheads such as power supply, labour and transportation..</li> <li>• Exchange rate volatility is a key issue affecting supply of orders (contracts) to international buyers. For instance, after negotiation is concluded with buyers to supply garment products, the exchange rate derails the capital investment by the time the contract assignment is executed.</li> <li>• High import volumes of second-hand clothing are limiting the potential of the garment sector.</li> <li>• The influx of smuggled cheap imported dress fashion products on the Ghanaian market. Most of these cheap and usually inferior products that find their way onto the Ghanaian market pass through the loose Ghanaian borders, which cost the nation millions of cedis.</li> </ul>	<ul style="list-style-type: none"> <li>• Capacity Building: GSA/GEPA/MOTI/JET to support with improvement of the export compliant capacity and skills level to meet the needs of international brands and retailers.</li> <li>• GRA-Customs/MOF/MOTI to improve trade facilitation at the port should be considered a priority by government to boost exports of textile/garments products.</li> <li>• GOG policy is required to effectively and efficiently control the importation and use of second-hand clothing in Ghana</li> <li>• GOG/FDCO to support and advocate for local policy mandating all</li> </ul>	<ul style="list-style-type: none"> <li>• AGAM/JET should increase transparency in the sector and provide market information, ensuring financing for entrepreneurs and SMEs, increase productivity, develop skills and provide training tools, and putting suppliers and buyers in touch.</li> <li>• GOG to provide conducive business environment for the textile and garment sector to increase foreign investment</li> </ul>

	<ul style="list-style-type: none"> <li>• Access to market still presents challenges to the local garment producers. The factories require large orders (contract) to feed the production lines to survive.</li> <li>• Lack of entrepreneurial and managerial skills limiting ability to secure orders.</li> <li>• Access to finance and high cost of capital limits the potential of the sector. The sector depends largely on supply orders to survive but could minimize impacts if capital is available for mass production for the local market.</li> <li>• Lack of acquisition of modern machines and technology as a line of production alone requires about 24 different machines and equipment but these are very costly for the local players.</li> <li>• Defect is a big issue for garment manufacturers. After finishing the product, a number of defects are found on garments like loose buttons, holes, stains, discoloration, inappropriate trimming, poor ironing, loose thread, etc. All these happen due to poor communication, improper cutting, trimming, improper handling of the parts of the garments, etc.</li> <li>• Inconsistent and unreliable electricity power supply has been a major concern causing the collapse of the garment businesses and retrenchment of workers employed in the sector.</li> <li>• Access to and high cost of land are major barriers to entry into garment sector.</li> <li>• AGAM is a private sector apex body organizing the players to advocate for development of the garment sector to increase investment and create more jobs for the teeming population especially young women, and</li> </ul>	<p>national uniforms to be manufactured in Ghana .</p> <ul style="list-style-type: none"> <li>• MOTI/JET to contract EMPRETEC Ghana and other capacity building institutions to provide entrepreneurial and management skills training for key players in the textile and garment sector</li> <li>• GOG/TVET/JET to support for local skills development in garment and components.</li> <li>• GOG/JET to assist AGAM to engage sourcing agent to provide business for Ghanaian suppliers of garment products.</li> <li>• GOG/JET to incentivize international sourcing agents to promote garment products from Ghana .</li> <li>• Technical and engineering experts in garment manufacturing should be contracted to provide support to sector players</li> <li>• Government should provide support to AGAM to maintain the offices and to do advocacy in order to properly structure the sector and carry out its activities to achieve their aims.</li> <li>• MOTI/JET/AGAM and all other associations: Concerted efforts of all stakeholders in the supply chain and</li> </ul>	
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	<p>socially excluded persons in the societies. However, the Association lacks funding as it relies on only its membership monthly subscription of GHS100 which far below its expenditure thus limiting its effort to carry out the functions to achieve their aims.</p> <ul style="list-style-type: none"> <li>• Lack of availability of quantity of fabrics locally. A lot of the small-scale producers (fashion designers) are influenced by locally manufactured textiles products increasing demands of these products. However, limitation by small production of local cotton-based fabrics could not meet their demands in terms of quantity of yards needed to produce sample order for a particular garment design for distribution across sale centres.</li> <li>• Quality of fabrics, factory workers agitation with poor conditions of services, lack of motivation, inadequate facilities and high reward system, lack of funding, and insufficient managerial ability.</li> <li>• Lack of awareness of the GSA standardization of garment products by most small and medium players. Most of the individual small scale garment producers were not aware of statutory authority/body to certify garment products from Ghana for quality standard checks before exportation to other countries to protect Ghana 's fashion image on the international fashion scene.</li> <li>• Low accessibility to preferred fabric type, quality and quantity (polyester, nylon, silk, etc.)</li> <li>• Limited access to information, including trends, buyers, and market data</li> <li>• The garment order (contract) passes through a lengthy and unique process in many ways. From preparation to</li> </ul>	<p>regulatory bodies to unify the fragmented associations in different segments and government policy support.</p>	
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	<p>finishing the products to meet quality approvals, there are various challenges that garment manufacturers face in order processing. Half-baked products lying in the warehouse to be sent to the next jobber or improper follow-ups with jobbers for receiving goods delay things in general.</p>		
(vi) Supply Of Garment Products to End Users	<ul style="list-style-type: none"> <li>• Final products of garments are essential to the garment sourcing agents, buyers and distributors in industry. Sourcing agents, buyers and distributors depend on a great number of garment manufacturers across the globe for garment products. One key issue is the quality of the finished garments in addition to on time delivery of the products.</li> <li>• Ever-fast changing of the fashion industry especially with seasonality makes it a challenge for meeting the consumer demand within the immediate and short periods.</li> <li>• Production delays are common in the garment industry. Human errors, inefficiency in the supply chain, slow production, following outdated manufacturing processes, lack of transparency are some of the reasons that the garment industry is still dealing with unnecessary production delays.</li> <li>• Inaccurate knowledge of exact requirement during production phase, natural disasters, geopolitical instability, non-tariff restrictions, freight forwarding and clearing challenges are serious threats to most sourcing agents, buyers and distributors as they affect delivery of finished garments.</li> </ul>	<ul style="list-style-type: none"> <li>• GSA/GEPA/MOTI/JET to support with improvement of the export compliant capacity and skills level to meet the needs of international brands and retailers.</li> <li>• GRA-Customs/MOF/MOTI to improve trade facilitation at the port should be considered a priority by government to boost exports of textile/garments products.</li> <li>• GOG policy is required to effectively and efficiently control the importation and use of second-hand clothing in Ghana</li> <li>• GOG/JET to incentivize international sourcing agents to promote garment products from Ghana .</li> </ul>	

	<ul style="list-style-type: none"> <li>• High cost of production affects the competitive pricing of garment products from Ghana and as a result most buyers and sourcing agents look elsewhere in Asia rather than Ghana .</li> <li>• Domestic sales (wholesale and retail) of garment products are hampered by high import volumes of second-hand clothing as most of domestic buyers find them at cheaper prices.</li> <li>• The cost of maintaining sourcing agents for manufactured garments is high as Ghana ian manufactured garments are costly compared to Asian countries.</li> </ul>		
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## References

## Annex 1: Opportunities matrix for local manufacturers (quantify market opportunities per specific potential client)

Below we present the opportunity matrix which indicate the potential markets within the country for textile and garment products. This matrix is designed to show the opportunities and demand potential for uniform-based service providers. The basis for the estimations is as follows (sources include Ghana Statistics Service, Ghana Health Service, Ghana Progressive Hotels Association (GhPHA) and Ghana Hotels Association (GHA):

- Association of Private Security Organisations of Ghana (APSOG) is a uniform-based security service provider formed in 1998 with a total number of 25 registered companies, which increase to 57 in 2005 and currently the organisation embraces more than 350 companies in 2020. APSOG's primary concern is regulation of the industry. The private security industry is rapidly growing in Ghana and today has a strength of over 15,000, spread all over the country. APSOG wishes to ensure that the industry is fully regulated to be able to co-operate efficiently with stakeholders.
- GNFS uniform staff strength of 12,862 as at 2019
- There are about 52,258 individuals currently formally working in the health sector in public, CHAG, private, Islamic Missions, quasi-government and other organizations in Ghana as of 2021. The MOH employed 42,299 staff in GHS, teaching hospitals, CHAG, and health training institutions, regulatory bodies and headquarters.
- As of May 2020, health facilities in Ghana were mainly government hospitals, 1,625 of them. Private hospitals and health facilities from the Christian Health Association of Ghana (CHAG) reached 928 and 220 in number, respectively. Total number of Health Facilities in Ghana stood at 2,857 including private and mission facilities and with average of 10 to 11 bed per facility. Total number of hospital beds in Ghana stood at 29,000 in 2020
- Total number of hotels and similar establishment was 2,570 in 2014 with a total of 45,507 number of beds

Potential Users Textile & Garment	No. of Personnel	Estimated Unit Cost	Amount (\$)
Hospitality Sector (Uniforms)	205,600	62.5	12,850,000
Education Sector (Public SHS Uniform)	1,072,000	16.67	17,870,240
Ghana Police Officers (Uniform)	30,000	150	4,500,000
Ghana Armed Forces (Uniforms)	16,500	150	2,475,000
National Fire Service (Uniforms)	12,862	200	2,572,400

GRA-Customs Division	-		-
Health Sector (personnel uniform)	52,258	20	1,045,160
2,857 number of Health Facilities (2 bedsheets)	29,000	10	290,000
Private Security Agencies (350 Registered members)	15,000	50	750,000
Ghana Immigration Service (Uniforms)	5,000	150	750,000
Construction Sector	-		-
<b>TOTAL</b>			<b>43,102,800</b>

## Annex 2: Trade in Textile and Garment Products with ECOWAS (2015-2019)

Trade in Textile and Garment Products with ECOWAS Countries (US\$ Thousand) in 2015 – 2019										
	2015		2016		2017		2018		2019	
	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import
Benin	2,750.96	246.90	2,434.77	5.20	2,459.18	213.10	2,585.29	0.60	2,487.45	105.52
Burkina Faso	10,591.37	31.30	3,114.07	2.67	1,961.22	274.03	7,718.31	858.90	15,799.22	2,075.07
Cote d'Ivoire	5,806.10	3,729.23	4,560.28	386.15	2,824.87	850.18	3,478.11	1,764.27	1,946.17	455.22
Guinea	474.55	5.44	43.47	1.20	62.86	3.82	130.17	6.18	122.03	6.50
Gambia		93.64	1.98	0.04	2.91	1.07			22.01	0.16
Liberia	171.89	30.24	1.52	23.02	42.16	56.68	10.80	54.19	5.75	37.07
Mali	76.46	8.55	49.57	1.71	88.37	2.70	23.71	0.75	1.93	18.92
Niger	307.63	4,902.39	1,835.19	4.24	149.15	1.46	179.85	70.31	502.67	0.34
Nigeria	6,306.85	39.05	1,035.88	304.87	974.21	5,340.00	322.56	1,547.89	317.05	747.92
Senegal	21.48	1.10	14.04	20.52	23.40	17.42	17.51	24.51	8.75	116.82
Sierra Leone	34.64	8,715.99	13.04	1.45	69.14	9.77	19.23	12.79	14.10	3.26
Togo	1,269.14		1,642.68	6,452.27	1,304.70	7,946.74	1,106.91	4,664.30	5,106.65	1,635.16
<b>TOTAL</b>	<b>27,811.07</b>	<b>17,803.83</b>	<b>14,746.49</b>	<b>7,203.34</b>	<b>9,962.17</b>	<b>14,716.97</b>	<b>15,592.45</b>	<b>9,004.69</b>	<b>26,333.78</b>	<b>5,201.96</b>

### Ghana's Export of Cotton to Trading Partners

Period	Partner	Trade Value (US\$)	Net weight (kg)
2015	World	\$1,644,870	0
2015	Bangladesh	\$308,041	0
2015	Indonesia	\$1,126,826	750,171
2015	Viet Nam	\$210,001	145,000
2016	World	\$1,687,882	1,344,234
2016	Greece	\$60,321	118,174
2016	Indonesia	\$454,000	320,000
2016	Morocco	\$32,244	25,000
2016	Viet Nam	\$1,011,197	781,737
2016	Thailand	\$129,159	99,099
2016	USA	\$962	224
2017	World	\$2,041,811	1,195,982
2017	Bangladesh	\$550,152	323,450
2017	Indonesia	\$352,894	200,000
2017	India	\$1,138,764	672,532
2018	World	\$2,063,704	1,201,807
2018	Indonesia	\$1,792,777	1,054,805
2018	Viet Nam	\$189,427	98,930
2018	Turkey	\$81,498	48,072
2019	World	\$1,488,398	864,615
2019	France	\$76,192	74,685
2019	Indonesia	\$1,055,983	591,717
2019	India	\$356,222	198,213

### Ghana's Import of Cotton from Trading Partners

Period	Partner	Trade Value (US\$)	Net weight (kg)
2015	World	\$732,369	561,567
2015	China	\$13,267	8,839
2015	Germany	\$45	169
2015	Côte d'Ivoire	\$700,324	501,690
2015	Nigeria	\$870	410
2015	United Arab Emirates	\$322	422
2015	United Kingdom	\$362	36
2015	Burkina Faso	\$17,177	50,000
2015	World	\$5,590	8,009
2015	China	\$1,871	3,673
2015	Saudi Arabia	\$51	241
2015	India	\$3,668	4,094
2016	World	\$5,186	80,832

2016	China	\$469	534
2016	Benin	\$4,474	80,000
2016	Germany	\$237	296
2016	India	\$5	2
2016	World	\$1,025	2,336
2016	China	\$959	2,303
2016	Israel	\$67	34
2017	World	\$272,201	267,244
2017	Italy	\$50	25
2017	India	\$402	9
2017	USA	\$61	117
2017	Burkina Faso	\$271,686	267,093
2017	World	\$1,102	2,459
2017	China	\$779	2,050
2017	Italy	\$90	169
2017	Nigeria	\$89	160
2017	Spain	\$68	36
2017	USA	\$74	42
2018	World	\$1,657,371	971,054
2018	China	\$3,247	11,850
2018	China, Hong Kong SAR	\$31	20
2018	Côte d'Ivoire	\$797,689	460,287
2018	Burkina Faso	\$856,403	498,897
2018	World	\$1,494	1,734
2018	Finland	\$59	125
2018	Germany	\$676	650
2018	United Kingdom	\$180	347
2018	USA	\$577	612
2019	World	\$2,063,555	1,358,579
2019	China	\$1,777	2,513
2019	United Kingdom	\$14	98
2019	USA	\$35	240
2019	Burkina Faso	\$2,061,727	1,355,728
2019	World	\$3,988	5,758
2019	China	\$2,822	4,050
2019	Germany	\$536	92
2019	Nigeria	\$211	330
2019	United Arab Emirates	\$418	1,286

### **Annex 3: Detailed List of Stakeholder Groups in the Textile and Garment Sector**

The list of the stakeholder in the textile supply chain are provided below.

#### ***Ministries Departments and Agencies***

1. Ministry of Finance
2. Ministry of Trade and Industry
3. Ghana Export Promotion Authority
4. Ghana Cotton Development Authority
5. Ghana Investment Promotion Centre
6. Ghana Revenue Authority –Customs Division
7. Ghana Ports and Harbors Authority
8. Ghana Shippers Authority
9. Ghana Standards Authority
10. Food and Drugs Authority
11. Ministry of Tourism, Arts and Culture
12. Ghana Tourism Development Company
13. Ghana National Labor Commission
14. Environmental Protective Agency
15. Bank of Ghana

#### ***Trade and Business Associations***

1. Association of Ghana Apparel Manufacturers (AGAM)
2. Dressmakers and Tailors Association
3. Textile Garments and Leather Employees Union (TEGLEU)
4. Association of Ghana Industries (AGI)
5. Ghana National Chamber and Commerce (GNCC)
6. Kente weavers Association of Ghana
7. Textile Handweavers Association
8. GUTA - Textile/Garment Exporters and Importers
9. Ghana Private Road Transport Union

#### ***Textile Companies:***

1. Ghana Textile Products Company (GTP) Limited
2. Tex Styles Ghana Limited
3. Ghana Textile Manufacturing Company (GTMC) Limited
4. Akosombo Industrial Textiles
5. Printex Ghana
6. Volta Star Textile Limited

***Key Garment Companies (AGAM):***

1. KAD Manufacturing Limited
2. Global Garments and Textiles
3. Lizdon Fabrics and Garments
4. Sleek Garments Exports Ltd
5. Dignity DTRT Apparel
6. Maagrace Garment Industries
7. Katenit Textiles Limited
8. Just Me Fabrics and Fashions
9. Winglow Fashion Academy
10. Catherine Garments
11. Alfie Designs
12. Nallem Clothing Ltd
13. Juantex Enterprise
14. Navina Catel Garments
15. Ansakof Clotheries
16. FCA Garment Factory
17. Key Textile Company Ltd
18. SKD Textile

***Raw Materials and Accessories Suppliers***

1. Homeland Ghana
2. Garment Solutions
3. Vlisco Ghana Group
4. Ghana Textile Printing Company Ltd
5. Volta Star Textiles Ltd
6. Tribe Clothing and Accessories Ghana

***Selected Potential Users of textile and garment products***

***Hospitality (1365 Hotels, Accommodation and Resorts):***

1. Ghana Hotels Association
2. Ghana Progressive Hotels Association
3. Movenpick Ambassador hotel
4. Fiesta Royale Hotel
5. Golden Tulip Hotel
6. La Palm Royal Beach Hotel

***Health services:***

7. Ghana Health Service
8. Private Hospitals
9. Teaching Hospitals

*The security Services:*

10. Ghana Armed Forces
11. Ghana Police Service
12. Ghana National Fire Service
13. GRA-Customs Division
14. Ghana Immigration Service
15. Private Security Service Providers

**Annex 4: List of institutions/people consulted**



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<sup>1</sup> African Growth and Opportunity Act <https://agoa.info/news/article/15300-ghana-garments-industry-receives-10-million-ghana-eximsupport.html>

<sup>2</sup> [www.gipcghana.com/invest-in-ghana/sectors/textiles-garment.html](http://www.gipcghana.com/invest-in-ghana/sectors/textiles-garment.html)

<sup>3</sup> African Growth and Opportunity Act <https://agoa.info/news/article/15300-ghana-garments-industry-receives-10-million-ghana-eximsupport.html>

<sup>4</sup> <https://agoa.info/news/article/15300-ghana-garments-industry-receives-10-million-ghana-exim-support.html>

<sup>5</sup> Protection under the law is not applicable to anything in an industrial design which serves solely to obtain a technical result to the extent that it leaves no freedom as regards arbitrary features of appearance.

<sup>6</sup> <http://www.businessghana.com/site/news/business/187213/Government-fixes-cotton-prices-for-2019-2020-crop-season>