

Investing in Smallholder Agriculture for Optimal Results:

The Ultimate Policy Choice for Ghana



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List of Acronym

AG	Accountant General
AU	African Union
CAADP	Comprehensive Africa Agricultural Development Programme
COFOG	Classification of Functions of Government
CSIR	Council for Scientific and Industrial Research
DA	District Assemblies
DACF	District Assembly Common Fund
DCMC	District Citizens Monitoring Committee
ECOWAP	Agricultural Policy of the Economic Community of West African States
FASDEP II	Food and Agricultural Sector Development Programme
FINSSP	Financial Sector Strategic Plan
GIDA	Ghana Irrigation Development Authority
GoG	Government of Ghana
GPRS II	Growth and Poverty Reduction Strategy
GRASP	Global and Regional Advocacy on Small Producers
ICOUR	Irrigation Company of Upper Region
IFPRI Ghana	International Food Policy Research Institute
MDAs	Ministries, Departments and Agencies
MDGS	Millennium Development Goals
MiDA	Millennium Development Authority
MoFA	Ministry of Food and Agriculture
MoLFM	Ministry of Land, Forestry and Mines
MSMEs	Micro, Small and Medium-size Enterprises
NEPAD	New Partnership for Africa's Development
NGOs	Non-Government Organisations
POs	Producer Organisations
PSI	Presidential Special Initiatives
SF	Smallholder Farmers

Preface

The agricultural sector accounts for over 35 percent of Ghana's GDP. Besides, it is the major source of income for most households in Ghana. This is a compelling reason for Ghana to be putting its money where its mouth is. There is so much talk these days about Ghana's oil find and its potential impact on the national economy. Notwithstanding this, investment in agriculture is critical to avoiding the paradox of plenty-a phenomenon arising from the neglect of the non-oil sector including agriculture.

Investing in Smallholder Agriculture for Optimal Results: the Ultimate Policy Choice for Ghana which assessed agricultural policy performance in Ghana and how this is backed by budgetary allocation is timely! It should give Ghanaian policy makers a sober reflection of how agricultural policy has fared so far. More importantly, it is a wake-up call for governments to get their priorities right, especially in these days of the lures of oil. For SEND-Ghana and civil society organisations in Ghana and Africa as whole, the report will provide impetus for evidenced-based policy advocacy at national and regional level. The report should also challenge Ghana's Development Partners-both bilateral and multilateral to re-examine their lending policies and conditionalities which very often truncate progressive national policy development in the agricultural sector.

I would like to commend Mr. George Osei-Bimpeh- Trade Policy Officer of SEND-Ghana who acted as the team leader for this research. This research also benefited tremendously from the Global and Regional Advocacy for Small Producers (GRASP) networking process which is facilitated by Cordaid. It is my hope that SEND-Ghana's local effort will find good space to continue to influence the GRASP Networking agenda. Our focal NGO's and citizens' monitoring groups have played significant roles in the research process , I hope that they find true ownership to this work and continue to champion the follow-up advocacy activities until the emerging issues get the appropriate policy responses.

SEND-Ghana's policy advocacy work is supported by IBIS-West Africa, Christian Aid and Cordaid. Oxfam International also made one-off contribution to this research. We are truly appreciative of fruitful collaboration.

Samuel Zan Akologo

Country Director

Executive Summary

In 2003 Ghana joined a group of African countries to make commitment to allocate at least 10 percent of national budgetary resources to develop the agricultural sector by 2008. This initiative became necessary following the adoption of the Comprehensive African Agricultural Development Programme (CAADP)-a brain child of the African Union's New Partnership for Africa's Development. It was expected that the allocation of at least 10 percent of national budget to the agricultural sector would culminate into a rise in the sector's growth rate to 6 percent per annum; and this is projected to engender food security and poverty reduction, especially among smallholder farmers. At the sub-regional level, West African states have adopted a common agricultural policy framework known as the Agricultural Policy of the Economic Community of West African States (ECOWAP) which has similar policy objectives but accentuates the sovereignty of member states for the attainment of food security and poverty reduction.

The objectives of the two regional policies are anticipated to reflect in the formulation of national agricultural policies; and Ghana's key agricultural policies have largely been influenced by the tenets of these regional initiatives. These policies include the Ghana Poverty Reduction Strategy II (GPRS II) and the Food and Agricultural Sector Development Programme II (FASDEP II). By and large the policy objectives of FASDEP II are founded on the four pillars of CAADP.

The timeline for the attainment of 10 percent allocation of national budget to agriculture was the year 2008. In line with its mission and realising that a little over 5 years have passed since the declaration was made in Maputo, SEND-Ghana commissioned this study to assess the government of Ghana compliance with the commitment to increase expenditure on the agricultural sector and to determine the extent to which budget allocations reflect on investment in the sector, especially smallholder agricultural development.

Main Findings

Following the adoption of CAADP and the subsequent declaration to make substantial investment in agriculture; the government of Ghana has formulated agricultural policies to implement the cardinal objectives of the regional initiatives with the view of exercising the country's sovereignty to achieving food security and poverty reduction. This policy is known as Food and Agricultural Sector Development Programme (FASDEP II). On the basis of a set of criteria for the assessment of FASDEP II, the study concludes that in general terms the policy reflects the needs and interests of smallholder farmers.

The study also revealed that since 2003, the government of Ghana has systematically increased budgetary allocation to the agricultural sector and that in 2006 the country reached the compliance level with the Maputo Declaration, devoting 10.32 percent of national budget to agriculture. This notwithstanding, expenditure on the sector fell below 10 percent in 2007 and rose above 10 percent in 2008; given an average of 9 percent of national budget resources being devoted to the agricultural sector between 2003 and 2008.

The anticipated result for the allocation of 10 percent of national budget for agricultural development was an increase in the sector's growth rate to 6 percent per annum. The study revealed that increased expenditure on the agricultural sector has not culminated into a corresponding rise in the sector's growth rates to 6 percent per annum on the average.

On the basis of regional analysis the study found disparities in budgetary allocations to the disadvantage of major food crop producing areas namely, Upper East, Upper West and the Brong Ahafo regions.

The motivation for increasing national budget allocation to the agricultural sector was the need to embark upon massive investment. However, the analysis demonstrates that on the average 47 percent of total national budget has gone into investment in the agricultural sector indicating that there is under investment in agricultural development.

The study was not able to establish in monetary terms the quantum of investment that goes into smallholder agricultural development. However, proxy indicators were employed in a survey of 407 households; all comprising smallholder farmers, in the Greater Accra, Northern, Upper East and Upper West regions; to measure the extent to which smallholder agricultural development has benefited from increased spending on the sector since 2003.

On the question of access to irrigation facilities, only 19.7 percent of smallholder farmers have access to irrigation schemes on their farms. 60 percent of farmers with access to irrigation facilities rely on non-mechanised small irrigation schemes. Also the study revealed that disparities exist in regional access to irrigation with farmers in the Greater Accra region having greater access than their counterparts in the three northern regions. In some districts none of the farmers interviewed have access to irrigations schemes on their farms.

On a positive note, however, the study revealed that utilisation of fertilizer among smallholder farmers is relatively high-68.6 percent; a situation largely attributable to government's policy to providing fertiliser subsidy. However, 48.9 percent claim that fertilizer prices remain unaffordable.

Contrary to perceptions, utilisation of tractor services among smallholder farmers for traction is relatively high, nearing 60 percent. However, smallholder farmers rely on commercial tractor service providers who charge exorbitant prices shooting up production cost. There is little use of district assembly tractor although charges are very affordable.

Access to financial services is limited. The study revealed that only 16 percent of smallholder farmers had access to financial credit during this cropping season. Also, there are disparities in access to credit at regional and district levels. On the source of financial services, smallholder farmers largely rely on informal arrangements to obtain credit from family members, friends and local loan providers. Farmers' inability to obtain credit is attributable to high interest rates and cumbersome application procedures.

Smallholder farmers' access to extension services is also inadequate. Over 64 percent of smallholder farmers have not received extension services during this cropping season. Interestingly, a similar number of smallholder farmers also did not use or lack access to improved seeds variety. Also, while some districts recorded high accessibility to extension services and improved seeds variety, others had little or no access at all.

Policy Recommendation

On the basis of the findings the following recommendations are made for policy consideration:

There is the need for the AU/NEPAD to revise the minimum threshold to ensure that additional quantum of funds is provided as direct investment funds to support agricultural development. African countries must not only be encouraged to meet the 10 percent mark but should be urged to allocate more resources to the sector since recurrent expenditure could take up a chunk of total agricultural investment. Government on its part should take a second look at the expenditure items and cut down on expenses which do not provide direct support for the growth of the sector in order to save money for investment.

Ghana's must aim at redefining the Maputo Declaration so that the 10 percent threshold should exclude recurrent expenditure.

The government of Ghana on one hand should go beyond the rhetoric of supporting smallholder agricultural development and come out with a special investment fund which considers only small agricultural development.

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It is further proposed that subsidies should be viewed as investment intervention aimed at building the production capacity of small producers to graduate them into medium and large scale production. Subsidy should take the form of support with planting materials, preservation and storage facilities, water and irrigation facilities, and soil fertility management. It should also cover production constraints and provide farm tools (that are relevant and affordable to the farmers).

The tractor subsidy programme is commendable but smallholders can only take advantage of it if access is enhanced, for instance, through the institutionalisation of the use of district assembly tractors. Due to the vastness of some of the territorial areas of districts assemblies, opportunities for access must be created at vantage geographical locations which are within the easy reach of farmers in remote areas.

Civil Society Organisations must take the issue of agricultural budget tracking seriously as entry point to demand accountability from government. This enterprise should be extended to the monitoring and evaluation of agricultural policies to ensure that not only are farmers consulted in the formulation phase; but policy makers should ensure that strategies which implementation are expected to improve the livelihoods of small producers are prioritised and well executed in consultation with farmers, especially if the idea for the intervention has been broached by farmers.

Effective institutional coordination is key to attaining the objectives of the comprehensive agricultural policy. This requires institutional reform and sensitisation on the collective responsibility towards the attainment of objectives and policy targets of FASDEP II. In line with this, it is being proposed that an inter-ministerial committee should be set up to take the role of coordinating the activities of relevant stakeholders.

Furthermore, such institutional arrangement should offer recognition to Civil Society Organisations, especially agro-based NGOs and policy advocates as major stakeholders to facilitate their complementary role to the development of the sector.

There is the need for the creation of opportunities for agricultural financing for feedback into infrastructure that have been developed.

Policies and programmes aimed at increased agricultural productivity must be accompanied by effective strategies for market access by farmers. In this direction, promotional programmes to realign attitudes, tastes and perceptions towards increased consumption of home grown agricultural produce should receive attention. A practical matter for consideration in Ghana today is for instance to ensure that all public nursery institutions make use of local produce.

1.0 Background

The agricultural sector is critical to Ghana's ambitious goal to achieve middle income status by 2015. Modernising agriculture requires policies which are responsive to all categories of farmers, especially small producers and women. In recognition of the role agriculture can play for increased economic growth and poverty reduction, the government of Ghana under the auspices of the AU/NEPAD has adopted the tenets of the Comprehensive Africa Agricultural Development Programme (CAADP) to guide its own initiative aimed at modernising agriculture. This initiative forms an integral part of broader national policy objectives aimed at building on the gains in economic growth and poverty reduction over the last two decades.

Realising that agricultural development is central to achieving the above objectives, Ghana's Growth and Poverty Reduction Strategy (GPRS II) has been prepared in a way that makes it dependent on the agricultural sector to engender structural transformation of the economy. In line with this, the government in 2003 joined other African governments to adopt the Maputo Declaration by which African governments assented to allocate at least 10 percent of national budgetary resources to agriculture by 2008 in order for the agricultural sector to achieve 6 percent growth rate per annum.

Consequently, the country has developed a comprehensive agricultural policy known as Food and Agricultural Sector Development Programme (FASDEP II) as a framework to achieve accelerated growth in the sector. FASDEP II envisions the agricultural sector to engender increased economic growth led by the private sector that ensures food security, and employment opportunities to reduce poverty.

Central to the attainment of this vision is the commitment to allocate requisite resources to fund the sector. Equally significant is the formulation and implementation of policies that are responsive to the needs and aspirations of smallholders that dominate the sector. As a National NGO, dedicated to monitoring the implementation of government pro-poor programmes and policy, SEND-Ghana undertook this study to assess the level of Ghana's compliance with the Maputo Declaration to develop agriculture as guided by the objectives of CAADP, FASDEP II and the ECOWAS Common Agricultural Policy. An assessment is also made of the key policy framework developed and adopted to run with the commitment to increase budgetary allocation to agricultural development. In recognition of the crucial role that agriculture plays in the lives of the poor, especially women, an attempt is made to determine the extent to which small-scale producers benefit from agricultural expenditure. More specifically, the study seeks answers to the following key questions;

- *Has a local policy/strategy been developed to facilitate the implementation of the Maputo Declaration?*
- *How responsive is the policy framework to the needs and interest of smallholder farmers?*
- *What is the government's interpretation of the Maputo Declaration?*
- *What is the current level of agricultural spending in relation to the total national budget?*
- *How much of the agriculture budget is devoted to Recurrent and Investment expenditure?*
- *How much of the agricultural investment expenditure been used for smallholder agricultural development? That is, to what extent do smallholder farmers benefit from increase in budgetary allocation to the agricultural sector?*

2.0 Methodology and Approach

This study was conducted in two phases. The first phase involves an assessment of government's compliance with the declaration to make investment in the agricultural sector. It also assesses the degree of responsiveness of agricultural policies to the interests and needs of smallholder farmers. It largely draws on data from government sources and structured interview with key informants. The second phase tracks the expenditure pattern to establish the extent to which smallholder agricultural development has benefited from allocations to the agricultural sector.

Phase One

On the basis of a set of criteria, the study reviewed Ghana's key agricultural policies to ascertain whether such policies reflect the needs and aspirations of small producers. This involved largely desk review of Ghana's key agricultural policy documents. The study adopted a set of criteria developed by the Global and Regional Advocacy for Small Producers (GRASP)-a network of civil society organisations based in some African Countries, Europe and United States of America to which SEND-Ghana is a member. See annex for the list of the criteria.

The assessment of key agricultural policies took the form of a review of secondary literature [including the Ghana Poverty Reduction Strategy (GPRS II)] and largely Food and Agricultural Sector Development Programme (FASDEP II). Within the framework of FASDEP II, five key policy objectives were assessed as constituting separate agricultural policies. Furthermore, a collection of primary qualitative data which involved stakeholder interviews of the major players in the sector was undertaken. These include officials of MDAs (from MoFA, and Ministry of Finance and Economic Planning). These officials also provided insight on what constituted the Government of Ghana's interpretation of the Maputo Declaration. To assess and validate the degree of policy relevance, ownership and participation in the formulation process, Non-Governmental Organisations (NGOs), and Producer Organisations (PO) were also interviewed. In all this the criteria developed by GRASP served as a useful guide.

The study also tracked the expenditure trends of key agricultural-related Ministries, Departments and Agencies (MDAs). To determine Ghana's compliance with the Maputo Declaration, data sources for the agricultural budget tracking comprised available public expenditures from the office of Accountant General (AG). To ensure that data obtained from this source were of the highest quality, additional data were obtained from the Ministry of Food and Agriculture (MoFA), Ministry of Land and Forestry (MoLF), Ministry of Finance and Economic Planning, Council for Scientific and Industrial Research (CSIR), the Fisheries Commission and the Cocoa Board for the purpose of validation and triangulation. In this regard, the study relied on the annual financial reports of the various agricultural-related MDAs to compile and analyse expenditure trends from 2000 to 2008.

In selecting the source of data and determining which MDAs' activities are agricultural-related, the study relied on internationally accepted standards based on the Classification of Functions of Government (COFOG) (revised by the United Nations in 1989) for budget tracking. In addition, the CAADP guidelines for determining compliance with the Maputo Declaration were also adopted and applied. As a result, the indicator used for spending 10 percent of total government expenditure is a measure of attending to agricultural sector by government. Since budgets are subject to change even after approval by parliament, the study used actual spending to track expenditures in the sector. Actual expenditures are defined as figures that are captured at the payment stage of the budget execution cycle. This means that the study did not use payments at early stages such as quarterly or monthly allocation. Also, since Ghana's fiscal year is unified with the calendar year, the study used annual data which falls into the reporting period, beginning from January to December.

Almost all MDAs in Ghana undertake activities which, to some extent, support agricultural development. Ideally an analysis of the expenditure pattern on the sector should have typically included expenditure data from all MDAs which activities are either directly or indirectly related to agricultural and rural development. Such MDAs include Ministries of Education, Health, Local Government and Rural Development, Transport, Roads and Highways *inter alia*.

However, this study relied on data from MDAs whose activities are in conformity with COFOG standard and reinforced by CAADP guidelines developed to track compliance with the Maputo Declaration on agricultural expenditure.

Besides, the nature of existing financial management systems renders it impossible to distinguish between actual agricultural-related activities and others for those MDAs which activities indirectly support agriculture. There is lack of clarity regarding the question of whether interventions in any of the MDAs which fall outside COFOG and CAADP guidelines are implemented with the ultimate objective of promoting agricultural development.

Phase Two

The purpose of the second phase of the study was to collect primary data on proxy indicators in order to measure the extent to which smallholder farmers benefit from investment in the agricultural sector. The decision to employ proxy indicators became imperative in view of the fact that the financial system at the various agricultural related MDAs does not provided disaggregated accounting data that would have enabled an assessment of actual investment in smallholder agricultural development.

Study Design

The study was conducted in four regions where SEND-Ghana operates. They include Greater Accra, Northern, Upper East and Upper West regions. These regions were chosen since they represent two distinct ecological zones; Greater Accra being largely coastal, urban and hosting the administrative headquarters of key agricultural MDAs, while the three northern regions are in the savannah belt, largely rural, most impoverished and at the same time have a greater number of food crop producers who double as smallholder farmers.

A total of 22 districts were purposely selected. However, the choice of the districts or municipality was done in consultation with the relevant district/municipal agricultural directorate. The key question that guided the exercise was the intensity of farming activities in a particular district or municipality. As a result, 5 districts were selected from each of the regions with the exception of Northern region where 7 districts were chosen bringing the total number of districts and municipalities covered to 22.

In each district or municipality 5 clusters were selected using a modified district-cluster sampling procedure. Twenty households were interviewed in each district, thus 5 per a cluster. Therefore, a total of 100 households were interviewed per region, except for the Northern region where 140 households were selected for the quantitative component of the study. A simple random sampling technique was used in the selection of the households. In selecting the household, a list of criteria were developed to ascertain the category of farmer into which a respondent falls. This was helpful in aiding purposive sampling of only small scale farmers.

The definition adopted for a small scale farmer was a farmer whose total land size does not exceed two (2) acres. Due to differences in the nomenclature of standard measurement of an acre of land, a compilation of

the various typologies of measurement standard was done in order for the team to familiarise itself with and to determine their scientific equivalent.

Data collection instruments and tools

The purpose for the collection of primary data was to measure the extent to which the government of Ghana is investing in small scale agricultural development. Hence, the study relied on the collection of only quantitative data which was meant for the triangulation of data already obtained from MDAs during and for the first phase of the study.

The quantitative method applied in this study is subsumed in SEND-Ghana's research framework- Participatory Monitoring and Evaluation (PM&E). The questionnaire for data collection include questions on categories of agricultural investment portfolios at different points from which to address issues of utilisation and access to the returns on the investment in order to measure the extent to which government spending on the sector reaches smallholder farmers.

As per the participatory approach, selected community members who form the citizens' monitoring group known as the District Citizens Monitoring Committee (DCMC) were involved in the research process of problem identification and analysis through policy sensitisation workshop on the Maputo Declaration on agricultural investment. They were also involved in the development of data collection tools as they had to agree on indicators set to measure the degree to which smallholder farmers benefit from investment in the sector. In line with SEND-Ghana's PM&E framework, the citizens' monitoring group undertook the data collection exercise with the supervision of technical staff from SEND-Ghana.

From gender perspective, both the technical staff from SEND and the community members were made up of women and men with at least two representatives coming from women and trading groups. The structured questionnaire was designed to cover utilisation and/or access to irrigation facilities, fertilizer, tractor/traction services, financial services, and improved seeds variety.

Training of Field Staff

A training of trainers' workshop on the research instrument was organised in the middle of August to train programme and field officers from Accra, Tamale, Wa and Bolgatanga offices of SEND. By the end of August, these technical staff had in turn trained the citizens' monitoring group in their respective regions. The essence of this initiative was to facilitate common understanding of concepts among all the members of the DCMC in the respective districts.

The training took the form of discussions to agree on each question and response choices, role play and field practice. Techniques of community entry or approach, of interviewing rural communities were particularly emphasised. Due to the flexible nature of our methodology, the learning process continued in the field throughout the research process.

Field Work (Data Collection)

Data collection began simultaneously in the first week of September across all the selected districts. Each district had its separate team and five days were used to interview 20 households in each district. The questionnaire contained approximately 70 questions.

Data Analysis and Quality Control

First-hand field editing of completed questionnaire was undertaken by the field officers at the respective regional PM&E centres. Data entry commenced in the second week of September till the end of the same month. Double entry was done under the supervision of a resident researcher. A painstaking effort was then undertaken to clean the data to ensure consistency in answers. These were quality control mechanisms to ensure accuracy. Consequently questionnaires in which inconsistencies were detected were expunged from the dataset. SPSS package and Microsoft Excel were used for data entry, tabulations, frequencies, graphs, charts and bars to attain good visual impression regarding the presentation of results and findings.

3.0 Agricultural Policies: the Question of Relevance

The objective for assessing Ghana's agricultural policies is to ascertain whether policies formulated to implement the CAADP reflect the interests and needs of small producers. In line with this, the section analyses the degree of stakeholder involvement in the development of key agricultural policies and strategies, as well as critical issues such as policy targeting and implementation, which has the propensity to impact on the livelihoods of small producers. The question of recognition of small producers on one hand, as well as policy relevance and benefits are critical for poverty reduction, hence the application of a set of criteria-which development is influenced by the need to promote the welfare of small producers-to find out whether policies formulated to develop agriculture meet the challenges of time. See annex for the criteria.

3.1 Growth and Poverty Reduction Strategy (GPRS II)

Ghana's GPRS II is a policy framework in continuity from the Ghana Poverty Reduction Strategy (GPRS I) which implementation started from 2003 to 2005. However, GPRS II (from 2006 to 2009) reflects a policy shift-from that which was directed at attaining the anti-poverty objectives of the Millennium Development Goals (MDGS)- to accelerate the growth of the economy for the attainment of Ghana's overarching goal of middle-income status by 2015.

The policy targets contained in the GPRS II are guided by the corresponding objectives of both NEPAD and the MDGs. Broadly, it targets a doubling of the size of the economy within a period of ten years through accelerated economic growth and structural transformation. These key targets are anticipated to be achieved through modernisation of the agricultural sector led by a vibrant and competitive private sector. Thus, the policy seeks to address the challenge of structural constraints, at both policy and institutional levels, which inhibit private-sector competitiveness in agriculture.

For the overall goals of the GPRS II to be achieved, the agricultural sector is envisioned to grow at 6 percent per annum. The crops and livestock sub-sectors are envisioned to grow at an annual rate of 6 percent; with forestry and logging, and fisheries at the rates of 5.1 percent and 4.8 percent per annum respectively.

GPRS II outlines the following mutually reinforcing policy interventions as strategies for addressing the constraints inherent in Ghana's agricultural sector;

- Improving access to global and regional markets;
- Enhancing the efficiency and accessibility of national markets;
- Strengthening of firms' competency and capacity to operate effectively and efficiently;
- Enhancing government capacity for private sector policy formulation, implementation, monitoring and evaluation;
- Facilitate private sector access to capital;
- Facilitate the removal of institutional bottlenecks;
- Facilitate innovation and entrepreneurship;
- Improve the provision of public services; and
- Accelerate the development of strategic sectors.

3.1.1 Improving Access to Global and Regional Markets

The strategy for the attainment of the above policy objective is the full implementation of the National Trade Policy. This trade policy seeks to promote Ghana's integration into the global and regional markets. In line with this, the GPRS II further aspires towards the implementation of recommendations emanating from the review of institutions which provide quality standards and services to the private sector¹.

The attainment of Ghana's export promotion objective finds expression in the implementation of sector-specific programmes as well as supporting local companies to take part in foreign and domestic trade shows, fairs and exhibitions.

However, the implementation of export promotion strategies is subject to reciprocity in that the country has had to liberalise agricultural trade. Therefore, as laudable as the strategies may be, research has revealed that small and local producers in the areas of poultry, tomato, cotton, rice² etc. have been displaced from both domestic and international markets. These findings were re-echoed and corroborated by the leadership of POs interviewed.

3.1.2 Enhancing the Efficiency and Accessibility of National Markets

In order to engender efficient and accessible market to wider constituents of private-sector operators, the GPRS II focuses on addressing challenges relating to microeconomic environment, financial and public sectors, contract enforcement/debt recovery and land acquisition.

¹ These include the Ghana Standard Board, Food and Drug Board and the Plant Protection Regulatory Services.

² See SEND-Ghana 2008, Free Trade, Small Scale Production and Poverty. Also see Third World Network 2006, The Impact of Globalisation and Liberalisation on Agriculture and Small Farmers in Developing Countries: The Experience of Ghana.

The key challenge confronting both urban and rural small producers (who form important components of the private sector) is accessibility to financial services. To address this constraint, the policy seeks continuous implementation, monitoring and evaluation of the Financial Sector Strategic Plan (FINSSP) to ensure that the urban and rural poor are not crowded out.

To address related problems associated with agricultural marketing, the policy adopts the following strategies to enable farmers, especially smallholder producers, obtain premium prices for their products;

- *Development of Farmer Based Organisations which will be capable of securing fair prices for products;*
- *Establishment of satellite markets in urban centres to provide outlets for rural/small producers to dispose off their produce, while overcoming the exploitation from urban traders;*
- *Promotion of price and income stability measures; and*
- *Promotion of establishment of storage facilities with emphasis on community level storage facilities.*

3.1.3 Institutional Development

The policy framework further seeks to build strong institutions that support rapid private sector growth. It promotes public sector reform and key implementation strategy encompasses fundamental review of tax policy and administration in relation to micro and small enterprises.

The development of strong institutions further finds expression in the creation of an effective legal system that supports private sector growth. The strategies outlined in the policy document include;

- *Improving access to justice for businesses- especially small businesses- and enhancing alternative dispute resolution mechanism within the context of Judicial Sector Reform Programme; and*
- *Monitoring and evaluating the level of access to justice in Ghana focusing on Micro, Small and Medium-size Enterprises (MSMEs).*

However, what remains to be uncovered is the degree of impact felt by small producers through the implementation of these strategies. Indeed, POs interviewed in this study either did not know of the existence of the strategy or are yet to witness manifestations of its implementation.

3.1.4 Policies that Improve Business and Investment Environment for Agriculture

The policy identifies critical issues for the attainment of a competitive private sector that support accelerated growth based on agriculture. Therefore, the GPRS II earmarks the following as priority areas for policy intervention;

- *Reform to land acquisition and property rights;*
- *Enhancing access to credit and inputs for agriculture;*
- *Promoting selective crop development;*
- *Modernising livestock development;*
- *Improving access to mechanised agriculture;*
- *Provision of infrastructure for aquaculture;*
- *Increase access to extension services; and*
- *Restoration of degraded environment.*

The policy gives recognition to discrepancies in access to and control over land in Ghana. It thus seeks to promote easy access and equity to all, especially usufructory holdings. Furthermore, the implementation of the GPRS II seeks to achieve an improved system of land registration which protects the interests of

smallholders. Moreover, it seeks a review of the Land Administration Project on one hand, and the enforcement of the Land Title Registration Law of 1985 on the other hand.

The essence of this policy intervention is to guarantee the security of tenure of small landholders with emphasis being put on the need to protect the interests of marginalised and economically vulnerable groups, including women.

Furthermore, policy direction under GPRS II moves away from the old practice whereby the development of large dams was a key policy intervention. Instead, emphasis is being placed on interventions such as the provision of dug-outs; hand-pump systems, and valley bottom schemes in addition to the rehabilitation, expansion and promotion of the utilisation of existing irrigation facilities. The advantages for this intervention are in two folds; first, it has the potential to reach smallholder farmers, and second, it is suitable for greater geographical areas in many parts of the country. Effective implementation of this strategy will result in more land being brought under cultivation to benefit the poor in rural areas.

The framework further recognises the difficulty which small producers have in accessing credit and inputs. It, therefore, proposes to develop special interventions to provide affordable credits to small scale farmers with the objective to increasing the proportion of women that can obtain credit. Another innovative idea contained in this policy is the mobilisation of small producers into Farmer-Based Organisation (FBO) to enhance access to group credit, inputs and other services.

3.1.5 Environmental Sustainability

In recognition of increasing environmental degradation, brought about partly by traditional farming practices, as obstacles to attaining increased agricultural productivity, the document outlines strategies aimed at minimising the impact of environmental degradation. The focus of the environmental protection strategies extends to lands, forestry and fisheries.

Finally, the agricultural policy component of the GPRS II serves as a broader national policy framework to guide development of the agricultural sector for accelerated economic growth. To achieve this, sector specific agricultural policy framework known as Food and Agricultural Sector Development Policy has been formulated.

4.0 The Food and Agricultural Sector Development Policy (FASDEP II)

FASDEP II embodies a comprehensive policy framework for modernising Ghana's agricultural sector with the view of creating conducive environment for all categories of farmers. Like GPRS II, which builds on the attainment of the GPRS I but within the context of policy shift, FASDEP II was developed in recognition of inherent weaknesses identified with FASDEP I.

Key weakness identified with FASDEP I was improper policy targeting due to its failure to recognise the existence of different categories of farmers and the fact that smallholders are not homogenous³. Also, problem analysis within the framework of FASDEP I was weak and insufficiently reflected farmers' perspectives, needs and priorities. Additionally, the policy failed to specify the process by which the Ministry of Food and Agriculture (MoFA) would stimulate responses from other state institutions/ministries for interventions outside the jurisdiction of MoFA. These weaknesses constitute the basis for the assertion that the policy failed to meet the aspiration of modernising smallholder agriculture, hence the need for FASDEP II.

4.1 Policy Targeting

FASDEP II targets different categories of farmers in accordance with their needs; while special attention is devoted to risk-prone subsistence farmers. It has the objective of pursuing interventions that have the potential of reducing the vulnerability as well as improving the productivity of small producers. Thus, FASDEP II represents a comprehensive national agricultural policy which envisions that the food and agricultural sector is modernised to bring about a structurally transformed economy; evidence of which is expected to be found in the provision of food security, employment and poverty reduction.

The uniqueness of this policy lies in its linkage to national, sub-regional and global development programmes. At the national level, FASDEP II is linked to the national vision contained in the GPRS II to achieve accelerated growth propelled by a modernised-private-sector-led agriculture. It is also linked to the sub-regional and global development agenda of the Comprehensive Africa Agriculture Development Programme⁴ (CAADP) and the Millennium Development Goals (MDGs) respectively.

The strategies in the FASDEP II encompass interventions which are consistent with GPRS II. For instance, it envisages similar growth rates for the agricultural sector as expected in the various sub-sectors such as crop, livestock, forestry and logging, fisheries and cocoa.

³ A Poverty and Social Impact Analysis (PSIS) carried out on the implementation of the FASDEP I identified five categories of farmers in Ghana. These are Large Scale Commercial, Small Commercial, Semi-Commercial, Non-Poor Complex Diverse Risk Prone, and Poor Complex Diverse Risk Prone farmers.

⁴ The CAADP rests on five pillars which include;

- Sustainable land development and reliable water control systems;
- Improvement of rural infrastructure and trade-related capacities for improved market access;
- Enhancement of food supply and reduction of hunger;
- Development of agricultural research, technology dissemination and adoption;
- Sustainable development of livestock, fisheries and forestry resources.

4.2 Policy Principles

FASDEP II further adopts broad policy principles with the intention of determining the policy direction as well as guiding its implementation. These principles include the following;

- *The Government of Ghana (GoG) shall strive to achieve the Maputo Declaration of allocating at least 10 percent of annual government expenditure to the agricultural sector;*
- *There shall be targeting of the poor in appropriate aspects of policy and programmes;*
- *The Government shall pursue regional balance in agricultural development, building on regional*
- *All policies and programmes will be designed from a gender perspective, enabling the government to work towards greater gender equality in the agriculture sector;*
- *Investments in the sector will be scientifically based and environmentally sustainable and considered on the basis of economic feasibility and social viability/sustainability;*
- *Policy and programmes will be implemented within the framework of decentralisation and all agricultural structures of decentralisation will be strengthened;*
- *Inter-sectoral collaboration will be pursued in the implementation of policies and programmes;*
- *The Government shall partner private sector and civil society in policy implementation, and review;*
- *The Government shall continue to pursue pluralism in service delivery for increased access;*
- *The Government shall foster an enabling environment for the provision of key infrastructure (irrigation, roads, storage, and energy) and information, by the private sector and where necessary provide such infrastructure;*
- *The Government shall foster an enabling environment for the enforcement of laws and regulations;*
- *All sector policies and plans will be subjected to Strategic Environmental Assessment (SEA) while all projects are subjected to Environmental Impact Assessment (EIA); and*
- *Development Plans will work in ways consistent with the sector policy and the Government in turn will engage Development Plans in ways consistent with the policy.*

4.3 Key Policy Areas and Strategies for Achieving the Objectives of FASDEP II

Within the policy framework of FASDEP II, six clear policy objectives are spelt out as policy areas/interventions. These policy objectives were developed on the basis of the GPRS II as a national development programme and in line with the pillars of CAADP. They include the following;

- *Food security and emergency preparedness;*
- *Increased growth in incomes;*
- *Increased competitiveness and enhanced integration into domestic and international markets;*
- *Sustainable management of land and environment;*
- *Science and Technology Applied in food and agriculture development; and*
- *Improved Institutional Coordination.*

Specific strategies are developed to achieve each of the policy objectives. With the application of the criteria already alluded to, the key policy areas enumerated above were assessed and the following observations are drawn.

5.0 Processes Leading to the Formulation of FASDEP II

The process leading to the formulation of FASDEP II began with a comprehensive review of past interventions in the food and agriculture sector. The review exercise resulted in the preparation of seven building blocks which formed the key thematic areas around which relevant working groups developed the policy framework.

These working groups produced the initial inputs as draft for discussions within the Ministry of Food and Agriculture (MoFA) and with Development Partners. Memberships of the working groups were drawn from MoFA and other Ministries, Departments and Agencies (MDAs).

Separate consultations that culminated in the final policy document were held at various levels. These included;

- District level consultation (One district from each of the ten regions in Ghana);
- Regional level consultation workshops; and
- Separate consultations with MDAs, banks and Parliamentary Select Committee on Agriculture.

As per the POs which were consulted, such exercise took the form of review workshops during which stakeholders made inputs into the work of relevant sub-committees. However, the composition of the POs did not include individual small scale farmers; instead the administrative staff of the POs represented the interest of farmers.

Although these representatives may have been abreast with the challenges in the agricultural sector, the fact that they represented the interest of the larger farmers' constituency assumed a certain degree of homogeneity among the farming community in Ghana. This arrangement creates the tendency towards finding a 'homogenous' solution to the problem of agriculture; hence the practice may not address the special needs of small producers.

Be it as it may, an analysis of FASDEP II and its strategies reveals strong consistency with the criteria developed by **the Global and Regional Advocacy for Small Producers**. This observation is further corroborated by an admission of some of the key stakeholders interviewed in this study. In their view, the policy framework per se reflects the needs and interests of small producer. Evidence of this reflection, for instance, is found in the form of emphasis that is placed on agricultural financing to support small scale producers, especially women. The basis for the assertion that Ghana's agricultural policies formulated to implement the Maputo Declaration generally reflect the needs and interests of small producers, at least at the level of policy design, are that both GPRS II and FASDEP II;

- *Ensure that small producers can produce food and engage in agriculture as sustainable income-earning activity;*
- *Ensure the availability of relevant farm inputs at affordable cost;*
- *Reflect commitment to ecological sustainability;*
- *Seek to address challenges faced by women and indigenous small producers;*
- *Address the challenges in land acquisition and at the same time seek to provide appropriate irrigation schemes for small producers;*
- *Outline strategies for securing market access for the products of small producers;*
- *Set out interventions to provide access to financial and business development services;*
- *Ensure access to extension services;*

- *Promote the formation of producer organisations; and*
- *Promote research and innovation.*

The policy framework recognises the following as key stakeholders; Ministry of Food and Agriculture, Private Sector Operators, Civil Society Organisations, Development Partners, and other MDAs. Although all relevant government agencies have important roles to play for the realisation of the objectives of FASDEP II, MoFA is the ministry responsible for the implementation of the policy.

The implementation strategy involves the definition of clear-cut responsibilities for the various relevant stakeholders. To enhance effective discharge of stakeholder responsibilities, there is a framework for engagement and coordination among these key stakeholders. This is expected to provide a platform for feedback and policy response to MoFA from MDAs and civil society groups. As laudable as the strategies may be, there is the absence of proposals from the policy document regarding how the engagement between these stakeholders will be operationalised. Small scale farmers are, at present, not participating in the policy process as a consequence of no clear engagement possibilities

6.0 The Maputo Declaration, CAADP and ECOWAP

The Comprehensive Africa Agriculture Development Programme (CAADP) is a product of the African Union's New Partnership for Africa's Development (NEPAD) and provides a common framework for accelerating long term agricultural development and growth among African countries. Overall, CAADP's goal is to eliminate hunger and reduce poverty through agriculture. To do this, African governments have agreed through the **Maputo Declaration** (made in Mozambique in 2003) to increase public investment in agriculture to a minimum of 10 per cent of their national budgets and to raise agricultural productivity by at least 6 per cent by 2008. Key strategies for attaining these goals are outlined in the four CAADP Pillars:

- Extending the area under sustainable land management
- Improving rural infrastructure and trade-related capacities for market access.
- Increasing food supply and reducing hunger
- Agricultural research, technology dissemination and adoption

Although CAADP is continental in scope, it is realised through national efforts to promote growth in the agriculture sector and economic development. The CAADP framework is based on the principles of partnerships, capacity building, coherence, organisational development, peer review, accountability, participation, inclusiveness and representation. As part of the Declaration on Agriculture and Food Security of the Maputo Declaration, governments aimed to align policies with funding and implementation, vowing to:

“Implement, as a matter of urgency, the Comprehensive Africa Agriculture Development Programme (CAADP) and flagship projects and evolving Action Plans for agricultural development, at the national, regional and continental levels. To this end, we agree to adopt sound policies for agricultural and rural development, and commit ourselves to allocating at least 10 percent of national budgetary resources for their implementation within five years”⁵.

In 2005, the heads of state and government of the West African Sub-region accepted another agricultural policy known as the Agricultural Policy of the Economic Community of West African States (ECOWAP). ECOWAP represents a West African version of the broader CAADP. Like other agricultural policies already mentioned in this study, the ECOWAP places emphasis on the centrality of family farms to achieving food security and increasing smallholder farmers' income.

6.1 Government's Interpretation of its Commitment to the Maputo Declaration

The basis for the Government of Ghana's interpretation of its commitment to implement the Maputo Declaration is informed by how Agriculture has been defined since 2003. Prior to this period, agriculture was narrowly defined as comprising crops, livestock, fisheries and natural resource management (including land and forestry). This definition, however, was too narrow. Therefore, in consistent with the guide developed by the AU/NEPAD for the Comprehensive Africa Agricultural Development Programme

⁵ Africa Union 2003, *Declaration on Agriculture and Food Security in Africa; Assembly/AU/Decl.7 (II) Page 1. Available at http://www.africaunion.org/Official_documents/Decisions_Declarations/Assembly%20final/Assembly%20%20DECLARATIONS%20%20-%20Maputo%20-%20FINAL5%2008-08-03.pdf*

(CAADP); agricultural-related research, extension services and training, marketing and market information system, inputs (seeds, fertilizer, chemicals etc.), irrigation and rural infrastructure, post-harvest management etc. have been incorporated to broaden the scope of the sector. It also includes interventions covering the provision of feeder roads, health and education services as well as some local government-related activities undertaken with the view to developing the agricultural sector and rural areas. These form the pillars upon which the government has developed interventions to fulfil its commitment to the Maputo Declaration to allocate at least 10 percent of national budgetary resources to agriculture. The definition is also very much in line with COFOG standards.

Having defined agriculture broadly, the government either established or sought to strengthen existing institutions to deliver services and implement policies aimed at attaining government's objective of developing agriculture as the engine of growth. Thus, various MDAs have been assigned specific responsibilities in line with the objective of CAADP initiative. These include Ministry of Food and Agriculture; Ministry of Land, Forestry and Mines, Ministry of Local Government; the NEPAD Desk at the Ministry of Foreign Affairs; the Fishery Commission; the Crop, Animal, Soil, Oil Palm research institutes of the Council for Scientific and Industrial Research (CSIR); Agricultural Faculties of Public Universities, and the Cocoa Board. In addition, there are sectors whose activities impact on agricultural development. For instance, health, education, feeder roads and transport invariably contribute to growth in the agricultural sector either directly or indirectly. The ministry of Food and Agriculture has the overall responsibility to coordinate the activities of all these MDAs to ensure the development of the sector. The Ministry of Finance and Economic Planning, on the other hand, has the role of making budgetary allocations to the respective MDAs to ensure the attainment of 6 percent growth rate envisaged in CAADP and Ghana's agricultural policy document.

Therefore, budgetary allocation to agriculture is not limited to MoFA. For the government, the commitment to allocate 10 percent of national budgetary resources for agricultural development translates into spending on MDAs which undertake direct agricultural-related activities in conformity with international standards and conventions such as COFOG, CAADP and ECOWAP.

Some development agencies and international NGOs undertake agricultural-related projects in partnership with local NGOs and the private sector. Nonetheless, data on agricultural spending through these collaborative ventures outside the government financial system are not available, though this figure is believed to be quite substantial.

For instance, between 2004 and 2006 the USAID spent US\$7.3 million per year under the 'Economic Growth, Agriculture and Trade' Strategic Objective⁶. This programme also aimed at increasing the Competitiveness of the Private Sector. In spite of the significance of this figure for the agricultural sector, this study did not consider its inclusion largely due to absence of complete data and the fact that the focus of the study is on government budgetary allocations.

⁶ USAID 2008, Budget, Plans and Performance: Ghana. Available at <http://www.usaid.gov/policy/budget/cbj2006/afr/gh.html> (accessed on 27th March, 2009).

7.0 An Analysis of Trends and Levels of Spending on the Agricultural Sector

The 2008 World Development Report puts Ghana's expenditure on the agricultural sector at 0.7 percent⁷. On the surface, this figure appears alarming as it represents a far departure from meeting commitment to implement the Maputo Declaration. However, the data source for the World Bank study included counting expenditures on only MoFA. Judging by how the government defines agriculture, spending on MoFA alone cannot be taken as proxy for expenditures on the entire agricultural sector.

Expenditures on MoFA cover only crops and livestock production. For instance, expenditure on major export or cash crops such as cocoa and shea are not part of MoFA's spending portfolio. Emphatically, agricultural spending in Ghana goes beyond financing the activities of MoFA.

Again, IFPRI, a policy think tank's study of the spending trends on the sector from 2000 to 2005 reveals an average of 6 percent of national budgetary resources to the sector⁸. According to the study, this figure accounted for 4.1 percent and 1.5 percent of Agricultural Gross Domestic Product and national GDP over the same period respectively. The IFPRI study counted expenditures from MoFA, MoFLM, CSIR, and Cocoa Board. Although, a good attempt was made to provide some basic information on the coverage of agricultural spending, the accounting system used by the study did not conform to the CAADP guidelines as well as standards developed by COFOG. In other words, total agricultural expenditure was undercounted to the exclusion of spending on agricultural related debt servicing, special programmes such as the Presidential Special Initiatives, and the cocoa sub-sector etc.

The IFPRI estimates show that agricultural spending is higher than estimated by the World Bank and thus accentuates the fact that Ghana's agriculture spending goes beyond activities implemented by MoFA. In this study, attempt was made to track agricultural expenditure in conformity with the CAADP guidelines and the COFOG standard. Therefore, in addition to expenditures on MoFA (crops and livestock), fisheries, forestry and logging, cocoa; expenditures covering debt servicing, Presidential Initiative on Cassava and palm oil, as well as agricultural related research were counted.

⁷ World Bank, 2008. *World Development Report 2008: Agriculture for Development*. World Bank, Washington D.C.

⁸ IFPRI, 2008. *Public Expenditure and Institutional Review: Ghana's Ministry of Food and Agriculture*. IFPRI Ghana Strategy Support Programme.

Table 1: Share of Agricultural Expenditure in Government Expenditure (GH¢)

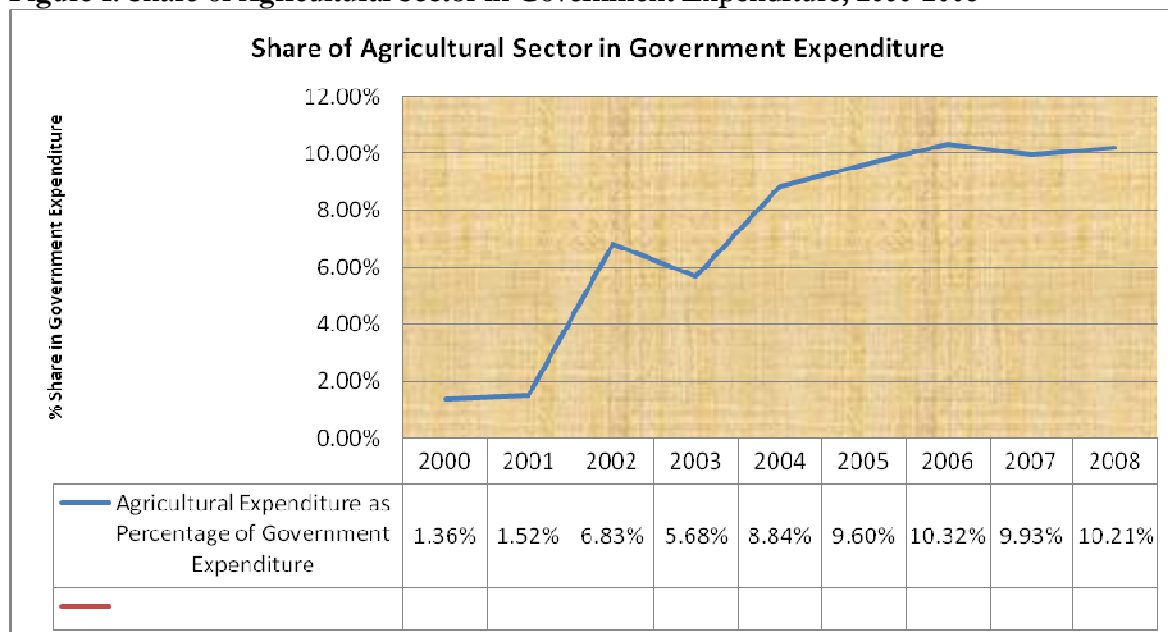
	2000	2001	2002	2003	2004	2005	2006	2007	2008
MoFA	5,158*	6,300*	8,211	10,971	14,145	42,434	74,964	77,636	155,320
Fisheries ⁹	0	0	0	0	0	6,547	4,184	5,404	17,950
Forestry	1,101*	988*	2,119	3,963	6,710	10,510	15,480	25,923	34,234
Agric Related Research	2,794*	6510*	10,222	12,984	22,141	29,085	67,180	94,181	56,510
Debt Servicing	-	-	14,974	11,876	14,325	45,376	42,343	47,166	68,418
PSI	0	0	0	2,847	6,369	13,730	15,709	30,868	2,168
Cocoa	-	-	16,399	20,027	27,476	93,871	148,716	112,915	57,613
Total Agriculture	9,053*	13,798*	51,925	62,668	91,166	241,553	368,576	393,729	392,213
Total Government Expenditure	665,750*	905,400*	760,070	1,102,910	1,031,810	2,515,885	3,569,970	3,964,297	3,842,750
Agricultural Expenditure as Percentage of Government Expenditure	1.36%	1.52%	6.83%	5.68%	8.84%	9.60%	10.32%	9.93%	10.21%

Source: * MDAs Annual Report Financial Report, 2002-2008. Office of Accountant General, 2000-2001

Complete data for various sub-sectors were not available for the periods 2000 and 2001. However, beginning from 2002 total expenditure on the sector rose to approximately 7 percent. Although, the level of expenditure could not be sustained as it dropped to 5.7 percent in 2003, the quantum of money allocated to the sector did not fall. This is rather explained by the fact that total national expenditure increased from over GH¢ 700 million to over GH¢ 1 billion representing an increase of 69 percent approximately. It therefore implies that allocation to the agricultural sector did not correspond with the increase in government expenditure.

⁹ Until the year 2005 the fisheries sector was administered as a sub-sector under MoFA. Since January 2009, however, the new government has re-aligned the fisheries sub-sector to MoFA. Likewise expenditure on PSI started in 2003.

Figure 1: Share of Agricultural Sector in Government Expenditure, 2000-2008



Source: MDAs Annual Report Financial Report, 2002-2008
Office of Accountant General, 2000-2001

Figure 1 depicts a general trend of increasing allocation to the agricultural sector. From 7 percent in 2002, government’s spending on the sector rose to 10 percent in 2006. At this point Ghana had complied and met the commitment to devote at least 10 percent of its budgetary resources to agriculture. However, the percentage budgetary allocation fell slightly in 2007 as the entire agricultural sector had 9.9 percent of government expenditure. As of 2008 nonetheless, the figure had gone up to 10.21 percent, indicating compliance with the Maputo Declaration. Although in general terms there has been an increase in the allocations to agriculture leading to the attainment of Maputo compliance, the fact that in 2007 the the share of the sector fell below 10 percent makes it difficult for future projections.

An encouraging observation, however, is that agricultural development in Ghana has witnessed an allocation of an average of 9 percent of national budgetary resources between 2003 and 2008, although this figure falls short of the 10 percent minimum threshold. However, the observation that there has been a systematic and incremental allocation of resources to the agricultural sector is positive and to some extent a demonstration of government’s commitment to financing agricultural development. What remains as a matter of interest is whether the incremental budgetary allocation has culminated into a corresponding increase in the growth of the agricultural sector. An understanding of growth trends in the sector provides justifications for further and incremental allocation to the sector as well as an opportunity for policy reflections on how additional resources are being utilised to achieve the broader objectives for comprehensive agricultural development.

Table 2: Components of Agricultural Spending Portfolio

Percentage Distribution of Total Agricultural Expenditure on Spending Portfolios									
	2000	2001	2002	2003	2004	2005	2006	2007	2008
MoFA	57%*	45.7%*	15.8%	17.5%	15.5%	17.6%	20%	19.7%	39.6%
Fisheries	-	-	0	0	0	2.7%	1.1%	1.4%	4.6%
Forestry	12.1%*	7.2%*	4.1%	6.3%	7.3%	4.4%	4.2%	6.6%	8.7%
Research	30.9%*	47.1%*	19.7%	20.7%	24.3%	12.0%	18.2%	23.9%	14.4%
DEBT Servicing	-	-	28.8%	19.0%	15.7%	18.8%	11.5%	12.0%	17.4%
PSI	-	-	-	4.5%	7.0%	5.7%	4.3%	7.8%	0.5%
Cocoa	-	-	31.6%	32.0%	30.1%	38.9%	40.4%	28.7%	14.7%
Total Agriculture	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: MDAs Annual Report Financial Report, 2002-2008. Office of Accountant General, 2000-2001

*Percentage appears high due to incomplete data upon which calculations were made. Therefore, we begin our analysis from 2002 where we have the full complement of data on agricultural expenditure. However, the implementation of the PSI only began in 2003. Otherwise, data did not exist for debt servicing and Cocoa for both 2000 and 2001.

Of paramount concern is not only the need to increase budgetary allocation to the agricultural sector; but how the distribution of the allocated funds is fashioned out to engender the expected growth and subsequent poverty reduction is equally significant. Also critical is the potential reduction in poverty levels that can be brought about by allocation in a particular sector. Between 2002 and 2008 the average disbursement to MoFA, Debt Servicing and Cocoa sub-sector amounted to 20.8 percent, 17.6 percent and 30.9 percent respectively.

The only time that disbursement to MoFA exceeded the average figure was in 2008 when MoFA obtained approximately 40% of total agricultural expenditure. Interventions undertaken during the course of the year accounted for the increased allocation to MoFA. 2008 saw the introduction of government subsidy on fertilizer and the amount expended on the programme totalled GH¢15 million. In response to the food crisis, an amount of GH¢10.9 million was spent to mitigate the effect of the crisis. In addition, 44 dams were rehabilitated while 160 tractors and accessories were procured. 100 of the tractors were locally assembled. MoFA also embarked on the establishment of demonstration farms in 2008.

A point of interest is that MoFA's activities cover food crops and livestock sub-sectors. Food crops producers alone constitute 43 percent of the population. This number accounts for 68.5 percent of national poverty¹⁰. On the other hand, export producers constitute 7.4 percent of Ghana's population with 6.2 percent share in national poverty¹¹. Perhaps, the average relative lower poverty level among cash crop producers is attributable to higher investment (2002-2008 average for the cocoa sector is 30.9 percent) in the sub-sector; an intervention which is worth replicating in other sub-sectors, especially food crop and livestock sub-sectors. The food crop sector provides livelihoods to the very poor. While it will not be prudent to reduce allocation to strategic cash crops such as cocoa due to the country's requirement for foreign exchange, it is expected that food crops and livestock production should attract additional resources allocation due to an equally strategic role the sub-sector can play to reducing poverty and ensuring food security, especially for the poor and vulnerable groups.

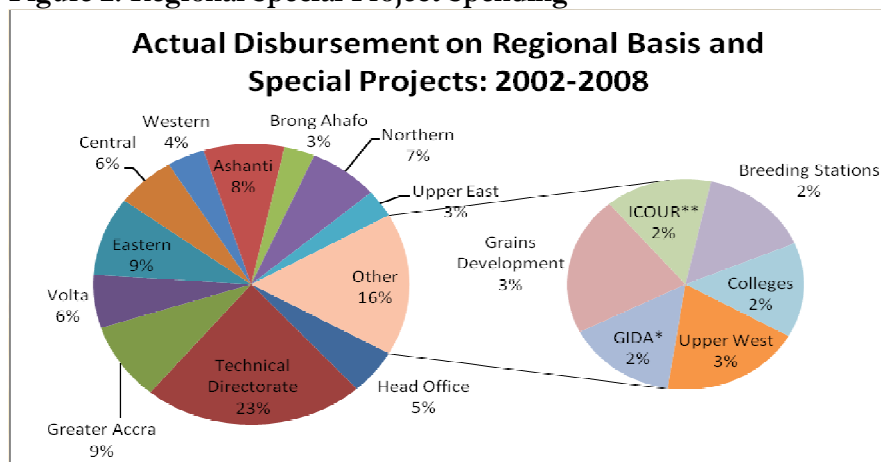
¹⁰ Ghana Statistical Services, 2007, "Patterns and Trends of Poverty in Ghana", Accra.

¹¹ Ibid

Also, the fact that an average of 17.6 percent of financial resources disbursed to the sector went into agricultural related debt servicing gives cause for concern. It raises questions about the nexus between development effectiveness on one hand, and aid delivery as well as debt burden on developing countries on the other hand. Therefore, a mere increase in budgetary allocation to the sector may not stimulate the anticipated policy outcome unless the sub-sectoral allocations are juxtaposed with their relative relevance for the attainment of the expected growth, food security and poverty reducing effects.

7.1 Regional and Special Projects Spending

Figure 2: Regional Special Project Spending



Source: MoFA/MiDA 2008 Annual Financial Report

*Ghana Irrigation Development Authority (GIDA)

** Irrigation Company of Upper Region(ICOUR)

Food crop production is predominant in the three northern regions as well as the transitional ecological zone. Incidentally, rural communities in the savannah belt constitute 58.7 percent of national poverty. However, between 2002 and 2008, the Upper East, Upper West and Northern regions have received 3, 3, and 7 percent respectively for agricultural development¹² (that is in the areas of food crops and livestock production). The corresponding total incidence of poverty for the Greater Accra Metropolitan area is 10.6 percent of the total population with 3.5 percent share in national poverty¹³. Yet disbursement to the region in the period under review amounted to 9 percent of total agricultural expenditure between 2002 and 2008. It is noteworthy that the Ghana Living Standard Survey 5 reports that 91.7 percent of the population in rural savannah are engaged in agriculture; while the corresponding figure for the Greater Accra region is 3.4¹⁴. It is thus expected that allocations on regional basis should have been informed by the specific socio-economic circumstances as well as the potential for agricultural development. Nevertheless, these criteria seem to have been disregarded. The critical issue is not only about the basis and priority guidelines for budgetary allocation to the sub-sectors; but also on the need to bridge the north-south gap as informed by the potential of specific regions to ensure food security and national poverty reduction.

Also critical to peasant farmers, especially those in the three northern regions is the issue of irrigation development due to the erratic and single maximum rainfall pattern experienced in those areas. Continuous

¹² Ghana Statistical Services, 2007; *Pattern and Trends of Poverty in Ghana*, Accra.

¹³ Ibid

¹⁴ Ghana Statistical Service, 2008; *GLSS 5*

supply of water has a direct and positive correlation with annual productivity since it allows for an all-year-round farming activity. In 2007, Ghana’s agricultural land area was 13, 521, 000 hectares. Out of this 7, 151,000 hectares were under cultivation. Of the land under cultivation only 11,000 hectares representing 0.15 percent was under irrigation¹⁵. Indicative from the above figure is that between 2002 and 2008, only 2 percent of total disbursement has gone to the Ghana Irrigation Development Authority(GIDA). Apparently, this pattern portends a situation where the attainment of food security, especially for the rural poor, becomes an almost impossibility given the erratic rainfall patterns being experienced in the country lately. The issue of access to irrigation facilities is revisited later in this report.

7.2 Matching Expenditure with Sector Growth Rates

Justification for increased budgetary allocation and a pointer as to whether we are achieving right prioritisation, proper allocation and policy targeting is a function of the extent to which anticipated growth rates are attained. In general, the average growth rate for the agricultural sector is 4.7 percent for the period 2000 to 2008. This figure falls far short of the 6 percent per annum growth target embodied in the CAADP GPRS II and FASDEP II. Thus, increased in spending on the sector has not yet resulted in the 6 percent envisaged growth rate for the sector. From figure 3 the only time that agricultural growth rate exceeded 6 percent was in 2003 and 2004 fiscal years, which were 6.1 percent and 7 percent respectively. The explanation for this growth can be found in the impressive growth recorded by the cocoa sector. In 2003 for instance, the cocoa sector made strong recovery from 0.5 percent in 2002 to 16.4 percent¹⁶.

Figure 3: Agricultural Growth Rate and Sector Expenditure Trends



Source: Government’s Budget Statements from 2001-2009, Ministry of Finance and Economic Planning.

Also, in 2004 the cocoa sector witnessed an improvement from 16.4 percent to 29.9 percent¹⁷. This figure accounted for 17.9 percent of total GDP growth. The impressive growth recorded in the cocoa sector is attributable to the mass spraying exercise embarked upon by the government.

Ironically, the years that witnessed over 6 percent growth saw less than 10 percent of national resources being spent on agriculture. On the other hand, agricultural growth plummeted steeply in 2005 where

¹⁵ Ghana Statistical Service, 2000; *Ghana in Figures*

¹⁶ See 2004 Budget Statement

¹⁷ Also see 2005 Budget Statement

allocation almost reached the 10 percent threshold. But for the cocoa sub-sector agricultural growth would have been worse. Perhaps this provides justification for the higher spending on the cocoa sector.

However, it demonstrates that well-targeted interventions in other sub-sectors, especially food crop sector, can engender poverty reducing growth thereby propping up dominant peasant farmers in the value chain and increasing their income status. In other words, massive investment expenditure in the form of subsidies for spraying and fertilizer enabled cocoa farmers to overcome major production constraints thereby increasing yields. What is therefore critical is the need for proper targeting of investment initiatives in order to improve on productivity among small producers who are dominant in the food crop sector.

7.3 Recurrent and Investment Expenditures

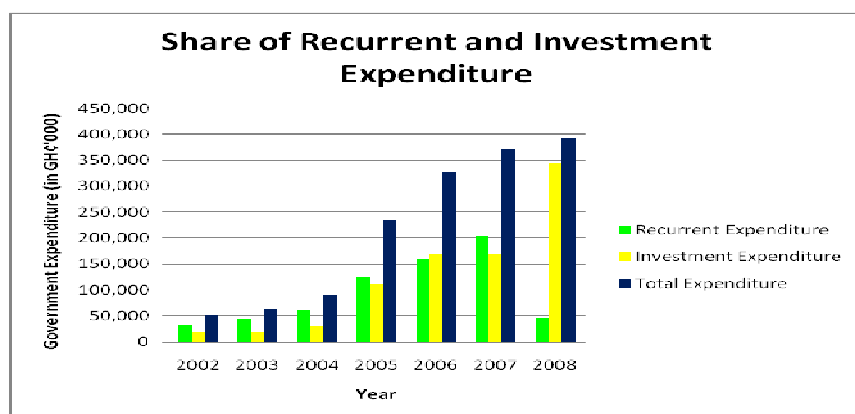
Recurrent expenditure of the agricultural-related MDAs comprises spending on personnel emolument and administration; while investment expenditure is made up of service/development and non-development spending.

Development expenditures apply to spending on projects such as dams and irrigation schemes, supply of fertilizers, research, human resource development etc. that directly benefit farmers. On the other hand, non-development expenditure consists of spending on the purchase of computers, vehicles, and air-conditioners etc. that facilitate the efficiency of agricultural technocrats and service providers. Figure 4 depicts the differences between recurrent and investment expenditures from 2002 to 2008.

Recurrent expenditure takes a chunk of total agricultural expenditure. For instance, in 2003 recurrent expenditure took a little over 60 percent of total expenditure on agriculture. From figure 4, although the percentage share of recurrent expenditure dropped in 2004; it did not fall below 60 percent of total agricultural expenditure. What is significant, however, is that the drop in recurrent expenditure in 2004, means that investment expenditure began to rise till it marginally outpaced recurrent expenditure in 2006. However, in 2007 investment expenditure dropped to 42 percent.

On the average, recurrent expenditure accounts for 53 percent of total agricultural expenditure between 2002 and 2008 with 47 percent accounting for investment in the sector for the period under review.

Figure 4: Share of Recurrent and Investment Expenditure

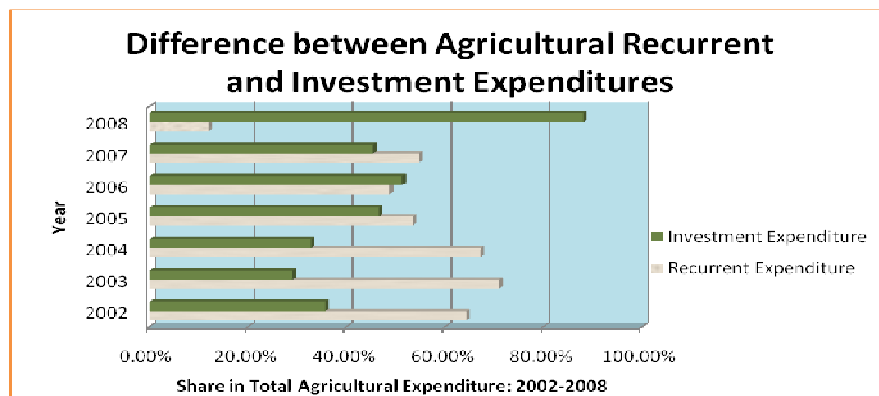


Source: Annual Financial Report, 2002-2008

The general rise in investment expenditure since 2003 is explained by increased donor support to the sector. However, much as increased donor support is positive, it raises serious concerns about the ability of the government to fund the sector on sustainable basis in the wake of reduced donor inflows (as is likely to be

caused by financial/economic crisis that has hit most advanced countries) or end of donor funded projects. It is also significant to note that donors continue to influence how their funds are spent- an action which contravenes the principles of aid effectiveness.

Figure 5:



Source: Annual Financial Report, 2002-2008

Also, the fact that investment expenditure comprises spending on items such as vehicles, air-conditioners etc. which do not directly benefit farmers means that the issue of the actual use of investment expenditure should be taken seriously. Nonetheless, the nature of data used in this study did not allow for a determination of what constitutes non-development investment expenditure. This figure could be significant though.

8.0 Investment Expenditure: What goes to Smallholder Agricultural Development?

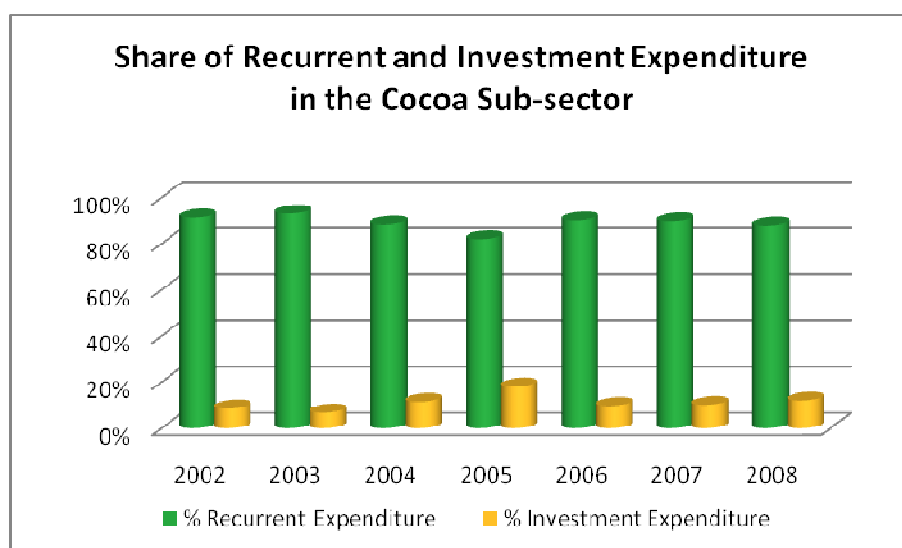
Determination of investment expenditure on smallholder agricultural development has been a major challenge in this study. This is partly due to the fact that at the level of agricultural-related MDAs, disaggregated data which could provide a pointer on how much of the investment expenditure goes to supporting smallholder agricultural development did not exist. In situations where the relevant information existed, it was in a fragmented state and reliance on it for any analysis has the potential to either overstate or underestimate portions of investment expenditure that goes into smallholder agricultural development. Moreover, much as some interventions such as the supply of fertilizers to farmers support small producers alike, that figure, for example, cannot represent investment in smallholder agriculture alone since all categories of farmers are benefiting from the facility. Likewise, investment in the cocoa sector cannot represent spending on smallholder agriculture alone since the sector is dominated by all categories of farmers. Specific projects such as small irrigation schemes that have the potential of solely targeting small producers are yet to take off fully.

In effect, poor information management in relation to the financial accounting systems at the various MDAs which lumps all expenditures together, makes it impossible for a clear distinction to be made between expenditures on small, medium and large scale producers. The fact that it has not been possible to determine actual expenditures on all categories of agriculture production accentuates the belief, expressed by smallholder farmers interviewed, that policy implementation in the agricultural sector often lacks recognition of the special needs and interests of small producers, although in design such frameworks may reflect the concerns of small scale farmers. Therefore, lumping interventions together has resulted in 'ignoring' the special requirements for small agricultural development.

Notwithstanding the challenge in obtaining data on actual expenditures on small agricultural development, the study uses expenditures by Cocoa Board and the Ministry of Food and Agriculture as proxy to provide some insights on what might possibly have gone into smallholder agricultural development. Other proxy indicators such as access to financial services, fertilizer, improved variety seeds, tractor and traction services, access to irrigation facilities and extension services etc are employed to provide deeper analysis on the extent of investment in smallholder agricultural development. This issue is addressed in more detail in the sections that follows.

Figure 6 depicts the differences between recurrent and investment expenditures in the cocoa sector. The first striking observation is that very little of the expenditure goes to investment. Investment expenditure only peaks above 10 percent in 2005. Given that investment expenditure has other components which do not benefit farmers directly, then it can be said that smallholder agriculture has not received as much as it requires for poverty reducing growth.

Figure: 6

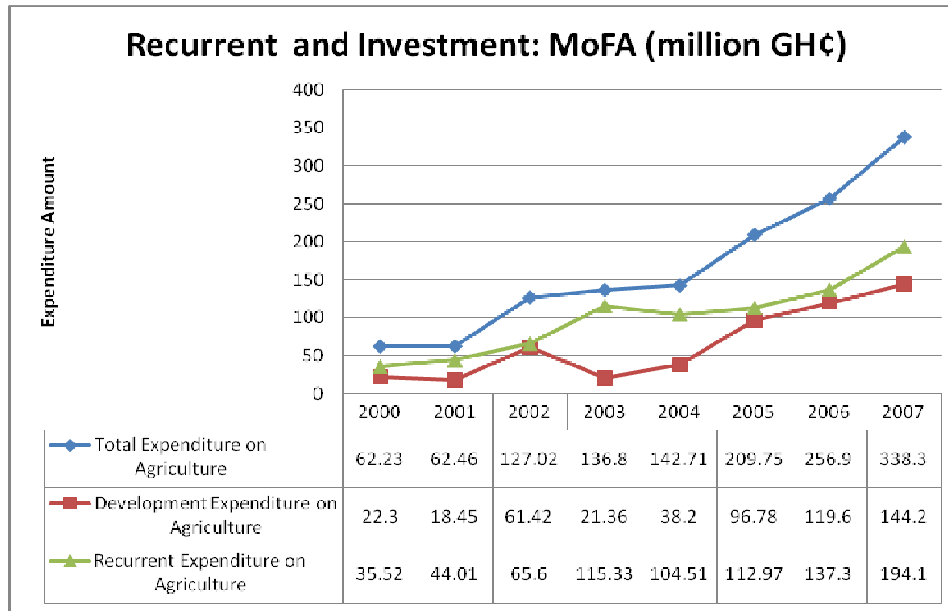


Source: Cocoa Board, Annual Financial Reports, 2002-2007

The same observation is replicated in terms of expenditures in MoFA as shown in figure 7. In this instance, investment expenditure has always lagged behind recurrent expenditure.

As already alluded to, the food crop sub-sector employs majority of farmers who are largely smallholder producers and at the same time the most impoverished. However, MoFA is the only ministry in the broader agricultural sector that has decentralised units down to district levels and its activities covers largely the food crop and livestock sub-sectors. Therefore, massive investment in the activities of MoFA which directly benefit smallholder farmers will culminate in ensuring food security and poverty reduction.

Figure:7



Source: Annual Financial Reports and Office of Accountant General



9.0 Measuring the Extent of Investment in Smallholder Agricultural Development: Proxy Indicators

9.1 Investing in the Provision of Irrigation Schemes: the Share of Smallholder Farmers

Availability of water is critical to ensuring all-year-round farming activities. Considering the erratic rainfall pattern experienced in the study areas, especially the three northern regions, one of the critical investment needs of small scale farmers remains the provision of irrigation facilities to enhance productivity. As it turned out, 80.3 percent of the 407 smallholder farmers interviewed do not have access to irrigation schemes in their farming activities.

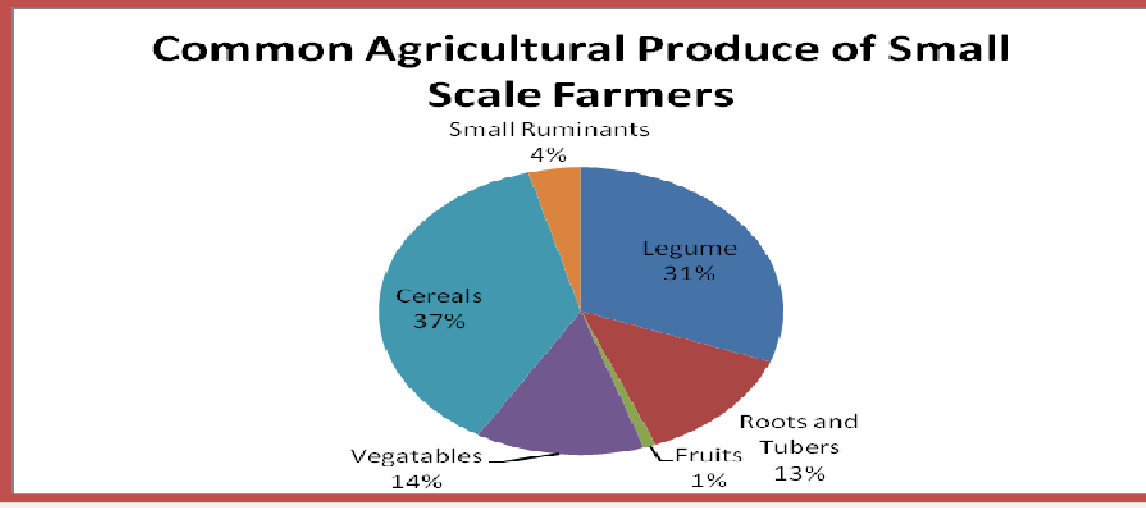
Box 1: Respondents' Profile

Farmers' (Respondents) Profile

A total of 407 smallholder farmers were interviewed. The definition adopted for small scale farmers include all farmers whose total farm size does not exceed two (2) acres. The farmers were drawn from a total of 22 districts in the Greater Accra, Northern, Upper East and Upper West regions. See appendix I for the list of the districts. In all the regions, men formed majority of respondents as demonstrated in appendix 1, table 2. It is not clear what accounts for the dynamics of farm ownership. Attempt was not made in this study to find answer to this observation since it fell outside the scope of the study.

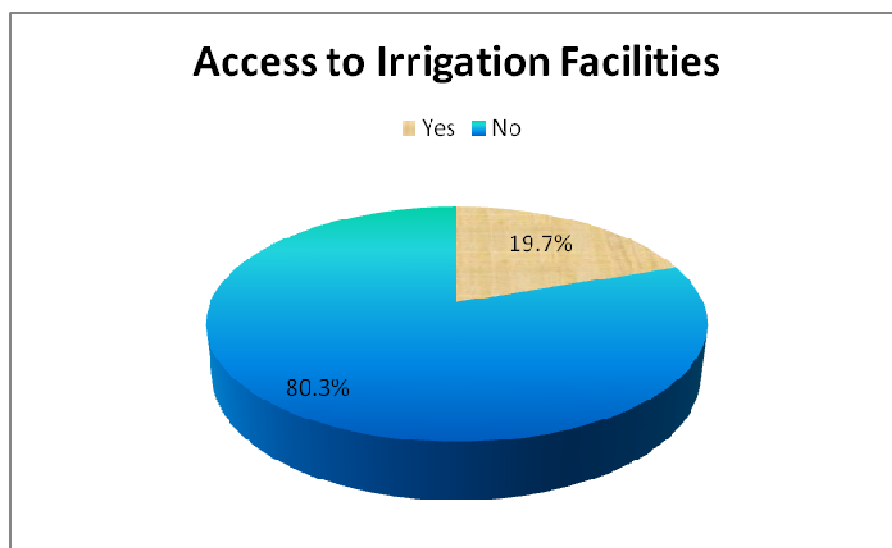
What is significant to note, however, is that the respondent smallholder farmers had varied years of experience in their farming activities. While 17.4 percent have between 0-5 years experience as farmers, 27.8 percent have been farmers for over 20 years. See appendix 1, table 3.

Many of the farmers cultivate more than one crop. However, majority of them, 37 percent cultivate cereals as shown below:



Source: Field Data, 2009

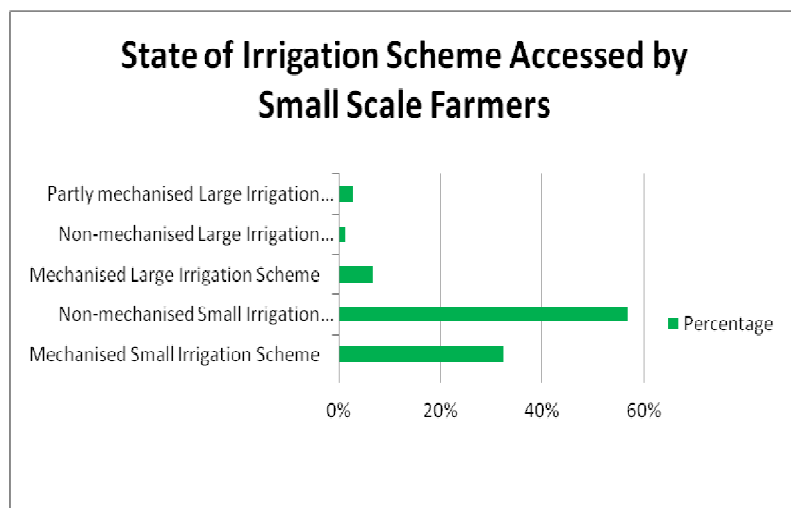
Figure 8: Access to Irrigation Facilities



Source: Field Data, 2009

Indicative from figure 8 is that only 19.7 percent of respondents have access to irrigation on their farms. The figure represents 80 out of the 407 respondents. Apparently this number is not encouraging, to say the least. As much as 80.3 percent do not have access to irrigation facilities. The nature of the irrigation facility is critical for efficient utilisation to enhance smallholder productivity. Out of the 80 farmers who have irrigation facilities on their farms, about 57 percent use non-mechanised small irrigation schemes. A little over 30 percent use mechanised irrigation facilities. This implies that there is an additional labour burden on majority of farmers, especially women, who do not have water pumps affixed to their sources of water such as rivers and streams, hand-dug wells and simple improvised canals among others.

Figure 9: State of Irrigation Facilities Used by Small Scale Farmers



Besides the ill-equipped nature of irrigation facilities used by small scale farmers, there are regional disparities of access to irrigation schemes. 41.7 percent of respondents in the Greater Accra region have access to irrigation schemes. However, the corresponding number for the Northern region is a paltry 10.7 percent of smallholder farmers. Computing from table 3 below, the corresponding figures for the Upper East and West regions are 28.7 and 17.7 percent respectively.

Source: Field Data, 2009



Young Farmers in Ashaiman adopting simple irrigation system for vegetable cultivation

Table 3: Regional Disparities in Irrigation Access.

Regional Distribution of Smallholder Farmers' Access to Irrigation			
Region	Do you have access to an irrigation scheme on your farm?		Total
	Yes	No	
Greater Accra	30	42	72
N. Region	13	123	136
Upper East	22	77	99
Upper West. Region	15	85	100
Total	80	327	407

Table 4: Providers of Irrigation Facilities

	Percent
Personal	49%
Group/community ownership	4%
District assembly/Government	19%
Private Commercial Operators	4%
NGO	13%
Don't know	1%
Other	9%
Total	100.0

Source: Field Data, 2009

Table 5: Access to Irrigation Facilities: A Function of Geographical Location?

Do you have access to an irrigation scheme on your farm?

Districts	Yes	No	% of SF* with Access to Irrigation
Ashaiman	9	3	75%
Bongo	3	17	15%
Builsa	8	12	40%
Dangbwe East	8	12	40%
Dangbwe West	12	8	60%
East Mamprusi	1	19	5%
Ga south	1	19	5%
Garu-Tempane	0	20	0%
Gushegu	0	20	0%
Jirapa	0	20	0%
Kassena Nankana West	9	10	47%
Lambussie\karni	6	14	30%
Nanumba North	0	20	0%
Nanumba South	4	16	20%
Saboba	1	19	5%
Sissala West	2	18	10%
Talensi-Nabdam	2	18	10%
Tolon\Kumbungu	7	13	35%
Wa –West	6	14	30%
Wa East	1	19	5%
Zabzugu\Tatale	0	16	0%

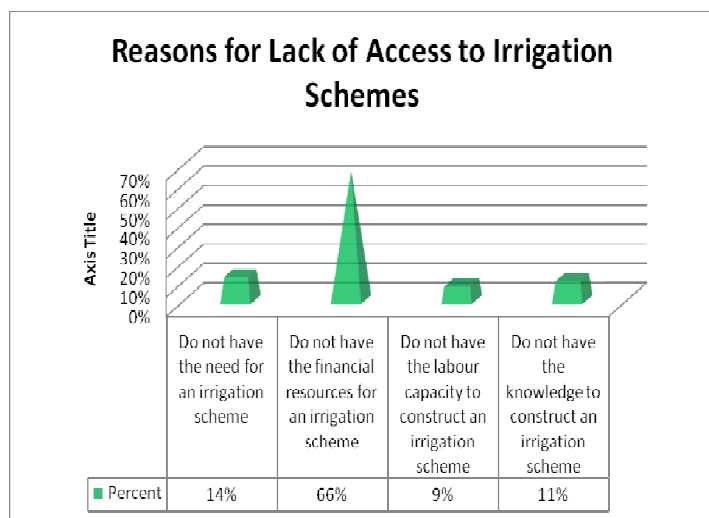
* Smallholder Farmers
Source: Field Data, 2009

At the district/municipal level there are disparities in access to irrigation schemes. While some districts/municipalities such as Ashaiman, Bongo, Builsa, Dangbwe West, Dangbwe East, Kassena Nankana West among others recorded relatively higher and average percentage access to irrigation facilities; smallholder farmers in other districts do not have any access to irrigation facilities. As evident from table 5, 75, 60 and 40 percent of small scale farmers in the Ashaiman municipality, Dangbwe West and Dangbwe East districts respectively have access to irrigation facilities; their counterparts in Garu-Tempane, Gushegu, Jirapa, Nanumba North and Zabzugu-Tatale, all in the savannah belt, do not have access to irrigation schemes. Thus, whilst investment in the provision of irrigation facilities is not accruing to the benefit of majority of small scale farmers in the country, disparities exist in geographical provision of farm water supply.

As per the few smallholder farmers with access to irrigation facilities, they have often built their own non-mechanised small irrigation schemes. As observed in table 4, 49 percent of respondents with access to irrigation schemes owned or have built the facility themselves. This accentuates the fact that majority of the schemes lack water pumps since the farmers do not have the financial wherewithal to procure simple water pumping machines.

On the other hand, Non Governmental Organisations account for 13 percent provision of irrigation schemes with government and/or district assemblies providing 19 percent of total irrigation facilities to smallholder farmers.

Figure 10: Reasons for Small Scale Farmers’ Lack of Access to Irrigation



Varied reasons explain the lack or inadequacy of small scale farmers’ access to irrigation schemes. While 14 percent believe they not require irrigation facilities because they are satisfied with their reliance on nature for water supply; 66 percent claim they do not have the financial resources to provide any type of irrigation scheme on their farms. Although, 11 percent would have wished to construct their own irrigation schemes, they do not have the technical knowledge to that effect. Yet 9 percent claim they do not possess the labour capacity to construct even non-mechanised small scale irrigation schemes.

Sources: Field Data, 2009

Considering that the three northern regions are regarded as the food basket of the country but with ironical high incidence of poverty; an investment in the provision of relevant but efficient irrigation schemes will address major production constraints that small scale farmers are encountering. In doing so the country would be maximising the food production potential thereby ensuring food security and poverty reduction. As evident from this analysis, Ghana’s investment in the agricultural sector has not gone into providing irrigation facilities for majority of small scale farmers across the different geopolitical and ecological zones. This represents a case of not-enough-investment being made in the provision of relevant irrigation schemes for smallholder agricultural development.

9.2 Accessibility to Farm Inputs: Fertilizer

A critical production constraint is declining soil fertility due to pressures on cultivable farmlands as well as bad cultural practices. Small scale farmers are the hardest hit culminating into their characteristic lower production levels. The obvious effect is the inability to improve upon income status thereby aggravating the already impoverished socio-economic circumstances of this category of farmers. It is, therefore, prudent that any effort aimed at developing smallholder agriculture should take the issue of addressing declining soil fertility seriously.

However, the implementation of liberalisation programmes in the mid 1980s subsequently resulted in government withdrawing subsidies on farm inputs. Fortunately or unfortunately, the recent multiple crises of food, fuel and global financial meltdown made it imperative for government to re-introduce fertiliser subsidy in the 2008 farming season in order to cushion farmers against the crises’ effects. The impact of the fertilizer subsidy programme has been largely positive as revealed by a study conducted by the Peasant Farmers Association of Ghana¹⁸.

¹⁸ PFAG, 2009: Assessing the Effectiveness and Efficiency of the Coupon System of Distribution of Fertilizer to Peasant Farmers

Nonetheless, as this study reveals, the number of small scale farmers who either do not use fertilizer or lack access to this critical farm input remains quite substantial. While it is commendable that approximately 67 percent of smallholder farmers interviewed use fertilizer, about 31 percent of their counterparts present an opposite case as demonstrated in table 6 below. It is important to note that a little over 66 percent claim awareness about the existence of government’s fertilizer subsidy programme. See Appendix 2, table 4. The implication could therefore be that utilisation and access to fertilizer is a function of smallholder farmers’ knowledge of government’s intervention to providing support in fertilizer purchase.

Table 6: Use and Accessibility to fertilizer

		Frequency	Percent	Valid Percent
Valid	Yes	279	68.6	68.6
	No	128	31.4	31.4
	Total	407	100.0	100.0

Although commendable and appropriate as the government’s fertilizer subsidy intervention is, some farmers still raise issue with fertilizer prices. Out of the 279 smallholder farmers with access to fertilizer, about 64 percent assessed the fertilizer prices as unaffordable

Source: Field Data, 2009

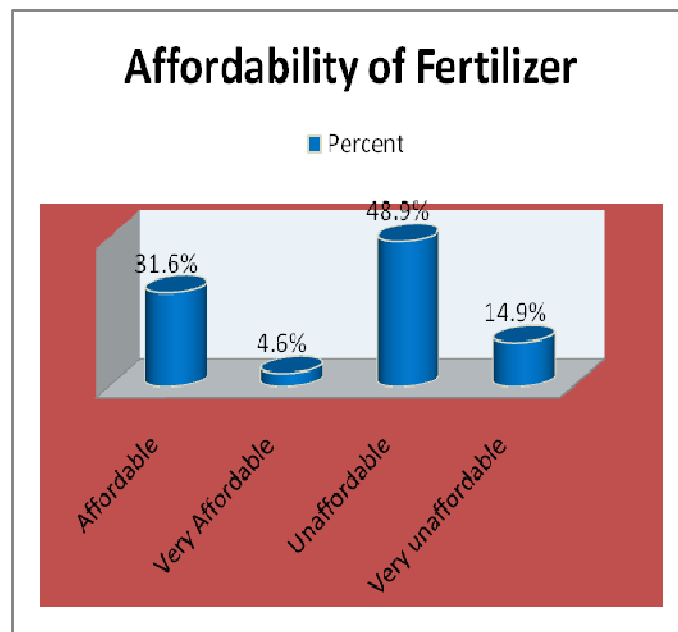
leaving 36 percent as seen in figure 11 who find prices of fertilizer to be affordable.

Table 7: Reasons for not Using Fertilizer

	Frequency	Percent
Do not have the need to use any fertilizer	9	6%
Do not have the financial resources to purchase fertilizer	123	82%
Not aware that fertilizers are available for purchase at subsidised rate	12	8%
Do not have the knowledge to use fertilizer	6	4%
Total	150	100%

Source: Field Data, 2009

Figure 11: Degree of Affordability of Fertilizer Prices





Smallholder farm in Bontanga in the Tolon Kumbungu district in the Northern region. The owner is a smallholder farmer and a beneficiary of the fertilizer subsidy programme.

As revealed in the analysis on access to irrigation facilities, there exist regional and district differences in the utilisation of fertilizer by smallholder farmers. See Appendix 2 for details. For the 31 percent of the 407 farmers who do not use fertilizer, 82 percent representing 123 in table 7 claim that they do not have the financial resources for the purchase of fertilizer. Interestingly, 9 percent believe they do not need fertilizer on their farms while 8 percent are not aware about the existence of subsidised fertilizer. Finally, 4 percent lack knowledge on fertilizer application.

On the issue of investment in the provision of fertilizer, it is established by this study that majority of small scale farmers have benefited, in terms of access and use, from the intervention. However, the number of farmers who do not use fertilizer is still very high. At the same time, disparities in geographical access is equally worrisome considering the impact that the provision of subsidised fertilizer can have in addressing some major production constraints confronting small scale farmers in the country.

9.3 Accessibility to Farm Inputs: Tractor Services

Increasingly but gradually, small scale farmers are employing the use of tractor services for traction. The implication is that the use of tractor services for traction eases the farmers of the labour burden; thus allowing them to extend area of cultivation for increased productivity. It, however, imposes additional production cost to the farmers, especially if the use of tractor services is not subsidised.

Contrary to the perception that small scale farmers often do not require the use of tractor services due to the small nature of their farm sizes; our survey reveals that 244 representing 59.95 percent of small scale farmers interviewed employ the use of tractor for traction in their farming activities. Thus, approximately, 40 percent of smallholder farmers do not use tractor or traction services on their farms. The reasons why these number of farmers do not employ traction on their farms is later discussed.

Table 8: Access and Sources of Tractor/Traction Services

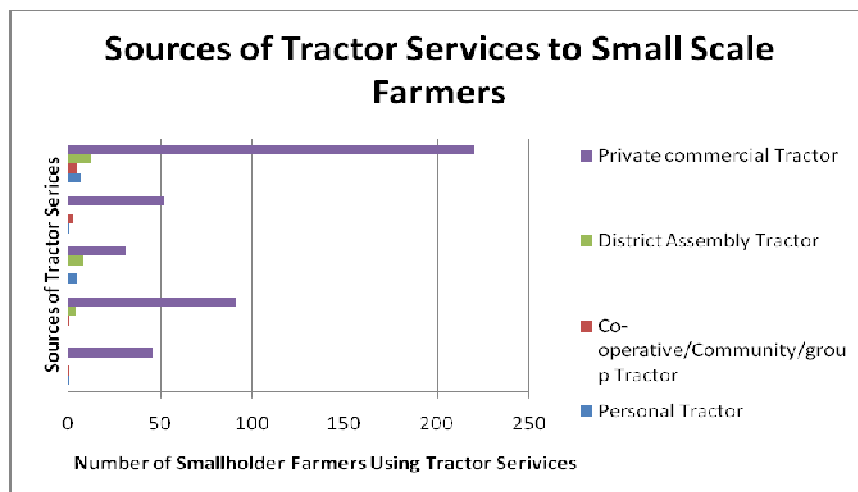
Access and Sources of Tractor Services						
Region	Personal Tractor	Co-operative/Community/group Tractor	District Assembly Tractor	Private commercial Tractor	Don't Use Tractor Services	Total
	Greater Accra	1	1	0	46	
N. Region	0	1	4	91	40	136
Upper East	5	0	8	31	55	99
Upper West.	1	3	0	52	44	100
Total	7	5	12	220	163	407

Source: Field Data, 2009

It is impressive to note that, approximately 60 percent of respondents employ traction and/or tractor services in their farming activities. This notwithstanding, the source of such services is critical for the sustainable application of traction on smallholder farms. An analysis of the source of tractor services for traction does not portend positive signals for long-term and sustainable application of the services by small scale farmers. Figure 12 below reveals that 90.16 percent of smallholder farmers who employ tractor services in their farming activities rely on private/commercial tractor service providers (that is they depend on hired services).

The corresponding figures for other sources include 2.87, 2.05, and 4.92 percent for personal, Cooperative/Group and District Assembly tractors respectively.

Figure 12: Sources of Tractor Services



Source: Field Data, 2009

Sustainability and scaling up the use of tractor services by farmers largely depends on the extent of affordability of the services. A comparative analysis of the price differences between the costs of accessing private/commercial and district assembly tractors as shown in tables 9 and 10 indicates that reliance on the former for tractor services involves incurring higher production cost.

Table 9: Cost of Accessing Private/Commercial Tractors

		Frequency	Percent
Valid	Less than GH¢ 25	46	20.91%
	GH¢ 26-GH¢50	143	65.00%
	GH¢ 51and above	31	14.09%
	Total	220	100.00%

Table 10: Cost of Accessing District Assembly Tractor

		Frequency	Percent
Valid	Less than GH¢ 25	8	66.67%
	GH¢-26-GH¢50	4	33.33%
	GH¢ 51and above	0	0.00%
Total		12	100.00%

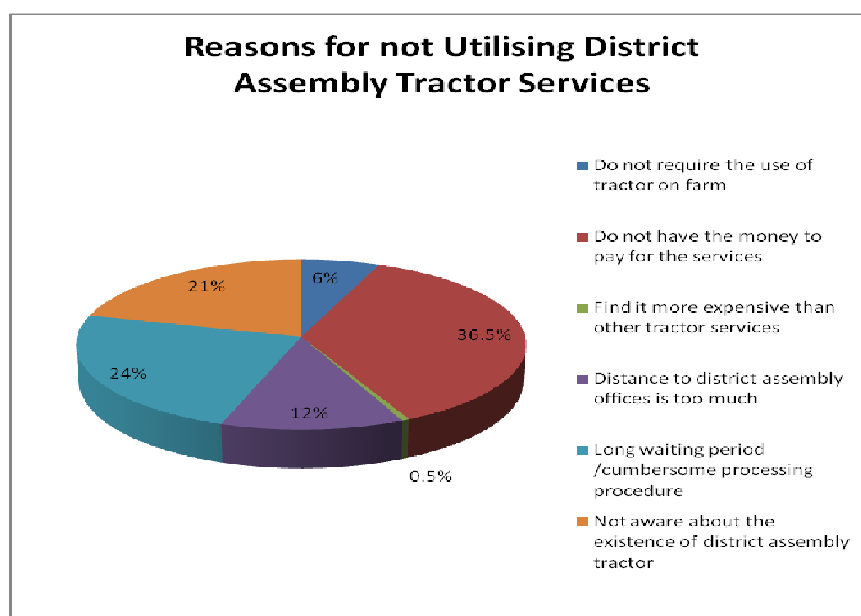
Source: Field Data, 2009

For instance, none of the districts charges over GH¢ 50 for the use of tractor services per a acre of land, yet about 14 percent of the small scale farmers who use tractor services from commercial operators pay over GH¢ 50 per acre.

In spite of the relative affordability involved in the use of district assembly tractors, very few farmers representing 4.92 percent as indicated in figure 12 above use district assembly tractors. 6 percent of respondents believe that they do not require the use of tractor services in their farming activities. On the other hand 36.5 percent assert that their inability to utilise the services of their district assembly tractors is due to their poor financial position. Some 21 percent of respondents do not use district assembly tractors because they are not aware whether the assemblies offer such services to farmers. This is partly because some of the assemblies do not have tractors or their tractors have broken down and have since not been repaired.

Other farmers, constituting 12 percent complain about the distance between farmland location and that of district tractors, which are often found in the district capital, is too far thus resulting in higher access cost. More disturbing is the complain that 24 percent of respondents who do not use district assembly tractors due to long waiting periods and cumbersome application procedures. Figure 13 depicts the statistical breakdown of the varied reasons for lack or inadequate utilisation of district assembly tractors.

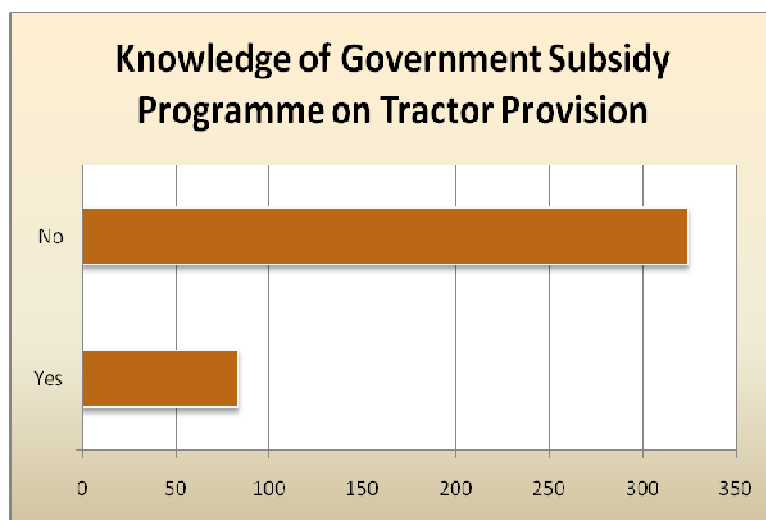
Figure 13:



As already alluded to, the 2008 budget catered for the provision of tractors and equipment which government sold at subsidised prices. The programme is currently being scaled up. However, knowledge about its existence is limited. As it is demonstrated in figure 14, only 24.6 percent of respondents are aware about the government’s tractor subsidy programme. Interestingly, however, 4 of the small scale farmers interviewed in this study are beneficiaries of the programme. They represent 1 percent of respondents.

Source: Field Data, 2009

Figure: 14



Although, the tractor subsidy programme is embryonic, care is needed to ensure that its implementation does not ignore the special needs and interest of small scale producers. The programme has the potential opportunity for smallholder farmers to extend their area of cultivation. Therefore, innovative ways must be found to ensure that the implementation of the programme accrue to the benefit of all categories of farmers, especially smallholder producers.

Source: Field Data, 2009

9.4 Provision of Financial Services; the Share of Small Scale Farmers in Credit Facilities

Underlying the major constraints facing small scale farmers is access to financial services. Often small scale farmers have not had access to credit facilities due to their inability to provide collateral security. It is therefore necessary that commitment to developing small scale agriculture should find expression in increasing all categories of farmers' access to affordable, adequate and sustainable financial services.

Evident from the survey is that during this cropping season 16 percent of small scale farmers interviewed were able to access financial credit. To say the least, this figure is rather abysmal due to the inability of a whopping 84 percent of smallholder farmers to secure credit for their farming activities.

Table 11: Access to Financial Credit

		Frequency	Percent	Valid Percent
Valid	Yes	67	16	16
	No	340	84	84
Total		407	100.0	100.0

In addition, a common trend of regional disparity in agricultural investment is also found in this analysis. From table 12, 28 of the respondents, representing 55 percent from the Greater Accra region were able to secure financial credit for their farming activities during this cropping season. Comparing this with the experience of small scale farmers in the three northern

regions where only 20, 9, and 10 percent of small scale

Source: Field Data, 2009

farmers in the Northern, Upper East and Upper West regions respectively were able to obtain credit facilities for their farming activities. The issue of equity regarding investment in agricultural development in the country becomes much more pronounced. Although, 55 percent of small scale farmers in the Greater

Accra region were able to secure credit, the number is not yet adequate considering the exigency to lift millions of farmers out of poverty through the implementation of properly targeting agricultural investment interventions.

Table 12:

Access to Financial Credit: Regional Analysis				
Region	If you required financial credit this season, were you able to access it?		Total	
	Yes	No		
Greater Accra	28	51	79	
N. Region	22	110	132	
Upper East	8	90	98	
Upper West Region	9	89	98	
Total	67	340	407	

Having established that only 16 percent of smallholder farmers were able to secure credit for the season under review, it is appropriate to briefly discuss the various sources from which the farmers have been accessing credit facilities. This is critical for the purposes of sustainability, adequacy as well as returns to loans advanced to the farmers. It will also provide us with some guides to measuring the extent to which the country's investment in the sector has translated into providing financial services in support of smallholder agricultural development.

As if to confirm the widely held view about formal banking and non-banking financial institutions regarding their attitude towards farmers, especially smallholder producers; 9 percent out of the 67 respondents who obtained credit facilities were

Source: Field Data, 2009

advanced loans by banking and non-banking financial institutions. The implication is that these farmers paid

Table 13: Sources of Financial Services

Major Sources of Credit	Frequency	Percent	Valid Percent
Banking and non-banking financial institutions	6	9%	9%
Informal lender (family or friend)	32	48%	48%
Cooperative Union	7	10%	10%
District/Government programme	13	19%	19%
Non-governmental organization	5	7%	7%
Other	4	6%	6%
Total	67	100%	100%

Source: Field Data, 2009

or are paying prevailing market interest rates which are higher due to unfavourable macroeconomic conditions. Equally alarming is the overwhelming reliance on informal lenders as sources of financial services provision. As it turned out in the survey, as much as 48 percent of those farmers who secured credit did so from informal sources where surprisingly astronomical interest rates are charged; often leaving the farmers perpetually indebted. Although, these farmers were able to secure loans, the

sources from which they obtained the credit raises questions about sustainability and debt servicing ratio.

As per the number of farmers who benefited from government support, only 19 percent of respondents answered in the affirmative. This leaves 10 percent of them securing credit from cooperative unions; 7 percent from NGOs, and 4 percent from other sources.

Varied reasons were advanced by the 84 percent of respondents who were not able to secure credit in the course of the season under review. Evidence from table 14 depicts that 36.76 percent were not able to

secure credit due to cumbersome application processes that they had to go through. Consequently they either missed out on the deadline for financial interventions or did not meet the criteria for accessing credit facilities.

Table 14: Reasons for Inability to Secure Credit

Reasons for Inability to Secure Credit				
	Frequency	Percent	Valid Percent	Cumulative Percent
Cumbersome application processes	125	36.76%	36.76%	36.76%
Have enough money to take care of my farming activities	9	2.65%	2.65%	39.41%
Have never succeeded in obtaining credit	90	26.47%	26.47%	65.88%
High interest rate	116	34.12%	34.12%	100.00%
Total	340	100.00%	100.00%	

Source: Field Data, 2009

High interest rates scare a substantial number of small scale farmers from applying for credit, especially from formal banking and non-banking financial institutions. This fear culminated into 34.12 percent of the respondents' inability to access credit facilities for the season's farming activities. Considering the degree to which smallholder farming is inundated with production constraints, the picture being portrayed here is a true reflection of a rational reaction by small scale farmers to unfavourable market conditions.

What is more disturbing from figure 14 is that 26.47 percent have never succeeded in securing credit thereby resigning themselves into despair and not trying again. Interestingly, however, 2.65 percent believe they do not require credit facilities because they have enough working capital.

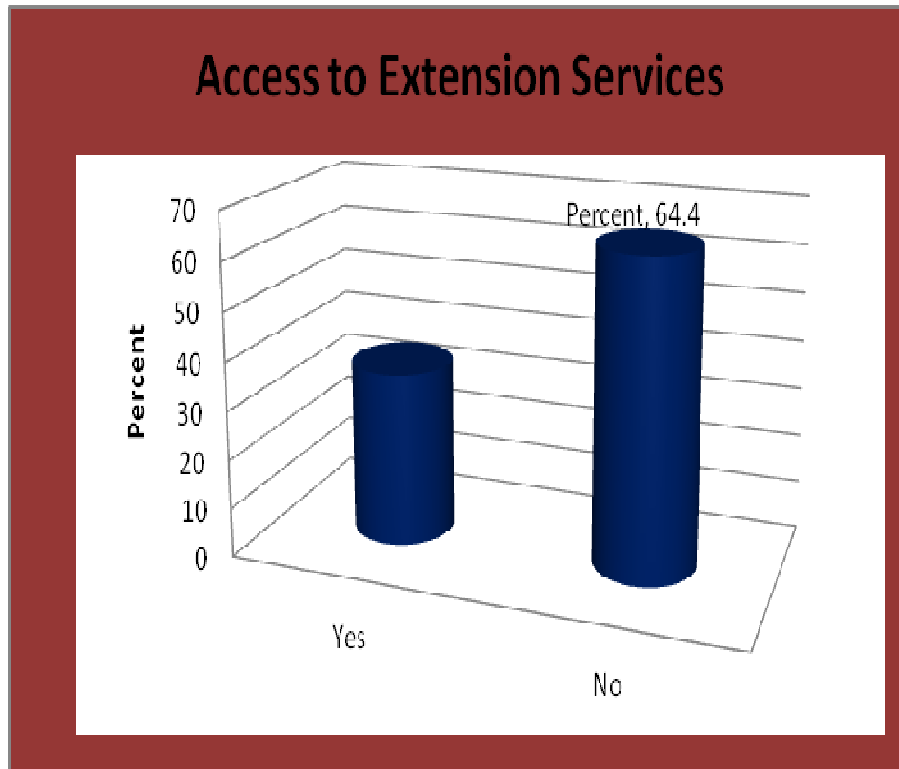
9.5 Investment in the Provision of Extension Services: the Share of Smallholder Farmers

Production levels among smallholder farmers are typically low. This is often attributed to factors such as low technological up-take, use of crude farm inputs, bad cultural practices, low or lack of knowledge about the use of improved seeds variety among other things. Addressing these problems implies investment in the provision of extension services to offer practical education to farmers. A way of justifying the investment in extension education is the measure to which smallholder farmers, who form majority of the farming occupation, receive services performed by agricultural extension staff.

During the season under review 64.4 percent of smallholder farmers interviewed did not receive extension education. This is likely to impact on their productivity levels as they miss out on opportunities that can accrue from access to extension education. This situation brings a number of issues to the fore. First, is it the case that little investment is being made in the provision of extension services; and second, are the interest and needs of smallholder farmers not as critical for national development as the case might have been with medium and large scale producers who largely produce for the export market?

How can Ghana attain food security and poverty reduction if majority of food crop producers do not have access to services that enhance their productivity?

Figure 15: Share of Small Scale Farmers in Extension Service



Source: Field Data, 2009

Of greater concern is that disparities exist in access to extensions services at the district level. Greater numbers of smallholder farmers in districts such as Ashaiman, Dangbwe West, East Mamprusi, Gushegu, and Wa-West have access to extension services. Others such as Builsa and Bongo recorded average access to extension services. While Ga South recorded zero (0), others such as Kassena Nankana West, Nanumba North, and Saboba have an average of 2 out of 20 small scale farming who have received extension services in the last 12 months. Details are shown in table 15 below

Table 15:

Access to Agricultural Extension Services				
District			Total	% of SF* with Access to Extension Services in the District
	Yes	No		
Ashaiman	10	2	12	83%
Bongo	9	11	20	45%
Builsa	10	10	20	50%
Dangbwe East	6	14	20	30%
Dangbwe West	13	7	20	65%
East Mamprusi	12	8	20	60%
Ga south	0	20	20	0%
Garu-Tempane	7	13	20	35%
Gushiegu	14	6	20	70%
Jirapa	6	14	20	30%
Kassena Nankana West	3	16	19	16%
Lambussie\karni	7	13	20	35%
Nanumba North	1	19	20	5%
Nanumba South	13	7	20	65%
Saboba	3	17	20	15%
Sissala West	1	19	20	5%
Talensi-Nabdam	4	16	20	20%
Tolon\Kumbungu	11	9	20	55%
Wa -West	5	15	20	25%
Wa East	6	14	20	30%
Zabzugu\Tatale	4	12	16	25%
Total	145	262	407	

Source: Field Data, 2009

*Smallholder Farmers

Reasons for lack of or inadequate access to extension services are presented in appendix 2 table 6. What is, however, instructive is that 75 percent of small scale farmers who did not receive extension education are not aware that district agricultural directorates offer training programmes/extension services. This implies that for the number of years that they have derived their livelihoods from farming, they have never had the benefit from extensions education, especially from government sources. As it turned out, majority of these farmers are located distances far away from district capitals which makes it difficult for the extension service staff to reach them. However the case may be, the point that is being made here is that investment in the provision of extension services is not reaching majority of smallholder farmers.

9.6 Access to and Use of Improved Seeds Variety

Our analysis of the government of Ghana's total expenditure on the agricultural sector revealed that the average spending on research related activities was 19.03 percent between 2002 and 2008. See table 2. Although this study was not able to disaggregate this figure to tease out the quantum that is expended on seed research, it is expected that the amount involved could be relatively high. It thus follows the corollary that, the production of improved seeds variety would solve some of the major production constraints of smallholder farmers. Consequently the survey sought to measure the extent to which smallholder farmers have access to improved seeds variety.

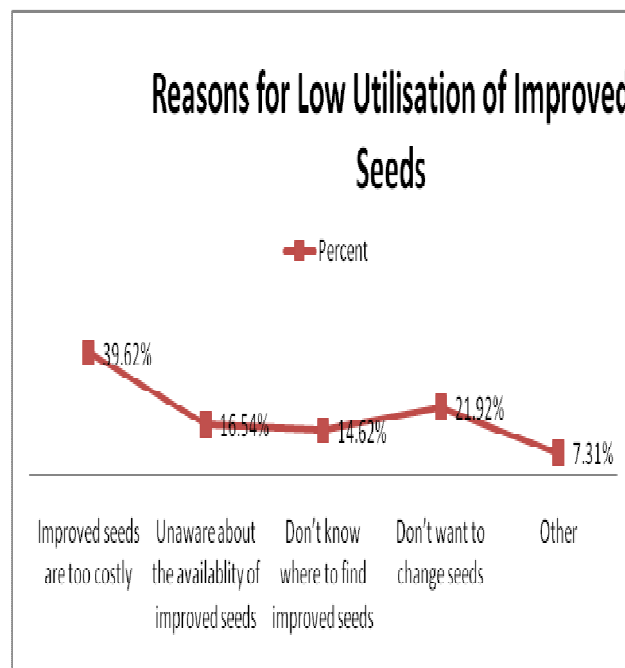
The results from the survey cannot be said to be encouraging since approximately 64 percent of respondents' answer to the question on the use of improved seeds variety was in the negative. See Appendix 2, table 7 for details.

Table 16:

Do you use improved seeds?					
District	Do you use improved seeds?		Total	% of SF who use improved Seeds Variety	
	Yes	No			
Ashaiman	11	1	12	92%	
Bongo	13	7	20	65%	
Builsa	12	8	20	60%	
Dangbwe East	12	8	20	60%	
Dangbwe West	13	7	20	65%	
East Mamprusi	6	14	20	30%	
Ga south	5	15	20	25%	
Garu-Tempane	8	12	20	40%	
Gushiegu	4	16	20	20%	
Jirapa	0	20	20	0%	
Kassena Nankana West	6	13	19	32%	
Lambussie\karni	8	12	20	40%	
Nanumba North	2	18	20	10%	
Nanumba South	14	6	20	70%	
Saboba	6	14	20	30%	
Sissala West	1	19	20	5%	
Talensi-Nabdram	5	15	20	25%	
Tolon\Kumbungu	10	10	20	50%	
Wa –West	6	14	20	30%	
Wa East	4	16	20	20%	
Zabzugu\Tatale	1	15	16	6%	
Total	147	260	407		

Sources: Field Data, 200

Figure 16: Application of Improved Seeds Variety



Source: Field Data, 2009

Also, district level analysis reveals that differences exist in the use of or access to improved variety seeds. As can be deduced from table 16, while a greater number of respondents in the Ashaiman municipality, Bongo, Builsa, Dangbwe East and West, Nanumba South and Tolon Kumbungu districts do have access to improved seeds variety; results from other districts are nothing to write home about. To the extent that even none of the small scale farmers in the Jirapa district admitted usage of improved seeds variety accentuates the fact

that investment in the production of improved seeds variety is not reaching all categories of farmers across all districts in Ghana.



As per the reasons why about 64 percent of respondents (260) are not cultivating improved seeds, nearly 40 percent claim that the cost of acquiring improved seeds variety is too high. See figure 16 above. Lack of knowledge of the availability of improved seeds accounts for 16 percent of the respondents. Interesting but alarmingly, 21.92 percent believe that they do not need to change seeds. Perhaps, this is a reflection of lack of or inadequate extension services as already discussed above. Otherwise why would about 14 percent claim that they do not know where to find improved seeds variety?

10.0 Increasing Budgetary Allocations and Implementing Policies that Support Smallholder Agricultural Development: Key Concerns and Advocacy Issues

Admittedly, good agricultural policies which, on paper, reflect the needs and interests of small producers are not ends in themselves. The expected change that the policy seeks to achieve is felt when strategies outlined to attain set targets are properly implemented.

With hindsight, the implementation of agricultural policies and programmes appears to have excluded smallholder farmers (and this observation is further buoyed by interactions with key stakeholders, especially POs). This may have happened inadvertently but might have been influenced by the country's desire to achieve growth in the export sector, which is dominated by cash crops production. Thus, a continuation of the status quo implies that Ghana's comprehensive agricultural policy (that is FASDEP II) will not achieve its objective of developing agriculture to benefit all categories of producers, especially smallholder farmers.

In other words, no matter how pleasant an agricultural policy may be, in terms of its policy coverage, relevance, viability and plausibility to all categories of farmers; if there is not enough commitment to make financial resources available in addition to strong institutional arrangement to effectively coordinate relevant activities for the realisation of key objectives; that policy becomes a white elephant.

For instance, inadequate commitment to implementing the strategies outlined in the policy framework has culminated in the sector recording growth rates (an average of 4.6 percent per annum) which are below FASDEP II and GPRS II projections of 6 percent annual growth rate. Food importation is on the ascendancy, an indication that the first objective of both FASDEP II and GPRS II is not being met. The cocoa sub-sector dominates the sector's contribution to GDP of around 36-37 percent. This is an indication that the other sub-sectors are producing under potential. The fact that the agricultural sector is not doing so well is difficult to accept given that Ghana is doing well in terms of meeting the commitment to allocate 10 percent of national budgetary resources to agriculture.

However, as this study has revealed, the issue should not only be about meeting the 10 percent commitment of budgetary allocation to the sector. The greater concern should rather be increasing allocations for investment that will benefit all categories of farmers, especially smallholder producers. To avoid situations where the implementation of policies and programmes have ended up with concentrations on areas other than smallholder agriculture, there is the need for advocacy on proper policy categorisation backed by separate investment allocations.

Also, low investment spending by the sector may have stalled the implementation of specific strategies that can improve upon the productivity levels of small producers. Increase in budgetary allocation to the sector has not necessarily translated into increased investment. Therefore strategies which when implemented would ensure the provision of large and small irrigation facilities for all categories of farmers, in order to boost production levels and make farming an all-year-round economic activity, have not materialised due to inadequate funding. According to the field interview, the issue of post-harvest management continues to remain unattended to. Moreover, interventions such as provision of support to selected crops have not received the needed impetus beyond the rhetoric of financing agricultural development.

The policy framework has the key objective of addressing marketing constraints; but the strategy tailored to improving upon international, regional and domestic market accessibility is being implemented to the disadvantage of small producers¹⁹. On one hand, financial resources meant to address the issue of marketing have gone into supporting interventions that benefit largely medium and large scale producers. The

¹⁹ A case in point is the issue of Economic Partnership Agreements, which all indications point towards a situation where small producers are likely to be crowded out when it is eventually signed and implemented without addressing production constraints.

implementations of the policies that have been designed in line with meeting the commitment of the Maputo Declaration are targeting strategies that benefit large producers for the export market. For instance, credit facilities from financial intermediaries support largely the export sector dominated by large producers. However, the idea of export promotion is in itself laudable and can serve as a viable vehicle to propel Ghana's economy into middle income status. This notwithstanding, the difficulty arises when resources allocated to developing the sector mainly support large producers instead of taking care of the needs of small producers as well.

On the other hand, the pursuit of export oriented policies has required Ghana to reciprocally open its domestic market to foreign agricultural imports. With weak export and competition capacity, small producers of poultry, tomato, and rice for instance, are being edged out of the domestic market. This is largely due to the country's inability to comprehensively implement the policy of supporting selected crops. For example, rice is one of the selected crops, however, the removal of tariffs from its importation and others such as yellow corn, edible oil and poultry meat in 2007 means that smallholders' existing problem of marketing has been aggravated due to the influx of cheap and subsidised rice and poultry (meat) imports.

Failure to recognise the contribution of small producers to the sector by designing and implementing specific projects and programmes that address the production constraints has led to the absence of comprehensive and holistic investment packages for small producers. Although District Assemblies have the mandate to devote share of the District Assembly Common Fund (DACF) to supporting agriculture development, as admitted by the POs interviewed as key informants, some of the District Assemblies do not comply with this development guidelines, while in some cases assistance emanating from the Assemblies has gone to supporting only the National Farmers Award Scheme²⁰ that often small scale farmers have not benefited. Thus, even the existing fragmentary investment packages for small producers are being wrongfully managed.

POs claim that consultation at the implementation level has been non-existent even though technocrats at the implementing agencies interviewed deny this assertion. The fact that there is no consensus over the question of whether POs and CSOs are consulted during the implementation phase signifies that the policy does not receive the needed support required for the attainment of its objectives.

Farmers see themselves as exogenous entities and are not organised for effective project implementation. The following represent some of the sentiments expressed by POs and CSOs;

- Small producers feel they are not part of the programmes contained in the FASDEP II policy framework;
- Small producers are not empowered to take advantage of policy interventions. Among small producers, there is lack of awareness about the existence of policies which could support them and this is largely due to;
- Lack of mobilisation among small producers to take advantage of what is due them.
- Access to credit remains a daunting challenge to small producers. Interest rate remains high and farmers (small producers) operate in an unfavourable competitive environment for bank loans.

²⁰ This was award scheme intuited by the Provisional National Defence Council government in early 1980s to award hard working farmers

12.0 Conclusion

Ghana has made strides in terms of committing resources to the agricultural sector. The country has also taken bold steps to painstakingly design a comprehensive agricultural policy which in effect addresses major challenges facing the sector. A clear focus of this policy framework is the intention to develop smallholder agriculture. The successful implementation of the policy objectives of FASDEP II requires due consideration for the efficient allocation of resources, strong institutional linkages, as well as effective coordination of activities of relevant stakeholders.

The challenge, however, borders on how to set our priorities right in order to engender the needed outcome for the structural transformation of the economy. Merely making 10 percent allocation of national budgetary resources to agriculture will not bring about modernisation in the sector, especially if strong investment is not made in developing smallholder agriculture. More importantly, investment in smallholder agriculture should be approached from the perspective of poverty reduction.

Thus, the commitment to increase budgetary allocation to agriculture should match the formulation of policy options which favour a greater section of the population and the implementation should be supported with adequate and sustainable investment funds.

12.0 Policy Recommendations

On the basis of the findings of the study, the following recommendations are made for policy consideration;

Although budgetary allocation to agriculture has seen remarkable improvements since 2003, such allocations have rather not translated into increased investment in the sector. Little of the available investment expenditure support direct investment in the sector. These scenarios imply that there is more to meeting the 10 percent threshold. Therefore, there is the need for the AU/NEPAD to revise the minimum threshold to ensure that additional quantum of funds is provided as direct investment funds to support agricultural development. African countries must not only be encouraged to meet the 10 percent mark but should be urged to allocate more resources to the sector since recurrent expenditure could take up a chunk of total agricultural investment. Government on its part should take a second look at the expenditure items and cut down on expenses which do not provide direct support for the growth of the sector in order to save money for investment.

Considering that huge investment is required to engender growth in the sector, Ghana's must aim at redefining the Maputo Declaration so that the 10 percent threshold should exclude recurrent expenditure. In other words, 10 percent of national budgetary resources should go to investment in the sector. When this is done a finding framework must be put in place to ensure that at least 50 of the investment allocation go to small scale agricultural development.

The government of Ghana on one hand should go beyond the rhetoric of supporting smallholder agricultural development and come out with a special investment fund which considers only small agricultural development. To specifically address credit constraints to small producers, governments must devote a given percentage of agricultural budgetary resources solely to support small agricultural development.

Flowing from this, the government should be serious about the formation of POs to promote accessibility to group credit. It is hereby being proposed that civil society should be encouraged to form POs with district agricultural directorates providing technical support to the groups. The government should be ready to build the capacity of the POs to enable them access and monitor interventions and strategies which are meant to improve upon their livelihoods.

The involvement of POs would facilitate the smooth implementation of the policy. For instance, some policy interventions such as the Agricultural Development Fund (ADF), which would address credit and agricultural financing constraints, were advocated by some POs. Therefore, the involvement of POs in the implementation stage of these policies would provide the opportunity for farmers to ensure that such programmes benefits them. This implies that the criteria for determining whether an agricultural policy is good, reflective of the needs and interests of small producers should not only be limited to the level of participation in the preparation stage.

It is further proposed that subsidies should be viewed as investment intervention aimed at building the production capacity of small producers to graduate them into medium and large scale production. Subsidy should take the form of support with planting materials, preservation and storage facilities, water and irrigation facilities, and soil fertility management. It should also cover production constraints and provide farm tools (that are relevant and affordable to the farmers). Thus, the provision of subsidies should be limited to fertilizer but all relevant inputs.

The tractor subsidy programme is commendable but smallholders can only take advantage of it if access is enhanced, for instance, through the institutionalisation of the use of district assembly tractors. Due to the vastness of some of the territorial areas of districts assemblies, opportunities for access must be created at vantage geographical locations which are within the easy reach of farmers in remote areas.

Civil Society Organisations must take the issue of agricultural budget tracking seriously as entry point to demand accountability from government. This enterprise should be extended to the monitoring and evaluation of agricultural policies to ensure that not only are farmers consulted in the formulation phase; but policy makers should ensure that strategies which implementation are expected to improve the livelihoods of small producers are prioritised and well executed in consultation with farmers, especially if the idea for the intervention has been broached by farmers.

Effective institutional coordination is key to attaining the objectives of the comprehensive agricultural policy. This requires institutional reform and sensitisation on the collective responsibility towards the attainment of objectives and policy targets of FASDEP II. In line with this, it is being proposed that an inter-ministerial committee should be set up to take the role of coordinating the activities of relevant stakeholders.

Furthermore, such institutional arrangement should offer recognition to Civil Society Organisations, especially agro-based NGOs and policy advocates as major stakeholders to facilitate their complementary role to the development of the sector.

There is the need for the creation of opportunities for agricultural financing for feedback into infrastructure that have been developed.

Policies and programmes aimed at increased agricultural productivity must be accompanied by effective strategies for market access by farmers. In this direction, promotional programmes to realign attitudes, tastes and perceptions towards increased consumption of home grown agricultural produce should receive attention. A practical matter for consideration in Ghana today is for instance to ensure that all public educational institutions make use of local produce.

Annex 1: Criteria for assessing key agricultural policies

As noted above, African small producers are a diverse group of actors but they often face a common set of constraints and challenges that limit their ability to attain a secure and decent livelihood for themselves and their families. Small farmers in particular need an enabling policy environment that meets the following criteria:

General criteria:

1. Policies should work together to ensure that small producers are able to produce food and engage in agriculture as a sustainable, income-earning livelihood. Governments have a responsibility to ensure that markets function properly, preventing the exploitation and exclusion of small-producers. Small producers, in turn, must work to develop their capacity to be independent, viable enterprises.
2. Policies should both increase the availability and reduce the cost of inputs for small producers so that they are able to access (available at a *reasonable cost*) the resources necessary for sustainable agricultural production.
3. Policies should reflect a commitment to ecological sustainability. Policies should be environmentally friendly and aim to preserve and conserve land for future use in agricultural production. Policies and programs should be assessed to take into consideration their impacts on the environment and on biodiversity.
4. Policies should recognize and address the distinct challenges faced by women and indigenous small-producers. Women play an active role in farming and food processing, and often have primary responsibility for household food nutrition. Thus, gender concerns and associated impacts on household security must be considered in any policy decision. Furthermore, policy proposals should be evaluated to determine which segments of society (based at a minimum on gender, class, and race/ethnicity) will benefit or be harmed, directly or indirectly.

Access to land and water:

5. Policies should secure small-producers' access to arable land. In many African countries, the majority of the population is involved in agricultural production to some degree. Access to land is critical for survival and income earning potential for many. Policies should address the question of access to land and reform systems to ensure farmers, particularly women- and minority-farmers, are able to access and control land for agricultural production.
6. Policies should secure small-producers' access to water for production purposes including water for irrigation. In addition to that, portable water is necessary for small producers to produce a clean and good quality product for the market as well as for processing and value addition.

Access to markets:

7. Policies should promote small producers access to reliable markets for their produce. Government can support small producers by investing in the marketing infrastructure. This includes supporting accessible telecommunications, maintaining local and regional roads that are passable year round, supporting investment in domestic processing and storage, enhancing small producers ability to meet national and international product quality and safety standards.

Access to financial services and business development services:

8. Policies should promote access to affordable financial services for small producers. Rural finance is a huge constraint, amongst others in terms of affordable credit in order to purchase inputs, micro insurance for harvests, savings schemes etc, all equally crucial for smallholder farmer production and micro- and small enterprises.

Financial services need to be accompanied by capacity building schemes purposely addressing the capacity needs smallholder farmers, such credit management, business and entrepreneurship skills that assist farmers to efficiently and effectively use the loans for the intended purposes and not for other family needs (which leads to defaulting).

Access to extension services:

9. Policies should aim at providing useful, efficient, and expanded extension services for small producers. Many rural farmers are unable to access extension programs that provide them with the knowledge to use new technology. Programs such as those that encourage farmer exchanges to view and learn about new technologies and those that help with training and capacity building should be promoted. In addition, these programs should aim to collect and disseminate information on best practices, using research that utilizes both modern and indigenous knowledge and is designed specifically for smallholder farmer use.

Promoting producer organisations:

10. Policies should support farmer organizations, capacity-building in advocacy, and their engagement in policy debates. In order for farmers' voices to be heard, their knowledge to be known, and their concerns, perspectives and needs to be taken into consideration, farmer's collective voices are important. Policies should not aim at quieting or restricting these voices. Rather, they should promote collective action, bargaining and policy engagement by farmers through farmers' organizations. These organizations can be a means for farmers to access inputs at a reasonable cost, to connect to buyers and to engage political leaders and policy makers on their interests and needs.

Promotion of research and innovation:

11. Policies should promote research that builds on the rich heritage of indigenous knowledge. When governments decide on new policies to address the concerns of smallholder agricultural producers and farmers, they often neglect to adequately take into account indigenous knowledge and skills. Policies should be based on community needs that are assessed through careful and adequate consultations with smallholder farmers and producers. Policies should also promote the use of indigenous knowledge through indigenous seed banking and education that encourages culturally based preservation. At the same time, policies should not pre-emptively exclude modern agricultural research and technologies that could benefit African agriculture and small-producers.

Appendix 1: Background of Farmers

Table 1: Regional Distribution of Respondents

	Region	Frequenc y	Valid Percent
Valid	Greater Accra	72	17.7
	N. Region	136	33.4
	Upper East	99	24.3
	Upper West. Region	100	24.6
	Total	407	100.0

Source: Field Data, 2009

Table 2: Gender Composition of Respondents (Smallholder farmers)

Region	What is your gender?		Total
	Male	Female	
Greater Accra	41	31	72
N. Region	91	45	136
Upper East	73	26	99
Upper West. Region	57	43	100
Total	262	145	407

Source: Field Data, 2009

Table 3. Years of Farming Experience

		What is your gender?		Total
		Male	Female	
How many years have you been farming?	0-5	35	36	71
	6-10	58	40	98
	11-15	44	28	72
	16-20	34	19	53
	20+	91	22	113
Total		262	145	407

Source: Field Data, 2009

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Appendix 2: Access to Fertilizer and Extension Services

Table 4: Do you know of the existence of government fertilizer subsidy programme?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	270	66.3	66.3	66.3
No	137	33.7	33.7	100.0
Total	407	100.0	100.0	

Source: Field Data, 2009

Table 5: Use of fertilizer by Smallholder farmers

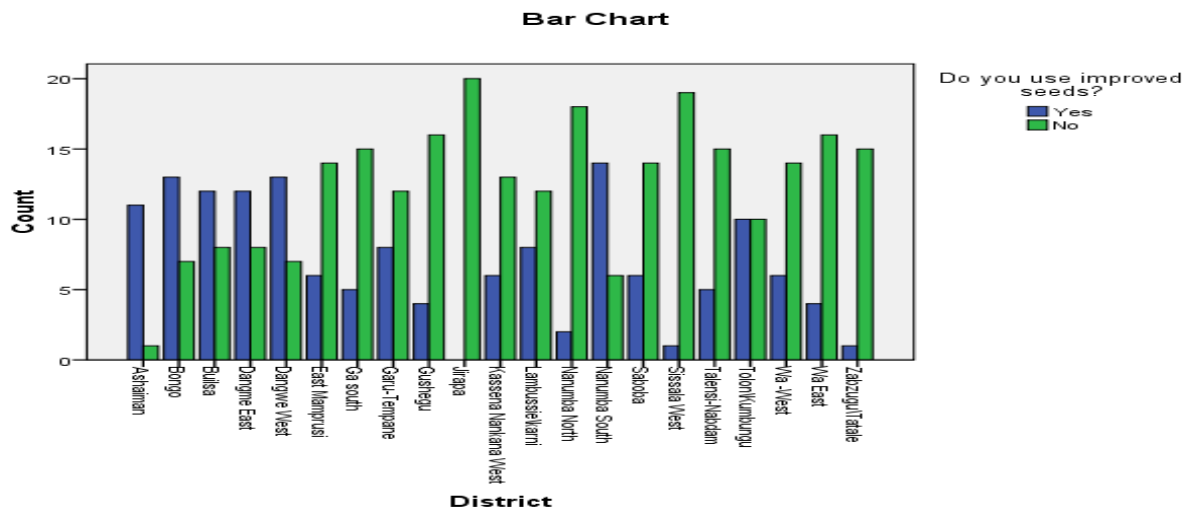
Region	Do you use fertilizer on your farm?		Total
	Yes	No	
Greater Accra	64	8	72
N. Region	97	39	136
Upper East	69	30	99
Upper West. Region	49	51	100
Total	279	128	407

Source: Field Data, 2009

Table 6:

If you did not receive agricultural extension services this year, why?			
	Frequency	Percent	Valid Percent
Did not have a need for additional training in agricultural extension services	13	5.60%	5.60%
Did not have the financial resources to access training programs in agricultural extension services	27	11.64%	11.64%
Unaware that training programs in agricultural extension services were available	174	75.00%	75.00%
Did not have the time to attend training sessions	18	7.76%	7.76%
OTHER	40	17.24%	17.24%
Total	232	100.00%	100.00%

Source: Field Data, 2009

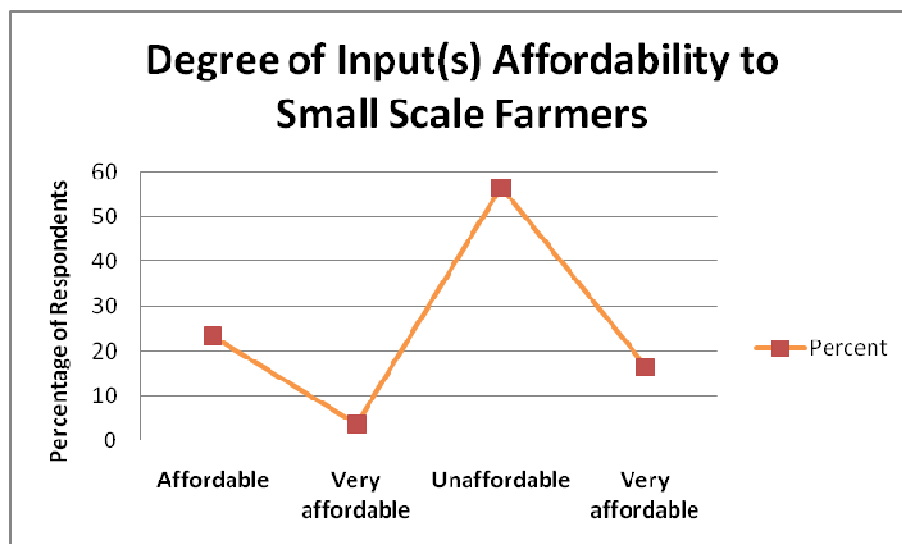


Source: Field Data, 2009

Table 7: Access to Improved Seeds Variety

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	147	36.1	36.1	36.1
	No	260	63.9	63.9	100.0
Total		407	100.0	100.0	

Source: Field Data, 2009



Source: Field Data, 2009