



THE PATHS TO PROSPERITY STUDY

DISCUSSION PAPERS

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A Rural Livelihood Initiative

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DISCUSSION PAPER ONE

GOG AGRICULTURAL PROGRAMMES: SUCCESSES AND FAILURES

BY

P. A. BRUCE

1.0 INTRODUCTION

Agricultural programmes since the colonial days have had a chequered history. Focus has differed according to the perceptions of the various governments. In the colonial era covering 1900 to 1950 the emphasis was on export crops. All programmes were therefore geared to this. In the Nkrumah regime, the focus was on large scale mechanized farming as a springboard for rapid industrialization. During Acheampong regime agricultural programmes were geared towards self-sufficiency. Rawlings regime came with the introduction of reforms and disengaged government from direct production. All these programmes chalked successes as well as failures. They also came with lessons that should inform future programmes

2.0 THE COLONIAL ERA (1900 – 1956)

The emphasis was on the promotion of export crops such as cocoa, palm oil and rubber and low priority was accorded the local produce market. There was no doubt that this policy was a great success by 1920; cocoa accounted for nearly 83% of the value of exports and duties provided sufficient revenue to finance an aggressive food import policy. It was clear that agricultural policies during this period were designed to make the Gold Coast Colony a source of raw materials and a protected market for metropolitan manufacturers and farmers.

3.0 SELF GOVERNMENT (1950 – 1956)

Ghana attained internal self-government status in 1950. At this time, the world was beginning to perceive that industrialization was the most expedient way to bring about rapid structural changes, high rates of economic growth and economic independence to the emerging countries. Thus in the first 5-years Development Plan (1951 – 1956) the view was that agriculture cannot be modernized via improvement of traditional systems of production but through large scale public farms. This thinking led to the establishment of the Agricultural Development Co-operation (ADC) to operationalise the policy. Focus, however, was still on export crops and the small-scale farmers were ignored. Progressive improvement of traditional system of farming was replaced by large-scale mechanized farming.

4.0 THE SOCIALIST PERIOD (1957 – 1966)

Ghana became fully independent in 1957. In the same year the second 5-Year Development Plan became operational. The policy was the same as the previous plan: agricultural mechanization and promotion of export crops. However, the ADC's

role was greatly expanded. By 1962, ADC's large-scale production schemes were an embarrassing failure. In 1961 government declared socialism as the socio-political goal for Ghana. This shifted the government agricultural effort to a new sector of state and cooperative agriculture with only a token recognition to peasant farming. The socialist policy led to the emergence of State Farms Cooperation, Workers Brigades, Ghana National Farmers Council and a whole host of agro-based industries.

At one stage the MOFA was virtually dismembered and the Agricultural Research Stations, which were providing farm management, research and extension to the small farmers, were turned into state farms. The co-operative movement the "farmers' council" became politicised. Agricultural policy making was transferred into the hands of "chief farmers". In general, the overall agricultural programmes pursued during this period were dismal failures. It did not favour smallholder agriculture and gender and poverty issues were ignored. However, it has been obvious in Ghana that the bulk of agricultural production comes mainly from small-scale farmers. Therefore any agricultural programme that focuses on large-scale agricultural production is bound to fail especially when such programmes are state controlled as happened during the period.

5.0 NLC/BUSIA REGIMES

The overthrow of the Nkrumah regime in 1966 brought changes in Ghana's agricultural policies. The socialist policy was reversed between 1967 and 1972. Agricultural policies became capitalist oriented, market driven and self-reliant. This was the period of introduction of incentive programs, producer price schemes, minimum guaranteed price schemes, administered price schemes and input subsidization and for the first time in the history of the country issues relating to the poor were factored into agricultural policies. However, parastatals like the State Farms Corporation and Food Distribution Corporation Rice Mills Unit were still operational during this period.

6.0 THE ACHEAMPONG ERA (1972 – 1981)

The advent of the Acheampong regime saw few changes in agricultural policy. The emphasis was however, on self-reliance and food production/ raw materials. The small-scale farmer was finally recognized, encouraged and supported. This was the period when government viewed the small-scale subsistence farmers as the cornerstone of agricultural production and therefore gave them all the encouragement they needed. Through campaigns such as Operation Feed Yourself (OFY) – started in 1972 and its second phase (Operation Feed Your Industries, OFYI) it set itself targets for self-sufficiency in major food and industrial crops. The OFY and OFYI programme emphasized support for small farmer development by giving them more attention and encouragement to increase production. The programme interfaced with the FAO, "Focus and Concentrate Project" and USAID MIDAS I & II. At the same time it saw a continued role for the public sector in direct production activities and planned to expand the operations of the agricultural boards and corporations.

7.0 ERP (ASRP): 1983 - 1990

The extensive system of input subsidies failed to improve Ghana's production prospects, and contributed little to income and employment generation. The distribution system was ineffective. It benefited mainly a small number of large farmers and failed to encourage small traditional farmers to adopt improved technologies. In several cases, it led to uneconomic production in rice, sugar and cotton and induced corruption and smuggling of inputs across the borders.

These negative aspects and other factors including an unfavourable external environment, led to a rapid deterioration of the economy. Increases in petroleum prices and declining prices of the main exports, cocoa and gold worsened the external terms of trade. In 1983, the Ministry of Food & Agriculture came to the conclusion that the long-term survival of Ghanaian agriculture depends on increasing the productivity of Ghana's small-scale farmers. Ghana's agricultural policy therefore aimed at evolving a development-oriented, productivity enhancing and competitiveness approach to the agriculture sector.

Thus between 1983 and 1990 agricultural policy was one of rehabilitation, consolidation, restructuring, privatisation and market economy. It aimed at providing food security, promoting increased small holder productivity and adequate incomes for producers, export diversification and import substitution to enhance balance of payments, divestiture of parastatals and decentralization of government operations.

8.0 THE MTADP

The Medium Term Agricultural Development Programme (MTADP) followed the Agriculture Services Rehabilitation Programme. The agenda for Sustained Growth and Development, (1991-2000), was aimed primarily at removing the constraints that led to only modest performance of the agricultural sector under the ERP (ASRP). The strategy was based on the premise that technology exists within Ghana to increase production of both perennial and annual crops, and that there is potential for area expansion, and a comparative advantage in the production of a range of commodities in different agro-ecological zones. A number of recommendations were made to achieve the objectives of the strategy, which are in many ways an extension of earlier ERP efforts at sectoral level. The strategy, however, did not address the issue of rural poverty. The IFAD portfolio investment projects helped to fill the vacuum.

Significant improvements were achieved in the agricultural sector through the implementation of a number of projects that were initiated over the MTADP. Despite the general increases in agricultural production growth rate in the mid- 1990s, the rural transformation envisaged under the MTADP was slow. Additionally, there were other objectives of the MTADP that were not realized.

9.0 AAGDS: 1997 to date

- Vision 2020 was launched to address post structural adjustments
- To support Vision 20/20, MOFA developed the AAGDS to provide a framework within which agricultural development policies and programs can be designed and implemented
- The main objective of the AAGDS is to address increase in employment and reduction in poverty
- AgSSIP is one of the key vehicles for implementing the AAGDS

10.0 Overall lessons learned

- Need for focus on agriculture/ food self sufficiency
- Need to sustain popular agriculture programmes
- Poor are not able to take advantage of services offered by MOFA
- Programmes are focused on capacity building with very meagre funds going into activities that impact the beneficiaries
- Assumptions of free market economy is not valid due to the many distortions
- Agriculture development policies based on unrealistic assumption about the rural farmers and have no elements to assist the poor

11.0 GAPS to be considered:

Reasons for success with some key commodities: rice, cocoa and oil palm

Consider how policymaking and programme formulation are carried out within MOFA

Field investigation on “successful” projects targeting the poor

12.0 Analysis of MTADP according to pro poor criteria

The MTADP as has been already outlined was a follow up of the ASRP. Significant improvements were achieved through the implementation of projects initiated under it. Despite these successes the rural transformation envisaged was slow. We tried to find answers to this. We developed pro poor criteria and tried to evaluate the MTADP within that context. These criteria are:

- Regional Disparity
- Occupational Disparity
- Gender Disparity
- Rural Urban Disparity
- Empowerment or Basic Needs Approach
- Holistic Interventions

➤ Regional Disparity

The GLSS4 indicates that more than 70% of people under the poverty line live in the Upper East, Northern and Central regions of the country. The location of the project can help in determining the focus of the project

➤ Occupational Disparity

The same GLSS4 informs us that food crop farmers are the main group under the poverty line, followed by the rural self –employed non –farm income earners. Thus knowledge about the beneficiaries of the project can also help.

➤ Gender Disparity

Recent research has identified women as the most vulnerable to poverty. In fact more than 70% of those under the poverty line are women. Thus the gender focus of projects can also help in the exercise.

➤ Rural/Urban Disparity

Poverty in Ghana is predominantly a rural phenomenon. Therefore siting of the project is valuable in determining the poverty reduction status of the project.

➤ Empowerment or Basic Needs Approach

The literature indicates two basic approaches to poverty programs:

- ❖ A basic needs approach which identifies the needs the poor have and attempt to assist them to access these basic needs such as water, food and infrastructure.
- ❖ An empowerment approach which attempts to lift the poor out of poverty by assisting them build their capacity to help themselves through literacy, credit and marketing strategies. This approach is said to be more promising.

➤ Holistic Interventions

Projects have so far tended to concentrate on one aspect of the poverty issue without providing a full intervention of the poverty process. The time has come to view the problem in a more holistic way. Only IFAD and Global 2000 programs were found to be reaching the poor. A holistic approach, which incorporates credit, marketing, agro- processing, infrastructure group formation etc., is required for poverty-targeted projects. A strong emphasis is placed on women's empowerment under this approach.

13.0 SUMMARY AND CONCLUSIONS

Agricultural programmes over the years have exhibited a mixture of successes and failures. In the colonial era, agricultural programmes were based on the export drive. The colonial masters were more interested in the export of cocoa, palm oil and rubber rather than in the production of local food. The cocoa industry has been sustained over the years but oil palm and the rubber industries deteriorated. Government policies favoured the development of the cocoa industry and the farmers at that time reacted accordingly.

During the Kwame Nkrumah regime the socialist approach to development influenced the agricultural programmes of the period. The rapid transformation of the USSR from an agrarian economy to a highly industrialized economy based on socialist principles was the model for emerging African states. Thus in Ghana there was a proliferation of mechanized "state" controlled farms which were supposed to provide the necessary impetus for economic "take off" at the same time numerous agro-based industries were set up. The objectives of the agricultural programmes of the era did not succeed. The state farms failed because the employed staff perceived them as "government property". The management of the farms were also politicised and therefore did not attract the right calibre of professionals. Small-scale farmers were side stepped by the cooperative movement and the farmers' council – It was a dismal failure.

The Kwame Nkrumah regime was overthrown in 1966 and a military government took over. There were not significant changes in agricultural programmes, except for the removal of political appendages like the Farmers Council. But the State Farms, Food Production Corporation and the numerous agro-based industries continued to exist.

In 1971, the military handed over power to a democratically elected government. Unfortunately this government lasted for less than 24 months. The new military government came out with Operation Feed Yourself and Operation Feed Your Industries programmes. These programmes set targets for self-sufficiency in major foods and industrial crops. It was the same government that developed the 1975-1980 Five Year Plan.

All these programmes envisaged a continued role of the public sector in direct production, coupled with subsidies covering a wide range of inputs. But all these failed to improve Ghana's production prospects and contributed little to income and employment generation. The reasons were similar to those that led to the failure of the programmes under the Kwame Nkrumah regimes already discussed above.

Then came in the Rawlings era. It was in this period that the World Bank together with the government introduced far-reaching policy reforms such as the Economic Recovery Programme (ERP), which improved the fiscal situation, external balance of payments and brought down inflation. The ERP accompanied the Agricultural Sector Rehabilitation Programme, which helped to implement some of the reforms introduced by the ERP.

The MTADP came after the ASRP. This programme recorded both achievements and failures. There was a general increase in agricultural production but the rural transformation envisaged was slow. These achievements and failures influenced the development in MOFA's strategic document – the AAGDS.

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DISCUSSION PAPER TWO

IMPACT OF MACROECONOMIC POLICIES ON AGRICULTURE AND POVERTY

BY

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Introduction

The macro-economic environment is one of the contributing factors to the poor performance of the agricultural sector and to efforts at reducing poverty. This is because of the strong linkages between it and agricultural growth and performance. To what extent have macro economic policies contributed to or stifled agricultural performance and growth? Since poverty reduction is positively correlated to agricultural growth we must ask ourselves- have development policies been pro-poor or have they tended to benefit other sectors? What has been the contribution of agriculture to economic growth and what role will it play in the future? These questions require answers if agriculture is to be given its due concern and consideration in future policy dialogue aimed at reducing poverty.

This paper discusses the impact of macro-economic policies on the agricultural sector and the poor and the implications for pro-poor policy design and poverty reduction. The first section of the paper provides the macroeconomic and agricultural policy analysis prior to the Economic Recovery Programme and after. The second section discusses how these policies impact on agriculture and poverty and their implications for pro-poor policy design. Section three suggests strategies for making policies more pro-poor. Finally, section four outlines the way forward in designing pro-poor policies in the Ministry of Agriculture.

SECTION ONE

1.0 The Policy Environment

1.1 The Pre-Economic Recovery Period (1970-1982)

Nyanteng and Seini (2000) provide a good overview of the development policies pursued during this period. These policies include:

- Change from command economy to market economy with emphasis on economic development and focus on the private sector instead of the state
- Emphasis on medium scale agricultural enterprises rather than large scale.
- Formation of single product development boards to offer advice, and incentives for production of raw material to feed industry,
- Institution of guaranteed minimum prices to protect farmers against price fluctuations.

While the first six years of this period was described as favourable for agricultural development, the later six were said to be one of despair because it was marked by harsh macroeconomic conditions characterized by high money supply, high inflation, and high trade deficits. (Nyanteng and Seini (op cit). These conditions led to over valuation of the cedi, and eroded incentives to producers in the primary and secondary sectors of agriculture and industry. (Op cit). Constraints in foreign exchange led to shortage of spare parts and other agricultural inputs thus affecting agricultural production and growth.

According to Aryeetey and Harrigan (2000) most governments in the 1970s adopted a basic needs approach which attempted to tackle poverty directly because the growth model failed to meet the objectives of development trickling down to other sectors from the centre. This led to the development of large-scale integrated projects. Operation Feed Yourself (OFY) and Operation Feed Your Industry (OFYI) were pursued to boost food production and increase agriculture growth. The successes of these programmes were however undermined due to poor rural infrastructure and overvalued exchange rate, which discouraged exports which in itself, reduced the country's import capacity. The cocoa sector also suffered from the effects of overvalued currency. Cocoa producers responded by refusing to replant and maintain their trees. There was also inadequate supply of insecticides and spraying machines.

1.2 The Post-Economic Recovery Period (1983 to date)

Ghana embarked on an Economic Recovery Programme in 1983. The priority was to renew growth of the economy. The focus was on the export crop sector. Cocoa production was given a big boost through an increase in producer prices. The recovery programme had two phases the stabilization phase and the growth phase. Under the stabilization phase, emphasis was on providing the incentives to stimulating the productive sectors of the economy. Major policies pursued included exchange rate, interest rates, fiscal, monetary and trade policies. These policies were geared towards creating a stable macro-economic environment with low inflation. Market distortions were removed through elimination of subsidies and trade was liberalized.

The second phase focused on removing structural impediments from the economy to set the path for sustained economic growth. Agricultural policy focused on increasing producer prices especially for cocoa. A number of programmes were implemented in the agricultural sector to promote productivity. These included the Agricultural Services Rehabilitation Programme (ARSP), the Agricultural Productivity Promotion Programme (APPP) and the National Agricultural Research Programme (NARP). The impacts of these programmes are reviewed under a different section of this study.

According to Nyanteng and Wayo (2000) economic growth actually recovered during the first few years of the recovery programme with average GDP growth of 4.2% per annum between 1983 and 1992. Inflation also dropped from 128.7% in 1983 to about 10.4% in 1985. Cocoa, timber and mining export sectors performed well. This positive performance was however not sustained. Since 1992, GDP growth has fluctuated between 3.8% and 5.5 per annum, the inflation rate increased to end the

year at over 60% in 1995 and input prices have doubled. This situation has been attributed to weak supply response of the agricultural sector to the policy and institutional initiatives that were in place.

Exports, particularly cocoa play an important role in improving Ghana's trade balance. For that reason, attention was focused on revamping the cocoa sector with price incentives for cocoa producers. The bias for cocoa contributed to the neglect of food crops and other sub-sectors leading to the overall poor performance of the agricultural sector.

The impact of the ERP on equity was negative. Many of the poor suffered from the removal of subsidies and the inflationary consequences of devaluation. There was also a loss of jobs in the public sector (Ewusi, 1989). In the rural sector, it was mainly the producers of cash and export crops who benefited from the growth that accompanied stabilization.

SECTION TWO

2.1 Impact of Macroeconomic policies on agricultural growth and poverty

Macroeconomic performance and policies have a very important impact on agriculture. Exchange rate and trade policies for example play an important role in determining agricultural incentives to producers of tradable commodities. Policies that increase per-capita GDP and generate employment boost the demand for food and fibre, which in turn results in better prices, and profits for farm products.

Other variables such as credit and interest rate policies also strongly influence farmers' ability to purchase agricultural inputs and make long-term investments such as land purchases. Agriculture has an important part to play in maintaining internal balance. It contributes significantly to government revenues through direct taxation on commodities like cocoa. On the other hand the taxing agriculture denies it of the needed resources for increased investment in the sector.

Poor performance of agriculture affects real income and inflation. When agricultural supply declines food prices increase. Since food has a significant weight in the consumer price index inflation increases. Households spend about 60% of their disposable income on food and therefore increases food prices affect their real income. The converse holds true for increases in food production relative to consumption, which holds food prices low thus contributing to lower rates of inflation and macro economic stability.

The impact of food prices on rural households depends on whether they depend on food production for their livelihoods or not. Higher food prices will have positive effects on food producers if the price increases are reflected in farm gate prices. Increased prices could also lead to increased demand for labour (employment) through higher revenue from marketable surpluses. Total demand for rural labour may not increase if the price increases lead to substitution of less labour intensive commodities for more labour intensive commodities.

Trade and exchange rate policies have positive and negative effects on agriculture and the poor. While they are pursued for efficiency reasons and to accelerate growth, they cause agricultural prices to increase faster than non-agricultural wage rates. This reduces real wages in terms of food. It has however been demonstrated that the conflict between high producer prices and welfare goals need not arise if the economic gains far exceed the cost of compensating the poor (Pinstrup-Andersen 1987). Compensation could be paid to consumers in the form of subsidies that would keep food wages constant at an economic cost considerably less than the gains from trade liberalization and exchange rate management. Thus the pursuit of policies reflecting long-term economic efficiency goals without adverse effects on food wages is feasible.

Trade and exchange rate policies also change the nature of economic incentives in agriculture relative to other sectors. For example trade policies aimed at protecting the industrial sector result in appreciation of the real exchange rate, which reduces real incomes accruing to farmers producing exportable commodities and import competitive commodities. The impact of these policies can be substantial and can potentially offset benefits of the direct policies designed to boost agricultural production.

According to Dordunoo and Sackey a fundamental step towards poverty reduction in Ghana is to ensure that macroeconomic stability prevails. This is because macroeconomic instability is a major cause of poverty. It affects economic growth and harms the poor. They argue that the entry points to poverty reduction are economic growth, employment, and access to productive resources. Dordunoo and Sackey (op cit) provide results of econometric analysis of the impact of macroeconomic variables on poverty reduction.

2.2 Impact of Fiscal Policies

Fiscal reform involves controlling the rate of growth of government expenditure, increasing government revenue through improved tax administration and minimizing budget deficit. The pursuance of fiscal discipline to maintain macroeconomic stability could itself contribute to poverty. The resort to deficit financing, as has been the practice for many years has had negative impact on investment and employment creation. Deficit financing leads to accumulation of national debt. The private sector is crowded out due to government-increased access to bank credit and private sector savings. The two main effects of this reduced access to credit by private sector and increased costs to government due to high interest rates. The result is reduced incentives to the private sector to undertake investment in the agricultural sector thus depressing the investment and employment capacity of the private sector and increasing the incidence of poverty.

According to Dordonoo and Sackey, a unit increase in total employment leads to a reduction of the incidence by over 0.66. On the other hand the loss of a single job leads to an increase in poverty by 0.66. The simulation results also show that a unit increase in investment by the private sector induces a 0.21 reduction in the incidence of poverty while a unit increase in rate of interest increases poverty by 0.35.

2.3 Impact of monetary policies

Interest rates under the SAP were liberalised to reflect real cost of credit leading to increases in interest rates. Nominal interest rates rose from 19% in 1983 to 35% per annum in 1992. The increase in real cost of capital meant that industrial capacity, which was already obsolete and under-utilised could not be rehabilitated. Coupled with the constraint with access to capital, there was loss of jobs resulting in increased poverty.

2.4 Impact of Exchange Rate and Trade Policy

Exchange rate reforms were undertaken under the ERP to rationalise the incentive structure and improve competitiveness of local producers. These reforms had favourable but modest direct effects on poverty. Producer prices of cocoa increased with attendant positive effects on cocoa output and employment. The reforms also attracted private unrequited transfers, which contributed to poverty reduction. The overall poverty reduction effect of exchange rate is 0.63 (Dordonoo and Sackey op cit).

Key trade policies implemented under the ERP were the removal of quantitative restrictions on imports. Tariffs and other protective measures were also removed. This has been done with the objective of promoting efficiency in the economy. Deterioration of the terms of trade against agriculture has had negative effect on poverty reduction. For example the rapid pace of import liberalization hurt the private sector, as it could not compete favourably with imported cheap products. In the process some of the enterprises became distressed while others became bankrupt and laid off their employees, thus leading to increases in poverty.

SECTION THREE

3.1 Strategies for making pro-poor policy

Pro-poor policies go beyond the focus of social sector policies. They encompass a mix of macro and sectoral policies, asset redistribution, adoption of a participatory framework and efficiency enhancing policies in resource allocation. Pro-poor policies fall within the following four broad policy-relevant categories.

- Policies that expand the scope of pro-poor economic growth, for increasing income and employment of the poor,
- Policies that foster human development, i.e. equipping the poor with knowledge and skills to enable them to take advantage of opportunities and make their own decisions.
- Policies that provide social safety nets to the poor against various anticipated and unanticipated income shocks.
- Policies that favourably influence participatory governance and enhance the voices of the poor by strengthening women's empowerment, improving performance of existing anti-poverty institutions and removing the institutional bottlenecks that stand in the way of social mobility of the poor.

To achieve pro-poor growth, issues to consider include broadening the debate on macro economic framework for poverty reduction. The practice of IMF and World Bank determining the economic framework for the country should be discouraged

and participation of civil society and other groups should be encouraged. There should also be a shift of focus from narrow macroeconomic fundamentals to human poverty, social and economic exclusion and access.

Coordinated and integrated policy responses to pro-poor growth should focus on the following:

- Pro-poor budgeting and trade and global governance
- New macro-indicators and use of human poverty reduction indicators
- Addressing macro-micro linkages
- Targeting inequality with policy recommendations e.g. growth should take place in sectors/regions where the poor are located or there should be backward linkages from the sector/region so that there is a pull effect on the poorer sectors/regions.

SECTION FOUR

4.0 The way forward for MOFA in making its policies pro-poor

The Ministry of Food and Agriculture has been receptive and reactive to development initiatives mainly planned by donor and creditor agencies. Most of these initiatives therefore lack ownership and commitment from government and the people that they are intended to benefit. This results in failures of such initiatives or reduced benefits.

The way forward is for MOFA to shift away from being receptive and reactive to being proactive. MOFA should set the development agenda, establish the priorities and set the rules for the donors and creditor nations who wish to participate in the sector.

Key questions to ask if any policy-making process is to incorporate the needs of the poor:

- How is the policy going to affect the poor?
- What category of the poor will be affected?
- Where are they located?
- What can be done to mitigate the effect of the policy on the poor?

To do this, the policy making process in MOFA has to be transparent and inclusive. There is need to establish a pro-poor poverty advocacy group in the Ministry to ensure that any key policy decision is brought under its careful scrutiny to assess impact on the poor and to devise measures to protect them before the policy is implemented. The advocacy group in the Ministry can also develop partnerships with other advocacy groups for the poor to strengthen their bargaining position.

There is also the need to strengthen the policy analysis functions of the Policy Planning Monitoring and Evaluation Directorate (PPMED) of MOFA and the proposed advocacy group in MOFA to enable them to analyse policies and provide good recommendations for decision makers.

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DISCUSSION PAPER THREE

POVERTY AND AGRICULTURE IN GHANA: TOWARDS A FRAMEWORK FOR PRO POOR ANALYSIS WITHIN MOFA

BY

DR. LESLIE CASELY-HAYFORD¹

1.0 Introduction

Agriculture is a dominant sector of the Ghanaian economy. The agriculture sector has been seen as the second most important sector next to education in assisting the poor escape from the poverty cycle. The sector contributed 40.5% to Gross Domestic Product and 43.8% in total export earnings in 1998 (Oduro, 2000). The sector also provided livelihoods for about 56.9% of the total population of Ghana and received between 8.5 to 12.4% of aggregate credit to the economy during the period 1992 to 1998.

The sector however, suffered from low production and several constraints, which have made growth in the sector difficult over the last 10 years falling short of the projected targets of 4-6% growth (CEPA, 2001).

This paper presents a general overview of the poverty trends in Ghana and their relation to the agriculture sector, the characteristics of the poor and policies that have been identified for reducing poverty. It attempts to inform key policy makers of the major characteristics of poverty in order to define more pro poor policies in future.

1.1 Poverty Trends in Ghana

Poverty is a multi dimensional phenomenon, which affects all aspects of life and welfare, including: life expectancy, health, nutrition, access to social and economic services and participation in civil society. Poor communities in Ghana are characterised by low income, ill health, malnutrition, powerlessness and isolation. These characteristics of poverty interact thus keeping households and at times entire communities in a state of persistent poverty. Bortei-Doku (2000) brings attention to the intergenerational nature of poverty arguing that the dynamics and dimensions of poverty are often reproduced and passed on to the younger generation.

1.2 Poverty Monitoring in Ghana

Several studies have been carried out to monitor the incidence, depth and trends of poverty in Ghana. The Government of Ghana with assistance from the World Bank has designed a system to monitor poverty on a national scale. Three main instruments are used to monitor poverty namely; the Ghana Living Standards Survey (GLSS), the Ghana Demographic and Health Survey (GDHS) and the Core Welfare

¹ Assisted by Cromwell Awadey, Research Assistant

Indicators Questionnaire survey (CWIQ). Several other more qualitative instruments have also complemented these such as the participatory poverty assessments conducted in the first round of the Ghana Living Standards Survey. More recently the World Bank commissioned a collection of qualitative data called "Consultations with the Poor" (Kunfaa, 1999).

The Ghana Living Standard Survey has been used to investigate different dimensions of household living standards. There have been four rounds of the GLSS---1987/88, 1988/89, 1991/92 and 1998/99. In the GLSS-4 the standard of living of an individual was measured as the total consumption expenditure per adult within the household expressed in constant prices (GSS 1999). The first three rounds of the GLSS defined the poverty line as the ratio of mean household expenditure not consumption per capita (GSS, 1995).²

1.2.1 Poverty mapping in Ghana

Poverty is the main focus of the Government of Ghana's development strategy yet little work has been focussed on disaggregating data on a district basis making it difficult for planners to target poverty interventions. This study has found that some ministries have been able to identify key areas for focusing their resources.

The Prosperity Team interviewed staff within the Ghana Statistical Service (GSS) regarding the GLSS and Core Welfare Indicators Questionnaire data in the hope that this could be available on a district basis. Discussions with the GSS indicated following conclusions:

- The sample size of the GLSS 1-4 was too small to extrapolate to a higher level (i.e. district level) and must remain at the enumerative area level for analysis. Making conclusions on a regional level (which the GLSS did) has been judged unreliable by researchers within GSS and the University of Ghana.
- The primary sample unit for the GLSS 4 was the 1984 population census. Enumerative areas have increased in size over time and the sample size may no longer be accurate.

1.3 The Incidence of Poverty in Ghana

The GLSS 4 established two nutritionally based poverty lines-- a lower poverty line of 700,000 cedis per adult per year and an upper line of 900,000 cedis per year. The lower poverty line established the minimum amount of income needed to meet the nutritional requirements of household members. Individuals whose total expenditure fall below this line are considered to be in extreme poverty since they will not be able to meet their minimum nutritional requirement even if they allocated their entire income to food. The lower poverty line is 53.2 percent of mean consumption levels in 1998/99.

The upper poverty line of 900,000 cedis per adult incorporates both essential food and non-food consumption. Individual consumption above this line is considered to

² Main difference was that the GLSS4 used calories required in setting the poverty line.

meet the basic nutritional requirements of households and able to meet their basic non-food needs at constant prices. This poverty line is 68.4 % of the mean consumption levels of 1998/99 (GSS, 1999, p6).

The GLSS 3 and GLSS 4 used different methods for measuring poverty. The incidence of poverty in Ghana in 1992 was found to be higher based on new methods used in the GLSS 4. The incidence of poverty moved from 31.4 % to 50.8% (GLSS3 /GLSS4). The incidence of extreme poverty as reported in GLSS 3 also moved from 7% to 35.7%. Table 1 shows the changes in the incidence of both poverty and extreme poverty for 1991/92 and 1998/99 using the **new poverty lines**.

Table 1: The Incidence of Poverty and Extreme Poverty in Ghana
1991/92 and 1998/99

Year	Upper poverty line	Lower/ extreme poverty line
1991/92 (GLSS 3)	50.8%	35.7%
1998/99 (GLSS 4)	42.6%	29.4%

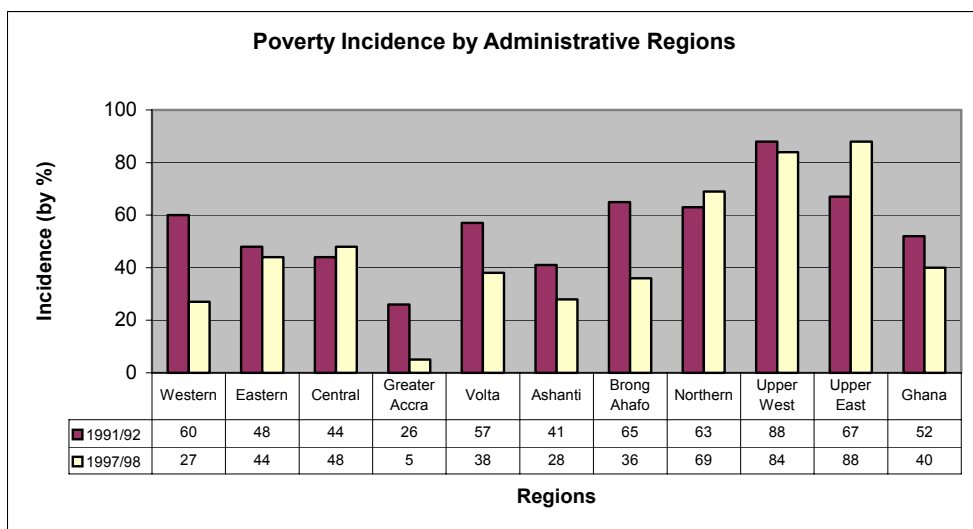
Source: GSS (1999)

GLSS 4 reported that the incidence of poverty between 1991/92 and 1998/99 was decreased by 8.2% (table 1). The incidence of extreme poverty was reduced by only 6.3% within the same period. Overall the incidence of poverty has reduced from 52% to 40% of the population.

1.4 Regional Disparity

The reduction in the incidence of poverty in Ghana was not evenly distributed. Some regions experienced increases in the incidence of poverty while others experienced declines in the incidence of poverty. Figure 1. Summarises the regional distribution of poverty incidence in Ghana.

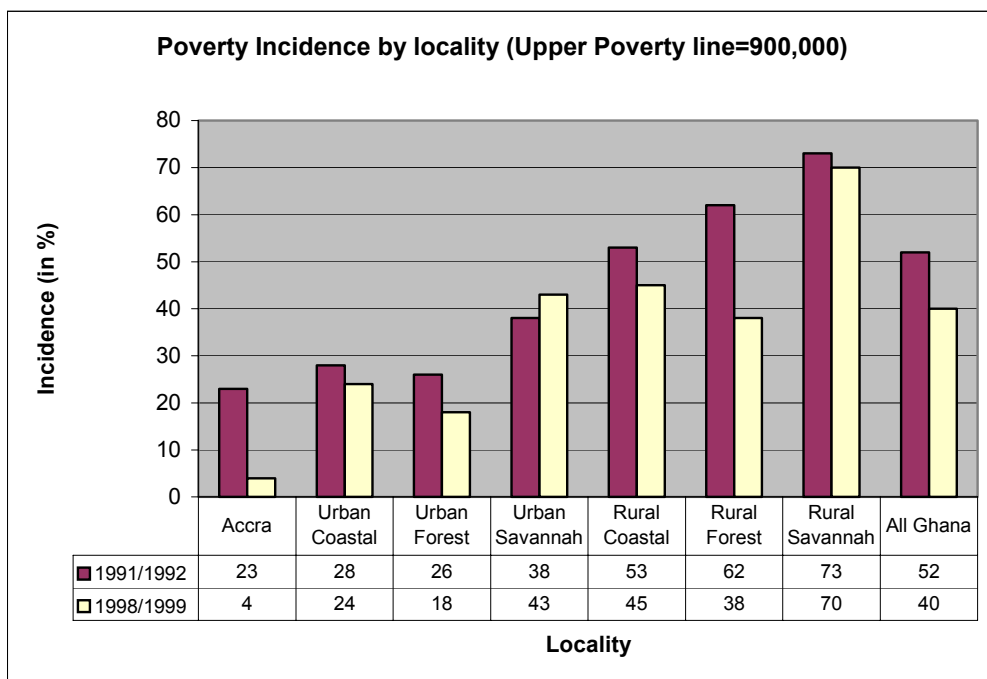
The decline in the incidence of poverty was concentrated mainly in the Western, Greater Accra, Volta and Brong Ahafo regions. The Central, Northern and Upper East regions experienced increases in poverty. The incidence of poverty increased in the Central region by 4%, 21% in the Upper East and 6% in the Northern region. Upper West and the Eastern region did not record any significant changes in the incidence of poverty.



Source: (GSS, 2000). Figure 1

Overall, poverty in Ghana was lowest in the Greater Accra region and highest in the three northern regions. More than 70% of people in the three northern regions were under the poverty line. Although the incidence of extreme poverty may have reduced for the entire country, it increased in three regions: Central, Upper East and Northern region.

1.5 Incidence of poverty across agro ecological zones



Source: (GSS, 2000).

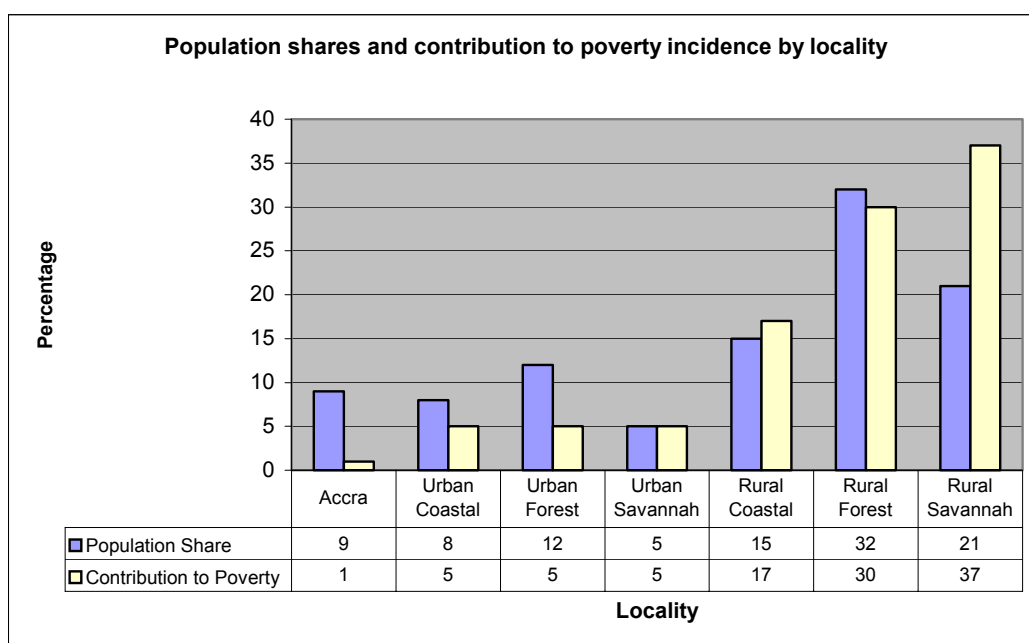
Figure 2.

The incidence of extreme poverty increased in the rural Savannah from 58% to 59% between 1991/92 and 1998/99 respectively. The incidence of extreme poverty in Ghana declined from 35.7% to 29.4%. The incidence of extreme poverty also increased slightly or remained the same in the urban coastal, urban forest and urban savannah localities within this period³. The highest declines in the upper poverty line were recorded in Accra and the rural forest zone falling from 45% to 24%. More than half of the population in the rural savannah region were classified as extremely poor. Figure 2, shows the incidence of poverty across the various localities in Ghana.

1.6 Rural / Urban Disparity

In both the GLSS 3 and GLSS 4 the incidence of poverty was substantially higher in rural areas than in urban areas. The GLSS-3 reports that about 72% of the poor in Ghana live in rural areas. Poverty in Ghana is therefore a predominantly rural phenomenon. The concentration of poverty is mainly in the northern Savannah zone. Dependence on subsistence farming and environmental crisis are some of the reasons given for the increasing incidence of poverty in some rural areas (Korboe et al., 1998).

1.7 Population shares to the incidence of poverty



(GSS, 2000). Figure 3.

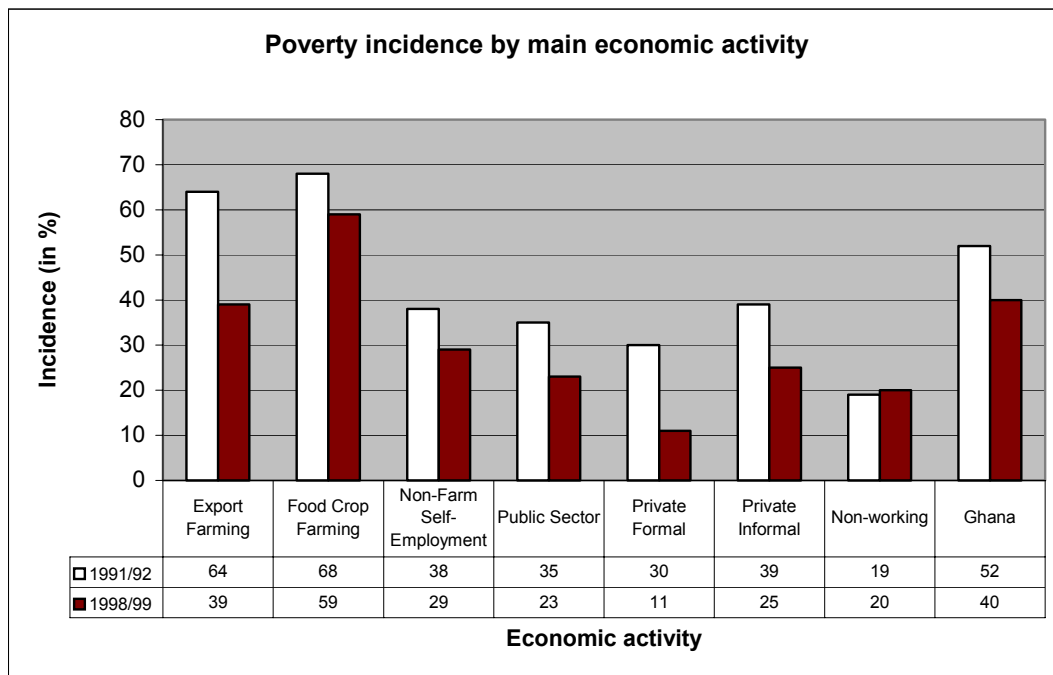
Rural savannah has made the highest contribution to poverty incidence in Ghana, with only 21 % share of the population; the area contributed 37% to the incidence of poverty in Ghana in 1999. The rural forest zone with a 30% share of the population of Ghana contributed 30% to national poverty incidence in 1999. Figure 3, captures

³ Figures were different from the GSS 1999, consultative report preliminary analysis and the GSS, 2000 poverty trends.

the population shares and contribution to the incidence of poverty of the various localities in Ghana.

1.8 Disparity among different economic activity groupings

The incidence of poverty varied across the different economic groupings. The disparity in the incidence of poverty among the main economic activity groups is captured in fig.4. Export farmers and wage employees in the private formal sector experienced the largest reductions in poverty. Poverty also fell amongst wage employees in the public sector and non-agriculture self employed. Food crop farmers, where poverty is greatest, experienced the least gains and remain the worst affected by poverty.



Source: (GSS, 2000).

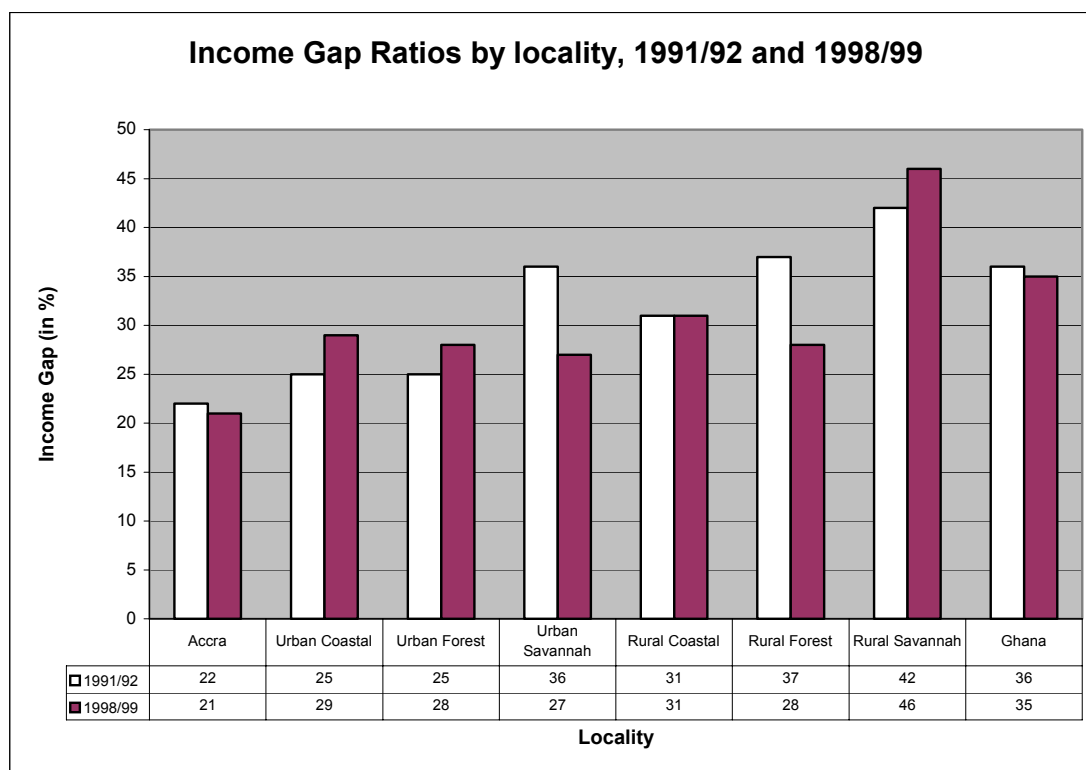
Figure 4.

1.9 Gender Disparity

Recent gender mainstreaming research has identified women as the most vulnerable group to poverty. Female-headed households make up the largest proportion of the poor. More than 70% of those under the poverty line are women. Women are more dependent on food crop farming than men although they control less access to land than men. Their dependence on food crop farming explains their higher level of vulnerability. Women also manage several roles and responsibilities in the household, spending long hours searching for water and fuel (Asibey-Bonsu, 2001; MOFA, 2001). Newman and Canagarajah (2000) found that between 54% to 58% of women in Ghana participate exclusively in agriculture. Women are particularly burdened due to their low socio cultural status and heavy burden as prime caregivers and providers for children (Duncan, 1998; MOFA 2001).

1.10 Depth of Poverty

The reduction in the incidence of poverty in the 1990s has not been accompanied by a corresponding decrease in the depth of poverty. Thus even though the incidence of poverty has fallen by 8%, the depth of poverty for those who remain poor decreased by only 1% dropping from 36% in 1991/1992 to 35% in 1998/1999. The depth of poverty relates to those who are under the poverty line and the extent to which they fall below this line. It also gives an indication of the intensity of poverty.



Source: (GSS 2000).

Figure 5.

The depth of poverty is measured using the income gap ratio, which gives the proportion by which the average consumption level of poor households fall below the poverty line. The decrease in the depth of poverty was not evenly distributed in Ghana. The depth of poverty decreased from 22% to 21% in Accra, 36% to 27% in the urban savannah and 37% to 28% in the rural forest area. The depth of poverty however, increased from 42% to 46% in the rural savannah, 25% to 29% urban coastal and 25% to 28% urban forest (see fig. 5). The depth of poverty remained the same (31%) at the rural coastal area (GSS, 2000). These are the same areas where the incidence of extreme poverty has either increased or remained the same.

2.0 Characteristics of the poor

According to the GLSS 4 Report, 59% of food crop farmers live below the upper poverty line (see figure 4). The poor are therefore those people who are predominantly small-scale food crop farmers--the vast majority of whom are women. Some of the main problems experienced by this population are the:

- low prices incurred when supply exceeds demand which is a disincentive for production in the next season
- absence of guaranteed prices making farmers vulnerable to losses when output increases substantially
- absence of a system of buffer stocks making them vulnerable to seasonal and natural disaster
- lack of storage systems at district or community level

2.1 Low yields

The high incidence of post harvest losses and the inadequate storage facilities and low rates of processing agricultural produce act as disincentives for increasing production by food crop farmers. Macro economic instability has contributed to the low yields and the high incidence of poverty in the agriculture sector in Ghana. According to Oduro (2000) the high and variable rates of Ghana's inflation in the 1990s has caused food prices to be high relative to other commodities. Food crop farmers often find themselves earning less for their produce due to inflation, which has contributed negatively to the high incidence of poverty in the food crop sector.

There is also a problem of the limited use of agricultural inputs such as fertilisers and pesticides in the sector. The removal of input subsidies and the withdrawal of the state from the distribution of inputs in the late 1980's have been viewed as a policy failure (Oduro, 2000). The policy has resulted in the prices of basic inputs such as cutlasses, fertilisers and insecticides becoming unaffordable to many food crop farmers.

2.2 Small farm sizes

Sarris and Shams (1991) observed that farmland distribution in Ghana was unequal and has changed substantially between 1970 and 1984. Farmers with holdings larger than 2.4 hectares declined within this period from 79.1 % to 38.8 % of the total cultivated land. In 1984, 84.4% of farmers with less than 1.6% hectares of land occupied 47.1% of the total cultivated land. In 1970 however the same class, which constituted 55% of all farmers, occupied only 12.7% of farmland.⁴

The shrinking farm sizes especially in the south were related to the high population growth rate (3%) and the redeployment exercise carried out in the public service in the late 80s, which has resulted in most redeployed workers going into agriculture.

2.3 Farm labour

Labour for the food crop farmer is usually provided by family members often young children and girls. Sarris and Shams (1991) indicate that 90 % of farm labour was provided by the farmer and his/her family. Hired labour is sometimes used for bush clearing, planting and harvesting. Women are particularly dependent on hired labour for clearing the land. A large concentration of hired labour is available in the Eastern, Ashanti and Brong Ahafo regions due to the demand by cocoa farmers. Studies on northern Ghana suggest that the northern regions also make use of hired labour whenever necessary (Asafo-Adjei, 1999).

⁴ More recent figures for changes in farm sizes and land availability were not found.

3.0 Coping strategies of the poor

There is broad agreement within the literature over the basic coping strategies of the poor in Ghana. These strategies were adopted at the household and societal level. A study by ISSER in 1992/93 found that rural farmers prefer to grow traditional crop varieties, which give low yields but are resistant to disease and give stable production from year to year. Other strategies reported in the literature include:

- Remittances from friends and relations outside the community
- Non-farm or off-farm income generating activities
- Reduction in the food consumed in the household

Asafo-Adjei et al (1999) indicates that coping strategies adopted during the periods of severe food shortages vary slightly among the districts in Northern Ghana. The key coping strategies include: the use of wild vegetables and trees as sources of food, pito brewing, sheanut picking and processing and petty trading. In other areas farmers harvest their cassava early, hire out their labour, or sell animals as coping strategies against famine. Many farmers engage in off-farm employment. In general, women have more opportunities for off-farm employment than men (Korboe, 1998).

Communities also evolve coping mechanisms to protect themselves from harsh poverty conditions. For instance some farmers adopt cooperative labour arrangements to cut down costs. "Kpatiba and nnoboa" are used among the Dagomba and the Akans respectively. Sharecropping systems also allow the migrant and landless farmers to cope through the "abusa and abunu" systems of farming.

4.0 Developing a framework for analysing the programmes and projects of MOFA

4.1 Poverty focused Programming

The prosperity core team reviewed MOFA projects based on the following **pro poor criteria**. The following framework was developed in order to incorporate the key findings from the poverty study thus far:

- Regional Disparity: location of the project (north or south; rural /urban focus)
- Occupational Disparity: focus on food crop or cash crop
- Gender Disparity: the degree to which the project focuses on women
- Specific targeted interventions for the poor
- The degree to which the project worked with NGO's and other agencies working at the grassroots level.
- Is the project using an empowerment or basic needs approach to poverty reduction.
- Is the project using a holistic approach?

All four IFAD projects were targeted at the rural poor and have had a strong emphasis on women (see table 2). IFAD programmes also used a holistic approach in attempting to uplift the poor using an empowerment process (i.e. group formation and mobilisation techniques, accessibility to markets and inputs, credit and technology).

Two of IFAD programmes were designed at the initial stages to meet the needs of the poor (Upper West Agriculture Development Project, Upper East Land Conservation and Small holder Rehabilitation Project). These projects took

significant steps to target and identify poor pockets within the region, which were considered below the poverty line and containing a high incidence of food crop farmers. IFAD also made efforts to identify strategies, which involve partnerships with civil society such as NGOs and other grass roots institutions.

Table 2 highlights the key indicators according to some poverty criteria:

MTADP (1991-1997)	Regional Disparity	Occupational	Gender	Design stage targeting	Empowerment/ Basic needs	Holistic intervention
National Agriculture Research Project (NARP)	No	No	No	No	Basic Needs	Yes
National Agriculture Extension Project (NAEP)	Yes after mid term review	No	No	No	Basic Needs	No
Agriculture Services Investment Project (ASIP)	No	Yes	Yes	No	Basic Needs	Yes
Agriculture Diversification project (AgDiv)	Yes	Yes	No	No	Basic Needs	No
Western region Agriculture Development Project ⁵	Yes	Yes	Yes	Yes	Empowerment	Yes
National Livestock Services Project (NLSP)	No	Yes	No	No	Basic Needs	Yes
Fisheries Sub Sector Capacity Building Project	No	Yes	No	No	Basic Needs	Yes
Small holder Credit, Input, Supply and Marketing Project (SCIMP)	Yes	Yes	Yes	Yes	Empowerment	Yes
Upper East Land Conservation and Smallholder Rehabilitation Project (LACOSREP)	Yes	Yes	Yes	Yes	Empowerment	Yes
Upper West Agriculture Development Project (UWADEP)	Yes	Yes	Yes	Yes	Empowerment	Yes
Small Scale Irrigation Development Project (SSIDP)	Yes	Yes	Yes	No	Empowerment	Yes
Village Infrastructure Project (VIP)	No	Yes	Yes	Yes	Basic Needs	Yes
Roots and Tubers Improvement Project (RTIP)	Yes	Yes	Yes	Yes	Empowerment	Yes
Rural Enterprise Programme	Yes	Yes	Yes	Yes	Empowerment/ Basic needs	Yes
Food Crops Development Project (FCDP) ⁶	N/A	N/A	N/A	N/A	N/A	N/A

IDA financed projects tended to have a more basic needs approach supporting the entire sub sector (i.e. Fisheries, Village Infrastructure, Roots and Tubers, Livestock). These programmes although necessary were not specifically targeting the poor. The Western Region Development Project was designed as a holistic development project. It included several different elements addressing both basic needs and empowerment issues. Rural employment and the need to increase rural incomes

⁵ Designed but never implemented.

⁶ Food Crops Development Project (FCDP) has only recently taken off.

and enhance the production through livestock, fisheries and crop was a key focus of the programme.

4.2 Poverty focused policies

Programmes and policies within MOFA should be analysed using the NDPC criteria, which suggests that at least 55% of all funds should be targeted directly at the poor. Are the strategies, which are envisaged addressing the key issues of the poor? Are they using a basic needs or empowerment strategy? These are questions, which remain to be answered through the poverty analysis at macro level.

NDPC proposes an analytic framework based on three broad poverty reduction concepts (NDPC, 1996: 17):

- Targeted poverty reduction activities: under such projects the poor are the specific targets of the project interventions; these projects also work towards the reduction of poverty through participation by the poor and the promotion of sustainable livelihoods for the poor (i.e. Social Investment Fund (SIF)).
- Poverty focused activities: programmes which benefit the poor but do not involve working directly with them go a long way to disproportionately benefit the poor--- capacity building, institutional renewal programmes—research farmer linkages etc.
- Activities which affect the policy environment: programmes aiming to remove systemic constraints in the policy environment which perpetuate poverty--- examples include gender mainstreaming, improving the access to markets, food processing.

The National Development Planning Commission in Ghana has undertaken a Poverty Reduction strategy, which aims to assist all Ministries better focus, their programmes towards the poor. The Poverty Reduction Strategy core team for production (2001) identified key areas for poverty reduction interventions in Ghana. The findings from the 'production theme group' suggest that the key issues for intervention within the Agriculture sector include:

- Low levels of production and productivity
- Low agricultural incomes of food crop farmers
- High Post-harvest losses
- Limited inter-industry linkages (between agriculture and manufacturing).

Although the Poverty Reduction Strategy Paper (PRSP) does identify the key areas and constraints for future intervention it does not identify the categories of people who are worst affected by these constraints nor does it suggest a means for the MOFA to target its programming.

5.0 Summary and Conclusion

Poverty reduction has been the focus of the development strategy of the Government of Ghana. The incidence of poverty however, remained high (42.6%) at the close of the last decade (1990-1999). The decreases recorded in the incidence of poverty (those under the upper poverty line) between GLSS 3 and GLSS 4 were not accompanied by a proportionate reduction in the incidence of extreme poverty. Whereas the incidence of poverty reduced by 8% (50.8% to 42.6%) between GLSS 3 and GLSS 4, the reduction in the incidence of extreme poverty for the same period was only 6% (35.7% to 29.4%). This means that at the close of 2000 a little over a third of Ghana's population remained under the upper poverty line and approximately one quarter of the population experienced "hardcore poverty". The depth of poverty also remained high (35%).

The distribution of the incidence of poverty shows a concentration in the savannah zone (especially northern savannah) and rural areas. Food crop farmers constitute the poorest economic activity grouping in the country with 59% of them under the upper poverty line. The constraints to agricultural production in Ghana are likely to remain significant until the majority of food crop farmers are empowered and secure to lead a stable livelihood.

A review of poverty trends in Ghana demonstrate that various programmes designed and implemented by GOG and MOFA to lift people out of poverty did not impact significantly on the rural poor in Ghana. Poverty data also point to the failure of the "trickle down" effect in policy formulation, implementation and programming due to the sustained proportion of Ghana's population who remain under the poverty line. There is need for MOFA to reorient its policies towards meeting the needs of their main clients- rural food crop farmers.

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DISCUSSION PAPER FOUR

THE POOR: WHAT ARE THEIR CONSTRAINTS AND WHAT STRATEGIES CAN BE APPLIED TO REDUCE POVERTY

BY

DR. KWAME AMEZAH

1.0 INTRODUCTION

The UN Social Summit defined the poor as people whose income is less than a dollar a day. This is an indicator for purchasing power of the individual but ignores the social and political implications of poverty. The poor themselves, from all regions of the world, see poverty as a state of 'ill-being' expressed in terms of powerless and voicelessness (Nayaran et al 2000).

Nayaran, Chambers, Shaliaw and Petesh (2000) undertook a poverty study dubbed 'Voices of the Poor' to explore the views of the poor in relation to their lives, needs, hopes and expectations. According to that report, the lives of the poor suffer from hunger, material deprivation as well as social and psychological trauma (lack of freedom, choice and power). Some dimensions of poverty as captured by Lustig (2000) are summarised in Box 1.

Box 1: What Poverty means to the Poor.

To be poor means to:

- Go hungry and be malnourished
- Lack adequate shelter and clothing
- Be sick and not cared for
- Be illiterate without the opportunity to be schooled
- Be powerless to influence decisions affecting ones life
- Lack voice, power and representation
- Face extreme vulnerability to adverse events outside ones control

Source: Nora Lustig (2000)

Not only are the poor discriminated against in terms of resources and opportunities, they are also stigmatised, lack protection, peace of mind and self-confidence (Nayaran et al, 2000). Poverty can therefore be aptly conceptualised as a state of being denied the right to live as a human being.

The need to address poverty is very important to development because 20% of the World's population is poor. This represents about 1.2 billion people in mass destitution and extreme vulnerability to adverse events. The majority of the poor live in developing countries of Africa, Asia and Latin America. It is also on record that

about 35% of Ghanaians (over 6,000,000) are poor (Botchie, 2000). The majority of the poor in Ghana are the small-scale farmers living in our rural areas. We may therefore not talk about agricultural development without designing strategies to deal with the relationship between agricultural development and poverty reduction. Poverty reduction should therefore be an integral part of our efforts as a developing the country.

The 1995 UN Social Summit charged each government to define poverty and its reduction according to national standards. The Bretton Woods Institutions (IMF and the World Bank) currently embrace poverty reduction as their main priority. This represents a shift from the purely 'growth approach' to development to the creation of opportunities and empowerment of the poor (Graphic, 2000). The UN General Assembly Millennium Declaration of September 2000 set the target of halving the proportion of the poor in the World by 2015.

Ghana has also put in place a framework for poverty reduction. We however need to know the constraints facing the poor in order to design more responsive strategies to confront poverty in the society.

2.0 Constraints facing the Poor

It is understood that the poor are faced with numerous problems as they try to make a living within their environment. It is therefore necessary, to critically analyse these constraints with a view of planning and implementing strategies to improve their situations. The constraints facing the poor are numerous and interrelated. However, for the purpose of this presentation, I would categorise these constraints as follows:

- livelihood instability
- social and power relations
- productivity
- marketing and transaction cost
- discriminating policies

2.1 Livelihood Instability and vulnerability

The poor do not have access to livelihood assets, and basic social services. They therefore face extreme vulnerability to adverse events and seasonal fluctuation (Seely et al, 1999; Korboe, 1998 and Watkins, 1995). The precarious nature of the poor is exacerbated by the inability of the state to provide health care, education, clean water and sanitation services exposing the poor to health crises and reduction in longevity (Seely et al 1999). Narayan et al (2000) observed that the livelihood assets of the poor are precarious, seasonal and inadequate.

The poor survive through low paying, temporary, seasonal and often backbreaking and dangerous jobs. Poor farmers are unable to endure stress due to crop failure and lean seasons when domestic food stocks, wild vegetables and finances are at their lowest. In Ghana, these happen in times of drought and in between planting seasons. In such a situation, the poor has to ration food (reduce portions, exclude fish and meat) leading to reduction in the quantity and quality of food eaten by the poor (Watkins, 1995). The poor may also postpone seeking medical attention. Poverty may stop children from learning as it compels parents to send their children to work (tending the field and animals), and perpetuate poverty in the process. The

youth migrate to seek jobs in the cities. The poor may become more indebted when they borrow at 'cut-throat' interest rates from local moneylenders.

It is recognised that few of the poor have savings and other assets that they can sell to get through times of stress. Where they exist, the poor have to liquidate these assets at ridiculous prices in order to purchase food and other necessities. Some farmers have to sell immature crops and livestock to help them overcome bad times. The poor are unable to manage the effect of the factors that are outside their control (e.g. uncertainties of the environment). The poor therefore live under a situation described by Korboe (1998) as entrenched vulnerability.

2.2 Productivity Constraints

Poor people are unable to produce enough to feed themselves. Most of the poor in the developing world like Ghana are farmers who have less than 2 hectares of land under cultivation at a time. They use simple tools and cannot afford to use improved varieties of crops, fertilisers and agro chemicals. The low production means that they are unable to generate enough wealth to provide their basic needs. Poverty also contributes to degradation of the environment. The poor may harvest forest products indiscriminately and their inability to fertilise the soil leads to soil mining.

Watkins (1995) and Korboe (1998) reviewed the productivity constraints of poor farmers and identified the following as barriers to the poor when attempting to increase productivity:

- Lack of land and capital assets. In most cases family heads who are rich male members of society controls land. Poor farmers especially women and migrant farmers find it difficult to get productive lands to work on. In some cases poor farmers live on and tend very fragile areas that are: (a) drought prone, (b) on steep slopes and (c) degraded.
- Unequal distribution of other productive resources (modern tools and equipment, agro-chemicals and storage facilities).
- The poor have limited access to information forcing them to make choices/decisions on incomplete knowledge of alternatives. The research and extension system excludes the poor thereby limiting access to technical and managerial know-how.
- Lack of advancement in technology also has an effect on productivity. The inability to use good farm practices (appropriate varieties, good farming and post harvest management).
- Use of labour intensive farming makes farming tedious whilst out migration of the youth and the poor quality of food undermine the household labour potential.

Tapsoba (1990) was of the opinion that the fiscal and monetary policies of developing countries makes imported food cheaper with its attendant negative impacts on domestic food production. Similarly the financial institutions are also not responsive to the needs of the poor. They set conditions that effectively prevent the poor from accessing loans. The poor have no physical assets to be used as collateral. A situation is created in which the poor have to depend mainly on their own resources or the informal sector to service their production.

In general, the poor are unable to produce efficiently, as they are isolated from information, productive resources, education and technical skill development. It is identified by IFAD (2000) that gains in farm yields; smallholder incomes and farm employment are central to poverty reduction.

2.3 Marketing Difficulties

The problem of low production is compounded by difficulties in marketing. The poor are unable to hedge against low market prices. They cannot store farm produce for a long period since their agriculture produce is the only source of income and must sell. Consequently they cannot escape the glut in selling produce during the harvest time. The glut often leads to price crashes resulting in significant revenue losses to farmers (Seely et al, 1999). This is compounded by lack of access to other related infrastructural services like roads, transport and storage facilities.

In Ghana, matters are not helped at the time of gluts because of the measurements used in the marketing system. According to Amezah (1998) market women use various 'volume-based' measurements and cheat farmers out of the produce. The poor farmers have limited influence over either the price or the volume of maize. An example is a half bag of maize weighs about 50kg but the volumetric measurement used allows the market women to take more maize for the same price of a half bag. Traders who double as moneylenders also use the harvest period as a time to redeem money granted for farm produce. The interest rate and the volumetric measurement used deprive poor farmers of their wealth.

Anon (1998) argued that extension efforts are unable to support the poor to engage in any meaningful agricultural production because of:

- a) inability to link market access to productivity;
- b) the inability of pro poor institutional arrangements for accessing markets,
- c) the inability to correct market failures in the face of weak private sector.

It is established (IFAD, 2001 Poverty Report) that the poor are over burdened by the market power of others, market failure, bad distributional outcomes and barriers to market access.

2.4 Social and Power Relations

The poor are powerless to influence decisions that affect them and face social exclusion in civil society and are marginalized by institutions that are in charge of social development. Oppressive power structures and growth oriented development policies help to marginalize the poor (Watkins, 1995). Women are the most affected by this phenomenon of social exclusion. According to the IFAD 2001 Poverty Report, the exclusion of the poor from institutions that enable them to share in the control of the decisions that affect their lives is central to the perpetuation of poverty around the world. These institutions are controlled and run by the rich and powerful hence their agenda ignore the needs of the poor.

According to Amezah (1998), the inability of society to create the social space for the poor in setting the development agenda leads to programmes that discriminate against the poor. The social relationships in this respect were described by Nayaran et al (2000) as discriminating and isolating. This leads to voicelessness and powerlessness. The poor are therefore unable to share in the opportunities, resources and information needed to make better lives.

The rich and the powerful are consciously or unconsciously abusive, rude, and uncaring towards the poor (Lustig, 2000). Accepting this as the norm makes the poor lose self-worth and self-confidence (Nayaran et al 2000). They are also discriminated against by the institutions that are supposed to deliver services to them. For example the police, the courts and government offices serve the rich and are unable to respond to the needs of the poor and powerless. Agricultural research and extension services are provided more to the rich than the poor. Technologies developed are not pro poor as they are based on the application of external inputs that the poor are unable to buy. On the other hand, the organisations that serve the poor are limited and are poorly resourced. For example the department of social welfare in Ghana is not well funded and other rural social services like schools and medical facilities are understaffed and poorly funded.

Globally, it is the rich countries that set the development agenda. The Breton Woods Institutions that provide financial support to poor countries set conditions that further impoverish these countries. Twenty years of the World Bank and IMF designed structural adjustment programmes have resulted in more misery in the developing world (Abugre, 2000). In the year 2000, the IMF and the World Bank announced their commitment towards poverty reduction. The question however arises as to whether this three-prong poverty reduction strategy of growth, empowerment and security will deliver any benefits to the poor by way of debt relief and democratisation. In general, the poor are excluded from the socio-political life of society.

3.0 STRATEGIES FOR POVERTY REDUCTION

Korboe (1998) indicated that the poor cope with their poverty by sending their children elsewhere for fostering and engage in consumption rationing (reducing food portions or excluding meat and fish from the menu). Household expenditures may also be reduced by postponing health consultation and removing children from school. They may also borrow money from friends or liquidate capital assets and immature crops in order to purchase the necessities of life.

Most of the poor in sub-Saharan Africa live in rural areas where agriculture is their main source of livelihood. It stands to reason that economic growth linked to agricultural production provides a means of poverty reduction. Poverty reduction is also linked to ensuring access to information and basic services as well as encouraging the poor to make a good exit from agriculture (Pinstrup-Anderson and Pandya-Lorch, 1999, Korboe 2000).

Poverty is a complex issue requiring sustained commitment consistent yet flexible joint action by all stakeholders. According to IFAD (2001), no one institution or single strategy can hope to deal effectively with the different causes and dimensions of poverty. As the poor are encouraged to produce more food other support institutions of marketing, finance and transport must be improved even as their health and skill training are taken care of.

Different people have suggested various ways of dealing with poverty. The common strand that runs through all these suggestions include:

- ensuring equity in service provision and resource allocation

- enhancing opportunities for the poor
- participation of the poor in setting the development agenda
- empowering the poor
- ensuring food security
- creation of employment
- ensuring access to livelihood assets
- ensuring good policies to support production and marketing
- sustaining provision of basic social services
- ensuring peace and security

Lustig (2000) and Nayaran (2000) has however posited that poverty can be reduced through the three interrelated strategies of:

- a) providing opportunities to the poor;
- b) empowering the poor; and
- c) ensuring that the poor are socially and politically secure.

3.1 Opportunities to the Poor

This is an attempt at encouraging the poor to contribute positively to the growth of the economy. As the poor are given opportunity in terms of resources, technology, information and better prices for their services and goods, wealth is created for the poor to take care of their needs. This is related to the reduction of poverty through employment creation, improved production and income generation. In sub-Saharan Africa, where the majority of the poor are farmers, a growth in agricultural production and marketing will contribute immensely to poverty reduction.

According to Pinstup-Anderson and Pandya-Lorch (1999), stimulating overall economic growth through creating opportunities for agricultural growth in Africa is very important for poverty reduction, as the majority of the poor are farmers. However, as observed by Lustig (2000), sustainable growth in the agricultural sector is closely linked to improved quality of services, reforms to redistribute land and other resources more equitably. It is also linked to improving access to both domestic and foreign markets. *Extension messages need to be broadened to take the context of the poor into consideration.* It might also be rewarding to provide choices to enable the rural poor to make 'good exit' from agriculture (Anon, 1998).

For Watkins (1998), giving opportunities to the poor implies that poor people should have access to productive assets, opportunity to get more autonomy through education life-skills, access to health care and good sanitary conditions and general livelihood resources. Booth (1999) is of the opinion that giving opportunities to the poor also means putting in place institutions and structures that enable the poor to have unimpeded access to productive resources.

The need to give opportunity to the poor to improve their production has been identified by Ghana's Vision 2020 through the implementation of the Accelerated Agricultural Growth and Development Strategy (AAGDS). The AAGDS has outlined the need to create opportunities for the agricultural sector to ensure food security, create rural employment opportunities and to strengthen support services. The focus is on the production and creation of markets for selected commodities with the view of creating wealth. However, the strategy is to adopt an interventionist approach to promoting agricultural growth through large-scale private enterprise and out-grower

schemes, which often do not take into consideration the needs of the majority of farmers who are small-scale operators.

There is the need to elaborate a strategy that would give poor small-scale operators the support that would enable them to improve their livelihood from the production to the marketing of their products. A strategy that initiates economic growth and sustainable development is necessary for poverty reduction in this country.

The research and extension system must develop a collaborative dialogue with all stakeholders to ensure that the concerns of the poor are addressed. Similarly the marketing system that enriches traders at the expense of poor farmers needs to be reformed to enable more money to enter the pocket of farmers. We are aware that cocoa farmers are getting about 60% of the world market price in Ghana. But what percentage of the market price of maize or tomatoes is being received by the farmer? While agreeing with Tapsoba (1990) that the productivity of poor farmers is quite low because of the lack of technology, I would also argue *that the poor price paid to our farmers prevents them from paying for and adopting these technologies.*

3.2 Empowerment

The poor are dis-empowered and isolated from the mainstream of the socio-economic development process. A process that helps the poor to gain self-esteem and participate in the development agenda would go a long way to reducing poverty. Narayan et al (2000) observed that the challenge for policy and practice aimed at poverty reduction is to:

- a) empower the powerless in their struggle to find a place of dignity and respect in society
- b) enable the poor to enhance their capabilities and
- c) enable them to take control of their lives and acquire their basic needs

This is linked to enabling the poor to get access to productive resources and training especially for women heads of households. Edwards (2000) has argued that social capital is the missing link in poverty reduction efforts. He identifies the need to strengthen social networks and associations to enable the poor to make connection with others, to access information and to share resources. We need to strengthen existing social institutions to develop their skills and capacities to play an advocacy role in empowering the poor. Improving the social capital through training and networking with various stakeholders can lead to a better understanding of each other, a better exchange of ideas, building trust and co-operation in our development efforts. The shape and character of networks, associations and transactions influences the 'norm'...helps the poor to make connections with others to enable them access new opportunities and information (Edwards, 2000).

The World Bank (2000) sees empowerment as a process of making the state more responsive to the demands of the poor and the elimination of discrimination based on gender, ethnicity, race, religion and social status. This calls for equity in service delivery and gender-sensitivity in development efforts. The need to strengthen social networks, farmer-based organisations and institutions involved in social capital development is crucial to poverty reduction.

Empowerment also means ensuring that the poor participate in taking decisions that affect their lives. Participatory technology development and dissemination as well as decentralised management of resources go a long way to ensure that:

- a) the voice of the poor in society are heard
- b) their concerns and needs are considered in the development process

The most important resource in the development process is the people but poverty wastes this resource because the poor are not trained to take advantage of their own situations. Empowerment also means training the poor and their siblings. Removing voicelessness is also related to having the capacity to gain insight into what affects oneself. This comes with education and training. Training not only increases the knowledge of the poor but it also increases their self worth and confidence. This gives them the power to ask for services and participate in the development process.

3.3 Providing Security for the Poor

Providing security has to do with ensuring that the poor have equal access to basic social services like education, health care, sanitation and potable water. It is on record that the Government of Ghana has set up a Social Investment Fund to:

- Facilitate Access of the Poor to Basic Social Services
- Improve the financial capacity of the poor through micro-finance
- Strengthen NGOs and grassroot institutions, community based organisations and local administration to support the goal of poverty reduction. Similarly civil unrest and wars aggravate poverty because infrastructure is destroyed; farmers become displaced and provide an insecure environment within which no economic activity can take place (Botchie, 2000).

Tapsoba (1990) posited that high population growth contributes to poverty in developing countries. A fundamental prerequisite for poverty reduction is economic growth that out-paces population growth. People in densely populated areas are known to be very poor, prone to food insecurity, security of abode and have uncertain access to basic services.

Providing security to the poor also involves dismantling intrusive, restrictive and outmoded laws and regulations in all productive sectors including insecure land tenure. *In order to ensure security of income, the agriculture base needs to be diversified as well as the promotion of off-farm employment to help them exit from unproductive agricultural activities.* It also implies ensuring secured land tenancy, good prices and markets.

To ensure security of the populace, government must also maintain macro-economic stability while ensuring growth, improving governance and reallocation of expenditure to provide social services to the poor. This is against the background that ill health; poor educational levels of the economically active age group can undermine poverty reduction.

4.0 CONCLUSION

Poverty is the outcome of economic, political and social processes. Although economic growth is central to poverty reduction, there is need for structures and institutions that support and take advantage of a sound macro-economic regime. The poor need legally secured entitlements to their assets, technology to increase outputs, access to markets to exchange goods and services to earn income, and finally, opportunities to participate in decentralised resource management.

A sustainable reduction of poverty according to IFAD (2000) calls for a pro poor policy environment and greater allocation of resources to poverty reduction efforts, greater partnership among stakeholders to empower the poor to produce and improve upon their standard of living. The challenge is for policy and practice to encourage and provide opportunities in a secured environment to enable the poor to take responsibility for their own development.

Our ability to reduce poverty will be related to our ability to answer some of the following questions indicated below:

- How can we increase the opportunities and empower the poor?
- What is the nature of poverty involving our (MOFA's) clients?
- What do the clients want us to do for them and how can we reconcile these demands to our development policy and practice?
- What have we been doing to reduce poverty and what can we do better to improve the situation?
- How can the poor peoples' organisation be heard and be represented in decision-making?

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DISCUSSION PAPER FIVE

CONSTRAINTS, BARRIERS AND STRATEGIES TO REDUCE POVERTY AMONG VULNERABLE GROUPS IN SMALLHOLDER FARMING/FISHING COMMUNITIES

BY

PETER ASIBEY-BONSU

1.0 Introduction

A turn-of-the-century review of the fight against poverty reveals a worrisome picture. While there has been remarkable progress, particularly in China and other parts of East Asia, abject poverty persists unabated in many developing countries. At the same time, the gap between the rich and the poor is large and growing--not just in terms of income but in relation to education and health outcomes. Indeed, the latest assessment undertaken by the World Bank indicates that unless current trends are reversed, the broadly supported *International Development Goals*--including reducing half the proportion of people living in extreme poverty (less than one dollar a day) by 2015--will not be met.

The scale of the challenge to reduce poverty is daunting. In the next 25 years, the world's population is projected to grow by about 2 billion people, most of whom will be born in developing and emerging economies. Without a concerted effort to fight poverty by developing countries' and the support of International Development Agencies and other partners, many of these people will be doomed to a life of poverty.

Concern that there is a stalemate in the fight against poverty has prompted in recent years an intense re-examination of development and debt strategies. National governments, the World Bank, the International Monetary Fund (IMF), United Nations agencies, regional development banks, nongovernmental organizations, and church groups have all been actively involved in this exercise.

At the September 1999 Annual Meeting of the World Bank Group and IMF, Ministers endorsed the proposal that country-owned poverty reduction strategies should provide the basis of all World Bank and IMF concessional lending, and should guide the use of resources freed by debt relief under the enhanced HIPC Initiative. This strategy will be reflected in the Poverty Reduction Strategy Paper (PRSP) prepared by country authorities with broad participation of civil society.

The Government of Ghana's expressed intention to, "take advantage of the HIPC Initiative" is an admission of Ghana's poverty status. This paper is an initial review of the constraints and barriers faced by the poor as well as strategies acknowledged as best practice for possible incorporation into the Accelerated Agricultural Growth and

Development Strategy (AADGS) of MOFA. It is one of a number of discussion papers that form part of a poverty study by MOFA with the support of DFID.

2.0 Poverty Incidence In Ghana

⁷While Ghana may not be under a situation of famine emergency or widespread food shortages, there are conspicuous enclaves of hard-core poverty in various parts of the country, which are invariably associated with chronic food shortage and persistent or seasonal hunger¹

The incidence of poverty in Ghana declined from 36.9 percent in 1987/88 to 31.5 percent in 1991/92. This suggests that by 1991/92 about 32 percent or 5 million Ghanaians were poor with expenditures of less than US\$25 per month. Similarly, the depth of poverty also declined from 11.9 percent in 1987/88 to 8.1 percent in 1991/92 but 15 percent of Ghanaians were described as living in conditions of "hard core poverty".

A 1995 poverty study by the World Bank in Ghana on the past, present and future situation reveals that about 35 per cent of Ghanaians live below the poverty line, with some 7 per cent living in absolute poverty. Although poverty may be found nationwide, the most affected are the rural poor, with the hardest hit group being those who live in the natural resource poor savannah areas. High fertility and declining mortality rates have also resulted in a population growth rate of 3 per cent per year, adversely affecting the provision of basic social services. In addition, according to the most recent living standards surveys by the Ghana Statistical Service, some 90 per cent of the labour force work in the informal sector, the majority in smallholder agriculture with low productivity.

A report on the study entitled "Consultations with the Poor" commissioned by the World Bank to form the thrust of the World Development report, 2000/01 with a focus on "Poverty and Development" had the following as its main findings and policy implications:

- Poverty is widespread in the country but it is more intense in the Northern Savannah Ecological zones
- Ecological and political factors appear to have influenced the current pattern of poverty in the country. These two factors laid foundation for disparities between the less and the most resource rich regions
- Outmoded customs and cultural practices, e.g. not working on taboo days, have been contributing factors to the widespread poverty in Ghana.

Poverty in Ghana is strongly identified with food insecurity, particularly by women. Long-term malnutrition is high and seasonal hunger is particularly severe before harvests.

¹Hunger Project "Ending the Scourge of Hunger and Poverty In Ghana (March 1997)"²

Characteristics of poverty in Ghana are summarized below (Botchie, 2000).

LOW PRODUCTION

- lack of access to land/assets
- low productive inputs
- low agricultural technology
- lack of access to credit/capital
- pricing and marketing constraints
- climatic factors
- low soil fertility
- small farm sizes
- lack of research and extension services
- low productivity

LOW INCOME

- lack of marketable skills/untrained labour
- lack of employment opportunities
- lack of small enterprise credit
- lack of farm to market transport
- low wages
- lack of income-generating opportunities

ENVIRONMENTAL DEGRADATION

- farming in environmentally sensitive areas
- soil erosion
- soil nutrient depletion
- overgrazed/depleted ranges
- fuelwood shortage
- deforestation
- bushfires
- poor environmental sanitation

WATER

LOW-LEVEL OR LACK OF EDUCATION

- low primary enrolment rate
- poor quality of education
- inadequate resources
- inability to pay school fees
- inadequate classrooms
- limited facilities
- poor access (Distance factor)
- absenteeism

POOR HEALTH

- food insecurity
- poor nutrition
- lack of access to potable water
- poor access to health facilities (distance factor)
- inadequate health services
- insanitary conditions

UNPLANNED UNCONTROLLED HUMAN SETTLEMENTS

- lack of threshold population for service delivery
- isolated settlements
- lack of access to land
- environmental sanitation problems
- slums
- high residential densities
- inadequate transportation network
- unaffordable housing rents
- lack of access to affordable housing finance

- poor water quality
- water-borne disease
- inadequate supply
- long distances to fetch water
- inability to pay for portable water

(Source: Policy Focus for Poverty Reduction, September 1996)

3.0 Constraints and Barriers to the Vulnerable Groups

Major characteristics of the poor include landlessness and the lack of education. The poor are clustered in certain socio-economic categories that include small farmers, agricultural labourers, casual labourers, unskilled and semi-skilled workers, female-headed households, physically handicapped, HIV/AIDS orphans and street children. The poor have larger families while in general rural households are larger than urban.

Public expenditure on education averaged 3.7 percent of GDP in 1993. Spatially, the availability and quality of educational services is skewed towards southern Ghana at the expense of northern Ghana. While the net enrolment rates for poor boys and girls in Accra are 87 percent and 78 percent respectively; the non-poor households in the northern savanna have net enrolment rates of 59 percent for boys and 46 percent for girls. The main reason for not attending school is the high cost of education. Children are also required to help at home. The socio-cultural factors and early marriage for girls are significant reasons for non-attendance.

Certain occupational groups such as subsistence food crop farmers (more than 50%) and the self-employed (70%), have a higher than average incidence of poverty. Women have been identified as being more vulnerable to poverty than men. For instance, the GLSS 1 and 2 showed that there was a higher proportion of female-headed households among the poor and very poor than among the non-poor. Women depend more on subsistence food crop farming than men even though women control less land than men.

The relative dependence of women on subsistence farming explains the extreme vulnerability they experience. The vulnerability and associated problems of women are most severe in the arid and semi-arid regions of the North where they spend a great proportion of their productive time searching for water and fuel. Other constraints besides landlessness and lack of education, include:

- Inequitable access to a means of production (land and capital),
- Reduced access to economic goods and services and remunerative employment.
- Inability of the subsistence farmers to access technology in land and water management as well as other production inputs.
- Marketing

Although poverty reduction is now a much more explicit goal in Ghana, studies point to the need to reverse the present trend which directs 60-75% of poverty reduction resources to institutional capacity building activities rather than to programmes that directly impact on the poor. Ghana has come to recognize that sustainable

economic growth has to start with a robust agricultural sector. Actions to date however have not resulted in increasing the growth rate above the population rate of growth. Agricultural programmes have insufficient focus on smallholder farmers and their problems of access to inputs and lack of information.

While the poor cultivate on average more land and may have more livestock than the non-poor, the non-poor earn more income from cash crops and livestock sales. This is attributed to the inability of the subsistence farmers to access technology in land and water management as well as other production inputs.

Empowering women is critical since women produce 70% of Ghana's food. Women's holdings are smaller, they lack education making it harder for them to gain access to information, and their burden is greater due to family duties.

4.0 Strategies to Reduce Poverty

Concern for poverty alleviation has led to many studies on the subject with resultant formulated concepts and strategies. While the widely acclaimed strategies advocated particularly by the IMF and World Bank are based on economic growth, others notably Oxfam International stress the essential role of growth, acknowledging that growth alone will not lead to poverty reduction. Oxfam cites East Asia's spectacular success at reducing poverty in stark contrast to the abject failure of growth policies in South Asia, Latin America and sub-Saharan Africa. According to Oxfam International greater emphasis needs to be placed on the rate at which growth reduces poverty.

Various studies reveal Ghana's efforts at poverty reduction in recent times.

1. Important steps have been taken to improve the environment for participatory development, including decentralization and the establishing of the District Assembly Common Fund.
2. Initiatives have been taken to improve food production; while they have had only modest success, specific limitations have been identified which could point to future action.
3. Initiatives have also been taken to improve employment, infrastructure, access to social amenities and education.

Poverty reduction strategies in recent time have included:

- Establishment of Social Investment Fund;
- Establishment of Continuous Poverty Monitoring Systems;
- Formulation of an Agricultural Sector Growth and Development Strategy;
- Further Progress for Decentralisation;
- Promoting Better Policies for Gender.

4.1 Establishment of Social Investment Fund

The Social Investment Fund (SIF) has been established in Ghana by the African Development Bank (AfDB) with the support of the United Nations Development Programme (UNDP) and the World Bank. The objectives of the Social Investment Fund are to:

- facilitate access of the poor to basic social services through investment and to improve the availability and operation of these facilities;
- enhance the financial capacity of the poor through micro-credit and other forms of support;
- strengthen NGOs, grassroot institutions, community-based organisations, indigenous financial institutions and the local administration in support of the overall goal of poverty reduction in Ghana.

The AfDB has contributed US\$15 while UNDP and the Ghana Government are expected to contribute US\$1.5 million and US\$1.7 million respectively to the fund.

4.2 Establishment of Continuous Poverty Monitoring System

The Ghana Statistical Service (GSS) has taken a number of key initiatives since 1987 to establish continuous poverty monitoring systems in Ghana through the Core Welfare Indicators Questionnaire (CWIQ) and Ghana Living Standards Survey (GLSS). The CWIQ is a simple data collection instrument capable of providing timely annual indicators on Living Standards for different population groups in Ghana.

The Pilot Survey of the CWIQ, which was undertaken in 1996, provided useful data on poverty. The actual survey began in September 1997 and was completed in October 1997. The CWIQ and GLSS provide important data continuously for monitoring the progress towards poverty reduction in Ghana from 1996 onwards.

4.3 Formulation of an Agricultural Sector Growth and Development Strategy

After reviewing its Medium-Term Agricultural Development Programme (MTADP), 1991-1995, the Ghana Government has formulated a new strategy for the agricultural sector namely, the Accelerated Agricultural Growth and Development Strategy (AAGDS), with support from the World Bank. Its objectives include: ensuring food security, creating rural employment opportunities, reducing rural-urban disparities, strengthening support services at the local level, and encouraging large-scale private sector commercial production. Accordingly, plantation agriculture and outgrower programmes will be promoted but not to the disadvantage of the small-scale farmers who are currently producing the bulk of the food in Ghana.

4.4 Further Progress for Decentralisation

Ghana is currently pursuing a vigorous decentralization policy. This policy is progressing within the scope of political decentralisation, administrative decentralisation and fiscal decentralisation. The key element in the decentralisation

policy is the full implementation of the Public Financial Management Reform Programme (PUFMARP) and the Civil Service Performance Improvement Programme (CSPIP). Both programmes, which are being co-ordinated by the National Institutional Renewable Programme (NIRP), are receiving support from CIDA, World Bank and DFID to enhance fiscal and administrative decentralisation in Ghana.

A further support for the fiscal decentralisation policy emanates from the disbursement of the District Assemblies Common Fund (DACF). According to the administrator of the DACF, 110 Districts in the country utilised 47.7 billion cedis in 1995 compared to 72.4 billion cedis in 1996 for various development programmes and projects.

4.5 Promoting Better Policies for Gender

The need to ensure that women participate fully in development is very paramount in Ghana. Women constitute about 50 percent of Ghanaian labour force, produce about 70 percent of the agricultural output and take primary responsibility for household chores. Yet gender inequalities continue to inhibit the participation of women in the development process. While about 49.8 percent of women have never been to school, only 3 percent attained secondary or higher education compared to 29.1 percent and 9 percent respectively for males. Adult literacy is however lower among females (39.5%) than their male counterparts (60.8%).

As part of its gender strategy for development, the Ghana Government is focusing on improving economic opportunities for women, improving women's human capital through investment in girls, education and health of women as well as improving the institutional capacity for policy making to ensure that gender issues are adequately incorporated into policy making process.

4.6 Formulation of an Action Programme for Poverty Reduction

Currently, each Government Ministry, Department and Agency is tasked to draw up implementable programmes and projects for poverty reductions. As part of the Medium Term Development Plan (1997-2000) the Ministries, Departments and Agencies (MDAs) are tasked with identifying and monitoring poverty reduction indicators based on their proposals articulated in the Medium Term Development Plan.

The Government of Ghana has also in its 1997 Budget Statement allocated 116 billion cedis to the implementation of a policy to improve access to basic services. This amount represents an increase of about 33 percent over the 1995 programme expenditure. In addition, the Government of Ghana expressed its willingness to contribute counterpart funds over a three-year period starting from 1997 to support UNDP National Poverty Reduction Programme for Ghana.

The gaps identified in the poverty reduction strategies and programmes include:

- inadequate focus on the improvement of small scale farming in the Accelerated Agricultural Growth Strategy;

- need for adequate monitoring and evaluation systems to evaluate the effectiveness, efficiency and impact of the poverty reduction strategies and programmes;
- need to target women explicitly for poverty reduction strategies and programmes;
- need to involve the private sector in poverty reduction strategies and programmes.

The following specific **priority action areas** were identified as having been recommended by many previous studies for the sectors of agricultural growth, empowering women, increasing employment and incomes, strengthening people's participation and natural resource conservation.

4.7 Achieving Agricultural Growth

- Intensify research-development-extension-farmer linkages to ensure that scarce resources are applied to urgent needs of farmers in the production, processing and marketing activities. Specific areas identified as fundamental to this process in Ghana included:
 - Soil Fertility Management
 - Access to Improved Seeds
 - Farm Equipment and Machinery
 - Marketing Information Flow
 - Credit

4.8 Empowering Women

- Capacity building programmes for women and girls should be tailored to equip them for immediate as well as, long-term subsistence and empowerment. Programmes are proposed to focus in particular on improved access to information, skills, productive resources including technology and markets.

4.9 Increasing Employment and Incomes

- Improve the skills and innovativeness of the poor to make them employable in the wage market, as well as, capable of self-employment. The priorities required to address the problem of employment, will differ from one age group to another. For the unemployed youth, increased education and skills training are fundamental to improving their standards of living in adulthood. Among the older generation of the poor however, the immediate need identified, was to increase income earning potential through learning of marketable skills and access to production resources.

4.10 Strengthening People's Participation in Development

- Make use of established decentralised local government structures to facilitate the process of local participation at the district level. This provides a basis for strengthening participation in general development initiatives. Constraints to the participation of various groups in the activities, which directly influence their welfare.

4.11 Natural Resource Conservation

- Development agencies must ensure that new technological innovations are environmentally friendly, particularly because the poor lack the resources to correct damage that is done to the environment. Agencies must facilitate the aversion of further ecological damage where local practices are harmful to the environment, by introducing technologies that promote regeneration of damaged environmental resources. Since technology is essential for improving the overall productivity of poor households and small-scale producers in general, it is now being widely acknowledged that sustainable development should be of paramount concern in any technology adoption situation. This calls for a careful balance between organic and mineral-based fertilizers. These actions would help check the rapid depletion of the forest cover in Ghana and the accompanying loss of soil fertility and water resources that has been of major concern to policy makers and local communities.

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DISCUSSION PAPER SIX

HOW THE AAGDS CAN BE MADE MORE RESPONSIVE TO NEEDS OF THE POOR BY LENA OTOO

1.0 Background

After significant growth in the immediate post independence decade of the 1960s, the economy of Ghana suffered a sustained decline lasting until after the introduction of the Economic Recovery Programme (ERP) in 1983. A Medium Term Agricultural Development Programme (MTADP) was initiated in 1988 to make more progress towards a sustainable agricultural growth and development. In 1995, Government launched the Ghana Vision 2020, a twenty-five year perspective plan for national development. Its basic objectives are to reduce poverty, increase employment opportunities, and reduce inequities in order to improve the general welfare and material well-being of all Ghanaians.

The sectoral composition of economic activity in the Vision 2020 in the mid-term is heavily weighted towards agriculture. The sector is expected to ensure food security and adequate nutrition for all Ghanaians, to supply raw materials and other inputs to other sectors of the economy at efficient prices, to contribute to an improvement in balance of payments and to provide producers with farm incomes comparable to earnings outside agriculture. It is also expected that increased agricultural productivity and access to markets improve for the majority of Ghana's poor especially for women who live in rural areas and derive most of their incomes from agriculture, farm incomes will increase, thus contributing substantially to poverty reduction.

Consistent with the critical role agriculture has to play in bringing about overall economic growth and its consequent impact on poverty reduction, the Ministry of Food and Agriculture (MOFA) formulated the Accelerated Agricultural growth and Development Strategy (AAGDS). The AAGDS covers all five sub-sectors of agriculture (crops, livestock, fisheries, forestry and cocoa). It provides interventions under five major elements. The Agricultural Services Sub-sector Investment Programme (AgSSIP) is the main instrument for implementing the elements of the AAGDS. Other projects through which the objectives of the AAGDS will be achieved are the Village Infrastructure Project, Rural Financial Services Project and in related sectors, the Rural Water Supply and Sanitation and the National Road Sector Projects.

2.0 Assumptions underlying the AAGDS and how the Objectives may be Achieved

The AAGDS identifies growth as essential. The design is based on a review of development paradigms, the performance of the sector and its dominant role in the economy.

2.1 Development Paradigms

Over the last 25 years, policy makers have had to contend with a large number of conflicting agricultural growth and rural development strategies. These have been motivated by frequently divergent theoretical views of how agricultural development ought to work and how it ought to affect overall economic welfare. This situation led to at least nine qualitatively different dominant agricultural development paradigms since the 1960s. Among these paradigms are:

- Commercialisation via cash cropping (1910-1970)
- Regional integration with food first (1973-89)
- Regional integration in industry, national self-sufficiency in food (1970-79)
- Community development, Participatory development, Integrated rural development (1955-73)
- Basic human needs (1970-79)
- Structural adjustment 1 - demand management (1980-84)
- Structural Adjustment 2 - equity with growth (1985 -?)
- Sustainable development (1990-?).

Most of the policies developed for agricultural growth and rural development have in one way or the other been based on these paradigms. After careful review of these paradigms and their effect on Ghana's agricultural growth and development, the major lesson learnt is that pragmatism should be the guiding principle in the development of sustainable agricultural growth and rural development strategies for the Ghanaian situation. This approach has therefore been adopted in formulating the Accelerated Agricultural Growth and Development Strategy.

2.2. Performance of the Sector

The strong record of growth in services, mining, construction, cocoa and timber since Ghana's Economic Recovery Programme (ERP) introduced in 1983, was blemished by weaker performance in food production and manufacturing. Agriculture, failed to keep pace with population growth. However, Agricultural GDP increased at an average of 4% per year between 1995 and 1998. Ghana's non-traditional exports (NTEs) increased in value with strong growth in agricultural products. This achievement however, needs to be broadened and intensified in order to have any hope of achieving middle income status by the year 2020 as indicated in Ghana's 2020.

To take advantage of these potentials, Ghana must improve the competitiveness of the private sector. This can be achieved through stronger associations in production, processing and marketing. There is the need to transform the structure of agricultural production in Ghana in order to make it easier for groups to pool their resources together and enable them to successfully respond to consumer demands. Ghana as a producer and exporter of primary commodities can only win a bigger share of the

domestic, regional and international markets by becoming proactive in terms of taking extra pains to understand the needs of the market by anticipating and even helping to create demand for what Ghana produces.

Given the vast agricultural potential of Ghana and general lack of support for the sector, it is estimated that the country's agriculture may be operating at just about 20% of its potential. The need to rapidly transform agriculture in Ghana is underscored by the fact that Ghana's population is expected to increase from 17.7 million (1996) to about 36 million by 2020 and thus reduce the agriculture land availability per capita from 0.77 hectares to 0.38 hectares. Ghana's agriculture as a whole (including input acquisition, distribution, on-farm production, agro-processing, export, storage, marketing etc) continues to operate at very low levels of efficiency. Furthermore, as a result of the very low level of inter-sectoral linkages, (estimated at 13% in a 1991 FAO sponsored study) the 5 sub-sectors of agriculture operate virtually as individual units, lacking the synergy for sustained agricultural growth and development.

The cumulative effect of the non-integration of agriculture with industry, the inadequate access to appropriate technology, the relatively underdeveloped support for infrastructure, inadequate financial services, the high cost of capital which has virtually eliminated medium-to-long term investments in agriculture and the absence of effective agricultural laws and regulations has led to Ghana's agriculture sector becoming unable to adequately address the issues of poverty reduction and food security in spite of an average growth rate of about 4% since 1995.

Given the dominance of the agricultural sector in the economy, and the strong link between agriculture and rural poverty (according to the Ghana Living Standard Survey – 4, 54% of the poor in Ghana are food crop farmers), it is generally accepted that without significant improvement in the sector's performance, it will be inconceivable that Ghana can achieve its planned accelerated economic growth with a sustainable growth of 8% from 2000-2020. MOFA is however optimistic that with the country's immense agricultural resources and the actions being taken to attract more local and foreign private investment into the agricultural sector in response to demands in the domestic sector, ECOWAS and international markets, the agricultural growth rate can be increased from the present average of 4% to 6% in the medium term.

2.3. Comparison of Performance and Achieving Accelerated Growth

Comparison of Ghana's performance with that of Asian countries, for example, indicated that Ghana needs to do more during the next decade in order to accelerate the pace of its economic development. For example, Thailand increased her GNP per capita from US\$780 in 1983 to US\$2110 in 1993, GDP in current US dollars more than tripled from US\$40 billion to US\$124.8 billion over the same period. More importantly Gross Domestic Investment as percentage of GDP in Thailand increased from 30% in 1983 to 49% in 1993. Over the same period domestic savings as percentage of GDP increased from 15.2% to 35.9%. The experience of Thailand shows that accelerated economic growth is achievable by poor countries like Ghana.

While the rate of economic growth in the Third World may vary widely, all the available evidence points overwhelmingly to the conclusion that the rate of economic growth in developing countries is closely associated with the rate of growth in agriculture. Generally it is estimated that overall GDP growth rates is within 2% of agricultural growth rates. Therefore, one of the necessary conditions for Ghana to achieve its objective of becoming a middle income country with overall GDP increasing at an average of 8%, is the transformation of its agriculture sector into a highly productive and responsive sector capable of achieving and sustaining 6% annual growth rate over the medium term.

It is within this optimistic outlook that the Ministry of Food and Agriculture set a target of 6% average annual sustainable growth for the sector by the year 2010 and beyond. The attainment of this ambitious target requires the identification of the most important constraints facing the sector and the development of pragmatic and realistic strategies. The fact that agricultural growth has moved from -1.2% in the 1980s to 4% in the late 1990s is encouraging.

The emphasis on creating improved access to domestic and foreign markets is consistent with Ghana's endorsement of the principles of open market economy, which require that agricultural production and growth be driven by market demand. The strategy is consistent with orientations of government that private sector lead investment and economic growth and the devolution of significant responsibilities from central government to District Assemblies.

The Accelerated Agricultural Growth and Development Strategy (AAGDS) within the framework of the Ghana Vision 2020 is consistent with poverty reduction. Improvements in agricultural incomes will benefit about 60% of the work force, which are engaged in agriculture, and produce linkages for increased employment in other sectors of the economy. A high macroeconomic growth of 8% per annum spurred by a 6% agricultural growth rate will be able to induce a multiplier effect in the economy and significantly reduce poverty. This will happen faster if adequate investments are made in infrastructure and human resource development as envisaged.

Past agricultural policies have been ad-hoc, inadequate, and inconsistent with macro-economic, fiscal, trade and commercial policies and tended to favour urban dwellers at the expense of rural dwellers. *Experience has taught us that agricultural policies must be integrated with macroeconomic policies*, address long-term strategic issues taking into account village, district, regional, national, sub-regional and global influences and build mutually beneficial and sustainable partnerships as appropriate.

3.0 Key Components of the Accelerated Agricultural Growth and Development Strategy

The strategy is based on the realisation that after several years of experience, Ghana's vast agricultural potential can be exploited in a systematic, cost effective and sustainable manner only if Ghana's agricultural production and distribution processes are driven by significantly improved access to domestic and foreign markets in response to changing consumer demands.

The key to achieving a 6% annual agricultural growth rate is significant increases in the growth of merchandise exports over the rates achieved in the past with non-traditional agricultural exports playing a leading role so that foreign exchange earnings not only increase over time but are also less dependent on the traditional exports such as cocoa, timber and gold.

The policies and programs designed to achieve the objective of the accelerated growth and development strategy are based on five major elements. These are listed below.

3.1. Promotion of Selected Products through Improved Access to Markets

Promotion of selected agricultural commodities based on improved access to markets to be tackled through programs to improve the capacity to understand and adhere to export procedures and import regulations of importing countries. Additionally:

- The strategy places emphasis on increased productivity and price competitiveness at production and post production levels;
- Mastering of targeted market research, export procedures and import regulations;
- The structure of agricultural production would be changed for groups to pull their resources together to successfully exploit market demands;
- Government interventions will be directed to establish transparent political, social and legal ground rules;
- Government will directly undertake or support provision of goods and services that give rise to significant externalities of economies of scale;
- Existing production and marketing schemes will be reviewed to identify and promote new schemes that enhance efficiency and induce competitiveness e.g. strengthening weak credit markets, undertaking price stabilization etc;
- Specific programmes under AgSSIP will target the resource poor and women;
- The capacity of MOFA will be developed to communicate effectively with the private sector, and researchers;
- The proportion of Ghana's merchandised exports that are processed would be increased.

3.2 Developments and Improved Access to Technology for Sustainable Natural Resources Management

Appropriate technology generation, transfer and dissemination by the private and public sectors will be improved at all levels, while ensuring the sustainable use and management of the nation's natural resources:

- Work on priorities determined under NARP will be continued with a focus on profitability and acceptability of technologies and the relationship between agricultural production and maintaining the natural resource base;

- Research will address the issues in the production-consumption continuum putting emphasis on post-harvest handling, processing and marketing problems;
- An inventory of existing technologies will be taken and documented and effective methodologies introduced for transferring these technologies;
- More emphasis will be placed on intensification of land use rather than an extensive use,
- The government land use policy will be implemented;
- Projects listed in the national soil fertility management action plan will be implemented;
- MOFA will collaborate with MLF to implement the NRMP plans to protect, rehabilitate and sustainably manage land, forest and wildlife resources;
- Existing irrigation facilities will be rehabilitated;
- Available feasibility reports on new irrigation project will be updated;
- Aqua-culture and livestock watering will be incorporated in irrigation infrastructure development;
- Aforestation programmes will be incorporated in aqua-culture projects as well as minimization of pollution of coastal areas and water bodies;
- Farmers will receive continuous training in irrigation development and management;
- Water resources management strategies will be adopted to reduced waste pollution through community participation;
- The strategy will consolidate gains made in the NAEP to improve the balance of diffusion of technology among the different sub-sectors of agriculture, methods of delivery and management of extension.

3.3. Improved Access to Agricultural Financial Services

Access to credit will be improved to encourage the use of recommended inputs, storage, and processing required to support technological transformation of the agricultural sector on a suitable basis by the majority of farmers and agricultural operators. Farmers and rural dwellers will benefit from a rural finance programme:

- Funds will be sourced from both domestic and external sources;
- Tax relief for financial institutions serving the agriculture sector;
- Deposit mobilization assistance will be given to financial institutions to develop innovative ways for mobilizing deposits from smallholders. This will include fostering associations between formal sector institutions and the informal savings and loans associations and input suppliers;
- Animation of Farmers Groups by sensitising them on their responsibilities in loans processing, handling and repayment;
- Training of farmer groups and trade associations in financial management, input procurement and distribution, and marketing of farm produce;
- Nucleus-outgrower schemes will be promoted where feasible so that the nucleus farm will retail credit to smallholders on behalf of financial institutions in cost-effective ways. In promoting this scheme care will be taken to ensure that the nucleus farmers do not divert resources meant for the out growers through effective monitoring and supervision by the financial institutions.

3.4. Improved infrastructure

Greater investment in rural infrastructure and for empowering rural people to maintain such facilities will be pursued under the strategy:

- The Department of Feeder Roads (DFR) will work closely with district assemblies in consultation with MOFA to agree on priority target feeder roads, trucks and trails;
- Aforestation programmes will be incorporated in the areas where rural road development programmes are implemented;
- Government will support the private sector to organise agricultural trucking and haulage systems to reduce cost of transportation, post-harvest losses, improved product quality and shelf life;
- Containerisation of commodities for road transportation will be encouraged;
- The private sector will be encouraged and supported to explore the potentials of water transport;
- Airport facilities for cargo handling and cold storage will be expanded to cater to the increased volume of horticultural produce;
- Fish landing sites will be expanded and new ones constructed;
- Efficient but low cost farm and village level storage structures and processes will be developed;
- Incentives will be provided for processing local and imported raw materials for export to take advantage of the Free zone Act;

3.5. Enhanced Human Resource and Institutional Capacity

Well-trained and competent manpower and strong institutions are required for implementing the strategy. The capacity of human resources and institutions within the sector will be enhanced to enable government to play its role in providing an enabling environment in order for producers and processors to perform efficiently:

- The agricultural education policy will be reviewed for more practical agricultural education.
- In-service agricultural training will be improved for ministries, departments and agencies (MDAs) and the private sector;
- Institutional capacity of MDAs will be enhanced;
- Institutional capacity of rural institutions will be enhanced;
- The capacity of women and other vulnerable groups will be enhanced to empower participation;

3.6. Other Strategies

Extensive efforts will be made within the framework of the AAGDS and consistent with Government's overall poverty reduction initiatives to promote special programmes that can be targeted at the poor, including women who live and earn their livelihood primarily through agriculture in the rural areas. As part of its overall gender strategy for development, Government is focusing on improving the institutional capacity for policy-making to ensure that gender issues are adequately

incorporated into the policy-making process. Since most of the poor are rural women who are mainly involved in agriculture, the chances for poverty reduction will increase with better provision for women to contribute to the process.

4.0 How the Poor are factored into the AAGDS through its Implementation

Instruments

The Agricultural Services Sub-sector Investment Programme (AGSSIP), the main instrument to achieve the objectives of the AAGDS, cover three of the five elements of the strategy namely: Promotion of selected production through improved access to markets; Development and improved access to technology for sustainable natural resource management; and Enhanced human resources and institutional capacity. The other two elements of the Strategy, finance and infrastructure, are being implemented under the Rural Finance Sector Project and the Village Infrastructure Project respectively.

The *AgSSIP* is aimed at helping reduce poverty and improve food security by providing essential public services for sustainable and equitable growth. As most of the rural population earns their livelihood from farming, AgSSIP will contribute to broad-based poverty reduction in the country. It will support technological changes and innovation in crop, livestock, fishery and forestry production, agro-processing, intensive production and diversification, thereby improving returns to all factors of production.

AgSSIP comprises four inter-related thematic sub-programmes supporting and reinforcing the development of improved and demand driven agricultural services for rapid agricultural growth and poverty reduction. These sub-programmes are:

- Strengthening the agricultural technology generation and diffusion systems through research and extension;
- Restructuring and strengthening of the Ministry of Food and Agriculture and devolving the responsibility for the planning and implementing of agricultural extension/development programs to the district assemblies; planning and organization of appropriate services through specific interventions for rural development;
- Development of farmer-based organizations; and
- Strengthening agricultural education and training.

The programme is a long-term one that supports the Government's agricultural development goals by rationalizing the sectors public expenditure and the role of MOFA and other Ministries, Departments and Agencies (MDAs) closely related to agricultural development. Through the AgSSIP approach, all projects and programs in the sector are to be incorporated under the same umbrella to strengthen coherence, planning and impact within the sector.

The *Rural Financial Services Project* seeks to promote growth and reduce poverty in Ghana by broadening and deepening financial intermediation in rural areas through strengthening operational linkages between informal and semiformal micro finance institutions and the formal network of rural and community banks, building the capacity of rural and community banks, supporting the establishment of an apex

structure and strengthening the institutional and policy framework. The project is to address the perennial problem of inadequate credit to micro, small and medium entrepreneurs engaged in agriculture and other enterprises. Real disposable income levels need to increase on continuous basis through productive and profitable investments by rural folk themselves.

The primary objective of the *Village Infrastructure Project* is to enhance the quality of life of Ghana's rural poor through increased transfer of financial and technical resources to develop and sustain basic village-level infrastructure. The project finances civil works, equipment and technical assistance for the development of village-level infrastructure for rural water, rural transport, including Intermediate Means of Transport (IMT), and post harvest treatment of crop and animal products, particularly storage drying, and other simple processing techniques. The project will also strengthen the capacity of local government and beneficiary groups to maintain these investments.

Benefits of the AgSSIP

AgSSIP would benefit agricultural producers by raising their incomes through technical efficiency and technological change. It would foster a favourable business environment for the private sector and strengthen the capacities of farm-based organizations to access services and advance their own development. It would contribute to improved governance through the decentralization of public agricultural services, and encourage better environmental management by promoting sustainable agricultural production techniques. The core beneficiaries are agricultural producers who are expected to adopt better production technologies: farmers, livestock producers and fishermen. The sub-programme components include technologies targeted at small-scale farmers.

Strengthened producer organizations, such as cooperatives and farmer groups will be able to provide better services to their members to facilitate technology adoption, by improving access to inputs and facilitating marketing. *The participatory approach and fine-tuning of technical recommendations* will help address the needs of the poorest farmers, many of whom are women. Rural women make up over 60 per cent of the farming population and are often the major providers for their families. Thus, increased incomes for women will improve household food security and well being, as women spend most of their earnings on their families, especially on their children.

Overall, AgSSIP would contribute to poverty reduction by raising rural incomes, improving food security, and empowering grass root organizations. The capacities to advance development will be enhanced at all levels of the agricultural sector both private and public. AgSSIP will invest in social capital, strengthening grassroots organizations capacity to negotiate with actors and institutions that regulate access to services, the markets and production. Empowering grassroots organizations is a social instrument for rural people to draw themselves out of poverty.

AgSSIP implementing agencies will establish mechanisms early into implementation for monitoring the number and profile of the beneficiaries reached and evaluate the impact on their production and income.

5.0 Developing Strategies to better Target the Poor.

The conclusions of the poverty literature reinforce the message that:

- The primary route to addressing poverty alleviation should be through increasing productivity; and
- If poverty alleviation is a major aim of government, then support services must be tailored to reach a wider range of farmers and capable of successfully responding to their differing demands.

All groups in Ghana experience some level of poverty. But there are noticeable variations. Poverty is greatest in rural savannah and rural forest areas. These two areas account for 60% of total poverty (GSS, 1995a). The poorest area is clearly rural savannah, but given the weight of numbers, rural forest contributes the most to total poverty. A similar picture emerges from the socio-economic groupings; all appear to experience poverty, but some more than others. The least affected are formal-sector wage employees (especially those in the private sector). Poverty is clearly a major problem for farmers and for the non-farm self-employed and those employed in the informal sector. Poverty among food-crop farmers represents more than half of total poverty in the country.

There is broad agreement within the extensive poverty research available on the nature of rural poverty in Ghana and the role rural Ghanaians identify for agriculture in addressing such poverty. Major implications for agriculture sector development include that:

- There are the chronically hungry, due to disability and lack of assets and skills. They also lack support from social networks.
- An individual's social network and membership of social institutions are key to ensuring their well-being and livelihood security. Access to land often comes through community membership rather than the market.
- The quantitative and qualitative perspectives of poverty demonstrate that poverty is greatest in the rural areas of northern Ghana. The GLSS results also support the view that poverty in rural savannah affects communities as a whole. They are worse-off (for example, in terms of school enrolments and water supply). The inadequacy of public services in the rural areas and to poor communities is a major message of both the quantitative and qualitative assessments.
- Perceptions of rural poverty in the north and south of the country differ. In northern Ghana, poverty is normally seen as a community level food security problem. Since nearly all community members are reliant on agriculture. Communities in the north therefore identify well-being with increasing the assets of the community as a whole, for example through dry season irrigation facilities.
- The greater range of farming systems possible in the south and the greater number of livelihood opportunities mean that livelihood systems in southern Ghana are more able to resist external shocks, such as drought. In general, poverty is not defined as a problem of food security for communities in the south.

- An important feature of poverty in Ghana is the gender dimension. Superimposed upon a generalised north-south divide, there are distinct perceptions of poverty between male and female members of the same households. Male and female household members' incomes are quite separate, although women will work on their husbands' land. Available data from the GLSS on income and expenditures is at the household level and therefore does not make it possible to distinguish between poverty of men and women.
- Female-headed households are more common in the south; however any positive correlation between female headship and poverty appears to apply mainly in the north.
- There are also distinctly different views on wealth between generations, particularly between men. Older men generally stress wealth and well-being as ownership of assets allowing increased agricultural production. Younger men focus on having the skills and opportunities necessary to generate a cash income.

Increasing agricultural productivity is the main thrust of the AAGDS. Where there is the lack of information on appropriate technology for differing socio-economic groups, sub-components could commission studies in AgSSIP to identify appropriate technologies by socioeconomic category.

5.1 Profile of Rural Smallholders for designing Strategies

Behind the resource base and structure of agriculture lies a diversity of people in rural Ghana. The profile and potential of rural smallholders and the extent of rural poverty uncover economic possibilities as well as constraints to growth.

Farm holdings: Of the total farms operated in Ghana in 1986, 26.4 percent are run only for subsistence, where none or only a very small share of output is marketed, 54 percent are operated mainly for subsistence, defined by the census as a situation in which not more than 50 percent of output is sold, and only 19.6 percent are operated mainly for sale of their output. The proportion of farmers operating only for subsistence is much higher in the Northern and Upper Regions.

Use of Labour: Most small-scale food farmers in Ghana use their own labour. For most food crop enterprises more than 90 percent of farm labour is provided by the holder and his family. Some labour is hired during the year by most farmers. Most of the hired labour is used for bush clearing and weeding. A large concentration of hired labour in the Eastern, Ashanti and Brong-Ahafo Regions is due to demand by cocoa farms. The view is that small-scale food farmers use mostly temporary labour in small amounts.

Livestock Ownership: About 30 percent of all holders in Ghana, based on the 1986 survey, hold livestock other than poultry and 37 percent hold poultry. As for cattle, apart from the Greater Accra Region, they are mostly held by farmers in the North and Upper Regions. Sheep, goats and pigs seem to be fairly evenly distributed in terms of average size of herd of all regions. Ashanti and Brong-Ahafo seem to have relatively large poultry flocks.

The average herd does not appear to be large in any region except Greater Accra and, since only about 30 percent of holders own livestock, it is clear that the level of livestock assets is generally quite small. During droughts or other bad crop years, livestock tend to be sold to raise cash.

Crop Pattern: The major activity of smallholders in Ghana is food production. There is absence of large areas under tree crops in the cropping pattern of smallholders in all regions. Even in those regions presumably rich in export crops, Western, Central, Eastern and Ashanti, the proportion of the typical smallholder's cultivated area allocated to major commercial tree crops, cocoa, oil-palm, coconut, coffee and cola is less than 4 percent.

The cropping intensities, number of times a given plot of land is cultivated in a year, vary substantially between the regions. They are largest in the Northern, Brong-Ahafo, Upper West, and Eastern Regions. Generally speaking, holders in the northern part of the country seem to practice a lot of mixed cropping, probably as a food security device. Smallholders constitute about 76 percent of all holders in Ghana, but cultivate only 44 percent of total cultivated land. Method of cultivation in all the regions of the north is extensive; it takes a larger farm in the north to produce what can be produced in 1.6 ha in the south.

Artisanal Fishermen: There are relatively low levels of socio-economic differentiation among fishermen, since the enterprise does not encourage high levels in investment. Safer profits are to be made from investment in marketing rather than production. Despite the individualistic character of the business, groups of fishermen have formed in some districts with the encouragement of Fishery Department extension personnel.

Income of Rural Smallholders: While a large portion of the food is consumed on farm, the marketing of food provides a major source of cash income. Marketing of food crops is undertaken by farmers with holdings of all sizes and in all regions. The 1974 Household Economic Survey reported that, of the total income received by all households in Ghana, other than salaries or wages or proceeds from self-employment, 49 percent was due to remittances from relatives and friends. It appears that a major portion of the total income of rural smallholders does not come from farming.

Consumption Patterns and Expenditures: In rural households in Ghana, about half of the cash expenditure is on food. The next largest expenditure is on clothing and footwear. Rural consumption patterns are fairly uniform in all regions. The relatively large expenditure on food is surprising, given that most farmers in Ghana grow their own food. Many sell much of their produce, early in the season for cash, and buy food later in the season; this might account for the large share. If staple food production were roughly equal to staple food consumption by rural smallholders, then they would incur a loss by selling at depressed prices early in the season and buying back later at higher prices. This loss could presumably be reduced by providing incentives and a method to store crops for longer periods.

Demography and Migration: Since independence in 1957, there have been three population censuses in Ghana: in 1960, 1970 and 1984. On the basis of the spatial

distribution of population and its changes, the following observations are made. The growth rate of population has slightly accelerated since 1970 compared to the nineteen-sixties. In 1970, about 71 percent of the population in Ghana lived in rural communities. This proportion decreased to 69 percent in 1984. The most populated rural regions are the Upper West and Upper East where, in 1970 and 1984, over 90 percent of the population lived in rural areas. About 50 percent of the population is dependent. The regions with agriculture employment growth rates above the national average were Western, Greater Accra Eastern, and Upper Regions. The Central Region had the lowest rate with respect to both overall and agricultural employment.

5.2 Estimates of Rural Poverty

In terms of regional patterns, the increase in poverty between 1970 and 1986 was highest in the Northern Region where the number of farmers below the poverty line increased 4.5 times. This is directly followed by the Western, Ashanti and Brong-Ahafo Regions. The largest numbers of the rural poor appear to live in the Ashanti Region. This contrasts sharply with the fact that Ashanti is a relatively rich region. The large numbers of the poor in Ashanti, as well as in some other regions considered to be rich (Western, Eastern and Brong-Ahafo), should dispel the notion that interventions should be concentrated only in those regions considered to be underprivileged.

In summary, large pockets of rural poverty are to be found in all regions of Ghana. The implication for development strategy is that, while in resource-poor areas (for instance, the Upper East) targeting the smallholder will not be a problem as almost all rural people there are poor, interventions in richer areas (such as Ashanti) will have to be innovative in the way they specify smallholders who are most in need.

6.0 Key issues for Policy Makers

Based on an assessment of reductions in both income and human poverty in the 20th century throughout much of the developing world, the authors of the Human Development Report (1997) maintain that eradication of extreme poverty is achievable. Poverty reduction strategies should be given priority at national and international levels.

At the national level, economic growth is a fundamental requirement for effective poverty reduction but with some limitations. Some poverty groups require specific strategies directed at their problems to enable them experience improvements in their welfare, the women, children, aged, disadvantaged etc. Similarly, some farming communities require specific strategies. *Interventions must focus on specific geographic target areas and economic activity. Some groups can be helped more easily than others and therefore the need to differentiate types of vulnerability and their potentials.* It is also well known that successful economic activities almost always happen outside agriculture, and beyond the farm.

Findings from a seminar on poverty alleviation through agriculture revealed that:

- Poverty cannot be measured by income alone; it is multi-dimensional. This has implications for monitoring mechanisms and indicators;

- Poverty cannot be alleviated through a short-term piecemeal approach. It is necessary to integrate macroeconomic policies, sector planning and sound project interventions in order to achieve long-term goal.
- Emphasis on welfare and equity can reduce human deprivation;
- *While growth may be essential, it is not sufficient;*
- Agricultural planning needs to be restructured to give more weight to small farmers who constitute the greater percentage of all farmers but get minimal weight in the planning process. This calls for reallocation of resources and not additional resources;
- For projects to be successful, the economic and social objectives need to be balanced, the forward and backward linkages need to be carefully considered;
- Agricultural projects must take into consideration the needs of the landless and also off-farm non-agricultural employment to supplement farm incomes;
- The impact of programmes has not been commensurate with the human and financial resources employed. Lack of political commitment, weak institutional structures, inadequate delivery systems, indifferent staff attitudes, and financial leakages and malpractices have undermined the effectiveness of government programmes.

7.0 AAGDS, meeting the Needs of the Poor

The following section reviews the key elements of AAGDS in relation to their focus on strategies, which target the poor.

7.1 Review of the Five Elements

- Promotion of selected products through improved access to markets. Market oriented farming could lead to wealth generation, but can the poor participate?
 - Encouraging the participation of NGOs can improve the scope of access to services.
 - Group formation with vulnerable groups as the target can help empower them.
- Development and improved access to technology for sustainable natural resources management.
 - Participatory research/extension could ensure that the needs of the poor are catered for.
 - Attention should be given to strengthening the link between the public sector, NGOs and private sector practitioners.
- Improved access to agricultural financial services.
 - It is necessary to investigate ways that MOFA can impact on finance institutions and their regulations for disbursing credit and how the poor can be targeted.
 - Also needed is research on the positive/negative effect of credit systems on the poor.

- Improved infrastructure.
 - Interventions directly targeting the poor include storage facilities and intermediate means of transport. Agricultural Extension services are required to play a strong role in promotion and adaptation.
 - Strengthened NGO/private sector linkages could support extension work.
- Enhanced human resource and institutional capacity.
 - Enhancement of human resource of producers/farmers and private sector/NGOs should be included.

Overall, reliance on extension activities to foster group formation for empowerment requires further field investigation, analysis of strengths and current human resources of MOFA/DOC. The AAGDS is focused on building the capacity of the public sector but does not clearly elaborate on the relationship between the public and private sector and related government policy. Access to markets should be discussed further to include market control by cartels of market queens. To effectively meet the needs of poor farmers, more work is needed in *reviewing implementation of the AAGDS on district basis and proposing a concrete strategy at the district level* using both the gender mainstreaming and the livestock and livelihoods research recommendations as a guide.

7.2 Review of some Assumptions of the AAGDS

It is expected that the private sector will take a progressively increasing share of reaching out to farmers in identifying technologies, providing inputs and marketing. This proves to be a great risk as the general view is that the private sector is weak. There is no guarantee that the poor will be reached and this calls for strong partnerships.

A larger proportion of farmers are expected to adopt new technologies, expand and diversify production and increase commercial orientation. Research from macro economic studies suggest that poor farmers are slow and in several cases do not adopt new technologies. Vulnerable groups therefore will not benefit much from the AAGDS.

The AAGDS is for the whole agricultural sector but does not adequately address implementation, which is critical due to the fact that success will require a high level of collaboration and institutional coordination. The specific role of the private sector is not elaborated.

MOFA extension is key for implementation of programmes, which will impact on the poor. More female staff will be needed in this endeavour (only 11% of front line workers are female). Other agencies working with women need to be involved in the implementation process.

One critical observation is the difficulty of reconciliation of government poverty reduction strategies with privatisation and a market economy.

7.3 Gaps for further investigation by MOFA

- How research institutions will be sensitive to the needs of the poor particularly in relation to technology transfer.
- How sensitive will micro finance institutions be to the needs of the poor
- More work is needed when considering agriculture extension capacity/constraints in reaching the poor (female farmers, youth and physically challenged)
- More analysis is needed in relation to the vehicles for implementation of the AAGDS framework such as the AgSSIP, VIP, and rural finance according to pro-poor criteria developed by the team as a next stage.
- We will also take into consideration these questions when conducting district-based fieldwork (i.e. capacity of extension to meet the needs of rural women's groups etc.)
- How can we make the AAGDS more pro-poor (discussions with policy makers and other directors is necessary)
- More detailed investigation into the co-operative nature and role of the private sector in the AAGDS

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