ACET/AGRA Ghana Agricultural Transformation Forum 2018

African Transformation Report 2018
Agriculture Powering Africa’s Economic Transformation

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Table of Contents

Introduction .............................................................................................................................................................................. 3
Remarks by AGRA .................................................................................................................................................................. 3
Presentation on african transformation report .................................................................................................................. 4
Questions and comments ................................................................................................................................................... 5
Thematic presentations ....................................................................................................................................................... 6
Land reform and tenure security in Ghana ....................................................................................................................... 6
Adding value and spurring industry ................................................................................................................................ 7
Leveraging agricultural markets for economic transformation ....................................................................................... 8
Leveraging agriculture for employment through skills development ........................................................................ 9
Questions and comments to the presenters .................................................................................................................... 10
Presenters’ responses ....................................................................................................................................................... 10
Roundtable discussion .................................................................................................................................................. 10
Questions and comments ................................................................................................................................................ 10
Panel responses .......................................................................................................................................................... 10
Concluding session: The way forward .......................................................................................................................... 14
On markets ........................................................................................................................................................................ 14
Land policy ....................................................................................................................................................................... 15
On agro-processing and agribusiness .......................................................................................................................... 15
On skills development ................................................................................................................................................ 16
Conclusion .................................................................................................................................................................... 17
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Introduction

Policy discussion on agriculture must be elevated to a broader discussion on how to strengthen the sector through linkages with manufacturing and modern services as a vital part of achieving overall economic transformation. Dr. K.Y. Amoako, founder and president of the African Centre for Economic Transformation (ACET) said this was the theme of the African Transformation Report 2017: Agriculture Powering Africa’s Economic Transformation, launched by ACET in October 2017 as the second edition (ATR 2) of its flagship publication, the African Transformation Report.

Welcoming participants to the one-day Ghana Agricultural Transformation Forum at the University of Ghana, Legon, Dr. Amoako said ACET is building on this report by collaborating with the Alliance for a Green Revolution in Africa (AGRA) to develop policy platforms in five countries – Ghana, Burkina Faso, Kenya, Uganda and Tanzania – to help push the transformation agenda, drawing from ATR 2 and other research. ACET and AGRA have identified four top priority areas for enabling agriculture-driven economic transformation: (i) improving functioning of markets; (ii) improving skills; (iii) improving land tenure; and (iv) supporting agroprocessing. The framework for collaboration will be the Agriculture Chapter of the Pan-African Coalition for Transformation (PACT).

ACET is an economic policy institute supporting Africa’s long-term growth through transformation. ACET provides research, policy advice and institutional strengthening for African countries to develop their economies, reduce poverty and improve livelihoods for all Africans. ACET works with governments, development partners, the private sector and other stakeholders to set priorities on core issues and chart a transformation course. AGRA is a thought leader influencing and inspiring the trust of leaders, donors and partners to model better ways to implement, deliver and account for sustainable development in Africa. AGRA is often the partner of choice for agricultural transformation for sustainable development in Africa, particularly for technical and innovative approaches.

To start the process for Ghana, ACET and AGRA have brought key stakeholders to this Ghana Transformation Forum to discuss how best to leverage ATR 2 to support the transformation agenda of the government of Ghana. ACET and AGRA commissioned four in-depth studies on the four top priority areas which would be presented and discussed during the forum.

Remarks by AGRA

AGRA West Africa Regional Head Fadel Ndiame said AGRA was created in part because the first green revolution, in Asia, did not work in Africa. Africa is vast and diverse and finding a single blueprint is unlikely. AGRA took up the challenge of a green revolution in Africa, facing the key issue of raising agricultural productivity – yield in African countries is often 10%-20% of yield in other developing countries. To increase yield means realigning the incentives, capabilities and resources of several actors, from the state to the farmer. So how do you orchestrate transformation? In our first decade, we worked with countries to build seed systems, investing in human capacity and seed breeding and supply capacity of local companies.

A basic challenge is that the majority of people are in agriculture but its contribution to wealth is about 25%. This is both a problem – low yield, very high post-harvest losses, little processing – and an opportunity, to build an ecosystem for transformation. We start with building technology specific to
African countries and working with governments in a policy environment conducive to agricultural transformation. AGRA supports the West African Centre for Crop Improvement (WACCI) here on the Legon campus. Our new 5-year plan recognizes the crucial role for governments, which must have their own structured plan with priorities they can execute, monitor and evaluate. Our countries are lacking in some of these areas needed to drive transformation. The public sector must have clarity on priorities, and create the conditions for private sector activity. An important area is the management of subsidies. Inputs are being subsidized to ensure farmer access to technology, but many of the programs are poorly targeted and mismanaged, with no exit plan. If you believe the private sector is the driver of agricultural transformation, you must have the appropriate policy environment for it to thrive. We are happy to partner with ACET on the research and analytics to generate the best practices and strategies for countries to drive their own transformation. Beyond engaging governments and the leadership system, we also invest in building systems for seeds, fertiliser and marketing. We will continue discussions after this meeting on how the insights and lessons learned from these studies can inform the process of helping countries and private sector to drive agricultural transformation.

Presentation on African Transformation Report 2017

Dr. Julius Gatune, ACET Senior Researcher, presented the ACET African Transformation Report 2017: Agriculture Powering Africa’s Economic Transformation. It envisages African countries creating within one generation a modern, competitive and environmentally sustainable agricultural sector that ensures food security and supports a middle-class lifestyle for a growing number of farmers. Agricultural transformation incorporates two main processes. The first is modernizing farming by boosting productivity and running farms as modern businesses. The second is to strengthen linkages, such that farm output supports agroprocessing while other sectors support farming with manufactured inputs and services. Africa’s opportunities include having 60% of the world’s uncultivated land, year-round sunshine, a youthful population and expanding urban markets for food. The challenges include access to land and tenure security, low access to input and output markets and to credit; low farm productivity; weak value chains (storage, transport, etc.); ageing farmers and young people not attracted to an unprofitable, subsistence occupation. One of Africa’s tracks to industrialization is to leverage its advantages to support globally competitive manufacturing based on agriculture. The broad contribution of agribusiness to economic transformation includes boosting farmer incomes and the rural economy, labor-intensive manufacturing and government revenue, while improving the balance of payments – most of Africa’s US$68 billion annual food imports could be made in Africa.

However, modernizing agriculture and boosting productivity requires land tenure reform that eases access to secure land acquisition, protects land rights of local communities from dispossession by big investors, and promotes responsible agricultural investment. Higher productivity in turn requires greater access for farmers to an affordable green revolution package tailored to local conditions with appropriate seeds, fertilisers and irrigation and enhanced farmer knowledge. More mechanization is needed, with credit systems for cooperative and individual hiring and use of small tractors and two-wheeled power tillers, and also local fabrication of small machines and parts. Commercializing agriculture means enabling the transition to farming as a business instead of a way of life. The conducive conditions include supportive interest and exchange rates, stronger input and output markets, reduction and management of risk and assistance for smallholders to become commercial.

Agriculture powering economic transformation means fully coordinated agriculture, industry and trade policies. Boosting supply of farm produce with quality, volume and consistency will support viable agroprocessing, and increase demand for local input manufacturing and services. These include packaging materials, feed production, seed replication, tools and machinery and extension and veterinary services. A related imperative is developing the “missing middle” of educated African youth in agriculture. The opportunities include mechanization service provision, contract farming, warehousing, large-scale procurement, export market certification, cold storage, air freight. A cross-cutting issue is achieving gender balance in farming, with greater access for women to land, bundled packages of financial services and production inputs, innovative training programs and more female extension officials. He said African countries have an opportunity to harness agricultural and industrial policy to drive overall economic transformation. Development partners need to support African governments, farmers and entrepreneurs in this transformation agenda.
Questions and comments

- What role can genetically modified foods play in this transformation and how can you attract students to agriculture from junior high school onwards?

- Noting the Africa Continental Free Trade Area, should African countries open up to trade or protect indigenous industries. It should be mentioned here that WACCI has just received international certification enabling it to expand its plant and seed breeding. This is a strategic activity that Ghana can protect. Protecting industry and agriculture calls for some local content policy. Currently, foreign agricultural firms are coming in with skills that can be found here. We need to link available skills with sector needs, such as reducing post-harvest losses.

- A lot of the information provided here has been around since 1955. What is going to be done differently with it? The evidence is that the more information we get, the lower the decline in agriculture in Africa.

- To what scale do we want the average farmer to produce?

- With regard to building seed supply systems, it was possible in the past to replant with viable seeds without having to go and buy new so-called improved seeds. Some of these modified seeds now are not so viable after planting. We want to ensure food security in the future, but farmers should have viable seeds that can be replanted without having to go and buy new ones.

- Between 2005 and 2013, the proportion of subsistence farmers has fallen and more are going into tree-crops and mixed farming and this should be looked at in terms of policy focus.

- In the value chain, where does production start and end?

Mr. Gatune said there were enough seeds to improve without getting into the GMO debate. He agreed that issues had changed little since the 1950s. ACET is engaged in finding innovative solutions and symbiotic systems and scale them up. Regarding local content, Nigeria decided to no longer import barley but use local sorghum, and forced breweries to develop sorghum beer. You must look at whether to raise local content through mandate or incentives, given the existing levels of smuggling and porous borders. The question of skills applies all along the value chain – farming, transport, storage and other services – hence the need to think holistically about agriculture, from product on the farm to product on the market through to product on the dinner table.

Noting that AGRA does not promote GMO, Dr. Ndiame stressed the fundamental importance of the quality of seeds, quality of the soil and farmer knowhow and skills set. Real value is captured along the food chain, through processing and adding value. He acknowledged the dynamism of African farmers and called for more research with more rigorous use of the terms big and small farms.

Shashidhara Kolavalli, a senior official of the International Food Policy Research Institute (IFPRI) recalled some of its research into maize yields in Ghana and in comparably dry conditions in Thailand and Mexico. It found that the use of hybrid seeds led to higher yield in those countries while in Ghana about 80% of maize planting used seeds about 26 years old. Further research, some with AGRA, found a range of supply- and demand-side issues. The bottom line was the need for a well-funded public research system providing good varieties for private firms to distribute at profit to farmers not burdened with high interest rates. He said IFPRI is not recommending GMOs but has a separate unit helping countries set up regulations to evaluate them.
Thematic Presentations

The four in-depth studies on the four top priority areas commissioned by ACET and AGRA are summarized below.

**Land reform and tenure security in Ghana**
Dr. Victor Owusu, University of Science and Technology, Kumasi

Modernizing agriculture is a pathway to rapid transformation of Ghana’s economy. This will require reforms in land access, security of tenure and gender equity – women contribute greatly to food production but own only 1% of the land.

There is substantial agricultural land in Ghana, with nearly a quarter of arable land available for expansion. However, pressure on land is growing due to population density and newer commercial agriculture (e.g. biofuels). Ghana needs to increase land productivity with irrigation – currently used on only 2% of total agricultural land – along with greater production, distribution and use of improved seed varieties, more fertilizer use and mechanization.

Of all land in Ghana, 80% is held by royal stools/skins, families and clans; the remainder is state or public land or vested in the state in partnership with customary authorities. The key land issues include: acquisition; tenure security; and management (of state lands in particular). Essential features of the land sector range from poor documentation, protracted conflicts, litigation, and high transaction costs, overseen by several centralized, uncoordinated and inefficient land sector agencies.

Policy aims of land tenure reform include providing access to secure land title while respecting gender and community rights; developing well-functioning land markets; applying innovation and technology to improve land administration; enabling more farmers to use their land as collateral to invest in farming as a business; strengthening formal and customary land adjudication and local land allocation and leasing; protecting local communities from dispossession by big investors; and exploring new approaches to traditional sharecropping.

**Recommendations**

- Strengthen land sector institutions; decentralize land registration and documentation; collate and harmonize data on large-scale land;
- Digitize all land records and develop community-based land use planning and management;
- Review and consolidate legislation into an equitable and comprehensive Code that incorporates harmonized and streamlined customary land tenure practices accepted by communities;
- Protect and promote women’s rights and access to land, with a gender strategy for agencies;
- Empower women with information and affordable access to justice to claim their rights;
- Facilitate access to land rental markets for women and local communities;
- Facilitate land acquisition for investors, in part by creating land banks, for which landowners can be compensated with revenue generated from selling more state land on the open market;
- Develop pro-poor land reforms that empower smallholders and rural communities to know their legal rights and make informed decisions about their land;
- Increase public-private partnerships, such as the satellite and digital technology already in use to facilitate formalization of land registration and property addressing;
- Promulgate a new Minerals and Mining Law to protect rights of communities and provide compensation for expropriated villages.
Adding value and spurring industry
Dr. Francis Appiah, University of Science and Technology, Kumasi

Over 60% of Ghana’s workforce earns its living from agriculture, mostly small-scale farmers, while less than half of total arable land is under production. Productivity is generally low, partly due to limited access to improved seeds and high post-harvest losses (around 30%). Ghana’s agricultural production meets only about 50% of domestic cereal and meat needs, and 60% of fish consumption.

The food processing sector – mainly cereals, legumes, roots and tubers, oil seeds and fruits – has grown significantly but faces challenges of low access to high-quality raw materials, technology and capital, while quality control and safety standards are lacking. Over 80% of grain milling is small scale and over 90% of seed oil processors use crude methods.

Manufacturing contributes 9% to Ghana’s GDP, of which half is from food processing. Of the 25,000 registered food processing firms in Ghana, over 80% are micro to small scale, mainly in Accra-Tema, Kumasi, Tamale, Hohoe and Sunyani. Large-scale processors are mainly multinational or donor-funded.

Major, cross-cutting processing challenges include: inadequate technical skills and personnel, limiting innovation, resource efficiency and productivity; under-utilization of production capacity due to limited product demand and inadequate and seasonal availability of raw materials; high cost of capital (25-35%) and inputs; few accredited private laboratories alongside over-stretched state laboratories; poor infrastructure (including electricity) and high tariffs leading to high operating and transaction costs. Then the market issue: of 24 million Ghanaian consumers, only 2-4 million can afford to buy processed foods.

While demand is growing fast for high-quality, better packaged food products from more middle-income households, this formal segment represents only 5% of the consumer retail market, while open-air markets serve 65% and containers/kiosks the remainder. Also notable is the fact that nearly 20% of Ghanaians live in poverty, 1.2 million people are food insecure, 2 million are vulnerable to food insecurity, and 75% of diets consist of starchy roots and cereals with low nutritional value.

Recommendations

- Productivity and profitability of smallholder farmers needs to be raised through a mix of production inputs (seeds, fertiliser etc.); investment (credit, insurance); better storage, handling and market access; and information (prices, weather, pests).
- Improve micro and small enterprise understanding of safety and hygiene by partnering with food processor associations, Food and Drugs Authority and Ghana Standards Authority for training.
- Critical need for assistance to improve quality and consistency of raw materials supply, with feedback to farmers and handlers that rewards good post-harvest handling and provides input into crop planning.
- To increase food security, partner with larger food processors to acquire equipment, technical training and improved business skills (specifically forecasting; supply chain management).
Leveraging agricultural markets for economic transformation

Professor Ramatu M. Al-Hassan, University of Ghana, Legon

Agriculture can power Ghana’s economic transformation through forward and backward linkages that grow employment and incomes, with a positive impact on food prices and food security. Agricultural marketing and agribusiness development are key to realising multiplier effects – every US$1 million of agribusiness output generates 750,000 jobs (World Bank, 2018).

There are clear opportunities for transformation of agriculture marketing and trade with rising demand from a population growing at 2.1% per year, rising income – per capita GDP up from US$1,220 in 2008 to US$1,710 in 2016 – and rapid urbanisation (from 32% in 1984 to 54.7% in 2016). Growing middle class demand often means foreign brands – annual agricultural imports are over US$1.5 bn – but it is also an opportunity for import substitution and export growth. Only about 10% of Ghana’s exports go to the rest of Africa and agreements with the US (AGOA) and the EU (EPA) are under-utilized.

Market systems are mainly traditional, informal and outside regulatory radar. They have weak links between value-chain actors; little record-keeping; little use of standard weights and measures and quality grading; information asymmetry in price setting and transmission; poor packaging and transportation. Regarding input markets, quality issues with agrochemicals include adulteration, unregistered products, product packaging and labeling, misuse of products; and safety of users and consumers. There is a problem of availability and quality of mechanized services. The Ghana Agri-Input Dealers Association (GAIDA) is an important intermediary that can be engaged more

There is notable growth of commercial agriculture – between 1990 and 2013, the number of small farms increased by 8.5%, while farm sizes of 5-10 ha rose 174% and those of 10-100 ha rose 150%. This leads to a growing agro-processing industry that drives new models of partnership to modernise agriculture and marketing, with market intermediation and facilitation by MoFA and local and external partners.

There are at least 15 laws and policies on agricultural marketing, but persistent macro-economic policy challenges include low Budget spending on agriculture (up from 5.8% to just 6.4% over 2012-2015 against the 10% target). Bank credit to agriculture fell from 6.1% in 2010 to 3.8% in 2016 amid high interest rates and unavailability of long-term funds. There is a need for prioritised, strategic investments (e.g. feeder roads, power, communications, warehouses, transport, testing facilities, quality assurance).

Recommendations

- Harmonise policies and strategies for a holistic framework for internal and external marketing
- Evaluate results of 2010 Export Development Strategy and build capacity to link small farmers to commercial farmers and agro-processors.
- Develop marketing infrastructure for priority value chains (fruits and vegetables, roots and tubers, cereals and legumes).
- Develop infrastructure with public-private partnerships; facilitate more trade credit for SMEs.
- Strengthen Women in Agricultural Development and Agribusiness units of MoFA to increase their reach and impact.
Leveraging agriculture for employment through skills development

Dr. Yaw Osei-Asare, University of Ghana, Legon

Agriculture has the potential to lead Ghana’s economy in transformation through growth and productivity increases. However, the sector features primary production, with limited agro-processing and value-addition and a shortage of business and other skills for efficient agricultural value chains.

The general level of skills is relatively low as 62% of people employed in Ghana are school dropouts (from primary, lower secondary school) or have no formal schooling, and only 9% of those employed have senior secondary or higher education.

Ghana’s post-primary agriculture education is geared towards skills development for paid and self-employment. As job creation in the formal sector is low, the informal sector is the viable option for unskilled youth to gain employment through informal apprenticeships. These provide 80% of all basic skills training in Ghana, while public technical and vocational education and training (TVET) institutions provide 7% and profit-oriented and non-profit- skills training provides (13%).

Skills development is a key driver of both economic and social upgrading. In economic terms, it enhances firm competitiveness through increased capabilities, higher productivity and quality. In social terms, it empowers workers, enhances labour mobility and access to higher paying jobs with better working conditions and contributes to job security. Agricultural skills development aims to equip individuals to successfully and sustainably perform tasks in crop production, animal husbandry, forestry, fisheries, processing, marketing, distribution, and/or trading of agricultural products.

Despite decades of programmes and policies, there is no single coherent national skills or TVET strategy with strategic targets, indicators and timelines. The 2004 draft TVET policy framework currently guides operations, with a New Education Reforms (NER) programme (2010-2020) which specifies four streams of skills development:

- academic, technical/vocational, apprenticeship (formal), and agricultural. Ghana has over 200 public TVET institutes, mostly in urban centres, and five agricultural colleges (the most recently founded was in 1968), as well as university programmes and research centres.

There is a huge skills gap along the agricultural value chain (input suppliers, producers, aggregators, traders, processors, retailers) at the same time as there is a growing, unskilled, youthful population that must be harnessed through appropriate TVET and information and communications technology.

Recommendations

- Develop a comprehensive TVET national policy document that harmonizes all aspects of the TVET system in the basis of a national skills development strategy, with part of its focus on agriculture.
- TVET should engage industry in curriculum development and practical training.
- Provide information for secondary students on career options along the agricultural value chain.
Questions and comments to the presenters

- What do you think about having land banks? Tanzania has tried it, and they worked marvelously in China and Vietnam.
- Regarding markets, we should strengthen advocacy for mandatory support for value chain development, noting industrial use of sorghum and cassava in other countries. Ghana imported about 600,000 tonnes of wheat grain in 2016 and this could reach about 1.5 million tonnes by 2030 if we do not get a substitute. The private sector is very interested in policies for value chain development.
- A strong agricultural sector requires effective regulators, such as in the US. Here we have fragmented policies and projects across several ministries. It seems timely to have an agriculture development authority as a regulator to support research, agribusiness and trade while the Ministry of Food and Agriculture concentrates on policy making, evaluation and monitoring.
- What is being done to keep agriculture graduates in the sector, to impart their knowledge in the field and not stick to white-collar office work, even in other fields?
- There is a clear need for harmonization to make agriculture a holistic value chain. How can this be done, paying particular attention to young people getting started in agriculture?
- On harmonization, Ghana has decentralized the Ministry of Food and Agriculture with a department in every district under the Ministry of Local Government and Rural Development which has in turn set up District Centres for Agriculture, Commerce and Technology (DCACT). This is to decentralize some of these initiatives for harmonization, proper implementation and monitoring at district level. In any District, all the agencies and initiatives are being coordinated under the DC ACT. On land issues, in the context of local economic development initiatives, there are some specifically local land tenure issues that have to be addressed so a blanket policy does not work in some areas.

Presenters’ responses

Presenters expressed support for land banks which provide one-stop access to land. Pilots have been run by international agencies involving agricultural land banks with stool landowners in joint ventures with investors. MoFA could explore, with external support, the idea of an agricultural mapping agency using block chain technology to make land more easily available.

It is timely to propose an agriculture development authority but first harmonize the scattered existing policies to provide a clear way forward. The mandate to drive this process is with MoFA, enlisting the Agriculture Sector Working Group which it chairs. Ministries, departments and agencies (MDAs) must recognize that they cannot all be doing things in their own corners. Presenters said efforts and resources should be pooled, with greater leadership from MoFA.

On policy coordination at national level, the National Development Planning Commission was trying to put all the MDAs together on agriculture, especially during the Budget hearings, but this has not worked well. An example is MoFA wanting to lead in developing agricultural marketing policy then pulling up because marketing is under the Ministry of Trade and Industry. Now they are looking at working jointly on a policy.

On training, MoFA has eight TVET institutions and farm institutes providing skills to people interested in working in agriculture. But one question we should look at is: after providing the skills, what next? This is a critical issue if you want to get people into agriculture. How do we help them establish themselves in the sector, some with their own businesses?

Roundtable discussion

The discussion opened on strategies to address the gender gap facing women in agricultural development. Mr. Aboagye said a recent survey found there was little gender gap in getting land to till; it was rather at the level of ownership and control over the use. The patriarchal culture in parts of Ghana disallows women from owning land but women who have money can buy and own land. With technology, the triple role of women – in reproduction, production and household management – means we must devise equipment to reduce the time constraints of household chores. Technology developers need to consult women on gender-friendly design and innovation.

On the problems of building youth interest in agriculture, Godfred Turkson said issues of marketing and post-harvest losses had to be solved. You go in expecting a certain profit, especially when you are told to see it as a business, agribusiness. So there should be stability to incomes in agriculture. In the current job market, Master’s level graduates are settling for monthly pay of GH¢1,000 so good marketing must convince them they can be assured of earning more in agriculture. Regarding ageing farmers, let’s look at the opportunity, as part of the transformation process,
of replacing them with young people farming larger acreages. But a basic issue is how to assure young people of regular income, a good pension scheme, things like that, from agriculture. That is what the youth are looking for. I don’t think they are asking for too much. Solving marketing issues can be done with the right amount of effort and then demand and supply issues will sort themselves out. We should also teach the youth to produce high quality not just for the export market but also for local consumers. Training people will help solve marketing problems where big companies reject local produce because of quality issues.

Boosting private sector investment in agriculture faces some challenges, said William Ajayei-Manu, of the Association of Ghana Industries (AGI) and Ghana Cassava Centre. AGI has been promoting public-private partnership to explore synergies between government policies and private sector experience to transform agriculture. But sometimes there is a disconnect between policies being implemented and businesspeople and investors on the ground. Only a few days ago, we met with key institutions and funders to discuss how to reduce risk in agriculture and attract investors. Credit is obviously vital. I classify agribusiness as real estate – you need investment to put up a warehouse or build a road from your farmgate to the processing or distribution centre. The bank will give you 25%-30% interest rate and I don’t know what commodity you want to produce and sell that will pay back those interest rates and sustain the industry. As my co-panelist said, the market is crucial. To answer the question about production, you start from the market and end at the market. We normally produce without identifying the real market. Look at the one-district one-factory initiative proposed by the private sector. In response to the US$2 billion facility from China, the AGI asked what we could supply them. They said they could buy 4.5 million tonnes of starch if we could supply it, and use the revenue to repay the loan over the long term. This is the kind of opportunity that exists. The cashew industry is also promising. The government is expected to launch a cashew development body very soon and there has been a lot of engagement behind the scene to see how to create opportunities for investors to go into the value chain. Project development is crucial and requires policy makers to really see how to support and sponsor product development to enable investors to take advantage of prospects in the industry.

In order for agribusiness to thrive, some advocacy by civil society organizations (CSOs) has focused on value chain development, said Ebo Graham (Hopeline Institute). Most policies are implemented at district level, so we have championed the setting up of District Centres of Agriculture, Commerce and Technology to localize some of the policies that will bring transformation. We have decided to go into specific crops, for instance rice in Asutsuare. It is going very well because we have been able to lobby the Shai-Osudoku District Assembly to channel some of their bye-laws to make an environment conducive for business to thrive, especially agriculture. We are doing the same in vegetables. Regarding food import policy, we have asked several times for rice imports to be reduced, only to be asked if we can supply the market. These are the kind of things we work on in the background for the government to come out with the right policies for the industry. There is now proper work going on in agronomics to support the rice industry to compete with imports and things are going well in Asutsuare and the Volta Region. On land tenure, we realise some issues are peculiar to certain localities and we have been able to persuade some District Assembly fiscal development people to redirect some of the land towards agricultural investment. One of the questions we are working to address is: what kind of policies enable investors to go into district-level economic development, in agriculture in particular?

This has been addressed through many strategic interventions, said the Ministry of Food and Agriculture (MoFA) representative. One already mentioned by Prof. Al-Hassan is the Northern Rural Growth Programme funded by the International Fund for Agricultural Development (IFAD). This programme used value chain development the key tool to raise private sector involvement. It enabled private firms, whatever the size, to take the lead in decisions affecting production, markets and access to financial services. A model value chain governance structure was developed, called the District Value Chain Committee. It is the platform through which all interventions during the season and pre-harvest are discussed by all actors in the value chain to build trust and transparency. The programme ended in 2016 but some of the lessons learned are being replicated in other programmes. We also have the Ghana Commercial Agriculture Project where relatively endowed farmers are supported because they have the capacity to negotiate with financial institutions and other chain actors. Smallholder farmers can ride on the back of these big-time private sector companies to access most of the value chain interventions, be it production inputs, financial services and marketing opportunities.

Selecting land among the key thematic issues, Anthony Morrison (Chamber of Agribusiness) said the Chamber has started some work with the World Bank and Food and Agriculture Organisation (FAO) on inclusive youth and gender participation in land acquisition for farming. Access to secure agricultural
land is crucial. We have seen situations where a young farmer has gone to acquire land, ploughed and planted, then the landowner decides to give the land to a real estate developer. When there has been no proper documentation, that young farmer loses all the investment. In some areas we have seen cocoa farms turned into rubber plantations. Strategically, as a country, we should be looking at serious policy making – if we need, for example, 100,000 tonnes of rice a year, can the available land produce that amount? We should be able to do some mapping across the country. For me as a young farmer, I will look at the market in relation to where I can have access to land. But without the land, you can’t give the market what it wants. So I go from land to market to the economy of the sector then to processing. If we don’t do proper post-harvest storage and processing your production is almost nil. We need to look at where the country’s strategic plan is going. Professor Al-Hassan mentioned the need to speed up the Warehouse Receipt Bill. Warehousing is strategic and it is running smoothly in Kenya, Tanzania and the rest of East Africa. I’m happy that the African Union Commission is looking at post-harvest technology this year. Food security is a major challenge that we should be looking at.

In terms of programmes that would make a difference to smallholders in the context of gender, Mr. Ajayei-Manu said that when the market is properly in place, everything will fall in line. When food arrives at what we call markets, there are no places to store produce so having modern facilities to box or package and hold the produce is very important for reducing post-harvest losses. You find most of the women in the markets, so let’s develop market facilities to help them operate better.

Finance is a particular issue for youth, said Mr. Turkson. After the initial money you get from family, other people, your own resources, at a certain stage, you need the kind of financing that will accelerate your growth, say US$50,000 to US$100,000 so you can produce much more.

Market-oriented policies will attract private investment in transforming agriculture, Mr. Ajayei-Manu said. He recalled that in 2002-2003 there was deliberate government policy to promote exports of the MD2 pineapple variety that attracted many private investors. If you identify the market, you see what kind of capacity you want to develop to access that niche market, then you will attract investors in the value chain. Another critical aspect is to develop bankable business plans to obtain funding. I am working with the Skills Development Fund and the National Entrepreneurship and Innovation Plan supporting young people and other entrepreneurs to develop business plans. You realise the focus is on the market — tell us what specifications the market requires and we will see what kind of financing model we can arrange. AGRA and ACET should probably support deepening and strengthening market integration – there is so much opportunity in ECOWAS but we only think of China and the US as markets.

Reflecting the concern for policy harmonization, Mr. Graham pushed for the solid establishment of the District Centres for Agriculture, Commerce and Technology to be able to direct district-level policy in agricultural investment. We are helping Districts come up with their own agricultural business plans and potential which will attract the youth. We also want to address food safety issues at district level because a lot of potentially hazardous chemicals are being imported.

On the expected contribution of the government’s Planting for Food and Jobs programme to smallholders and overall agricultural transformation, the MoFA representative pointed to specific areas of support such as supplying improved seeds to increase productivity. The programme also supports fertiliser provision at highly subsidized prices, and is recruiting more extension agents and adopting other approaches to reach out to farmers. The programme ensures ready markets for participating farmers and is compiling a database on them to monitor standards and quality.

Ghana needs to link technical and vocational skills development with agriculture properly. According to Mr. Graham, there needs to be rebranding of TVET with widely available information on the opportunities for skills development and the benefits. Ghana also needs to put together a database on agriculture sector policies, research and development to help build skills and expand the economy.

Questions and comments

- The way we are talking, it looks like we are in despair. Don’t we have any role model we can look up to? During your survey, didn’t you come across middle-class women doing agribusiness and marketing to a certain level? One example is Madame Edusei who has her well-packaged Eden Tree products in the up-market supermarkets. Can’t we replicate what she is doing, or she becomes a nucleus farmer and others piggy-back on her production?

- We at the Food Research Institute, a post-harvest technology institute, believe that developing value chains for crops is more sustainable. With cassava for example, you look at production, then...
process, end use. For now, there is so much demand. The breweries need high-quality cassava flour. Guinness Ghana needs about 40 tonnes a day but capacity to produce that much quality flour is not there. So we need to develop the value chains. One smallholder cannot provide that supply. We are developing a plan to have nucleus farmers aggregating and monitoring outgrower production. We are not leaving the smallholders out but empowering them to produce the roots to supply to a central processor who then feeds the end-user. In this way we develop value chains, not only for cassava, and we make our way forward.

- My department is producing more than 80 agribusiness graduates every year. The question they keep asking is, “How do we set up?”. We know for the majority of them that jobs are not there and they come trained in entrepreneurship etc. with all these theories, but practically, how do they set up their own businesses?
- How do you factor in cultural burdens that prevent some women from becoming big farmers, especially in the north? The second problem is with our seasonal production of crops like pear, mango and watermelon. You can’t get them out of season, but a lot is wasted during the season. How can we get fruits in and out of season?

Panel responses

- Regarding the agribusiness students, Hopeline Institute has helped set up agribusinesses in Ghana and 12 other African countries. Examples here are Betty Quinn, in chips and peanuts; and Selassie Foods. We have worked on the cassava value chain. We are supporting TroTro-Tractor and other initiatives at that start-up level. So anybody who comes out through your system, we have a programme for them to start out on their own. This also helps to manage and reduce the risk for lending institutions to support agribusinesses and link them directly to markets through certification. So we have a relationship with the Ghana Standards Authority and the Food and Drugs Authority to certify them for markets abroad. We also have mentorship and coaching programmes for the youth to go into agro-processing.

- Access to information has been a critical point. If AGRA and ACET would take this matter up to create a platform for young people linking up with AGI and other bodies. The issue has been that most of the big commercial processors are in dire need of skilled, collective producers, and we should encourage our young graduates to get involved. I lived in Ouagadougou and nobody in Burkina Faso had up to 100 hectares of tomato but because they have clustered them and ploughed over 100,000 hectares and developed irrigated land, they have been able to allot some of those plots to young people and connected them to smartphone systems for production and market information. It is very well structured. We need to package things very well. While some entrepreneurs go to AGI, others want outgrowers to supply them with raw materials that we don’t have. That disconnect is what we have to tackle to open up opportunities.

- An agribusiness graduate has two options: going into entrepreneurship or into production. What does that person need for production? The cost of setting up is a big disadvantage and people just do not have the capital. There is no timely credit that takes the production sector into consideration, so as soon as you go for credit you start paying instantly. We need the government to come in with a strategic policy. They should say that if you are an agribusiness graduate, you have a business plan, here is a national incubation project that can give you a certificate for your business plan that runs for two years and that gives you National Board for Small-Scale Industries’ certification, Standards Authority certification and export certification. For all this, you will have portfolio managers managing you and you do not have to pay a dime. If you look at what it takes to register a company, from the district to the Registrar-General’s Department, Food and Drugs Authority, Ghana Standards Authority, you will have spent maybe GH¢4,000 on certification and everything including travel, and you only have GH¢5,000- GH¢6,000 promised by your father or uncle! We also need to align the value chain. If I know my strength is ginger production, he is into processing and packaging, he is into direct sales and marketing, we should identify ourselves along the value chain.

- It is difficult to change culture. We used to talk to the women only but now we engage both; but then, when you put them together only the male voices are heard. So we are segregating them, engaging both sides, empowering the women and making the men understand their supportive role in making this empowerment manifest.

- Everybody talks about marketing problems; nobody says enough about production problems, about productivity and the relationship to profits. But with marketing also, is there a problem with price? Can Ghanaians pay more or might it be cheaper to import? And in terms of interventions,
are we expecting the government to do things it is least capable of? If you want to upgrade market information you shouldn’t expect that from MoFA but you could get it more reliably from the private sector. Perhaps we are expecting more than we should from bureaucrats developing the value chain.

- In terms of market prices, one issue is the person who gives out the import license. I did contract farming – 100 acres of ginger at a time it was GH¢500 a bag. When we were about to harvest, ginger came from Nigeria; we couldn’t even sell at GH¢200 a bag. I’m not against sub-regional trade but we need to make sure that somebody responsible for giving permits for such imports should take into consideration any excess of ginger in the market. Whoever gives the permit for tomatoes to come into Ghana from Burkina Faso, has that person taken into consideration the excess of tomatoes in Ghana’s major tomato-producing areas? This is why I insist we need a regulator in place that links information from district to national level where the permits are given.

Concluding session: The way forward

Moderating the session, Dr. Ed Brown noted the underlying importance of industrial policy for agriculture and the critical role to be played by the ministries of trade and industry, of finance, and the Investment Promotion Centre. This linked to the observations made earlier by participants about licensing, relative pricing and productivity. The Ministry of Food and Agriculture (MoFA) is not the best place to deal with these issues of production, not agricultural production alone, but how to create small and medium enterprises that are competitive within the regional market as well as the global market. This means industrial policy issues need to be looked at. For now, what are the three or four key policy recommendations coming out of this conversation today? Institutional reforms such as an agricultural authority? District-level coordination? Where are there gaps in understanding of critical issues and what relevant information needs to be gathered?

On markets

- With reference to information gaps in the system and price fluctuations, I know we have Helpline, Hopeline, Essoko and other groups all providing different prices depending on where they get them. Can we have a national price dashboard linked to all the smaller private price information operations so that at any point in time, we can know the average national price of tomatoes. Before I go to Burkina Faso to import, I already know there is already a cheaper tomato on the market. Because of a lack of general information, people import and inflate prices of these national food security crops. We need some controlling mechanism. Secondly, are we expanding the market so foreign players can come in or protecting indigenous companies investing in the industry? If we expand too much, we cramp existing local players; and too much state protectionism may prevent market fluidity. So we need reliable price information for the market to operate well.

- We need legally backed mandatory policy on local content to create market opportunities for agribusiness. Some of the current measures are not mandatory.

- On access to finance, we were working on a project with the Bank of Ghana – there is something similar in Nigeria – for the government will provide up to
70% risk guarantee to any financial institution that lends to the agriculture sector.

- We need a sustained coordinated effort to get the right information for investors to assess. If it is the Ministry of Trade and Industry taking the lead role, that is fine, but it should have a focused package of information that investors can really use for business decisions. This means reinforcing its institutional capacity to provide such information.

- Currently there is a document in every district on the agricultural investment potential of every one of them. This Business Case document is to stimulate investment to go into those areas. It highlights two crops doing well in the district and their potential.

- The Ghana Standards Authority (GSA) needs to ensure quality in our local produce and standardize the weights and measures. Even the olonka tin that we use, GSA could put its official stamp on a standardized one for use in every market so customers are not cheated so often.

- Agricultural extension lacks resources to operate. Agriculture has moved from state-owned to private sector-led so we should look at how to set up private extension services which absorb all the government extension workers and work with a national quota system. For example, we can say Brong Ahafo, you do 10 major crops; we need 150,000 tonnes of maize from you every season. The private sector extension company that is there, the greater the production, the more they benefit.

- As a member of the Ghana Rural Journalists Association, I believe it is time to train more journalists in the rural areas, the ones in the districts and villages using community radio. They are very powerful; whatever they say, farmers buy into it. They are very important for knowing the issues on the ground regarding innovations, new seedlings, new markets. Let us go to the communities and talk in their local languages and they will ask you the experts good questions.

- We need more work on branding.

**On land policy**

- We need agricultural land banks, learning lessons from elsewhere. There should also be a database and website so information is accessible on where there is genuinely available land. Land banks also promote youth access to land for agricultural production. And for those giving out those huge acreages – 5,000, or 10,000, even 50,000 – can now have a joint venture; they don't have to sell the land outright and their offspring can also benefit.

- The Ministry of Food and Agriculture has a project called Ghana Commercial Agriculture Project (GCAP), working with the Lands Commission. When it started, it tried to look at land banks and doing a directory, mapping where communities and districts wanted to give land to investors. It would give information about land size, how close to markets, soil types and so on. Unfortunately, that was not carried through. I know they have worked on a land bank strategy.

- All useful information should be available on land, in terms of price, soil type, rainfall pattern and so on.

- District Assemblies should pass bye-laws to give incentives to people to leave their land permanently in agriculture.

- Moderator Ed Brown observed that good geoscience mapping of Ghana’s land would be an asset and some work was done on this with the National Development Planning Commission’s long-term national development plan. The apex body, the Ministry of Lands and Natural Resources must be strongly linked with all the land institutions for effective coordination, as well as with ministries such as trade and industry, and finance. New technology, and automation are going to be good for agriculture, block chain is going to be fundamental in breaking the current political economy very important in building trust and ending the information asymmetry that facilitates rent-seeking behaviour.

- We need some percentage of government cyberspace for block chain technology to be used across all sectors.

- Why do we need the state when the private sector can host the data?

- Agriculture is a national security issue, the volume of data is huge and private servers would charge you many millions a month to host. We have a national database sector that can host our agricultural data and all the research can be fed in there for investors and entrepreneurs to use in their business development.

- Land is not the only factor. We must have access to water bodies. Most people know little about irrigation. We do training in crop production but not in how to apply irrigation technology so we need to look at that component.
On agro-processing and agribusiness

- We learned in India that most of the agro-processing is not done in the cities; processing and packaging take place in the village before the products are sent to the city, mainly by rail. In Ghana, at each raw state, we are struggling to hurry and send it to the city for processing. Over there, it is local processing with cheap labour and some government subvention.

- It is an industrial policy issue – how you create and support small- and medium enterprises to be competitive and survive, and link them to markets. There are also infrastructure issues. In Ghana do we have enough power for such rural enterprises? How about transportation, particularly by rail for bulky agricultural produce for agro-processing?

- Policy recommendations include stronger links between big businesses and the SMEs, and providing grants for equipment for the SMEs in agro-processing.

- One of the reasons India is doing well in the rural economy is the use of biogas. It can be used in lighting and other things. Energy supply should be decentralized; the rural economy should not rely on the national grid. A farm in Asutsuare should be able to use its waste to generate energy. Then you can put up a processing plant. The waste from the rice plant can feed pigs and their waste can produce energy, so there is a whole economy.

- Ghana has 80% access to electricity so there is little interest in going solar which is expensive to start with.

- Ed Brown pointed out that the state has an important role to subsidize and make solar affordable. In China 25 years ago, only 20% of the solar panels were produced by Chinese firms. Today, even if you are looking for solar panels from Germany, they will likely be made in China. The state has a critical role to play in driving changes. Initial costs are always very high. You might think developed countries are capitalist, but they are more developmental than you can imagine. We need to look at the role of the state as a catalyst. If we really want solar energy to work, the government must provide the enabling environment, to the extent of subsidizing interest rates for companies producing solar panels in Ghana to bring costs down. Over time, the market will take over.

- In other countries, there is a strong interface between intelligence and production. They build trade data to feed their trade policy and their entrepreneurs to build global businesses. In Ghana, we just don’t have it. We need that intelligence interface for our agricultural production and our agribusiness to grow.

On skills development

- We have over 200 public TVET schools. But I understand most of them are virtually empty. People take it as a second option. The free senior high school (SHS) policy has made things worse – everybody wants to go to SHS. If you go to TVET it means you failed. In other countries it is far from the case. In Germany, the only take 30% of students into the academic area. The rest go into technical and vocational. We have developed a grammar school mindset so where do we intervene to get TVET working?

- About 70% of students in Ghana are in liberal arts and around 20% in science, technology, engineering and mathematics (STEM). This needs to be changed at policy level and curriculum development. You also have to look at those out of the education system and without skills – how to develop their skills to become relevant in the future job market.

- There is need for harmonization. The agricultural colleges are under the Ministry of Food and Agriculture while vocational training is under the Ministry of Employment and Social Welfare. The harmonization and coordination are required to solve the huge skills shortage in industry.

- We need TVET for people who want it and not just for people in a certain age group. I wanted to build and operate a greenhouse and looked for training. I was told they only trained people between ages 18 and 35. We also need top-up courses for people in agriculture with no prior formal education but wanting to get a degree or diploma. You might have the money and the interest but the training may not be available. And there are many who get the training but don’t stay in agriculture. So we need training for people already in the agriculture industry.

- There needs to be clear pathways through TVET to the top of professions such as engineering.

- People with soft skill qualification should also have qualification in hard skills. In Japan for instance, if you are a medical doctor, you are asked to have some electrical or electronics skills that complement what you do because you handle apparatus that you need to test and so on. If we do that, people will begin to see hard skills as an essential component of their soft skills.
Conclusion

Ed Brown thanked all participants and particularly the four researchers – Professor Al-Hassan and Drs. Appiah, Osei-Asare and Owusu – for their excellent contributions to this pilot Ghana Agricultural Transformation Forum organized by ACET and AGRA. The agricultural modernization and transformation program in ACET is part of the Pan-African Coalition for Transformation (PACT). This is a series of chapters that ACET has developed in partnership with other technical institutions such as AGRA and the Overseas Development Institute (ODI), working with a number of African countries to inform policy development and implementation.

One such chapter looks at external and domestic resource mobilization, public financial management, taxation and related issues in six core countries, sharing information and learning from each other on how to surmount challenges. Another chapter on light manufacturing, which involves agribusiness and agro-processing, looks at industrial policy and how countries are trying to move those sectors forward. A third chapter is local content and value addition, particularly in the extractive sector. We have done detailed studies on eight countries – Burkina Faso, Ethiopia, Ghana, Mozambique, Namibia, Nigeria, South Africa and Zambia – sharing the results with them.

What we did here today is not going onto a shelf. It is going to move forward and some of the suggestions made today will inform our interaction with governments, not trying to reinvent the wheel but to bring evidence to policy making. That is the key objective of this event. Thanks again to all participants and to AGRA for our partnership.
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