

Budgeting for Productivity and Food Security: How Smart Public Spending Can Boost Agricultural Productivity in Ghana

By Francis Abebrese, Southern Voices Network for Peacebuilding Scholar
September 2017

Food security and nutrition challenges remain a significant issue in Ghana, especially in the three northern regions (Upper East, Upper West, and Northern). As of 2014, about 1.2 million Ghanaians, approximately 5 percent of the population, were estimated to be food insecure.¹ Although Ghana is ranked high on the Economist's Global Food Security Index, the government still spends over half of all agricultural export revenues on food imports.² Low agricultural productivity and high import costs make the country vulnerable to global prices fluctuations and rising food prices, which threaten food security and potentially peace and stability.³

In an attempt to enhance agricultural production and preempt food crises, the Ghanaian Government has implemented several policies and programs such as the Food and Agriculture Sector Development Policies, Medium Term Agriculture Sector Investment Plan, and Fertilizer Subsidy Program.⁴ Despite these initiatives, agricultural productivity remains a challenge in Ghana for a number of reasons, specifically: low use of inputs like improved seeds, fertilizers, and agrochemicals, and structural issues such as an inadequate irrigation infrastructure, weak farmer education and support, poor access to markets, unfavorable financial policy environments, and a weak parliamentary budgetary process.

Raising agricultural productivity remains the best way to ensure food security in Ghana, as it would provide sufficient food to feed Ghanaian households and create surplus to kick-start agro-processing. This can be achieved through consideration of the following actions:

Policy Options and Recommendations

In order to raise agricultural productivity and to help assure food security in Ghana, policymakers should first focus on reforms that increase the efficiency of currently allocated resources by targeting items that have high productivity returns. Once efficiency has been improved, the case can then be made for more resources.

For the Ghanaian Government and Policymakers

a. Focus on better alignment between budgetary allocations and agricultural sector goals:

This will require stronger management of the political pressures that skew budget allocations. Public spending allocation decisions by governments have neglected activities with high productivity returns, such as research and development, due to politicians' preference for short-term, visible investments.

The Southern Voices Network for Peacebuilding (SVNP) is a continent-wide network of African policy and research organizations that works with the Africa Program to bring African analyses and perspectives to key issues in U.S.-Africa relations. Founded in 2011 with the support of the Carnegie Corporation of New York, the project provides avenues for African researchers to engage with, inform, and exchange perspectives with U.S. and international policymakers in order to develop the most appropriate, cohesive, and inclusive policy frameworks for peacebuilding and state-building in Africa.

This publication was made possible by a grant from the Carnegie Corporation of New York. The statements made and views expressed in this paper are solely the responsibility of the author and do not represent the views of the Wilson Center or the Carnegie Corporation of New York.

For more information please visit <https://www.wilsoncenter.org/article/the-southern-voices-network-for-peacebuilding>

Government should align budgetary allocations with the national agricultural investment plan, which prioritizes spending on high productivity return goods and services. Citizens must hold political leaders accountable for the continuation of programs and avoid initiating individual programs not aligned with already established national investment plans. To reduce political pressures from various interest groups, political leaders ought to increase transparency by making data and information on expenditures and beneficiaries accessible to the public. This would also allow the media, civil society, and think tanks to play a more effective role in providing oversight, accountability, as well as analysis that could further enhance gains in the agricultural sector. This would also encourage politicians to look beyond decision-making oriented towards short-term political gains and focus more on the long-term goal of improving welfare of the citizenry.

b. Strengthen the budgetary process by educating parliamentarians on key issues in the agricultural sector: Parliament plays a key role in approving the final national budget. Regular opportunities should be provided for the National Development Planning Commission (NDPC) to brief and provide training on key issues concerning the country's agricultural sector and offer recommendations regarding key expenditure items. Such briefings would provide parliamentarians with information needed to engage policymakers on spending allocations before they approve the budget. Additionally, Parliament should consider using the Public Accounts Committee—a parliamentary committee comprising members of the ruling and opposing parties, which is usually chaired by a member of the opposition process—to demand accountability from policymakers on the allocation of public expenditures in relation to the returns of the expenditures.

c. Improve targeting of subsidy programs to the poor and gradually phase them out: The Government of Ghana could better account for the sustainability of subsidy programs, such as those related to provision of fertilizer to farmers. While such programs may have good short-term goals as they demonstrate to farmers the positive impact on productivity and profitability from using fertilizer, they are usually unsustainable in the long-term as the government cannot maintain the financial cost. Often these programs are designed without the input of the target recipients. As a result, recipients have little understanding of the goals of the program or of the government's long-term commitment, all of which negatively impacts the overall results. Therefore, all effort should be made to first target poor farmers and involve them in the design process of the subsidy program, which entails wide consultations with all relevant stakeholders to spell out the goals and longevity of the programs. Once farmers start to recognize the benefits associated with adopting fertilizer, they are likely to continue buying at market price. Finally, policymakers must control the cost of the programs while gradually phasing them out.

d. Reduce barriers to entry for external technology and private investment in research and development: The Ghanaian Government should consider creating a friendlier environment for private sector investment with defined regulations to attract investment in research and development, and also support state research centers. Some of the challenges that affect private investment in Ghana and across Africa include the cost of testing and the length of time that it takes to develop and disseminate new technologies in agricultural research. There is also need to strengthen collaboration between private sector and international research institutions in order to drive technology development and diffusion. In addition, given regional similarities the government should do more to collaborate with neighboring countries and learn from or adopt, as appropriate, new varieties of technology already approved by such

countries.

e. Assure accountability for resource allocation in the agricultural sector: The Government of Ghana should consider instituting an annual, mid-year review by the National Development Planning Commission (NDPC) and the Ministry of Finance on implementation alignment of ongoing budgetary spending to encourage accountability. This review should be open to attendance from non-governmental institutions and experts.

For an in-depth analysis of budgeting for productivity and food security in Ghana, see the accompanying Southern Voices Network for Peacebuilding Research Paper No. 18. by Francis Abebrese.

Francis Abebrese was a Southern Voices Network for Peacebuilding Scholar from July to November 2017. He is an economist by profession and is currently an Economic and Research Analyst at the African Center for Economic Transformation (ACET) where he serves as the Research Coordinator for ACET's flagship program—the African Transformation Report.

-
1. "Ghana: Nutrition Profile," U.S. Agency for International Development, accessed September 26, 2017, <https://www.usaid.gov/what-we-do/global-health/nutrition/countries/ghana-nutrition-profile>.
 2. African Center for Economic Transformation, "Economic Growth and Transformation Strategy for Ghana." (Forthcoming, 2017). 2018-2057.
 3. Samuel Benin, "Returns to Agricultural Public Spending in Ghana: Cocoa versus Noncocoa Subsector." *International Food Policy Research Institute* no. 1503, (2016), doi:10.2139/ssrn.2740508.; Aparajita Goyal and John Nash, "Reaping Richer Returns: Public Spending Priorities for African Agriculture Productivity Growth." *World Bank Group* no. 109330, (2016): 59-123. doi:10.1596/978-1-4648-0937-8_ch2.
 4. Francis Abebrese, "Boosting Agricultural Productivity and Food Security in Ghana" *The Wilson Center*, 2017.

The Africa Program

The Africa Program works to address the most critical issues facing Africa and U.S.-Africa relations, build mutually beneficial U.S.-Africa relations, and enhance understanding about Africa in the United States.

The Program achieves its mission through in-depth research and analyses, including our blog *Africa Up Close*, public discussion, working groups, and briefings that bring together policymakers, practitioners, and subject matter experts to analyze and offer practical options for tackling key challenges in Africa and in U.S.-Africa relations.

The Africa Program focuses on four core issues:

- i. Good governance and leadership
- ii. Conflict prevention, peacebuilding, and security
- iii. Trade, investment, and sustainable development
- iv. Africa's evolving role in the global arena

The Program maintains a cross-cutting focus on the roles of women, youth, and technology, which are critical to Africa's future: to supporting good governance, to securing peace, to mitigating poverty, and to assuring sustainable development.

SVNP Policy Brief and Research Paper Series

For the full series of SVNP Policy Briefs and Research Papers, please see our website at <https://www.wilsoncenter.org/article/the-southern-voices-network-for-peacebuilding>

One Woodrow Wilson Plaza
1300 Pennsylvania Avenue, N.W.
Washington, DC 20004-3027

 www.wilsoncenter.org/africa

 africa@wilsoncenter.org

 facebook.com/africaprogram

 [@AfricaUpClose](https://twitter.com/AfricaUpClose)

 202.691.4118