



## COUNTRY FACT SHEET ON FOOD AND AGRICULTURE POLICY TRENDS

### Socio-economic context and role of agriculture

Ghana is a middle-income West African country which experienced impressive economic growth from 2005 to 2012. This growth has slowed significantly since 2013 in light of macro-economic challenges, such as high budget deficit and inflation, but is still expected to remain positive, due to the country's stable democratic institutions and rich natural resources.<sup>1</sup>

Per capita GDP reached US\$ 1 858 in 2013, and the Human Development Index improved as access to health care and education increased, making Ghana one of the few 'medium

human development' countries in the region. Ghana halved extreme poverty from 36.5 percent to 18.2 percent between 1991 and 2006, achieving one of the best records in sub-Saharan Africa. Furthermore, Ghana has met the Millennium Development Goal of halving poverty and hunger before 2015 (MDG1).<sup>2</sup> Nevertheless, over a quarter of the population still remains below the poverty line of US\$ 1.25/day, particularly in the Northern regions.

Agriculture is a key sector of Ghana's economy, accounting for 23 percent of the national GDP in 2012. The sector

Selected indicators		2007	2009	2011	2013	
SOCIO-ECONOMIC	GDP (current billion US\$) *	24.7	26	39.6	48.1	
	GDP per capita (US\$) *	1 099	1 097	1 594	1 858	
	Agricultural value added (% of GDP) *	29	32	25	22	
	Agricultural value added (annual % growth) *	(average 2007-2013)	3.8			
		[2013]	5.2			
	Total population (thousand)	22 526	23 692	24 821	25 905	
	Rural population (% of total)	50.9	49.5	48.1	46.8	
	Agricultural labour force (% of total labour force)	55.2	54.6	54.1	53.6	
Human Development Index **	[2013]	0.573 (ranking 138)				
AGRICULTURAL PRODUCTION & TRADE	Per capita cultivated land (ha)	0.70	NA	0.67	NA	
	Area equipped for irrigation (ha)	34 000 [2012]				
	Value of total agriculture production (constant gross value 2004-2006, billion US\$)	7 760	9 331	12 522	10 717 [2012]	
	Value of cereals production (constant gross value 2004-2006, billion US\$)	573	1 126	1 212	1 079 [2012]	
	Yield for cereals (hg/ha)	13 170	16 598	15 942	16 857	
	Cereal import dependency ratio (%)	[2007-2009]	30.6			
	Top 3 commodities	Production quantity	Cassava; Yams; Plantains [2012]			
		Production value	Yams; Cassava; Cocoa beans [2012]			
		Import quantity	Sugar Refined; Wheat; Chicken meat [2011]			
		Import value	Sugar Refined; Chicken meat; Wheat [2011]			
		Export quantity	Cocoa beans; Sugar Refined; Cashew nuts, with shell [2011]			
		Export value	Cocoa beans; Cocoa Butter; Cashew nuts, with shell [2011]			
Top 3 trade partners	Import value	Brazil; Canada; Belgium [2011]				
	Export value ^^	South Africa, India, United Arab Emirates [2012]				
FOOD SECURITY & NUTRITION	Top 3 commodities available for consumption	Cassava and products; Yams; Rice (Milled Equivalent) [2011]				
	Per capita food supply (kcal/capita/day)	2 770	2 937	3 003	NA	
	General (g) and Food (f) CPI (2000=100)	331.9 (g), 300.6 (f)	461.2 (g), 400.5 (f)	555.2 (g), 442.1 (f)	678 (g), 495.6 (f)	
	People undernourished (million)	[2008-2010]	1.6			
		[2011-2013]	1.3 [2010-2012]			
	Proportion of undernourished (%)	[2008-2010]	5.8			
		[2011-2013]	<5			
	Prevalence of underweight children under 5 years of age (%)	13.9 [2006]	14.3 [2008]	NA	NA	
	Prevalence of stunting among children under 5 years of age (%)	28.1 [2006]	28.6 [2008]	NA	NA	
	Prevalence of wasting among children under 5 years of age (%)	6.1 [2006]	8.7 [2008]	NA	NA	
Global Hunger Index ^	[2013]	8.2 (Moderate)				
Access to improved water sources (% of population) *	81	83	86	87 [2012]		

Source: FAOSTAT; \*Source: WB; \*\*Source: UNDP; ^ Source: IFPRI; ^^Source: WITS. [accessed on 29 January 2015]

1 The 2012 report of the Worldwide Governance Indicators places Ghana between the 50th and 60th percentile on political stability, government effectiveness, and regulatory quality, rule of law, control of corruption and accountability. The country counts on an improving environment for democratic governance, coupled with a gradual improvement in the effectiveness of public institutions and persistent economic growth. *Country Data Report for Ghana, 1996-2013*, available at: <http://info.worldbank.org/governance/wgi/pdf/c82.pdf>

2 Government of Ghana, 2013, *Agricultural Sector Annual Progress Report*, available at: [http://mofa.gov.gh/site/?page\\_id=13610](http://mofa.gov.gh/site/?page_id=13610)

has grown significantly since 2007, benefiting from high international prices, particularly for its main exports such as cocoa.<sup>3</sup> Despite this growth, agriculture remains largely rain-fed and subsistence-based, with rudimentary technology used to produce 80 percent of total output. The sector employs almost half of the national labor force.

The country's main agricultural commodities include cocoa, cassava, yam, banana and maize, as well as other cereals and fruits. Oil palm, cotton and coconut are also important cash crops. Production of food crops by smallholders has increased in recent years, but is still characterized by low productivity. Ghana is a net importer of agricultural products, importing mainly

consumer-ready commodities such as rice, wheat, sugar and poultry.<sup>4</sup>

According to FAO's Monitoring and Analysing Food and Agricultural Policies (MAFAP) public expenditure analysis, the share of total public expenditure allocated to the food and agriculture sector as defined by MAFAP, including administrative costs, fluctuated between 3 and 5 percent from 2006 to 2012.<sup>5</sup> Although overall spending has increased, this has not resulted in the expected sustainable growth rate of 6 percent in agricultural GDP, which is the second CAADP objective under the Maputo Declaration.<sup>6</sup> Issues emerging from the public expenditure analysis are described in the last section of this fact sheet.

## 1. Government objectives in agriculture, food and nutrition security

The national economic plan, known as "**Ghana Vision 2020**" launched in 1995, envisions Ghana as the first African nation to become a developed country between 2020 and 2029 and a newly industrialized country between 2030 and 2039 through the integration of science and technology in governmental programmes, including in the agricultural sector.

The **Ghana Shared Growth and Development Agenda** (GSGDA 2010-2013) focused on supporting oil and gas development, with investments in infrastructure, energy, housing and agricultural modernization. GSGDA social policy has focused on human development, including health, education and the fight against poverty.

The Ministry of Food and Agriculture's (MOFA's) stated vision is a "modernised agriculture culminating in a structurally transformed economy and evident in food security, employment opportunities and reduced poverty".<sup>7</sup> In accordance with this vision, all governmental strategic frameworks and plans identify infrastructure development, agricultural research and extension as focus areas of policy intervention to achieve greater agricultural productivity

for improved livelihoods. The approach adopted in governmental actions is meant to follow a market-driven logic and foresees greater engagement of the private sector.

Among the main objectives stated in the **Food and Agriculture Sector Development Policy** (FASDEP II, 2007) is the modernization of agriculture and increased productivity of Ghanaian farmers. The **Medium Term Agriculture Sector Investment Plan** (METASIP 2010-2015) is the implementation plan of FASDEP II and comprises six programmes which represent Ghana's priorities, with Food Security and Emergency Preparedness and Increased Growth in Incomes being the major areas for investment.<sup>8</sup>

The **National Social Protection Strategy** (NSPS, 2008), launched in 2008, aims to manifest the government's vision of creating an inclusive and empowered society through the provision of sustainable mechanisms for the protection of vulnerable people. Its main objective is to meet the basic needs of extremely poor populations through social protection programmes and by improving access to livelihood opportunities.

## 2. Trends in key policy decisions (2007 to 2014)

### 2.1 Producer-oriented policy decisions

Development of the agriculture sector is a declared priority for the government. Supporting agri-food production and exports has been the leading policy since 2007, with particular emphasis on agricultural modernization and ensuring minimum prices

for farmers. Programmes implemented by MOFA at national level include the Fertilizer Subsidy Programme, the Block Farming Programme, Agricultural Mechanization Centers and the Irrigation Development Programme. It is estimated that these programmes together comprise about 85 percent of the ministry's capital budget.<sup>9</sup>

3 Ghana is the world's second largest producer of cocoa, which is its main agri-food export and provides annual export revenues of over US\$ 2 billion. WTO, 2014, *World Trade Policy Review, Ghana*, available at: [http://www.wto.org/english/tratop\\_e/tptr\\_e/s298\\_e.pdf](http://www.wto.org/english/tratop_e/tptr_e/s298_e.pdf)

4 USDA Gain Report, *Ghana Exporter Guide, 2012*, available at: <http://goo.gl/lmrBSz>

5 MAFAP, 2014, *Analysis of public expenditure in support of the food and agriculture sector in Ghana, 2006-2012*. Internal document. See final section of the fact sheet for more information.

6 The Maputo Declaration Target, adopted in 2003, rallied African governments to increase spending in the agricultural sector to stimulate agricultural growth, reduce poverty, and build food and nutrition security. Government of Ghana, 2013, *Ibidem*.

7 [http://mofa.gov.gh/site/?page\\_id=56](http://mofa.gov.gh/site/?page_id=56)

8 Government of Ghana, 2013, *Agricultural Sector Annual Progress Report, Ibidem*.

9 This leaves only 15 percent of the overall agricultural budget for regional and district-level departments of MOFA to utilize in carrying out their core activities. IFPRI, 2014, *Decentralizing Agricultural Public Expenditures*, available at: <http://www.ifpri.org/sites/default/files/publications/gsspwp37.pdf>

### Re-introduction of input subsidies

After nearly twenty years of no large-scale government intervention in the fertilizer sector, a national **Fertilizer Subsidy Programme** was re-introduced in 2008, as a temporary response to spikes in domestic food and fertilizer prices that year.<sup>11</sup> The programme subsidized all-size crop farmers, covering approximately 50 percent of fertilizer prices, and was distributed in the form of fertilizer-specific and region-specific vouchers. Rather than dismantling the programme after the price crisis, as originally planned, government support to the programme was scaled-up from US\$ 10.8 million in 2008 to US\$ 63 million in 2012, although the overall subsidy was reduced to 21 percent in 2013, due to rising fertilizer prices and budgetary constraints.<sup>11</sup> The programme aims to increase the rate of fertilizer application among farmers, which is one of the lowest in the world. However, even after implementation of the input subsidy programme, fertilizer consumption has remained low.<sup>12</sup>

### Launch and expansion of mechanization services

Because of the low level of agricultural mechanization in the country,<sup>13</sup> the government launched the '**Agriculture Mechanization Services Enterprises Centres**' (AMSECs) programme in 2007 as a credit facility, assisting qualified private sector companies in purchasing agricultural machinery at a subsidized price and interest rate which in turn is rented to rural farmers at affordable prices. The programme has been extended and, as of 2015, 89 AMSECs have been established throughout the country. Analyses on the viability of AMSEC enterprises indicate that they do not represent a viable business model attractive to private investors, even with the current level of subsidy. Providing heavy subsidies on large and more costly tractors does not seem to be the most appropriate solution in a country dominated by small-scale farming.<sup>14</sup> Complementary to AMSECs is the '**Block Farm Programme**,' which was launched in 2009 as a component of the Youth in Agriculture Programme<sup>15</sup> to provide large blocks of arable land for the production of selected commodities,<sup>16</sup> as well as to generate employment for the poor rural youth. The block farms receive a bundle of subsidized mechanization services and inputs, in addition to extension services, which are repaid in-kind by the farmers after the harvest.

### Introduction of national buffer stocks and minimum guaranteed prices for farmers

The **National Food Buffer Stock Company** (NAFCO) was established in 2010, with the aim of reducing post-harvest losses, ensuring price stability and establishing emergency grain reserves. NAFCO is a state-owned enterprise that purchases, stores, sells and distributes excess grains in warehouses across the country. Currently, 73 Licensed Buying Companies (LBCs) are mandated to purchase maize, rice and soya beans from farmers at minimum prices, which include the total cost of production and a 10 percent profit margin for farmers. In early 2014, claims that the government may privatize NAFCO spread, due to the company's financial constraints and lack of storage facilities in some regions, which undermined the overall efficiency of its operations. According to MOFA, the government is rather seeking private partnership in specific areas of the company's operations to help alleviate its financial constraints.<sup>17</sup> However, no official action has been taken so far. Analyses on the effectiveness of NAFCO indicate that the positive results expected through the establishment of the system (i.e. higher price stability, reduction in post-harvest losses, lower prices for consumers and higher prices for farmers resulting in increased production) have not been achieved, despite significant investments.

### Efforts to increase access to agricultural finance

Access to rural credit for small-scale farmers is constrained by several factors, the most relevant being the lack of collateral security in the form of property and stable employment. There has been improvements recently (albeit very marginally) in the share of agricultural loan in the portfolios of commercial banks, from 4.3 percent in 2008 to 6.1 percent in 2010.<sup>18</sup> Some of the reasons for low levels of investment in agriculture include a history of default on subsidized loans, issues of land tenure, weather risks, and a lack of technical knowledge on risk assessment and management. To increase access to agricultural finance, the government had established the Agricultural Development Bank in the mid-1960s, with lower lending rates to farmers. However, low repayment rates have resulted in a lower lending share to agriculture (only 29 percent in 2010). Despite a steady increase in the number of leasing companies in Ghana since the early 2000s, less than 1 percent of the total leasing value is devoted to agriculture. Mechanisms are being introduced recently to expand access

10 The sector was liberalized in 1991 in the country. IFPRI, 2010, *Old Problems in the New Solutions? Politically Motivated Allocation of Program Benefits and the "New" Fertilizer Subsidies*, available at: <http://www.ifpri.org/sites/default/files/publications/ifpridp01002.pdf>

11 MOFA, 2013, *Agriculture in Ghana – Facts and Figures*, available at: [http://mofa.gov.gh/site/?page\\_id=6032](http://mofa.gov.gh/site/?page_id=6032)

12 Fertilizer consumption in the country still ranges between 20-40 kg per hectare. WTO, 2014, *Ibidem*.

13 The tractor-farmer ratio in the country stands at 1:1,500.

14 Thus, it may be more appropriate to consider options for introducing also small, low-cost tractors suitable for the scale of production in the country. IFPRI, 2013, *Agricultural Mechanization in Ghana*, available at: <http://www.ifpri.org/sites/default/files/publications/gsspwp30.pdf>

15 The Youth in Agriculture Programme promotes different initiatives with the aim of motivating the youth to appreciate and dedicate to farming and food production as a commercial venture.

16 Crops included in the programme are maize, rice, soybean, sorghum, tomato and onions.

17 Minister's speech available at: <http://mofa.gov.gh/site/?p=13365>

18 World Bank, *Agribusiness Indicators: Ghana*, 2012, available at: <http://www.agrifinfacility.org/resource/access-agriculture-finance-ghana>

to agricultural finance in Ghana. The government established a **Collateral Registry** on February 2011, which is subsidized by the Central Bank and charges low fees to its users. The system is meant to provide information about “borrowers’ assets that are registered as collateral” for the purpose of borrowing and to allow financial institutions to “recover assets from defaulters and place them on sale without having to go to court.”<sup>19</sup>

## 2.2 Consumer-oriented policy decisions

In accordance with the GSGDA, the government’s social policy has focused on cash transfer programmes to improve health and education, and to alleviate poverty. Following these efforts, both income and social living conditions have improved during the review period, as well as real per capita income and in FSN indicators (see table of indicators).

### *Introduction and expansion of the Conditional Cash Transfer (CCT) programme*

The **Livelihood Empowerment Against Poverty (LEAP)** programme was introduced in 2008 as a CCT programme, providing cash and free health insurance to extremely poor households. Eligibility is based on poverty status and on having a household member in at least one of three demographic categories.<sup>20</sup> Beneficiaries receive bimonthly cash transfers of between US\$ 4 and US\$ 8 per month upon the condition of being registered in the National Health Insurance Scheme, established in 2004-05. LEAP is funded from general revenues of the government (50 percent), donations from DFID and a loan from the World Bank. It is the flagship programme of the National Social Protection Strategy, reaching over 71 000 households across Ghana’s 10 regions in 2013, with an annual expenditure of approximately US\$ 20 million. Impact evaluations show that food security and school enrolment increased for LEAP families and that 90 percent of them were enrolled in the National Health Insurance Scheme. Nevertheless, the overall low value of the cash transfers, coupled with sporadic payments, limited the programme’s impact on food and non-food consumption.<sup>21</sup>

### *Scaling up of the School Feeding Programme*

**Ghana’s School Feeding Programme (GSFP)**, which started as a pilot in September 2005, was expanded nationwide in 2007 and is currently benefiting over 1.6 million children in almost 5

000 public schools.<sup>22</sup> The government contributes 75 percent of the total cost.<sup>23</sup> GSFP’s objective is to enhance school enrolment and attendance and to improve the nutritional and health status of children by providing one nutritious meal per day for all school children aged 4-12 years. Food is produced and procured locally, with the aim of providing an output market for poor smallholder farmers. Official school enrolment data suggest the programme has been successful, with a 16.7 percent increase in basic level enrolment from 2008 to 2013 and enhanced health and nutrition indicators among enrolled students.<sup>24</sup>

### *Challenges in reforming fuel subsidies*

Since the early 2000s, the government has attempted to implement a controversial fuel subsidy reform to minimize excessive fiscal costs and to improve the overall efficiency and effectiveness of public spending.<sup>25</sup> A pricing system linking domestic oil prices to international oil prices was established in 2001 to partly liberalize the sector. This system has been suspended at times due to its political unpopularity. Fuel subsidies were cut in December 2011, but were re-instated a few months later due to political pressure and then again removed shortly after due to rising public debt and a budget deficit. The same situation occurred in 2012, 2013 and 2014. Effective from January 2015, the National Petroleum Authority (NPA) established a 10 percent reduction in fuel prices to partly reflect falling international crude oil prices and after pressure from various political and civil society groups.

## 2.3 Trade- and market-oriented policy decisions

Trade is an integral component of Ghana’s economic policy and development agenda, with the government focusing on promoting agricultural exports. Ghana’s trade guidelines and objectives are specified in the 2004 Trade Policy, which has since been reviewed and adapted to the country’s long-term strategic vision of achieving middle-income status by 2015 and becoming a leading agro-industrial country in Africa. Nevertheless, in recent years, Ghana has periodically adopted some protectionist measures, as mentioned below.

### *Regional integration weakened after the 2007/08 global food price crisis*

Ghana is a founding member of the Economic Community of West African States (ECOWAS), established in 1975.<sup>26</sup> Ghana’s trade

19 *Ibidem*.

20 Single parent with an orphan or vulnerable child, elderly poor person, or person with an extreme disability unable to work.

21 FAO PtoP team, 2014, *The broad range of impacts of the LEAP programme in Ghana*, available at: <http://www.fao.org/docrep/019/as244e/as244e.pdf>.

22 HGSE, 2013, *Ghana’s School Feeding Programme: way forward*, available at: <http://hgsf-global.org/ghana/en/news/268-ghana-school-feeding-programme-way-forward>

23 Programme partners include the Dutch government, the World Food Programme, Partnership for Child Development (PCD), SEND Ghana and several international and local NGOs, though there are efforts to shift the programme from a donor-driven to home-grown enterprise.

24 Governmental data available at: <http://www.ghana.gov.gh/index.php/2012-02-08-08-24-49/ministry-of-education>

25 In 2013, the government spent GHS 2.4 billion (US\$ 1.2 billion) on fuel subsidies, equalling 3.2 percent of GDP and more than half of Ghana’s allocation to the entire education sector. Fossil-fuel subsidies are an inefficient means of protecting the incomes of the poor, since analyses demonstrate that a larger proportion of the benefits is captured by higher-income groups. [http://www.unicef.org/ghana/1389903137\\_PEP\\_UNICEF\\_Ghana\\_WP\\_201\\_public.pdf](http://www.unicef.org/ghana/1389903137_PEP_UNICEF_Ghana_WP_201_public.pdf); Institute of Development Studies, 2012, *Ghana’s fossil-fuel subsidy reform*, available at: <https://www.ids.ac.uk/files/dmfile/LHcasestudy09-FossilfuelsGhana.pdf>

26 ECOWAS is a regional group of fifteen West African countries with the mission of promoting economic integration across the region, by creating a single trading bloc through an economic and trading union.

policy has generally been in line with regional agreements during the review period, although the country has at times breached the duty-free importation of goods from ECOWAS countries by applying a wide range of taxes and fees on imports.<sup>27</sup> For example, in 2013, the government banned rice imports through the country's borders, permitting them only through the Tema Port, Takoradi Port and Kotoka International Airport to ensure that importers do not evade duties, taxes and other tariffs. This measure is still in place, and is intended to partly respond to the government objective of reducing rice import dependency. However, reports indicate that the policy is under review.<sup>28</sup> Additionally, with the launching of the 'Ghana Broiler Revitalization Project' in 2014, imports of meat products have been regulated to protect and boost local broiler production.

### Tariffs temporarily lifted during the 2007/08 global food price crisis

In May 2008, the government amended the 2008 Customs and Excise Act to remove duties on imported rice, wheat, yellow maize

and vegetable oil in order to cushion the impact of escalating food prices on Ghanaian consumers. These duties were reinstated in January 2010 at the pre-crisis level of 20 percent.

### Sustained export promotion policy

The 'Ghana Export Promotion Authority' (GEPA), established in 1969, and the 'Ghana Export Trade Information Centre' (GETIC), established in 2005, are the main institutions providing trade information and services to the business community, such as market access facilitation for exporting companies, technical advice and human resources development. A National Export Strategy for the Non-Traditional Export Sector (2012-2016) and a National Export Development Programme (2013) also provide guidelines for the implementation of Ghana's domestic and international trade agenda. Furthermore, in 2008, Ghana was the second country, after Ivory Coast, to sign a bilateral Economic Partnership Agreement (EPA)-light with the EU, which has eliminated tariffs on virtually all of Ghana's exports to the EU and on 80 percent of imports from the EU over the next 15 years.<sup>29</sup>

## 3. Emerging issues

### Development of the first agricultural insurance programme through public-private partnership

In 2011, the **Ghana Agricultural Insurance Programme** (GAIP) was launched, representing the first agricultural insurance system in the country to protect farmers against financial risks resulting from climate change. The programme was developed by a steering committee comprised of representatives from the public and private sectors, as well as development agencies. Initially, GAIP provided drought insurance for maize and soya only, but was

later expanded to other agricultural products, livestock and poultry. GAIP is co-financed by the German Federal Ministry for the Environment and the Ghana Insurance Association and is jointly implemented by the National Insurance Commission of Ghana (NIC) and the German International Cooperation (GIZ). Key issues will be financial and technical knowledge sustainability, and private sector participation (with affordable premium for small farmers).

### Weak policy coherence

Inconsistencies between overall policy objectives, measures adopted to achieve these objectives and the effects they generate have been observed. Recent analyses demonstrate that despite the introduction of producer support programmes such as the fertilizer subsidy, buffer stock programme and import duties to protect the agriculture sector, Ghanaian producers received lower prices than they could have received if policy and market distortions were removed during the period 2005-2010. This is largely due to inefficiencies in commodity value chains such as high processing, transport and handling costs, various local fees/levies and illicit taxes (e.g. road checkpoints), which depress producer prices.<sup>30</sup> Producers of export crops face several challenges and price disincentives in some cases. For example, in the case of cocoa, the mix of policies, including the export tax, pricing system and monopolistic export market controlled by the COCOBOD (Ghana Cocoa Board), has resulted in strong price disincentives for farmers.<sup>31</sup>

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Rural infrastructure in Ghana is still underdeveloped and constitutes one of the main constraints of agriculture in the country. However, according to MAFAP analyses, the share of total public expenditure in support of the food and agriculture sector, including administrative costs, dedicated to agricultural and rural infrastructures declined across the period.

27 MAFAP, 2012, *Analysis of Incentives and Disincentives for Maize in Ghana*, available at: <http://www.fao.org/3/b-at485e.pdf>

28 Oryza, 2014, *Ghana Ban on Inland Importation of Rice Creating Monopoly of Foreign Importers*. Available at: <http://oryza.com/news/rice-news/ban-inland-importation-rice-creating-monopoly-foreign-importers-claim-ghana-rice>

29 USDA GAIN Report, *Ghana exporter guide*, 2012, available at: [http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Ghana%20Exporter%20Guide%202012\\_Accra\\_Ghana\\_11-2-2012.pdf](http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Ghana%20Exporter%20Guide%202012_Accra_Ghana_11-2-2012.pdf)

30 MAFAP Country Report, *Review of food and agricultural policies in Ghana*, 2013. Internal document.

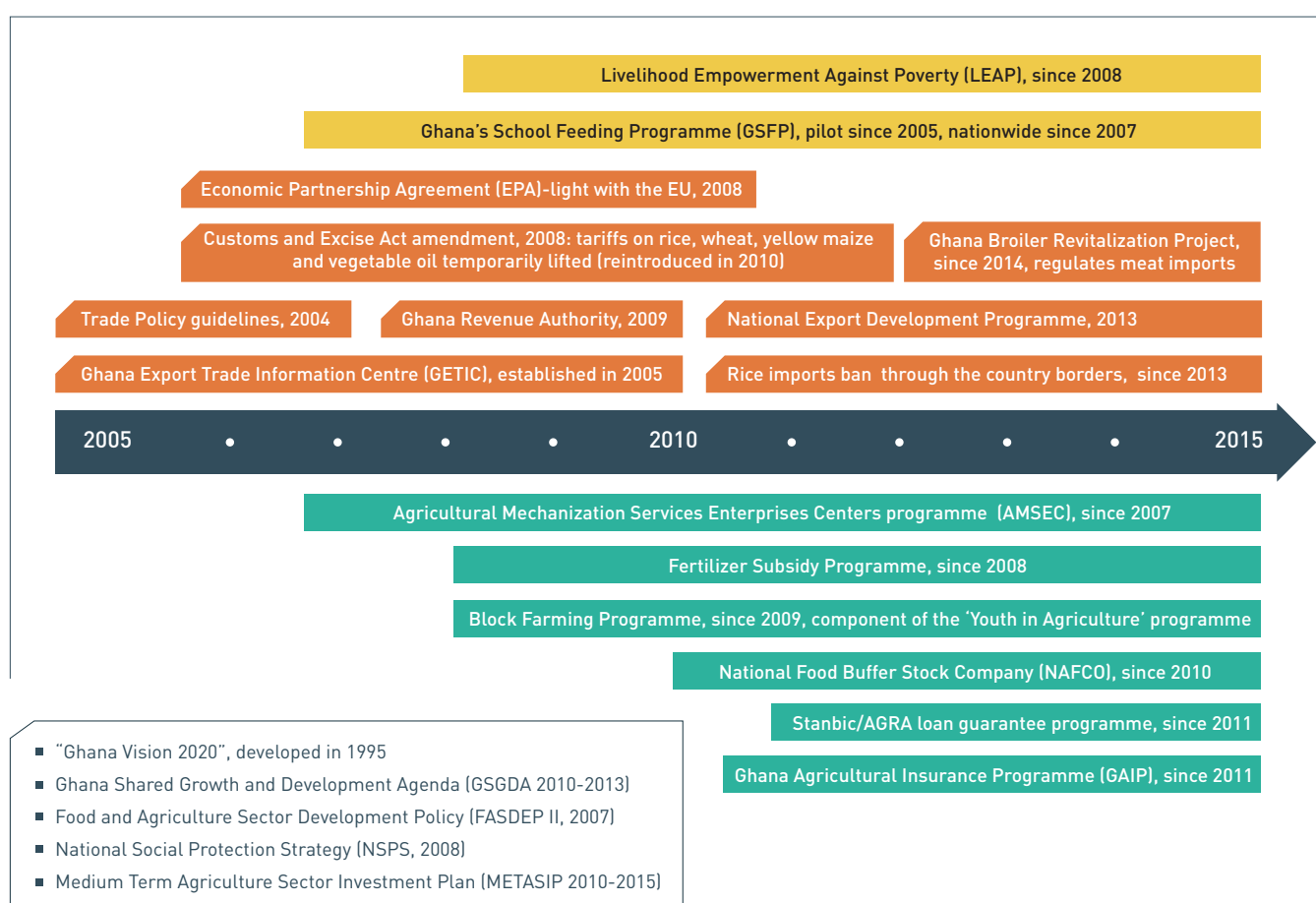
31 *Ibidem*.

## Public expenditure imbalances

The results of the agricultural public expenditure analysis carried out by FAO's MAFAP programme in Ghana for the period 2006-2012 show that, whereas the share of agriculture-specific expenditure on payments to producers in the form of fertilizer subsidies increased substantially, the share of agriculture-specific expenditure allocated to agricultural research and knowledge-transfer activities (such as training, technical assistance and extension) decreased sharply. Similarly, the share of total public expenditure in support of the food and agriculture sector, including administrative costs (EFAAC) dedicated to agricultural and rural infrastructures declined across the period. Administrative costs seem to absorb a large portion of agricultural public expenditure


in Ghana, as they represented about 35 percent of EFAAC, on average between 2006 and 2012. Moreover, the dependency of EFAAC in Ghana on donor funding sources is high. While estimations of the share of donor spending within EFAAC depend on the data and methodologies used, the MAFAP analysis estimates that this share oscillated between 50 and 80 percent, for the 2006-2012 period. Thus, the analysis suggests that additional spending should be invested in agricultural research, knowledge-transfer activities and rural roads, as there is evidence that investing in these areas is strongly supportive of agricultural development in the long run. It is also essential for the government and development partners to jointly reflect on how to increase the allocative efficiency of public support to the sector.<sup>32</sup>

## MAIN RECENT STRATEGIES AND POLICIES RELATED TO AGRICULTURE AND FOOD SECURITY AND NUTRITION (FSN)



■ Consumer oriented
 ■ Producer oriented
 ■ Trade and market
 □ Strategic frameworks on agriculture and FSN

<sup>32</sup> MAFAP, 2014, *Analysis of public expenditure in support of the food and agriculture sector in Ghana, 2006-2012*. Internal document. Disclaimer: the data used for the analysis comprises expenditures on agriculture and rural development reported by the Ministry of Finance, the MOFA Finance Directorate and the major development partners active in Ghana. The analysis does not build on agricultural expenditures incurred by other line ministries. It also does not include spending on the Ghana Cocoa Board (COCOBOD) activities.

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