

Ghana's input subsidy programs: Awaiting the verdict

Ghana's input subsidy programs are very ambitious in scale and scope, which justifies a thorough evaluation. On the ground of a IFPRI-led study, Kwaw Andam highlights here some of the questions raised such as the targeting and the long term effects of such a programme.



Truckload of subsidized fertilizer, Kumasi, May 2019. Photo credit: Kwaw Andam.

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Successive governments in Ghana have pursued twin goals of reducing the costs faced by farmers for input purchase and introducing farmers to new agricultural technologies to boost productivity. The political will is undoubtedly in place for expanding these programs. The latest version, Planting for Food and Jobs (PFJ), is quite ambitious in scale and scope. After a pilot project launched in 2017 with 200,000 direct beneficiary farmers, PFJ has progressively expanded the lists of beneficiaries up to 500,000 in 2018, with an ultimate goal of reaching 1.2 million farmers by 2020. In terms of scope, the program has moved beyond the previous subsidy programs which focused on fertilizer, to include seed subsidies, and the set of crops of focus has expanded over time. While the programme started with an initial focus on three cereals (maize, rice, sorghum), three vegetables (tomato, onion, pepper), and soybean, by 2019 the crops covered included groundnut and cowpea, roots, tubers and other vegetables. PFJ now has a broad scope and a significant budget. The government plans to invest more than US\$650 million over the four years of implementation (2018-2021).

TARGETING OF BENEFICIARIES REMAINS PROBLEMATIC

A need for a deep evaluation

Given the scale and scope of PFJ and its expansion goals, a comprehensive impact assessment seems essential to inform policy

design, support efficient implementation, and establish a clear basis for measuring the results of this major policy intervention. While recent efforts have been made in collaboration with institutions such as IFPRI and AGRA to strengthen the monitoring and evaluation of the program, some of its expected outcomes and impacts remain questionable.

The thorny issue of targeting

Some estimates indicate that as much as US\$12 million worth of the subsidized fertilizer was moved abroad in the 2018-2019 planting season. While the exact volume is difficult to measure, the fact that the subsidy implementers had to take remedial actions (e.g. changing the bag sizes of subsidized fertilizer, labeling subsidized fertilizer, restricting sales in some districts close to the border) suggests that the volumes are not trivial. If moving fertilizer across the border is perceived to be more profitable than farming, it questions the capacity of the agricultural sector to achieve the productivity gains that would generate the tens of thousands jobs promised for the youth.

So then, are the right beneficiaries being reached? In this context, we can restrict it to farmers within the country's borders. Agricultural subsidy programs, especially the PFJ, are often presented as pro-poor. However, a recent study published by Houssou and co-authors in the *Journal of Development Studies* in 2019 suggests that in 2012 the subsidy programme in Ghana reached only 11 per cent of poor farmers nationwide, and benefits were leaked to 72 per cent of non-poor farmers. Without priority targeting, subsidies can prove to be a bitter failure. A pro-poor targeting approach in 2012 would have ensured that around 70% of poor farming household in Ghana's northern regions would be reached. According to the IFPRI study, such a targeting approach would entail measuring different dimensions of poverty, such as edu-

cation, farming characteristics, and housing conditions through interviews and field visits. The recent pilot projects to generate data on Ghana's farmers is a step in the right direction in this regard.

Questioning the long-term impacts

Evaluation should also question the long-term impacts. What will be the lasting impacts of PFJ, for improving the use of agricultural technologies? For example, in the seed sector, the introduction of seed subsidies through PFJ was meant to increase farmers' use of improved varieties. However, private sector involvement in the seed production system is still low, and may even be adversely affected by PFJ, if the subsidy crowds out the private sector. Providing input subsidies also puts a strain on the public purse in an environment of constrained resources and risks of budget deficits. It is therefore essential, considering the issues raised above, to carry out a rigorous impact assessment of PFJ to improve it so that it helps achieve the PFJ goals. More broadly, agricultural policy in Ghana needs to move beyond the focus on input subsidies to consider the other priorities that are needed for improving agricultural productivity, including research and development of improved seed varieties and investments in agriculture-related infrastructure such as irrigation and rural roads. ■

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