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POLICY BRIEF

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CONSTRAINTS TO SMALLHOLDER FARMING AND OPPORTUNITIES FOR ENHANCING THE FOOD SYSTEM IN GHANA

 **OSIWA**

EXECUTIVE SUMMARY

Recent agricultural policies have stressed the need to support small-holder farmers producing food crops, but there is a stronger focus on the production segment of the food system, with little emphasis on enhancing small-holder farmers' access to the market and agro processing. The emphasis on production shows that the government is preoccupied with an older productivist discourse rather than seeing the constraints of marketing, storage, and processing which in a market economy constitutes the main drivers of growth of the sector.

The bulk of food in Ghana is produced by smallholder farmers located across the different ecological zones that offer the food variety the country enjoys. A significant proportion of farmers combine farming with other income generating activities, such as rearing of livestock, trading and casual labour. Ghana's food system has moved from its simplistic beginnings into complex ones attributable to global interconnectedness, urbanisation, technologies, and population dynamics. The need for more efficient and sustainable food systems that satisfies both local demands as well as national and global context has become ever more important. The challenges facing smallholder farmers include lack of access to credit and insurance; low access and poor-quality inputs; high cost of land; high cost and poor access to farm mechanisation; inadequate extension services; pest and disease infection; post-harvest losses; marketing; poor storage facilities, and high transportation cost.

The drivers of marketing and food distribution are market agents (market queens, itinerant traders, retailers and transport operators). While ecological conditions determine the range of crops that can be produced in each zone, marketability is the most important determinant of the crops produced by farmers in each region. Current government programmes that focus on supplying inputs to farmers with limited implementation of the marketing com-

The distribution sector has the highest potential for providing jobs, generating value addition and higher incomes, and thereby ensuring poverty reduction. An effective food distribution network propels rural development through multipliers running through processing, packaging, advertising, transportation, storage and consumption. Meeting stiff competition from globally produced foods will require processing, packaging and most importantly good quality. As the population of Ghana increases in number and quality in terms of education and changing attitudes, so too have their diets and attitudes towards traditional and new dietary formulas from other regions and countries.

We therefore argue that the livelihoods of smallholder farmers can be improved if the government and the private sector work together to support them by improving the viability of markets and agroprocessing, removing market imperfections, improving rural infrastructure and supporting non-farm activities.



INTRODUCTION

This policy brief examines the food system in Ghana, with a view to identifying policy interventions that can lead to increased opportunities for smallholder farmers through sustainable production and livelihood diversification. In so doing, the brief discusses the main constraints to smallholder farming and opportunities for enhancing food production, distribution and consumption in Ghana.

As in other African countries, agriculture is a major economic activity, contributing about 20.1% to Gross Domestic Product (GDP) and employing about 44.60 % of the population (MoFEP, 2017). With Ghana's population expected to reach 30.5 million by 2020 and growing at the rate of 2.36%, the role of agriculture in providing food, incomes and jobs for the population is crucial. The sector is dominated by smallholder farmers who produce more than 80% of the food for domestic consumption, industry and export. While successive governments of Ghana have implemented a number of policies aimed at transforming the agriculture sector, most of these policies tend to favour medium and large-scale farmers producing for export or small-scale

farmers producing cash crops. Some recent agricultural policies have recognized the need to support small-holder farmers producing food crops, but there is still a stronger focus on the production segment of the food system, with little emphasis on enhancing small-holder farmers' access to the market, storage technologies and agro-processing. This policy brief challenges the dominant current narrative that prioritizes medium and large-scale commercial agriculture and concentrates mostly on production to the neglect of other equally important components of the food system. We have demonstrated that despite receiving little support from government, smallholder farmers produce a variety of food for their own consumption and for sale to local and regional markets, thereby enhancing their livelihoods, food security and foreign exchange of the country. The brief argues for a pro-smallholder policy architecture that aims at bringing government and the private sector to playing critical roles in improving the food system of Ghana, particularly in improving marketing and processing, developing transport infrastructure, and delivering good quality foods to consumers.

Key messages

- The future of agriculture in Ghana will continue to have the smallholder as a major player.
- The role of government policy in directing and facilitating investments in production and post-harvest activities is critical in sustaining the activities of smallholders.
- Dealing with agricultural market relations should be a major policy objective with well-thought out interventions.
- There is the need for new forms of investments in the agricultural sector which moves beyond just production to warehousing, processing, and standardization and distribution systems.
- Stronger producer associations are critical to building a constituency that pushes for more appropriate policy, strategies, and practices.
- The focus on production to the neglect of marketing and distribution, especially prices farmers receive derails the smooth feedback relationships needed for sustainable production.
- Smallholder farming provides numerous opportunities for improving rural livelihoods provided the right investments, and incentives are activated and sustained.

Data Sources

The research was commissioned by the Peasant Farmers Association of Ghana with funding from Open Society Foundation (OSF), through Open Society Initiative in West Africa (OSIWA), an organization that works to improve food security and smallholder agricultural governance in West Africa. The report was based on an analysis of relevant policy documents and primary data collected through in-depth interviews with various stakeholders, focus group discussions and questionnaire surveys among 400 farmers and 400 consumers selected from four ecological zones of Ghana.

Ghana's Food System

The food system in Ghana comprises of activities from food production, through to consumption and back to farmers planning for production. The bulk of food in Ghana is produced by smallholder farmers located across the different ecological zones that offer the food variety the country enjoys. There are few large farms and increasingly many medium size holdings due to rising incentives from urban markets.

Food Production

A differentiated group of farmers in Ghana constitute the main actors in the production component of the food system. Despite receiving little support from the state, smallholder farmers produce a variety of food for their own consumption and for sale into local and regional markets, thereby enhancing their livelihoods, food security and foreign exchange of the country. While ecological conditions determine the range of crops that can be produced in each zone, marketability is the most important determinant of the crops produced by farmers in each region, as shown in the quotation below:

"We all go in for some crops because of the price and market availability" (Focus group participant, Fanteakwa South-Begoro)
"I consider the price, available market and my household consumption. For the price, vegetables are preferred but I also cultivate yam and maize for consumption" (Mercy, Nankuma, Nkoransa South- Nankuma)

A significant proportion of farmers combine farming with other income generating activities, such as keeping of livestock, which is an important form of livelihood diversification as the livestock can be sold in times of crop failure or low prices for their farm produce. Another major source of income is trading and casual labour. Straddling between wage employment and farming is an important livelihood strategy for many small holder farmers and showed the best food security outcomes.

The implication of these findings is that efforts to help farmers diversify income sources can leverage on already existing alternative income generating activities, such as keeping of livestock, trading, and casual labour.

Support to smallholder farmers in Ghana is still very low. A majority of farmers do not benefit from government support. Only a few farmers received support in the form of extension services and credit from the government. While the Planting for Food and Jobs programme is supposed to help farmers get access to input, only a small proportion of farmers benefited from this programme. The proportion of respondents who benefited from this programme is higher among male farmers than female farmers. This means that there must be conscious efforts by policy implementers to target women and also the youth. Other challenges facing smallholders include lack of access to credit and insurance; low access and poor quality and access to inputs; high cost of land; cost and poor access to farm mechanisation; inadequate extension services; pest and disease infection; post-harvest losses; marketing; storage facilities, and high transportation cost.

Government programmes that aim at encouraging the cultivation of specific crops must also consider challenges that will emerge in marketing, storage and processing, rather than merely providing inputs. Providing incentives to the private sector to set up processing facilities, especially financial and organisational support to local processors and linking farmers to these food processing firms should be the focus for donors and the state.

We therefore argue that the livelihoods of small holder farmers can be improved if the government increases support the smallholder farmers by improving market access, rural infrastructure and supporting off-farm activities. Private sector entry into agro-processing needs a conscious carefully planned range of incentives and direct interventions as the sub-sector is nascent, volatile, risky and outcompeted by foreign products. The current 'unintended' focus on medium and largescale farmers is not appropriate as smallholder farmers still produce a significant proportion of food in Ghana.

MARKETING AND FOOD DISTRIBUTION

The actors in marketing and food distribution include market queens, wholesalers, itinerant traders, retailers and transport operators. They play a dual role in supporting farmers with production resources and at the same time play a leading role in food marketing and distribution. While some marketing agents claimed farmers are unreliable, the farmers on the other hand perceived market agents as exploitative. According to the farmers, market agents overweigh their produce, offering low prices and in some occasions, failed to pay for products purchased from farmers on credit. The role of market agents is indispensable in food system of Ghana. While the role of market agents is crucial in food distribution and marketing, they are constrained by poor road infrastructure, inappropriate transport facilities, extortion and harassment by the police on the highways, and high levels of perishability. Both farmers and food traders have serious challenges with storage even of cereals leading to high losses. The bulk of food produce such as tubers, suckers, veggies and fruits are not processed, stored in facilities with cold storage, and transported in the right vehicles, leading to massive losses during the bumper seasons. This is the major disincentive to sustainable production rather than a scarcity of production technologies and knowledges.

Open market at Begoro in the Eastern Region, Ghana.

Transportation is the main grease for the food system ensuring the movement of people and goods from farm gate to markets and inputs to farms. Most of the inefficiencies of the food system in Ghana emanates from the poor transport system and its governance. The poor state of roads between farm villages and the nearest market towns and the non-existing roads and tracts from farms to villages is a major challenge. This leads to high cost of transport and high rates of perishability along the chain of distribution. Police harassment of vehicles transporting food produce is a major impediment to the food system with negative multipliers to the entire agricultural sector. According to the drivers “the police delay the transportation process leading to losses. They charge us unnecessary bribes before allowing us to go”.

Another driver intimated that since the situation is that bad then: “ the Government should legalise collection of Ghc 2.00 to the police to make it faster”. Unofficial expenditures during transport could hinder the value chain activities and increase prices at the market.

The distribution sector has the highest potential for providing jobs, generating value addition and higher incomes, and thereby ensuring poverty reduction. An effective food distribution network propels rural development through multipliers such as processing, packaging, advertising, transportation and storage. A trader complained that: “The road network is bad in Ghana, police extortion is high, postharvest losses and perishability is huge”. With a huge youth unemployment problem and rural-urban migration, Ghana can leverage on building the processing, storage, and marketing component of its food system.



FOOD CONSUMPTION

The “demand side” of the food system is defined generally by price, location, consumer preferences, knowledge, tastes, cultural habits, and perceptions. These factors are in turn influenced by higher level trends and processes such as demographic changes, economic changes, globalization, urbanisation and migration. We argue that as the population of Ghana increases in number and quality in terms of education and changing attitudes, so too will their diets and attitudes towards traditional and new dietary formulas from other regions and countries.

Eating local is an important characteristic of food consumption landscape as cultural affinities define local food dishes in the regions. Except for the capital city whose populations are very diverse, and agriculture is of less importance, which therefore makes reliance on food from other regions more important. The source of food for most Ghanaians is therefore their own regions followed by those from other regions. The consumption of imported foods is limited to a few set of products, mostly meat and dairy, vegetables and rice, which is reflection of poor national capacities and seasonality. Though imports may constitute a small percentage of food consumed per household, it is nonetheless growing in importance and putting a strain on the country’s food import bills.

The consumption of food in Ghana is socio-culturally differentiated. The ecological distribution of food production coincides with consumption of particular foods such as millet, maize and yam in the north, then cassava and plantain in the eastern region, and maize and cassava, in the Brong Ahafo region. Rice is fast becoming a main dish in Ghana. There is a predominance of consumption of locally farmed foods which is important for the sustenance of local production. Meeting stiff competition from globally produced foods will require processing, packaging and most importantly good quality products. The missing link in Ghana’s food system is therefore food processing which will take care of postharvest loses and changing customer demands especially for taste and aesthetic quality.

Gradually, quality and food safety are emerging concerns to consumers. Quality has led to dramatic shifts of those who can afford imported foods. A competitive atmosphere has emerged where farmers within same region compete with themselves, then with other regions and then also with foreign imports.

Consumers are becoming discerning, sophisticated and therefore may shift allegiance from locally produced items to others that provide better quality and safety guarantees. A restaurant owner complained that:

“What I don’t like about the Ghana food market is the fact that things are not standardised. You buy a box of tomatoes today at 200GHC in Madina market from one vendor. You move to the next vendor and it is 230GHC. Why the price difference? Another problem is their presentation/packaging and preservation. They offload food stuff unto the dirty floor so it doesn’t look attractive and raises food safety issues, which for our clients is of most concern. Farmers, traders and transporters should package and present food stuff nicely. This will give more value to the items. Also, they don’t preserve the food stuff well. For example, pineapples: they stack them on top of each other and by the time they reach here the ones on the bottom are crushed. So it makes the shelf life very short.” (Restaurant A owner – Accra – January 2018).

There is the need for improving on processing, packaging, transportation of food products in Ghana to provide the quality needed by the ever-demanding consumer. These activities belong to agro-based industries who need state support to thrive. The role of policy in directing and facilitating investments in post-harvest activities and transportation is critical as the open market is slow in activating investments in unknown and perceived risky areas.



CONCLUSION AND RECOMMENDATIONS

The future of agriculture in Ghana will certainly have the smallholder as a major player. The role of policy in directing and facilitating investments in production and post-harvest activities is critical in sustaining the activities of smallholders. Taming the market and assisting in regulating the relations between farmers, traders, processors, exporters, technology disseminators and support services should become core to agricultural policy. A focus on marketing, food safety and environmental degradation is urgent. There is the need for holistic approach which has mechanisms to ensure environmental protection and sustainability of production; food safety through the appropriate use of pesticides, herbicides, storage media and food handling; and integration of the activities of processing and marketing. Building farmer capacities to deal with quality and food safety should be supported by the state, NGOs, the Donor community and farmer-based organisations. The training of farmers on quality and standards to improve on the quality of their products is a necessity if local agriculture is to survive the global competition and take advantage of the growing opportunities. Building domestic agro-processing capacities and

encouraging the consumption of Ghanaian products is the main way out of the market rigidities, seasonality of supply and postharvest losses. The governments' one district one factory policy on industrialisation should be focused on viable agro-based industries. A careful plan is needed to balance local and foreign investments in this sector. The government's Planting for Food and Jobs program needs a careful review that incorporates the voice of the farmers so as to design regional packages that fit the needs and concerns of specific groups of farmers. The program should refocus on dealing with distributional challenges that negate the gains made from investments in production.

REFERENCES

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The Peasant Farmers Association of Ghana (PFAG), is the apex Farmer-Based Non-Governmental Organization in Ghana with the mandate to advocate for pro poor agriculture and trade policies and any issues that affects the livelihoods of small holder farmers.

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