

# Reducing Poverty through Increased Trade: Case Study and Recommendations for Saboba, Ghana

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|      |   |    |
|------|---|----|
| I.   | Introduction . . . . .  | 1  |
| II.  | Why Choose Saboba, Ghana? . . . . .                                   | 2  |
| III. | The Current International Development and Trade Arena . . . . .       | 3  |
|      | A. Development Background . . . . .                                   | 3  |
|      | B. Poverty Levels Around the World . . . . .                          | 4  |
|      | C. Defining the “Problem” . . . . .                                   | 7  |
|      | D. Trade and Poverty: Where Trade and Development Intersect . . . . . | 10 |
|      | i. Interaction of International Organizations . . . . .               | 14 |
|      | E. Development and trade in Ghana . . . . .                           | 15 |
|      | i. Ghana's Need for Water . . . . .                                   | 18 |
| IV.  | Current Approach and Programs that Work . . . . .                     | 19 |
| V.   | The Cure: My Solutions and Recommendations . . . . .                  | 21 |
|      | A. Country Level Recommendations . . . . .                            | 21 |
|      | i. Legislative changes . . . . .                                      | 22 |
|      | ii. Increase FDI/exports . . . . .                                    | 24 |
|      | iii. Build infrastructure . . . . .                                   | 27 |
|      | B. International Level Recommendations . . . . .                      | 29 |
|      | i. Deal with market access compared to market entry . . . . .         | 29 |
|      | ii. Financial and technological support . . . . .                     | 31 |
| VI.  | Conclusion . . . . .  | 32 |

## I. Introduction

This paper analyzes trade and its relationship with development. It includes a case study of trade and development in the Saboba region of Ghana, West Africa. It ties directly to issues in this course—trade, equity, and democracy—because without the proper level of development and infrastructure an undeveloped region cannot benefit from even the most lenient or favorable trade relations. Additionally, nothing happens in a vacuum, particularly in the increasingly political globalizing economy.

As a preliminary matter, this paper will discuss my interest in the Saboba region of Ghana. Following the brief overview of my interest in Saboba, the body of this paper will first discuss the current issues in the international arena with regard to development and trade.

Second, the paper will discuss the specific issues related to development and trade in the Saboba region. Following the specific issues faced in the Saboba region, this paper will consider programs that have been undertaken to aid with the development of trade deficiencies through infrastructure development. Finally, the paper will consider several solutions and make recommendations to the development of infrastructure in the Saboba region.

## **II. Why Choose Saboba, Ghana?**

In early October of 1948, Mel and Marita McNutt moved with their family from Compton, California to Saboba, Ghana, which is located on the horn of Africa. Mel and Marita moved with their four young children, ages 4, 8, 11, 13. One of the purposes of their relocation was to build a hospital for the care of the locals. The natives live in many different family villages. At the time of their arrival, the McNutt's were the first western (white) family to live among the region.

With the help of many native workers, Mel built a hospital out of prefabricated building material obtained from the military. The hand-built hospital was the first hospital in the region. It is still in operation, but has been expanded to hold 50 patients.

Prior to the opening of the hospital, Marita served as the first "nurse" to the locals. While she never had formal medical training, she did a commendable job of treating injuries, sickness, and other maladies out of a trunk of medicines she had brought with her from the United States. She had also obtained medication from a British Doctor and instructions on how to treat people with spinal Meningitis, which was endemic at the time.

The McNutts taught the locals many responsibilities often unthought-of in the United States, responsibilities like the basic necessities of cleanliness, nutrition, and disease prevention. These "lessons" caused the McNutts to form a very close bond with the people. As a result, the

McNutt family has always remembered the Konkomba tribe and the blessings and memories they are part of.

Over fifty-seven years since their first visit to Saboba, and after fulfilling lengthy lives of giving, teaching, and making positive impressions on people all over the world, both Mel and Marita have passed away. It is in their memory that this paper is written.

### **III. The Current International Development and Trade Arena**

#### **A. Development Background**

In its Millennium Declaration, the General Assembly of the United Nations (U.N.) expressed the fundamental principles of the organization to be the establishment of a more peaceful, prosperous and just world.<sup>1</sup> In addition proclaiming its fundamental principles, the General Assembly also expressed its commitment to “making the right to development a reality for everyone and to freeing the entire human race from want.”<sup>2</sup> This bold expression of values, principles, and commitments presents the UN with the daunting task of making them become a reality, not merely dreamy words on paper. The question for outsiders then becomes whether the UN has the structure and support to be able to carry out its goals, and if not then how can these goals be made reality.

When an international organization undertakes the task of aiding development in under developed nations it faces many issues. These issues range from financial constraints to social acceptance. Since the topic of development in general may consume many volumes, this paper will focus on the aspect of development through increased trade and the need for certain

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<sup>1</sup> United Nations Millennium Declaration, p.1, *available at* <http://www.un.org/millennium/declaration/ares552e.htm> (last visited October 30, 2004) (hereinafter “Millennium Declaration”).

<sup>2</sup> *Id.* at 2. There are several goals and aspirations expressed in the Millennium Declaration. The values and principles related to development and poverty include: making the right to development a reality for everyone and to **freeing the entire human race from want**; create an environment that is conducive to development and to the elimination of poverty; an open, equitable, rule-based, predictable and non-discriminatory multilateral trading and financial system.

minimum levels of infrastructure. Within this segment the problem with "Free From Want"<sup>3</sup> is that there are many perspectives about "how," due to the very unbalanced international economic environment.

This often volatile environment has many countervailing forces which include, naming only a few: capitalism v. socialism, democracy v. communism, profit maximization v. social welfare, and sustainable growth v. global efficiency. However, regardless of the individual desires of citizens, third world and developing countries are constantly confronted with the need to address and structure trade policy.<sup>4</sup> Additionally, developing nations constantly face issues about what they should allow developed nations to include in "Free Trade Agreements" and how to otherwise support economic development. By understanding these issues, developing nations can become integrated into the global economy and benefit from its economic advantages.

## **B. Poverty Levels Around the World**

There are currently 1.3 billion people—about one quarter of the global population—in the world living in poverty.<sup>5</sup> There are also 1.2 billion people who live without sanitary water<sup>6</sup> and 2.4 billion lack access to improved sanitation.<sup>7</sup> Over five hundred million people—

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<sup>3</sup> In addition to the values and principles stated above, the Millennium Declaration has set several very high inspirational goals. These goals include: halve by 2015 the proportion of the world's people whose income is less than one dollar a day; to ensure children everywhere (both boys and girls) are able to complete a full course of primary education; reduce maternal mortality by three quarters, and under-five child mortality by two thirds; to have halted and begun to reverse the spread of HIV/AIDS; to have significantly improved the lives of at least 100 million slum dwellers. See Millennium Declaration *supra* note 1, at subsection 19.

<sup>4</sup> The World Bank Group, *Development, Trade and the WTO: A Handbook*, copy available at [http://www-wds.worldbank.org/servlet/WDS\\_IBank\\_Servlet?pcont=details&eid=000160016\\_20040819140633](http://www-wds.worldbank.org/servlet/WDS_IBank_Servlet?pcont=details&eid=000160016_20040819140633) (last visited October 30, 2004). Many scholars and practitioners claim that the interests of third world citizens are exploited by the developed world because of a lack of bargaining power. It is this lack of bargaining power and the social reality that nations will only do what is best for its' citizens that drives many of the conflicts this paper seeks to overcome.

<sup>5</sup> Ilana Voivie, *Buy Nothing, improve everything*, Humanist Volume 63, Issue 6 (Nov., 2003) (hereinafter Voivie Buy Nothing. Additionally, the UNDP 2003 Human Development Report cites the number of people in poverty to be 1.2 billion. See United Nations Development Programme (UNDP), Human Development Report 2003, at 5 (hereinafter UNDP Report 2003). Poverty is defined as surviving on less than \$1 per day. *Id.*

<sup>6</sup> See *id.*

<sup>7</sup> UNDP Report 2003, *supra* note 5, at 9. UNDP statistics state that more than 1.0 billion people in developing countries-one person in five-lack access to safe water.

including one third of all children are malnourished.<sup>8</sup> As such, it has long been one of the fundamental goals of the many international organizations to eliminate poverty. Statistics show that since 1960 malnutrition rates have declined by more than one-third, and the proportion of rural families without access to safe water has fallen from nine-tenths to about one-quarter.<sup>9</sup> Also, during the 1990s the proportion of people suffering from extreme income poverty fell from 30% to 23%.<sup>10</sup>

While the numbers thus far seem to show a trend toward a reduction of poverty, which would persuade an innocent observer that organizations promoting development are fulfilling their need, a closer look shows something drastically different. An important consideration is the world's population, which grew significantly during the 1990s.<sup>11</sup> With this in mind, and considering strictly the numbers, there are two factors which show that the number of individuals actually living in poverty increase significantly during this period. First, only 123 million people actually crawled above the \$1 per day mark.<sup>12</sup> Second, after China and its huge and recently booming economy is deducted from the calculation, the number of extremely poor people actually increased by 28 million.<sup>13</sup> This simple example explains that the increase in the world's population was the only true reason for the 7% reduction in poverty cited above.

In addition to the number of people living in poverty increasing, the difference between the per capita income of the poorest twenty percent and richest twenty percent of the global

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<sup>8</sup> *Id.*

<sup>9</sup> United Nations Development Programme (UNDP), Human Development Report 1997, at 31 & 39. UNDP Human Development Report 2000, at 2 (hereinafter UNDP Report 1997).

<sup>10</sup> UNDP Report 2003, *supra* note 5, at 5.

<sup>11</sup> Jenkins, Prescott, Tornberg, Ewart, *International Legal Developments in Review: 2002 Public International Law*, International Lawyer, 37 Intl law. 609 (Summer 2003) (hereinafter Jenkins et al).

<sup>12</sup> *Id.*

<sup>13</sup> *Id.* The increase in poverty was nondiscriminatory. Nations included on the list are from Latin America and the Caribbean, the Arab States, Central and Eastern Europe, and Sub-Saharan Africa. *Id.*

population more than doubled, in the period between 1960 and 1997.<sup>14</sup> Some may say this is just an exaggeration of the extremes, but statistics show the average North American consumes five times more than an average Mexican, ten times more than an average Chinese citizen, and at least thirty times more than an average citizen of India.<sup>15</sup> This egregious difference in consumption is further highlighted by considering the consumption of the developed nations as a whole. Inhabitants of developed nations, “while constituting about 20 percent of the world’s population, consume 86 percent of its material goods.”<sup>16</sup> Finally, to highlight the extreme destitute nature of living conditions of the poorest people, it is important to note that the combined assets of the ten richest billionaires exceed \$133 billion, more than one and a half times the combined total national income of the least developed nations combined.<sup>17</sup>

One might ask “Why the significant and increasing difference in consumption and income?” Well, according to the UNDP, it is “the increasing globalization of world economies is widening the economic disparity between the most developed and least developed nations.”<sup>18</sup> This “globalization” of world economics has widened the economic and social disparities that exist between the richest and the poorest nations.<sup>19</sup> In addition to the cause of the inequality of wealth, the UNDP is concerned with “a ‘dangerous polarization’ of rich and poor nations, and questions global economic practices that seem to value profits more than people.”<sup>20</sup> According to the UNDP, “[t]he extreme poverty in least developed countries [] will worsen if current

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<sup>14</sup> See Voivie Buy Nothing, *supra* note 5.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Id.*

<sup>18</sup> Michael Kirkland, *Wealthy Nations Shouldn't Overlook Less fortunate*, The State News (July, 1999) (hereinafter Kirkland Wealthy Nations).

<sup>19</sup> Joseph R. McCarthy, *The Third United Nations World Conference on the Least Developed Countries: A Global Agenda for The Millennium*, 10 NYLSJHR 487 (Summer 2002).

<sup>20</sup> See Kirkland Wealthy Nations, *supra* note 18.

economic trends continue....”<sup>21</sup> According to some appalling news coverage of the UN programs’ effects on LDCs, one reporter proclaimed that “[t]he report presents a new set of poverty estimates showing that extreme poverty in [the LDC] countries has doubled over the past 30 years to 307 million.”<sup>22</sup>

On the other hand, it is not proper to simply blame the most developed of countries for their growing consumption rates, or to just try to get the most developed to slow down consumption. What is important to recognize is that the “cure” for many of the UN’s millennium goals are not tied to one factor. It is unquestionable that, “[n]o one would attribute such problems solely to underdevelopment, but underdevelopment is surely part of the disease. And development—sustainable, people centered development—will always be a part of any cure.”<sup>23</sup> The focus must be redirected from increased market access to development training and support. “[W]e need to increase trade and foreign investment. But we also need to increase development assistance.”<sup>24</sup>

### C. Defining the “Problem”

Underdevelopment and the lack of international assistance were first recognized by the UN in 1971.<sup>25</sup> At that time, “the collective international community participating in the United Nations General Assembly recognized a group of nation-states characterized by severe poverty and economic misfortune.”<sup>26</sup> The UN Economic and Social Council created the LDC status,

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<sup>21</sup> *Extreme Poverty in Poorest Countries Might Worsen, Says U.N. Agency*, Xinhua News Agency (June, 2002).

<sup>22</sup> *Id.*

<sup>23</sup> James G. Speth, *Toward Security for All, Development Assistance and Global Poverty*, Environmental Law Reporter, 32 ELR 10480 (April, 2002).

<sup>24</sup> *Id.*

<sup>25</sup> See Statistical Profiles of the LDCs, 2001: What are the Least Developed Countries?, available at <http://www.unctad.org/Templates/Search.asp?intItemID=1890&lang=1&frmSearchStr=Statistical+Profiles+of+the+LDCs&frmCategory=all&section=whole> (last visited October 30, 2004) (hereinafter Statistical Profiles).

<sup>26</sup> *Id.*

with three main criteria.<sup>27</sup> First, the LDCs are low-income nations, based on the gross domestic product per capita.<sup>28</sup> Second, the LDCs are characterized as having weak human resources, based on indicators such as life expectancy, adult literacy, and caloric intake.<sup>29</sup> Finally, the LDCs suffer from low levels of economic diversification, based on a percentage of manufacturing in the gross domestic product, the rate of employment, and the annual per capita commercial energy consumption.<sup>30</sup> This definition of LDC status has not changed since its creation, and is still based on “income poverty.”

One way that the concept of poverty has changed is the addition of the concept of “human poverty” as defined by the UN. To date, Every Human Development Report has “argued that the purpose of development is to improve people’s lives by expanding their choices, freedom, and dignity.”<sup>31</sup> This purpose of improving lives by expanding choices, freedom, and dignity requires a consideration of several other criteria.<sup>32</sup> Human poverty involves the lack of basic capabilities to “lead full, creative lives—as when people suffer from health, are excluded from participating in the decisions that affect their communities, or have not right to guide the course of their lives.”<sup>33</sup> Thus, LDC status is directly related to income poverty, but the development goals of the UN are related to human poverty. Human poverty requires people to have more than just income. People must have infrastructure, education, equal treatment, and a chance to influence their own lives.

At the Third United Nations Conference, 193 participating governments again committed themselves to eliminating world poverty and improving the quality of life in the world’s poorest

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<sup>27</sup> *See id.* at 1.

<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

<sup>30</sup> *Id.*

<sup>31</sup> UNDP Report 2003, *supra* note 5, at 27.

<sup>32</sup> *Id.*

<sup>33</sup> *Id.*



nations.<sup>34</sup> They pledged a new commitment to helping nations suffering from social and economic failure.<sup>35</sup> At the close of the conference, members adopted a plan of action containing a broad range of initiatives under the Program of Action for the Decade of 2001-2010.<sup>36</sup> The members also adopted the Brussels Declaration outlining the objectives of the Third World Conference: to develop a strategic formula combining the resources of the LDCs and the international community to eliminate extreme poverty and integrate the LDCs into the global economy.<sup>37</sup> The partnership framework underlying the Program of Action allows the LDCs and their development partners to design and implement policies and measures necessary for economic and social recovery.<sup>38</sup> But, the Program of Action did not establish specific guidelines; rather, it restated the objectives from past meetings— to “significantly improve the human conditions of the 49 LDCs” during the present decade.<sup>39</sup>

In contrast to my view, some supporters argue that the outcome of the conference will further allow the developed nations to support LDCs. These supporters claim that it is “[b]ecause of a commitment by the participating nations of the Third World Conference on the Least Developed Nations, the world has moved closer in the direction of bridging the gap

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<sup>34</sup> See Brussels Conference Commits to Eradicating Poverty in the World’s Poorest Countries; Decade-Long Action Programme Calls for Partnership; Mutual Commitments, U.N. Doc. DEV/BRU/24 (2001), available at [www.unctad.org/conference/devbru24e.htm](http://www.unctad.org/conference/devbru24e.htm) (last visited October 30, 2004).

<sup>35</sup> See *id.* The conference found that millions of people are without adequate food, water, housing, healthcare, and education. Additionally, almost ten percent of the world’s population lives in extreme poverty. See also Third U.N. Conference on the Least Developed Countries, available at <http://www.unctad.org/conference/background.htm> (last visited October 30, 2004).

<sup>36</sup> See Programme of Action for the Least Developed Countries, U.N. Doc. A/CONF.191/11 (2001). The Programme of Action was adopted by the UN Conference on LDCs in Brussels, Belgium on May 20, 2001, and subsequently by the General Assembly on June 8, 2001.

<sup>37</sup> See Brussels Declaration, Third United Nations Conference on the Least Developed Countries, at 1, U.N. Doc. A/CONF.191.12 (2001).

<sup>38</sup> See McCarthy Third UN Conference; see also Brussels Conference Commits to Eradicating poverty in the World’s Poorest Countries; Decade-Long Action Programme calls for Partnership; Mutual Commitments, U.N. Doc. DEV/BRU/24 (2001) available at <http://www.unctad.org/conference/devbru24e.htm> (last visited October 30, 2004).

<sup>39</sup> See Joseph R. McCarthy, *The Third United Nations World Conference on the Least Developed Countries: A Global Agenda for the New Millennium*, 18 NYLSJHR 487 (Summer 2002) (hereinafter McCarthy Third UN Conference).

between the richest and poorest of nations.”<sup>40</sup> However, the LDCs will not carry the heavy burden of change nor undergo such a massive transformation without the assistance and support from the developed nations.<sup>41</sup> When there is cooperation between developed nations and LDCs to decrease poverty, the policies outlined in the recent trade conferences will become beneficial for all nations, enabling them to foster more cooperative foreign policies and better multilateral trade relations.”<sup>42</sup>

#### **D. Trade and Poverty: Where Trade and Development Intersect**

While the UN organizations are providing some help, they are not the only organizations available to promote development. In fact, the optimal situation may be a partnership of several organizations working together to obtain the overall goal of reducing or eliminating poverty.

As one begins a survey of international organizations an obvious candidate for the development area is the World Trade Organization (WTO). This is particularly true when development is considered alongside trade. Since the WTO began, it has been considered one of the best candidates for the promotion of development.<sup>43</sup> In furtherance of this belief, it has been argued that “the World Trade Organization is the most powerful legislative and judicial body in the world.”<sup>44</sup> Due to the legislative and judicial functions created under the WTO, the organization has the power to coerce unwilling governments. In fact, “[s]ome observers believe the WTO is the essence of democracy. [Because, u]nlike the UN[,] it has no Security Council of permanent members... each member or group of members can make its weight felt in a way unthinkable when the organization’s predecessor, the GATT, was run by the economic

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<sup>40</sup> See McCarthy Third UN Conference, *supra* note 38.

<sup>41</sup> *Id.*

<sup>42</sup> *Id.*

<sup>43</sup> Global Exchange, available at <http://www.globalexchange.org/campaigns/wto/> (last visited October 30, 2004).

<sup>44</sup> *Id.*

powers.”<sup>45</sup> This power was shown at the Doha round when the group of 20 walked out of negotiations in Seattle, stopping all negotiations.

It is often argued that the WTO is too pro-business or that the developed countries have too much control.<sup>46</sup> When viewed from this perspective it is easy to understand why some say that the WTO will lose legitimacy, unless it is to fashion a consensus on key issues such as agriculture, transparency, and corporate governance.<sup>47</sup>

The WTO, however, it is a particularly impressive candidate for assistance in addressing development needs, since it has such a large number of country members. This is particularly apparent when considering statements of other international organizations. Statements like, “trade can provide a ladder to a better life and delivery us from poverty and despair.... [But, s]adly, the reality of the international trading system does not match the rhetoric.”<sup>48</sup> To counter the position of organizations like the UN, the WTO explains that “[t]he world can never have a truly ‘global’ trading system without the full integration of the LDCs.”<sup>49</sup> The true problem is how to properly integrate LDCs.

Recognizing this delicate process of integration, the WTO dedicated time during the Doha Development round toward LDCs.<sup>50</sup> Negotiations were geared toward developing and implementing a program of technical cooperation and capacity building in developing countries.<sup>51</sup> At the conclusion of the conference, “[s]ix core agencies of the Integrated Framework issued a joint communiqué to reaffirm the organizations’ commitment to effective

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<sup>45</sup> World Economic Forum, *State of the Debate: Can the WTO Ultimately Deliver the Goods?*, available at [http://www.weforum.org/site/knowledgenavigator.nsf/Content/Can%20the%20WTO%20Ultimately%20Deliver%20the%20Goods%3F\\_2004](http://www.weforum.org/site/knowledgenavigator.nsf/Content/Can%20the%20WTO%20Ultimately%20Deliver%20the%20Goods%3F_2004) (last visited October 30, 2004).

<sup>46</sup> Global Exchange, available at <http://www.globalexchange.org/campaigns/wto/> (last visited October 30, 2004).

<sup>47</sup> *Id.*

<sup>48</sup> *Id.* According to UN Secretary General Annan.

<sup>49</sup> *WTO: No Truly “Global” Trading System Without Full Integration*, Xinhua English Newswire (Oct., 1997).

<sup>50</sup> See Jenkins et al, *supra note* 11.

<sup>51</sup> See *id.*

integration of LDCs into the multilateral trading system and to articulate plans for building on the progress made under the Integrated Framework.”<sup>52</sup> By adopting the Integrated Framework the WTO members established a trade-related approach to assist LDCs in enhancing their trade opportunities through technical assistance.<sup>53</sup> Additionally, the group of agencies reaffirmed their commitment to assist in the effective integration of LDCs into the multilateral trading system and the global economy.<sup>54</sup> To properly integrate LDCs into the global economy there must be “well-coordinated trade-related capacity-building technical assistance,”<sup>55</sup> which includes: formulating trade policy, developing negotiation skills, solving supply-side challenges, and responding to new market access opportunities.”<sup>56</sup>

The Integrated Framework has completed the diagnostic stage and is currently entering into the implementation stage of the action plan.<sup>57</sup> The diagnostic studies have provided a sound policy basis for the delivery of technical assistance and capacity-building on trade, and have contributed to greater coordination among trade, finance and other ministries.<sup>58</sup> The group is beginning to help countries establish national development plans, which requires embedding trade into existing national consultative processes with the development community.<sup>59</sup>

Now that there is an Integrated Framework, trade rules and issues will have clear development content.<sup>60</sup> All new developments will “stress the importance of facilitating WTO accession for all developing nations, particularly LDCs and economies in transition, and the importance of clarifying and improving procedures under existing WTO provisions for regional

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<sup>52</sup> *Six Core Agencies of the Integrated Framework Issue Joint Communiqué*, M2 Presswire (July, 2003).

<sup>53</sup> *Id.*

<sup>54</sup> *Id.*

<sup>55</sup> *Id.*

<sup>56</sup> *Id.*

<sup>57</sup> *Id.*

<sup>58</sup> *Id.*

<sup>59</sup> *Id.*

<sup>60</sup> *Second Committee Text Calls for application of enhanced indebted countries plan, cancellation of official bilateral debt; Approves 21 Draft resolutions, decisions as it concludes session*, M2 Presswire (Dec, 2002).

trade agreements.”<sup>61</sup> And, since the Integrated Framework is a collection of organizations, the UN should direct UNCTAD to provide technical input.<sup>62</sup>

In order to keep an unknowing reader from getting the wrong idea about the WTO, it is important to point out that the WTO system is not without its flaws and criticisms. It is often argued that the WTO allows developed nations to shelter their own industries. One author wrote that “[w]hile espousing the virtues of free trade, the US, Japan, members of the EU and other rich countries continue to employ various means—including high tariffs, export subsidies and hygiene restrictions—to shelter their own industries, effectively preventing developing countries from gaining greater share in the markets in which they can compete most effectively.”<sup>63</sup> This perspective points to US and EU farm subsidies and other industry protections.<sup>64</sup> The LDCs explain that are neither trying to close US and EU businesses, nor trying to get preferential treatment.<sup>65</sup> As Secretary General Annan explained, “[t]hey, [the LDCs,] don’t want your charity [.] They simply want the right to sell their products in your markets at a fair price.”<sup>66</sup>

The LDC position "is not just about rich countries living up to their principles, but also [about] recognizing what is in their [(the rich countries')] own self-interest.”<sup>67</sup> It is in the self-interest of the developed countries to reduce barriers to trade, because LDCs represent future growth markets. Furthermore, "the best way to solve problems like poverty and immigration is

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<sup>61</sup> *Id.* One of the key functions of allowing development to play a significant part in all new trade rules is the ability of the LDCs to use subsidies that would not be available to a developed country. According to the GATT, subsidies may play an important role in economic development programs of developing countries, and in the transformation of centrally-planned economies to market economies. LDCs are exempted from disciplines on prohibited export subsidies. See generally, John H. Jackson, William J. Davey, Alan O. Sykes *International Economic Relations*, West Group Publishing, at 776-77 (2002).

<sup>62</sup> *Second Committee Text Calls for application of enhanced indebted countries plan, cancellation of official bilateral debt; Approves 21 Draft resolutions, decisions as it concludes session*, M2 Presswire (Dec, 2002).

<sup>63</sup> William Drozdiak, *Poor Nations May Not Buy Trade Talks; Third World Chafes over Curbs Imposed by U.S., EU and Japan*, The Washington Post, May 15, 2001.

<sup>64</sup> *Id.*

<sup>65</sup> *Id.*

<sup>66</sup> *Id.*

<sup>67</sup> *Id.*

not to marginalize developing nations, but to give them a substantial stake in the global trade process.”<sup>68</sup>

Before the LDCs will have a stake in the global trade process, developed nations need to allow LDCs to focus on their core competency, which is agriculture. “Everything is about agriculture, there has to be a deal on agriculture.”<sup>69</sup> The solution needs to tackle the three issues that skew world farm trade: 1) export subsidies, 2) domestic support, and 3) access to wealthy markets.<sup>70</sup> And, according to DiPiazza, the U.S. and EU must lead, while developing countries put ambitious proposals on the table.<sup>71</sup>

#### **i. Interaction of International Organizations**

As has been previously noted, the current push to abolish poverty has been approached by several international organizations. The UN supports this position by providing support and allowing help from the WTO. According to Secretary General Annan, “unless global markets were embedded in shared values and responsible practices, the global economy would be fragile, and vulnerable to backlash.”<sup>72</sup> However, despite Mr. Annan’s call for support, “we see dwindling investment in those parts of the developing world where it is most needed, coupled with trade negotiations that have failed so far to eliminate the system’s egregious biases against developing countries.”<sup>73</sup>

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<sup>68</sup> *Id.*

<sup>69</sup> *Id.* citing Samuel A. DiPiazza, Global Chief Executive Officer, PricewaterhouseCoopers.

<sup>70</sup> World Economic Forum, *Can the WTO Ultimately Deliver the Goods?*, available at [http://www.knowledgeconcierge.com/wef/kc\\_panel\\_frameset.asp?eventName=DJUG73H9DF&PanelID=PE\\_300770\\_59326.97343.59326.1350](http://www.knowledgeconcierge.com/wef/kc_panel_frameset.asp?eventName=DJUG73H9DF&PanelID=PE_300770_59326.97343.59326.1350) (last visited October 30, 2004).

<sup>71</sup> *Id.*

<sup>72</sup> Kofi Annan, *Special Address by Kofi Annan*, World Economic Forum (Jan., 2004).

<sup>73</sup> *Id.*

Mr. Annan said, “It is time to rebalance the international agenda,”<sup>74</sup> but his call for more equitable trade came as ministers said stalled trade talks would not be finished as planned.<sup>75</sup> Annan said that the stalled talks were one symptom of the way the spotlight had veered away from the problems of the world’s poor in the past two years.<sup>76</sup> “Business... has a powerful interest in helping to prevent the international security system from sliding back into brute competition based on the laws of the jungle,” Mr. Annan told the Davos forum.<sup>77</sup> He explained that part of the problem was “dwindling investment in those parts of the world where it is most needed,” and trade talks which have left in place “egregious biases against developing countries.”<sup>78</sup>

This section has explained that many international organizations are involved in the objective of reducing poverty. While some may argue that the WTO has the power and ability to reduce poverty better than any other organization, it is unlikely that one organization acting alone can actually accomplish such a lofty goal. It is, however, possible for the many organizations to combine efforts to boost investment in developing countries, increasing development locally and from an international perspective.

### **E. Development and trade in Ghana**

Ghana is not simply a country without hope. It is the world's second producer of cocoa.<sup>79</sup> It is the world's 6<sup>th</sup> largest producer of gold and 5<sup>th</sup> largest producer of diamonds. It also has other less significant exports—wood, textiles, jewelry, pineapples, tuna fish, and cotton—which

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<sup>74</sup> *Annan Calls for Development Push*, BBC News, available at <http://news.bbc.co.uk/1/hi/business/3422293.stm> (last visited October 30, 2004).

<sup>75</sup> *Id.*

<sup>76</sup> *Id.*

<sup>77</sup> *Id.*

<sup>78</sup> *Id.*

<sup>79</sup> US-Africa.org, available at: <http://us-africa.tripod.com/ghana.html> (last visited October 19, 2004).

are helping to diversify the country's export profile.<sup>80</sup> Additionally, the country has significant acreage suitable for agriculture and livestock and the potential to have a very large fishery production.<sup>81</sup>

By looking at these numbers one may incorrectly assume that the country is able to produce enough exports to care for its people, but the numbers are misleading. For example, while 58% of the land is fertile and suitable for farming, only 11% is actually under cultivation.<sup>82</sup> And even though the country is blessed with an abundance of natural resources and has twice the per capita output of the poorer countries in West Africa, the country remains heavily indebted on international financial and technical assistance.<sup>83</sup>

As the third largest non-oil producing purchaser of U.S. exports in the region, Ghana is one of the U.S. government's most important partners in Sub-Saharan Africa.

The US is one of Ghana's principal trading partners and the country is at a critical stage in its political and economic development.<sup>84</sup> Overall, Ghana's level of poverty has been declined from 52% in 1992 to 40% in 1999.<sup>85</sup> The problem is that poverty in the northern three districts (where Saboba is located) persists between 69% and 88%.<sup>86</sup>

There are several reasons that the northern three districts have consistently maintained high poverty rates. First, they have experienced much less investment than the southern regions of the country.<sup>87</sup> Second, they have an environment that is much less favorable to agriculture—

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<sup>80</sup> Ghana Embassy web-site, available at: <http://www.ghana-embassy.org/trade.htm> (visited October 19, 2004).

<sup>81</sup> *Id.*

<sup>82</sup> US-Africa.org website, available at: <http://us-africa.tripod.com/ghana/html> (last visited October 19, 2004).

<sup>83</sup> *Id.*

<sup>84</sup> United States Department of State, web-site, available at: [www.state.gov/r/pa/ei/bgn/2860](http://www.state.gov/r/pa/ei/bgn/2860) (last visited October 19, 2004).

<sup>85</sup> USAID/Ghana Country Strategic Plan, available at: [http://www.dec.org/pdf\\_docs/PDABY444.pdf](http://www.dec.org/pdf_docs/PDABY444.pdf) (last visited October 19, 2004) (hereinafter USAID/GHANA Plan).

<sup>86</sup> *Id.*

<sup>87</sup> The New Agriculturalist, *Ghana Country Profile*, available at: <http://www.new-agri.co.uk/04-3/countryp.html> (last visited October 19, 2004).



dry savannahs, serious problems with erosion, and desertification.<sup>88</sup> Finally, the majority of the inhabitants are small scale farmers who rely on outdated farming methods, producing crops of maize, millet, and guinea corn.<sup>89</sup>

The northern districts are not destined for failure, however, because cotton production is expanding and offering increased economic benefits.<sup>90</sup> These districts are perfect candidates for programs that will enable the inhabitants to benefit significantly from the development of infrastructure to support health, welfare, and training, particularly in modern farming techniques. By establishing programs to assist with infrastructure and training, the inhabitants will become more efficient at producing crops and health programs will allow more individuals to join the work force. Only at that time will these highly deprived districts will be able to benefit from free international trade.

Before these districts will be able to benefit from free international trade, there are several issues that must be addressed. For example, the region currently is experiencing many diseases and infestations, which put many people out of the work force. The reduced work force in turn reduces the amount of food production. The vicious cycle must be broken by determining the cause and finding a way to break the cycle. And, when one looks at the many problems faced by people in the region there is one obvious source—water. When there is no access to sanitary water every aspect of life suffers. The next section will consider Ghana's water situation and its relation to trade.

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<sup>88</sup> *Id.*

<sup>89</sup> *Id.*

<sup>90</sup> *Id.*

### **i. Ghana's Need for Water**

The Government of Ghana is doing its best to meet water needs of its people, but the best of the Government is not enough to meet the ever-increasing per capita demand for water.<sup>91</sup> Thus, water supply in Ghana is consistently short of the demand.<sup>92</sup> Many communities live without an adequate supply of potable water.<sup>93</sup> Inhabitants of the Saboba region rely on the River Oti as their major source of water.<sup>94</sup> To obtain water from the river (3 km from town) the locals must walk for several hours.<sup>95</sup> Having a river within 3 km from town, however, does not remedy the problem, since the water in the river is not sanitary during the rainy season and during the dry season it dries up.<sup>96</sup>

Of particular concern is the situation during the dry season, when the lack of water is at its extreme. At the village level, inhabitants rely on hand dug wells, ponds, and perennial streams, but, like the rivers, these sources often dry up during the dry season, leaving the residents searching daily for new sources of water.<sup>97</sup> In addition to drying up, surface water is prone to pollution from bad farming practices, improper waste disposal, and improper maintenance. Due to the extreme incidence of pollution, villagers are exposed to water-borne diseases when they use these sources.<sup>98</sup>

In most villages and communities the productive working age group is down with Guinea worms and other water-borne diseases. In these villages, death rates for children are

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<sup>91</sup> Health-Aid water proposal received Sept. 11, 2004 (Copy onfile with author).

<sup>92</sup> *Id.* at 3.

<sup>93</sup> World Vision Web-Site, Available at: [www.wvi.org/wvi/country\\_profile/profiles/ghana.htm](http://www.wvi.org/wvi/country_profile/profiles/ghana.htm) (last visited October 18, 2004).

<sup>94</sup> *See* Health-Aid water proposal *supra* note 91.

<sup>95</sup> *Id.*

<sup>96</sup> *Id.*

<sup>97</sup> *Id.*

<sup>98</sup> Christian Children's Fund website, *Ghana Well Opening*, available at: [www.ccfcanada.ca/Where\\_we\\_Work/Ghana/ghanawellopening.html](http://www.ccfcanada.ca/Where_we_Work/Ghana/ghanawellopening.html) (last visited October 18, 2004). "Guinea worm infects people when they drink stagnant water contaminated with tiny water fleas carrying the worm larvae. Once inside the human body, the larve mature and grow to as long as 3 feet. After one year, the threadlike worm emerges slowly through a painful blister in the skin.

significantly higher than in developed areas, particularly in children under the age of five. And, statistics indicate that about 80% of the diseases in Ghana are environmentally related.<sup>99</sup> The people cannot simply stop drinking the water, because water is one of the three basic necessities of life—requiring locals to obtain water or die. To fulfill their daily needs, women and children travel many kilometers each day in search of water, simply to meet the minimum household requirements. Often, a whole day is wasted searching for water to the neglect of other household activities.

Additionally, as noted above, a significant portion of the working age males are effectively removed from the work-force due to water related diseases. Before the region will be able to reap the benefits of having a full and viable work force these issues need to be remedied.

This section points out problems faced by the villagers that are directly related to the lack of sanitary water. And, once one identifies an element that causes a significant reduction in the productivity of a region, it is important to consider what is currently being done. This analysis must be performed prior to making any recommendations regarding changes to the approach of development. The next section will consider the current approach to poverty reduction and the programs that work.

#### **IV. Current Approach and Programs that Work**

In order to halve extreme poverty by 2015, the average per capita gross domestic product (GDP) of developing countries would need to increase by 3.6 percent annually, which is a rate unattainable for many regions.<sup>100</sup> To be able to achieve this level of annual growth, it is important to consider programs that have increased development in the past. Several of the “best

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<sup>99</sup> See USAID/GHANA Plan, *supra* note 85; see also Christian Children's Fund website *Creating a Future of Hope for Children*, available at: [www.ccfcanada.ca/Where\\_we\\_Work/Ghana/ghana\\_letter\\_from\\_the\\_field\\_director\\_.html](http://www.ccfcanada.ca/Where_we_Work/Ghana/ghana_letter_from_the_field_director_.html) (last visited October 18, 2004) (without safe drinking water guinea worm and other parasites are affecting the community's health).

<sup>100</sup> See M2 Presswire, *infra* note 108.

practices” have been to allow greater access to education, particularly in women and girls, micro-credit development, capacity building, and integrated environmental management.<sup>101</sup> Additionally, one of the most important drivers of development outside of donated money is Foreign Direct Investment (FDI), which is input by companies that are beginning to build infrastructure. However, according to UNCTAD, “[FDI] inflows to five LDCs in Africa shrunk in 2002.”<sup>102</sup> These declines are directly related to “[m]ajor structural problems, such as their landlocked status and the small size of their markets, largely explained the decline.”<sup>103</sup> To counteract the loss of FDI, these countries have engaged in economic liberalization and investment in projects.<sup>104</sup> The projects “now in the pipeline” may enable these countries to achieve a comeback on the global FDI market in the near future.<sup>105</sup> The beginning of the comeback is beginning to be seen in two “African countries—Botswana and Zimbabwe—made modest gains, but not enough to recoup losses in recent years.”<sup>106</sup>

As stated above, structural problems are at the core of most instances of poverty. Increasing and modernizing infrastructure allows countries to begin the slow climb out of poverty. According to a recent WB report, “trade was recognized as a powerful force for growth and poverty reduction. Specifically, the greatest gains to developing countries come from improvements in the efficiency of ports and customs [procedures].”<sup>107</sup>

Taking these studies and recommendations at face value would mean that LDCs need FDI, because they benefit from the influx of foreign money, particularly when it is used to boost

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<sup>101</sup> See M2 Presswire, *infra note* 108.

<sup>102</sup> *For five African Least Developed Countries, 2002 a bad year for FDI*, M2 Presswire (Feb., 2004). Information regarding the latest statistics on FDI and operations of transnational corporations are available online at the UNCTAD’s World Investment Directory.

<sup>103</sup> *Id.*

<sup>104</sup> *Id.*

<sup>105</sup> *Id.* Citing the UNCTAD Report.

<sup>106</sup> *Id.*

<sup>107</sup> World economic Forum, *Trade Enhancement Initiative*, copy available at <http://www.weforum.org/site/homepublic.nsf/Content/Trade+Enhancement+Initiative> (last visited October 8, 2004).

infrastructure. By establishing a political and economic structure that supports modernization of infrastructure through increased FDI, LDCs will be able to benefit from the trade, especially in those areas that are in dire need of development.

## **V. The Cure: My Solutions and Recommendations**

In order to properly address the development issues for Saboba, this section will consider components at the country level and at the international level. It will address the recommendations on the two levels respectively. At the country level, three changes will significantly impact development, including: 1) changes in legislation allowing international support and training, 2) increasing FDI and exports, and 3) building infrastructure. At the international level two areas need attention: 1) market access and market entry for the LDCs, and 2) financial and technological support for infrastructure and development. Additionally, while many critics of the system would just require the developed countries like the US to give more money, this paper will focus only on proposals that have a possibility of success.

The recommendations proposed in this section will work within the current framework of international organizations and will not suggest an entire revamping of the international arena, which would be absurd. Each subsection will discuss the recommendations generally and then how those recommendations apply to Saboba.

### **A. Country Level Recommendations**

Country specific recommendations can only be implemented when the individuals in the country accept them. These recommendations need to be taught by international organizations to individuals at all levels of government. It is only once these recommendations are accepted that the country will begin to climb out of its impoverished state. And, before the people will accept the recommendations, they need people feel that the recommendations are “their” ideas and are

not being forced on them by some outside source—the US. After these policy and structure recommendations have been recognized by individuals at all levels of an LDC’s government, the locals will begin to drive the philosophies and structure of the environment, creating a synergy pushing the political, social, and economic environments within the state. Only then will these recommendations succeed.

The paper focuses first on the country level recommendations because it is at the country level that the first changes must be made. Simply changing the international treatment of a LDC will do nothing to create infrastructure and without building infrastructure LDCs will never be able to benefit from the International Recommendations. Only through building infrastructure and establishing the necessary political and economic support will an LDC be able to break the vicious cycle of poverty.

#### **i. Legislative changes**

The initial step is to establish a legal environment conducive to development. The changes must be taken at the governmental level, because when the country addresses these concerns they have a stake in the outcome. These changes will ensure that “[s]uccessful poverty eradication strategies [are] country-owned and country initiated, leading to faster economic growth and higher employment opportunities.”<sup>108</sup>

A counter point to this recommendation explains that the LDC will not have the finances to begin this process.<sup>109</sup> However, by adopting the other recommendations in this paper the country will have sufficient new income to address these financial issues. It is also argued that

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<sup>108</sup> M2 Presswire, Good Governance, Pro-poor choice key complement to economic growth in eradicating poverty, Delegate tells Second Committee; Committee begins considering Decade for Eradication of Poverty, (October 31, 2002)(Hereinafter M2 Presswire Good Governance).

<sup>109</sup> *Id.* LDCs lack resources because of several factors, including: inadequate government revenues, declining commodity prices, lack of market access, and the effects of natural disasters and droughts.

LDCs lack a supportive international economic environment.”<sup>110</sup> This issue will be addressed at the international level below.

At the national level, the main problem for LDC’s is that they “still need to design national policies and regulatory frameworks to ensure that, as far as possible, liberalization in environmental services strengthens national capacities, promotes transfer of technology, and enhances efficiency and competitiveness.”<sup>111</sup> This process must begin with identifying the most basic infrastructure that is lacking. The improvements must address both “the quality and efficient delivery of basic infrastructure-related environmental services such as water and sanitation.”<sup>112</sup> Once the needed infrastructure is identified, adequate regulatory framework needs to be developed to ensure that “national environmental, social and development objectives are respected, including with regard to universal access to basic environmental services at affordable prices.”<sup>113</sup>

After the basic infrastructure has been addressed, the country should address the first generation of reforms, which consist mainly of easing border restrictions.<sup>114</sup> During this phase the country must seek to increase trade and liberalize foreign exchange markets.<sup>115</sup> Successful integration of an LDC into the world market “depends on the realization of a series of complex,

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<sup>110</sup> *Id.*

<sup>111</sup> *Id.*

<sup>112</sup> For more information see Simonetta Zarrilli (ed.), *Energy and Environmental Services: Negotiating Objectives and Development Priorities*, UNCTAD/DITC/TNCD/2003/3, available at [www.unctad.org/en/docs/ditctnct20033\\_en.pdf](http://www.unctad.org/en/docs/ditctnct20033_en.pdf) (last visited October 5, 2004).

<sup>113</sup> UNCTAD, *Trade, Environment, and Development*, at 14, para. 48 (December 11, 2003).

<sup>114</sup> World Bank, *Trade Facilitation*, available at

<http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20040979%7EmenuPK:34480%7EpagePK:36694%7EpiPK:116742%7EtheSitePK:4607.00.html> (last visited October 8, 2004) (hereinafter WB Trade Facilitation).

<sup>115</sup> *Id.*

behind-border measures that fall under the heading of trade facilitation.”<sup>116</sup> This area should be overseen by the WB, which attaches great importance to trade facilitation.<sup>117</sup>

**Specific recommendations-** During the past ten years, Ghana has seen an overall decrease in poverty from 52% to 40% and an increase in FDI<sup>118</sup> This decrease has largely been attributed to the fiscal and economic development measures that were implemented during the period.<sup>119</sup> The country also grants MFN treatment to all of its trading partners.<sup>120</sup> The country's current strategy seems to be working. The country needs to continue to push its trading partners to allow better access to their agriculture markets, where Ghana's competitive advantage is strongest.<sup>121</sup> By helping its agricultural sector to expand and maximizing its competitive advantage the country will see further decreases in poverty. Additionally, as the country as a whole experiences a decrease in poverty, the most depressed areas should also experience a boost in income as the country-wide wealth grows.

## **ii. Increase FDI/exports**

The country must next address the root causes of poverty. This means to examine the process through which the population has survived over the most recent past. The country needs to identify the industry or industries in which it has a competency. For example, “[i]n [many] poor countries, most of the active population works in commodity production or in commodity-related activities.”<sup>122</sup> In order for these countries to achieve the goals of development, the problems related to that specific commodity (both increased production and sustainable

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<sup>116</sup> *Id.*

<sup>117</sup> *Id.* This importance is shown by the WB's existing portfolio of eight projects under implementation, which total \$4.6 trillion. *Id.*

<sup>118</sup> USAID available at [http://www.dec.org/pdf\\_docs/PDABY444.pdf](http://www.dec.org/pdf_docs/PDABY444.pdf) (last visited October 25, 2004).

<sup>119</sup> World Trade Organization, *Ghana February 2001*, at p. 1, available at [http://www.wto.org/english/tratop\\_e/tpr\\_e/tp157\\_e.htm](http://www.wto.org/english/tratop_e/tpr_e/tp157_e.htm) (last visited October 25, 2004).

<sup>120</sup> *Id.* at 2.

<sup>121</sup> *Id.*

<sup>122</sup> World Bank Trade Facilitation *supra* note 114.



production) and trade need to be addressed.<sup>123</sup> The objective under this step is to turn the commodity sector from an obstacle to development into an engine of growth.<sup>124</sup>

In today's economically integrated world, trade matters more than ever before.<sup>125</sup> Studies show that countries that have intensified their links with the global economy through trade and investment have usually grown more rapidly over a sustained period and have consequently experience larger reductions in poverty than have countries that have remained independent.<sup>126</sup> Unfortunately, many low-income countries have been hindered in their efforts to integrate into the global economy by inadequate policies, institutions, and infrastructure, on one hand, and by a variety of rich country protectionist measures and other policies that restrict low-income countries' exports, on the other.<sup>127</sup>

The international community needs to support integration into the world economy by providing training and guidance to LDCs. This can be accomplished by the current international organizations or by NGOs. However, before this can be done the environment in the country has to be politically stable.<sup>128</sup> Once the environment is determined to be stable the training program can be tailored to the particular industry in the country. In order for the training to work to its maximum potential, the production/industry must be economically promising enough to merit foreign investment.<sup>129</sup> This economic benefit can be assessed by the UNCTAD or an

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<sup>123</sup> United Nations Conference on Trade and Development, *Report of Commission on Trade in Goods and Services*, 8<sup>th</sup> session, at para. 47 (Feb. 25, 2004). The importance of the commodity sector for development and the significance of the problems faced by commodity-dependent countries, in particular LDCs, were recognized. Productivity and cost competitiveness are high, as is exemplified by the case of cotton in West Africa, but comparative advantage is negated because of international factors, such as subsidies in developed countries, in addition to domestic constraints.

<sup>124</sup> *Id.*

<sup>125</sup> World Bank, *Trade Overview*, available at <http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:20040979%7EmenuPK:34480%7EpagePK:36694%7EpiPK:116742%7EtheSitePK:4607,00.html> (last visited October 8, 2004).

<sup>126</sup> *Id.*

<sup>127</sup> *Id.*

<sup>128</sup> See Kirkland Wealthy Nations, *supra* note 18.

<sup>129</sup> *Id.*

independent NGO. At that time the organization may be able to find individual companies interested in a ground level position in a new market. However, there are risks as well. Any country that cannot fit into these requirements will either be excluded from the global market or be exploited by developed nations for natural resources and sweatshop labor.<sup>130</sup>

**Specific recommendations-** Ghana needs to push for the development of its agriculture industry. Currently, the main crop is cocoa and related products.<sup>131</sup> The country has, however, established a successful program of growing nontraditional agricultural products for export.<sup>132</sup> It is through these nontraditional agricultural programs that the country will experience an increase in exports. In the northern region, villagers rely on outdated farming methods to produce the traditional crops of maize, millet, and guinea corn.<sup>133</sup> The farmers in this region not only suffer from the lack of advanced modern farming techniques, but also from the limited amount of crops they grow. To remedy the problem programs need to be implemented by local government offices or international NGOs to show the farmers proper farming techniques. These programs need to include strategies for maximization of yield rates for given crops. And, should help farmers diversify to include those commodities that are easily exported.

By implementing programs that allows the farmers to benefit from the additional yields produced from modern farming practices, the region will begin to break the vicious cycle of poverty by being able to feed all of its inhabitants. Additionally, once the region is able to consistently produce enough agriculture for its needs it will be able to begin to export products to other markets and increase the income of the region. Small increases in the individual farmers' incomes will quickly bring the region out of poverty.

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<sup>130</sup> *Id.*

<sup>131</sup> United States Department of State, *Background Note: Ghana*, available at: <http://www.state.gov/r/pa/ei/bgn/2860.htm> (last visited October 25, 2004).

<sup>132</sup> *Id.*

<sup>133</sup> See Health-aid water project proposal, *supra* note 91.

### iii. Build infrastructure

The third step entails building infrastructure. This can be approached from two levels. First, in the least developed of countries, the process must start at the bottom. This is to make sure that there is an adequate water and sanitation system in place. The idea is that only those people who are healthy can actually produce. At the second level of development, a country is able to ask for assistance from a company that may be interested in entering the potential market in the country. By allowing the company to develop the infrastructure, the country is not financing the project with its funds. In this area it is important to address how the country will start the process by identifying the location and the actual method of development.

It is then important to determine who will pay for the improvement. A company that may be the first mover into the market may be willing to invest in infrastructure to enable it to maintain the first mover position. For example, in a country that has the ability to produce agriculture, a large grower may be interested in helping provide sanitation infrastructure to outlying communities in order for it to be able to secure a position in that export market. The company would be able to reap benefits from the tax shelters provided in the US and many other developed countries, and once the market expanded it would be able to make profit.

**Specific recommendations-** At the first level, in LDCs development must start with providing adequate water and sanitation systems. This development may be accomplished by any number of organizations. One of the most sophisticated and experienced groups in Western Africa is the West Africa Water Initiative (WAWI). The WAWI is a partnership of organizations who work in concert on development projects.<sup>134</sup> The Initiative was inspired by

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<sup>134</sup> West Africa Water Initiative, *Water for the Poor*, available at: [www.waterforthe poor.org/initiatives/wawi/wawi.htm](http://www.waterforthe poor.org/initiatives/wawi/wawi.htm) (last visited October 19, 2004) (hereinafter WAWI Water for the Poor).

the Conrad N. Hilton Foundation<sup>135</sup> and has benefited from years of experience with the international NGO World Vision and other partners in Ghana.<sup>136</sup> The partners provide rural water supply and sanitation as the entry point for community development.<sup>137</sup> The WAWI partners are committed to working together as a well-orchestrated and tightly coordinated group of organizations with combined resources and complementary skills—leveraging funding from public and private resources, gaining cost efficiencies, increasing advocacy power with government policy makers, and learning from one another's experiences to develop more innovative and effective models of action on the ground.<sup>138</sup>

In order to benefit from projects like those offered by WAWI there must be a push for projects in the northern districts of Ghana. Once water projects have been implemented, the region will benefit in two ways. First, the vicious cycle of health related problems will be broken. Second, once the people are healthy other projects will be started. This is the most important of the recommendations this paper has to suggest. Without proper water and sanitation systems, an area like Saboba will never be able to break the vicious cycle of poverty.

At the next level of development, in areas with adequate water and sanitation facilities, the country needs to seek partnerships with companies. Ghana has been able to benefit from projects like this in the past. For example, Newmont Mining has invested over \$700 million in the country's mining field.<sup>139</sup> The country is also seeing an increase in FDI from other US and European firms. As these firms continue to invest in infrastructure the country will benefit from the long term effects of development.

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<sup>135</sup> Conrad N. Hilton Foundation, *\$41 Million West Africa Water Initiative*, August 20, 2002, available at: [http://www.hiltonfoundation.org/press\\_release\\_details.asp?id=11](http://www.hiltonfoundation.org/press_release_details.asp?id=11) (last visited October 19, 2004).

<sup>136</sup> See WAWI Water for the Poor *supra* note 134.

<sup>137</sup> *Id.*

<sup>138</sup> *Id.*

<sup>139</sup> United States Department of State, *Background Note: Ghana*, available at: <http://www.state.gov/r/pa/ei/bgn/2860.htm> (last visited October 25, 2004).

## **B. International Level Recommendations**

In contrast to the country level recommendations, global recommendations deal with things that need to be done outside the country. These recommendations need to be implemented both by international organizations and by developed countries in the approaches they take with developing countries.

### **i. Deal with market access compared to market entry**

The global market is characterized by the increased competition and stringent quality requirements, which make it difficult for LDCs to benefit from potential market opportunities.<sup>140</sup> In order to succeed in this environment these countries need to develop capacity to formulate and implement strategies that improve the competitiveness of industries supplying the international market.<sup>141</sup> On the part of the international community, the efforts with in the LDC should be facilitated through the creation of an enabling multilateral trade framework, which seeks to train individuals to work with the international community.<sup>142</sup> In addition to getting LDCs to the current level of international trade, there are continual advancements in the globalization of distribution services, which creates a number of development opportunities for developing countries in terms of efficiency gains, technology advancement, better integration with international trade networks, and access to foreign capital.<sup>143</sup> When an LDC experiences FDI in distribution services it can benefit from increased employment, technological progress, and modernization.<sup>144</sup>

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<sup>140</sup> UNCTAD, *Report on the Expert Meeting on Market Entry Conditions*, GE.04-50133, at 11 (January 19, 2004). The meeting was held to allow individual experts and specially invited resource persons to put forward their views on how developing country producers can obtain market entry, particularly in developed country markets, taking into account the growing importance of large distribution networks.

<sup>141</sup> *Id.*

<sup>142</sup> *Id.*

<sup>143</sup> *Id.* at 14.

<sup>144</sup> *Id.*

So far, this discussion has focused on the mere entry of LDCs into the international market. It would be a mistake to assume that mere entry into the international market would solve all problems of an LDC, because there is a big difference between “market access and market entry.”<sup>145</sup> While the possibility of entering the international market depends on market access conditions, the actual ability of an LDC to enter the market is a function both of its competitiveness and the structure of the market.<sup>146</sup> So, there must be market access before an LDC can enter the international market, but access alone will not be enough.<sup>147</sup>

There are several ways developed countries can assist LDCs improve access to the international market, including: trade preferences and trade facilitation.

**Trade Preferences**—When trade preferences are chosen to assist an LDC the program should be stable, regard all products from an origin, specifically those that the country can export.<sup>148</sup> One of the risks with trade preferences, however, is that they tend to divide an LDC from its other neighbors (who will also likely be LDCs).<sup>149</sup> From this perspective, a developed country or international organization adopting a preference should adopt a preference that treats all LDCs equally, which will help to alleviate some of the typical strain.<sup>150</sup>

**Trade Facilitation**— Trade facilitation can effect the distribution of income and reduce poverty in several ways.<sup>151</sup> First, trade facilitation can increase the volume and range of a country’s international trade.<sup>152</sup> This in turn will reduce the transaction cost of trade, which will

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<sup>145</sup> UNCTAD Report Jan. 19, 2004, at 1. Market access conditions are determined by the legal and administrative conditions imposed by the importing countries under internationally agreed trade rules. Competitiveness of the exporter is determined by the relative cost and quality of the product, including environmental/health aspects.

<sup>146</sup> *Id.*

<sup>147</sup> *Id.*

<sup>148</sup> UNCTAD, *Trade Preferences for LDC’s: An Early Assessment of Benefits and Possible Improvements*, UN Symbol: UNCTAD/ITCD/TSB/2003/8.

<sup>149</sup> *Id.* There are individuals who view trade preferences as a second best approach to helping LDCs.

<sup>150</sup> *Id.*

<sup>151</sup> See World Bank Trade Facilitation, *supra* note 114.

<sup>152</sup> *Id.*

make exports more competitive.<sup>153</sup> It will also lead to increased wages and the number of people employed in the exporting sectors.<sup>154</sup> Second, trade facilitation can contribute to economic growth, which will lead to higher incomes, greater employment and a positive effect on poverty.<sup>155</sup> Finally, trade facilitation can impact the income distribution because of the increased government revenues, which will improve efficiency, reduce corruption, and allow greater expenditures on social programs.<sup>156</sup>

**Specific recommendations-** The change that would influence Ghana's agriculture sector most would be is to see trade preferences and protection supported by the most developed countries either reduced or eliminated. This may be slowly accomplished through the WTO, which supports the reduction of trade barriers. The WTO has not, however, been able to get the two giants to fully open their agriculture markets. These markets need to be opened in order for LDCs like Ghana to benefit.

## **ii. Financial and technological support**

The final international recommendation is the recommendation that many people believe is the one that will save the world. It is to establish a world solidarity fund for poverty eradication, which will be aimed specifically at halving extreme poverty by 2015 and to achieve other Millennium Development Goals.<sup>157</sup> The program will be overseen by the UNDP, which will also be responsible for overseeing the entire process. The UNDP process from that point will be entirely transparent so the member countries can see exactly where the money is being spent. Additionally, there may be a need to merge many of the principle agencies, such as the U.N. Development Program, UNICEF, the World Food Program, the Population Fund and the

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<sup>153</sup> *Id.*

<sup>154</sup> *Id.*

<sup>155</sup> *Id.*

<sup>156</sup> *Id.*

<sup>157</sup> See M2 Presswire Good Governance, *supra* note 108.

International Fund for Agriculture and Development.<sup>158</sup> By doing so the organizations will be able to reduce redundancy and increase performance, while saving money.

**Specific recommendations-** If a solidarity fund can be established it may be used to reduce poverty. Behind this recommendation is the belief that the solidarity fund will solve many financial problems for LDCs. This is not, however, the best approach for the Saboba region to rely on, because establishing the fund is too speculative. What needs to happen is for the region to have international support of information technology and the other previously mentioned infrastructure changes. Only once the people living in poverty begin to live in a sanitary and developing environment will money actually help. And, before the people living in Saboba will be able to benefit from technology they need to be able to live. This recommendation is not one that will be addressed in the Saboba region for many years, because it will take years for the infrastructure to be built enough to even begin to consider technology or other grants.

## **VI. Conclusion**

This paper has considered development and its relationship to trade. The case study of the Saboba region of Ghana has shown that development is possible through trade, but it has also shown that there must be a certain minimum level of development before trade will work. One of the most significant points made in this paper is the fact that a country must have at least a minimum level of development and infrastructure before an undeveloped region can benefit from even the most lenient or favorable trade relations. Furthermore, as is made apparent in the recommendations section, nothing happens in a vacuum, particularly in the increasingly political globalizing economy.

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<sup>158</sup> See Stewart, *Crucial Social Programs supra*.



Before an LDC can benefit from increased trade it must begin by considering the country level recommendations made in this paper. Only after those recommendations have been followed will it be able to benefit from the international recommendations. Through implementing the proper economic regulations and policies an LDC will enable those people living in poverty to reap the rewards of increased FDI. Only through a multi-pronged approach will world poverty truly cease to exist.