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INCENTIVES TO STIMULATE AGRICULTURAL PRODUCTION IN GHANA

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SYMPOSIUM ON AGRICULTURAL INCENTIVES FOR INCREASED FOOD PRODUCTION

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INCENTIVES TO STIMULATE AGRICULTURAL PRODUCTION IN GHANA

BACKGROUND INFORMATION:

The total area of Ghana is approximately 240,000sq. kilometers or 92,000 sq.miles. The land surface is about 22.7 million hectares (about 97 percent of the total area) of which 2.6 million hectares (11 percent is under cultivation. About 34 percent of the land surface is covered by forests (10 percent under reserved forests and 24 percent under unreserved forests) and 55 percent is bush.

The population of Ghana is currently estimated at 12.6 million with an annual growth rate of about 2.5 percent. Nearly 70 percent of the people live in the Rural Areas and are engaged in agricultural pursuits.

About 50 percent of the population are under 15 years and 3 percent are above 65 years. The literacy rate is 30 percent.

The country has produced a considerable number of Professional and Skilled manpower over the years. The labour force in 1980 was estimated at 4.1 million or 36 percent of the population. Of this 57 percent was in agriculture, fishing and forestry. Self employed constitute the majority of the employed labour force.

INFRASTRUCTURE:

It was estimated that in 1980 the country had a total of some 20,000 miles of road; about 20 percent of which was paved. Road transport contributes about two-thirds of the transportation and communication sector's gross value. The railway system of the country covers about 800 miles and forms a triangle linking the capital Accra to Kumasi in the hinterland and Takoradi in the West Coast/Region. The rail network passes through the main cocoa growing areas and the forest areas where timber is produced.

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AGRICULTURE:

Agriculture is the largest sector of the economy. Ninty-five percent of all farming is done by small scale farmers using traditional techniques of cultivetion. The average holding is about three hectares per farmer. In 1981, the sector comprising fisheries and forestry contributed about 51 percent of G.D.P. and provided nearly two-thirds of total employment.

Cocoa is the most important crop covering about 50 percent of the land under cultivation, and accounting for 60 percent of export earnings. Food crops and livestock contribute 52 percent of agricultural production. The main food crops are Cereals and Starchy Staples. Maize is the most important cereal output and this forms about 50 percent of the cereal production. Other Cereals are rice, millet and sorghum.

Cassava is the most important starchy staple constituting 50 percent of output of the category. The others are plantain, yams, and cocoyams. The remaining food crops consist of legumes, vegetables and fruits. The main Industrial Crops consist of Cotton, tobacco, rubber, oil palm and sugar cane.

Forestry products are Ghana's third largest foreign exchange earner and the sector employs around 70,000 persons. Felled trees are either exported as round logs or transformed into semi-processed products such as sawn-timber, veneers,, plywood and finished produces of furniture doors, flooring.

Ghana is located in close proximity to some of the World's richest deep water fishing areas. Although some marine fishing is done mainly by canoes, the potential has not been exploited to a significant extent.

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The Fisheries sub-sector has two major components. Marine fisheries and Inland fisheries. The Marine fisheries comprise canoe, in-shore, deep sea and Tuna fishing. The Inland fisheries consist of Volta Lake fisheries, fishing in rivers and lagoons and aqua-culture development of fish.

Table below shows,

FISH REQUIREMENT PROJECTIONS ASSUMING 2.5 PERCENT INCREASE IN POPULATION:

	Tonnage Requirement	Domestic Production (MT)	Short fall (MT)
1984	457,700	328,600	129,100
1985	469,100	393,150	75,950
1986	480,800	431,125	49,675

As an incentive to farmers to achieve the above targets, it is necessary to rehabilitate and replace Outboard engines, fishing gear, canoes, nets to produce spare parts for marine engines and refrigerants for cold storage facilities.

In pursurance of this an amount of $27.0 million is to be allocated during the three years. Institutions under this Sub-sector are :

(1) Department of Fisheries which deals with research and provision of equipment for all fishing Organisations both public and private.

(2) The State Fishing Corporation, and

(3) Private Fishing Co-operatives.

Most of the fishing is done by private fishermen and financial support is provided by the Agricultural Development Bank in the form of Credit.

Canoe fishing which accounts for 70 per cent of total fish catch, is carried out by individual fishermen.

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Before the PNDC came into office, pond culture of fish or fish farming was being practised by the department of Fisheries on a very smal scale in the Northern and Upper Regions of Ghana. On assumption of office, the new Government launched a short term programme for increased food production to feed the people of Ghana. The department of Fisheries accepted the challenge and intensified efforts to propagate the fish farming idea in all the nine regions of Ghana. People living in the country-side who have access to farm lands have to estab lish farm ponds or earthen ponds for large scale fish production.

In the regional capitals too, particularly Accra-Tema metropolis in Greater Accra Region; Kumasi in the Ashanti Region and Koforidua in the Eastern Region, a large number of people have embarked upon fish farming as a farm business. More and more people have continued to receive technical assistance in the construction of household or backyard fish ponds to raise fish for home consumption and for profit. The projects have been aimed at improving the nutritional status of rural and urban families.

In 1982 during the first year of the Revolution, 1,612 farmers in the country benefited from technical assistance under programme. During the same perod, 482 backyard fish ponds and 145 medium scale commercial fish farms were stocked with 73,270 and 78,803 Singles Tilapia respectively. In all, 41.4 acres of backyard fish ponds and 45.5 acres of commercial fish ponds were developed.

During the first half of 1983, i.e. from January to June, 1983, 1,153 farmers benefitted from fish farm technical assistance through the country. During the same period, 300 back yard fish ponds and 153 commercial fish ponds were stocked with 44,683 and 63,368 Tilapia SPP. respectively.

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The surface areas of ponds stocked totalled 25.30 acres for backyard fish ponds and 16.8 acres for medium scale commercial fish ponds for the period ended 30th June, 1983.

During the first eighteen months of the Revolution (January, 1982 - 30th June, 1983) 614 back yard fish ponds with total surface area of 66.7 acres of 66.7 acres have been stocked with 117.953 Tilapia fingerlings. During the same period 216 commercial fish ponds with a total surface area of 62.3 acres have been stocked with 142,171 Tilapia fingerlings.

Under the technical assistance programme, the services provided by the Government to farmers covered all aspects of fish farming operations, namely,

(1) Site inspection
(2) Pond Construction and design criteria
(3) Selection and supply of fish seed for stcking
(4) Water quality central management
(5) Pond management techniques which include fertilization and supplementary feeding.

Besides, extending these services to farmers engaged in the construction of back yard fish ponds; the Government aided fish farmers with the supply of inputs such as cement and wire netting which are needed by back yard fish pond developers to enable them complete their projects.

AGRICULTURAL SECTOR:

The Ghana Government's agricultural policy seeks to remove the numerous constraints to increased agricultural productivity by injecting the necessary capital into sector for;

(The Rehabilitation of existing projects and programmes,

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(2) Ensuring sufficient quantities of critical Inputs on time

(3) Maintaining an Incentive price structure

(4) Easing the transportation bottle-necks.

(5) Decentralization of agricultural administration and,

(6) Reforming the main Institutions involved in agricultural production.

In furtherance of this policy the Government earmarked $479 million basically to provide adequate quantities of seeds, agro-chemicals, agricultural implements and tools.

The 1983-86 agricultural policy and programming are aimed at increasing the production of food, selected raw materials and export crops. The Cocoa Industry has been the back-bone of the economy and will remain so for a number of years to come. The output performance of the Industry since the second half of the 1970's has been unsatisfactory.

The Thrust of policy during the rehabilitation period will therefore aim at the small private farmer. Output will be increased through raising the yield per acre by proper and timely spraying, weeding and improved cultural practices, adequate producer prices. Removing transportation bottle-necks and rehabilitating storage sheds constitute a major objective of policy.

Under the Rehabilitation programme, Cocoa Production is projected at the following levels:

	Metric tons
1983-84	210,000
1984-85	250,000
1985-86	300,000

The financial requirements of this Sub-sector during the next three years worked out to $195.0 million, the public investment programme is minimal amounting to only $27.9 million.

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With the Industry, rehabilitation and replanting is being encouraged through remunerative producer prices which are revised and adjusted periodically so that the real income of the farmer is preserved. In furtherance of this policy the producer price per bag of 30 kilos has been raised from ₵98.00 in 1982 to ₵600 with effect from May 31, 1983. Additionally a more rational policy for spraying materials is being pursued together with adequate provision and distribution to farmers. In addition to the existing stock, orders have been placed to import further One million liters of Gammalin. This will bring the total available supplies of Insecticides to about 2 million liters. Furthermore, 20,000 Spraying machines are on order which together with the spare parts should enable the equivalent of One-fourth of the estimated 4.0 million acres under Cocoa to be effectively sprayed. It is estimated that with effective control of Capsid, Cocoa ouput should increase by about 25 percent in the first year rising to 40 percent in the second year of the total acreage sprayed. A special replanting programme has been launched in the areas most severely affected by the recent bush fires.

Food production in 1982 was particularly low. Rainfall was both inadequate and haphazard. By December 1981 no fertilizer has been imported into the country with the result that the main season had to start without any fertilizer applications. In 1983 the situation was critical due to widespread bush fires. The following year the PNDC Government made all possible efforts to ensure that reasonable quantities of fertilizers were available for the planting season. To date about 70,000 tons of fertilizers have been imported, distributed and used by farmers. The Government has decided to phase out the subsidy on fertilizers. The distribution and marketing of fertilizers have also been opened up to the private sector and Co-operatives.

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These measures, it is hoped, will rationalise the pricing structure and also promote efficient use and application of fertilizers with beneficial impact on the out put of major food grains. The Government has also imported Insecticides, Weedicides and Pesticides in sufficient quantities to be distributed through private sector firms.

The sale of all food grains and starchy staples takes place through the normal marketing channels and Government does not intervene in setting, controlling, or monitoring the prices in any way except to announce guaranteed minimum support prices. The prices of these commodities have varied widely from region to region and season to season but the net prices received by the farmers is lucrative.

The deteriorating transportation system of the country is responsible for the high and erraptic price movements of food items in major Urban areas. The Government is therefore tackling this problem with great urgency and in addition to the emergency imports of tyres, spare-parts and batteries, more systematic efforts are being made to rehabilitate the roads and highways, railways, ports, cargo handling in the context of medium term investment programmes. These investments hopefully should help in reducing transportation costs of food.

The Government is aware of the problems faced by the farmers in the procurement of good quality seeds. Although the Ghana Seed Company is endeavouring to improve its performance, the Government is encouraging the Co-operatives and private sector to establish seed multiplication and distribution companies and this will offset the growing demand for quality seeds. Similarly adequate incentives including tax holidays of about 5 years is being provided to the Co-operatives and private sectors in establishing livestock, poultry and dairy farms to increase production in this areas as the present nutritional needs cannot be met by the existing domestic production.

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AGRICULTURAL CREDIT:

Under the Government economic recovery programme, agricultural credit will be provided through the Agricultural Development Bank, Rural Banks and the Commercial Banks. Apart from the Institutional loans, traditional money-lenders also grant agricultural loans to farmers.

The public sector investment programme has been kept to a bare minimum and it is in the nature of essential supporting services rather than public sector.

Over draft, loans and advances granted by the Social Security Bank to agricultural sector show the following:-

AGRIC SECTOR

	₵		%
1981	11 million	=	5.4%
1982	35 million	=	11.4%
1983	77 million	=	18.6%
1984	290 million	=	26.3%

Total loan All Sectors:

1981	=	₵214 Million
1982	=	₵309 million
1983	=	₵415 million

Nearly 3,000 peasant farmers on the Tono and Vea Irrigation Projects have been benefitting annually under Social Security Bank Limited short term unsecured loans scheme. An additional (3,600 farmers - are representing 145 groups) spread over the country were financed under the scheme. The credit extended to these other groups amounted to 56.6 million Cedis as at the end of June, 1984.

The Government has already decided to allow market prices to determine the net returns to farmers engaged in food production. Oil Palm, (a cash crop production), pricing and distribution decisions are also to be made by farmers themselves without any intervention from the Government. Similar steps are under consideration for other important industrial raw

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materials such as cotton, tobacco, and rubber so that farmers are assured adequate incentives.

Organization of Producers:

Farmers are organized into various Co-operatives and Crop Association. The main Federation is the Ghana Agricultural Co-operatives under whose umbrella the other bodies operate. They negotiate on behalf of farmers for good prices, inputs, and distribution of agric. Inputs. The programme with Ghana Agricultural Federation Co-operatives is based on the fact that any major increases in agricultural production in general and in food crop production in particular will for quite a period to come depend on the small scale peasant farmers who are responsible for about 90% of all agric. production./ .Considerqtion of their requirements and marketing have been centered to the work of Ghana Federation of Agricultural Co-operatives.

Land Reform/Legislation:

In Ghana we do not have much problems with land. There are two groups which owe land in the country. The public lands are in the custody of the Government and are mainly sited in the Urban areas with the exception of forest reserves which are scattered all over the country. Those lands are acquired by the Government by Legislative Instrument.

Then we have Stool lands which are controlled by the Traditional Chiefs. It is easier to acquire stool lands than Government owned lands. The Government has launched educational programme asking traditional chiefs to release lands to people who are interested in agriculture and other related ventures. Chiefs are responding favourably to the Government call.

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C O N C L U S I O N :

Even though the PNDC has inherited economic misery, with economic discipline, hard work, devotion to duty and the last but not the least, favourable natural conditions, especially good rainfall there will be sustain increase in food production in the years to come. This is especially so when more and more Ghanaians are beginning to realise the lucrativeness of farming.