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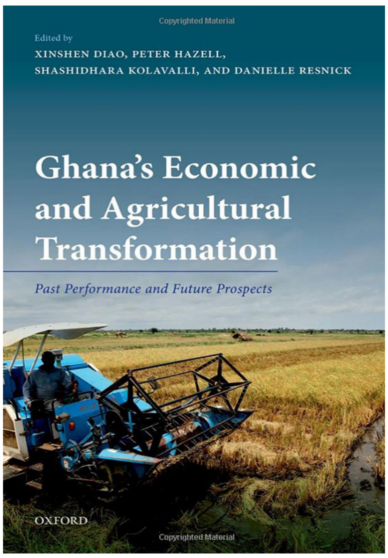
Ghana's Agricultural and Economic Transformation: **Past Performance and Future Prospects**

Ghana's Agricultural and Economic Transformation: Past Performance and Future Prospects questions the development path of Africa and opportunities for agriculture using Ghana as a case study. This note gives an insight of the key findings of the book and points out some blind spots such as climate change impact.



Diao, Xinshen; Hazell, Peter B.R.; Kolavalli, Shashidhara; and Resnick, Danielle (Eds.). 2019. Ghana's economic and agricultural transformation: Past performance and future prospects. New York, NY: International Food Policy Research Institute (IFPRI) and Oxford University Press. https://doi.org/10.2499/9780198845348

Africa has witnessed rapid economic growth over the past two decades, outpaced only by Asia. However, unlike the experience of Asia and Latin America, this growth has not resulted in a migration of labor from agriculture to industry. Although the share of agriculture in Gross Domestic Product (GDP) has declined in most African countries, the share of industry has declined or remained flat in many cases. Most of the young workers migrating to the urban areas have ended up in low-wage and low-productivity jobs in the informal service sector.

Using Ghana as a case study, the book *Ghana's Agricultural and Economic Transformation: Past Performance and Future Prospects* addresses the question of why African countries have developed in this manner. The book finds that economic growth in Ghana has not resulted in the expected shift from low-productivity traditional agriculture to high-productivity sectors like manufacturing. The main lesson drawn for other African countries is that to achieve the robust economic growth needed for rapid creation of decent jobs, they would need to promote the growth of high-productivity sectors such as modern agriculture, manufacturing and formal services.

Economic development without productivity gain

Ghana's overall economic development since Independence in 1957 has been based on the production and exports of a narrow range of unprocessed agricultural commodities and minerals, and in more recent times, oil. Ghana has made slow progress in transforming its economy into one reliant on the exports of high-value manfactured products and services.

Using statistical analysis, it is shown that the reason for the low gain in labor productivity from structural change in Ghana is that so many workers have moved from agriculture to the services sector, where productivity is not much higher than in traditional agriculture. In fact in some cases it is even lower, meaning that the movement of workers from traditional agriculture to the low-productivity service sector actually detracts from the nation's average labor productivity. For example, from the period 1990 to 2010, the share of services in GDP increased from about 2% to about 50%, yet growth in value-added per worker declined from 6% to 3.1%.

A low investment in the agricultural sector

When it comes to political economy analysis of Ghana's stalled economic transformation, it is argued that the most promising possibilities for creating productive employment lie in agricultural intensification and the growth of modern industries such as agro-industries.

The agricultural sector has played an important role in Ghana's economic transformation to date. However, the sector has not reached its potential because growth has been achieved more through land expansion than the uptake of higher-yielding technologies. The agricultural sector has generally performed well, growing at an annual rate of 4.5% percent in real terms. However, agricultural exports have not been diversified beyond cocoa (p. 25) and there is growing dependence on imported food.

The agricultural transformation that has occurred in Ghana could be explained by increase in the production of not only cocoa but also increased production of roots and tubers, other crops and livestock. The growth of food staple crops has kept up with population growth of 2.5% per year and growth in per capita income of 2.9% per year. Several options for future growth in the agricultural sector are identified, such as increased production of livestock, rice, poultry and other crops not only to reduce imports of these commodities but also to boost exports.

When it comes to the question of whether Ghana has invested enough resources in agriculture and how the patterns of investment in the sector have impacted agricultural productivity growth, it appears that public spending on agriculture has fallen short of 10% of total expenditure in most years since 1961. In recent times, the share has averaged only 2-3%, which is low even by African standards. Relatively little has also been spent on complementary investments in rural roads and other essential rural infrastructure.

Successful public interventions in commercial crops?

Public interventions in the cocoa subsector have been a success. This experience is a benchmark to evaluate interventions in three other value chains—pineapples, rice, and tomatoes. It is concluded that these crops have under-exploited opportunities due to the inability of farmers to produce sufficient amounts of sufficient quality to meet urban market, agro-processor, and export demands. In turn, this is due to a lack of better seed varieties, an absence of quality control through grading and pricing along value chains, inadequate post-harvest handling (especially transport, and cold storage and modern processing facilities).

Agricultural mechanization in Ghana is said to be vastly underutilised. Thus, the government could more effectively engage with the private sector to enhance the development of agricultural mechanization.

AGRICULTURE IS YET TO REACH ITS POTENTIAL

Key findings of Ghana's agricultural and economic transformation

The need to develop a broader range of high productivity industrial and agricultural activities is emphasized as a critical factor if Ghana is to succeed in sustaining or even accelerating its rate of growth of GDP per capita. A number of opportunities in the agricultural sector are identified. These include meeting a rapidly growing domestic demand for higher-value foods such as fruits, vegetables, and livestock products, and for processed and pre-cooked foods. There are also a number of import substitution opportunities such as rice, poultry, and tomatoes. Furthermore, there are opportunities for developing nontraditional agricultural exports to the West African regional market and beyond.

But what about climate change and ICT?

This is a well written book that makes practical recommendations for addressing numerous problems in Ghana's agricultural sector. It contains useful lessons that other African countries can learn. The conclusions and recommendations are based on solid analytical work. However, there are two notable significant omissions in the book.

First, since Ghana and most other African economies are dependent on agriculture for their income, mention should have been made of the risks posed by climate change and the actions that need to be taken to address these risks. The book talks about future prospects for agriculture. However, smallholder farmers are already being adversely impacted by climate change and one cannot talk about future prospects without a serious discussion of the climate threat. Second, in Part II of the book there is no discussion of the important issue of how technology and innovation can be leveraged to increase agricultural productivity and help farmers adapt to climate change. There are now over 40 million mobile phones in use in Ghana with a population of just over 30 million. Mobile and other digital technologies can be used to improve access to credit and provide affordable insurance products. ICT can also be used to provide market and climate information. ■

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