

GHANA

Strategy Support Program



Session 3: The Productivity Challenge

SESSION SUMMARY

Chair: Olaf Kula

Panel: Alejandro Nin Pratt, Hiro Takeshima, Rebecca Lee Funk, James Kombiok, Mathew Armah

Having determined that transformation within agriculture, through productivity growth, is a priority, we addressed issues surrounding the supply and adoption of key inputs which will increase yields or increase profits from agriculture. The last 10-12 years have seen the strongest performance of Africa agriculture of the last 40 years. In Ghana, agricultural productivity grew faster than the rest of SSA over 2001-2010. However, agricultural productivity can be considered at both the sector and crop level, each of which tells a different story. Sector-level productivity has been growing mainly due to the shifting of land and labor resources from low-productivity commodities, such as cereals, to high-productivity commodities, especially cocoa [[GSSP Discussion Note #003](#)]. At the crop level, productivity growth has been lacking and failed to play a significant role in aggregate productivity growth. Moving forward, the challenge will be to sustain aggregate productivity growth through crop-level productivity improvements, as most of the benefits from shifting resources into cocoa have already been realized. There are several government programs such as the extension system, farmer-based organizations (FBOs), seed policy and mechanization, in addition to fertilizer subsidies, which aim improve crop-level productivity.

The Kpong Rice Irrigation System is one excellent case where intensive government investment at early stages has induced private investment and improved yields to levels akin to Asia at 5.5 tonnes/ha, compared to Ghana's national average rice yield

of 2.4 tonnes/ha [[GSSP Discussion Note #008](#)]. Government attention to addressing knowledge constraints, and investment in irrigation and road infrastructure has been critical to this success story. There was external support for knowledge transfer on crop husbandry practices to both extension staff and farmers; acquisition of power tillers; selection of profitable varieties and establishment of on-site certified seed production. Our discussion emphasized the catalytic government investments in irrigation and road infrastructure, which increased the effectiveness of other forms of support, leading to productivity growth. The private sector has stepped in to provide mechanized land preparation services, milling and trading services and provision of credit. High productivity and profitability are incentivizing farmers to coordinate canal maintenance. There is high demand for land in the area, with entrepreneurs attracted to rice and horticulture farming in the irrigated area by demonstrably high profits.

There are about 10,000 registered and unregistered FBOs in Ghana. While these institutions have potential to improve productivity, instead they linger without engaging in economically productive activities. Government support through such institutions creating incentives for resource capture rather than productivity growth, with only those focused on profitable activities, such as marketing, being successful [[GSSP Discussion Note #007](#)]. It was agreed that more work could be done to identify the key attributes of successful FBOs.

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