

Advocating for a Functional Competition Regime/Framework in Ghana (COMPAD)

Background and Rationale

The objective of a functional competition regime is to promote competition, and contribute towards increased efficiency as well as curb anti-competitive practices in the market. It aims to ensure wider consumer choice in markets for goods and services, through innovation and efficient resource use by players in the market to promote economic welfare. Further, it endeavours to stimulate effective price competition among suppliers, and deter anti-competitive behaviour, which helps both producers and consumers. If passed and implemented effectively, empirical evidence and country experience suggests that an effective competition regime can promote private sector development, economic growth and poverty reduction in both developing and least developed countries.

Several studies¹ have corroborated this hypothesis, and the understanding motivated a large number of countries from Africa and Asia to embrace competition law/policy in the last decade or so. Eminent economist like Nobel Laureate Joseph Stiglitz (2001) asserts that, **“Strong competition policy is not just a luxury to be enjoyed by rich countries, but a real necessity for those striving to create democratic market economies”**.

Anti-competitive practices including cartels, abusive monopolies, predatory pricing, collusive tendering, exclusive market sharing agreements, etc. has negative effects on both consumers and producers, reducing both consumers and producers surplus. Certainly, a well-enforced competition regime reduces uncertainty for

businesses and is an important element of a regulatory package for private sector development. In competitive environments, firms are pushed to innovate and find better and more efficient ways to produce and distribute goods and services. Businesses tend to benefit from a well-enforced competition law, for instance, through cheaper (not overpriced) inputs and indirectly through the impact of competition law and policy in creating a good investment climate. CUTS with support from The Business Advocacy Challenge (BUSAC) Fund is implementing a project entitled: **Advocating for a Functional Competition Regime/Framework**, referred to as **(COMPAD)**, to advocate for a well-enforced competition regime in Ghana.

Project Goal

The goal of the project is to facilitate the process towards evolution of a national competition regime in Ghana, through an informed process, incorporating views of key actors and with support from Ghanaian business and consumers.

Project Objectives

The project seeks to:

- a. Inform key stakeholders of the need to engage in the process of evolution of the national competition regime in Ghana;
- b. Integrate inputs from private sector into the development of a national competition regime;

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- c. Improve stakeholder awareness on competition policy and law issues.

Project Activities

Research: Field research would be carried out to identify the cases and concerns arising out of anti-competitive behaviour. This research phase of the project is therefore crucial to the advocacy and sensitisation work in the later phases of the project. Two outputs from the research phase shall be “The State of Competition in Ghana” and “Why should Ghanaians be interested in Competition Policy and Law.”

Advocacy: Four advocacy forums will be organized for policy makers and business associations, where the research findings will be presented to the stakeholders. These meetings will be organised to generate awareness, elicit support and buy-in for a functional competition regime, and to build capacity on competition concerns of their respective sectors and firms.

Roundtable: There will be a high powered roundtable meeting which will involve select officials from the government, representatives from business and civil society organizations to dialogue in addressing obstacles, if any towards the development of the policy.

Media outreach: The media shall be used as a tool to propagate the message and also inform and educate the public about the significance of a functional competition regime. Feature articles, press releases, TV and radio appearances and documentaries shall be employed.

Project Outputs

- Publication of a booklet, containing evidence of concerns emanating from lack of an effective competition regime;
- Identification of a small group of multiple stakeholders who can engage meaningfully on competition policy and law issue, and greater attention and visibility to competition issues by consumers and businesses.

Project Outcomes

- Informed participation of policymakers and senior government officials in the process of adopting the National Competition Regime of Ghana, and greater interest among businesses and civil society on competition issues in Ghana;
- Evolution of the national competition regime in Ghana, through an evidence based and open process.

Endnote

- 1 Some of the noteworthy reports/studies include, The World Bank’s Global Economic Prospects 2003; Levenstein, M.C. and V.Y. Suslow (2001) “Private International Cartels and their Effects on Developing Countries”; Jenny, F. (2002) study of cartels for aluminium, steel and heavy electrical equipment; Clarke, J. and S. Evenett, (2003) “The Deterrent Effect of National Anti-Cartel Laws: Evidence from the International Vitamins Cartel”.