



THE PATHS TO PROSPERITY STUDY

**TOWARDS A FRAMEWORK FOR MEETING THE DIVERSE SERVICE
NEEDS OF FARMERS IN GHANA**

**A SYNTHESIS OF FINDINGS ON POVERTY
AGRICULTURAL DEVELOPMENT IN GHANA**

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A Rural Livelihood Initiative

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Table of Contents

Section 1: Introduction to Agriculture Sector Policy Making

- 1.1 Achieving "Growth" within the Agriculture Sector**
- 1.2 Development Paradigms**
- 1.3 Performance in the Sector**
- 1.4 Comparison of Performance and Achieving Accelerated Growth**

- 2.0 Lessons Learned from Policy Making within MOFA**
- 2.1 Pre and Post Independence**
- 2.2 Capitalist Market Drive with Self Reliance**
- 2.3 The Economic Recovery Era**
- 2.4 Medium Term Agriculture Development Programme**
- 2.5 Accelerated Agriculture Growth and Development Strategy**

- 3.0 The Macro Economic Context and its Implications**
- 3.1 Macro Economic Policies that affect the Poor**
- 3.2 Impact of Fiscal Policies**
- 3.3 Impact of Monetary Policies**
- 3.4 Exchange Rate and Trade Policy**
- 3.5 Liberalisation of Input Distribution**
- 3.6 Implications for pro poor policy making**

- 4.0 MOFA's Planning and Policy Making Process**
- 4.1 Agriculture Policy Making**
- 4.2 Current Policy Influences**
- 4.3 Policy making Instruments and mechanisms**
- 4.4 Policy Initiatives**
- 4.5 Policy Planning and Implementation**
- 4.6 Monitoring and Evaluation**
- 4.7 Expenditure Review**

Section 2: Macro and Micro Perspectives on Poverty in Ghana

- 5.1 Macro perspective of Poverty in Ghana (general poverty analysis in Ghana)**
- 5.2 Incidence of Poverty in Ghana**
- 5.3 Disparity among Different Economic Groupings**
- 5.4 Depth of Poverty**
- 5.5 Characteristics of the Poor**
- 5.6 A Profile of Rural Smallholders in Ghana**
- 5.7 Coping Strategies of the Poor**

- 6.0 Micro reality of poverty in Ghana (local perspectives)**
- 6.1 Key constraints**

- 6.2 Livelihood Instability and Vulnerability
- 6.3 Productivity Constraints
- 6.4 Marketing Difficulties
- 6.5 Insecure Social and Power Relations

- 7.0 Best Practice Strategies for Poverty Alleviation
- 7.1 Opportunities for the Poor
- 7.2 Empowerment
- 7.3 Providing Security for the Poor

Section 3: Analysis of Ghana's Poverty Reduction Strategies and MOFA's Forward Looking Strategies

- 8.1 Ghana's Poverty Reduction Strategies and Structures
- 8.2 Ghana's Poverty Reduction Strategy (GPRS)
- 8.3 Formulation of the Accelerated Agriculture Growth and Development Strategy (AAGDS)
- 8.4 Review of AAGDS in meeting the needs of the Poor
- 8.5 Overall Gaps and Assumptions in AAGDS
- 8.6 Expectations of AgSSIP
- 8.7 Current Poverty Reduction Activities and the achievement of Agricultural Growth

Section 4: Towards a pro poor framework for Agricultural Development

- 9.1 Theoretical underpinnings
- 9.2 Key issues in Designing Poverty Interventions within the Agriculture Sector
- 9.3 Application of Poverty Framework within MOFA
- 9.4 Key recommendations for Pro Poor Policy
- 9.5 Conclusions

Bibliography

- Annex 1: Government of Ghana Agriculture Programmes: Successes and Failures
- Annex 2: Characteristics of Poverty in Ghana
- Annex 3: Key Indicators according to Poverty Criteria
- Annex 4: Medium Term Agriculture Development Programme
- Annex 5: Overview of AgSSIP
- Annex 6: Framework for Analysis of Poverty within MOFA

Acronyms

AAGDS	Accelerated Agriculture Growth and Development strategy
GLSS	Ghana Living Standard Survey
GSS	Ghana Statistical Service
HIPC	Highly Indebted Poor Country
MDA	Ministry, Department or Agency
MLF	Ministry of Lands and Forestry
MOFA	Ministry of Food and Agriculture
NAEP	National Agriculture Extension Programme
SAP	Structural Adjustment Programme
SL	Sustainable Livelihood

Background:

The Paths to Prosperity Study began in November 2000 through the assistance of the DFID Rural Livelihood Programme Office and Ministry of Food and Agriculture (MOFA). A core team of senior professionals from the Ministry of Food and Agriculture along with a highly experienced team of experts from the University, Private and Civil Society sectors were brought together to initiate the study. The study's main aim was to explore ways in which the agriculture sector and more specifically MOFA's medium term development strategy -- the Accelerated Agriculture Growth and Development Strategy (AAGDS), could become more responsive the needs of the rural poor.

The purpose of the study was to "develop a framework within MOFA for meeting the diverse service needs of all categories of farmers". The Terms of Reference for the study were based on **five main outputs**:

- 1/ To review existing information relevant to MOFA's planning processes on the dimensions, incidence and depth of rural poverty synthesised and debated;
- 2/ To provide an analysis of the perspectives (reflected in poverty data and assessments) of different social categories of farmers (e.g. women, youth, sharecroppers) to include the following:
 - Constraints on improving productivity
 - Role of agricultural production in enhancing livelihoods
 - Access to desired inputs and services
 - Quality of service provision
- 3/ Provide an analysis of AAGDS with respect to the above findings on rural poverty and farmers perspectives;
- 4/ Inform the development of MOFA's livelihoods-oriented enabling framework for service provision (DAES)
- 5/ Provide Benchmarks against which to monitor progress towards the development goals of the AAGDS (1997-2000)

In order to fulfil these requirements the core team focussed the information audit and literature review on five key themes:

- The Impact of macro economic policies on poverty within Ghana
- The constraints of the poor rural farmers
- The strategies for breaking out of poverty
- The successes and failures of policy and programming to address the needs of the rural poor over the last 100 years
- The analysis of the MTADP and AAGDS in light of pro poor indicators

This synthesis is an attempt to compile the information, lessons learned and ways forward which have been compiled by the Core Team and Review Committee members over the last eight months. The analysis is not exhaustive but provides insight into some key lessons learned for MOFA to consider as they work towards a more poverty sensitive approach to programming over the coming five years.

The synthesis is divided into four main sections. Section 1 explores the key lessons from policy making and macro economic impacts on the poor. Section 2 presents an analysis of poverty from a macro and micro perspective. Section 3 provides an analysis of the current poverty programming within GOG and MOFA and an analysis of how far AAGDS addresses the needs of the poor. Section 4.0 presents some of the main theoretical underpinnings and indicators needed to establish a poverty framework within MOFA for policies and programmes to take on a more poverty sensitive orientation.

Section 1: Introduction to Policy Making in the Agriculture Sector

This section reviews the work of the core team from two key perspectives. A historical perspective of policy making and programming and the impact of the macro economic environment on the poor in Ghana. Exploration of these themes enabled the core team to understand the status of agricultural policy and reasons for its failure to transform the vast majority of rural poor in Ghana. The section begins with an analysis of the performance of the agriculture sector in relation to the macro economic objectives of "growth".

1.1 Achieving "Growth within the Agriculture Sector"

The premise on which development in Ghana has been oriented over the last 20 years is that economic 'growth' was key to stimulating enough resources which could propel Ghana into a middle income country and reduce poverty for the large majority of agriculturalists. This premise was built into the economic reform programme (ERP) designed and to a large extent implemented by the World Bank/IMF, guiding development "thinking and programme formulation" from 1983 to date. The following section reviews performance within the sector under this strategy before considering the Government's policies and programmes and their macro economic implications.

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, which to a large extent reversed the decline. The Medium Term Agricultural Development Programme (MTADP) was initiated in 1988 to make more progress towards "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 were to reduce poverty, increase employment opportunities and average incomes, and reduce inequities in order to improve the general welfare and material well-being of all Ghanaians.

The sectoral composition of economic activity in Vision 2020 in the mid-term laid significant emphasis on agriculture as the key to development. The sector was expected to:

- ensure food security and adequate nutrition for all Ghanaians
- supply raw materials and other inputs to other sectors of the economy at efficient prices
- contribute to an improvement in the balance of payments
- provide producers with farm incomes comparable to earnings outside agriculture.

It was also expected to increase agricultural productivity and access to markets for the majority of Ghana's poor especially women; farm incomes were expected to 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 (VIP), Rural Financial Services Project and in related sectors, the Rural Water Supply and Sanitation and the National Road Sector Projects.

The AAGDS identifies economic growth as essential. The design has been influenced by development paradigms, the performance of the agriculture sector and its dominant role in the economy. The next section outlines some of these paradigms.

1.2 Development Paradigms²

Over the last 25 years, policy makers in Ghana 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 is expected to work and how it should affect overall economic welfare. Nine qualitatively different agricultural development paradigms have emerged 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 and stabilisation (1980-84)
- Structural Adjustment 2 - equity with growth (1985 - to date)

² The following section is based on Lena Otoo's Discussion Paper: How the AAGDS can be made more responsive to the needs of the Poor.

- Sustainable development (1990-to date).

After careful review of these paradigms and their effect on Ghana's agricultural growth and development, the major lesson learnt is that macro economic and political theories drove agriculture growth and rural development strategies in Ghana. Pragmatism was seen as essential for designing sustainable agricultural growth and rural development strategies particularly the Accelerated Agricultural Growth and Development Strategy.

1.3 Performance of the Sector

The strong record of growth in services, mining, construction, cocoa and timber sectors since Ghana's Economic Recovery Programme (ERP) 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, was not far reaching enough to achieve middle income status by the year 2020 as indicated in Ghana's 2020.

Some of the constraints and reasons for Ghana's inability to remain or improve the competitiveness of the private sector were the weak linkages between production, processing and marketing making it difficult for groups to pool their resources and successfully respond to consumer demands. Ghana as a producer and exporter of primary commodities was unable to gain a greater share of the domestic, regional and international markets by becoming proactive, anticipating and even helping to create demand for Ghanaian products.

Given the vast agricultural potential of Ghana and general lack of support for the sector, it is estimated that the country's agriculture sector is operating at about **20% of its potential** (Otoo, 2001). 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 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 meant that Ghana's agriculture sector is unable 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 (since at least 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 impossible for Ghana to achieve its planned accelerated economic development with a sustainable growth of 8% from 2000-2020. MOFA is optimistic that with the country's immense agricultural resources and programmes for attracting more local and foreign private investment, the agricultural growth rate target is set to increase from the present average of 4% to 6% in the medium term. The main weakness in MOFA remains their lack of focus on small holders and inability of Government to define a comprehensive agriculture strategy to address the needs of this vast group of farmers, which make up the backbone of Ghanaian Agriculture.

1.4 Comparison of Performance and Achieving Accelerated Growth

Comparison of Ghana's performance with that of Asian countries indicated that Ghana was not able to achieve much during the last 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 a percentage of GDP in Thailand increased from 30% in 1983 to 49% in 1993. Over the same period domestic savings as a 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, overwhelming evidence points to the fact that economic growth in developing countries is closely associated with the rate of agricultural growth. Generally it is estimated that overall GDP growth rates is within 2% of agricultural growth rates. One of the necessary conditions for Ghana to achieve middle income status with overall GDP increasing at an average of 8%, is the transformation of the agriculture sector into a highly productive and responsive sector capable of achieving and sustaining 6% annual growth rate over the medium term. It is also unlikely that poverty will be reduced on a national scale if a large percentage of small-scale farmers are not transformed and moved above the poverty line.

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 MOFA to identify the most important constraints facing the sector particularly for their largest client group (the rural subsistence farmer) and design pragmatic strategies to improve the situation for this set of clientele. The fact that agricultural growth has moved from -1.2% in the 1980s to 4% in the late 1990s is encouraging. A recognition of the central role of the rural subsistence farmer particularly the female farmer in reducing poverty is key to ensuring that economic growth and improved rural livelihoods are achieved. This will require a significant shift in macro economic thinking development strategies which are premised on a 'trickle down' or multiplier effect to poverty reduction towards a "bottom up" strategy which empower the rural poor to transforming their agricultural

context. This research suggests that MOFA needs to define a relevant and realistic strategy for planning policy, programmes and services at the disposal of the rural small-scale farmer. This will help to build capacity within the agriculture sector insuring a increase in productivity, which will eventually fuel larger scale agriculture efforts.

The Accelerated Agricultural Growth and Development Strategy (AAGDS) within the framework of the Ghana Vision 2020 set some targets for improving the conditions of the rural poor. Whether these are enough or realistic will be considered in section 4. The AAGDS sets out the following targets:

- Improvements in agricultural incomes will benefit about 60% of the work force which is engaged in agriculture
- 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 to significantly reduce poverty.

The premise of a multiplier effect, which suggests that high levels of economic growth will reduce poverty, has not been proven over the last 10 years of structural adjustment in Africa. 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 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.

The following section will review the history of agriculture policy making in Ghana before turning to the macro economic impact of policies on the poor.

2.0 Lessons learned from Policy making within MOFA: The historic dimension (success and failures)³

The historical review of policy making in MOFA over the last one hundred years reveals that Ghana's political economic history has oriented agricultural policy. For instance between 1900 to 1950 there was an export orientation particularly cocoa, palm oil and rubber, with little attention to the food crop farmers. Agriculture stations were set up in order to promote export crops to the colonial markets of the time.

2.1 Pre and Post Independence

The beginning of self-government in Ghana between the 1950 and 1957 government agriculture policy was oriented towards industrialisation with a major focus on large-scale mechanisation to the detriment of small-scale food crop farmers and rural producers. The pre-occupation with industrialisation was due to the belief that Ghana could "short-cut" its way to rapid structural change and bring about 'economic growth'-- a strategy that continues to characterise the agricultural development sector today. Owing to the political economic reasoning, an agricultural policy that side stepped small producers for the supply of raw materials for processing factories and the beginning of large scale mechanised state farming was pursued.

The period between 1961 to 1966 was characterised by a socialist policy environment, which failed to continue the previous government's approach-- agriculture research stations were converted to state farms and co-operative agriculture was promoted focussing on export crops. It was not until 1967, that government was able to balance both a market orientation with a focus on self-reliance, "making the small subsistence farmer the cornerstone of agricultural revolution". This period was brief, lasting only until 1972 but left a lasting impression due to government initiatives such as the introduction of price controls and the stabilisation of farmer prices. Overall the period between 1951 to 1972 was not very sensitive to the needs of smallholder agriculture and in particular food production. The Government's budgetary allocation to agriculture was also relatively small ranging from 4.3% to 13.5% during the period. (Atta-Konadu, 2000)

Bruce (2001) argues that the agricultural programmes pursued during 1951 to 1966 were "dismal failures.... They did not favour smallholder agriculture and in particular food production. In Ghana, where the bulk of agricultural production comes from small-scale producers, any agriculture programme that focuses on large scale production is bound to fail especially when such programmes are state controlled, as happened during this period". (p. 3)

³ This section is primarily based on Mr Bruce Discussion Paper 1: Government Of Ghana Agricultural programmes: Successes and Failures and the Prosperity Study Working Document 1: A Historical Review of the Ministry of Food and Agriculture's Policies and Programmes (1900 to 2000).

2.2 Capitalistic Market Drive with Self Reliance (1972-81)

The 1970s were characterised by market driven agricultural development and an orientation to self-reliance attempting to bring agriculture into the forefront and act as a key instrument to the development process. Operation Feed Yourself (OFY), which started in 1972, promoted food self-sufficiency at household, and community level, and for industry. Agricultural policies were partly re-oriented towards the production of raw materials in support of industrialisation. Government established more processing and canning factories as well as agricultural parastatals. Some of the strategies such as Operation Feed Yourself included: opening nucleus farms, establishing out grower schemes and the promotion of partnerships between foreign and domestic companies.

Between 1975 to 1981 the government continued to pursue policies for direct production activities and expansion of agricultural boards and corporations. Government attempted to fulfil its commitment to smallholder production by supporting incentives and exercising a high degree of control over public sector involvement in agricultural operations. Government subsidised seeds, fertilisers and other basic inputs and encouraged large-scale mechanisation. The period was successful in mobilising small-scale farmers and improving production leaving a historic mark in agriculture development.

2.3 The Economic Recovery Era

The overall economic decline in the late 1970s and early 1980's brought about a substantial shift in policy starting with the introduction of the ERP, which introduced far-reaching policy reforms to stabilise the economy. The reforms affected agricultural policy in the following ways: elimination of all subsidies and price control, liberalisation of external trade, gradual dismantling of parastatals, privatisation of production and marketing activities, and decentralisation of operational responsibilities.

The period between 1983 to 1990 was characterised by agriculture policies, which focussed on export crop production, diversification and removal of subsidies, privatisation of production and decentralisation. Policies were introduced to stabilise the macro economic environment and at the same time maintain low inflation. Market distortions were removed through the elimination of subsidies and trade was liberalised. Major policies included exchange rate, interest rate and monetary and trade policies. These are reviewed in section 3.1. Along with the changes in the macro economic environment came a number of programmes implemented to promote productivity including the Agriculture Services Rehabilitation Programme (ASRP) and Agriculture Productivity Promotion Programme (APPP) and the National Agriculture Research Programme (NARP).

According to Nyanteng and Wayo (2000) economic growth actually improved during the first few years of the recovery programme with GDP growth at 4.2% per annum between 1983 to 1992. Inflation also dropped from 128.7% in 1983 to 10.4% in 1985. The positive performance was not sustained and in 1992 GDP growth fluctuated between 3.8% and 5.5%, inflation increased to end at 60% in 1995 and input prices doubled. The situation was attributed to the weak supply response of the agriculture sector to the policy and institutional initiatives. The impact of the ERP on equity was negative. The poor suffered severely from the removal of subsidies and inflationary consequences of

devaluation. There was a loss of jobs in the public sector and only export producers benefited in the rural sector (Ewusi, K., 1989). These negative processes continue to characterise the agriculture sector today.

2.4 Medium Term Agriculture Development Programme

The Government's Medium Term Agricultural Development programme was introduced in 1991 with the aim of increasing production growth by 1.9% per annum. The premise was that technology exists within Ghana to increase production of perennial and annual crops. In order to achieve these goals the following strategies were pursued: improve the incentive framework, improve agriculture support services, expand privatisation, improve agriculture sector management and improve the management of public expenditure for agriculture. Several donor-funded projects were introduced in this period and are reviewed in the Prosperity Historic Review.

Along with policies for a market and demand driven approach to extension support, the IFAD portfolio filled the vacuum to address the absence of poverty interventions for food crop farmers. These projects sought to strengthen the capacity of agricultural delivery, build institutional capacity, improve rural infrastructure, natural resources management and stimulate diversification of exports most of the projects supported under MTADP. These projects are assessed according to poverty indicators in the historical review according to pro poor criteria see section 3. The main lessons learned were that: there was a strong emphasis on institutional capacity development as opposed to targeted poverty programming.

The MTADP recorded some increase in agricultural production but overall rural transformation was slow. These successes and failures are further explored in the AAGDS Strategic Document.

2.5 Accelerated Agriculture Growth and Development Strategy:

The late 1990s witnessed the emergence of the poverty agenda within government targeting agriculture as a key sector for achieving Ghana's Vision 2020. Government/ Donor discussions at the 10th Consultative group meeting in 1996 witnessed a reorientation of Ghanaian development thinking toward a poverty reduction approach with agriculture and education sectors in the forefront. The birth of the Accelerated Agriculture Growth and Development Strategy was the result of MOFA's main policy and programme framework for the next 10 years (AAGDS) replacing the MTADP. In a bid to operationalise this framework the Agricultural Sector Support Investment Programme (AgSSIP) was designed between 1998-2000. Proposals for agricultural reform are extensive and include the following four main lines of action:

- ◆ Agriculture Support Services
- ◆ Institutional and Regulatory Development and Capacity Building
- ◆ Public Infrastructure and Improved Access to Markets
- ◆ Development of the Agriculture Commerce Sector

Another initiative, which promises to also influence the current policy making environment, is the Governments Poverty Reduction Strategy, which contains extensive recommendations for improving productivity within the agriculture sector.

See Annex 1 for a full review of the historical periods and their successes and failures. Bruce's discussion paper and the historical review provide a more in-depth analysis of the policy making and performance of the agriculture sector across the 6 historic periods between 1900 to 2000.

Conclusion:

The lessons learned from the historical review include the following:

- need for government to promote popular agricultural programmes that focus on food production. These help the economy to grow and produce food for individual consumption. (i.e. Operation Feed Yourself placed emphasis on mobilising all people in Ghana to produce for themselves and for industry).
- The small-scale rural farmer is unable to pre-finance his own agricultural activities including basic farm implements. These farmers make up 60-70% of the agriculture sector and require support in order to pull themselves out of poverty and begin to engage in agriculture as a business and not on the level of subsistence and survival. The poor need tools and training to first feed themselves and their families and secondly make agriculture productive and sustainable livelihood.
- The ERP period demonstrated that the poor were unable to take advantage of the services offered by MOFA such as technical assistance since they were not able to implement/adopt new technologies. MOFA services are focussed on farmers who can adopt new technologies often discriminating against small subsistence farmers. The assumptions that farmers would have money to improve their farming techniques were not realised.
- Access to storage facilitates and efficient transport systems were also not realised.
- Many of MOFA's programmes have been focussed on capacity building at central level with limited evidence of funds directly impacting on the poor.
- Assumptions of a free market economy were not valid due to several distortions including the lack of economic liberalism within the traditional market centres.

Finally, agriculture development policies over the period were based on 'unrealistic assumptions about the rural farmers and their ability to adopt to improved farming techniques. Much more effort is needed to design policies and agriculture campaigns which promote food security such as 'Operation Feed Yourself' or 'Domestication' which enable small scale farmers to feed themselves and then begin to fuel the economy.

3.0 The macro economic context and its implication

One of the most significant influences on policy, planning and the poor has been the macro economic trends within the various periods and the instability of the economic environment, which continues to influence the Ghanaian agriculture sector. Any review of the agriculture policy and poverty reduction would not be complete without a contextual note on the impact of the macro economic environment on the agriculture sector and the poor. Dodonoo and Sackey and CEPA, 2001 argue that poor performance in the agriculture sector has been blamed on an unfavourable macro economic environment.

The historic review highlighted the different phases and trends in policy making within Ghana including the Economic Recovery Phase from the 1983. The focus of this section is on the impact of particular economic policies, which continue to characterise the macro economic environment within Ghana and their impact on the poor.

The focus of the ERP period was on the export crop sector and included a stabilisation phase and a "growth phase". The main instruments of ERP were the:

- exchange rate realignment/adjustment
- liberalisation of external trade,
- elimination of subsidy and price control,
- rationalisation of government budget and civil service structure
- reform and gradual dismantling of parastatals
- privatisation of production
- marketing activities and decentralisation

Several assumptions which did not materialise during the ERP period were that macro economic policy reform would lead to increased employment, economic growth, and the private sector would have access to productive resources. Another major assumption under the ERP was that the "market pricing mechanisms would allocate resources more efficiently". The ERP architects believed that "economic growth" would produce a multiplier effect, which would eventually improve the conditions of the poor.

Unfortunately, these assumptions have not been realised in Ghana over the last 18 years. The market was not fully liberalised and remains to a large extent controlled by traditional traders who act as informal price cartels dictating prices and pre-financing farmers. Farmers continue to be pressured to sell at low prices sometimes below the cost of production. The private sector is small, weak and often unable to distribute services and agricultural inputs due to the poor business environment (i.e. access to credit, poor macro economic environment).

Other constraints of the ERP suggest that there were inadequate price incentives, poor basic infrastructure, limited access to farm credit and low supply and response by private sector agencies. These problems continue to characterise the agricultural sector in Ghana. The only shift is that poverty reduction has now become not only a priority due to the failure of macro economic policies but ironically a requirement for continued donor assistance.

3.1 Macro economic policies that affect the poor⁴

The following section reviews some of the key macro economic policies, which affect the poor. For a more extensive review see Dadson, (2001) " The Impact of Macro Economic Policies and Poverty Reduction". Dadson's research reveals that the high interest rates, removal of subsidies, exchange rate reforms and liberalisation of input distribution, dismantling of fixed and guaranteed pricing all have tremendous implications on rural livelihoods and incidence of poverty in Ghana.

Impact of Macroeconomic policies on agricultural growth and poverty

Dadson argues that macroeconomic performance and policies have a significant impact on agriculture. Exchange rate and trade policies for example play an important role in determining agricultural incentives to producers. 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 influence farmers ability to purchase agricultural inputs and make long-term investments such as land purchases. Agriculture has an important role to play in maintaining internal balance. It contributes significantly to government revenues through direct taxation on commodity trade like cocoa.

Poor performance of agriculture affects real income and inflation. When agricultural supply declines food prices increase followed by increases in inflation since food has a significant weight in the consumer price index. Households often spend about 60% of their disposable income on food. Increases in food prices affect their real incomes. The converse holds true that increased food production relative to consumption holds food prices low thus contributing to lower rate of inflation and promotes macro economic stability.

The impact of food prices on rural households is influenced by the degree to which the household depends on food production for their main livelihood. Higher food prices will have positive effect 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 high revenues from marketable surpluses. Total demand for rural labour may not increase if the price increases and increased revenue lead to substitution of less labour intensive commodities.

Trade and exchange rate policies have positive and negative effects on agriculture and the poor. While they are pursued for efficiency and accelerated growth, they cause agricultural prices to increase faster than non-agricultural wage rates. This reduces real wages in terms of food. It has been demonstrated that the conflict between high producer prices and welfare goals may 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

⁴ This section is largely based on Angela Dannson's Discussion Paper " The Impact of Macro Economic Policies on the Agriculture Sector and Poverty Reduction."

food wages constant at an economic cost considerably less than the gains from trade liberalisation and exchange rate management. Thus the pursuit of policies reflecting long-term economic efficiency 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 imported agricultural products. 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. Macroeconomic instability is a major cause of poverty. It affects economic growth and harms the poor directly. They argue that the entry point 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.

The following section identifies the key areas in which Ghana's Macro economic policies have had a negative impact on the poor. Although this study was particularly focussed on the Agriculture sector it is essential that the sector take an inclusive and cross-sectoral look at the impact of fiscal and monetary policy on the sector.

3.2 Impact on Fiscal Policies

The approaches taken by GOG to deficit financing over the last ten years have had a negative impact on investment and employment creation. Deficit financing has led to the accumulation of national debt. The private sector has also been crowded out of accessing credit due to the governments increased access to bank credit and private sector savings. The two main impacts are the reduction in access to credit by the private sector and the high cost to government due to high interest rates. The result has been the disincentive of private companies to undertake investment in the agriculture sector thereby lowering the opportunities for the poor to access employment and jobs.

According to Dordonoo and Sackey, a unit increase in total employment leads to a reduction in the incidence of poverty by over .66. Conversely, the loss of a single job leads to an increase in poverty by .66. The simulation results of their research demonstrate that a unit increase in investment by the private sector induces .21 reduction in the incidence of poverty while a unit increase in the rate of interest increases poverty by .35.

3.3 Impact of monetary policies

The liberalisation of interest rates during the Structural Adjustment Programme (SAP) to reflect the real cost of credit led to increased 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 constraints with access to capital were the loss of jobs resulting in an increase in poverty.

The **high interest rates** discouraged private sector investment in the agriculture sector. The banking sector did not lend to agriculture due to the history of poor loan recovery and high-risk nature of farming. High interest rates and inability to access credit continues to prevent farmers from adopting new improved technologies, low expansion of farming activities and low productivity (Dadson, 2001). Tweneboah (2001) argues that farmers are rational business people and will not take risks where they do not have capital to back them up.

The **removal of subsidies** had a positive impact on macro level economy by releasing resources to other development sectors but it also reduced the number of private sector companies participating in fertiliser sales and distribution. This caused a significant reduction in productivity and supply in the domestic food sector (i.e. rice industry when from 90% domestic supply to 30% domestic supply in the 1990's when no inputs were subsidised). This was followed by a significant reduction in employment. The removal of subsidies on key agricultural inputs (i.e. fertiliser) has lowered yields, lowered returns to the factors of production (land and labour) and therefore impacting on production and efficiency.

3.4 Exchange rate and trade policy

Exchange rate reforms undertaken during the ERP have rationalised the incentive structure and improve competitiveness of local producers. These reforms had favourable but modest direct effect on poverty. The producer price of cocoa and other exports increased leading to an increase in cocoa output and employment. The increases in export commodity prices led to incentives for the efficient allocation of resources into more productive sectors. The overall poverty reduction effect of exchange rate according the Dordonoo and Sackey was .63.

There were also several negative impacts of exchange rate reforms. Increases in prices for imported inputs such as fertiliser and other agro-chemicals led to decline in production and diverse farming activities (i.e. poultry). Inability of farmers to purchase inputs had a severe impact on agricultural employment and agro-businesses in Ghana and they continue to limit productivity today.

3.5 Liberalisation of input distribution

The assumption that the private sector would take up government services did not materialise under the ERP due to the weak and vulnerable private sector. The sector was unable to fulfil a role in the distribution of key farm inputs therefore limiting farmer access, heightening prices and lowering utilisation.

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 excessive and rapid pace of import liberalisation hurt the private sector that could not compete favourably with imported cheap products. In the process some enterprises became distressed while others became bankrupt and laid off their employees, thus leading to increase in poverty.

The **dismantling of fixed and guaranteed** pricing caused a disincentive to farmers who are unable to negotiate for reasonable prices. Strong market cartels emerged on commodities such as tomatoes, yam and plantain. The inability of farmers to form co-operatives and groups to purchase and sell their produce and the weak nature of the private sector contributed negatively to the 'market distribution of agricultural produce.

3.6 Implications for pro poor policy making

Ghana's Agriculture sector must consider a new orientation to small holder farmers designing policies which build the capacity of farmers to improve their basic conditions, engage and sustain their families on livelihoods in the agriculture sector or find alternatives. Pro-poor policies go beyond a focus of social sector policies. They encompass a mix of macro and sectoral policies, assist the redistribution, adoption of a participatory framework and enhance resource allocation. Pro-poor policies fall within the following four broad policy-relevant categories.

- Policies that expand the vision of economic growth, to include focussed policies on the income and employment of the poor not a trickle down approach,
- Policies that foster human development i.e. equip the poor with knowledge and skills to take advantage of opportunities and make their own decisions.
- Policies that provide social safety nets for 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, improve performance of existing anti-poverty institutions and remove institutional bottlenecks that stand in the way of social mobility of the poor.

Most importantly, policies, which do not assume a 'multiplier effect' in the economy, or that the private sector is the key engine to growth. Ghana's policies must recognise that the rural poor farmers are Ghana's "engine of growth" and must be given the full support in order to improve productivity and build a level of activity which can eventually fuel the economy through the private sector.

"Pro-poor growth" requires a significant paradigm shift from the principles and assumptions behind the macro economic policies, which have characterised Ghana's development strategies. The practice of IMF and World Bank determining the economic framework for Ghana should be discouraged since these remedies often are based on assumptions concerning the private sector which are not realistic within Ghana and other parts of sub Saharan Africa. Participation of civil society and other groups should be encouraged in assisting MOFA and GOG to reorient policies to

reflect the reality of a country which is fundamentally agricultural in nature and still characterised as subsistent. There should also be shift of focus from narrow macroeconomic fundamentals to human centred development, social and economic inclusion and access.

A middle class sector, which may emerge out of poverty, remains to be seen. Enhanced policies which focus specifically on the rural small scale agriculturalist and don't assume that industrialisation is possible without passing through the basic stages of being able to feed oneself. Africa has wasted a lot of time trying to 'run before it walks.'

Coordinated and integrated policy response to pro-poor growth requires the following:

- A realistic vision of agricultural development placing the small-scale farmer at the forefront in 'driving the engine of growth'.
- Ensuring that basic farm implements are available at subsidised prices
- Ensuring that access to land is available and traditional authorities release the land to any one who is willing to farm
- Building the capacity of the poor small scale farmer to take advantage of new technologies through training and direct incentives
- Pro-poor budgeting, trade and global governance
- New macro-indicators and the 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 where the growth takes place so that there is a pull effect on the poorer sectors/regions.

Moving a large majority of Ghana's poor out of poverty will take time. This study reveals that historic agricultural policy development has been heavily influenced by the changes in macro economic paradigms. Short cuts to development through macro economic reform have not been sustained nor feasible. Poverty in some areas has deepened and at minimum remained stable but a large majority of the population has found it difficult to remain in agricultural production for family and commercial reasons. The social consequences of people leaving the small scale agricultural are devastating particularly for the youth that may be untrained but unwilling to remain in agriculture. There are very few alternatives in a country, which has not fully industrialised and remains predominantly agricultural in nature. MOFA and the GOG must create an 'enabling environment' for the backbone of Ghanaian society-- the farmer. The next section briefly outlines MOFA's current policy making processes before moving to an analysis of poverty in section 5.0.

4.0 MOFA's Planning and Policy Making Process

The following section provides a brief review of the MOFA's policy and planning process. The section provides background to the issues of creating a more pro poor policy environment within MOFA before exploring poverty from a macro and micro perspective.

4.1 Agriculture Policy Making:

The Government of Ghana's Agriculture policies have been influenced by a number of factors particularly the political economic strategies which contextualise agricultural policy making within the sector. The most promising agricultural strategies were in the early 1970's when government was poised to assist farmers become productive business people using single product boards to regulate prices and ensure a basic level of food self sufficiency.

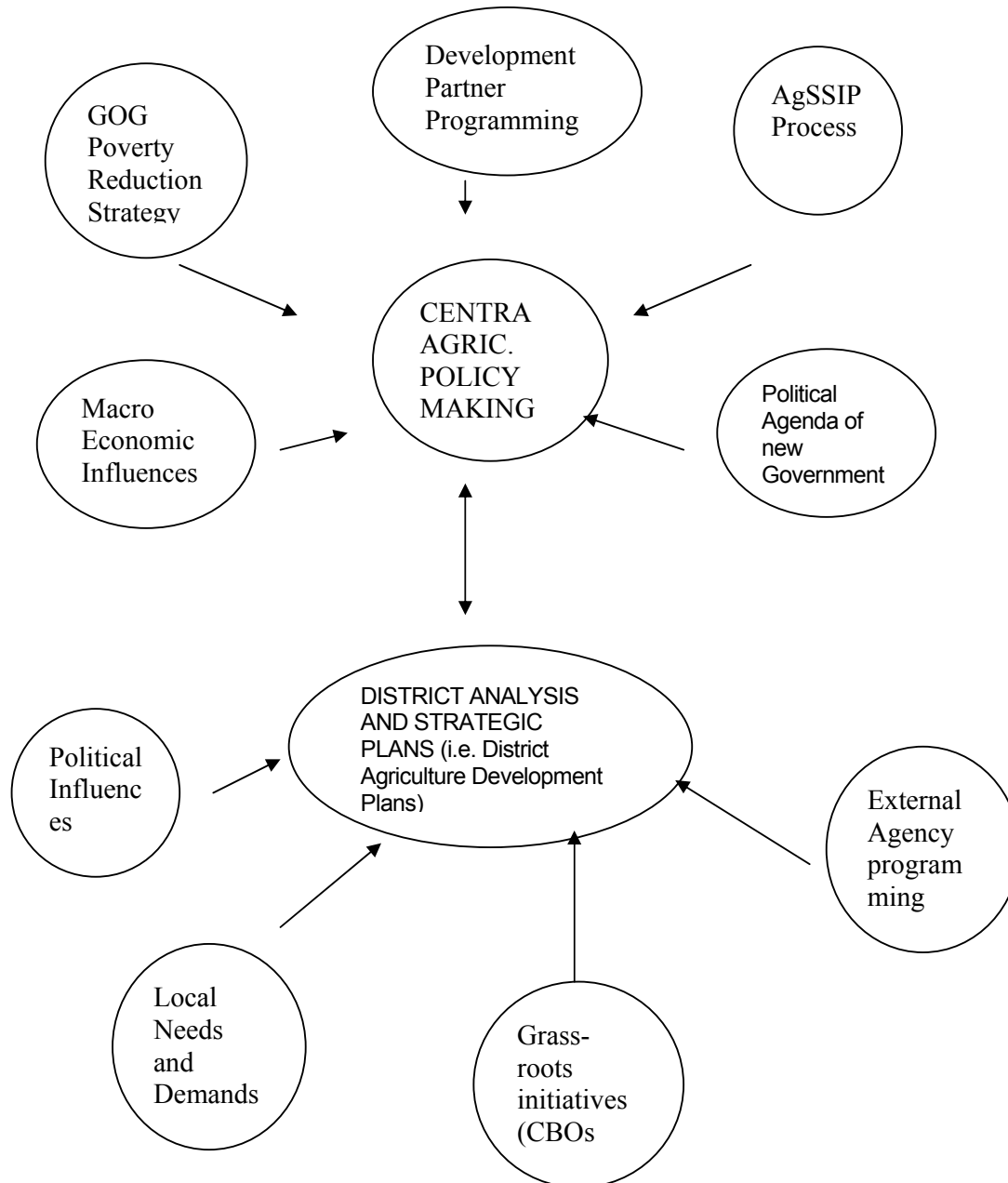
" Policy makers believed that the ingenuity of the peasant farmer could be further successfully exploited, as in the case of cocoa by the establishment of development boards to offer advice and incentives and to oversee the production of the agricultural raw material vital to the newly established factories. In order to protect the farmers from income losses from productivity gains and over production of these commodities, the government-instituted minimum guaranteed price schemes. Agriculture policies were also supported by a massive rural development scheme, designed to provide basic infrastructure of roads, water and electricity that would encourage people to stay in rural areas...." (Aryeetey, et al, 2000)

Currently we are faced with a growing challenge within the policy environment with competing and sometimes conflicting policy messages-- is economic growth possible with policies for the poor? Balancing macro economic goals with micro level realities is difficult. Bortei-Doku (2000) argues that the strategies, which provide the basic needs of the poor, are not enough. Poverty reduction strategies should also aim at building the capacity of the poor to escape poverty. Inflexible macro economic policies, which focus on "growth" and increased production while ignoring the vertical linkages, are undermining poverty alleviation efforts; particularly price fluctuations which have a direct impact on the poor.

The literature also alludes to a growing dichotomy between the external pressures faced by central government and the needs at the district and community level. Several instruments have been designed to harmonise these processes such as the national planning commissions planning cycle but pressure from external agencies/programmes often side step these initiatives.

4.2 Current Policy Influences:

The following diagram summarises the diverse influences impacting on the agriculture policy environment.



The next section provides a brief synopsis of some of the preliminary findings of MOFAs policy making process including:

- Policy needs and problem identification
- Policy initiation
- Policy formulation

- Policy implementation
- Policy feedback
- Program formulation

4.3 Policy making instruments or mechanisms

Very little information was available on the process of planning and policy making within MOFA. Key interviews with senior policy officials revealed that there were several factors, which were influencing policy within the Ministry of Food and Agriculture namely:

- macro economic environment,
- the Government Poverty Reduction Strategy Process (PRSP),
- the development partner agenda,
- AgSSIP process
- The political developmental agenda of the new government.

District strategic planning was also being influenced by the political agency of MPs, local needs and demands, grass roots organisational initiatives and external agency programming.

4.4 Policy initiatives

There appears to be two levels on which policymaking exists within MOFA: the ministerial level and the directorate level. Policy is initiated at the ministerial level when there is cabinet consensus, macro economic implications, political pressure or interest from the minister to effect change. The promotion of rice production in Ghana is one such policy, which was initiated this year at the ministerial level. Policies might also be initiatives due to donor conditionalities or an external agency programming agenda.

Policy is also initiated at the directorate level when certain objectives for policies are necessary to fit programming activities of the specific directorate. The formulation of agriculture extension policy is one such initiative, which has been developed within the extension services directorate.

PPMED is mandated to co-ordinate policy within the Ministry of Food and Agriculture. According to senior officials their role in planning and policy co-ordination has been weak within the last 10 years due partly to their preoccupation with donor programming. Other instruments for policy making within the ministry includes:

- Yearly budget statements, which articulate the government's platform on a particular issue.
- Memos and other MOFA circulars are used to articulate policy within the ministry.

4.5 Policy planning and implementation

The Medium Term Expenditure Framework provides line agencies such as Agriculture the requisite setting on which to plan for the coming year. There are planning sessions with district agricultural directors to formulate plans for the coming year. These sessions are held between the MOFA ministry officials and the zonal areas.

The Minister whereby all heads of directorates and other senior officials consult on the way forward initiates strategic planning. Yearly Medium Term Expenditure frameworks (MTEF) are often used as a basis for planning within the Ministry. This year will be the first year that the poverty reduction strategies will have a significant influence on MOFAs planning and budgeting process.

Medium term agricultural development plans are formulated by MOFA on a regular basis. The Medium Term Agriculture Development Plan (MTADP). In early 1999 the formulation of another agriculture development plan began with the Accelerated Agriculture Growth and Development Strategy. This was mainly initiated by the World Bank who was pushing for the adoption of a sector wide approach within the Agriculture as part of the GOG poverty reduction strategy MOFA was mandated to develop a comprehensive agriculture development strategy.

In mid 1996 another type of planning process was initiated by GOG but this time from the district and community level. The Comprehensive Development Planning Framework, initiated by the National Development Planning Commission (NDPC), sought to activate planning processes across. Districts were tasked with harmonising plans from different line agencies including agriculture based on the priority needs of their clients. The district development plans (DDPs) continue to be the main plans, which guide development programmes at the district level.

A considerable amount of planning takes place within the MOFA concerning donor-initiated programmes or activities. These planning exercises are often initiated and controlled by external consultants. According to one senior official-- AgSSIP was the first attempt in which government was spear heading the planning of a programme.

4.6 Monitoring and Evaluation (feedback)

The PPMED is set up to monitor the implementation of plans and policies within the agriculture sector. They are also responsible for ensuring that the various programmes within the AAGDS are implemented. So far no system for monitoring and evaluation has been set up within the PPMED although they are expecting that this will take place once the AgSSIP is approved. There are some indicators within AgSSIP which ensure that that basic monitoring is taking place.

At the district level the management information systems are set up to assist directors monitor necessary information. Other types of information which are reaching the MOFA currently are:

- Annual Reviews which include early warning and forecasting
- Marketing and price information on a monthly basis

➤ Annual yields, production and consumption data on basic food crops

There is no disaggregated data, which can track the number of farmers being reached within MOFA according to gender or income grouping. This makes it difficult to track the impact of MOFAs main activities on the poor. Statistical data is collected by MOFA across the country on a yearly basis but is limited to the following data sets:

- Consumption and production patterns (metric tonnes)
- Area cropped (hectares)
- Average yield per major crops (metric tonnes per hectare)
- Extension officer visits to nucleus grower groups
- Degree of technology adopted by farmers.

4.7 Expenditure review

There are no expenditure requirements set by MOFA to ensure that a proportion of the budget is earmarked to the poorest categories of farmers or the geographic areas with the highest proportion of the poor. This might change with the new PRSP.

The 1995-1997 expenditure review for the agriculture sector revealed that Agriculture accounted for 3.5% of total government expenditure in 1995, which rose to 4.8% in 1997. Expenditure in the agriculture sector fell below that of health and education with the proportion of expenditures to GDP as 1.3% for agriculture, 3.0% for health and 5.0% for education.

Donor agencies financed at least 34% of the total expenditure in 1995 and 48% in 1997. The Ministry itself accounted for 84% of the total donor spending in the sector. According to the review "this pattern of expenditure raises the question of the governments commitment to development in the sector and its ability to sustain development activities." (MOFA, 1999)

Regional distribution of sector expenditure revealed that the Ashanti, Northern, Eastern and Volta regions had the highest government expenditures. Greater Accra had the highest per unit spending according to land area, rural population and number of holdings with the Upper regions with the lowest. Though the upper east and upper west did not reveal high levels of government expenditure they do receive large injections of donor funding through IFAD programmes. The study revealed that the eastern, central and to some extent the Western regions benefit the least from government spending.

A breakdown of sector expenditure according to the functional units reveals that 45% went into the cocoa and food crop sub sectors. Extension services in these sub sectors accounted for nearly 25% of the total expenditure. Lack of adequate information made it difficult for the review team to analyse the unit cost of extension service delivery. The study called for a more critical examination of extension service delivery and impact studies.

The study does reveal that almost half of total MOFA expenditure from the government budget is on staff salaries (personal emoluments). Spending on personal emoluments has risen over the 2-year period while expenditure on capital and recurrent spending has declined. "This trend has resulted in declining effectiveness as staff are forced to rely on a reduced number of inputs and logistics for their work.."

A functional breakdown of expenditure reveals that extension services account for 28% of MOFA expenditure followed by: administration with 19%, multidisciplinary projects having 18%, and the livestock sub sector accounting for 14 %, Infrastructure and engineering with 10%, crop sub sector with 6%, planning has the lowest expenditure of 2%. Regional level expenditures accounted for 83% of the administration expenditures.

The study revealed that with the increasing decentralisation process, MOFA needs to be strengthened in terms of planning particularly if Agriculture sector is assist the country improve economic growth. The high expenditure priorities on extension services confirm MOFAs commitment to the link between the farmer and ministry; the study does not explain the kind of farmers receiving MOFA's services. There is a need to set some guidelines for MOFA expenditure spending according to more equitable distribution by region, district and income groupings to ensure that rural small holders benefit most from agriculture expenditure. This will require a more comprehensive data collection and monitoring framework.

Conclusion:

It appears from the above review of policy making and programming within MOFA that there are very few if any channels for the rural poor to affect and influence policy change within MOFA apart from the Medium Term Development Framework. The medium term development process initiated by the NDPC and districts has little influence on the priorities at central level. More influence appears to come from centralised initiatives, which are driven by parliament, the minister or the donor agencies that may or may not systematically recognise the needs of the poor.

There is little information, which is collected by MOFA, which could identify the needs of the poor apart from irregular and isolated research done on a national or district basis. Information collected by MOFA on agricultural production does not focus on the people who may behind these numbers. A more human focussed approach to agricultural development is needed to identify and deal with the constraints of the vast majority of agriculturists in the country--- the subsistence farmers.

From expenditure review one can see that the agriculture sector is not fully benefiting compared to other sectors of the economy. Relatively small budgetary allocations are given to the agriculture sector and often cocoa and non-traditional exports are the key focus for the sector leaving the subsistence farmers out of the picture.

Any framework for poverty reduction will therefore needs to take into consideration:

- identify channels from the district development planning process priorities and needs to central government planning processes
- identify ongoing information which may be needed to inform policy on the needs of the poor (i.e. access to basic resources etc)
- Identity strategies for empowering the poor with information which can help them make decisions on their future
- Make discrete allocations, which will influence resources being freed up for the poor according to location, and income grouping.

The following section focuses on the characteristics of poverty in Ghana, the profile of the rural poor and strategies for addressing some of the issues highlighted in this section.

Section 2: Macro and Micro Perspectives on Poverty in Ghana

This section presents an overview of the poverty trends in Ghana and their relation to the agriculture sector, and the characteristics of the poor. It attempts to inform key policy makers of the major characteristics of poverty in order to define more pro poor policies in future.

5.1 Macro Perspectives of Poverty in Ghana (general poverty analysis in Ghana)⁵

The agriculture sector contributed 40.5% to Gross Domestic Product in 1998 and 43.8% in total export earnings (Oduro, 2000). The sector provides 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 has serious implications for the poor since without the projected targets within the sector the poor are unlikely to benefit from the liberalised economy and the assumptions, which were outlined in the previous section. The agriculture sector has been seen as the second most important sector next to education in assisting the poor escape from poverty.

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) also brings attention to the intergenerational nature of poverty arguing that the dynamics of poverty are often reproduced and passed on to the younger generation.

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 Indicators Questionnaire survey (CWIQ). Several other more qualitative instruments have complemented these key instruments such as the participatory poverty assessments conducted in the first round of the Ghana Living Standards Survey.

⁵ This section is based on Dr Leslie Casely-Hayford's Discussion Paper 3: Towards a Framework for Pro poor Analysis within MOFA.

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).⁶

5.2 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 falls below this line are considered to be in extreme poverty since they will not be able to meet their minimum nutritional requirements even if they allocate 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 meet the basic nutritional requirements of households and their basic non-food needs at constant prices. This poverty line is 68.4 % of the mean consumption levels in 1998/99 (GSS, 1999, p6).

Based on the new poverty lines, the incidence of poverty in 1992 was higher than reported moving from 31.4 % to 50.8% (GLSS 3). The incidence of extreme poverty was also higher at 35.7% instead of 7% as reported in the GLSS 3. 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	50.8%	35.7%
1998/99	42.6%	29.4%

Source: GSS (1999)

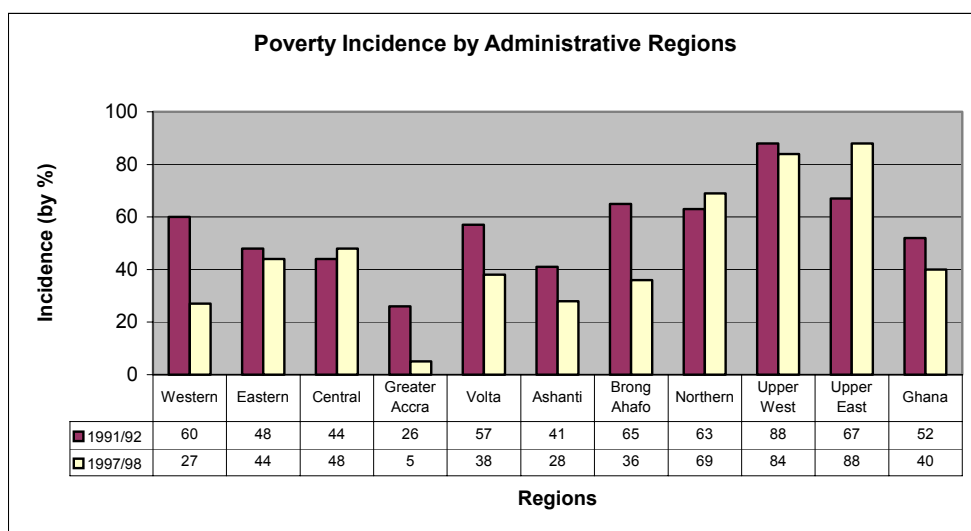
The incidence of poverty declined by 8.2% for those under the upper poverty line. For those under the lower poverty line, the incidence of extreme poverty declined by only 6.3% between 1991 to 1999. Overall the incidence of poverty has declined from 50.8 to 42.6% of the population.

⁶ Main difference was that the GLSS4 used calories required in setting the poverty line. Much more nutritionally based.

Regional Disparity

The lower incidence of poverty in Ghana is not evenly distributed. Some regions experienced an increase in the incidence of poverty while others experienced declines. Figure 1. Summarises the regional distribution of the incidence of poverty 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 experienced increases in poverty. The incidence of poverty increased in the Central region by 4%, in the Upper East by 21% and 6% in the Northern region. Upper West and the Eastern region did not record any significant change in the incidence of poverty.



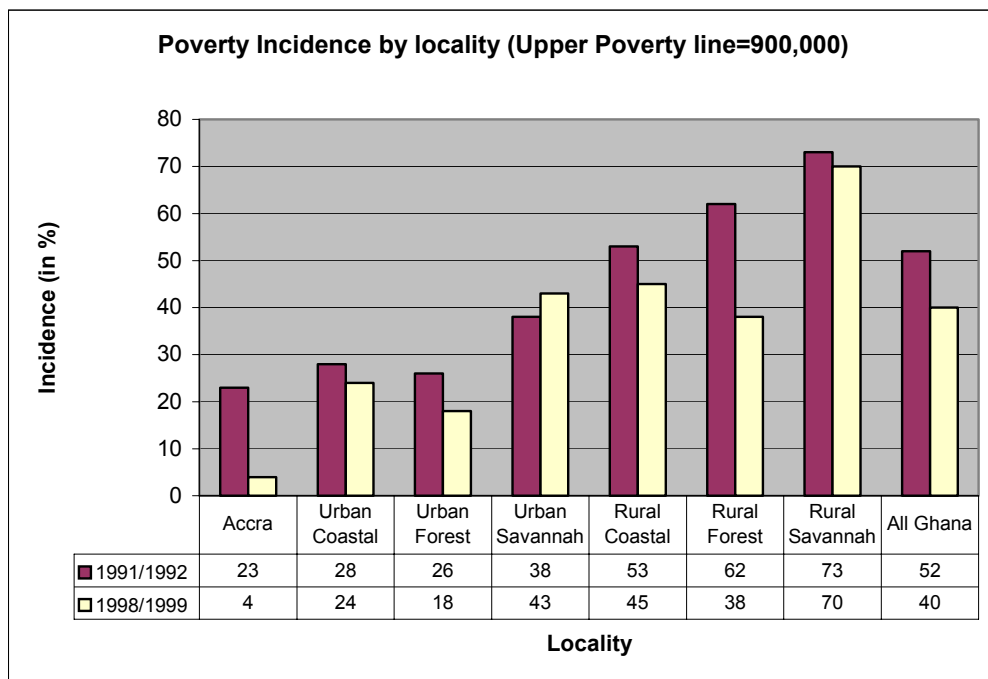
Source (GSS, 2000)

Overall, poverty in Ghana is lowest in the Greater Accra region and is highest in the three northern regions. More than 70% of people in the three northern regions are under the poverty line. Although the incidence of extreme poverty declined in the entire country, it increased in three regions of the country Central, Upper East and Northern region.

Incidence of poverty across agro ecological zones

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 period⁷. 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 are classified as extremely poor. Figure 2, shows the incidence of poverty across the various localities in Ghana.

⁷ Figures were different from the GSS 1999, consultative report preliminary analysis and the GSS,2000 poverty trends.



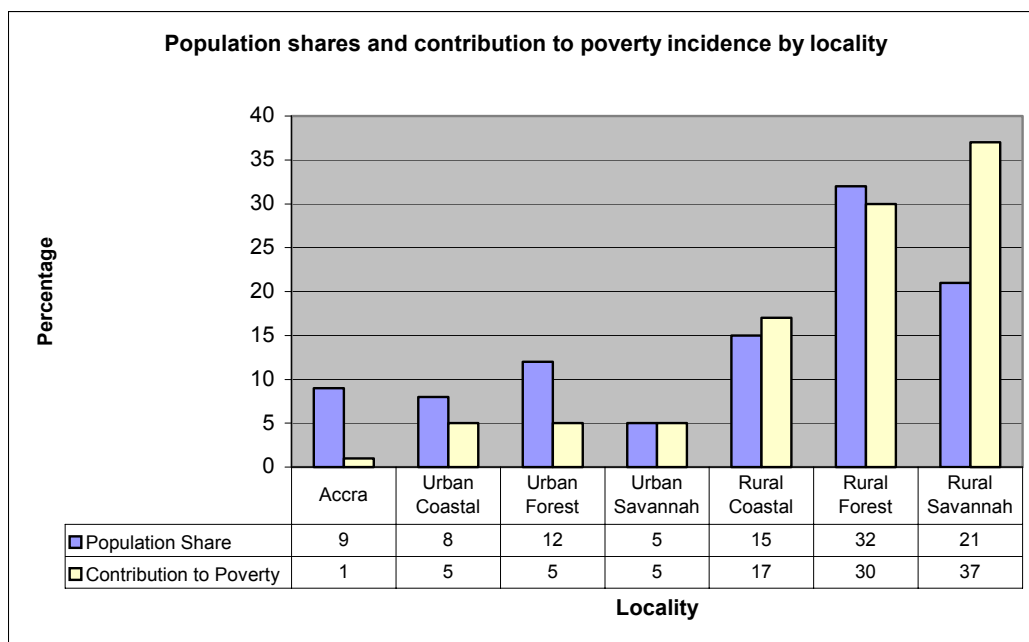
(GSS, 2000)

Rural / Urban Disparity

In both the GLSS 3 and GLSS 4 the incidence of poverty is substantially higher in rural areas than in urban areas. The GLSS-3 reports that about 72% of the poor in Ghana live in the 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 stress are some of the reasons given for the increasing incidence of poverty in rural households (Korboe et al., 1998).

Population shares to the incidence of poverty

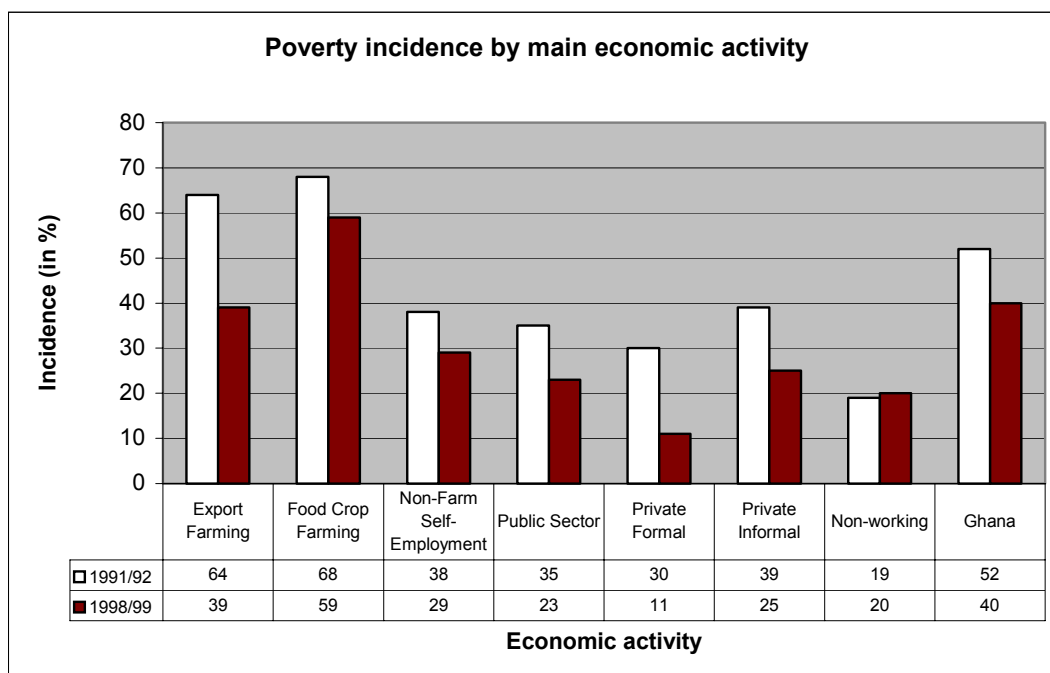
Rural savannah made the highest contribution to poverty incidence in Ghana, with only 21 % share of the population; the area contributed 37% to the incidence of poverty in Ghana in 1999. The rural forest zone with a 30% share of the population of Ghana contributed 30% to national poverty incidence in 1999. Figure 3, captures the population shares and contribution to the incidence of poverty of the various localities in Ghana. The rural savannah and rural forest zones contributed to 67% of the incidence of poverty and contain about 51% of the population.



(GSS, 2000)

5.3 Disparity among different economic activity groupings

The incidence of poverty was not equitably distributed across the different economic groupings. The disparity in the incidence of poverty among the main economic activity groups is captured in fig.4 with food crop farmers experiencing the highest incidence followed by export crop farmers and the non farm self-employed.



Source: (GSS, 2000)

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 experienced the least gains and remain the worst affected by poverty.

5.9 Gender Disparity

Women are more vulnerable to poverty than men. The GLSS 1 and 2 reveal that there is a higher proportion of female-headed households among the category of poor and very poor than among the non-poor.

Recent gender mainstreaming and living standards studies identify 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 and have 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 important role as prime caregivers and providers for children (Duncan, 1998; MOFA 2001). Women in the northern savannah regions are particularly vulnerable since they spend a large part of their productive time searching for water and fuel.

The need to ensure that women participate fully in development is paramount in Ghana. Women constitute about 50 percent of the Ghanaian labour force, produce about 70 percent of the agricultural output and take primary responsibility for household chores. Yet gender inequalities continue to inhibit participation of women in 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%).

5.4 Depth of Poverty

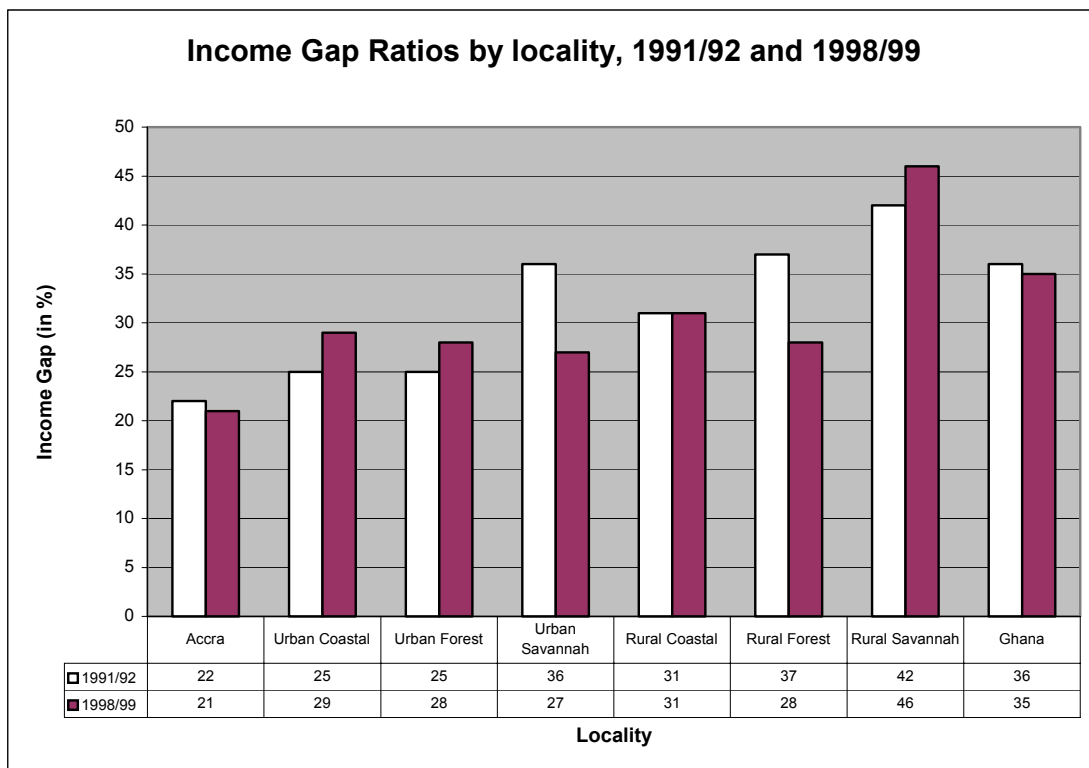
While Ghana may not be under a situation of famine emergency or widespread food shortages, there are conspicuous enclaves of hard-core poverty in various parts of the country, which are invariably associated with chronic food shortage and persistent or seasonal hunger (Hunger Project, 1997)

There has been a slight decline in the depth of poverty on a national basis between 1991/92 (36%) and 1998/99 (35%). The depth of poverty for those who remain poor has increased marginally in some areas of the country (GSS, 1999). The depth of poverty relates to those who are under the poverty line and the extent to which they fall below the poverty line. It gives an indication of the intensity of poverty.

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 depth of poverty has 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 has 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 stayed the same.

Although poverty may be found nation-wide the most affected are people living in the natural resource poor savannah areas and experience the greatest depth of poverty. High fertility rates and declining mortality rates have also resulted in a population growth rate of 3% per year, adversely affecting the provision of basic social services.

Source (GSS 2000)



5.5 Characteristics of the poor

The poor are therefore those people who are predominantly food crop farmers--the vast majority of whom are women.⁸ Some of the main problems experienced by this population are the:

- low prices incurred when agriculture supply exceeds demand being a disincentive for the next season

⁸ 59% of food crop farmers live below the upper poverty line (GLSS 4) of which 70% are women.

- 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

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 also 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 inflation in Ghana in the 1990s has caused food prices to be high relative to other commodities. The food crop farmers are earning less for their produce because of inflation. The high inflation rate 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. 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 of the food crop farmers.

Small farm sizes

Sarris and Shams (1991) observed that farmland distribution in Ghana is 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 had less than 1.6% hectares of land and 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.

The shrinking farm sizes especially in the south is related to the high population growth rate (3%) and the redeployment exercise carried out in the public service in the late 80s, resulting in the entrance of most re-deployed workers into the agriculture sector.

Farm labour

Labour for the food crop farmer is usually provided by the family members often the young children and girls. Sarris and Shams (1991) indicate that 90 % of farm labour is provided by the farm holder and the family. The hired labour is in some cases made use of during the year for bush clearing, planting and sometimes 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 from the north suggest that the northern regions also make use of hired labour whenever necessary (Asafo-Adjei, 1999).

Poor Educational Resources

Spatially the availability and quality of educational services is skewed towards Southern Ghana. While the net enrolment rates for poor boys and girls are 87% and 78% respectively in Accra the rates are 59% for boys and 46 % for girls in the northern savannah zone. Children do not attend school due to their high opportunity cost for labour and the socio-cultural factors such as early marriage and preference for boy's education.

5.6 Profile of Rural Smallholders for designing strategies⁹

Smallholders constitute approx. 76% of all holders in Ghana but cultivate only 44% of total cultivated land.

Farm Holdings: In 1986, 54% of farm holdings were operated for **subsistence** most of which were located in the northern and upper regions of Ghana.

Use of Labour: the farmer and his family provide 90% of farm labour. Hired labour is only used for bush clearing and weeding.

Livestock Ownership: 30% of small holder in Ghana have livestock and 37% own poultry. The average herd is not large and the use livestock to raise cash in bad crop years.

Crop Pattern: The major activity of small holders is food production and only 4% of cultivated areas are allocated for commercial tree crops. Farmers in the northern region tend to practice a lot of mixed cropping due to food insecurity.

Income of rural smallholders: A large portion of the food is consumed on farm, the marketing of food provides a major source of cash income. Other income is raised from remittances from relatives and friends.

Consumption patterns and expenditure: Rural households in Ghana spend about half of cash income on food. The next largest expenditure is on clothing and footwear. Many farmers sell a large proportion of their produce early in the season for cash and buy food later in the season at higher prices.

⁹ For a more extensive profile of rural smallholders refer to Lena Otoo's Discussion Paper.

5.7 Coping strategies of the poor

There is broad agreement within the literature over the basic coping strategies of the poor in Ghana. These strategies are 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 more resistant to disease and give stable production from year to year. Other strategies reported 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 shortage vary slightly among the districts in Northern Ghana. The key coping strategies include: the use of wild vegetable and trees as a source 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 the men (Korboe, 1998).

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). Expenditure may also be adjusted by postponing health consultation and remove children from school. The poor also borrow money from friends or liquidate capital assets and immature crops to purchase the necessities of life.

Communities also evolve coping mechanisms to protect themselves from harsh poverty conditions. For instance some farmers adopt co-operative 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 cope through the " abusa and abunu" systems of farming.

Conclusion:

The following conclusions were reached during the study "Consultations with the Poor" commissioned by the World Bank to inform the World Development Report in 2000/2001.

- Poverty is widespread in Ghana but is more intense in the Northern Savannah Zones
- Ecological and political factors appear to influence the current pattern of poverty and regional disparities within Ghana
- Outmoded customs and cultural practices (i.e. not working on taboo days), have been contributing factors to the widespread poverty in Ghana.
- Poverty is strongly identified with food insecurity particularly among women
- Long term malnutrition is high and seasonal hunger is severe

The characteristics of poverty in Ghana are summarised by Botchie in "an Overview of Ghana's Poverty Reduction Strategies" and these are contained in annex 2.

6.0 Micro reality of poverty in Ghana (the poor's perspectives)¹⁰

The following section attempts to analyse the process and characteristics of poverty from the poor's own perspectives. The Ghana Social Assessment one of the key participatory studies for understanding the characteristics of poverty, identified constraints and potentials of the poor from their own perspectives--- it revealed the following causes of poverty in Ghana:

*Dwindling access to proximal agricultural lands, inappropriate farming methods (and their effect on the already fragile soils, especially in the northern Savannah), unpredictable rainfall patterns, bushfires and household debt all contribute to vulnerability in Ghana. In many instances, **people perceive their situations to be predestined and not within their capacity to change.** Other factors contribute to the reproduction of poverty include the marginalisation of ethnic minorities, punitive widowhood rites in some regions and inheritance traditions... Productivity is further undermined by the lack of capital assets and know-how, the continuing out-migration of the rural youth (the prime productive force) and by marketing difficulties. Korboe (1998)*

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) poverty study dubbed 'Voices of the Poor' explored the views of the poor in relation to their lives, needs, hopes and expectations. According to the report, the lives of the poor suffer from hunger, material deprivation as well as social and psychological trauma (lack of freedom, choice and power). The 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 one's life
- Lack voice, power and representation
- Face extreme vulnerability to adverse events outside one's 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 full human being and lack capacity to explore one's potential.

¹⁰ The following section is based mainly on Dr Ameza's Discussion Paper: The Poor: What are their Constraints and What Strategies Can be Applied to Reduce Poverty?

There are some findings on the perceptions of poverty from different socio-economic groupings in Ghana:

- 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 reveal 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.
- The greater range of farming systems possible in the south and the generally 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; 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 based on household level and 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.

6.1 Key constraints

In the previous section we reviewed some of the characteristics of the poor including landlessness and lack of education. Asibey Bonsu (2001) argues that other constraints include: inequitable access to the 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 and other productive inputs and marketing. Ameza (2001) argues that the key constraints of the poor can be categorised into the following areas:

- Livelihood instability
- Productivity constraints
- Marketing and transaction costs

- Insecure social and power relations
- Discriminating policies

6.2 Livelihood Instability and vulnerability

The poor do not have access to adequate livelihood assets, and basic social services¹¹. They therefore face extreme vulnerability to adverse events and seasonal fluctuation (Seely *et al.*, 1999; Korboe, 1998 and Watkins, 1995). Their situation is exacerbated by the inability of the State to provide health care, education, clean water and sanitation services exposing the poor to health problems 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 farmers are unable to endure stress due to crop failure and lean seasons particularly in times of drought and in between planting seasons. In such situations, the poor learn 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; Korboe, 1998). The poor may also postpone seeking medical attention. Poverty often prevents children from attending school particularly in Northern Ghana where rural parents send children to work (tending the field and animals) (Casely-Hayford, 2000). This perpetuates the cycle of poverty and ensures that the next generation continue to suffer the same process. The youth migrate to seek jobs in cities. The poor may become more indebted when they borrow at 'cut-throat' interest rates from local moneylenders.

The poor have little savings and other assets to sustain them through times of stress. Where they exist, they liquidate these assets at low prices for food and other necessities. Some farmers have to sell immature crops and livestock to help them during 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**.

6.3 Productivity Constraints

Poor people are unable to produce enough food to feed themselves and often unable to generate enough income to cater for themselves. Most of the poor in Ghana are farmers who have less than 2 hectares of land under cultivation, use simple tools and cannot afford to use improved crop varieties, fertilisers and agro-chemicals. Their low agricultural 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 are found to harvest forest products indiscriminately and their inability to fertilise the soil leads to soil mining. Ameza points out the main causes of poor productivity as:

- Degradation of the environment
- Less efficiency due to labour intensive cultivation and inappropriate technology
- Underemployment and over ageing of agricultural labour

¹¹ Livelihood assets include: physical assets (land and property), social capital (social networks, memberships to organisations), human capital (education and life skills) and financial capital (access to formal credit etc).

- Weak private sector to deliver services divested by the public sector
- Lack of productive resources
- Policies that undermine production (i.e. cheap imported food and expensive fertiliser and agricultural inputs)

Watkins (1995) and Korboe (1998) reviewed the productivity constraints of poor farmers in Africa and Ghana respectively. They identified the barriers to increasing productivity in poor households as:

- Lack of land and capital assets. Poor farmers especially women and migrant farmers find it difficult to get productive land to work with (male owned). 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 are not involved in learning because of limited access to information forcing them to make choices/decisions on incomplete knowledge of alternatives. The research and extension systems exclude the poor from accessing 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 extensive farming makes it tedious. Youth are not interested and migrate out of farming communities; the poor quality of food undermines the household labour potential.

Tapsoba (1990) found that financial institutions are also not responsive to the needs of the poor. They set conditions that prevent the poor from accessing loans since they do not have physical assets to use as collateral. In general, the poor are unable to produce efficiently, since they are isolated from information, productive resources, education and technical skills development. IFAD (2000) identified gains in farm yields; smallholder incomes and farm employment as central to poverty reduction.

6.4 Marketing Difficulties

The problem of low production is compounded by difficulties in marketing. Ameza (2001) identified the following key problems with marketing produce in Ghana as the poors:

- Inability to hedge against low prices
- Inability to store food and wait for higher market prices
- High transaction costs (transport and inability to negotiate at the market)
- Barriers to the market (Market queens and world market)
- Failure of the market to distribute goods and services efficiently
- Poor state of agricultural infrastructure
- Poor performance of farmer cooperatives

The poor are unable to hedge against low market prices nor store farm produce over a long time taking advantage of higher prices. Their agriculture produce is often their only source of income and food supply so they must sell. Consequently they cannot escape the glut in the market at harvest time which leads to price crashes and

significant revenue losses to farmers (Seely et al, 1999). This is compounded by lack of access to other related infrastructure services like road, transport and storage facilities.

In Ghana, matters are worsened during glut periods because of the measuring systems used in the markets. Amezah (1998) found that market women use various 'volume-based' measurements to cheat farmers out of the produce. Poor farmers have limited influence over the price or the volume of maize taken for the processor. 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 half bag. Traders who double as moneylenders also use this time to redeem money granted in terms of farm produce. The interest rate and the volumetric measurement used deprives poor farmers of their wealth.

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

- a) inability to link productivity to market access;
- 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
- d) the inability of farmers to adopt new technologies.

IFAD (2001, Poverty Report) reveals that poor farmers are constrained by the market power brokers (middle men and women), market failure, and bad distribution of markets.

6.5 Insecure Social and Power Relations

The poor are powerless to influence decisions that affect them and face social exclusion in civil society and are marginalised by institutions that are in charge of social development. Oppressive power structures and growth oriented development policies help to marginalise the poor (Watkins, 1995). Women are the most affected by the phenomenon of social exclusion. IFAD 2001 Poverty Report suggests that poverty is perpetuated by the exclusion of the poor from the institutions that enable them to share in decisions that affect their lives including government and externally assisted agencies.

According to Amezah (1998), the inability of society to create the social space for the poor's participation in setting the development agenda leads to programmes that discriminate against the poor. Nayaran et al (2000) argues that these social relations discriminate and isolate the poor perpetuating a state of voicelessness and powerlessness. The poor are therefore unable to share in the opportunities, resources and information needed to make better live.

Accepting this state of affairs 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 often unable and unwilling to respond to the needs of the poor. Agricultural research and extension services are provided more to the rich than the poor (Ameza, 2001).

Organisations that serve the poor are limited and poorly resourced such as the Department of Social Welfare as well as other social services such as schools and medical facilities.

Korboe (1998) also found that there is a strong sense of dependency within Ghanaian Communities. "Community members do not recognise their own potentials and resources for transforming their situations (e.g. the wealth of indigenous knowledge, their youth, their household assets and common property resources). Induced in part by their limited exposure and a history of paternalistic development assistance..." (p. 6)

Policies such as Structural Adjustment have not been sensitive to the needs of the poor instead adopting a 'trickle down approach' which assume that the benefits of 'growth' will eventually spread to the poor. Twenty years of the World Bank and IMF structural adjustment programmes have resulted in a failure and continued misery in the developing world (Abugre, 2000). In general, the poor are excluded from the socio-political life of society. The following section will review some of the potential strategies and approaches for empowering, providing opportunities and enhancing the lives of the poor in Ghana.

Conclusions:

All groups in Ghana experience some poverty. But there are noticeable variations. Poverty is greatest in rural savannah and rural forest areas. These two areas account for over 60% of total poverty (GSS, 1995a). The poorest area is the rural savannah, but given the weight of numbers, the rural forest area 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, 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.

7.0 Best practice strategies for poverty reduction¹²

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 effectively deal with all the different causes and dimensions of poverty. As the poor are encouraged to produce more food ---other support activities such as marketing, finance and transport as well as health and skills training should be encouraged.

Poverty reduction strategies suggested in the literature include:

- Economic growth linked to agricultural production
- Ensuring food security
- ensuring equity in service provision and resource allocation
- enhanced opportunities for the poor
- participation of the poor in setting the development agenda
- empowering the poor
- creation of employment
- ensuring access to livelihood assets
- ensuring good policies to support production and marketing
- sustainable provision of basic social services
- ensuring peace and security

Lustig (2000) and Nayaran (2000) have argued that poverty can be reduced through the three interrelated strategies described in figure 1:

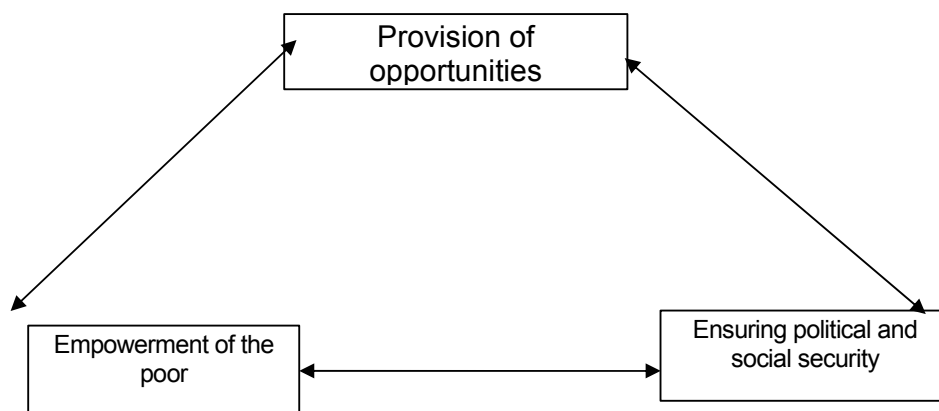


Fig. 1

¹² This section is based on Dr Ameza's Discussion Paper: The Poor : what are their constraints and what strategies can be applied to reduce poverty?

7.1 Opportunities for the Poor

Providing opportunities to enable the poor to produce and create wealth include the following:

- Access to productive resources including finance, technology and information
- Access to markets and good prices
- Educate and improve the skills of the poor
- Provide choices to encourage the poor to “make good exit” from agriculture
- Institute collaborative dialogue to enable us to hear the voices and needs of the poor
- Start schemes that would enable the poor to obtain their own resources and become self-reliant (FBOs, Inventory credit schemes etc)
- Conserve natural resources.

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 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 Pinstrip-Anderson and Pandya-Lorch (1999), stimulating overall economic growth through creating opportunities for agricultural growth is very important for poverty reduction especially in Africa since the majority of the poor are farmers. However, Lustig (2000) observes that sustainable growth in the agricultural sector is closely linked to improved quality of services, reforms to redistribute land and other resources more equitably and improve access to both domestic and foreign markets. Extension messages need to be broadened to take the context of the poor into account. It might also be important to provide options and alternatives for the rural poor 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, opportunities for more autonomy through education life-skills, access to health care and good sanitary conditions and general livelihood resources. Booth (1999) argues that providing opportunities for the poor also means putting in place institutions and structures that enable the poor to have unimpeded access to productive resources.

Ghana's Poverty Reduction efforts

The need to give opportunity to the poor to improve their production has been recognised by the GOG in Ghana's Vision 2020 and 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 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 designed as an interventionist approach to promote agricultural growth through large-scale private agriculture and out-grower schemes lacking specific channels for meeting the needs of small-scale farmers.

There is the need to develop a strategy that would give the poor small-scale farmer 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 enrich the 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 the farmer being offered by the market woman? While Tapsoba argues (1990) that the productivity of poor farmers is quite low because of the lack of technology, others argue that the poor price paid to our farmers prevents them from paying for and adopting these technologies.

7.2 Empowerment

Empowering the poor

- Help the poor build self-esteem and participate in the development agenda
- Build their capacity to create wealth.
- Train the poor (youth, women and physically challenged)
- Build social networks (FBOs, CBOs) and groups to encourage the poor to have information, solidarity and strengthen their ability to bargain and negotiate
- Create the social space for the poor to participate in the development agenda
- Economic empowerment: increase productivity and production. Ensure the poor have enough funds for their storage of produce (i.e. inventory credit as a way of hedging against glut)
- Participatory research and extension to include the context of the poor.

The poor are dis-empowered and isolated from the mainstream socio-economic development process. A process that helps the poor to gain self-esteem and participate in the development agenda is necessary in order to reduce poverty. Narayan *et al* (2000) observed that the challenge for policy in 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 to gain for themselves more of their needs

These are linked to enabling the poor get access to productive resources and training especially female 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 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 better understanding, better exchange of ideas, building of trust and co-operation in our development efforts. The shape and character of networks, associations and transactions 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 the discrimination on the basis of 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

Empowerment also means training of the poor and their siblings. Removing voicelessness is related to having the capacity to gain insight into what affect oneself. 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.

Empowerment of women is critical since women produce 70% of Ghana's food production. Women's holdings are smaller; lack of education makes it harder for them to gain access to information and their burden for home and child care duties is higher (Asibey-Bonsu, 2001).

Ghana's Empowerment efforts

Traditionally Ghana has been characterised by a strong system of community based leadership which often "speaks on behalf of the poor". More and more research is revealing the negative aspects of this hierarchical structures which often exclude and may not fully represent the views of the marginalised groups within society (Casely-Hayford, 2000; Korboe 1998).

One of the most important changes within Ghanaian society is the establishment of the Unit committees under the newly decentralised governance structures. The unit committees are locally elected bodies, which oversee the administrative and developmental needs of a particular area. It is yet to be seen how much these structures will be able to enhance the participation of the poor in decision making at the grass roots.

Several attempts have been made in Ghana to engage the poor in dialogue with institutions which affect their lives. The Structural Adjustment Participatory Review Initiative (SAPRI) involved members of the Government, Civil Society and the World Bank in reviewing the impact of structural adjustment within education, agriculture and health sectors of Ghana. The approach enabled NGOs to represent and provide a voice on behalf of their clients to those who had been at the helm of making decisions for the last 20 years.

The Non Formal Literacy Campaign in Ghana has also attempted to empower the poor through functional and developmental oriented literacy programmes. There has been varied success in achieving universal functional literacy although a large infrastructure has been developed. Many of the messages of these programmes are focussed on improving agricultural activities.

7.4 Providing Security for the Poor

Provide Security for the poor

Poverty reduction means that people are economically and socially secured. This implies:

- Facilitating access of the poor to basic social services
- Improving the financial capacity of the poor
- Strengthening the capacity of local NGOs and other rural service providers
- Population control in relation to productive capacity of the people
- Zero tolerance to wars and civil unrest
- Dismantle and review obstructive laws and policies.

Providing security has to do with ensuring the poor have equal access to basic social services like education, health care, sanitation and potable water. Tapsoba (1990) posited that high population growth contributes to poverty in developing countries. A fundamental prerequisite for poverty reduction is economic growth that out-space population growth. People in densely populated areas are known to be very poor, prone to food insecurity, security of abode and uncertain access to basic services including justice.

Providing security to the poor also involves dismantling restrictive and outmoded laws and regulations in all productive sectors including the land tenure system. In order to ensure security of income, agriculture is diversified the promotion of off-farm employment to help them exit from unproductive agricultural activity. 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 pursuing economic growth objectives, improving governance and reallocation of expenditure to provide social services to the poor. This approach is currently being pursued through the introduction of the Ghana Poverty Reduction Strategy which ensures that the resources freed up from debt relief will be channelled into the social sectors including education, health and agriculture. The next section reviews the Governments current policies on poverty reduction with particular focus on the agriculture sector.

7.5 Ghana's Efforts to provide social safety nets and security for the Poor

Botchie (2000) reports 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 grassroots 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.

These efforts will be further explored in section 3.0 "Analysis of Ghana's Poverty Reduction Strategies and MOFA's forward looking strategies."

Conclusion:

Sustainable poverty reduction 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 their standard of living. The challenge is for policy and practice to provide opportunities in a secured environment to enable the poor to take responsibility for their own development.

Our ability to reduce poverty will relate to our ability (MOFA) to answer some of the following questions:

- How can we increase the opportunities for and empower the poor?
- What is the nature of poverty involving our clients?
- What do 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 poor peoples' organisation be heard and represented in decision-making?

The following section will analyse GOG's efforts at poverty reduction and MOFA's orientation for agricultural development for the coming 10 years.

Section 3: Analysis of Ghana's Poverty Reduction Strategies and MOFA's forward looking strategies

Back ground to Ghana's Poverty Reduction activities

A review of Ghana's development efforts in 1998 revealed that a strong emphasis should be placed on the agricultural sector-- the AAGDS was the governments' attempt to address the needs within the sector and contribute to the improvement of Ghana's Vision 20/20.

In September 1999 the World Bank and IMF endorsed the proposal that country owned poverty reduction strategies should provide the basis of all World Bank/IMF concessional lending and should guide the use of resources freed up by debt relief under the HIPC initiative.

8.1 The Ghana Poverty Reduction Strategies¹³

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 The World Bank are based on economic growth, others notably Oxfam International acknowledge that growth alone will not lead to poverty reduction. Oxfam cites East Asia's spectacular success at reducing poverty as a stark contrast to the abject failure of growth policies in South Asia, Latin America and sub-Saharan Africa. Oxfam International says greater emphasis needs to be placed on the rate which "economic growth" reduces poverty.

Ghana's efforts to reduce poverty in recent times include the following:

1. Important steps have been taken to improve the environment for participatory development, including decentralisation and the establishment 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 (SIF);
- Establishment of Continuous Poverty Monitoring System;
- Formulation of an Agricultural Sector Growth and Development Strategy;
- Further Progress for Decentralisation;

¹³ The following section is largely based on Peter Asibey-Bonsu's Discussion Paper: Constraints, Barriers and Strategies to Reduce Poverty among Vulnerable Groups in Small Holder Farming/Fishing Communities.

- Promoting Better Policies for Gender.

The following section reviews some of the Governments overall poverty reduction efforts before considering the AAGDS within this overall framework and the current GPRS production strategy, which will influence poverty reduction within MOFA.

Establishment of Social Investment Fund

The Social Investment Fund (SIF) was established by the African Development Bank (AfDB) with the support of the United Nations Development Programme (UNDP) and the World Bank as a major poverty reduction intervention. The objectives of the Social Investment Fund are to:

- facilitate access of the poor to basic social services through investment 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, grassroots institutions, community-based organisations, indigenous financial institutions and the local administration in support of the overall goals of poverty reduction in Ghana.

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

Establishment of Continuous Poverty Monitoring System

The Ghana Statistical Service (GSS) took a number of key initiatives since 1987 to establish continuous poverty monitoring systems within 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 for monitoring the progress towards poverty reduction 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 Indicators Questionnaire survey (CWIQ). Several other more qualitative instruments have also complemented these key instruments 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 research 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).¹⁴

Formulation of an Agricultural Sector Growth and Development Strategy

The Accelerated Agricultural Growth and Development Strategy (AAGDS), with support from the World Bank is seen as a key instrument for tackling poverty reduction by the GOG. It was developed as a framework to guide agriculture policy and programming over the next 10 years. It aims to ensure food security, create rural employment opportunities, reduce rural-urban disparities and strengthen support services at the local level, the agricultural growth through large scale private sector commercial production. Plantation agriculture and outgrower programmes will be encouraged. Section 8.3 will analyse this policy in light of the needs of the poor in Ghana.

Further Progress for Decentralisation

Ghana is currently pursuing a vigorous decentralization policy. This policy is progressing within the scope of political, administrative 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 co-ordinated by the National Institutional Renewable Programme (NIRP), are receiving support from CIDA, World Bank and DFID to enhance fiscal and administrative decentralization in Ghana.

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, the 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. 35% of the DACF is earmarked for Poverty Alleviation activities.

Promoting Better Policies for Gender

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

¹⁴ Main difference was that the GLSS4 used calories required in setting the poverty line. Much more nutritionally based.

Formulation of an Action Programme for Poverty Reduction

Currently, each Government Ministry, Department and Agency is tasked to draw up implementation programmes and projects for poverty reduction. Meanwhile, 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 for the Medium Term Development Plan.

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

8.2 Ghana's Poverty Reduction Strategy (GPRS): Production Theme Group

The National Development Planning Commission has undertaken a Poverty Reduction strategy, which aims to assist all Ministries better focus, their programmes towards the poor. The findings from the 'production theme group' suggest that the key areas for intervention within the Agriculture sector include: increasing production, improve marketing and post harvest strategies. These key areas are identified summarised in table 3.

Table 8.2: GPRS Production Strategy

	Key issues	Strategic focus for programme
	<ul style="list-style-type: none">➤ Unstable macro economic environment➤ Low production levels and productivity	<ul style="list-style-type: none">➤ Increase agriculture yields on an environmental. Sustainable basis
	<ul style="list-style-type: none">➤ Poorly developed marketing infrastructure	<ul style="list-style-type: none">➤ Improve access to output markets
	<ul style="list-style-type: none">➤ High post harvest losses leading to low incomes and food insecurity	<ul style="list-style-type: none">➤ Increase agro processing

Although the Poverty Reduction Strategy Paper (GPRS) does identify the key areas, 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.

The main concern is to what extent this document will influence and adjust current MOFA programming and plans particularly those articulated within the AAGDS. GPRS is a framework for MOFA and other sector ministries to use when they develop their upcoming MTEF budgets. What is not clear is what will happen to existing strategies, plans and programmes currently running. Conflict might arise within MOFA's move towards a more sector wide approach when harmonising centralised priorities and bottom up realities. Failure to fully assess the constraints and barriers and identify the most effective policies for Ghana's rural poor can result in continued delay economic growth and development. Of great concern is how the

Government own medium term planning process which has been designed as a "bottom up" approach to national development planning will be integrated.

Increasing production although important is far from achievable if stronger emphasis is not placed on the underlying causes of low productivity (i.e. lack of equitable market access, post harvest and storage facilities). It appears that the problems of lack of empowerment, lack of opportunities and security for the poor are not addressed in the document. Much more emphasis needs to be placed on changing attitudes and perceptions among the poor in order that they can release themselves from their own situation and not become more dependent on the "government to bail them out".

8.3 Formulation of the Accelerated Agriculture Growth and Development Strategy (AAGDS)¹⁵

The AAGDS is based on the premise that after several years of experience, Ghana's vast agricultural potential can be exploited in a systematic, cost effective and sustainable manner if Ghana's agricultural production and distribution processes are driven by significantly improved access to domestic and foreign markets. The strategy to achieving a 6% annual agricultural growth rate is based on the assumption that there will be significant increases in the growth of merchandise exports particularly in the non-traditional agriculture sector. 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 are based on five major elements.

Five objectives of AAGDS:

- Promotion of selected commodities through improved access to markets
- Development and improved access to technology for sustainable natural resource management
- Improved access to agricultural financial services
- Improved infrastructure
- Enhanced human resource and institutional capacity

The following section describes the details of each objective from the AAGDS.

Promotion of Selected Products through Improved Access to Markets

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

¹⁵ This section is based on Lena Otoo's Discussion Paper: How the AAGDS Can Be Made More Responsive to the Needs of the Poor.

- 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/ 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 stabilisation etc;
- Specific programmes under AgSSIP to include those targeted at the resource poor and women;
- The capacity of MOFA would be developed to communicate effectively with the private sector;
- The proportion of Ghana's merchandised exports that are processed would be increased.

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 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 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 sustainable manage land, forest and wildlife resources;
- Existing irrigation facilities will be rehabilitated;
- Available feasibility reports on new irrigation projects 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 minimisation 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.

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 mobilisation assistance will be given to financial institutions to develop innovative ways for mobilising 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.

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 private sector to organise agricultural trucking and haulage systems to reduce cost of transportation, post-harvest losses, improved product quality and shelf life;
- Containers 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;

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 play its role of providing the enabling environment within which producers and processors can 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;

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 are 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.

8.4 Review of AAGDS in meeting the needs of the Poor

The Agricultural Services Sub-sector Investment Programme (AGSSIP), the main instrument to achieve the objectives of the AAGDS, covers 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. These are also elaborated in Annex 5.

Component 1:

The first component of AAGDS will promote agricultural marketing for domestic food production, industrial usage and export promotion. Little emphasis on the food crop production-- the AAGDS is not addressing enough concerning the domestic food production and the marketing constraints of Ghanaian farmers (i.e. market queens).

There is a heavy emphasis in the detailed strategies on commodities for export production leaving a gap on how to address the domestic food requirement.

Component 2: Accessing Technology

The activities under this objective require close institutional collaboration with MOFA and various research and traditional institutions (i.e. land management, fisheries).

The objectives focus mainly on institutional capacity building, education and the development guidelines (through the action plans). The strategy requires more decentralised approach with MOFA to attain these goals. Promising strategies include the NAEP, which will organise farmers into co-operatives. Little emphasis is placed on appropriate technologies for the poor (left to institutions). The strategy assumes that institutions are going to be sensitive to the needs of the poor?

Heavy emphasis is placed on institutional strengthening within MOFA (extension services, research). More work is needed to strengthen linkages between the NGO, private and government sector. Vital role of the NGOs and private sector in the delivery of this research (i.e. establishing a fund for agriculture extension).

Component 3:

MOFA will have little control over the modalities for implementing credit within micro finance institutions since the banks and micro finance institutions operate these schemes using their own rules and regulations. More research is needed to investigate how MOFA can impact on micro finance institutions and their regulations for dispersing of credit and how the poor can be targeted (consider the IFAD approach) (i.e. loan in kind (direct inputs to the farmers)

Special funds should be set up and monitor the banks in providing credit to farmers (IFAD approach). Extension officers are expected to work closely with the credit officers.

Component 4: Rural Infrastructure component

Very little emphasis is placed on assisting the poor under this component. The main focus is on the export producers. Only two strategies out of seven target the poor directly (storage and intermediate means of transport). Heavy reliance is placed on extension services for the full achievement of the goals particularly in relation to the promotion of storage adaptation. Little emphasis is placed on NGO linkages.

Component 5: HRD and Institutional Capacity Building

There are promising signs that the AAGDS within this component has been sensitive to the profile and context of the poor. There is a strong emphasis on gender empowerment in agricultural training and education institutions to ensure girls are encouraged to move into agriculture. There is also a strategy for targeting women in the agriculture sector through group formation and in-service training. Rural institutions are also being considered as key agents to implementing the agriculture improvement.

8.5 Overall Gaps and Assumptions in AAGDS

AAGDS expects to support private sector development. "It is hoped that the growth will trickle down to the poor". The AAGDS was prepared before the poverty reduction agenda became a major focus of government. There remains a significant need to identify programmes for different categories of producers and farmers particularly women.

The AAGDS does not recognise that subsistence farmers are the main clients of the MOFA. No discussion is placed on market control by cartels of market queens. Heavy emphasis is placed on the extension activities of MOFA and Department of Co-operatives (DOC) needed to foster group formation. This strategy will need further field investigation as to whether this will be achievable with the current orientation of MOFA extension services.

The AAGDS does not go into details on targeting the poor (i.e. regional prioritisation, economic groupings, urban/rural spread or gender targeting). It does not place priority on rural agriculture although it does mention rural infrastructure. It does not contain cross cutting poverty issues when analysing the five main components of AAGDS. For AAGDS to effectively meet the needs of poor farmers must work is needed to explore the implementation modalities at district level and propose a concrete strategy at district level taking into consideration the outcomes of this study and using both the gender mainstreaming recommendations and extension policy work.

The AAGDS does not place special emphasis on domestic food production and special incentives for producers. More specific information is needed on credit, marketing and storage inputs for the poor under AAGDS. Better understanding is needed of how the MDAs will implement the AAGDS. Explore the role of the District Assembly and the AgSSIP.

Assumptions of AAGDS

Several assumptions which failed to be realised during the MTADP and are being rearticulated in the AAGDS. For instance, "the strategy expects that the private sector will take a progressively increasing share of reaching out to farmers in identifying technologies, providing inputs, and marketing". The historical review and MTADP analysis provides evidence that the private sector is weak and often unable to provide the basic services required in the rural Ghana to provide services for the poor.

AAGDS assumes that "If this strategy is to succeed a larger proportion of farmers will have to adopt new technologies, expand and diversify production and increase their commercial orientation" (AAGDS, February 2001). The research from the macroeconomic studies of the prosperity team suggests that poor farmers are unlikely to adopt new technologies. This will make it difficult for the poor vulnerable groups to fully benefit from the AAGDS.

The strategy 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 co-ordination. The specific role of the private sector

is not elaborated. The objectives also mainly focus on institutional capacity building especially component 2 of AAGDS. Heavy emphasis is placed on institutional strengthening within MOFA (extension services and research) with little consideration for linkages with the NGO and civil society sector.

Another key assumption is the ability of Government to build co-operative groupings and associations to improve agriculture. This has proven extremely difficult within Ghana. Extension services are the key directorate for implementation of the AAGDS programmes, particularly in relation to the poor. More women will be needed in this directorate (only 11% of women are the front line workers). Other agencies working with women (i.e. Ghacoe women's groups, religious agencies, NGOs and Ministry of Women's Affairs) will also have to be involved to assist MOFA reach out to the poor.

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 not clear 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 livelihoods research recommendations as a guide.

8.6 Expectations of AgSSIP

One of the key instruments for implementing AAGDS will be the AgSSIP, Rural Credit and VIP. AgSSIP expects to benefit agricultural producers by raising their incomes through technical efficiency and technological change. It aims to create a favorable business environment for the private sector and strengthen the capacities of farm-based organizations to access services and advance their own development. 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.

AgSSIP also aims at strengthening producer organisations, such as co-operatives and farmer groups to provide better services to their members to facilitate technology adoption, by improving access to inputs and facilitating marketing.

Overall, AgSSIP is expected to contribute to poverty reduction by raising rural incomes, improving food security, and empowering grass root organisations. 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, strengthen grassroots organisations capacity to negotiate with actors and institutions that regulate access to services, the markets and production. Empowering grassroots organisations is a social instrument for rural people to draw themselves out of poverty.

AgSSIP implementing agencies is also expected to establish monitoring mechanisms early into implementation for monitoring the number and profile of the

beneficiaries and for evaluating the impact of the program on their production and income.

8.7 Current Poverty Reduction activities and the Achievement of Agricultural Growth

The gaps that are 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 system to measure 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 civil society in poverty reduction strategies and programmes.

Section 4: Towards a pro poor framework for Agricultural Development

This final section reviews some of the key elements for designing a framework for assessing poverty within the Ministry of Food and Agriculture.

9.1 Theoretical underpinnings

Livelihood framework

Livelihood framework provides the basic elements for analysis of poverty within the wider context of rural livelihoods by identifying the spheres in which poverty monitoring within the agricultural sector must be fostered. The following table outlines the key elements of the Sustainable livelihood framework.

Key elements of the Sustainable Livelihood Framework	Details and Definition
Vulnerability Context	Trends patterns and shock which form the environment people operation (i.e. poverty, land degradation, deforestation, economic and social)
Livelihood Assets	Resources people use and require making a living including: human, natural, physical, financial and social.
Policies Institutions and Processes	Policies, institutions and processes or the way the policy is defined or implemented affects access to resources.
Livelihood Strategies	Community regional or national Targeted or broad spectrum?
Livelihood Outcomes	What outcome is needed (i.e. more income, reduced vulnerability)

(Based on Livelihood Framework)

The Sustainable Livelihood (SL) framework highlights the importance of policies institutions and processes as key to understanding and addressing poverty. The SL approach to analysis also helps to map out the key ingredients for analysing complex poverty policies and for strengthening poverty management.

The SL framework provides some of the key elements for monitoring policy and programming in light of the constraints for the poor. It suggests that difference in access to resources can affect vulnerability of the poor. It also explains that difference in access to resources are explained by differences in wealth, poverty and security. Policies, institutional arrangements and processes (PIPs) are central to the framework and can also affect access of the poor to resources. This study has attempted to focus on the PIPs, which affect diverse farmers groups from benefiting from pro poor policy making within MOFA.

Human Development literature

The World Bank and UN monitor impact of poverty within the agriculture sector using a set of indicators. The following table outlines these main indicators related to agriculture and income. Poverty is monitored based on incomes, access to social services, health, water, housing and education. The following table identifies the key performance indicators related to agriculture and income.

Indicator	Definition and analysis
Headcount index	Poverty index defined as the proportion of the population under the poverty line
Poverty gap index	The gap between the poverty line and the mean income of the poor expressed as a ratio to the poverty line
Squared poverty gap	
Unskilled rural wages	Weekly wages by casual labourers without any other source of income
Unskilled urban wages	Weekly wages of casual farm labourers with insufficient land to meet subsistence needs
Unemployment	Number of persons in work force who are seeking employment or self employed
Labour intensity	
Consumer Price index	Index of consumer prices
Price of agricultural commodities	Actual or index of prices of commodities
Rural terms of trade	Wholesale price of food grain divided by wholesale prices of manufactured goods
Food share	Percentage share of food in household consumption expenditure
Agricultural output	Value of agriculture output
Agricultural value added	Value added by the agriculture sector

(Indicators for Monitoring Poverty Reduction, Carvalho and White 254 World Bank Discussion Papers)

Several of these indicators act as a proxy for agriculture income and identify the overall welfare of the farmers in the country. The Prosperity study core team identified several other approaches for analysis of poverty at a policy level, which was directly related to the functional needs of MOFA (i.e. policy, programming, and expenditure and extension services). The following section highlights some of these major considerations.

9.2 Key issues for designing Poverty interventions within the Agriculture sector

There are several issues, which the study revealed as central to the analysis of poverty at a macro level taking into consideration the needs of the poor. These include:

- Key constraints of the rural poor (vulnerability context)
- Levels of proposed interventions (PIP context)
- Key targeting issues
- Key design issues
- Vision of outputs

These five elements can then be applied to the different policies, institutions and processes to undertake a functional poverty analysis within MOFA. Annex 6 contains a more extensive framework for consideration of the pro poor nature of MOFA.

Key poverty constraints

Work considered by Ameza identifies three main categories of information needed to assess whether a programme or policy is poverty sensitive. The degree to which policies provide opportunities, security and empowerment for the poor should be considered. These can be further broken down into the following categories, which mainly concern the delivery of programming¹⁶:

- **Opportunity** to capital assets such as: physical, financial, natural, human and social
- Opportunities for institutional linkages such as: ministries centrally and locally
- **Security** issues would include whether the poor are having enough income and physical security from conflict and access to basic social services
- **Empowerment**: finally do the poor have a voice to participate in the programme and are their institutions, which include their ideas active in the areas?

Levels of intervention and programming

A second consideration for MOFA should be the level at which the poverty programme should focus. Should it be:

- Targeted poverty reduction activities: under such projects the poor are the specific targets of the project. Interventions under these projects 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.

¹⁶ A more extensive framework is contained in annex 5.

Targeting Issues

In resource poor areas such as the upper regions of Ghana targeting the small holder will not be as difficult for policy makers and planners. Interventions in richer resourced areas with pockets of poverty such as the Brong Ahafo and Ashanti regions will require more innovation approaches in order to target smallholders in need.

The main targeting issues to be considered are:

- Regional Disparity: location of the project (north or south; rural /urban focus)
- Occupational Disparity: focus on food crop or cash crop, economic income grouping
- Gender Disparity: the degree to which the project focuses on women or men
- Age: Youth or adults
- Rural Urban Disparity

These issues are discussed in more depth in annex 3. 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. Making policies more pro poor requires that there is extensive information on the poverty profile of Ghana. Some ministries have embarked on deprivation mapping as part of a process to identifying the most deprived areas in the country. Analysis within MOFA requires at minimum poverty mapping by region and district, according to client group, and expenditure allocation. Most importantly a firm commitment by government of recognising the centrality of small holders in the process of Ghana's growth and development strategies.

Design issues

Enough literature has been written on the need to involve the poor in the design and development of programming. Poverty programmes are no exception and often require even more dialogue and consultation with the poor in order to empower them. Participation of the poor in poverty reduction strategy requires:

- Specific targeted interventions for the poor particularly at the design stage
- Consideration of the degree to which the project works with NGO's and other agencies working at the grassroots level.
- Is the project using an empowerment or basic needs approach to poverty alleviation.
- Is the project using a holistic approach attempting to link marketing, production and storage?

Empowerment or Basic Needs Approach

Bortei-Doku (2000) argues that there are two basic approaches which poverty programmes have taken. 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. A more promising approach appears to be the projects that attempt to lift the poor out of poverty by assisting them build their capacity to help themselves through literacy, credit and marketing strategies.

Holistic interventions

Recent research using a livelihood framework suggests that the poor in Ghana require a more holistic approach in tackling their problems based on linkages with institutions at the macro, meso and micro level (Carney, 1999; Casely-Hayford, 2000). That opportunities and constraints of the poor should be viewed in a holistic manner based on the environmental and socio-cultural coping mechanisms they use to survive. Projects and programmes have tended to concentrate on one aspect of the problem without providing a full analysis /intervention at the process constraints which face the poor and prevent their release from the 'shackles of poverty.'

9.3 Application of a poverty framework within MOFA

A functional analysis of poverty within MOFA's operations is called for. This would require the analysis of several spheres of MOFA's operations and policies at macro (national), meso (district) and micro levels (community). These aspects of MOFAs work include:

- The programmes and policies of MOFA (targeting issues)
- The financial and expenditure profile
- The institutional arrangements and channels of communication with the poor
- The monitoring and information systems for tracking information concerning the poor (MIS)
- Extension services

The other set of indicators to monitor poverty relates to the micro level and the delivery of services to diverse groups within MOFA. These aspects of MOFA must be considered at the community and district levels in order to understand the impact and effectiveness of MOFA services in reaching the poor.

The following framework is therefore suggested as a starting point for MOFA to consider when applying some of the indicators within their policies and operational plans at the macro level.

Key poverty issue	Questions to pose within MOFA
Key poverty constraints	<ul style="list-style-type: none">➤ Does the policy address lack of opportunities/assets for the poor.➤ Security issues of the poor (income)➤ Empowerment issues (voice and channels of communication within MOFA)
Levels of intervention	<ul style="list-style-type: none">➤ Is the programme planning a policy targeted➤ Policy focussed activity➤ Or a policy environment activity
Targeting Issues	<ul style="list-style-type: none">➤ Where is the intervention most needed (location, regional, urban/rural)➤ Who are those most needy (gender, income grouping)➤ What type of activities are they engaged in?
Design Issues	<ul style="list-style-type: none">➤ Is the programme going to empower the poor

Key poverty issue	Questions to pose within MOFA
	<ul style="list-style-type: none"> ➤ Provide the basic needs for them ➤ Will the programme foster linkages
Outcome	<ul style="list-style-type: none"> ➤ Effect productivity of the poor ➤ Address the constraints of the poor ➤ Address the issues of technological uptake
Equity	<ul style="list-style-type: none"> ➤ Is there equity in resource allocation
Relevance	<ul style="list-style-type: none"> ➤ Is it responsive to the needs of the poor ➤ Is it appropriate to the macro and micro environment

Policy making and planning

Analysis of poverty sensitive policy or programming requires that the effectiveness, efficiency and relevance of the policy towards the poor be considered. Another key area is the capacity of the government to target different sectors of society and understand the needs of the rural poor. More sociological research is needed in MOFA to better understand their clients and assess their capacity to harness and tap institutional resources.

9.4 Key recommendations for pro poor policy

The following section outlines the priority action areas recommended by the core team for careful attention by the MOFA. These include agricultural growth, empowering women, increasing employment and incomes, strengthening people's participation and natural resource conservation.

Achieving Agricultural Growth

- Intensify research-development-extension-farmer linkages is needed 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 tools, marketing information flow and credit. Studies should be carried out with a strong sociological approach in order to explore the perceptions of small farmers and the basis of decision making.

Empowering of Women

- Major focus of MOFAs pro poor policies should be targeted at women and young girls who make up a large majority of smallholder farmers in Ghana and are increasingly providing the basic needs for the family¹⁷.
- Capacity building programmes for women and girls should be tailored to equip them for immediate as well as, long-term subsistence and empowerment. Programmes should focus in particular on improved access to information, skills, and productive resources including technology and markets.

¹⁷ A gender-balanced approach should be used involving both men and women in the programming but particular emphasis should be placed on reaching out to women.

Increasing Employment and Incomes

- Improve the skills and innovation 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, would differ from one age group to another.
- Policies, which place special emphasis on Junior Youth (10-15 years of age), should be considered since many will graduate from Junior Secondary school and enter the agriculture sector often falling into poverty.
- 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.

Strengthening People's Participation in Development

- Make use of established decentralised local government structure to facilitate the process of local participation at the district level. This involves the public forums, which are an integral part of the GOG's planning process for national development. This also provides a basis for strengthening participation in general development initiatives.
- There is need to establish a pro-poor poverty advocacy group in the Ministry to ensure that any key policy decisions are brought under careful scrutiny to assess and ensure the poor are the key stakeholders of policy. 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 analyse policies and provide ongoing recommendations for decision makers.

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.

Thus as much as technology is essential for improving the overall productivity of poor households and small-scale producers in general; it is now 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 fertilisers. 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.

9.5 Conclusion: The way forward for MOFA in making its policies more pro-poor

The historical policy review suggests that the Ministry of Food and Agriculture (MOFA) has been receptive and reactive to development initiatives planned by donor and creditor agencies. Most of these initiatives have lacked ownership, vision and commitment from government and the people they were intended to benefit. This results in failures of development initiatives or reduced benefits for the poor.

The way forward appears to be for MOFA to shift away from being reactive and become more proactive. MOFA should set the development agenda, establish the priorities and set the rules for donors and creditor nations that wish to participate in the sector. This is particularly important if GOG is to shift towards a more pro poor orientation, which places the small-scale rural producer at the heart of all agriculture policy and programming. Several economic restructuring initiatives have taken place over the last 20 years attempting to make agriculture more effective and efficient. Most of these reforms have neglected the small-scale producer and aimed at enhancing large-scale production. Twenty years of mixed macro economic and agriculture policy in Ghana will take a long time to resolve. Ghana needs the policy space to articulate the best agriculture policies to propel poor farmers into the driver's seat of Ghana's economic growth and let go of the myth that the private enterprises are ready or able for this role.

Key questions to ask in any policy-making process to make sure that the poor are the center of agriculture policy in Ghana:

- How is the policy going to empower and improve the conditions of farmers under the poverty line?
- What category of the poor will be supported by this policy or programme?
- Where are they located? (Northern, Southern, rural or urban)
- What can be done to mitigate the effect of the policy on the poor?

Ghana can no longer afford to 'mitigate the impact of economic policies on the poor rural farmer'. The Government must place the rural farmer at the heart of the development process and provide the fullest support for the most valued resource reorienting policies to the people of the country- the rural poor. One important premise must be that in order for economic development to 'take off' we must follow a realistic path of supporting the largest agricultural client-- the rural farmer. To do this, the policy making process in MOFA has to be transparent and inclusive. MOFA must begin to advocate for policies within government and most importantly with the Ministry of Finance which make it clear that traditional neo liberal economic approaches are fallible. History has proven that Ghana must define its own path to development, which places a more realistic agricultural development policy as a precondition to industrialisation.

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Annex 1: Government of Ghana Agricultural Programmes: Successes And Failures

Programmes	Objectives	Failures/Successes	Lessons Learnt
Colonial Era (Up to 1950)	<ul style="list-style-type: none"> ➤ Promotion of exports crops. ➤ Production of food for urban elite's. ➤ Promotion of trade in agricultural commodities. 	<ul style="list-style-type: none"> ➤ High levels of production of export crops were achieved ➤ Small-scale farmers were discriminated against. ➤ No attention was given to women farmers. 	<ul style="list-style-type: none"> ➤ The colonial government was only interested in making the Gold Coast a source of raw materials and a protected market for British manufacturers and farmers. Poverty reduction was not an issue during this period.
Self-Government (1950 – 1956)	<ul style="list-style-type: none"> ➤ Promotion of exports crops. ➤ Introduction of large scale mechanised farms. 	<ul style="list-style-type: none"> ➤ Export crops like cocoa continued to dominate the scene. ➤ Small-scale farmers were side stepped. 	<ul style="list-style-type: none"> ➤ Bulk of agricultural production comes from the small-scale farmers in Ghana. Any agricultural programme that focuses on large-scale production is bound to fail especially when such a system is state-controlled.
Socialist Era (1957 - 1966)	<ul style="list-style-type: none"> ➤ Introduction of parastatals ➤ Government involved in direct production. ➤ Co-operative agriculture was encouraged focussing on export crops. ➤ Research Stations turned into state farm 	<ul style="list-style-type: none"> ➤ Neglect of small scale farmers ➤ Abandonment of agricultural research in general. ➤ Lack of effective supervision ➤ Government direct production failed 	<ul style="list-style-type: none"> ➤ Same as self-government era
Acheampong Era (1972 – 1979)	<ul style="list-style-type: none"> ➤ Self sufficiency in food and raw material production with OFY and OFYI ➤ Encouragement of small-scale production. 	<ul style="list-style-type: none"> ➤ The OFY and OFYI were successful ➤ The input subsidies did not have any impact on income and employment generation. 	<ul style="list-style-type: none"> ➤ Need to sustain popular agricultural programmes. ➤ Ineffective distribution network impacted negatively on input distribution.
The ERP Era (ASRP) (1983 –1990)	<ul style="list-style-type: none"> ➤ Rehabilitate, consolidate and restructure the economy ➤ Introduction of reforms to 	<ul style="list-style-type: none"> ➤ Inadequate price incentives. ➤ Poor basic 	<ul style="list-style-type: none"> ➤ The market mechanism could not play the traditional role of

Programmes	Objectives	Failures/Successes	Lessons Learnt
	<p>achieve the above.</p> <ul style="list-style-type: none"> ➤ The economy (including the agricultural sector) to be private sector led. ➤ Trade liberalisation 	<p>infrastructure and agricultural services.</p> <ul style="list-style-type: none"> ➤ Limited access to credit. ➤ Low supply response by private sector agents. 	<p>matching demand to supply.</p> <ul style="list-style-type: none"> ➤ Private sector could not respond due to high interest rates on credit.
MTADP (1991 – 2000)	<ul style="list-style-type: none"> ➤ To remove the constraints that led to only modest performance of agriculture under the ASRP: ➤ Improve the incentive framework. ➤ Improve agricultural services ➤ Increase private sector participation ➤ Strengthen agricultural sector management. ➤ Establish a framework for a more rational allocation of public sector resources. 	<ul style="list-style-type: none"> ➤ Issue of rural poverty not addressed (IFAD and Sasakawa Global 2000 projects addressed this). ➤ Anticipated growth in private input, marketing was not fully realised. ➤ Most of the programmes were focused on capacity building, which attracted substantial amount of funding with very little going to the private sector. ➤ Government was concerned with service provision, assuming that all other factors are in place. 	<ul style="list-style-type: none"> ➤ The issue of rural poverty should be factored into agricultural development plans. ➤ Interest rates should be lowered to encourage private sector's access to credit. ➤ Development plans should set aside funds for private sector lending at concessionary rates. ➤ Development policies should be holistic rather than being based on unrealistic assumptions.
AAGDS	<ul style="list-style-type: none"> ➤ Aims to support Vision 2020 by increasing employment, average incomes, reduce poverty and other inequalities. <p>The AAGDS revolves around 5 elements:</p> <ul style="list-style-type: none"> ➤ Access to technology ➤ Access to credit ➤ Access to market ➤ Improving rural infrastructure ➤ Capacity building 		
AgSSIP	<p>Aims at addressing 3 out of the 5 elements in the AAGDS:</p> <ul style="list-style-type: none"> ➤ Access to technology ➤ Access to Markets ➤ Capacity building 		

Annex 2: Characteristics of Poverty in Ghana

<p>LOW PRODUCTION</p> <ul style="list-style-type: none"> -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 	<p>LOW-LEVEL OR LACK OF EDUCATION</p> <ul style="list-style-type: none"> -low primary enrolment rate -poor quality of education -inadequate resources -inability to pay school fees -inadequate classrooms -limited facilities -poor access (Distance factor) -absenteeism
<p>LOW INCOME</p> <ul style="list-style-type: none"> -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 	<p>POOR HEALTH</p> <ul style="list-style-type: none"> -food insecurity -poor nutrition -lack of access to potable water -poor access to health facilities (distance factor) -inadequate health services -insanitary conditions
<p>ENVIRONMENTAL DEGRADATION</p> <ul style="list-style-type: none"> -farming in environmentally sensitive areas -soil erosion -soil nutrient depletion -overgrazed/depleted ranges -fuelwood shortage -deforestation -bushfires -poor environmental sanitation 	<p>UNPLANNED UNCONTROLLED HUMAN SETTLEMENTS</p> <ul style="list-style-type: none"> -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
<p>WATER</p> <ul style="list-style-type: none"> -poor water quality -water-borne disease -inadequate supply -long distances to fetch water -inability to pay for portable water 	

(Based on Ghana's Poverty Reduction Strategy Paper, Botchie, 1996)

Annex 3: Key indicators according to poverty criteria

3.1 Project Review According to Pro Poor Indicators¹⁸

The review of projects administered by MOFA over the last ten years provides a preliminary attempt to assess the Ministry of Food and Agriculture's pro poor orientation. The character of poverty in Ghana provides the basis for this assessment.

Regional disparity

More than 70% of people under the poverty line live in the three northern regions (GLSS4). The main areas where poverty has been increasing in the last ten years are in Upper East, Northern, and Central regions of the country.

Occupational disparity

The last few rounds of the Ghana Living Standard Survey identify food crop farmers are the main group under the poverty line. The next is the rural self-employed non-farm income earners. Groups involved in export crop production (cocoa) and other non-traditional exports are relatively better off.

Gender disparity

The recent gender mainstreaming research has identified women as the most vulnerable to poverty and making up the largest proportion of the poor particularly female-headed households. More than 70% of those under the poverty line are women. Women are particularly burdened due to their low socio-cultural status and heavy burden as prime caregivers and providers for children. Studies in Ghana suggest that women are becoming the main providers of the family (Duncan, 1998; MOFA, 2001).

Rural Urban Disparity

Poverty in Ghana is predominantly a rural phenomenon. Rural areas are characterised by higher levels of poverty and therefore should be given primary attention due to the lack of socio-economic infrastructure and poor human development conditions.

¹⁸ Pro Poor means the degree to which a project is focussed on the poor within society.

Annex 4: Medium Term Agriculture Development Programmes

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 ¹⁹	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) ²⁰	N/A	N/A	N/A	N/A	N/A	N/A

¹⁹ Designed but never implemented.

²⁰ Food Crops Development Project (FCDP) has only recently taken off.

Annex 5: Overview of AgSSIP

The *AgSSIP* is aimed at helping to 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 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:

- (i) Strengthening the agricultural technology generation and diffusion systems through research and extension;
- (ii) 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 organisation of appropriate services through specific interventions for rural development;
- (iii) Development of farmer-based organisations; and
- (iv) Strengthening agricultural education and training.

The programme is a long-term one that supports the Government's agricultural development goals by rationalising 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 (IMTs), 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.

Annex 6: Framework for analysis of poverty

Needs-Based Framework (draft)

Theme	Poverty Issue	Poverty-Sensitive Query
Opportunity	Capital assets ²¹	physical: access to equipment, infrastructure, energy (for production and for agro-processing), safe storage, markets, roads/ transport
		finance: access to finance (for production and consumption); cost of credit (incl. transaction cost); timing of credit delivery (vis-à-vis farming season); timing of credit recovery (vis-à-vis harvest season); savings mechanisms; hedging opportunities (e.g., inventory credit); input costs; output prices
		natural: access to land, water for production; soil fertility; attention to ecosystems; attention to pests/ diseases
		human: access to production skills, information (know-how, marketing, inputs), life skills, good health/ nutrition; ²² attention to inter-generational impacts
	Institutional linkages	co-ordination and harmonisation (within MoFA; between MoFA and other agric sector intermediaries -- public [both central and district levels], private, NGO, donor)
		complementarities with literacy, water, nutrition and other relevant services
Security	Income/ food security	production for sale (production beyond household self-sufficiency needs); attention to seasonality
		poor-friendly markets; market information
		poor-friendly service institutions; quality of technical support
	Physical/ personal security	conflict prevention/ resolution; constraining traditions access to basic social services, family planning, safety nets
Empowerment	Voice/ participation	involvement of smallholder farmers/ fisherfolk in <i>visioning</i> , planning, implementation and monitoring
		gender mainstreaming
		clarity of objectives
		proactive monitoring
	Governance/ institutions (in broad sense)	functional associations/ networks of poor; micro-political environment (incl. power relations in marketplace, transparency, downward accountability)

²¹ Only the four "traditional" asset categories are included under this theme. For convenience, it is proposed to review social/political assets under the third theme -- "Empowerment".

²² ... all of which the poor require to optimise productivity of their labour.

Outcome-Based Framework (draft)

Impact Criterion	Poverty-Sensitive Query
Effectiveness	productivity (on/off-farm)
	resilience to shocks and seasonal stresses
	constraints (strategic/design, institutional/ internal [incl. attitudes and technical factors], contextual/ external [incl. macroeconomic and global influences])
	constraints to technology adoption (on/off-farm)
Efficiency	cost-effectiveness
	equity in resource allocation: ... narrow vs. broad targeting vs. combination of both
Relevance	responsiveness to needs and priorities of smallholder farmers/ fisherfolk
	short-term vs. long-term vs. both
	appropriateness re cost, culture-sensitivity, sensitivity to capabilities
Sustainability	have activities been (or can they be) continued beyond closure?: financial, technical, environmental, broad-based support, replicability concerns
	attention to seasonality
	attention to gender
	attention to wider concerns of processing and agri-business
	sensitivity to livelihood systems of others
	sectoral vs. holistic/ integrated
	remedial vs. transformative vs. both
	inter-generational implications/ child poverty concerns
Targeting	competence and (social) proximity of intermediary agencies
	Location (rural vs. urban, agro-ecological zone, administrative area, intra-district disparities)
	gender
	livelihood system
	literacy
	age
	narrow vs. broad ~ vs. policy environment

Several of the concerns are cross-cutting and an attempt has been made to minimise duplication. Thus, for example, some concerns which would routinely be discussed under the "effectiveness" criterion but which are **not outcome-based** (e.g., access to inputs/ services, clarity of objectives, poor-friendly institutions/ markets) are covered instead under the inputs/needs-based component of the framework. The Core Team and Review Committee are invited to assist in reordering concerns into more user-friendly categories.

