

**The contributions of international development partners to rural poverty reduction in Ghana: A case study of the international fund for agricultural development (ifad) and small-holder farming in the Sekyere-West District, Ashanti Region.**

**by**

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**(B.A (Hons), PGD Info. Sc.)**

A thesis submitted to the Department of Geography and Rural Development  
Kwame Nkrumah University of Science and Technology in partial fulfillment of  
the requirements for the degree of Masters of Arts on April, 2010.



**Faculty of Social Sciences**  
**College of Arts and Social Sciences**

**April, 2009**

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**April, 2009**

## DECLARATION

I hereby declare that except for references to other people's work to which due acknowledgement has been given, this work is original and no part of it has been presented for another degree in this University or elsewhere. I accept responsibility for errors of omission or commission in the course of the research and the subsequent write up.

KNUST

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## **DEDICATION**

This work is dedicated to the memory of my late father John Kwabena Amoah and to the honour of my mother, Theresa Akua Adwubi.

KNUST



## ACKNOWLEDGEMENTS

This research work has come about as a result of my quest for a higher academic qualification. In the process many people have, directly or indirectly, contributed to the production of this thesis. There are many people who have assisted with information and comments to make this work a reality. To list them all would be impossible and therefore a few would be mentioned. My sincere and heartfelt thanks go to Mrs. Rita Yembilah Barre, Mr. Kwadwo Afriyie (initial Supervisors) and Mr. Felix Asante (substituted Supervisor) for their ingenious, splendid and unrelentless guidance and constructive suggestions that led to the successful completion of the work.

My appreciation also goes to the entire Library staff of the Forestry Research Institute of Ghana (FORIG), Fumesua-Kumasi for their immense assistance to me during this project work. Particular mention is made of Mr. Joe Sebuka who painstakingly typed the entire report.

Finally, I give all the glory to God for His mercies and the good health I enjoyed throughout the programme.

K.K. Asamoah

April, 2009

## ABSTRACT

Although available statistics in recent years reveal a decline in poverty in Ghana, many people still live below the poverty line. Rural small-holder food crops farmers are the most vulnerable groups affected by poverty. They have limited access to productive assets, most especially micro-credit. Many international development organisations have emerged to help alleviate some of the problems encountered by the rural poor. The International Fund for Agricultural Development (IFAD) as an international development partner in Ghana, has been working with small-holder farmers in the Sekyere West District since 2000 with the aim of improving rural income, reducing vulnerability, ensuring rural household food security and generally improving the well-being of the rural poor. This thesis examines the effects of IFAD's project on food crops production, employment as well as income levels and the general welfare of small-holder farmers in the District.

A random sample size of 240 IFAD assisted farmers in the District was used to undertake the study. Cross-sectional data covering the farming years (2000 – 2004) were elicited from the farmers through structured interviews and focus group discussions. Information such as sources of financing, farm input, farm size, crop yields and income levels were sought from the farmers.

The study revealed that IFAD, as enshrined in its policy statement of ensuring gender equity in the distribution of its resources/assistance (IFAD, 2000), equal number of male as that of female small-holder farmers (approximately 50-50 respectively) were selected in the District to participate in the project. The study also showed that majority of the farmers interviewed depended on farm income as their main source of subsistence. Micro-credit provision was particularly seen as the most important factor influencing food crops production in the District. The study also showed that the effective training and monitoring activities of IFAD field staff ensured that resources given out to the farmers were not misappropriated. The study showed that the project registered a high food crops production rate as well as a high loan repayment rate of the farmers. Furthermore, the study revealed that the average income of beneficiary farmers increased considerably over the project period due to the good marketing strategy introduced by the project.

Based on the findings of the study, it was recommended that the government should adopt and replicate the IFAD intervention scheme in all the other districts in Ghana since the project could have a multiplier effect on the livelihood of the rural poor especially the small-holder farmers.

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

ACHD	African Centre for Human Development
ADC	Agricultural Development Corporation
ADRA	Adventist Development and Relief Agency
AFRC	Armed Forces Revolutionary Council
AgSSIP	Agricultural Services Sub-Sector Investment Programme
CGIAR	Consultative Group on International Agricultural Research
CIDA	Canadian International Development Agency
CPMS	Continuous Poverty Monitoring System
CPP	Convention People's Party
CTA	Technical Centre for Agricultural and Rural Co-operation
CWTP	Consultation with the Poor
DANIDA	Danish International Development Agency
DCE	District Chief Executive
ERP	Economic Recovery Programme
FAO	Food and Agricultural Organisation
GFDC	Ghana Food Distribution Corporation
GDP	Gross Domestic Products
GLSS	Ghana Living Standard Survey
GOG	Government of Ghana
GRATIS	Ghana Regional Appropriate Technology Industrial Service
GTZ	German Technical Co-operation
IDRC	International Development Research Centre

IFAD	International Fund for Agricultural Development
IITA	International Institute of Tropical Agriculture
IMF	International Monetary Fund
ISNAR	International Service for National Agricultural Research
MDAs	Ministries, Departments and Agencies
MOFA	Ministry of Food and Agriculture
NDPC	National Development Planning Commission
NGOs	Non-Governmental Organisations
NLC	National Liberation Council
NRC	National Redemption Council
NRI	Natural Resources Institute
ODA	Overseas Development Agency
OFY	Operation Feed Yourself
PNDC	Provisional National Defence Council
PNP	Peoples' National Party
PP	Progress Party
PPA	Participatory Poverty Assessment
STEPS	Skills Training and Empowerment Programme
UN	United Nations
USAID	United States Agency for International Development
WHO	World Health Organisation

## **CHAPTER ONE**

### **GENERAL INTRODUCTION AND ORIENTATION OF THE STUDY**

#### **1.0 Introduction**

International funding plays a significant role in the socio-economic development of many developing countries. Every year, about a third (1/3) of Ghana's budgetary requirement is provided by her international development partners. For instance, in 2002 Canada supported Ghana's annual budget with \$480m (CND) (Aryeetey et al, 2003). Between the years 2003 – 2005, the British Government provided an amount of £95.7million to support Ghana's poverty reduction programmes. In 2006 alone, the British Department for International Development (DFID) provided bilateral aid of £70million to Ghana (Fordjour, 2007). Most of the funds provided by these international development partners are geared towards poverty reduction programmes, particularly in the rural areas where poverty is more pronounced.

Although the most recent Human Poverty Index in Ghana indicates that poverty level has declined from 51.7 percent in 1999 to 41 percent in 2003, (ISSER, 2004) many people still live below the poverty line. Poverty is generally agreed to be complex and multi-dimensional in nature. Its causes are diverse, its manifestations are contextual, and it is not only a state of deprivation but also a set of processes (Carney, 1999; World Bank, 1999). In Kankwenda's (2000) view, poverty is almost never defined in itself, but described through other concepts such as growth, well-being, exclusion or equity. As a result, it is not easy to identify the key elements of poverty, especially when defined in relation to specific contexts, whether global, regional, national or local.

International institutions such as the World Bank and the International Monetary Fund (IMF) use economic indices to measure poverty. To these institutions, people who earn less than a dollar (\$1) a day are considered poor (World Bank, 2000). However, the Ghana Living Standards Survey (GLSS) uses both income and expenditure indices to define and measure poverty, characterising the poor as those subsisting on a per capita income of less than two-thirds of the national average. According to the GSS (1999), people whose income and expenditure are less than ₵700,000 (approximately US\$100) per year were considered poor.

In Ghana, the cause of rural poverty has been attributed to low output especially in the agricultural sector, which employs about eighty percent of the economically active rural population (ISSER, 2004). The low output levels result from many factors including erratic weather, poor farming practices, high cost of inputs, infertile lands, and credit as well as poor infrastructural development, market and storage facilities. Other causes are low levels of education and skills for production and management.

In order to reduce poverty, many African governments have realised the need to increase production in the agricultural sector. Consequently countries such as Ghana, Cote d'Ivoire and Nigeria have appealed to their international development partners to assist in developing the agricultural sectors of their economies since agriculture, especially small-holder farming, contributes to poverty reduction by providing employment, food security, and raw materials for majority of the rural and peri-urban population. Even though rural economies in developing countries are becoming more diversified, majority of the people are still engaged in agricultural activities. If rural dwellers are given the opportunity to cultivate the land, access to credit, technical

assistance, and markets for their produce, it will be possible for them to overcome their poverty and make a sustainable contribution to national development.

Having been convinced of the potential of agricultural development as an effective tool for rural poverty reduction, international development partners including Adventist Relief Agency (ADRA), Canadian International Development Agency (CIDA) and the International Fund for Agricultural Development (IFAD) have channeled resources and support into agricultural development. The effects of the assistance given by IFAD, on the livelihood of the rural poor are the focus of this study.

### **1.1 The Problem Statement**

In most rural development literature on developing countries, agricultural development is considered one of the best vehicles to reduce rural poverty. This conviction is based on the fact that, the majority of the rural poor are engaged in agriculture or agricultural-related activities for their livelihood (Lele and Agarwal, 1989). Agricultural growth stimulates economic growth in non-agricultural sectors, which, in turn, results in increased employment and reduced poverty.

The agricultural sector plays an important role in the socio-economic development of Ghana. In 2001, the sector employed over 70% of the rural labour force, contributed about 36% to Gross Domestic Product (GDP) and accounted for over 57% of the foreign exchange earnings (World Bank, 2003). Over 90% of agricultural production in Ghana is carried out by peasant, small-holder farmers on plots of one hectare or less in the rural areas. The group is made up of self-employed farmers producing mostly staple food crops and some commercial crops. About 6.5 million families earn their livelihood from small scale farming. Small scale farming (with an average size of 1.2 hectares)



account for over 80% of agricultural produce in Ghana (SRID, 2001). These statistics buttress the point that “small-holder agriculture is simply too important to employment, human welfare and political stability in Sub-Saharan Africa to be either ignored or treated as just another small adjusting sector of a market economy” (Delgado, 1998).

According to the FAO (2004), small-holder agriculture growth often has strong, significant and positive effects on poverty reduction than any other economic sector in Africa. Similarly, Irz et. al. (2001) analysed the relationship between agricultural growth and rural poverty in Southern Africa and concluded that agricultural development has a strong effect on rural poverty reduction. For example, it was observed that, one-third increase in agricultural yield reduced rural poverty by one-quarter or more. The study also showed that agricultural growth was the primary channel for achieving household food security. Another study conducted in Indonesia found that agricultural growth reduced the depth of poverty by 50% in the rural areas (FAO, 2004). Promoting small-holder agriculture could therefore be an effective strategy to reduce rural poverty and improve rural livelihoods.

In spite of the importance of small-holder agriculture to addressing rural poverty, small-holder farmers in Ghana are confronted with many challenges. Among the challenges are; limited access to micro-finance, extension services, market, and the use of unsophisticated technology. These challenges make small-holder farming unattractive and financially unrewarding. To assist small-holder farmers get out of this condition, international development partners through NGOs have injected financial resources into the economy of Ghana with the view to reviving rural economies.

Recognizing the need for small-holder agricultural development as an effective tool for rural poverty reduction, the Sekyere West District Assembly in 1999 elicited the assistance of the International Fund for Agricultural Development (IFAD) to stimulate small-holder agricultural activities in the District. Since 2000, IFAD has been assisting small-holder farmers in the District to improve upon productivity and also training the youth in employable skills.

Since the introduction of IFAD's intervention in the District over eight years ago, no study has been conducted to assess the effects of the intervention on small-holder farmers and their fortunes. The study was therefore aimed at evaluating the contributions of IFAD's intervention to the livelihoods of small-holder farmers in the District in terms of food crops production, rural employment creation and income levels of beneficiaries.

### **1.2 Objectives of the Study**

The main objective of the study was to find out the contribution of IFAD's intervention to the livelihood of small-holder farmers in Sekyere West District (SWD). Specific objectives of the study were to:

1. find out the contribution of IFAD's micro-credit facility to food crops production.
2. assess the contribution of IFAD's training and extension services to food crops production.
3. determine the contribution of IFAD's marketing strategies to farm income.
4. assess farmer's perceptions of the intervention.

### **1.3 Research Propositions**

Two main propositions were made:

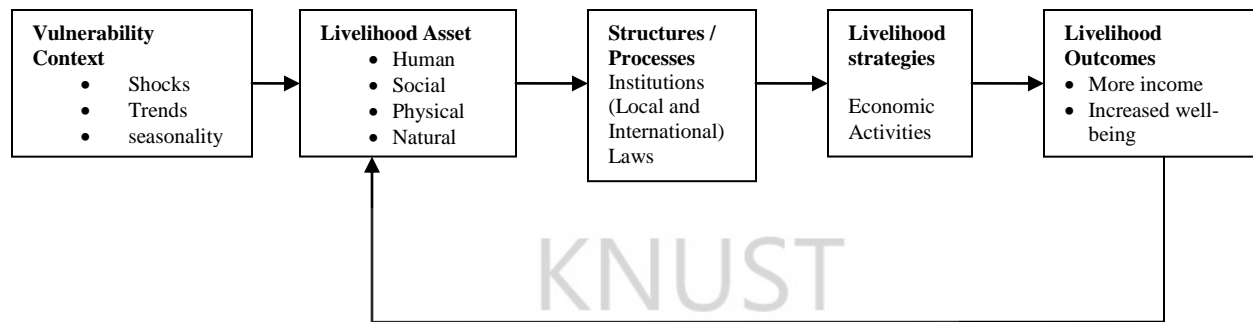
- a) Access to micro-credit has positive impact on food crops production
- b) IFAD's marketing strategy has improved farm income and has had positive impact on the livelihoods of small-holder farmers in Sekyere West District.

### **1.4 Conceptual Framework**

The conceptual framework used in the study is the sustainable livelihood framework, adopted from the Department for International Development (DFID, 2001) as a tool for improving our understanding of rural livelihoods. The model is suitable for this work, because it presents the main factors that affect people's livelihood, and the typical relationships between the factors that influence people's livelihood. It could be used in planning new development activities and assessing the contribution to livelihood sustainability made by existing activities (DFID, 2001). The main components of the framework are the vulnerability context, livelihood assets, structures/processes, livelihood strategies and livelihood outcomes. These factors interact with one another to produce positive or negative outcomes.

The livelihood approach is concerned foremost with people. It seeks to gain an accurate and realistic understanding of people's strengths (assets or capital endowments) and how these assets convert into positive livelihood outcomes. The approach is founded on a belief that people require a range of assets to achieve positive livelihood outcomes; however, no single category of assets on its own is sufficient to yield the livelihood outcomes that people seek. This is particularly true for poor people whose access to any given category of assets tends to be very limited. As a result, they have to seek ways of

nurturing and combining what assets they have in innovative ways to ensure survival. The relationship between the major livelihood actors as depicted by the framework is shown in Figure 1.



**Figure 1: Sustainable Livelihood Framework**

Source: DFID (2001). Sustainable Livelihood: Lessons from Early Experience. DFID, London

The vulnerability context frames the external environment in which people exist. People's livelihood and availability of assets are fundamentally affected by external factors such as critical trends, shocks and seasonality, over which people have limited or no control. The vulnerability factors are important because they have a direct impact on people's asset status and the options available to them in the pursuit of beneficial livelihood outcomes. Shocks can destroy assets directly (in the case of floods, storms, or civil conflict). They can also force people to abandon their homes and dispose off assets (such as land) prematurely as part of coping strategies. Small-holder farmers in Sekyere West District are vulnerable to seasonal price changes for their produce, crop failure since they practice nature dependent agriculture, prone to natural hazards such as floods and bushfires and inappropriate government policies that affect their livelihood outcomes.

The livelihood framework identifies five core assets (categories of capital) upon which livelihoods are built. These are human, social, natural, physical and financial capital. Human capital represents the skills, knowledge, desire and good health that together enable people to pursue different livelihood strategies and achieve their livelihood objectives. Human capital appears in the framework as a livelihood asset, that is, as a building block or means of achieving livelihood outcomes. Human capital is required in order to make use of any of the four other types of assets. It is therefore necessary, though not on its own sufficient, for the achievement of positive livelihood outcomes.

The term ‘social capital’ is taken to mean the social resources (such as farmers’ cooperative societies that supply input at reduced prices) upon which people draw in pursuit of their livelihood objectives. These are developed through social cohesiveness and networks that increase people’s trust and ability to work together and expand their access to wider institutions whilst natural capital refers to the natural resource stocks from which resource flows and services useful for livelihood are derived. There is a wide variation in the resources that make up natural capital, from intangible resources such as the atmosphere and micro-organisms to tangible assets used directly for production (trees, land, etc.). Within this framework, the relationship between natural capital and the vulnerability context is particularly close. Many of the shocks that devastate the livelihood of the poor could themselves be natural processes that destroy natural capital (e.g. fires that destroy forests, floods and earthquakes that destroy agricultural land) and seasonality is largely due to changes in the value or productivity of natural capital over the year.

Natural capital in the Sekyere West District is favourable for economic activities such as farming, fishing and mineral extraction. Land, which is the major natural capital for agricultural production, is abundant in the study area and there is easy access to it. Channels of access to land in the District include the family, marriage, share-cropping, lease, outright purchase, deed of gift and mortgages. Communal ownership is the major feature of land tenure in most parts of the District with family heads and chiefs as the custodians of land. Although some individual ownership does occur, it constitutes a small fraction of the District's landmass. Only 7% of the farmers sampled owned the land they cultivate. The major natural mishap that frequently disrupts farming activities in the District are bush fires and flooding especially in the Afram Plains portion of the District.

Physical capital comprises the basic infrastructure and producer goods needed to support livelihood activities. Infrastructure consists of changes to the physical environment that help people to be more productive and to meet their basic needs. Producer goods are the tools and equipment that people use to function more productively (DFID, 2001). The District is served with relatively good feeder roads and waterways linking the producing centres to major marketing centres within and outside the District. Limited accessibility in some parts of the District especially in the Afram Plains tend to increase the vulnerability of the small-holder farmers, since much of the farm produce rots at the farm gate before getting to the marketing centres.

Financial capital denotes the financial resources that people use to achieve their livelihood objectives. Financial capital is probably the most versatile of the five categories of assets since it can be converted with ease into other types of capital. Ironically, this asset tends to be unavailable to the poor. In the study area, access to



financial capital, is a major challenge to the small-holder farmers (DFID, 2001). Despite the existence of many financial institutions such as Kwamanman and Otuoasikan Rural Banks, Ghana Commercial Bank, Standard Chartered Bank and private lending financial institutions in the District, small-holder farmers cannot access micro-finance due to the inability to provide collateral securities.

Within the livelihood framework are also the institutions and organisations (generally termed as structures and processes) that formulate policies and legislation that shape livelihood strategies. They operate at all levels, from the household to the international arena. They effectively determine: access (to various types of capital, to livelihood strategies and to decision-making bodies and sources of influence); the terms of exchange between different types of capital; and returns (economic and otherwise) to any given livelihood strategy. In addition, institutions and organisations have a direct impact upon whether people are able to achieve a feeling of inclusion and well-being.

The livelihood framework seeks to promote choice, opportunity and diversity. Livelihood strategy is an overarching term used to denote the range and combination of activities and choices that people make in order to achieve their livelihood goals. Rural livelihood strategies are aimed at improving well-being, reducing vulnerability, ensuring food security and increasing income. Livelihood outcomes on the other hand refer to the achievements or outputs of livelihood strategies. The livelihood outcomes that appear in the generic framework are effectively introduced to make the section of the framework manageable as each one may not be relevant in any given situation.

IFAD, as an international development partner in Sekyere West District has been providing resources in the form of capital assets to the most vulnerable population to

enable them achieve their livelihood outcomes. IFAD's intervention programme for small-holder farmers in the District was aimed at providing the people with the necessary skills and financial support to enable them adopt positive livelihood strategies to improve their socio-economic conditions and sustainable use of the natural resources.

## **1. 5 Research Design**

### **1.5.1 Sources of data**

Both primary and secondary data were used for the study. A review of the literature on small-holder agricultural development, rural livelihood, international development agencies and rural poverty reduction programmes in Ghana, were undertaken from a variety of sources including, most prominently, books and journals. These served as secondary sources of information for the study. Primary data was gathered using structured interviews and focus group discussions. Focus group discussions were held with selected farmers from each of the selected farming groups. Financial institutions that participated in the project were also roped into the study by interviewing the managers to elicit information on credit advanced to farmers and the repayment rates of the loans. Similarly, focus group discussions were held with some staff of IFAD and the Sekyere West District Assembly for in-depth information as to the impact of the project on the beneficiary farmers and the community as a whole.

### **1.5.2 Sampling technique and data generation.**

IFAD as a policy has divided its operational areas in the District into four zones, namely Mampong North, South, East and West (Table 1.1). Each zone consists of several communities made up of individual farmers who came together to form farming groups (Table 1.2).



**Table 1.1: The Sample Frame of the Study**

<b>IFAD Operational Zones</b>	<b>Zonal Headquarters</b>
Mampong North	Mampong
Mampong South	Nsuta
Mampong West	Kwamang
Mampong East	Oku

**Table 1.2: Zones & Farming groups**

<b>Zone A</b>	<b>Farming Groups</b>	<b>Farmers Selected</b>
Mampong North	Mampong **	20 <sup>++</sup>
	Adidwan **	20 <sup>++</sup>
	Yonso	
	Kofiase **	20 <sup>++</sup>
	Boanim	
	Bosomkyekye	
<b>Zone B</b>	<b>Farming Groups</b>	<b>Farmers Selected</b>
Mampong South	Nsuta **	20 <sup>++</sup>
	Beposo**	20 <sup>++</sup>
	Anansu	
	Amoamang	
	Ankamadoa **	20 <sup>++</sup>
	Bemma	
<b>Zone C</b>	<b>Farming Groups</b>	<b>Farmers Selected</b>
Mampong West	Kwamang**	20 <sup>++</sup>
	Atonsua **	20 <sup>++</sup>
	Dida **	20 <sup>++</sup>
	Akyease	
	Amagoase	
	Kyebi	
<b>Zone D</b>	<b>Farming Groups</b>	<b>Farmers Selected</b>
Mampong East	Jeduako **	20 <sup>++</sup>
	Birem **	20 <sup>++</sup>
	Aframso	
	Kyekyebon	
	Nkodwoa **	20 <sup>++</sup>

Source: Researchers own design from Field Study: 2006

\*\* Farming groups selected for the study

<sup>++</sup> Farmers selected in each group for the study

There were at least five farming groups in each zone. In all, twenty-two farming groups were identified in the study area. As at 2004, 4,200 farmers had been registered as beneficiaries of the intervention. It was out of this number that a random sample size of 240 was taken for the study. The 240 sample size formed about 6% of the beneficiary population. This number was chosen due to time and logistic constraints. The population was found to be uniform hence the decision to use simple random sampling to choose the sample size for the study.

In each of the four operational zones, a list of all the farming groups was prepared. Simple random sampling method was used to select the needed sample size. First, simple random sampling was used to select three farming groups in each of the four operational zones. This was done by assigning a number to each group and then drawing a set of random numbers which identifies ( $n$ ) members of the population to be sampled, thus 12 farming groups were selected at the first stage. Again, a list of all individual farmers, in each of the selected farming groups was prepared, excluding the dead. Still using the simple random sampling technique, 20 individual farmers from each of the selected 12 farming group were chosen for the study. The sampled population for the study was 240, out of which 228 were contacted. Several visits were made to the houses of the 12 other persons included in the sample but they were not available for the interview. Also, three focus group discussions were held. One with the farmers (24 farmers were selected; a male and a female from each of the farming groups), one with the Sekyere West District Chief Executive and two members of the Assembly as well as two members of staff of IFAD. Lastly another focus group discussion was held with the Project Managers of the three banks that disbursed the fund.

### **1.5.3 Data Presentation and Analysis**

The data gathered was analysed using both qualitative and quantitative statistical methods. Data collected from the field was edited, classified, coded and quantitatively analysed using the Statistical Package for Social Sciences (SPSS v.16). This generated frequency tables, measures of ratios and variations. Cross tabulation as well as regression analysis were used to establish relations between variables. Percentages and charts were employed to present results and findings. The qualitative data was analysed using content analysis as a tool to describe and make inferences to responses of the respondents.

### **1.6 Justification for the study**

Small-holder food crops farmers in Sekyere West District practice subsistence farming. Most people lack access to the basic financial resources, essential for managing their precarious lives. To assist small-holder farmers, many international development partners, have injected financial resources into the economy of many developing countries with the view of reviving the economic activities of the rural poor. Whether such resources have actually achieved their intended purposes needs to be evaluated.

Micro financing is considered by IFAD as a vital tool in addressing rural poverty. Globally, two thirds of IFAD's current projects in poverty alleviation have a rural financing component (IFAD, 2003). Most of IFAD's target groups are small producers engaged in agricultural and non-agricultural activities in areas of widely varying potential. With the introduction of IFAD's intervention programme in the Sekyere West District, much research has not been carried out on the utilisation, management and effects of IFAD's intervention programme on the beneficiaries in the District.

This thesis is therefore an attempt to bridge the gap in knowledge in this field. The study would provide policy makers in rural development with literature in appraising activities and programmes of international development agencies associated with agricultural development in the country. The study would add to knowledge and scholarly literature in the fields of foreign aided programmes and rural development.

### **1.7 Limitations of the Study**

Several difficulties were encountered during this study. Most of the farmers interviewed relied heavily on their memories and could not give specific answers to specific questions. This was apparently due to the fact that most farmers did not keep proper records on their farming activities. This led in some cases to farmers giving inconsistent responses. Invalid answers to questions asked could have had adverse effect on the analysis hence a lot of time was taken to explain questions before answers were recorded to minimize inaccuracies.

Secondly, some of the farmers in the very remote villages were very suspicious of the researcher's motives for fear of taxation. They thought the researcher was an agent of IFAD sent to check whether the resources given them were properly utilised. Consequently most of the farmers were reluctant to respond to the questions or disclose all their crop yields and income levels.

The study was confined to the Sekyere West District of Ashanti Region due to time and financial constraints. Ideally, the study should have covered all IFAD operational Districts in the Region so that the impact measured could be applied more widely. Ideally, all the 4,200 farmers who benefited from the project in the District

should have been interviewed. Since that could not be done a sample was chosen to represent the entire population.

To reduce the impact of these limitations, the researcher exercised the greatest amount of care in conducting the study. For example, the researcher recruited and trained two assistants to administer the structured interviews so that problems that are associated with conduction of interview surveys (ambiguity, misinterpretation or misunderstanding of questions) could be reasonably mitigated.

The researcher and his team administered the interview schedules during the off-farming season and in the evenings during which period most of the respondents were at home. The rainy season, during which transportation within the District becomes difficult, was avoided. All respondents in the remote parts of the District were surveyed before March, which is usually the onset of the rainy season.

### **1.8 Chapter Summary**

The chapter looked at the general background to the study. Some of the issues raised in the chapter are the problem, the objectives, conceptual framework and the methodology. The next chapter discusses the relevant literature on the study.

## **CHAPTER TWO**

### **SMALL-HOLDER FARMING AND POVERTY REDUCTION**

#### **2.0 Introduction**

This chapter reviews literature on small-holder farming and poverty reduction, the functions of international development agencies in rural poverty reduction in Ghana as well as the activities of the International Fund for Agricultural Development in rural poverty reduction in Ghana. Since ‘poverty’ as a generic term is multi-dimensional in nature, the type of definition and measurement adopted, influences the policy and programme packages used to address it.

#### **2.1 Small-holder Farming and Poverty Reduction**

Agricultural development particularly small-holder farming is considered as one of the best vehicles to reduce rural poverty (Lele and Agarwal, 1989; Irz *et al*, 2001). This is based on the fact that, the bulk of the population in most developing countries live in rural areas and practice agriculture or agricultural-related activities for their livelihood. Agricultural development could contribute to rural poverty reduction by increasing food supply and reducing the cost of staple food, creating employment opportunities for the rural folks and improving farm income. Agricultural growth stimulates economic growth in other non-agricultural sectors, which in turn, results in increased employment and reduced poverty.

The role of agriculture in the economy of most African countries is generally acknowledged (World Bank, 2003). However, there is no consensus on the issue of whether agriculture, particularly small-holder agriculture, is the most appropriate way to fight poverty in developing countries. One school of thought argues that since majority of



people in most developing countries live in rural areas and mostly engaged in small-scale agriculture or related activities, agriculture development could be the most effective way to reduce rural poverty (Lele and Agarwal, 1989; Delgado, 1998). The other school of thought, while, recognizing the contribution of agriculture to rural poverty reduction, attaches more importance to non-agricultural activities such as rural non-farm enterprises and social services provision as effective way of dealing with rural poverty. For example, McIntosh and Vaughan (1996), in their study stated that “the notion that a broadly based small-holder farming can be created, and that it can transform the character of the agricultural production system is an inappropriate premise on which to build policy frameworks designed to improve rural livelihood in South Africa”. This school argues that promoting non-farm rural enterprises would create employment that would enable people to earn a living. With assured income people would be able to purchase basic necessities of life such as food and other products from farmers thereby promoting agricultural productivity and reducing peoples’ vulnerabilities. According to Newman and Canagarajah (1999), non-farm economic activities played an important role in bringing down rural poverty rates especially for women in India.

During the 1960s, many African governments paid more attention to large-scale farming with the encouragement from international donors to expand the agricultural base of the economy. Medium scale and small-holder farming were not given any attention due to the fact that the foreign partners were interested in establishing plantation farms in these countries to promote the export of raw agricultural produce. The scheme however, registered a high failure rate, which compelled the donors to turn their attention and financial support to small-holder agriculture in the 1970s.

Eicher, *et al* (1996) argue that small-holder farmers should be “viewed as a positive force in getting agriculture moving”. They suggest that African governments should give priority to the development of both small-holder as well as large scale farming. With the necessary support, small-holder farmers have the potential to produce a marketable surplus. For example, small-holder farmers in Kenya with farm sizes of less than 2 hectares were able to increase their share of national agricultural production from 4% in 1965 to 49% in 1985 (Lele and Agarwal, 1989). Zimbabwe’s remarkable increase in maize production by small-holder farmers in the 1980s is often referred to as Africa’s green revolution success story. Small-holder farmers in Zimbabwe tripled maize production between 1980 and 1987 and increased their share of the national marketable maize surplus from 10 percent in 1980 to 40 percent in 1987. This success was attributed to the launch of a government programme to boost maize and cotton production by small-holder farmers.

Irz *et al.* (2001) analysed the relationship between agricultural growth and rural poverty. The results showed a strong relationship between agricultural growth and rural poverty-reduction. For example, a one-third increase in yield reduced the number of poor people by a quarter or more. With regard to food security, the study found that growing the agricultural sector is the primary channel for achieving household food security. A similar study conducted in Indonesia found that agricultural growth reduced the depth of poverty by 50% in rural areas while that for urban areas was 36% (FAO, 2004).

Considering the fact that agriculture, is the primary source of livelihood for approximately 65% of Africans and represents between 30 and 40% of Africa’s Gross Domestic Produce and accounts for over 60% of Africa’s export earnings, encouraging



agricultural production would reduce the high levels of poverty and hunger in Africa (IFAD, 2003). More specifically, this agricultural growth should be centered on small-holder farming since small scale farms account for over 90% of Africa's agricultural production (Spencer, 2001).

The agricultural sector is the dominant sector in the Ghanaian economy in terms of its share of GDP, employment and foreign exchange earnings. From 1990 to 1999, the agricultural sector contributed an average of 41.3% to GDP and 12.2% of national tax revenue. In 1999 alone, agriculture recorded total foreign exchange earnings of \$2.1 billion. In 1997, the sector employed about 70% of the national labour force, contributed about 47% to GDP and accounted for over 57% of foreign exchange earnings, and served as an important source of raw material for manufacturing in the country (World Bank, 1999). Furthermore, over 90% of food crops production is carried out by peasant, small-holder farmers who use rudimentary technology on plots of one hectare or less in the rural areas. The group is made up of self-employed farmers producing mostly staple food crops and few commercial crops. Only few industrial crops, such as oil palm, rubber, and pineapples are produced on large corporate-managed estates although small-holders also produce significant shares of these crops, especially palm oil. (World Bank, 2003)

Small-holder farming is practiced mainly on plots of land less than half hectare to about two hectares. The farming is either done on one's own land or on rented/communal land. Small-holder farmers use their own and family labour and occasionally use hired labour during peak periods (example, planting and harvesting). Crops are grown principally for domestic consumption. Notwithstanding the advantages of small-holder farming, there are numerous problems associated with the system. There

is a common perception by most international trading partners that small-holders cannot meet the stringent quality requirements of the export market since small-holder farming is not practiced under modern scientific conditions. This perception however, needs questioning since small-holder farmers have consistently over a long period of time produced as good if not better quality cash crops such as coffee and cocoa for the export market.

Micro-financing has been seen as an integral component of any agricultural development. Limited access to credit has however, plagued poor farmers for many years. Rural people need credit to invest in their farms and small businesses, and to reduce their vulnerability to weather and other economic shocks. According to De Wilde (1967), credit by itself does not create new resources but if dispensed under proper planning may lead to an increased productive power and provide the means for future economic growth. Lele (1984) pointed out that modernisation of agriculture requires large infusion of credit for the purchase of inputs such as fertilizer, improved seeds and chemicals. According to Saul and Woods (1971) and Owusu-Ansah (1989), the major problem faced by small-holder farmers is limited access to micro-finance despite the existence of many financial institutions in the country. This problem has been attributed to the inability of small-holder farmers to provide the necessary collateral securities for such credit facilities. Kyei (1997), in a study at Sekyere West District observed that, loans given to small-holder farmers are very little and inadequate for any meaningful agricultural development. He noted that the beneficiaries of such loans are normally urban residents who use such credit for other ventures instead of agricultural purposes.

This situation compels small-holder farmers to resort to local money-lenders who charge high interest rates.

According to Owusu-Ansah (1989) small-holder farmers have been neglected for far too long. He stressed that it was only in the 1980s that agriculture was given the needed priority, perhaps due to the bitter lessons of famine and drought in 1983. Prior to this, agriculture had never been given its pride of place in many micro-credit provision schemes. Government policies since 1995 with respect to micro-financing have sought to strengthen the institutional capacity of the financial institutions especially the rural banks to improve their lending capacity to small-holder farmers. It is reported that in 1998/99 farming season, the Social Security Bank Ltd. approved an amount of ₵8 billion under its special farmers loan scheme for disbursement, (Ghanaian Daily Graphic, 1998).

Micro-financing has been a single major set back in the activities of small-holder farming in many Districts in Ghana. Limited access to micro-finance has been a major challenge to small-holder farming that has limited the productive capabilities of the farmers. Finding a solution to this problem would go a long way to improve upon the productive capabilities of small-holder farmers and reduce their vulnerabilities.

## **2.2 International Development Agencies and Rural Poverty Reduction**

International organisations have contributed significantly to rural poverty reduction. Major contributors include international financial or lending institutions such as the World Bank and the African Development Bank, technical and advisory institutions such as the Technical Centre for Agricultural and Rural Co-operation (CTA), Food and Agricultural Organisation (FAO), International Development Research Centre (IDRC), International Fund for Agricultural Development (IFAD) and donor

organisations such as Canadian International Development Agency (CIDA), Danish International Development Agency (DANIDA), and German Technical Co-operation (GTZ).

The World Bank has exercised the greatest influence on the formulation of national policy in Ghana, especially in relation to agricultural policy and management. Its role in this field began with the commencement of the Economic Recovery Programme in 1983. Agencies such as the FAO and the World Bank have influenced national policy by providing sound and reliable advice, information, training, and equipment for social and economic development. They also give loans, which are sometimes given on certain terms, thereby impinging on agricultural development policies. These international organisations provide support for policy formulation through institutional strengthening involving human resource development, administrative capacity building, the adoption of modern management methods and procedures, and provision of equipment, communication facilities, materials and consumables.

A number of NGOs contribute to or influence agricultural policy formulation in Ghana. These Organisations include the African Centre for Human Development, Adventist Development and Relief Agency, World Vision International, Friends of the Earth, and Japan International Cooperation Agency. These NGOs contribute to agricultural development in the context of extension services by facilitating knowledge and technology transfer to farmers. Extension activities include demonstrations and the provision of advice and investment in food processing projects, which often incorporate training in environmentally friendly production techniques. These organisations promote the exchange of ideas by organising seminars, workshops and conferences and also

support or sponsor mass communication programmes, especially on radio and television. Providing credit and organisational support to the poor who do not have collateral securities to facilitate loan agreements from formal financial institutions, have been the key elements of the NGO approach to improving livelihoods in many developing countries.

### **2.3 International Fund for Agricultural Development in Ghana**

The International Fund for Agricultural Development (IFAD) is an international development agency that has contributed immensely towards improvement in agricultural productivity in deprived Districts in Ghana.

The International Fund for Agricultural Development (IFAD), a specialised agency of the United Nations, was established as an international financial institution in 1977 as one of the major outcomes of the 1974 World Food Conference. The Conference was organised in response to the food crises of the 1970s that affected many rural poor in the developing countries and particularly among the Sahelian countries of Africa (IFAD, 2000). As an international financial and development institution, IFAD has been at the fore in the fight against poverty.

IFAD's basic philosophy consists of three points: First, growth leading to sustainable development depends on efficient mobilisation of the potential small-holder producers. IFAD believes that the active participation of the poor as producers and not just as recipients of social services will make growth sustainable and turn it into authentic progress. Second, the potential of the poor to contribute to growth and development will be realised if their access to productive capital such as land, water, credit and national and international markets can be secured. Third, IFAD's interventions would bear fruit if

policies provide an open market in which the poor have a fair chance to compete (IFAD, 2000).

A large majority of IFAD projects have sought to strengthen crop production activities by improving access to inputs (e.g., seeds, fertilizer and tools), water, soil and other support services. Through the promotion of farmer groups, short and medium-term credit has been provided to farmers on reasonable terms. Credit institutions in rural areas are being strengthened by IFAD investment projects to enable farmers gain access to inputs. This involves strengthening lending institutions and also creating revolving funds and farmer cooperative societies. For instance, the Sekyere West IFAD assisted farmers' credit union that mobilises financial resources from members as seed money from which members could borrow.

IFAD projects have sought ways of expanding opportunities for poor rural households to generate income through off-farm micro-enterprises. In recent years, the promotion of such off-farm enterprises have become increasingly important components in many IFAD supported projects, particularly in areas where landless and near-landless households feature prominently. IFAD is actively involved in the training of the youth in employable skills such as masonry, carpentry and batik making to ensure sustainable livelihood for the people.

In almost every project, IFAD has tried to link communities to markets through the construction, rehabilitation or improvement of feeder roads and rural tracks, to facilitate the sale of produce and purchase of inputs and consumer goods (IFAD, 2003). IFAD has also strengthened market integration in a number of projects. Many feeder roads have been re-surfaced to link the producing and marketing centres in many regions



in Ghana. Credit for women's productive activities has featured prominently in most IFAD-financed projects. Resources have been allocated to ensure women's access to agricultural inputs, and other non-farm income-generating activities as well as labour and cost saving technologies (IFAD, 2000). In addition to designing project components that help improve long-term access to food for rural poor households, IFAD has, focused on interventions that help cope with seasonal and yearly fluctuations in food supplies by providing storage facilities and incentives for the production of staple food crops.

Finally, IFAD finances projects and programmes to improve small-holder agriculture by supporting food production, small-scale irrigation and livestock activities, with a special focus on root and tuber crops. IFAD helps the rural poor to develop small and micro-enterprises, agro-processing and artisan activities. The main activities of IFAD in Sekyere West District include the provision of extension services, market, credit, storage facilities, processing technologies and the development of farmers' cooperative societies. In addition to the assistance given to the small-holder farmers, IFAD has been providing apprenticeship training to many young men and women in the District in skills such as masonry, carpentry, batik making and automobile repairs. This is to ensure that the youth in the District are given some skills to make them employable thereby reducing the rate of poverty in the District.

## **2.4 Chapter Summary**

The chapter has presented an overview of small-holder farming and poverty reduction in Ghana, the functions of international development agencies in rural poverty reduction in Ghana as well as the activities of the International Fund for Agricultural

Development in Ghana. Next attention would be focused on the area of prime concern to this study; Sekyere West District of Ashanti.

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## **CHAPTER THREE**

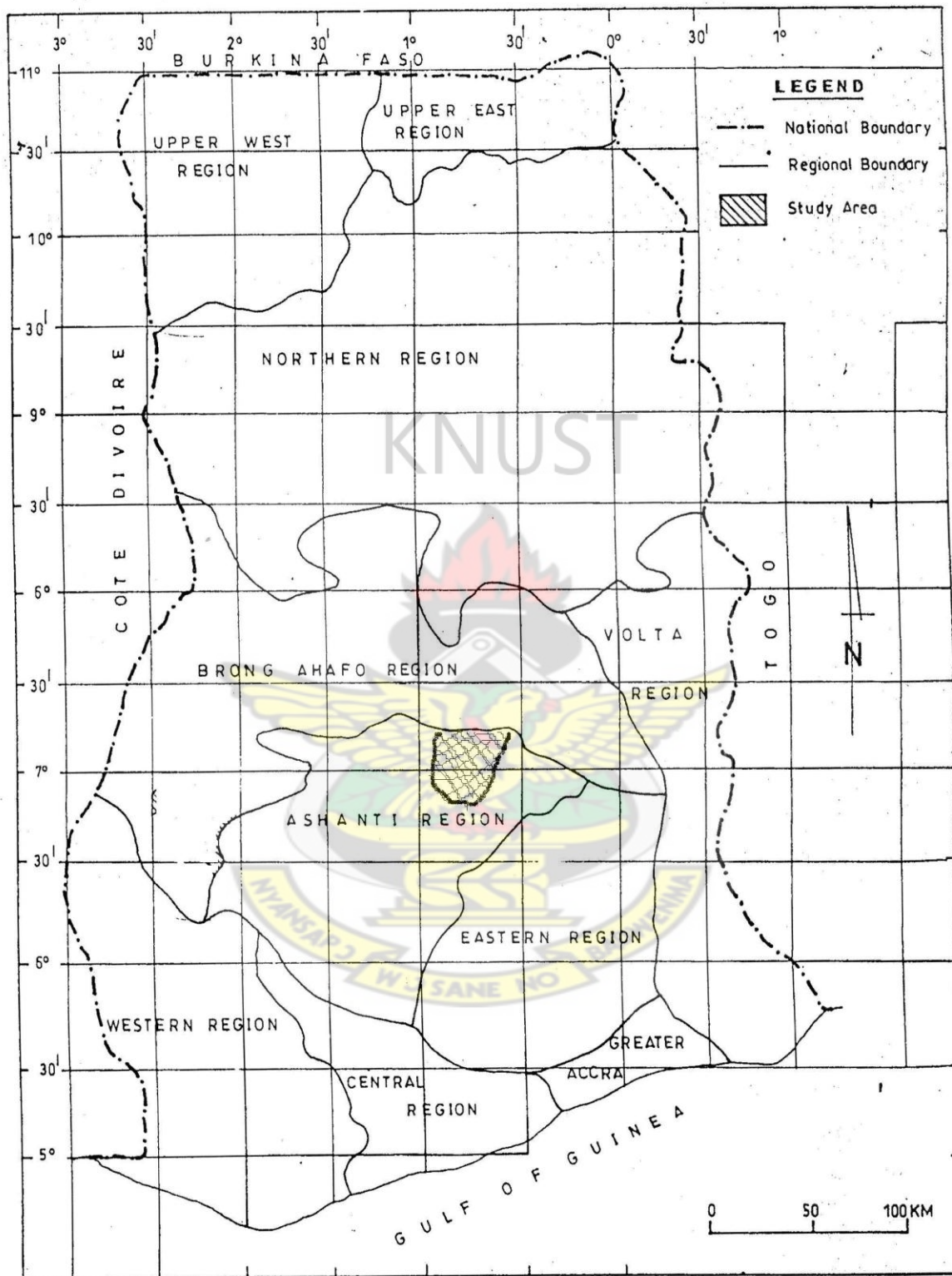
### **THE STUDY AREA**

#### **3.0 Introduction**

The previous chapter examined the overview of smallholder farming and poverty reduction in Ghana, the functions of international development agencies in rural poverty reduction in Ghana as well as the activities of International Development Agencies in Ghana. This chapter introduces the physical, demographic, social and the economic characteristics of the study area and how these factors affect socio-economic activities of the area.

#### **3.1 Location and Size**

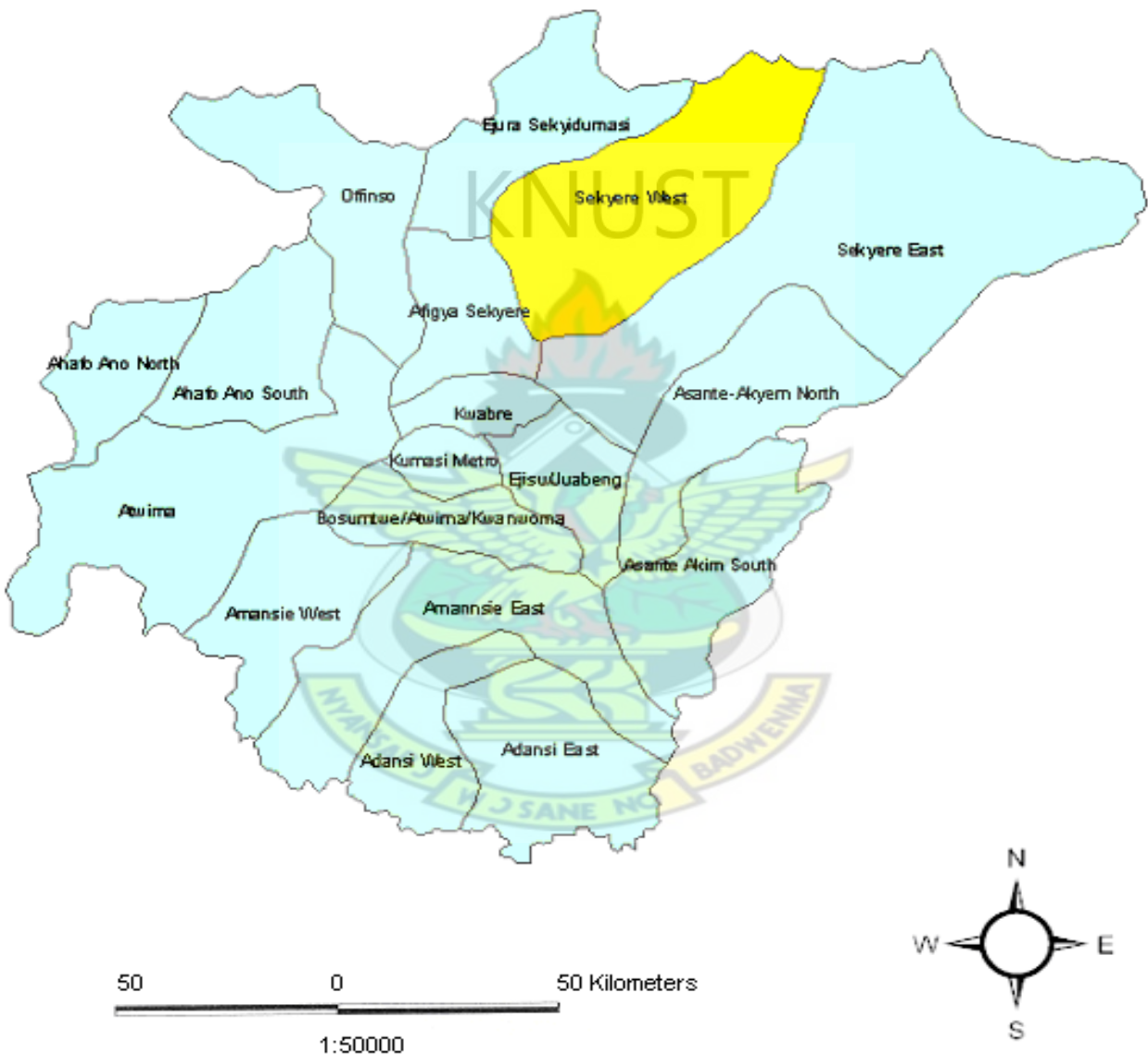
Sekyere West District (now divided into Sekyere Central and Mampong Municipality by Executive Instrument in 2008) is partly located on the Mampong Scarp and is one of the 21 administrative Districts of the Ashanti Region of Ghana. The district lies approximately between latitudes  $6^{\circ}55'$  -  $7^{\circ}30'$  North of the Equator and longitude  $0^{\circ}55'$  -  $1^{\circ}30'$  West of the Greenwich Meridian. It covers a total land area of  $2,345 \text{ km}^2$ , which is about 9.6% of the region's total land area (Ghana Statistical Service, 2001). The district is located in the northern part of the Ashanti Region. It is bordered to the north by Atebubu District, to the east by Sekyere East District, to the south by Afigya Sekyere District and to the west by Ejura-Sekyeredumasi District, as shown in Figure 3.2. The district capital is Mampong, located 51 kilometres north-east of Kumasi along the Kumasi – Yeji trunk road. The Sekyere West District comprises 14 Area Councils and made up of four traditional paramountcies consisting of Mampong, Nsuta, Beposo and Kwamang.



**Figure 3.1: Map of Ghana Showing the Study Area**

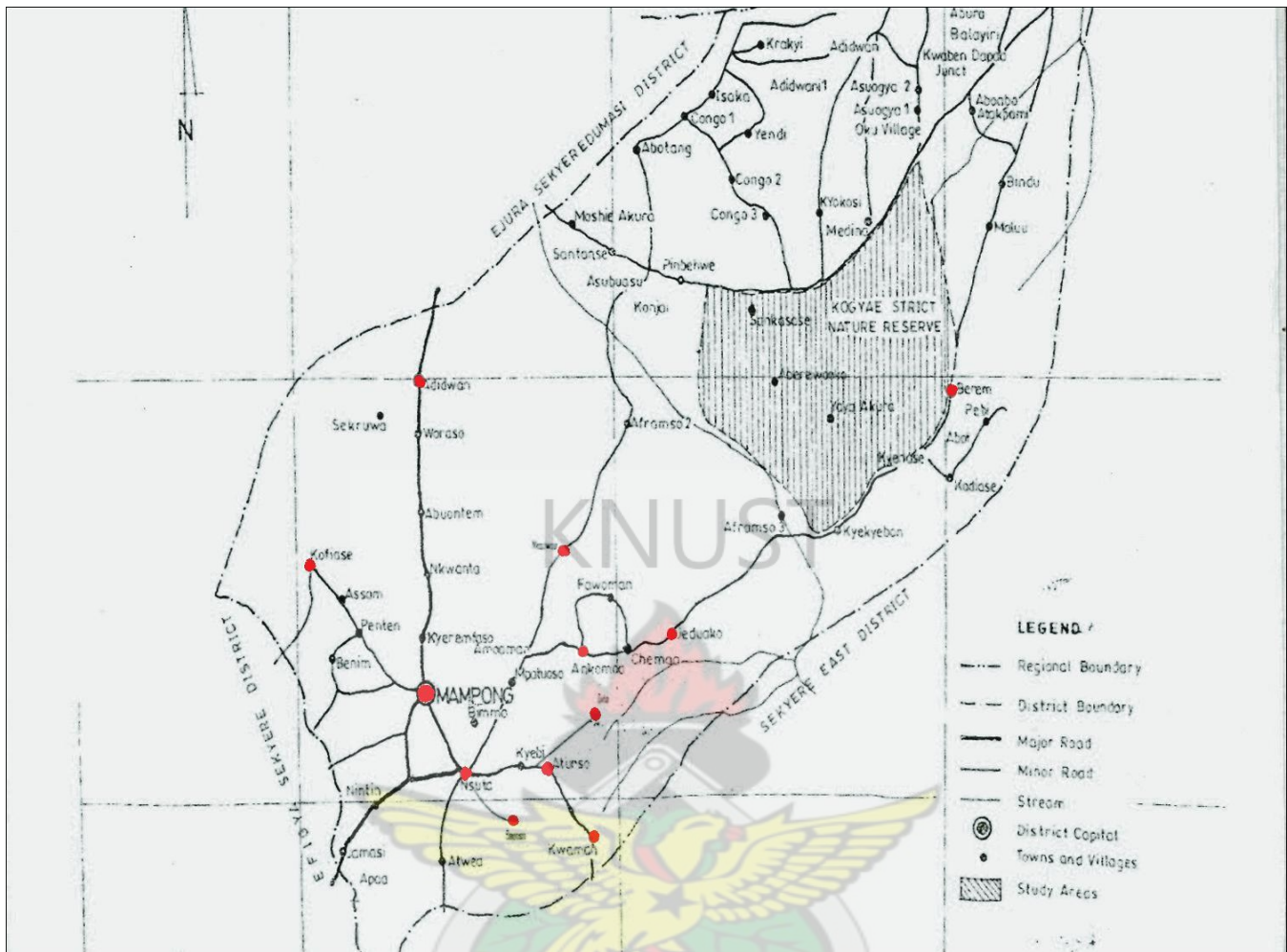
Source: Survey Department, Kumasi. 2006

District map of Ashanti Region



**Figure 3.2: Map of Ashanti Region showing Sekyere West District**

Source: Survey Department, Kumasi. 2006



**District Map of Sekyere West showing selected communities**  
**Sources: Sekyere West District Administration, Mampong (2006)**

### 3.2 Climate and Vegetation

Temperatures in the district are generally high, peaking in March to June and the lowest in November to January, averaging over 27°C in the forest zone and 29°C on the northern fringes of the forest zone. The humidity is high throughout the year, averaging about 85% in the forest area and 65% for the Savanna belt. The average annual rainfall is about 1600mm (66 inches) (Hall and Swaine, 1981). The district lies within the Wet Semi-Equatorial Forest Zone. On account of its transitional belt location, both forest



and savannah climates can be found in the district. The district experiences double maxima rainfall regime with the first onset of rains from March-June with the heaviest rainfall experienced in June while the second starts from September-November. In between the rainy seasons are dry periods. The dry seasons are clearly marked between the months December-February (Dickson and Benneh, 1988).

The vegetation of the district comprises Semi-Deciduous Forest in the south and west, and Guinea Savannah in the east and north. The vegetation which used to be Moist Semi-Deciduous Forest type has changed to Dry Semi-Deciduous type, as a result of human activities such as timber exploitation, the use of crude farming methods and bush burning. Vegetation of primary origin can only be found within a reserve known as the Kogyai Nature Reserve covering a total land area of 115 km<sup>2</sup>. Many of the trees exhibit deciduous characteristics by shedding their leaves during the dry seasons. The trees do not however, shed their leaves at the same time but at different times.

### **3.3 Topography and Drainage**

The district is fairly drained by several streams and rivers, notable among them are the Afram, Sene, Asasebonso and Chirimfa. Most streams and rivers dry up or experience reduced flow during the dry seasons of the year, while flooding during the rainy seasons is common. The district exhibits an undulating nature of landscape with isolated hills. It rises from about 135 metres to the highest point of 2,400 metres above mean sea level (Dickson and Benneh, 1988).

### **3.4 Geology and Soil**

The geology is made up of upper Voltaian series, mainly of sandstones, shale and mud stones. The land is relatively fertile for all round farming activities. There are

two main types of soil in the district; forest ochrosols found mostly in the southern and western parts and savannah ochrosols found in the northern and eastern parts. The soil is well drained, lateritic in nature and of moderate fertility developed from its parent pre-Cambrian rocks of Birimean formation (Hall and Swaine, 1981; Owusu-Ansah, 1989). The soils contain greater quantities of nutrients and are generally alkaline. They are more clayed and have greater capacity to retain water for plant use.

### **3.5 Demography**

The population composition of the district is such that majority of the people are Akans (92%) and natives of the district. The dominant religion is Christianity, which accounts for 87% of the population, followed by Islam 11%, and traditional religion accounting for 2%. Approximately 64% of the population lives in small rural settlements and 36% live in the few urban centres such as Mampong, Kofiase, Nsuta, Kwamang, Beposo and Atonsu where the population exceeds 5000 inhabitants (Ghana Statistical Service, 2001). The total population of the district as at 2000 was estimated at 143,206 with 71,378 being males and 71,828 females. The economically active population group of the district, that is, those between the ages of 20 and 59 is estimated at 84,925. The population growth rate of the district is 1.4 % which is lower than the national average of 2.7% and the regional average of 3.4%. About 36% of the district's population are children (below 15 years). The population density of the district is 61 persons per square kilometer, which is far lower than the regional figure of 131 persons per square kilometer and also lower than the national figure of 73 persons per square kilometer. The dependency ratio of the population is high, ranging between 1:2 in the urban centres and 1:3 in the rural areas. Illiteracy rate is about 37% and is higher among females than males

and more pronounced in the rural areas than the urban centres (Ghana Statistical Service, 2001)

### **3.6 Social and Economic Infrastructure**

The district has 203 basic schools, made up of 131 primary schools and 72 Junior High Schools. It has 4 Senior High schools, 1 Vocational, 2 Teacher Training Colleges and a university campus; University College of Agriculture–Mampong Campus. Despite the numerous educational facilities in the district, about 39% of pupils of school going age are out of school.

The district is blessed with a number of health facilities including 1 government hospital, 7 health centres, 3 maternity homes and 5 private clinics. The district can also boast of the Mampong midwifery training institution. The district capital, Mampong and a few surrounding towns have access to pipe borne water. The other areas are served by wells and bore holes provided under the World Vision International and Community Water and Sanitation programmes. Most of the settlements lack electricity supply. It is estimated that (27%) of the population enjoy electric power (Ghana Statistical Service, 2001). Some few settlements along the major roads in the districts have been connected to the national grid. The road network to major towns and villages is comparatively good. Mampong is centrally located and is easily accessible by road from almost all parts of the District. However, part of the district, especially the Afram Plains portion is inaccessible most of the time, especially during the rainy season. The total road network of the district is approximately 510 kilometers. There is one major highway linking Kumasi and Yeji that passes through Mampong. There are 318.2 kilometers of second-class road and 144.8 kilometers of feeder roads in the district. Poverty, sub-standard housing, couple with



inadequate social and economic infrastructure (i.e. schools, clinics, potable water, electricity, etc) are characteristics of most communities. The district is basically rural with few towns dotted around.

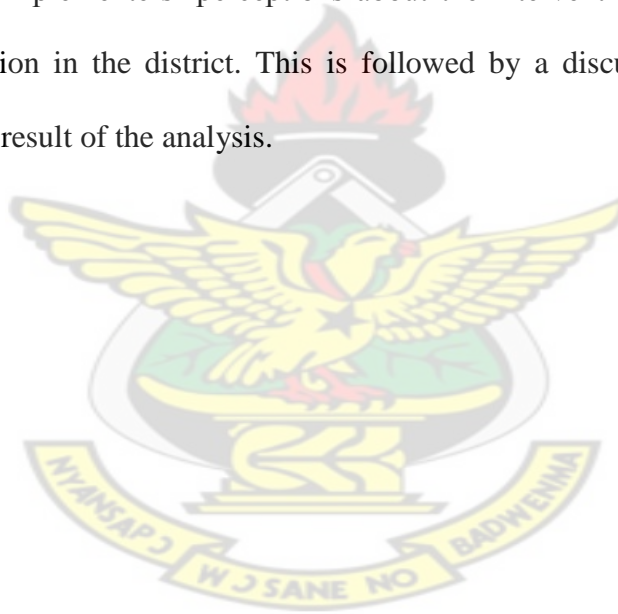
### **3.7 Economy**

The predominant economic activity in the district is agriculture, which engages about 62% of the people. Currently, 17% are in the service sector, 12% in commerce and 9% in small scale industrial activities (Ghana Statistical Service, 2001). Settlements are mostly rural and inhabitants engage in a variety of economic activities, usually in small-scale, one-man or closed family businesses. Major farming systems in the district are the traditional bush fallowing and shifting cultivation mainly found in the Afram Plains portion of the district. Most farmers use traditional hand tools like hoes and cutlasses for their operations. However, in recent times, mechanised system of farming, where farmers use machinery and chemicals is practiced especially in the Afram Plains where the terrain is relatively flat. Major crops cultivated include cassava, maize, yam, plantain, cocoyam, cowpea, groundnuts, onions, tomatoes garden-eggs, carrots, cabbage, oil palm, citrus and recently teak plantation. These crops are mainly grown in towns like Asubuas, Oku, Birem, Adidwan and Kofiase. Poultry and livestock production is also practiced extensively in the district. Small scale enterprises, including agro-processing employs about 19% of the district's active labour force. Most of the crops are harvested and sent in their raw forms to the major marketing centres such as Mampong, Nsuta, Kofiase and Jeduako for sale. About 35% of the people in the district depend on rivers and streams that are highly unreliable because they dry up during the dry season for their farming activities. Furthermore, the few boreholes provided break down constantly and are not

repaired immediately. This compels some people to resort to the old sources of drinking water such as rains, streams and wells some of which are infested with guinea worm diseases.

### **3.8 Chapter Summary**

This chapter examined the physical, demographic, social and economic characteristics of the study area and how these features influence the economic activities of the district and their subsequent effects on the lives of the people. The next chapter will focus on the analysis of data gathered from the field with respect to the farmers' as well as the project implementers' perceptions about the intervention and its impact on agricultural production in the district. This is followed by a discussion on the salient points emerged as a result of the analysis.



## **CHAPTER FOUR**

### **BENEFICIARY FARMERS' PERCEPTIONS OF IFAD'S PROJECT IN THE DISTRICT**

#### **4.0 Introduction**

The previous chapter dealt with the physical, demographic, social as well as the economic characteristics of the study area. This chapter is devoted to an analysis of data gathered from the field. It is an evaluation of IFAD's small-holder agricultural programme in the SWD. Issues of concern in this chapter include: the contributions of IFAD's intervention on food crops production, employment, wealth creation and living standards of the beneficiary farmers.

#### **4.1 Socio-Economic Characteristics of Respondents**

The age distribution of respondents was such that over 85% were within the economically active age group of between 20-59 years. The study showed that majority of the farmers interviewed were young, who could undertake active economic activities to cater for their household needs when given the necessary support. The respondents who were below the age 20 and above 60 were relatively few, forming 7% and 5% respectively. The sex composition indicates that almost equal number (51% males and 49% females) were given the opportunity to access the assistance provided by IFAD to improve upon their livelihood. This finding re-enforces IFAD's policy of ensuring gender balance in its support initiative (IFAD, 2000).

Furthermore, the trend observed above was in line with IFAD's policy of targeting mainly the economically active, young and energetic population of the society for support as indicated in its policy document. Similar trend has been reported in all IFAD supported intervention programmes in the country. The policy is based on the

assumption that the economically active segment of the population, aged between (20-59) have the needed energy and strength to effectively utilise the support provided by IFAD to improve upon productivity and consequently have positive impact on socio-economic development. On the other hand however, such a trend observed above implies an active sexual population that could affect the growth rate of the society with its adverse effect of high dependency ratio.

Literacy, especially formal education determines and influences ones' socio-economic status and value judgment. Literate people tend to have higher income earning potential, and are better able to improve the quality of their lives than their 'illiterate' colleagues. Literates are more likely to participate more actively in local, regional as well as national decision-making process. Literacy empowers and helps people to become more proactive, gain control over their lives, and widen the range of available choices. Not only is literacy important in reducing poverty, it is also a key to wealth creation. According to (UNESCO, 1997), Literacy is the primary vehicle by which economically and socially marginalised individuals could lift themselves out of poverty.

As depicted by the conceptual framework in chapter one, education empowers and increases one's livelihood/productive assets to be able to undertake sound economic strategies to attain his outcome desires in order to improve upon his living conditions. The survey revealed that, majority of the respondents, (72%) have had access to formal education while only 28% have had no formal education. Since majority of the people interviewed had acquired one form of education or the other, they were expected to contribute positively to the District's socio-economic development programmes and also be in a position to create wealth and improve upon their living conditions.

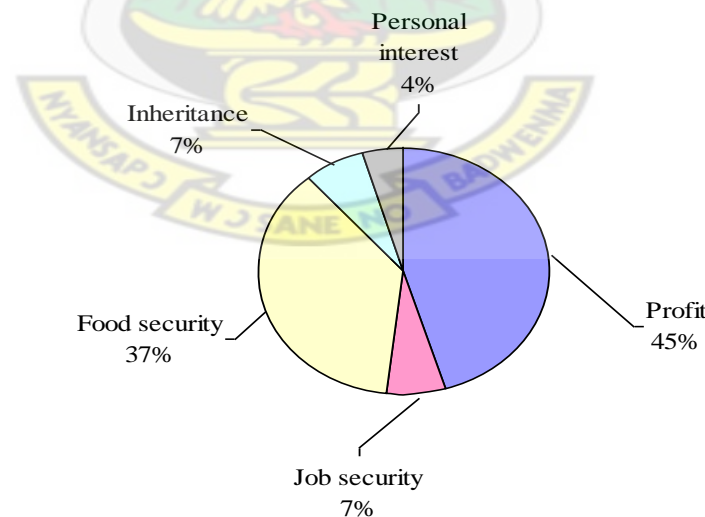
Despite the high literacy rate of respondents, the study found that most of them exhibited a high level of ignorance to some basic issues raised during the interview. The observation became a source of worry to the researcher since it was inferred that the high level of ignorance exhibited by some of the farmers could influence and negatively affect the rate of transfer and adoption of new and modern farming technologies aimed at improving productivity. From the observation of the researcher, the only general conclusion that could be made was that, to be able to convince these farmers to accept and adopt new and modern farming techniques to improve productivity, there should be a conscious and rigorous effort to undertake intensive education to change the perceptions and beliefs of some of the farmers to embrace new ideas and become innovative. The occupational characteristics of respondents however were mainly those that do not require higher levels of literacy. Consequently, the main occupation of respondents was found to be farming and its related activities like small scale agro processing. All the respondents engaged mainly in farming especially food crops cultivation with few engaging in petty trading and agro-processing as off season activities.

#### **4.2 Nature of Economic Activities before IFAD's Intervention**

It is believed that levels of economic activities normally improve when conditions needed for such improvement are created. Farmers were therefore interviewed on performance of their economic activities prior to IFAD's intervention and after the intervention to find out whether the intervention has been beneficial to them. Over 80% of the respondents said they had engaged in farming, well over five years prior to IFAD's intervention but did not register any significant improvement in their farming activities due to lack of productive resources such as micro-credit, extension services and market

outlets. With the introduction of IFAD's intervention however, over 90% of the respondents felt the level of their economic activities have been encouraging and have improved considerably and that, they were able to meet the basic needs of their household mainly through the proceeds from their economic activities. Only 2% of the respondents felt there had not been any significant change in their output as well as income levels. They contended that they have not been able to meet the basic needs of their respective households through the intervention. Ill-health, laziness as well as weather failure were identified as the reasons why some beneficiary farmers could not register any positive change in their output and income levels as well as their ability to support their family needs.

Respondents were further asked why they decided to engage in farming especially as food crops farmers as against other economic ventures. Figure 4.1 illustrates their responses



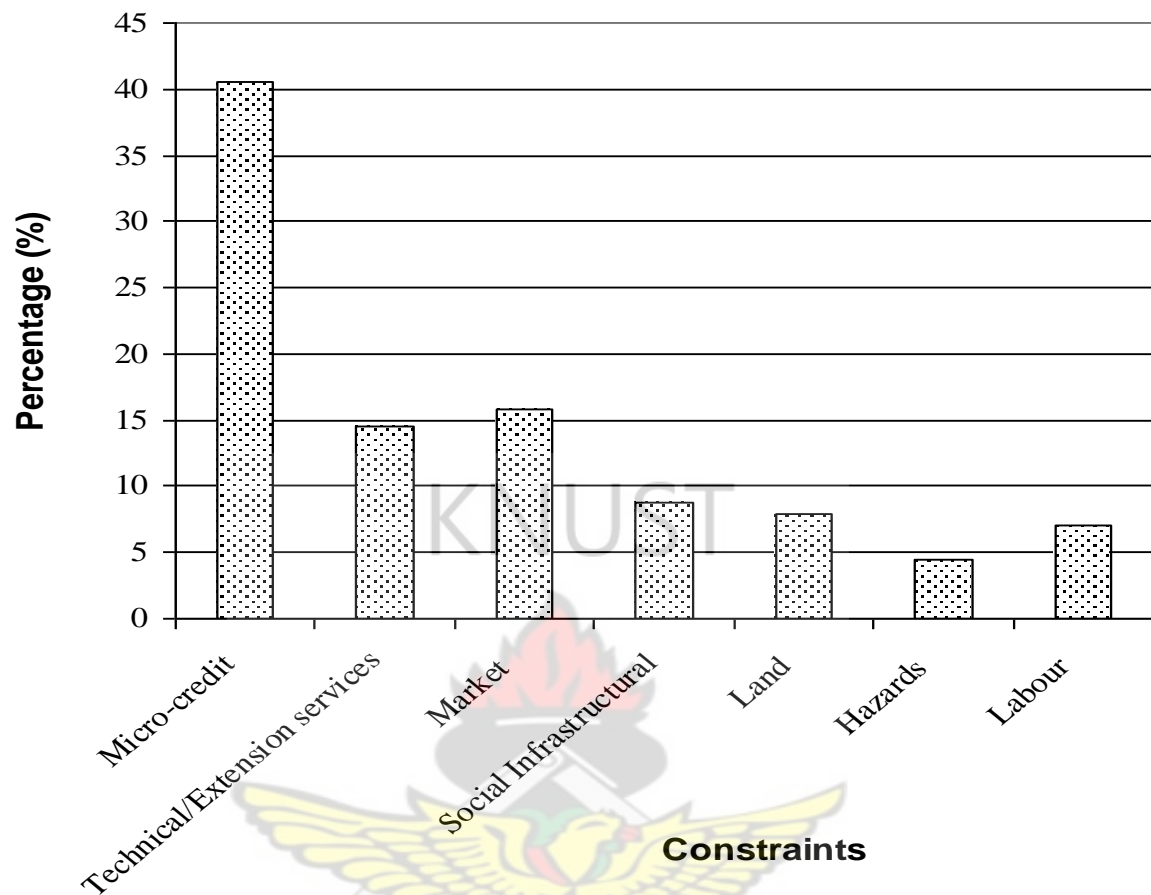
**Figure 4.1: Reasons for engaging in food crop production**  
Source: Field Survey, 2006

Out of the total of 228 respondents, 45% said they engaged in food crops production as a means of earning a living (as profit making venture) while 8% were in food crops cultivation for job security (to ensure that they are engaged in some form of economic activity). A further 37% were in the business to ensure household food security (to ensure availability of food to the family at all times). Again, 7% of the respondents went into farming through inheritance, while 4% entered the trade for personal interest and as hobby since they had other businesses apart from farming. The study showed that majority of the respondents (82%) entered the venture for profit and to ensure household food security. The result thus confirming the generally held view that small-holder food crop farmers in Ghana go into food crops production mainly for profit and for household food security (SRID, 2001).

#### **4.3 Constraints to Small-holder Farming in Sekyere West District**

As depicted in the conceptual framework in chapter one, there is a relationship between all the livelihood actors; (Livelihood Assets, Institutions/Structures, Livelihood Strategies and Livelihood Outcomes). Lack or inadequacy of one actor may negatively affect the entire structure. For instance, lack of livelihood assets in the form of human, social, financial, physical or natural capital may have a negative effect on livelihood strategies as well as livelihood outcomes. Based on this framework, farmers were interviewed on major setbacks that impinged negatively on their farming activities in the District prior to the intervention. Major constraints identified by respondents in the District is presented in Figure 4.2.





**Figure 4.2: Constraints of Smallholder Farming in Sekyere West District**

Source: Field Survey, 2006

Forty one percent (41%) of respondents were of the view that inadequacy/limited access to capital/micro-credit (financial capital) was the greatest constraint to the development of their agricultural ventures. Lack of technical and/or extension services (social capital) was indicated by 15% as the greatest constraint to agricultural development and to 16%, lack of market openings and information is the greatest hindrance to agricultural development. Furthermore, 9% indicated poor or lack of social and economic infrastructure (physical capital) as the greatest constraint. Land

acquisition and ownership (natural capital) was indicated by 8% as the greatest constraint, while 5% perceived both natural and artificial hazards (risks) as the greatest constraint to the development of agriculture. Finally, 7% indicated lack of farm labour (human capital) and other farm inputs as the major hindrance to agricultural development in the District. From the analysis, it was found that inadequate micro-credit was identified as the greatest problem of the small-holder farmers in the District.

These constraints identified above limited the productive capabilities of the small-holder farmers in the District, hence IFAD's intervention. The intervention was aimed at providing financial as well as other forms of social capital to the farmers to improve their productive capabilities. This, it is hoped will enable the small-holder farmers undertake sound economic ventures to improve their lives. The intervention was meant to solve or reduce the problems encountered by the small-holder farmers as evidenced by the Memorandum of Understanding signed between IFAD and the Sekyere West District Assembly (IFAD, 2000). Since the inception of the project, the production levels of the beneficiary farmers in the District have increased considerably thereby reducing their vulnerabilities to the shocks that were previously experienced especially with regard to seasonal household food shortages.

#### ***4.4 IFAD's Intervention and its General Effects.***

##### ***4.4.1 Credit Provision and Food Crops Production***

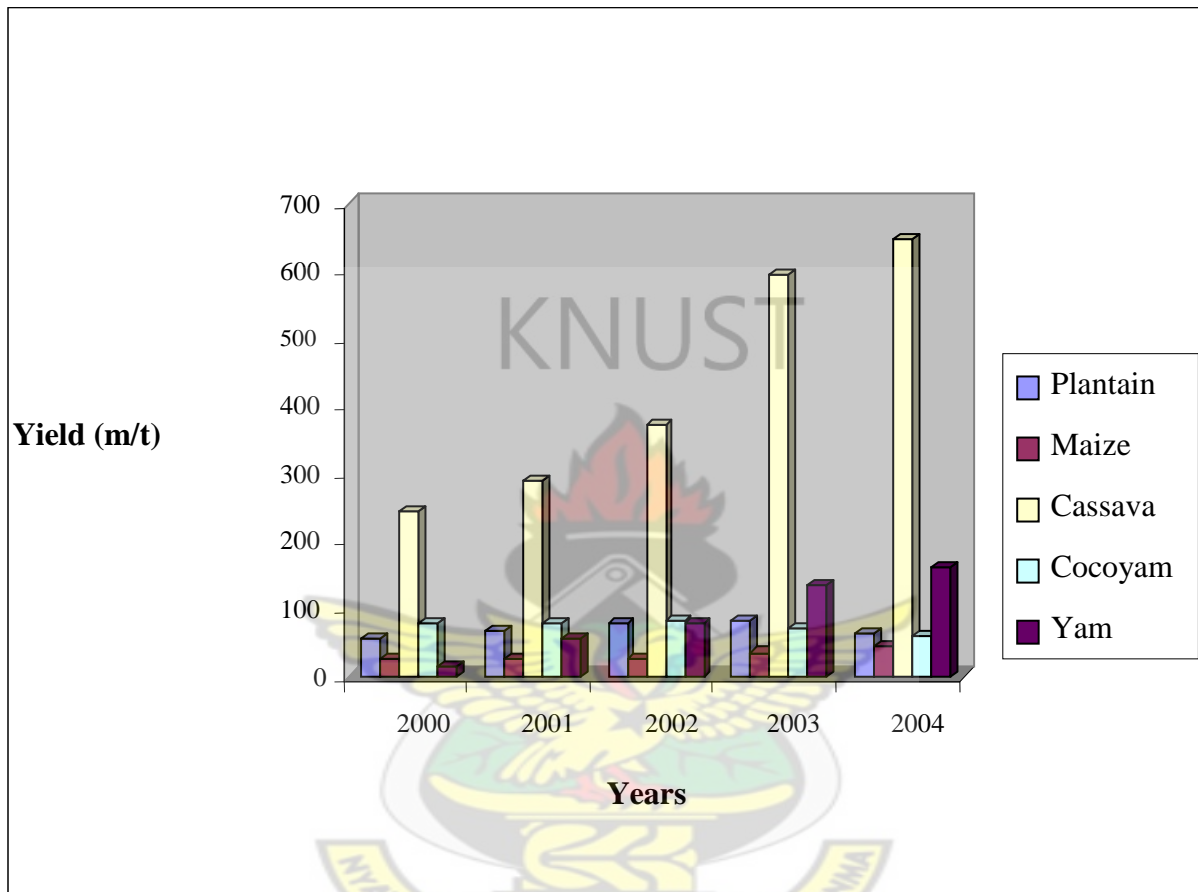
Providing credit and organisational support to small-holder farmers who do not have collateral security to access credit from formal financial institutions have been the key element of IFAD's programme in the SWD. Credit disbursement and recovery procedures of formal banking institutions are unsuitable for the small-holder producers

hence the need to find alternative ways of providing micro-credit to the small-holder farmers. IFAD has invested considerable amounts of its resources in helping its member countries and partner institutions to develop a range of financial services for the rural poor. About 75% of IFAD projects provide financial services to the rural poor. IFAD works with the rural poor and their organisations to develop sustainable, innovative and diversified rural finance systems. IFAD arranges for convenient repayment schemes such as monthly instalment payments that ensure effective loan recovery.

Micro-credit provision is seen as one way of increasing the productive capability of small-holder farmers. Agriculture requires a vast amount of capital for a successful operation. Capital is needed for procuring vital inputs and services that will enable farmers come out with output that meets both the needs of the farmers' household and the nation as a whole. IFAD has been helping small-holder farmers in the District to access credit facilities from selected rural banks such as Kwamanman and Otuasikan Rural Banks and the Ghana Commercial Bank in the District. In 2000, IFAD provided credit facilities to the tune of one hundred and sixty million cedis (¢160m) to be disbursed by these banks to small-holder food crops farmers. This amount increased steadily through the years to six hundred and forty million cedis (¢640m) in 2004. The total amount provided by IFAD to farmers from 2000 to 2004 was two billion, one hundred and sixty million old cedis (¢2,160,000,000), two hundred and sixteen thousand Ghana new cedis (GH¢216,000). The provision of this facility has helped boost food crops production in the District considerably. From information gathered through interviews and focus group discussion with some selected farmers and staff of Sekyere

West District Assembly and IFAD, they all agreed that food crops production in the District has increased considerably, some hundred fold due to the intervention.

Figure 4.3 shows the production levels of five major food crops (2000 – 2004)



**Figure 4.3 Production levels of five major food crops**

Source: Field Survey, 2006

The increased production levels coupled with good marketing strategy adopted by IFAD, enabled the beneficiary farmers to increase their farm income considerably, some over 300% over the project period. The production level of maize for example increased from 27.0 metric tonnes in the year 2000 to 43.5 metric tonnes in 2004, an increase of 61%. Cassava production increased from 243(m/t) in 2000 to 650(m/t) in 2004, representing a percentage increase of 167. Cassava production more than doubled

within the intervention period. Plantain production increased from 56.8 (m/t) to 62.4 (m/t) in 2004, a percentage increase of 10%. Yam production increased from 13.8 (m/t) in 2000 to 160.8 (m/t) in 2004, representing a percentage increase of over 1000. The analysis revealed that the highest impact of IFAD's intervention programme (particularly provision of micro-credit) on food crops production was on yam production, as compared with other crops where the increase in yield was over 1000% over the project period.

From the ongoing analysis, it can be inferred that there is some relationship between micro-credit provision and food crops production, granted that the weather conditions are fairly stable and favourable. The analysis has revealed that there is a strong relationship between micro-credit provision and yam, cassava and maize production for example, in the District. A regression analysis run to find out the relationship between micro-credit provision and the production levels of the three food crops showed high positive correlation coefficient levels of 0.98, 0.94, and 0.88 for the three food crops respectively. These correlation coefficients were tested using the student's "t" test technique at 95% confidence level to find out their level of significance, all the production levels of the three crops were found to be highly significant. The results thus confirmed the proposition that micro-credit provision has positive impact on food crops production.

As indicated in the conceptual framework in chapter one, financial capital in the form of micro-credit provided by IFAD, has helped increased the productive asset (ability to purchase other forms of productive capital) of the small-holder farmers in the district considerably hence their ability to increase production levels over the project period.

#### **4.4.2 IFAD's Training and Extension Services on Crops Production**

The public sector agricultural extension services in Ghana has been characterised by a scattered system with various departments of the Ministry of Food and Agriculture (MoFA) providing their own form of training to farmers. The system was found to be ineffective and therefore led to the unified extension system, under the National Agricultural Extension Project. IFAD in collaboration with MoFA has been providing extension services to farmers in the District since the beginning of the project. Services rendered include teaching farmers how to plant in rows, appropriate planting densities of crops, regular weeding and application of organic fertilizers and agro-chemicals to control pests and diseases. Early harvesting of cereals is also encouraged to

reduce insect infestation on the field. Treatment of cereals with chemicals to reduce post-harvest losses was also encouraged. Improved varieties of crops, land preparation and post-harvest management were part of the various strategies promoted by the extension officers. In some areas, new crop varieties were promoted and encouraged.

Information gathered through the research indicated that yields of food crops in general were perceived to have gone up considerably since the introduction of the extension services under IFAD's project. Over 95% of the respondents admitted that, the extension officers provided timely advice in all aspects of their farming activities including management, production, marketing, conservation techniques, new technology, financing, fertilizer application, disease and pest control, agro-processing and storage techniques.

In addition to the provision of extension services to the small-holder farmers, the extension officers were also involved in educating and training the farmers in simple book keeping, to enable them keep track of all transactions in their farming activities. Again the officers encouraged farmers to open Bank Accounts with nearby banks in order to facilitate financial transactions with the banks. Over 70% of the farmers interviewed had bank accounts, especially with Rural Banks to facilitate borrowing and other bank transactions as advised by the extension officers. In addition to the individual accounts, a Co-operative Credit Union of IFAD assisted farmers has been formed in the district. A substantial amount of money had been lodged in the account through farmers' contributions and members are encouraged to borrow from the fund to expand their businesses at a minimal interest rate.



IFAD has also been assisting in the training of the youth in the district in employable skills in the fields of masonry, carpentry, auto mechanics, tie and dye making. IFAD in conjunction with the GRATIS Foundation, under the government's Skills Training and Employment Placement programme (STEP) has since the year 2000, trained over five hundred men and women in the District in various skills to make them employable. This has gone a long way in improving the chances of the youth in finding employment, thus helping to reduce the incidence of poverty among the youth in the District.

#### ***4.4.3 IFAD's Marketing Strategy and Farm Income***

Small-holder farmers, often face difficulties in accessing markets for their produce. Low population densities in rural areas, remoteness of most settlements and high transport costs are barriers in accessing markets. The farmers are constrained by lack of information about markets, business skills, and collective organisation that could give them the power to improve upon returns on their hard work.

IFAD worked towards solving the problem of marketing by focusing on two broad areas: (i) to assist the small-holder producers to develop marketing skills and organisational abilities through the formation of co-operative marketing societies. More than five farmers' marketing societies have been formed in the District since the inception of the project to collectively bargain for better prices, and (ii) helping small-holder producers store their produce to restrict supply to the market and empowering the farmers to negotiate for acceptable prices. As part of the marketing strategy and to curb post harvest losses, farmers were encouraged to make use of the few existing storage facilities built by the government of Ghana through the Ghana Food Distribution



Corporation. All these strategies were done with the view of improving the farm income of the small-holder farmers in the District

In addition to the storage facility, IFAD also trained a number of farmers in the district in agro-processing to curtail spoilage of food crops. Many of the staple food crops grown in the country require some form of processing to enhance the marketability, preservation and value addition. Shelling, drying, milling, and simple extraction are the major food processing techniques in the rural areas. IFAD provided training in agro-processing to farmers as well as other small-scale entrepreneurs in food processing in the District. About 80% of the farmers interviewed have been provided with simple, traditional, labour-intensive, small-scale agro-processing training to enhance food preservation.

Over 90% of the farmers interviewed said, with the introduction of the new marketing arrangement as part of the IFAD's intervention, they were able to sell their farm produce at higher prices. The estimated average net family income per household of sampled beneficiary farmers during the pre-project period, was about ₵200,000 (GH₵20) per month. This figure however, more than doubled during the project period. During the project period, the net household income grew in a progressive manner with an average monthly income of ₵500,000 (GH₵50) as at 2004. Farm income was the main source of household income for over 90% of the farmers interviewed. The result thus confirming the proposition that IFAD's marketing strategy has had a positive impact on farmers' income

#### **4.4.4 Loan Repayment Rate of Respondents**

The micro-credit provided by IFAD was a means to improve the living and working conditions of small-holder farmers in the District. The financial assistance given was not a grant to the farmers but a soft loan to enable them increase their productive capabilities. Beneficiary farmers were expected to pay back the loan with a minimal interest rate of 10% within the farming year. The interest rate when compared with what pertains in formal financial institutions such as the banks and registered borrowing agencies was considered low in that, some rural banks charged as much as 40% interest rate whilst some private money lender in the district charged as much as 100% over a farming period. Again, compared with others, IFAD credit facility was devoid of cumbersome administrative procedures and the timely release of the fund ensured that the fund was effectively channeled into the purpose for which the loan was acquired. The credit was provided timely at the beginning of each farming season. The credit was provided to groups of individuals or village organisations that use joint-liability (peer pressure) to enforce loan repayment. The peer group lending, ensured that group of borrowers guarantee each others' loans so there was the pressure for borrowers to pay back on time. Again, IFAD ensured that the process of loan application, approval and disbursement were simplified to ensure timely disbursement.

The favourable conditions created by IFAD in its loan disbursement scheme possibly affected the effective utilisation of the loans and ensured high economic returns, hence the high repayment rate. The field survey revealed that over 90% of the beneficiary farmers were able to make full payment within the farming year that the loans were collected thus making them eligible for the subsequent loans. Less than 5% of respondents were found to have defaulted in payment at the time of the survey. Asked

why they had not been able to pay the full amount, majority of them cited ill health as the main cause. They however, promised to pay back the outstanding amount to enable them qualify for further assistance from IFAD. The high repayment rate could also be explained by the fact that there was a close collaboration between IFAD field staff and the beneficiary farmers, which ensured effective and productive utilisation of the loan. Supervision was carried out by IFAD's field officers to ensure that the resources given to the farmers were not misappropriated. The study revealed that over 90% of the farmers in the project were continuously visited by IFAD staff and extension officers to give advice and directions. The result obtained from the field survey could be compared with a similar project in Malaysia. The 'IKHTIAR' micro-credit project which, administered micro-credit facilities to the rural poor to enhance their productive capabilities. Since the facility was disbursed on "soft" terms, (i.e. no interest rate charged on the loans but only handling charges were charged), beneficiaries were able to repay the loans within the specified time period. The prompt payment of the loans ensured the sustainability of the scheme.

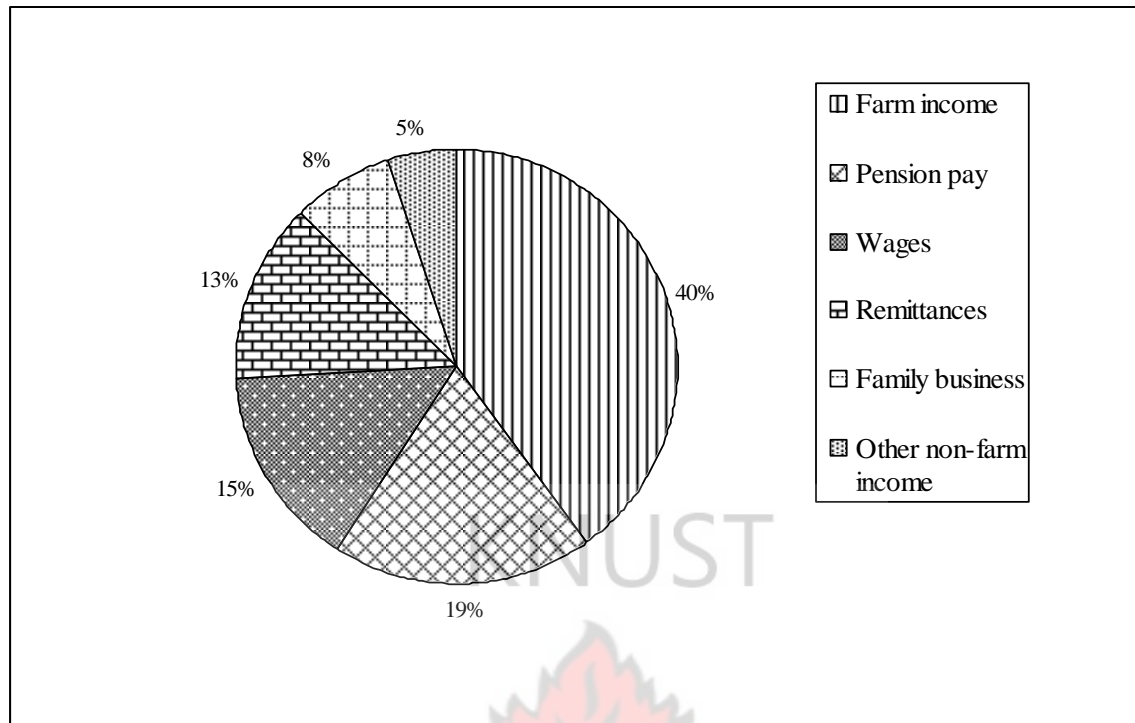
Comparing the IKHTIAR and that of IFAD's project in the Sekyere West District, it became apparent that whilst the IKHTIAR project selected the beneficiary farmers through vigorous assessments procedure, the beneficiaries of the IFAD micro-credit facility were not selected through any vigorous means. Interested small-holder farmers in were asked to constitute themselves into groups so that group members could guarantee the loans for one another. No baseline survey was conducted on the beneficiary farmers to ascertain their eligibilities to the project. Due to the way the beneficiary farmers were chosen, most of the farmers in the hard core poverty group in the district who needed

assistance were left out of the project. This in effect, affected the project objective of assisting the most vulnerable farmers in the District.

Notwithstanding the few flaws of the programme such as the difficulty in identifying needy farmers, the assistance given to the small-holder farmers in the District has contributed immensely to increase economic activities (farm and non-farm), increased employment, raised farm income and reduced the incidence of poverty in the area. The performance and effects of the intervention has demonstrated that the intervention could be used as a model for reducing rural poverty in Ghana and Africa in general.

#### **4.5 Contribution of Farm Income to Total Household Income of Respondents**

One way to assess the contribution of agriculture to poverty reduction is to look at its share of the total household income. Sources of household income of respondents were therefore assessed to determine the contribution of farm income to total household income. Household income sources were divided into two broad categories of farm and non-farm sources. Farm income included income derived from the sale of farm produce particularly food crops. Non-farm income was made up of incomes accruing from any activity apart from agriculture. These sources included old-age pension, remittances, or revenue from family business such as rent from family properties. Figure 4.5 outlines the various household income sources and the contribution of each to total household income of the respondents.



**Figure 4.5: Sources of Household Income of Respondents**

Source: Field Survey, 2006

As depicted in Figure 4.5, farming was the highest contributor to household income accounting for 40% of the total household income of respondents. Whereas old-age pension constituted 19% of total household income, wages of all forms accounted for 15% of total household income. Remittances from relatives accounted for 13% of the total household income, while 8% of household income was derived from other family business/properties. Other non-farm activities accounted for 5% of the total household income of respondents.

The above data indicates that income from small-holder farming plays a key role in total household expenditure and a key element in the livelihood activities of respondents. Intervention such as that of IFAD aimed at improving farm income in the district has played an important role in solving rural poverty in the study area. The data

also suggests that majority of the people in the rural areas depend on agriculture for their livelihood and that any government policy that may be detrimental to agricultural development with specific reference to small-holder farming in the country could have adverse effect on rural people. The data further suggests that helping small-holder farmers improve upon their production levels can be an effective way of putting more farm income into the pockets of farmers. This could be an effective way of reducing poverty among rural farmers since farm income form the major source of the farmers' household income.

In conformity with the conceptual framework outlined in chapter one, given the needed support to small-holder farmers in the form of livelihood assets (human, social, physical, natural as well as financial) and putting appropriate structures and legislature in place (structures and processes), small-holder farmers could improve upon their economic activities (production) and raise the levels of economic returns from it. This process could in the long run reduce farmers vulnerabilities to adverse shocks and improve their well-being. Farmers could also purchase more productive assets and better manage and utilise the natural environment for posterity.

#### **4.6 Chapter Summary**

This chapter has been an attempt to evaluate the effects on IFAD's intervention on food crops production and its effects on the livelihood of beneficiary farmers in the study area. The analysis portrayed that the production levels of food crops such as cassava, maize and yams increased dramatically over the project period. Again, it was observed that the income levels of the farmers also increased considerably over the

project period. The rate at which loans were recovered was also found to be encouraging. The next chapter focuses on the assessment of the project by officers of IFAD as well as those of Sekyere West District Assembly.

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## **CHAPTER FIVE**

### **GENERAL PERCEPTIONS OF THE INTERVENTION**

#### **5.0 Introduction**

The previous chapter examined the effects of IFAD's intervention on food crops production and the income levels of the beneficiary farmers and its effects on their



livelihood. This chapter examines the views of IFAD as well as the Sekyere West District Assembly on the project in terms of its relevance to the needs of the people in the district.

### **5.1 Views expressed by officials of IFAD and SWDA.**

From the perspective of the project staff who were interviewed on the relevance and performance of the project, it came to light that the average income of the beneficiary farmers has increased considerably (some over 300%) over the project period. This was also corroborated by the beneficiary farmers who were interviewed. Food crops production was considered to have increased considerably over the project period. The production levels of some food crops such as yam, cassava and maize were increased considerably as indicated by the total yields over the project period. In a number of cases, profits from the farming activities were said to have been ploughed back into other economic activities (agricultural and non-agricultural) which eventually helped to increase food crops production, improved income and ensured household food security for the beneficiary farmers and their households in the District.

Officers from both institutions were certain that the project was worthwhile to undertake and relevant to the needs of the small-holder farmers in the District. Furthermore, the project was found to be consistent with the mandate of IFAD, the development agenda of Sekyere West District Assembly as well as the development programmes of the country as a whole. According to the officers, the project was aimed at addressing the needs of the most vulnerable sector of the population; small-holder farmers in the District.

The officers from IFAD reiterated that the keen interest and consistent supervision of the project by the project field staff helped to achieve the objectives of the

project. IFAD and MoFA field staff keenly supervised the project to ensure that the farmers were on course and intermittently reviewed the project to ensure the success of the project. With each review, bottlenecks were identified and appropriate action plans put in place to mitigate the problem in order to achieve the aims of the project. Officers interviewed were emphatic that the project had achieved its intended purpose and that the project had displayed a good degree of conformity with the objectives of the Government of Ghana's development agenda policy of supporting and improving agricultural productivity, rural infrastructure, and private sector development in the country.

One major way of evaluating the relevance of a poverty reduction project is to assess how well the project targets the poor in society. As in the past, many poverty reduction programmes have been implemented in many countries without actually reaching the target group, "the poor". A key problem associated with such programmes was the absence of a clear policy that defined the target group explicitly and which clearly specified who the target group was. Evaluation of projects aimed at ascertaining whether the targeted groups were actually reached, revealed that generally, most projects failed either to identify the target group explicitly or to reach the poorest and most vulnerable groups who were targeted. In most cases, the problem has been attributable to weak policy framework and non involvement of the target group in the planning, design and implementation process of the project.

With this background information of why many poverty reduction projects fail, IFAD officers were asked to assess the project in terms of how best the target group was reached. The officers admitted that even though there was no policy framework that meticulously specify and identify the 'poor' in this case the small-holder farmers who

were the target group of the intervention, they however, maintained that physical targets (vulnerable small-holder food crops farmers) were generally met, in that the project benefited many poor small-holder farmers in the district, who were the actual target group. To them over 70% of the most vulnerable small-holder farmers were reached and that the project had impacted positively on their production as well as income levels and on their lives in general, hence the conviction that the project had achieved its aim.

The provision of credit has become accepted as a major mechanism to improving productivity. Asked which particular intervention of the project had impacted positively on the activities of the small-holder farmers, micro-financing was particularly cited by IFAD officers to be the most effective tool in improving productivity. Providing financial resources to the poor small-holder farmers to enable them overcome major bottlenecks in their economic activities was an effective way of improving the productive capabilities of the farmers. Again, they maintained that, the creation of the necessary conditions needed for easy access to micro-credit enabled the farmers especially the women to establish a credit history with the banks, which eventually opened up their access to the banks. Access to flexible, convenient, and affordable financial services empowers and equips the poor to make their own choices and build their way out of poverty in a sustained and self-determined manner.

To the officers, another achievement of the project was the promotion of social cohesiveness among the members of the various farming groups. This social cohesiveness ensured that each member's welfare was the responsibility of the others especially with respect to their farming activities since the failure of one group member could affect the progress of the entire group in its quest for assistance from the project.

According to the officers, some non-participating members in the communities were so impressed with the social cohesiveness that they decided to adopt some of the new farming practices introduced by the project to improve upon their own output levels. The project, according to the officers had had a remarkable impact on social capital formation and people's empowerment in the district. The formation of viable community-based farming groups provided the impetus for the groups to take group responsibility for managing resources at their disposal to better their lives.

In terms of addressing gender issues, the IFAD officers said the project had performed creditably. According to them, the project offered both men and women equal opportunity to access micro-credit and other inputs provided by the project to improve upon their productive capabilities. They claimed women were particularly encouraged to actively participate in the project to improve upon their lives and that of their households. According to the officers, women are seen as agents of social change hence the need to be given equal opportunity to participate in live improvement projects such as that of IFAD. This was to improve the confidence levels of the women in the district to enable them undertake viable economic ventures and participate fully in the activities of their communities. According to the officers, this was done largely through training programmes organised and delivered to the beneficiary farmers, particularly to the women to increase their skills in economic venture management and effective group discussions.

The officers from both organisations however, contended that sustaining the project without IFAD's assistance or assistance from any other source was a major problem and a source of worry to them. The officers expressed fears that without direct

financial support from either the Central Government or the District Assembly to be used as seed money for the continuation of the project, the project may not be sustainable in the long run. They contended that projects that are not equipped to continue to function once project assistance ceased tend to be unsustainable. Another limitation identified by the officers was the fact that very few poverty reduction projects normally conduct baseline studies of the poor, thus increasing the likelihood that the ‘very poor’ who are the target of such projects could not be identified. Lack of such studies poses a risk to project implementation because it becomes difficult to identify such a group, as the real targeted beneficiaries group normally remains anonymous and difficult to isolate.

Even though the intervention brought about improved standard of living for many of the beneficiary farmers, its effect on the communities in general was not significant because only a small fraction of the farmers in the District benefited from the project. For the beneficiary farmers however, parameters such as ability to provide food for the family, support household members to access education and health facilities as well as acquisition of household and productive assets that were considered as indicators for improved standard of living of the farmers were found to have improved considerably over the project period. The findings confirm the proposition that IFAD’s intervention had a positive impact on food crops production in the district and improvement in the standard of living of the beneficiary farmers. Again the high production rate chalked by the farmers assured them of household food security and enough income to support family members.

## **5.2 Chapter Summary**

This chapter has been an overview of the project from the perspectives of IFAD and Sekyere-West District Assembly (SWDA). Officers from both institutions asserted that in general, the project was a success and that the intervention was in conformity with the development agenda of the country as well as that of IFAD's mission statement of assisting vulnerable people in society to improve upon their productive capabilities and create wealth.



## **CHAPTER SIX**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **6.0 Introduction**

The previous two chapters examined the contributions of IFAD's project on food crops production and its effects on the socio-economic conditions of the beneficiary farmers as well as the views of IFAD and SWDA on the project. This chapter summarises the entire work and highlights major findings upon which recommendations have been made.



## 6.1 Summary

This study investigated the contributions of IFAD to small-holder farming in Sekyere West District. The study examined the effects of IFAD's intervention programme on food crops production as well as its subsequent effect on the livelihoods of beneficiary farmers and their households. The intervention was aimed at solving/reducing the many challenges faced by small-holder farmers in the district in order to improve their livelihoods.

The study revealed that IFAD, as enshrined in its policy statement of ensuring gender equity in the distribution of its resources/assistance (IFAD, 2000), equal number of male and female small-holder farmers (approximately 50% each) were selected in the District to participate in the project. The study also showed that majority of the farmers interviewed depended on farm income as their main source of subsistence. Micro-credit provision was seen as the most important factor influencing food crops production in the District. The study also showed that the effective training and monitoring activities of IFAD field staff ensured that resources given out to the farmers were not misappropriated. The study showed that the project registered a high food crops production rate as well as a high loan repayment rate of the farmers.

The study also revealed that the traditional sources of funding (Banks and Money Lenders) to the small-holder farmers were inaccessible (due to lack of collateral) and exploitative (especially with respect to local money lenders). With the introduction of the intervention however, access to micro-credit became easier and the interest charged on loans was relatively lower compared with the traditional banking institutions. The micro-credit facility provided by IFAD encouraged many beneficiary farmers to expand their



farms and subsequently increased their output levels. The finding confirmed the proposition stated earlier that, access to micro-credit improves productivity. Farmers earned more income from their farming activities which enabled them meet the needs of their households. With increased income, farmers were able to acquire more factors of production to expand their business. The average income of the beneficiary farmers increased considerably over the project period, averagely from ₵200,000 (GH₵20) to ₵500,000 (GH₵50) per month.

Even though the intervention brought about improved standard of living for many of the beneficiary farmers, its effect on the communities in general was not significant because only a small fraction of the farmers in the District benefited from the programme. For the beneficiary farmers however, parameters such as ability to support household members to access education and health facilities as well as acquisition of household and productive assets that were considered as indicators for improved standard of living of the farmers were found to have improved considerably.

The study confirmed the trend as indicated in the sustainable livelihood framework outlined in chapter one which guided the study. The concept is an attempt to recognise the various factors and processes which either constrain or enhance poor people's ability to make a living in an economically, ecologically and socially sustainable manner. The sustainable livelihood concept offers a more coherent and integrated approach to poverty related issues.

Prior to the introduction of the project in the District, small-holder farmers were vulnerable to a series of shocks which restrained their ability to undertake rewarding economic ventures to improve upon their welfare. With the introduction of the project

however, resources in the forms of social, natural, physical as well as financial capital were made available to the farmers to improve upon their economic (farming) activities. Beneficiary farmers were able to expand and diversify their farming activities and improved considerably on their output levels. With the introduction of convenient marketing strategy as part of the intervention, farmers were able to raise their farm income considerably, some over 300%. With improved incomes, farmers were able to undertake other non-farm income generating activities (buying and selling) to broaden their earning opportunities. It was realised that the project intervention reduced the risk, shocks and vulnerability as well as the poverty levels of the beneficiary farmers thus improving the well-being as well as the capabilities of the farmers considerably.

## **6.2 Conclusions**

Based on the result of the study, we can assert that IFAD's intervention programme has enhanced the productive capabilities of small-holder farmers, created employment and enhanced the income levels of small-holder farmers in Sekyere West District. The experience gained from IFAD's intervention programme, coupled with the various recommendations made, when implemented on national scale would enhance the productive capabilities of the rural poor and improve upon their lives. This would go a long way to ensure household food security, improved farm incomes, and the general well being of the individuals as well as their households. In this way, the fundamental problems of rural poverty, ignorance, illiteracy and disease would be greatly reduced if not entirely eliminated.

## **6.3 Policy Implication of Findings and Recommendations**

The objective of IFAD's intervention was to bring about improvement in the living standards of small-holder farmers in the District. One important consideration that implementers of poverty reduction schemes should take note of is the selection procedure of the intended beneficiaries. Strenuous effort should be made to target the most vulnerable in society who actually need such assistance for improvement. Experience from IFAD's project shows that if care is not taken, only a few influential and opinion leaders in society would be selected at the community level, while those in the real poverty bracket would be left out, thus defeating the aim of such a scheme.

Again policy makers should make sure that there is a harmonious collaboration between implementing agencies and the beneficiaries from the planning stage through to the implementation levels to ensure the success of the scheme. Moreover, policy makers should put in place a mechanism that would ensure effective supervision and monitoring so that resources given out will be properly utilised.

For a start, policy makers could legislate that a substantial portion of the District Poverty Alleviation Fund be set aside as "seed money" to start such a scheme in all the districts in Ghana. Such a scheme would go a long way to enhance the productive capabilities of small-holder farmers as well as other vulnerable groups in society to improve upon their productive capabilities.

Limited access to micro-credit was identified as the greatest challenge to small-holder farming in Sekyere West District, just like the case of many districts in Ghana. Provision of micro-credit to small-holder farmers could be a major tool for addressing rural poverty. Certain factors that could inhibit the easy implementation of such poverty alleviation programmes should however, be considered and appropriate remedial

strategies incorporated into the programmes. Among the factors that need to be considered are the following;

1. Selection procedure; in most cases, it becomes difficult to identify the actual target group whom the project intends to assist. Many a time, the poor and the vulnerable that need assistance are left out of such a scheme, rather the assistance goes to the few influential and opinion leaders of the society. To overcome this problem however, it is recommended that policy makers should call for policy framework that should clearly target and identify the poor. The socio-economic status of prospective beneficiaries of such projects must be critically assessed to determine who qualifies for the assistance. Also, regional characteristics should be taken into consideration when implementing any poverty alleviation programme, since each region has its own challenges and prospects. The purpose of “direct targeting” is to focus the assistance on specific segments of the population. To effectively identify the poor, it is necessary to understand the specific causes of poverty, or the constraints that keep the poor from advancing. Furthermore, services provided through rural development projects and programmes must be designed and implemented in such a way as to effectively respond to the target population's needs, based on the principles of demand-driven and participatory in approach.
2. Again since majority of the rural poor are engaged in agriculture, efforts to improve incomes in rural areas should focus both on increasing agricultural productivity especially small-holder farming as well as improving other non-agricultural small scale industries undertaken by the rural population as part time ventures.

3. Often times, rural poverty alleviation projects and programmes are planned, designed and implemented using the “TOP-DOWN” development approach, where the beneficiaries have no say in the planning and the execution of the project. Projects without the active involvement of people at the grass root normally fail, since such projects are seen as alien and imposition on the people. It is therefore, recommended that even if the rural poor are not “properly organised” as many bureaucrats tend to believe, they know better than anyone else what their needs and aspirations are and they must therefore be involved in all aspects of the project (planning, design and implementation).
4. Literacy is the medium through which people gain knowledge, skill and values that enable them to become effective. It allows people to learn new methods and maintain proper record of their economic ventures. The illiteracy rate at Sekyere West District, just like the other districts in Ghana is high. To promote literacy among the poor therefore, the government should strengthen the on-going informal education programme under the Ministry of Education and encourage people to patronise the programme. More educational facilities should be provided in the rural areas to cater for the children of the poor. This would go a long way to improve the capability of the poor to accept new innovation.

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#### APPENDIX 1

***Kwame Nkrumah University of Science and Technology;***

***College of Art and Social Sciences;***

***Department of Geography and Rural Development***

## Research Questionnaire Designed for IFAD Supported Farmers in Sekyere West District

Dear Respondent

This questionnaire is designed to assist the researcher to make an objective assessment of “The impact of IFAD Intervention programme on food crops production and rural poverty reduction in Sekyere West District over a five-year period (2000-2004). The exercise is basically academic and your answers will be treated with the utmost confidentiality they deserve. Your maximum co-operation is highly anticipated. Please tick (✓) or underline the response applicable to you.

### Demographic Characteristics of Respondents

1. Please indicate your sex (a) Male (b) Female
2. How old are you? (a) 15-19 (b) 20-24 (c) 25-29 (d) 30-34 (e) 35-39 (f) 40-44 (g) 45-49 (h) 50-54 (i) 55-59 (j) 60 and above
3. What level of formal education have you attained? (a) None (b) primary (c) middle/ JSS (c) secondary/college/technical (d) university/tertiary
4. What is your marital status? (a) single (b) married (c) divorced (d) widowed (e) separated
5. What is/was your father's occupation? (a) agriculture (b) industry (c) commerce (d) service
6. What is/was your mother's occupation? (a) agriculture (b) industry (c) commerce (d) service
7. Have you had any training in farming practices since the last five years? (a) Yes (b) No  
(If yes, state the kind of training)  
.....
8. Who provided the training? (State) .....
9. Have you had access to micro-credit facility over the past five years? (a) yes (b) no
10. If yes, who was the provider? (State) .....
11. Enumerate some of the assistance you have received from IFAD since you became a beneficiary of IFAD's intervention? .....
12. Why did you choose to be in this particular type of occupation? (a) for profit (b) for job security (c) for household food security (d) inheritance (e) personal interest (f) other reasons (specify) .....
13. Have you ever tried your hands on another business before this? (a) Yes (b) No. (If yes state the kind of business) .....
14. Do you have any other business(es) apart from this? (a) Yes (b) No. (If yes, state the type of business) .....
15. Do you intend to change from this business into another? (a) Yes (b) No.

(Give reasons for your answer)

- .....
16. What is your output level like since you started benefiting from IFAD assistance?
17. How do you market your farm produce
18. Has your farm technology or practice changed over the past five years? *Yes / No*
19. Has your farm production level changed over the past five years? *Yes / No*
20. Can you quantify the annual change in terms of area/ output/ crop yields?
21. How does the feeding situation in your household look like after the intervention? (a) Eat much better (b) Eat a bit better (c) No change (d) Eat worse

**Income and poverty impact**

22. As a result of your association with IFAD, do you feel family income has changed for the better: rank them (a) Increase substantially (b) Increase moderately (c) Remain the same (d) Decreased
23. As a result of your involvement in IFAD activities, do you feel your live has changed: rank them (4)- Substantially better; (3)-Moderately better; (2)- remain the same (1)-Worse

**Attribution and other evaluation criteria**

24. Do you feel the benefits you've described are mainly the result of your association with IFAD, or do you think you would have got similar benefit some other way? rank them (a)-Benefits are entirely due to this project; (b)-Benefits are mainly due to this project; (c)-Would perhaps have benefited without the project; (d)-Would definitely have benefited without the project
25. Of all the help you need to improve your life, how important is IFAD activities to you? rank them (a)-Top priority; (b)-High priority; (c)-Quite important; (d)-Not really a priority for most people)
26. Looking to the future, after the project, will you continue this activity: (a)-Certain to continue; (b)-Likely to continue; (c)- Likely to stop; (d)-Certain to stop
27. Compared to other people in this area, do you think the majority of people involved in this activity are (a)- Much poorer; (b)-Poorer; (c)-Remain the same; (d)-Richer;
28. Looking forward, how likely do you think it is that other people in the area will adopt what you're doing under this activity? (a)-Very likely; (b)-Likely; (c)-Unlikely; (d) Very unlikely
29. Please provide any additional information on how IFAD is assisting you in your farming activities .....

**B. Favourable Factors for Agricultural Development**

30. How did you acquire the land for your farming project? (a) gift (b) rent (c) buyout (d) inheritance (e) other means (specify) .....

31. How do you rank the cost of renting land in this area? (a) low (b) average (c) high (d) very high
32. How do you rank the cost of raw materials and inputs in this area? (a) low (b) average (c) high (d) very high
33. What is the source of labour for your farming activity? (a) self (b) family (c) hired (e) cooperative
34. Do you face problems in recruiting labour for your farming activities? (a) not at all (b) sometimes (c) mostly (d) always
35. How do you find charges for hiring labour in this area (a) low (b) average (c) high (d) very high

### **C. Challenges of agricultural production**

1. In what state do you consider each of the following social/economic infrastructure in your area? Rank them (1. Non-existent; 2. poor state; 3. good state; 4. excellent state)
- (i) Educational facilities .....
  - (ii) Health facilities .....
  - (iii) Utilities (postal, telecom, water, electricity) .....
  - (iv) Transportation system .....
  - (v) Market Outlets .....
  - (vi) Banking facilities .....
2. Do you have access to any kind of outside assistance for the development of your business?
- (a) nothing (b) little (c) adequate (d) generous
3. In what state do you consider each of the following assistance packages in the District? (non- existent; poor state; good state; excellent state)
- (i) Funds .....
  - (ii) Management training .....
  - (iii) Technical/Extension services .....
  - (iv) Market opening .....
4. How do you rate the level of assistance you receive from each of the following organs? (nothing; little; high; very high)
- (i) Central government .....
  - (ii) District Assembly .....
  - (iii) Donor Agency specifically IFAD .....
  - (iv) Non-Governmental Organization (NGO) .....
  - (v) Philanthropist .....

5. How easy is it to access capital and other resources from IFAD for your farming activities?

(a) very easy (b) easy (c) difficult (d) very difficult

Do you have ready markets for your products? (a) Yes (b) No.

(Please, explain your answer briefly)

.....

6. How do you assess the cost of farm inputs in your operations? (a) low (b) average (c) high

(d) very high

7. Rank the following problems as regards your operation in order of gravity: (funding, labour, natural hazards, markets, competition)

(Note: The biggest problem should be (i), followed by (ii), (iii) etc in that order)

(i) ..... (ii) ..... (iii) ..... (iv) ..... (v) .....

8. Please provide any additional information

.....

#### **D. Progress in farming Activities**

1. For how long have you been into food crops production? (a) 0-2 yrs (b) 3-5 yrs (c) 6-8 yrs

(d) Above 8 yrs.

2. How do you measure the growth or decline of your operations? (a) by assets (b) by profits (c) by cash flow (d) by household food security (e) by other means

(specify) .....

3. How much progress has your operation made in the areas listed since you started receiving assistance from IFAD? (very low; low; high; very high)

(i) assets ..... (ii) profits..... (iii) cash flow.....

(iv) food security ..... (v) others (specify) .....

4. Do you intend to expand your operations in future? (a) Yes (b) No. (Briefly explain your answer) .....
5. How many people do you employ in this business? (a) 0-5 (b) 6-10 (c) 11-15 (d) 16-20 (e) over 20
6. What is the status of the people who work for you in this business? (a) non-paid family members (b) paid family members (c) full-time paid workers (d) part-time paid workers
7. How do you keep track of your operations? (a) in memory (b) in notebooks kept by me (c) I hire professionals to write my books (d) I keep invoices and receipts (e) other means (specify) .....
8. How do you spend the profit you make from your operations? (a) I plough back (b) I use it for personal commitments (c) I donate to charity (d) I save in a bank (e) other means (specify) .....
9. How do you assess the general development of food crops production in your area over the past five years? (a) very slow (b) slow (c) quick (d) very quick
10. Please provide any additional information you have in respect of your farming activities.

Thank you very much.





*Kwame Nkrumah University of Science and Technology;  
College of Art and Social Sciences;  
Department of Social Studies*

**Research Questionnaire Designed for Officials of MOFA, IFAD and  
Sekyere West District Assembly Officials**

Dear Sir/Madam

This questionnaire is designed to assist the researcher to make an objective assessment of “The impact of IFAD Intervention programmes on food crops production and rural poverty alleviation at Sekyere West District over a five-year period (2000-2004)”. The exercise is basically academic and your answers will be treated with the utmost confidentiality they deserve. Your maximum co-operation is highly anticipated. Please tick (✓) or underline the response applicable to you.

1. Please indicate your sex (a) Male (b) Female
2. How old are you? (a) 15-19 (b) 20-24 (c) 25-29 (d) 30-34 (e) 35-39 (f) 40-44  
(g) 45-49 (h) 50-54 (i) 55-59 (j) 60 and above
3. What is the name of your Assembly? .....
4. What is your rank or position? .....
5. How long have you served in the District?  
(a) 0-3yrs (b) 4-6yrs (c) 7-10yrs (d) over 10yrs
6. In terms of assistance towards rural poverty alleviation in the District, indicate the Assembly's role as either none, little, adequate or generous in respect of the following:
  - a. funding for agricultural development .....
  - b. management training .....
  - c. technical/extension services .....
  - d. linkage to market openings .....
  - e. land acquisition .....
  - f. labour recruitment .....
  - g. others (please, specify) .....(If figures are available, provide for 2000, 2001, 2002, 2004 and 2005).
8. Do you offer any special incentives for food crops farmers in the District?  
(a) Yes (b) No. (If yes, mention the types)  
.....



9. In your candid opinion, what has been the rate of agricultural development particularly food crops production in the District between 2000 and 2004? (a) very slow (b) slow (c) quick (d) very quick ( Please provide figures if available)

10. Please provide any additional information.

.....

Thank you very much for your co-operation.

KNUST



### APPENDIX 3

*Kwame Nkrumah University of Science and Technology;  
College of Art and Social Sciences;  
Department of Social Studies*

**Research Questionnaire Designed for Officials of Participating Financial Institutions:  
Ghana Commercial Bank and Rural Bank Officials.**

Dear Sir/Madam

This questionnaire is designed to assist the researcher to make an objective assessment of “The impact of IFAD Intervention programmes on food crops production and rural poverty alleviation at Sekyere West District over a five-year period (2000-2004). The exercise is basically academic and your answers will be treated with the utmost confidentiality they deserve. Your maximum co-operation is highly anticipated. Please tick (✓) or underline the response applicable to you.

1. Please indicate your sex (a) Male (b) Female
  2. How old are you? (a) 15-19 (b) 20-24 (c) 25-29 (d) 30-34 (e) 35-39 (f) 40-44 (g) 45-49 (h) 50-54 (i) 55-59 (j) 60 and above
  3. What Bank do you represent? .....
  4. What is your position or rank? .....
  5. How long have you served in this bank? (a) 0-3yrs (b) 4-6yrs (c) 7-10yrs (d) over 10yrs
  6. In terms of assistance to agricultural development in the District, indicate your bank's role as either (none, little, adequate or substantial) in respect of the following:
    - (i) Administering donor funding for agricultural development .....
    - (ii) management training .....
    - (iii) technical/extension services .....
    - (iv) linking to market openings .....
    - (v) land acquisition .....
    - (vi) labour recruitment .....
    - (vii) others (please specify) .....
- (if figures are available provide for 2000, 2001, 2002, 2003 & 2004)
7. How do you rate the charges/interest on loans or overdrafts you grant to farmers?  
(a) very soft (b) soft (c) hard (d) very hard
  8. How do you assess the duration between the application for loans and the final approval for farmers? (a) very short (b) short (c) long (d) very long

9. Do you offer any special package to your farmer customers?

(a) Yes (b) No. (If yes briefly explain the package)

.....

.....

10. In your candid opinion, what has been the progress of farming activity in the District since 2000? (a) very slow (b) slow (c) quick (d) very quick.

11. Please provide any additional information or comments below

.....

.....

Thank you very much for your co-operation.

KNUST

