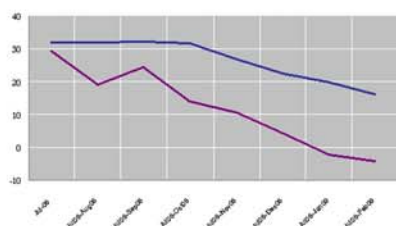


Impact of the Global Financial Crisis

GHANA case study



May 2009

Assessing the Impacts of the Global Economic and Financial Crisis on Vulnerable Households in Ghana

May, 2009

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Executive Summary

The direct impact of the global economic and financial crisis on households in Ghana, as of April 2009, is small but potentially large. So far, foreign capital flows, remittances and exports of timber, horticultural products and shea nuts have declined. Shea nut volumes and prices have declined drastically. Timber exports declined by 27% and remittances by 16% in January-February 2009, compared to the same months in 2008. Remittances also declined in the last quarter of 2008.

Seven out of eight focus groups among smallholders in the north, ten out of eleven focus groups among cash crop farmers and four out of five focus groups among slum dwellers indicated that their income has declined compared to a year ago.

Cocoa and gold prices have declined somewhat from their peaks in 2008, but are still relatively high. Ghana and a large number of households are also vulnerable if cocoa prices drastically decline, although that is not expected.

High food prices also continue to affect vulnerable households. Many focus groups indicated that they are coping by reducing the quality and quantity of food consumption. Return migration is also mentioned frequently as a coping strategy.

Ghana is very vulnerable to deterioration in the external environment with a current account deficit of 22% of GDP and 1.8 months of international reserves. Ghana already is facing difficulties financing its large current account and budget deficits. Lower export revenues and a further decline in remittances and capital flows would worsen the macroeconomic situation drastically. Such shocks would put further pressure on the exchange rate, which already lost 23% of its value against the US\$ in 2008. This will increase food and fuel import costs and debt service payments and is likely to reduce economic growth.

In the worst-case scenario, with external shocks, high food prices and a natural disaster striking at the same time, food consumption could decline by as much as 17%.

The most vulnerable households are:

1. *Smallholder farmers*, particularly in the north. Most vulnerable are collectors of shea nuts.
2. *Households dependent on remittances*.
3. *Urban poor*, including casual laborers.
4. *Smallholder cocoa and horticultural farmers* are less vulnerable because they have lower poverty rates, but if volumes and prices of exports decline drastically, they are at risk as well.

Acknowledgments

We would like to thank the key informants and participants of the briefing sessions for their inputs and comments, including on the draft of this report. We are also extremely grateful to the WFP Country Office for their support, including in terms of the logistics, in particular Ismail Omer (Country Director) and Sibi Lawson-Marriott (Head of Programme). The assistance of Marian Kpakpah, Sylvester Kyei-Gyamfi, Prince Laryea, and Florence Quartey are gratefully acknowledged for their participation in primary data collection. Special thanks go to Lisa Biederlack and Peter Horjus for providing data from the CFSVA and Farzad Kapadia for research assistance.

The authors are solely responsible for any remaining errors.

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List of Acronyms

ADRA	Adventist Development and Relief Agency
AfDB	African Development Bank
AFD	Agence Française de Développement
AIDS	Acquired Immunodeficiency Syndrome
CBRDP	Community Based Rural Development Programme
CFSVA	Comprehensive Food Security and Vulnerability Assessment
CIDA	Canadian International Development Agency
DFID	Department for International Development
EIU	Economist Intelligence Unit
ESHI	Economic Shock and Hunger Index
FAO	Food and Agriculture Organisation
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GLSS	Ghana Living Standards Survey
GPRS	Ghana Poverty Reduction Strategy
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HIV	Human Immunodeficiency Virus
IFPRI	International Food Policy Research Institute
IIF	International Institute for Finance
ILO	International Labor Organisation
IMF	International Monetary Fund
IRIN	Integrated Regional Information Network
ISSER	Institute of Statistical, Social and Economic Research
LEAP	Livelihood Empowerment Against Poverty
MDG	Millennium Development Goals
MMT	Metro Mass Transport
MT	Metric ton (1,000 kg)
NDPC	National Development Planning Commission
NHIS	National Health Insurance System
NGO	Non-Governmental Organisation
NSPS	National Social Protection Strategy
NYEP	National Youth Employment Programme
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
OPEC	Organisation of Petroleum Exporting Countries
SNV	Netherlands Development Organization
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organization
UNWTO	United Nations World Tourism Organisation
VAT	Value Added Tax
WFP	World Food Programme
WHO	World Health Organization
WTO	World Trade Organisation

I. Background

Poverty and hunger in Ghana

1. Ghana's **record of reducing poverty and hunger has been impressive**. The proportion of the population below the national poverty line declined from 51.7% in 1991-92 to 28.5% in 2005-06, with a 17 percentage point reduction in urban areas and a 24 percentage point reduction in rural areas.
2. The number of hungry people in Ghana declined from 5.4 million in 1990-92 to 1.9 million in 2003-05. In proportional terms, the decline is even more impressive. The proportion of undernourished people declined from 34 percent in 1990-92 to 9 percent in 2003-05. Ghana is the only country in sub-Saharan Africa that has reached both the World Food Summit target of halving the number of hungry people and the Millennium Development Goal target of halving the proportion of undernourished people (FAO, 2008).
3. This performance has been a result of strong widespread economic growth, particularly in the agricultural sector. GDP has grown by more than 5% per year since 2003. Higher cocoa prices and yields provided higher incomes for smallholder farmers since 2001. Higher gold and timber prices have also added to income growth.

Box 1 Poverty in Ghana

Ghana consists of 3 ecological zones (coastal, forest and savannah) and 10 administrative regions (Ashanti, Brong Ahafo, Central, Eastern, Greater Accra, Northern, Upper West, Upper East, Volta and Western).

The incidence of poverty by area in 2005/06

	Share in population	Poverty incidence	Share in total poor
National	100	28.5	100
Urban	37.6	10.8	14.3
Rural	62.4	39.2	85.7
Accra	11.8	10.6	4.4
Coastal, urban	5.8	5.5	1.1
Coastal, rural	11.0	24.0	9.2
Forest, urban	14.6	6.9	3.5
Forest, rural	28.0	27.7	27.2
Savannah, urban	5.4	27.6	5.2
Savannah, rural	23.4	60.1	49.3

The incidence of poverty by northern regions, 1990/91-2005/06

	1991/92	1998/99	2005/06
Northern	63	69	52
Upper East	67	88	70
Upper West	88	84	88

Source: Ghana, 2007.

4. Even with this record, concerns remain – and have been increasing – about **rising inequality, regional disparities and the depth of poverty**. Poverty in the

rural savannah areas, for example, has also declined but by less and 60% of the population remains poor. In the Upper East and Upper West, the rate of poverty increased and remained the same, respectively, between 1991/92 and 2005/06 (see Box 1). In Greater Accra and Upper West, the rate of poverty increased between 1998/99 and 2005/06. And because the decline in poverty was slower in the north, 49% of the country's poor lived in the rural savannah in 2005/06, which increased from a third in 1991/92 (Ghana, 2007; see Box 1). The depth of poverty has basically remained constant since the early 1990s at the national level, while it even increased in Greater Accra and in the urban savannah (Ghana, 2007).

5. WFP's Comprehensive Food Security and Vulnerability Analysis for Ghana (WFP, 2009a) identified only 5% of the population as poor or borderline food consumption. Yet, in rural areas of Northern, Upper East and Upper West, this percentage increases to 10%, 15% and 34%, respectively. Moreover, in urban areas only 3% have poor or borderline food consumption, but in absolute numbers it is the largest group at 366,000.

The global financial and economic crisis

6. The global financial crisis erupted in full force in the United States in September 2008 and spread rapidly to other developed countries. Most of the developed world is in a recession. Many economists expect this to be the longest and deepest recession since the 1930s. The IMF called it "the most dangerous shock in mature financial markets since the 1930s" (IMF, 2008a).

7. Through trade and financial linkages and contagion, the crisis also spread to developing countries. They have been affected by **lower export volumes, a fall in commodity prices, less and more expensive foreign capital, lower remittances and fewer tourists**. This has caused declines in income growth, job losses and budgetary pressures, which could lead to reduced government spending on social protection systems. Aid levels might also be affected, even if developed countries maintain their GDP-based aid targets.

8. The first signs of the severity of the crisis are staggering and many indicators are still getting worse. "Notwithstanding a significant downward revision to the forecast, downside risks continue to dominate." (IMF, 2009b). The World Bank (2009a) expects global GDP to decline in 2009 for the first time since 1945 and world trade to register its largest decline in 80 years (see also WTO, 2009). Of the 51 economies with data for the fourth quarter of 2008, 36 show double-digits declines in nominal exports compared to a year earlier (World Bank, 2009a). Net private capital flows to emerging markets is expected to decline from US\$929 billion in 2007 to US\$165 billion in 2009 (IFI, 2009), affecting all flows (equity, portfolio, commercial loans, etc) (IMF, 2009b). The gap to finance current accounts of developing countries might be as high as US\$700 billion (World Bank, 2009a). Moreover, finance is getting more expensive with higher interest spreads. This is not only affecting emerging markets, but also countries such as Ghana, which has increasingly tapped into international capital markets.

9. Remittances are already declining as well. The growth in global remittance flows declined sharply in the second half of 2008 and is expected to fall in 2009 for the first time since 1985 (by 5-8%). Remittances are not only an important source of foreign exchange, but also an important income source for many vulnerable households across the world. A decline in remittances is likely to have important implications for poverty and hunger.

10. Jobs are also already disappearing. The ILO estimates that 51 million jobs could be lost in 2009 (ILO, 2009). The number of poor people is estimated to increase by 46 million in 2009 and an additional 200,000 to 400,000 of infants are likely to die as a result of the economic crisis (World Bank, 2009a).

11. Partly because of the global financial crisis, food prices have declined significantly from their peaks in early 2008, but food prices remain high and, in fact, have increased since December 2008. The FAO Cereal Price Index was in March 2009 still 74 percent above the 2005 level and double the 2000 level. Food prices have declined because of slower demand growth, easing of export restrictions, lower energy and fertilizer prices

and a stronger dollar. Yet, other structural factors, such as low stocks, low productivity growth, climate change and demand for biofuels, are still in place. Most experts predict that food prices for the next ten years will be significantly higher than the low levels reached in the late 1990s.

12. The World Food Programme (WFP) conducted in early 2009 a global risk analysis and created an Economic Shock and Hunger Index (ESHI), to identify the nations that are most vulnerable to the unfolding global financial crisis. The analysis argued that countries are more vulnerable if they:

- receive high levels of remittances;
- are heavily reliant on trade;
- have low international reserves;
- have enjoyed high Foreign Direct Investment (FDI);
- have weakened exchange rates;
- have high current account deficits;
- are dependent on Official Development Assistance (ODA); and
- have low GDP per capita.

13. Only including low-income food-deficit countries with more than 20 percent of the population undernourished and more than 20 percent of children under five underweight, yielded a list of 40 countries that were deemed at risk. Ghana is among the 40.

14. In addition, WFP is undertaking case studies to assess the impact of the global economic and financial crisis on household food security. These studies employ secondary data analysis of the macroeconomic situation and a rapid qualitative survey at community and household levels. This assessment is one of them. The studies are conducted in 4 other countries in Africa, Asia, Central Europe and Latin America (Armenia, Bangladesh, Nicaragua and Zambia).

15. The critical question for Ghana is whether the impact of the economic and financial crisis be a temporary setback, the start of a period of stagnation or reverse gains that have been achieved over the last decades?

16. This assessment will first discuss macroeconomic vulnerabilities and shocks in Section II. The next section will outline the impact on households. Section IV will review the level of food prices. The next section presents the results of the focus group discussions, which were held in April 2009. Section VI discusses a simulation of the impact of various shocks on household food consumption. Section VII outlines the priority needs identified by the focus group discussions and the existing safety nets. The report concludes with a number of recommendations.

II. Macroeconomic vulnerabilities and impacts

17. The transmission from the global economic and financial crisis to hunger and malnutrition at the household level will go through macroeconomic variables. Whether the global economic and financial crisis results in a deterioration in the macroeconomic situation depends on Ghana's vulnerability (see Box 2). This section first discusses the macroeconomic vulnerabilities. This is followed by an assessment of the extent that the global economic and financial hazards have translated into macroeconomic shocks in Ghana.

Box 2 Risk and vulnerability: definitions and concepts

Risk (R): The probability that a country or household is negatively affected by the interactions between natural or human-induced hazards and vulnerable conditions.

Hazard (H): The probability of damaging phenomena in a given period and area. Can be expressed as the probability of the incidence of a harmful event at a specific site during a given period.

Shock: Disturbance caused by a hazard.

Individual or idiosyncratic shock: Affects an individual or household, for example, sickness or death of either humans or animals.

Common or covariate shock: Affects all members of a community, region or country. It is not always easy to distinguish idiosyncratic from covariate shocks, for example, in the case of contagious diseases.

Vulnerability to food insecurity (V): Vulnerability is a function of a household's exposure to a hazard and its capacity to mitigate and cope with the hazard's effects.

$$\text{Risk} = f(\text{hazard, vulnerability}) = f(H, V)$$

$$\text{Vulnerability} = f(\text{exposure to hazard, ability to cope with risks})$$

$$\text{Hazard} = f(\text{probability, intensity, coverage})$$

Source: Based on WFP (2009b).

18. **Ghana is very vulnerable to the effects of the global economic and financial crisis** in several aspects (World Bank, 2008a; IMF, 2009a). The IMF revised downward the GDP growth forecast for 2009 by 3.4 percentage points since April 2008 and **put Ghana on a list of 26 countries highly vulnerable** to an external shock of declining trade, remittances, FDI and ODA (IMF, 2009a). Ghana is particularly vulnerable to a trade shock.

19. Ghana is vulnerable for the following reasons:

- Very high current account deficit;
- Very high budget deficit;
- Aid dependency;
- Export dependency; and
- Exchange rate depreciation.

20. A deterioration in the external environment, because of declining export revenues, lower capital inflows or less aid, means that the budget and the current account deficits are more difficult to finance. The direct effect is likely to be a further depreciation of the exchange rate. This implies that the servicing of foreign debt is more difficult, increasing the budget deficit even more. It also means that imports are more expensive, putting upward pressures on fuel and food prices.

21. The worst case scenario would be that all possible hazards would occur simultaneously, i.e. declining cocoa, gold, timber, horticultural and shea nut prices and export volumes, falling foreign capital flows and decreasing ODA and remittances. The impacts would be particularly severe if they coincide with a natural disaster, such a drought or floods, and high food prices.

High current account deficit

22. The macroeconomic vulnerability had already increased before the global financial crisis erupted because of the food and fuel price hikes in 2007 and 2008, which contributed to the deterioration of the current account deficit. Oil imports, for example, increased from US\$1.1 billion in 2005 to US\$2.3 billion in 2008 (see Table 1). Rapid growth in imports of investment goods and consumption durables also contributed to the high deficit. **The current account deficit deteriorated from 12.6% of GDP in 2005 to 22.3% in 2008** (Bank of Ghana, 2009a; see Table 1). The deficit worsened significantly despite the rapid increase in the terms of trade since mid-2008 because of the fall in oil prices and relatively stable cocoa and gold prices.

Table 1 The current account of the balance of payments of Ghana, 2005-2008 (in millions of US\$)

	2005	2006	2007	2008
Current account balance	-1,104.6	-1,042.7	-2,151.5	-3,473.5
Exports	2,802.2	3,726.6	4,172.1	5,275.3
Cocoa beans and products	908.4	1,187.4	1,132.6	1,501.7
Gold	945.8	1,277.2	1,733.8	2,246.3
Timber and timber products	226.5	206.7	249.0	309.0
Others	721.5	1,055.3	1,056.7	1,218.4
Imports	-5,347.3	-6,753.7	-8,066.1	-10,261.0
Non-oil	-4,217.9	-5,107.5	-5,971.1	-7,911.8
Oil	-1,129.4	-1,646.2	-2,095.0	-2,349.2
Balance on goods	-2,545.1	-3,027.1	-3,894.0	-4,985.6
<i>Memo: Current account as % of GDP (excluding official transfers)</i>	<i>-12.6</i>	<i>-13.1</i>	<i>-16.1</i>	<i>-22.3</i>

Source: Bank of Ghana (2009a)

23. The IMF (2009a) estimates that Ghana could need an additional US\$1.4 billion in balance-of-payment financing if the shocks regarding trade, remittances and FDI materialize.

24. One positive development is the discovery of oil, which will provide some relief for the current account but exports are not expected until 2010.

25. Ghana's problems regarding the financing of the current account deficit could lead to a worsening debt situation. Existing debt levels are currently sustainable, but could become unsustainable if the external environment deteriorates. Total debt as a percentage of GDP has declined significantly in recent years, from 120% in 2003 to 40% in 2006, partly because of the Heavily Indebted Poor Countries initiative and the Multilateral Debt Relief Initiative. Subsequently, it has increased slowly, reaching 50% at the end of 2007. In early 2008, it was projected to increase to 52% in 2010 (World Bank, 2008a). This might, however, be optimistic.

26. The World Bank-IMF debt sustainability framework already noticed in early 2008 that **external debt increased by about 4 percentage points of GDP and was approaching the "warning" limit**. The risk of debt distress was still considered

moderate (World Bank, 2008a). Yet, total public debt was forecasted to rise to 80% of GDP in 2028, "implying serious risks to debt sustainability" (IMF, 2008b).

Short-term debt (due within one year) increased to US\$1.3 billion in late 2007, declining (in a typical seasonal pattern) to US\$1.1 billion in September 2008. Short-term debt amounted to 52% of total debt in September 2008, which was equal to the average for the period 1995-2008.

High budget deficit

27. The **budget deficit reached 11.5% in 2008** (more than three times the 4% target rate) and is forecasted to be approximately the same in 2009 at 11.7% (Bank of Ghana, 2009c; EIU, 2009). The budget deficit has been high because of energy infrastructure investments, utility subsidies, a rising wage bill and election-related expenditures and is expected to remain high because of slower growth and lower commodity prices.

28. The **Government has relied partly on foreign (private and official) sources to finance the deficit**. Foreign investors account for 20-25% of the domestic bond market (World Bank, 2008a) and ODA budget support accounts for 20% of government consumption expenditures (OECD, 2008).

29. The Government of Ghana has also been able to tap into international capital markets. It issued a US\$750 million Eurobond in September 2007 and intended to borrow US\$250 million in 2009 and US\$350 million per year in 2010. This is unlikely to be feasible, at least not on similar terms as the Eurobond issue. In October 2008, it was not successful in gathering interest for a second Eurobond issue. Ghana has already invited the IMF for exploratory talks for concessional financing, which is a big step as Ghana thought that it did not need the IMF anymore after the previous loan expired in 2006. **Yet, concessional official finance of the budget and current account deficits could play a major role in mitigation of the impact of the global economic and financial crisis on Ghana.**

30. **Financing the deficit has already become more expensive.** The Bank of Ghana raised the prime rate a number of times from 13% in mid 2007 to 18.5% in February 2009. The rate on the 91-day Treasury Bill increased even more steeply, from 10% in mid 2007 to 25% in September 2008 (Bank of Ghana, 2009e). The interest rate spread between Ghana and US government bonds tripled between September and December 2008 from about 5 percentage points to more than 15 percentage points. It subsequently declined, but in early 2009 remained double the level of September 2008.

Aid dependency

31. Ghana has received significant ODA flows over the last decades, particularly since the 1983 reforms. In recent years, Ghana has received more than US\$50 per capita per year. ODA as a source of foreign exchange to finance imports has declined in relative terms over the years, but in 2006 ODA still amounted to 14% of imports of goods and services.

32. Aid has also been an important source of support for the Government. In 2007, about a third of ODA went directly to the government budget (US\$378 million), amounting to 20% of government consumption expenditures (OECD, 2008).

Export dependency

33. Ghana is a small open economy. Exports of goods and services accounted for about 40% of GDP in recent years – below export-oriented countries in Asia. About 50% of exports are destined for developed countries and another third for South Africa. **Ghana's export structure remains highly concentrated** with cocoa and gold accounting for 71% of exports of goods and timber for an additional 6% in 2008 (see Table 1). This makes Ghana very vulnerable to external shocks, such as a decline in

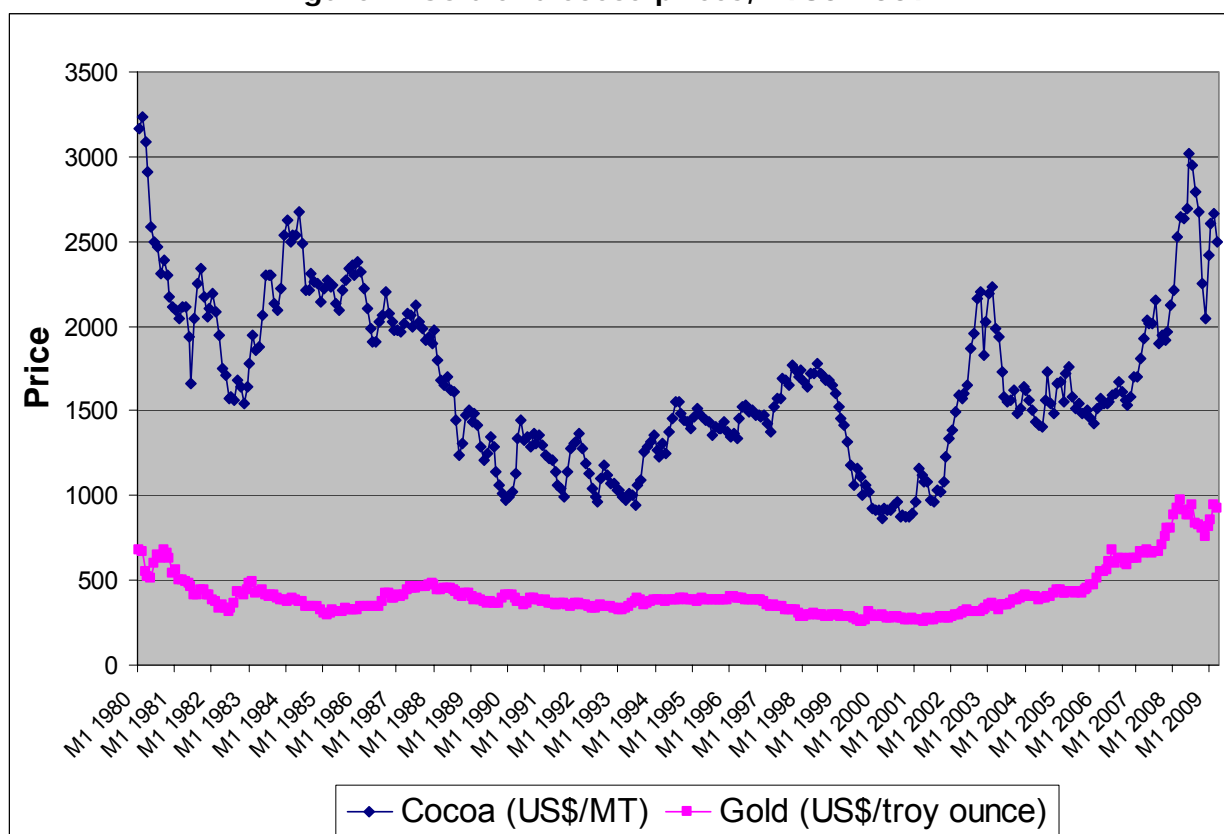
prices or export volumes. GDP growth is correlated with commodity prices (export prices (lagged 1 year) and GDP growth had a correlation coefficient of 0.48 for 1991-2005) (World Bank, 2008b).

34. Cocoa and gold prices more than doubled between mid 2005 and mid 2008 (see Figure 1). But – like other commodities – prices peaked in the first half of 2008. Cocoa prices declined by 32% and gold prices by 21% between the peaks in early 2008 and the trough in November 2008. Yet, subsequently, prices strongly rebounded – in contrast to other commodity prices – although not to the levels reached in early 2008.

35. Other exports provide little of a cushion and have been affected by the global economic crisis as well, especially because some of them are luxury items. Horticultural exports have increased in recent years, but remain small. They are dominated by pineapples, but also include mangos and bananas. They accounted for only US\$46 million in 2008.

36. Tourism is the fourth-largest foreign exchange earner, after gold, cocoa and remittances, and accounts for about 5% of GDP. Tourism arrivals doubled between the mid-1990s and the mid-2000s, reaching peaks of about 585,000 arrivals in 2004 and 2007. Tourism, however, is concentrated in a few geographical areas and benefiting only a small group.

Figure 1 Gold and cocoa prices, 1980-2009



Source: IMF, International Financial Statistics

Exchange rate depreciation

37. The value of the exchange rate is under pressure. The **cedi lost already about 23% of its value against the US\$ and 19% against the euro in 2008** (largely in the last 6 months). Ghana is vulnerable to further depreciation of its currency because of a very high current-account deficit, rising debt, low international reserves (only covering 1.8 months of imports at the end of 2008) and high and rising inflation. Inflation reached its highest annual rate in 5 years at 20.3% in February 2009.

A depreciated currency means **higher import costs and higher debt repayments**. Both will put pressures on the government budget and curtail economic growth. Ghana is highly dependent on imports of fuel and capital goods. Focus groups complained about the higher costs of fuel, parts and agricultural inputs. Ghana also imports significant quantities of rice and wheat, in addition to sugar, milk products and fish. The **depreciating currency is making food and fuel imports more expensive** and lead to higher food prices within Ghana. On the other hand, it increases export revenues in terms of cedis and makes exports from Ghana more competitive compared to neighboring countries, whose currency is pegged to the euro. Yet, the net effects have frequently been negative because of the inflationary effects of a depreciation and the importance of imported inputs.

From global hazards to macroeconomic impacts in Ghana

38. Although the global financial crisis started in the United States, it quickly spread to Europe and developing countries. The transmission channels have been export volumes, commodity prices, financial flows, remittances, tourism and, potentially, aid flows. Table 2 summarizes the effects these channels are having on Ghana.

Table 2 Macroeconomic vulnerabilities and hazards

Vulnerabilities	Hazards	Evidence as of April? (size) / probability of worsening
High current account deficit High budget deficit Aid dependency Export dependency Exchange rate depreciation	<ul style="list-style-type: none"> • Declining: <ul style="list-style-type: none"> • export volumes • commodity prices • foreign capital inflows • ODA • remittances • tourism • Increasing oil price → depreciating exchange rate + gvt budget pressures 	<ul style="list-style-type: none"> • Yes (small) / large • Yes (small) / small • Yes (medium)/ large • No / medium • Yes (medium)/ large • ? / large • No / small • Yes (large) / large • Yes (large) / small

39. As of April 2009, **Ghana has been particularly affected by a reduction in capital inflows**, making it more difficult to finance the budget and current account deficits (see also above). The IMF (2009a) noted that “emerging signs that the crisis is spreading to [low-income countries] are evident, in particular, for those that had begun to access international capital markets (for example, Ghana [...]), or where direct and indirect foreign financing in local markets was on the rise ([...] Ghana [...]).”

40. Total export revenues increased by 17% in the first quarter of 2009 to \$181.5 million from \$154.5 million in the same quarter in 2008 (Myjoyonline.com, 9 April 2009). Higher cocoa prices probably played a role as they were on average 5% higher during the first quarter of 2009, compared to 2008.

41. For some commodities, such as **pineapples and shea nuts, exports declined in 2008. This trend appears to continue in 2009**. Pineapple prices have fallen (see also focus group discussions below). Shea nut prices have declined precipitously by 80% (World Bank, 2009b). **Timber** exports declined in January and February 2009 by 27% in volume terms compared to the same months a year earlier. Key informants and focus group discussions also indicated that timber exports have declined in early 2009. **Cocoa and gold prices have fallen but are still relatively high**. And volumes of cocoa and gold exports seem to holding up.

42. **International remittances are declining**. They declined in the last quarter of 2008 (World Bank, 2009b). They continued to decline in the first two months of 2009 by

16% to \$250 million from \$300 million in the same months in 2008 (Myjoyonline.com, 9 April 2009).

43. There is no concrete evidence yet that ODA is declining and the mission was not able to get up to date information on tourism arrivals.

44. Table 2 displays the global transmission channels and the evidence on the impact in Ghana. The direct macroeconomic impact of the global economic and financial crisis on Ghana as of April 2009 is small, except for foreign capital flows.

45. The table also indicates the likelihood of a deterioration of the impact over the course of 2009. As noted above, global exports have been declining rapidly since the last quarter of 2008 and the WTO talks about a "collapse in global demand" (WTO, 2009). It is unlikely that this will bypass Ghana. The likelihood that export revenues will decline is, therefore, large.

46. Commodity prices have been extremely volatile in recent years. This is likely to continue, partly because of the high level of uncertainty regarding the global economic situation. Paradoxically, uncertainty often benefits gold because it is used as a flight to certainty. Moreover, tight global supplies and high demand from China, are also likely to support high cocoa prices. It is, therefore, unlikely that cocoa and gold prices will collapse. The EIU expects prices of cocoa and gold to decline in 2009 by only 11% and 15%, respectively (EIU, 2009).

47. Given the situation in the financial sector in developed countries, it is likely that the decline in foreign capital inflows, from which Ghana is already suffering, will continue or even worsen.

48. ODA is likely to decline. The recession in developed countries and the need for fiscal stimuli and support to ailing financial institutions has put a lot of pressures on budgets. Even if ODA-to-GDP ratios are maintained, ODA will be affected. Ghana might be spared the brunt of the decline as it has been a favorite recipient of donors. The financing of activities of NGOs could also come under pressure, either because they are financed by donors or because private charitable giving is declining. The World Bank (2009b) noted that stakeholders are reporting an impact already.

49. The Government of Ghana is very committed in providing social protection and is committed to maintaining expenditures in this area. Donors and international financial institutions are likely to assist Ghana in terms of financing its current account and budget deficits.

50. The decline in international remittances is also likely to continue. Remittances are generally more resilient than capital flows, but evidence of falling remittances and expectations that global remittances will decline in 2009 makes it likely that international remittances to Ghana will continue to decrease.

51. The prospects for tourism in 2009 are poor. Tourism is a luxury and, therefore, highly sensitive to economic circumstances. The growth in global tourist arrivals already slowed drastically in 2008. A panel of experts convened by the UN World Tourism Organization had very low confidence in the 2009 season (UNWTO, 2009). Given the global economic situation, tourism revenues are likely to decline.

52. Because of the macroeconomic vulnerabilities and the early evidence of the impact of the global economic and financial crisis in terms of foreign capital, exports, remittances and the depreciating exchange rate, **Ghana's economic situation could drastically deteriorate if (with macroeconomic impact/likelihood between parentheses):**

- export volumes (large/large) and prices fall, including of cocoa and gold (large/small);
- ODA is reduced (large/medium);
- remittances decline further (large/large);
- tourism revenues decline (small/large);
- foreign capital inflows decrease even more (large/large); and
- fuel and food prices increase (large/small).

III. Impacts on households

53. There are several channels through which the macroeconomic effects of the global economic and financial crisis translate into poverty, hunger or malnutrition at the households level (see Table 3). Firstly, households engaged in export-oriented production could be affected by lower export volumes and/or lower export prices. This includes farmers producing cocoa or horticultural products (such as pineapple), households collecting shea nuts and workers employed in the timber or tourism industry or in gold mining. Households and workers engaged in these activities, with the exception of shea nuts, tend to have lower rates of poverty and hunger and are therefore less vulnerable. Yet, workers in timber, tourism and mining are likely to send remittances to households that are worse off. Moreover, a large decline in export volumes or prices will also affect households that are less vulnerable.

Table 3 Impacts of the global economic and financial crisis on households

Shock	Coverage	Vulnerability	Potential impact	Channel	Actual or potential impact as of April 2009
Cocoa exports*	Large in F+south S	Low	Large	Direct	Potential
Horticultural exports*	Small in C+F	Low	Medium	Direct	Actual
Shea nut exports*	Medium in S	High	Very large	Direct	Actual
Timber exports*	Small in F+ south S	Low	Medium	Remittances	Actual
Tourism arrivals	Small in C + F	Low	Medium	Remittances / Indirect (crafts)	?
Gold exports*	Small in F	Low	Medium	Remittances	Potential
ODA	Medium in C,F,S	High	Medium	Indirect (through Gvt, NGOs, donor projects)	Potential
Remittances	Large in C,F,S	High	Medium	Direct	Actual
Depreciating exchange rate	Large in C,F,S	Varies	Large	Direct + Indirect	Actual + Potential
Government expenditures	Large in C,F,S	High	Large	Direct	Actual + Potential
Oil price	Large in C,F,S	Varies	Large	Direct + Indirect (through gvt. budget)	Potential
Food prices	Large in C,F,S	High	Large	Direct	Actual

Notes: * Exports including volume and price effects.
C = Coastal zone; F = Forest zone; S = Savannah zone

54. Secondly, a large number of households in all regions receive remittances. Less remittances is impacting households and reducing their ability to access food. Remittances have contributed to poverty reduction in the past (Adams *et al.*, 2008). A

reduction in remittances therefore raises the risk of backsliding on the fight against poverty.

55. Thirdly, cuts in ODA will affect large segments of the vulnerable population in all regions because of the effects it will have on government safety nets, NGOs and programmes and projects for donors.

56. Fourthly, the budget deficit is already high. Macroeconomic shocks, such as a higher oil price or a fall in the exchange rate will put significant pressures on government expenditures, including on social protection. This will have a considerable impact on a large number of people in all regions.

57. Fifthly, a depreciating currency will make food and fuel imports more expensive, which will have an impact on many vulnerable households. The higher costs of capital good imports and increase of debt servicing also might have an effect on economic growth, and, therefore, on incomes.

58. Sixthly, food and fuel prices have been relatively high in Ghana. This has affected large numbers of vulnerable households throughout the country. High food prices are discussed separately in the next section.

59. This section will discuss the risk that a shock will be transmitted to hunger and malnutrition at the household level.

Vulnerability of and impacts on households producing products for exports

Cocoa farmers

60. Cocoa production accounts for about 10% of agricultural production in Ghana, but contributed about 30% to its GDP growth during 2001-05 because of rapid yield growth. Cocoa production nearly doubled between 2000 and 2006, reaching 740,000 MT, but falling to 650,000 MT in 2007 because of poor weather. Production in 2008/09 fell again to 507,000 MT (Bank of Ghana, 2009a). Cocoa, which is grown on 1.6 million small farms averaging about 3 ha, is concentrated in the southern regions of the country. In the early 1990s, cocoa farmers were poorer than the country as a whole. In 2005-06, **only 24% of cocoa farmers were poor, compared to 39% for rural areas**. Cash crop cultivation, including of cocoa, is mainly done by households with acceptable food consumption (WFP, 2009a). Cocoa farmers have benefited from higher yields and higher international prices and are receiving an increasing share of these prices. Yet, they remain vulnerable to changes in international cocoa prices and export volumes. A **decrease of 100 cedis in the producer cocoa price would increase poverty by about 15 percentage points** (World Bank, 2008b).

Horticultural farmers

61. Like cocoa, horticultural products are grown by small farms and only in the southern part of Ghana. Also similar to cocoa farmers, horticultural farmers have **lower rates of poverty**. Significant percentages of farms are engaged in horticultural production (see Table 4). Women account for substantial shares of production, in pineapple in particular (World Bank, 2008), although the production is more likely to be sold on the domestic market than exported.

Shea nut collectors

62. Shea nuts are collected in the north, especially in the Upper West (see Table 4). Shea nuts only grow wild. The collection and sales of **shea nuts is an important lean season activity and provides an important income source, particularly for women**, during a time that food access is restricted.

Workers in the timber and tourism industries

63. The wood and timber industry is relatively capital intensive. It uses a relatively small amount of labor, which – like cocoa and horticultural farmers – enjoys relatively low rates of poverty and high wages (Bird *et al.*, 2006). Sawmills and logger processors employed only 41,000 people in 1999 (Bird *et al.*, 2006). Yet, there is also a more labor-intensive, informal part of the industry. Total employment in the industry is unclear. One

estimate for 1999 put the number at about 150,000 people, which includes illegal chain milling (Bird *et al.*, 2006).

64. Workers in the tourism industry are also more likely to be less poor (although the mission could not find concrete evidence on the size and the levels of poverty). Workers in the timber and tourism industries send remittances to families elsewhere in Ghana (see also below focus group discussions with casual laborers). There also are some indirect effects of the tourism industry as some of the crafts (such as baskets) sold to tourists are produced during the dry season in the north.

Mine workers

65. Gold is relatively important in the macroeconomy of Ghana, but less so for household's food security beyond the households directly or indirectly benefiting from gold mining. Gold exports amounted to US\$2.2 billion in 2008, accounting for 40% of merchandise exports. Formal employees in mining enjoy relatively high earnings.

Table 4 Export crop production by farm households (2005/06)

Region	pineapple	mango	bananas	sheanut	cashew
Western	22%	5%	20%	0%	1%
Central	12%	3%	12%	0%	0%
Greater Accra	8%	1%	2%	0%	0%
Volta	9%	20%	18%	2%	0%
Eastern	14%	3%	24%	0%	0%
Ashanti	15%	6%	20%	0%	0%
Brong Ahafo	13%	12%	16%	0%	13%
Northern	0%	2%	1%	4%	1%
Upper East	0%	0%	0%	2%	0%
Upper West	0%	4%	0%	28%	4%

Source: World Bank (2008b)

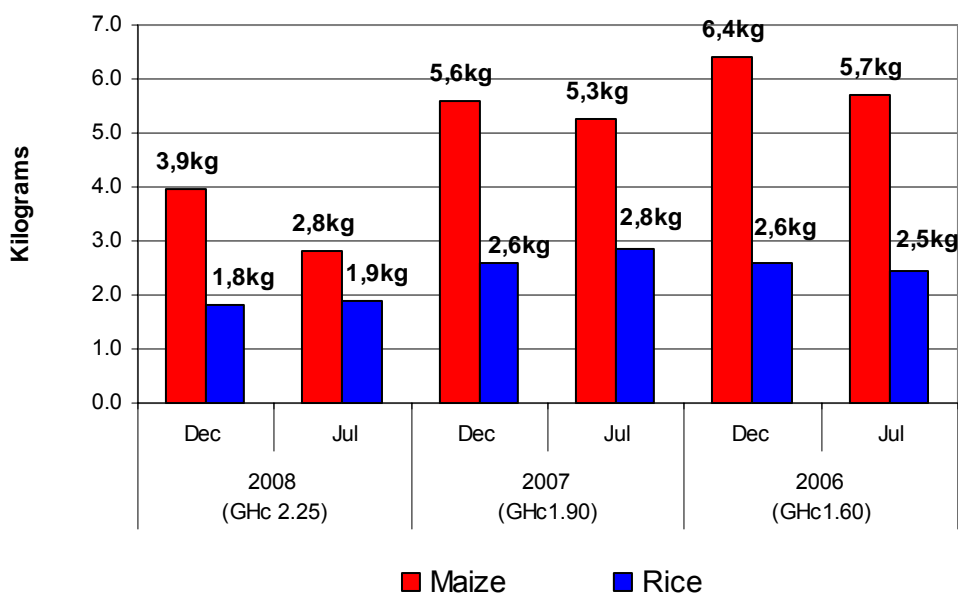
Urban poor

66. Nearly 11% of Ghana's urban population was poor in 2005/06, amounting to about 1.3 million people in 2009. The urban poor are vulnerable, especially to higher food and fuel prices and a decline in remittances. They spend 67% of their income on food and higher food, fuel, transport and utility prices have eroded purchasing power. The minimum wage of GH¢2.25 per day, but this was enough to buy only 3.9 kg of wheat in December 2008, compared to 6.4 kg two years earlier (see Figure 2). In April 2009, the minimum wage was raised to GH¢2.65.

67. The focus groups discussion indicated that some urban wages have declined because they are piece-rate (e.g. to unload a timber truck) and volumes have declined or because prices of products being sold have decreased (e.g. scrap metal prices declined from US\$408 per metric ton in April 2008 to US\$185 in April 2009¹).

¹ See American Metal Market at <http://www.amm.com/recman/price.asp?f=recch>.

**Figure 2 Terms of Trade:
How many kilograms of maize and rice could the minimum daily wage rate buy over the past three years?**



Source: WFP (2009a)

Remittances

68. Estimates of the number of Ghanaians living abroad vary between 1 million and 3 million (Quartey, 2008). They mainly reside in the UK, the US and neighboring African countries. Internationally recorded remittances have increased significantly in recent years and amounted to US\$128 million and accounted for about 1% of GDP in 2008. This number only reflects official remittances and actual remittances are probably higher because of transfers through informal channels. In fact, household surveys indicate that the volume of international remittances is about twice as large as official statistics reflect (World Bank, 2008b). Quartey (2008) reports that as much as 64% is carried by friends or family, and would most likely not be recorded.

69. Migration within Ghana is also very common, particularly during the dry season when people search for employment, often in the south. The CFSVA indicated that 14% of households had a member away for more than three months and 44% of households reported receiving support from friends and family. Of these households, 93% received support from within Ghana and 16% from outside of Ghana. These shares vary significantly by wealth status, as poor households receive 99% of their support from within Ghana and rich households 78% (WFP, 2009a). WFP (2009a) found that wealth status or location did not appear to be related to whether the household was receiving support from family or friends or not.

70. According to the Ghana Living Standard Survey (Ghana, 2007), the number of households receiving remittances has remained relatively stable between the early 1990s and 2005/06, fluctuating between 24% and 34%. In 2005/06, about equal amounts of remittances came from domestic sources and foreign (largely non-African) sources, but many more households received domestic remittances (29.8%) than international remittances (5.4%) (Adams *et al.*, 2008). This is slightly lower than the CFSVA results, which show that 44% of households received remittances between May and November 2008 (WFP, 2009a). About 10% of domestic remittances (and 5.6% of total remittances) were received in terms of food (World Bank, 2008a).

71. Households receiving international remittances are more likely to be rich and households receiving domestic remittances are more likely to be poor. Yet, international transfers tend to be four times as large (Adams *et al.*, 2008). Thus, even if few poor households receive international remittances, their impact is large. As a result, both domestic and international remittances reduce the rate and the depth of poverty significantly (Adams *et al.*, 2008).

72. **A decline in remittances is likely to have a significant impact on food security.** Quartey (2008) notes that 48% of remittances are used for living expenses, presumably including food.

73. Because of the above analysis, the following **groups are particularly at risk:**

1. *Smallholder farmers*, particularly in the north. Most vulnerable are collectors of shea nuts.
2. *Households dependent on remittances.*
3. *Urban poor, including casual laborers.*
4. *Smallholder cocoa and horticultural farmers are less vulnerable because they have lower poverty rates, but if volumes and prices of exports decline drastically, they are at risk as well.*

IV. High food prices

Food production, imports and food prices

74. In contrast to other sub-Saharan countries, food production per capita has increased significantly in recent decades. It increased by 88% between 1990 and 2006. Maize and cassava dominate domestic production (accounting for 50% of acreage) and consumption, amounting to 38% of average calorie availability per capita. Maize and cassava are the most frequently grown crops among all ecological zones and all landholding sizes. On average, more than 60% of households grow maize in all ecological zones and more than 80% grow cassava, except in the savannah zone where 27% grow cassava. On the other hand, sorghum and millet are almost exclusively grown in the savannah zone. Cassava, maize, millet, sorghum, rice, yams and wheat together account for two-thirds of calorie availability per capita.

75. Despite the food production increase, Ghana is classified as a Low-Income Food Deficit Country. Rice and wheat are the two largest food items imported. Ghana depends for about two thirds of consumption on imports of rice and for 100% on wheat imports (Cudjoe *et al.*, 2008).

76. The import dependency on rice and wheat has made Ghana vulnerable to increases in international food prices. Higher international food prices have been transmitted to domestic food prices in Ghana, for example because of substitution in consumption (the correlation coefficient between monthly imported and local rice prices was 0.99 for 1990-2008). In addition, food prices have increased because of a drought spell followed by floods in 2007.

77. **In December 2008, real maize prices were 72% higher than two years earlier and 144% higher than 9 years earlier** (see Table 5). Cassava prices have in general been less volatile (having one of the lowest coefficients of variation for monthly real prices for 1990-2008). Real cassava prices have shown the smallest increase and even declined between July 2006 and July 2008. This creates important coping possibilities, because it allows households to substitute cassava for grains when prices of grains increase. This coping strategy can, however, lead to problems of undernutrition since cassava, with its low protein content, is less nutritious than an equivalent amount of grain.

Table 5 Percentage change in real retail food prices

	Maize	Millet	Sorghum	Local rice	Imported rice	Cassava
July 1999 - July 2008	203.2	132.7	163.2	94.7	85.1	37.6
July 2006 - July 2008	118.6	34.3	53.7	42.0	53.0	-0.9
Dec 1999 - Dec 2008	144.1	131.5	166.4	136.9	48.8	58.2
Dec 2006 - Dec 2008	72.1	34.7	38.5	51.3	52.4	32.9

Source: Ministry of Agriculture

78. Food prices show a strong seasonal pattern with peaks in June-July. In the savannah areas in particular, households report problems accessing food during June and July (WFP, 2009a).

The impact of high food prices

79. Markets are the dominant source of food for all households, although lower among poor rural households as they also produce food themselves. Yet, the poorest

quintile still buys about 65% of food on markets. Households spend on average 52% of their income on food. This share is higher for poorer households. The urban poor, for example, spend 67% on food (WFP, 2009a). It is, therefore, not surprising that higher food prices have had a significant impact. The CFSVA (conducted in November 2008) found that 66% of households reported that they experienced a shock during the last 12 months. Of them, lack of money to buy food or other essentials (13%) and high food prices (8%) were the second and third most frequently cited shocks, after illness/death (WFP, 2009a). Moreover, **75% of households reported that expenditures had increased over the previous 12 months, of whom 83% singled out food** to have been most significant, followed by transportation (76%) and health (51%) and education (49%) (WFP, 2009a).

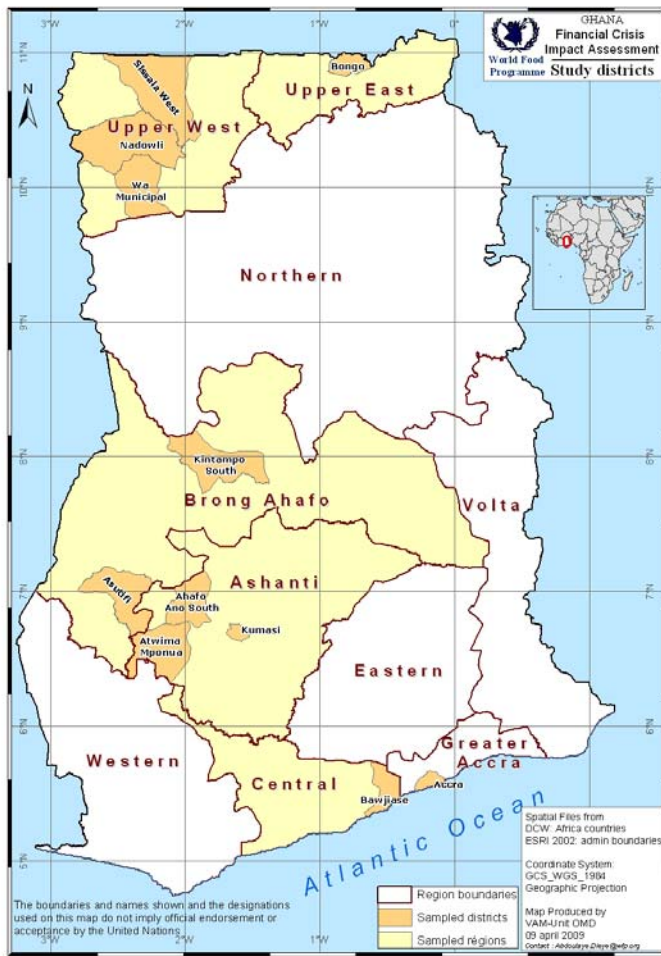
80. Households have employed various strategies to cope with high food prices. The CFSVA (WFP, 2009a) found that 14% of them switched to less expensive or less preferred food. This strategy was more common among rich households (15%) than poor households (11%), among households with acceptable food consumption (14%) than poor food consumption (9%) and among urban households (16%) compared to rural households (12%). The focus group discussions also indicated that this strategy is very frequently applied. Asante (2009) also found similar evidence at the end of 2008.

81. Switching to less expensive or less preferred food often means switching to less nutritious food, which is worrisome. When vulnerable populations switch to cheaper food that fills their stomachs, but is less nutritious, they reduce consumption of essential nutrients. There is considerable evidence of that (Brinkman *et al.*, 2009; WFP, 2009b). When nutritional needs are not met, people become prone to illness, perform worse at school and have lower productivity. Even half a year of inadequate nutrition before the age of two has important long-term consequences due to its largely irreversible effects on an individual's physical and mental development and future potential. This affects not only the individual – and offspring – but also the longer-term growth prospects of the country.

V. Focus Group Discussions

Methodology of the household-level analysis and limitations

82. The methodological approach for household-level analysis was presented to a stakeholder meeting held in Accra on 25 March. Primary data collection involved focus group discussions and a trader survey. Focus group discussions took place with persons practicing the livelihoods that the Ghana CFSVA has shown to be vulnerable to food insecurity. Accordingly, data collection took place among smallholders in the north, cash crop producers, unskilled laborers and the urban poor. The total number of focus group discussions held per livelihood group appears in Table 6. The mission solicited key informants to identify communities that suited the livelihood description, and then travelled to the locations to conduct discussions with focus



groups. In total, the mission interacted with over 250 Ghanaians through focus group discussions. Map 1 shows where fieldwork took place. Questionnaires (see Annex III) were pilot tested and adjusted in Accra on 26 March. Fieldwork took place 29 March-4 April 2009. Data was entered into Excel and SPSS, and analyzed during the week starting 6 April.

Table 6 Identification of livelihood groups targeted for primary data collection

Targeted livelihood groups	Focus group discussions held	Location
Smallholders in the north	8	Upper East, Upper West
Cash crop producers	11	Ashanti, Brong-Ahafo
Unskilled laborers	4	Ashanti, Accra
Urban poor	5	Accra (Nima and Jamestown slums)
Total	28	

83. In order to limit bias in responses, female moderators worked with female focus groups, and similarly for male focus groups. Yet, bias in responses cannot be excluded. The questions on remittances specifically seemed to raise discomfort at first: it seemed that focus group members were uncomfortable discussing the issue together. Because of this factor, an approach targeting individuals or households could probably produce more reliable information on remittances than focus group discussions. In order to limit bias,

the focus group moderators tried introducing these more sensitive issues towards the end of the discussions, when a relationship of trust has been established with focus group participants. Nonetheless, it remains likely that the level of remittance dependence is underestimated in this study, particularly in the male focus groups.

84. Focus group members were asked to identify the main expenditure categories for households like themselves in the community. Then, using proportional piling, they were asked to estimate the share of total expenditure spent in each category. The exercise was done for 2008 and 2009. Care was taken to identify reasons for changes in expenditure allocations from one year to the next. Answers provided were checked against information other parts of the focus group discussion to avoid contradictions.

85. The method used to compare household budget allocations in 2008 and 2009 illustrates focus group member's perceptions of changes in their life priorities. With the method used, it is likely that food – a daily expenditure – is underestimated compared to other categories that are paid in monthly or quarterly installments, such as school fees or rent. The enumerators were aware of this issue, but could not be too direct with the focus group members to avoid introducing bias in the opposite direction. As a result, the results presented here cannot be compared to household budget allocation values calculated from household survey data. Out of caution, the analysis in this section focuses on changes in allocations between years rather than reported shares.

86. The casual labor livelihood group was challenging to identify, due to the group's small size and geographic dispersion. In order to capture information pertaining to laborers in the industrial sector, the mission visited areas of employment where the laborers congregate. This labor force is exclusively male, and as a result, the strategy of holding gender disaggregated discussions was not applied for this specific group. Some of the casual laborers had been drinking prior to the discussions, which may have removed inhibitions in interactions with the mission.

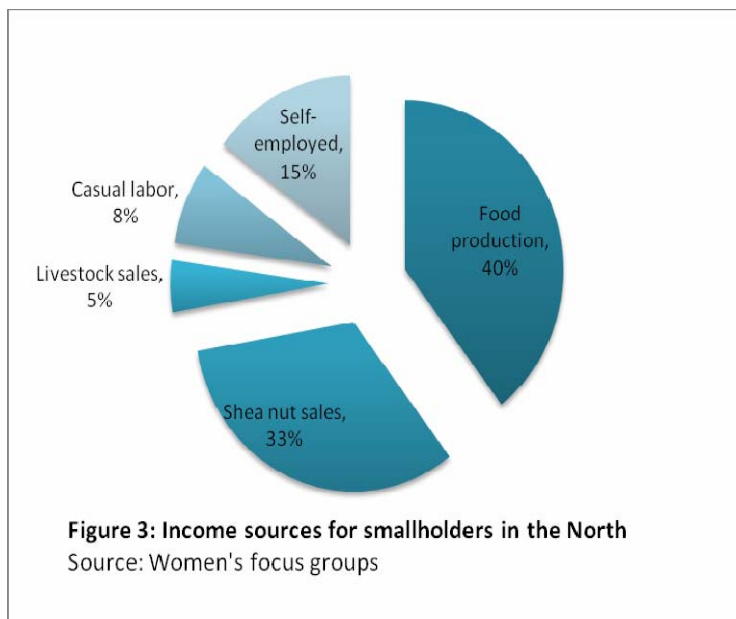
87. The trader survey covered retailers and wholesalers. Wholesalers were interviewed in Kejetia market in Kumasi and in Makola/31st December and Agbogboloshie markets in Accra. Retailers were interviewed in all of the visited regions, within the communities selected for focus group discussion and in nearby market towns. A total of 25 trader surveys were conducted.

88. Finally, primary data collection is meant to provide indications of broad trends in order to inform short-term decision making. The small number of focus groups conducted and the purposive nature of the identification of the interviewed communities caution against interpreting results as representative of the livelihood groups or of trader categories.

Smallholders in the north

89. According to the Ghana CFSVA, 25% of all rural Ghanaians are agriculturalists. Incomes are very low in this group: median annual per capita income for agriculturalists was US\$217 according to the 2008 CFSVA, well below the national average of US\$700 in 2008. Some 8% of households in the agriculturalist livelihood group had poor or borderline food consumption, the highest rate of all groups. Focus group discussions focused on agriculturalists in the Upper West and Upper East regions, areas that the CFSVA identified as having the highest prevalence of food insecurity.

90. The smallholder focus group discussions indicated that 60% of the group's income originates from farming, 16% from cash crops such as shea nuts, 11% from casual labor and the rest from self-employment such as semi-skilled occupations and handicrafts. These figures are an average of men and women's responses. In the rural north, **seven out of eight focus groups reported that their income was lower than last year** at the same time. The decline in income is attributed to irregular rains during the 2008 rainy season and to difficulties selling cash crops. The shock to income is felt most acutely for women. As Figure 3 illustrates, shea nut gathering and processing contributes to one-third of women's income among smallholders in the north. Men's focus groups did not report any income from shea nut collection. Shea income is seasonal, with a peak during the May-August lean season, and has historically functioned as a buffer against



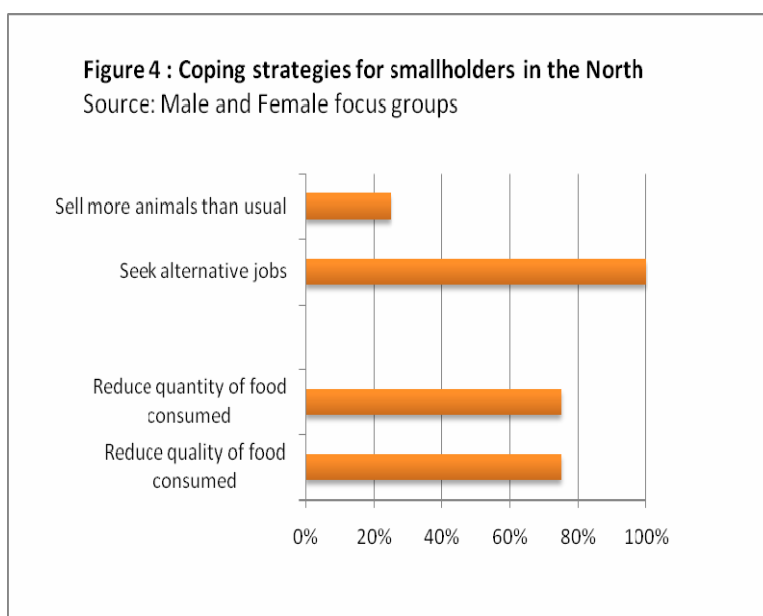
seasonal food insecurity. The focus groups reported that this year, the company that usually buys shea nuts has not been present on the market, and that individual intermediaries are the only buyers currently collecting shea nuts in rural communities. As a consequence, **shea nut prices have fallen dramatically**, with focus groups estimating a 50% to 75% decline in the farm-gate price for shea compared to a year ago. This decline may be related to lower international demand for shea butter, a substitute for cocoa butter and an input for the cosmetics industry. The decline in cash

crop prices is not confined to shea nuts, as one focus group reported having abandoned cotton cultivation in the past year due to the low returns the activity offers. The focus groups reported that casual labor wage rates in the rural north have increased by one-third compared to last year, which reflects the general increase in prices in Ghana's economy.

91. The focus groups of the north estimated that 11% of households receive remittances. In the north, remittances are mostly hand carried. Communities receive both cash and in kind support. In all focus group discussions, **remittances are perceived to have declined** compared to a year ago, mainly due to poor economic conditions in the urban centers of the south that receive migrant labor. Half of the focus groups indicated that **return migration was now taking place**, and that the volume of such returns are 10% higher than last year at the same time.

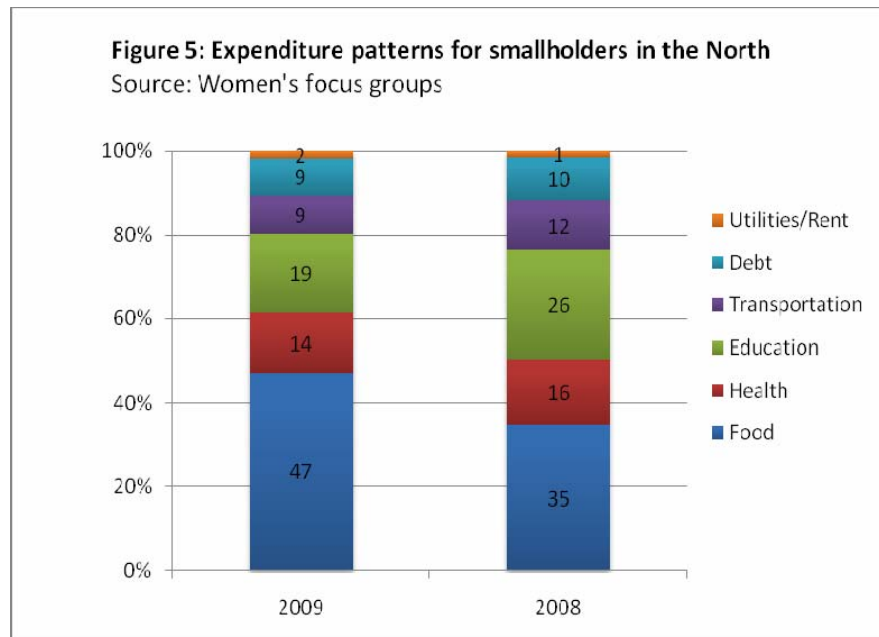
92. The smallholder focus groups perceive that maize prices are lower than a year ago. Maize is the staple in the north. For rice, prices are higher. There seems to be a localized spike in millet prices in Upper East that is perhaps related to higher prices for coarse grains in the Sahel that have been observed since the 2008 harvest.

93. Household food consumption is declining in terms of quality and quantity for 38% of focus groups. Households explain that they are reducing the **consumption of meat to defend their cereal intake**. In order to cope with the decline in income, households are adapting by abandoning non-lucrative activities, taking on new ones, and modifying their expenditure patterns. As Figure 4 shows, the most frequently mentioned strategies include seeking alternative jobs (such as taking up petty trading), modifying food consumption patterns and selling more livestock than usual. The focus groups describe the above as



usual coping patterns as the lean season approaches. Only one of eight focus groups described current coping mechanisms as different from those applied a year ago at the same time. It is possible that the coping strategies will be intensified in the near term as the lean season begins.

94. According to the women's focus groups, expenditure for food are now higher than in 2008, as indicated in Figure 5.



The increase in the food budget comes at the expense of education, health and transportation. This reflects the perception that other expenses will have to be reduced to defend an adequate level of food consumption in a context of declining incomes.

Box 3 Description of the food processing Livelihood

"Food processing is an additional typical rural livelihood very closely related to agriculture whereby it involves the transformation of agricultural products. As expected, households whose major income stems from food processing were found to have similar food consumption patterns as the above mentioned farming households" (WFP, 2009a).

In Ghana, the food processing livelihood includes shea nut collectors and palm oil processors. The CFSVA estimates that 6% of households in this group has poor and borderline food consumption. The women affected by disruptions in the shea market belong to this livelihood group. The CFSVA suggests that women in the agriculturalist livelihood group would be affected as well, as shea nut gathering is also a source of income for this group.

Cash crop producers

95. Some 1.6 million farmers produce cocoa in Ghana, mostly on plots less than 3 hectares. Cash crops in Ghana also include palm oil and horticultural products, such as pineapples. The cash crop producing livelihood is concentrated in the forest area of Ghana according to the CFSVA and accounts for 8% of households in the country. Median annual income for cash crop producers was estimated at US\$329 per capita, less than half of the national average GDP per capita of US\$700 in 2008. The CFSVA estimates that 22% of households in this group are in the lowest wealth quintile. Some 5% of households in the cash-crop producing livelihood group have poor or borderline food consumption. Data collection for the cash crop producing livelihood crop included cocoa farmers in Brong-Ahafo and Ashanti regions, and producers engaged in horticulture in Central region. The focus groups indicate that 53% of the group's income is derived from cash crop production (cocoa, palm oil and pineapple), 41% from staple

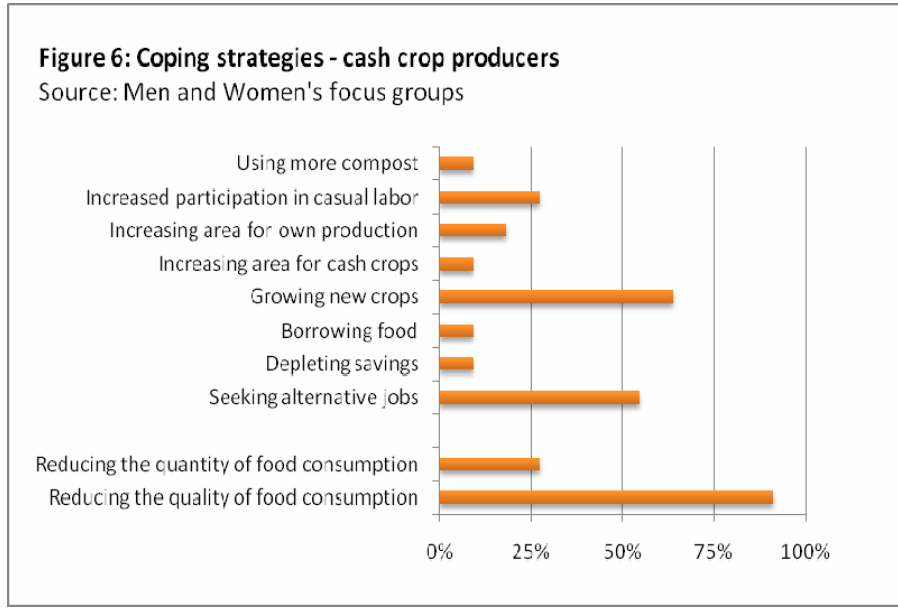
food production (maize, cassava, plantain), 5% from casual labor and 2% from other activities.

96. **Ten out of eleven cash crop producer focus groups reported a decline in income** compared to a year ago. The decline is attributed to lower cash crop prices (45% of groups), higher farm input costs (36% of groups) and lower staple food prices (27%). Although households report lower incomes, it should be noted that farm gate prices for cocoa are higher than a year ago, with the official price having increased from 90 to 102 cedis per ton. Nonetheless, this 13% increase in price is lower than the overall increase in prices for the Ghanaian economy, which could explain why cocoa producers perceive themselves as worse off than a year ago. Prices have declined for palm oil: the price of a 30 liter jug of palm oil is two-thirds below its level a year ago, a decline that mirrors the drop in international crude palm oil prices. Prices for unprocessed palm oil kernels have similarly dropped. Palm oil processing seems to be a significant dry-season income source for women in this livelihood group. The price of pineapple grown for export in Central region has fallen in recent months, from 0.29 cedis per kilo in 2008 to 0.24 cedis per kilo in 2009. Ghana's loss of the Marks and Spencer juice contract may explain the drop in price. These price drops are occurring as farm inputs remain expensive, and as casual labor costs are rising. This perceived "squeeze" may explain the perception of lower incomes for the cash cropping livelihood.

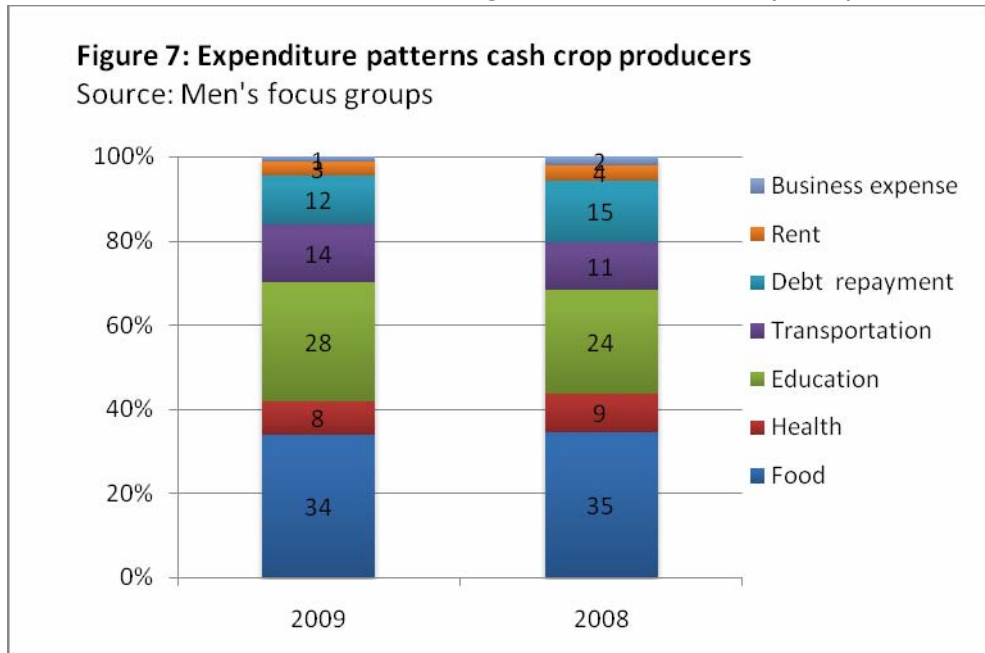
97. Casual labor wage rates are one-third above their level a year ago, in line with higher cocoa prices and increasing prices in the Ghanaian economy. Day laborers receive a meal from their employer in addition to the daily wage. **Two of eleven focus groups report returns from migration.** These returns are attributed to poor economic conditions in the south. The focus groups estimated that one-quarter of households receive remittances. **Six of seven focus groups receiving them claim that remittances have declined compared to last year** at the same time. For the cash crop livelihood group, remittances are mostly hand carried and in cash.

98. Four of five focus groups reporting on the commodity perceive that the price of cassava has increased since last year. The picture is not as clear for maize, with five groups stating the prices have increased, five reporting prices have decreased and one reporting that prices are stable. One could interpret the trend as indicative of an overall increase for cassava and stability for maize. Food consumption patterns are dominated by a reduction in the quality of food intake. Households mentioned that they are limiting purchases of foods that are perceived to be expensive. Less protein is being consumed. The reported modification of food consumption is a coping strategy that is usual at this time of year. No unusual coping was reported in this livelihood group.

99. In order to cope with the income shock, households are modifying their livelihood strategies (see Figure 6). Households are taking on new activities, such as growing new crops (64%) to take advantage of market opportunities and seeking alternative jobs (55%). Other strategies such as increased



participation in casual labor (27%) and devoting and increased area to the cultivation of staple foods (18%) are less widely practiced. The least reported coping strategies include depleting savings, borrowing food and using compost instead of expensive chemical alternatives to fertilize crops (9% each). Interestingly, the focus group discussions show that cash crop group expenditure patterns are broadly unchanged from 2008 to 2009, as identified in Figure 7. This stability in patterns suggests relative



consistency in life priorities for cash crop producers compared to last year.

Unskilled laborers

100. The 2008 CFSVA indicates that 3% of households rely on unskilled labor as their primary source of income. This group is evenly split between urban and rural households. Median per capital income for this group was US\$279 in 2008, well below the average GDP per capita of US\$700 in 2008. 28% of households in this category belong to the lowest wealth quintile. The CFSVA estimates that 5% of households in the livelihood group have poor or borderline food consumption.

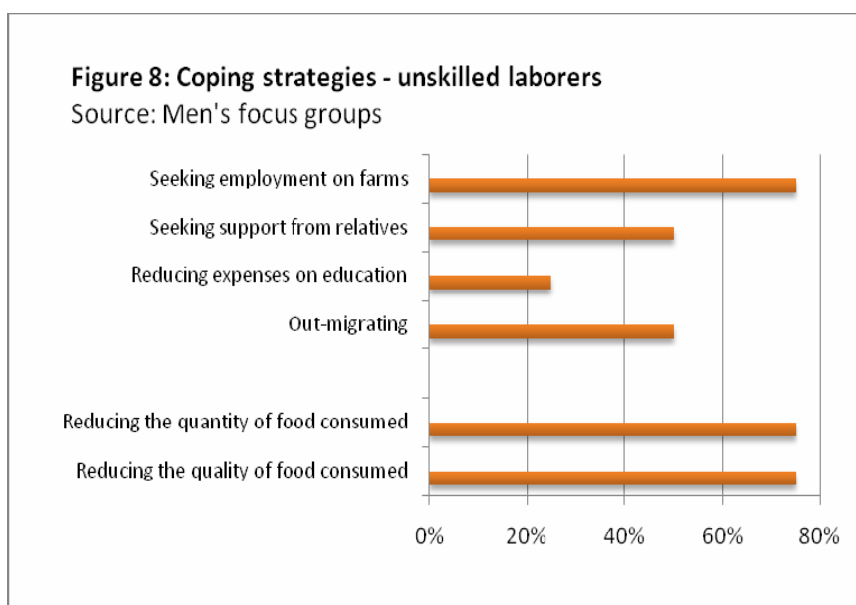
101. Identifying rural households that rely on casual labor for the majority of their income was not feasible due to the group's relatively small size and geographical

dispersion. Participation in casual labor is a common activity for smallholders and cash crop growers to supplement their income. Trends for the rural casual labor market were referred to in sections pertaining to the smallholders and cash crop producers. This section focuses on the unskilled labor involved in the urban and industrial sector. Primary data collection focused on unskilled laborers employed in the wood industry, affected by the decline in demand. In the city of Kumasi alone, it is thought that 4,000 people were employed in the wood sector before the current decline in activity. Three focus groups involved in casual labor for the timber industry were interviewed in Ashanti region. A focus group of scrap metal collectors was interviewed in Accra's Nima slum.

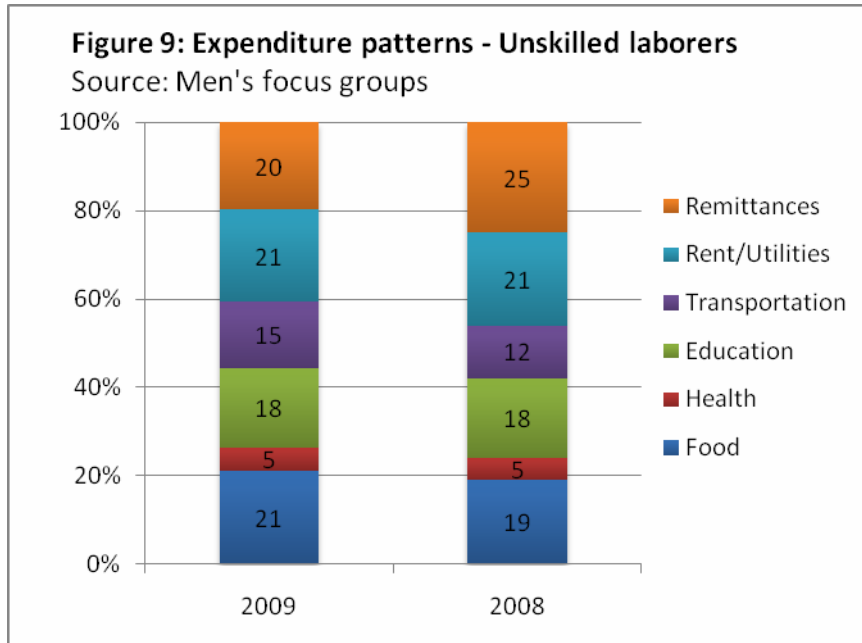
102. The casual laborer livelihood group derives all income from unskilled, irregular work. Of the groups studied, their livelihood is the least diverse. All of the focus group **discussions with unskilled laborers reported a decline in income**; attributed to a reduction in opportunities in their sector of employment. Wages for unskilled labor are unit rates. With the slowdown in activity, incomes have dropped along with volumes (Box 3). The metal scrappers interviewed are an exception; the group is paid by weight of the metal that is brought to a scrap metal dealer. The value of scrap metal has dropped in the international market (see above). In the specific case of the casual labor involved in scrap metal collection, the decline in income is due to the lower value of their work output.

103. Staple foods for unskilled laborers are maize, cassava and rice. The perception is that the price of rice has increased since last year, but that other commodities have remained stable. The relative stability of the latter commodities may to some extent shelter casual laborers from lower incomes.

104. **Unskilled laborers claim that employment in their sector has declined by about 40%**



compared to a year ago. To cope with the loss of opportunity, the casual laborers are seeking employment on farms (Figure 8). Half of the focus groups claimed that return migration is taking place. This could explain the early returns from migration that the rural livelihood groups reported. One focus group reported that lower incomes have led them to move their children from private schools to the public sector (see also Asante, 2008). Food consumption is changing due to the shock to income: three out of four groups claimed that they are reducing the quality of their diets. The same proportion claims to be reducing quantities consumed. One group claimed that the coping strategies are different from a year ago.



105. The interviewed unskilled laborers do not depend on remittances. Rather, they are senders of remittances to their relatives in other areas of Ghana. Examination of the group's expenditure patterns (see Figure 9), demonstrates that **unskilled laborers are coping with lower incomes by reducing the amount of remittances sent home** compared to a year ago, which

confirms the information from the rural livelihood groups. The focus group considers that transportation expenses are higher due to the higher cost of fuel.

Box 4 An eerie silence at the Kaasai industrial area

Lumber is piling up high at the sprawling Kumasi-Kaasai lumber yard. A lone chainsaw buzzes in the distance. It is late morning and teams of idle casual laborers are sitting under sheds, drinking.

Under the gaze of the workers, a tractor-trailer truck slowly rumbles into an unloading area, towing a precarious load of 12-foot long mahogany 'rollers' that will be processed at the yard. In a few minutes, a team of laborers begins working on the truck. As soon as the straps holding the load together are released, the massive rollers hurtle off the truck in a series deafening thumps.

"For all we know, that might be the only truck for the day" says Thomas, a laborer. "Before January we would do 10 loads a day. The trucks we unloaded in the morning would return with new loads later the same day". The Indian buyers who were the major buyers of teak until last year are now nowhere to be seen. Thomas adds: "With the slowdown in work, I've stopped sending my children to a private school, I just can't afford the fees anymore."

Slum dwellers in Accra

106. The highest absolute number of food insecure households in Ghana lives in cities. The CFSVA reports that 3% of urban households have poor or borderline food consumption. The prevalence of households with poor and borderline food consumption is estimated at 6% in Accra and at 13% in other urban areas. The livelihood groups that are mostly urban include commercial traders (70% urban) salaried and service sector (68%), artisan (68%) and self-employed (68%). Although these livelihoods have higher per capita income than the national average, urban areas are home to livelihoods that generate much less income per capita, such as petty trading (57% urban) and unskilled labor (51% urban). For the purposes of this study, interviews took place in the slum areas of Nima and Jamestown in Accra, home to many of the urban poor.

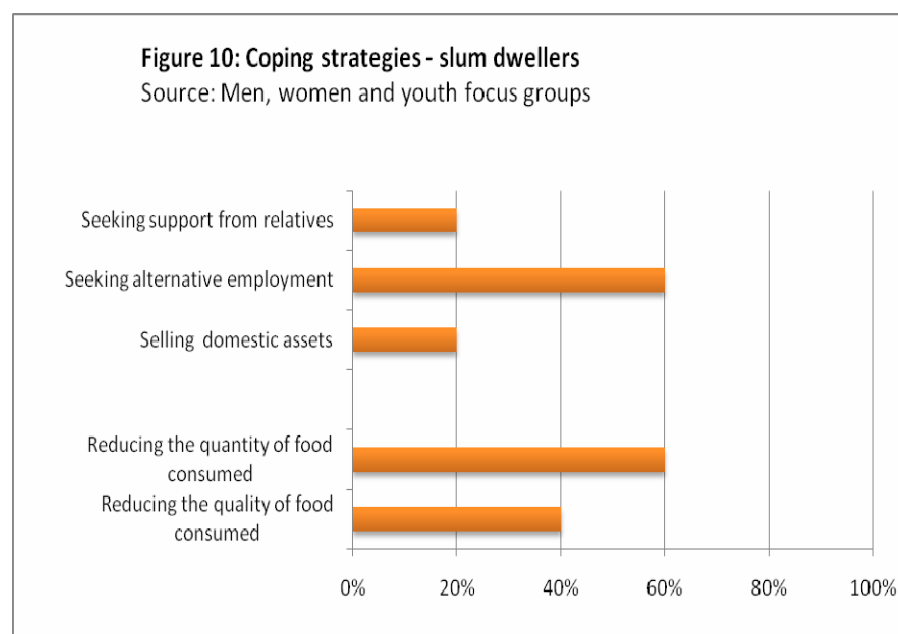
107. The focus group discussions held in slum areas show that households earn their income from self-employment (60%), petty trade (20%), remittances (12%), casual

labor (8%) and regular salaried employment (3%). Urban livelihoods are clearly varied and original: some of the youth interviewed in Jamestown indicated that they are professional football players.

108. **Four out of five urban focus groups estimated that incomes have declined compared to last year.** The reduction in incomes has arisen due to an unfavorable labor market and to a decline in remittance flows. **Four out of five** of the focus groups reported job losses in their communities. The job losses are estimated at 18% of the workforce. Contrary to rural areas, it is reported that casual labor wages in urban areas are dropping, with rates currently 16% below last year at the same time. With overall price inflation in Ghana at 20% in February 2009, this translates into a significantly lower real wage for urban casual laborers. Some 37% of households receive remittances, according to the focus group discussions. **All focus groups report a decline in the frequency and value of remittance transfers** compared to a year ago. Some groups stated that they have yet to receive any such transfers at all so far this year. Urban households receive remittances both through money transfer and hand carry. Most remittances are in the form of cash. One quarter of focus groups reported early returns from migration, caused by deteriorating economic conditions. The urban focus groups made explicit reference to international migration in discussions about remittances and

migration, whereas the rural focus groups seemed to refer to migration within Ghana.

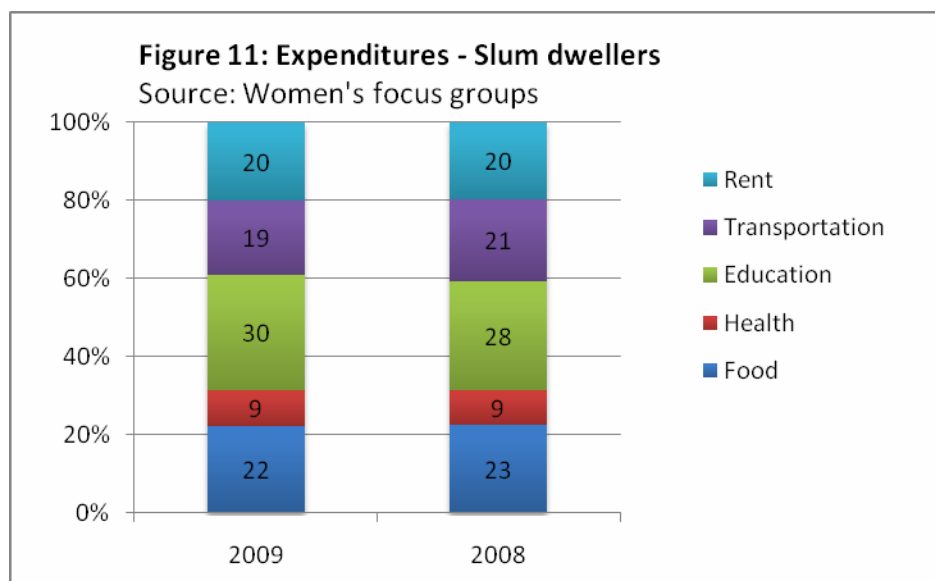
109. As opposed to rural areas, **the urban focus groups strongly perceive that food prices have increased in the past year.** All focus groups stated that the prices of maize and rice are higher than last year at the same time. For cassava, half of the focus groups perceive that the



price has increased, half that the price has remained the same. Price increases for staple foods, in a context of lower casual labor rates, puts the unskilled urban population at risk of declining food access.

110. As shown in Figure 10, the coping strategies implemented in urban areas involve seeking alternative employment (60%), seeking support from relatives (20%) and selling assets such as personal accessories (20%). It appears that food consumption is also affected, with 60% of households reducing quantities consumed and 40% resorting to cheaper, lower quality foods. To illustrate this change in quality, the mission was told that some households are consuming turkey tails instead of fish, which is a preferred food in Ghana. Turkey tails are a cheap surplus product from the poultry industry. Coping mechanisms are the same as a year ago for 80% of the urban focus groups.

111. The income shock does not yet seem to be significantly altering expenditure patterns for slum dwelling households, as shown in Figure 11. The male, female and youth focus groups did not identify major changes in the way they are managing their



budgets compared to a year ago. This could reflect confidence about household ability to cope with the shock to income, as well as the existence of safety net mechanisms that reduce the cost of access to health and education. The relatively low proportion of the budget spent on food compared to other urban slums can be attributed to the existence of own food production (e.g. fishing), the specific socio-economic status of the slums where the interviews took place,² and the methodology used.

Impact on traders

112. The trader survey collected data from 25 traders located throughout the country. The sample includes 10 wholesalers and 15 retailers. The wholesalers were interviewed in Kejetia (Kumasi), Makola/31st December and Agbogboleshie markets (Accra), where intermediaries break up bulk loads for final consumers and retail. Retailers were interviewed in the communities where focus group discussions took place and in nearby market towns.

113. On average, interviewed retailers and wholesalers hold 3 and 4 weeks of stocks respectively. Most traders claim that they are able to replenish their stores within two weeks, indicating a fairly fluid market.

114. **The decline in economic activity and in household incomes are undermining consumer demand**, affecting cereal trader's business. Traders strongly perceive that demand for cereals has decreased compared to a year ago: 87% of the traders selling millet reported a year-on-year decline in demand; as did 73% of traders selling rice and 69% of traders selling maize. The reason cited for this decreased demand is low purchasing power: "there is no money" was the most frequent explanation provided. The traders interviewed in the north explained that the women who purchase maize in the area to bring it to southern markets were no longer coming to resupply. The wholesalers in Kejetia market in Kumasi are experiencing a sharp slowdown in business due to slower purchases from the poultry industry in the past months (Box 5). Declining agro-industrial demand can be linked to the impact of the global economic and financial crisis on a sector weakened by the 2006 bird flu outbreak and competition from frozen poultry imports. In the case of millet, a product carried by traders in the north, poor weather patterns during the 2008 growing season caused a price increase that has made access to the commodity more difficult for buyers.

² Although living conditions in the Jamestown and Nima slums of Accra are difficult, they are less so than those prevalent in slums of much poorer countries in the region, for example Kroo Bay (Freetown, Sierra Leone) or West Point (Monrovia, Liberia). Urban dwellers in Cameroon also show low food expenditure, for example (WFP, 2008).

Box 5 Activity slows at the wholesale maize market in Kumasi

Business is slow at Kejetia market in Kumasi, where farmers bring unhusked and unshelled maize for sale to wholesalers. The price of maize is one-third below the highs reached in 2008. Traders sit in their stalls, chatting as the day winds down. A pile of jute sacks packed with white maize is behind them.

"Business started slowing down in January", says one trader. "The big poultry farms that are my biggest customers – buying up to 10 bags of maize at a time – have cut back on their purchases. They tell me that they no longer have access to the loans they need from the banks, because of the financial crisis", she adds.

"When business is good", she says, "I can feel the filth of the maize on me after a hard day's work. These days, I go back home at the end of the day as clean as I came."

115. Changes in buying behavior in the last year also illustrate the impact of the shock on consumers. Indeed, 28% of traders claim that buyers are purchasing cheaper, lower quality cereals; 52% of traders say that buyers are purchasing lower quantities than a year ago. This corroborates the insights obtained from the focus groups, where reductions in the quantity and quality of food consumption were reported as strategies to cope with reduced income.

116. **The economic and financial crisis does not seem to have yet had a discernable impact on supply**, which appears to be evolving according to usual parameters. Traders are divided on how supply has evolved in the past year for maize and rice. For millet, traders explain that supply has deteriorated compared to last year because of irregular rains and a consequent decline in production.

117. The trader survey indicates that access to financing remains as it was prior to the crisis. The unavailability of credit seems to be a chronic problem facing Ghanaian traders. Although 70% of interviewed traders hold bank accounts, most traders are self-financed. Those that have access to external financing obtain it from other traders, including their suppliers and relatives. Only 10% of interviewed traders obtain credit from banks. From the trader's perspective, if anything, the impact of the global economic and financial crisis has been on consumer demand rather than on access to credit.

118. Table 7 identifies the main difficulties traders have to run their businesses. The main difficulties are the cost of commodity for purchase, which could be related to higher input and transportation costs, especially for wholesalers in southern markets located far from production areas. Low demand is a difficulty that especially affects retailers, and could reflect the impact of the crisis on incomes. Debt recovery and poor access to credit are likely to be structural issues that the global economic and financial crisis would exacerbate.

Table 7 Main difficulties for traders

Difficulty	Retailers	Wholesalers
Cost of commodities at purchase	33%	60%
Low demand	66%	33%
Recovering debt	40%	33%
Lack of credit or high interest rates	20%	20%

Source: trader surveys

VI. Simulated vulnerabilities

119. To estimate the potential impact of a number of different shocks, the mission simulated changes in food consumption. Four different shocks were simulated:

- A fall in cash crop prices;
- A decline in remittances;
- A real food price increase; and
- A natural disaster, such as a drought or floods, which destroys food crops.

120. The simulations are based on the following equation:

$$C = \beta_y \cdot Y \cdot \epsilon_y + \beta_c \cdot P \cdot \epsilon_p + \beta_q \cdot Q$$

where C = percentage change in the quantity of food consumed; Y = percentage change in household income from cash crops or remittances; P = percentage change in real food prices; Q = percentage change in own food production; ϵ_y = income elasticity; ϵ_p = price elasticity; β_y is the share of the cash crop or remittances in total income; β_c is the share of the food commodity in total food consumption (based on frequency); and β_q is the share of own production in the consumption of food commodity. The shares are based on the CFSVA (WFP, 2009a); except for the urban poor where they are guesstimates.

121. Cudjoe *et al.* (2008) estimated income elasticities by income deciles and by food commodity, differentiating between urban and rural areas. The mission assigned these values to the livelihood groups and geographical zones based on the regularity that elasticities (in absolute terms) decline with rising incomes and weighted them by the share of each livelihood group living in urban/rural areas.

122. For cash crop farmers and recipients of remittances, Y is equal to the multiplication of the percentage change in cash crop prices or remittances and the share of cash crop income or remittances in total income. The logic behind this is simple: for farmers that receive only 10% of their income from cash crops, a decline in cash crop prices is less of a problem than for farmers where cash crops are their only source of income.

123. A similar reasoning applies to food price changes. Food commodities that take up a large share in consumption will have a larger effect on food consumption than items that are less important. The share β_c consists of two factors. For maize for example, the effect of changes in maize prices will be larger if its share in food consumption is larger. On the other hand, if maize is grown for own consumption and less maize is bought on markets, the effect of prices are less relevant. Thus, share β_c is a multiplication of the share of the food item in total food consumption and the share of the food item bought on the market. In contrast, a natural disaster will have a larger direct effect on food consumption if more is grown for own consumption (β_q).

124. The mission took a few different food commodities to illustrate the effect of food prices on food consumption. Maize and cassava are the most important food commodities in Ghana, supplemented in the north by millet and sorghum. Maize and millet were bundled together in the questionnaire used by the CFSVA (WFP, 2009a). Rice was also included in the simulation because it is an imported food item, whose price is partly determined by the exchange rate. Cassava is used in coping strategies because it can remain in the ground for a few years and can thus be used as a "buffer stock". Moreover, cassava prices are less volatile and lower than for grains, allowing substitution in consumption as a result of price changes.

125. The mission estimated declines in food consumption. The results are presented in Table 8. As expected, cash crop producers are vulnerable to a decline in cash crop prices and the livelihood group dependent on assistance and remittances to a fall in remittances. These two livelihood groups and the urban poor are most at risk to a

decline in food security if the kind of shocks that is associated with the global economic and financial crisis occur.

126. The simulation also shows that substitution with cassava gives many households the possibility to prevent a decline in food consumption, although at the expense of nutrition as grains are more nutritious (e.g., in terms of protein). The picture changes if Ghana would also be hit with a natural disaster, wiping out food crops. Farmers in general are now most vulnerable, whether they grow food or cash crops or raise livestock. The food processors are also very vulnerable because they grow considerable amounts of food. The combined effects of the shocks could lead to declines in food consumption by as much as 17%.

127. These numbers should be interpreted with caution. They do not pertain to actual changes because they do not incorporate the effects of coping strategies. Moreover, we know from various studies that households first reduce the quality of food intake before they reduce the quantity of calories. Therefore, the numbers reflect a potential – perhaps maximum – risk based on household-level vulnerabilities.

Table 8 Potential changes in food consumption as a result of various shocks by livelihood and ecological zones

	Food consumption change as result of shocks (in %)							
	Maize price rise	Rice price rise	Substitution for cassava	Cash crop price rise	Remittances decline	Sub-total (columns A, C, D, E)	Natural disaster	Total (columns F + G)
<i>Percentage change</i>	50	50		-25	-25		-25	
	A	B	C	D	E	F	G	
Agriculturalist (food crops)	-0.4	-2.1	0.9	-0.1	-0.3	0.2	-17.5	-17.2
Unskilled laborer	-1.7	-4.2	2.8	-0.1	-0.8	0.1	-6.7	-6.5
Food processor	-0.7	-1.6	1.6	-0.3	-0.5	0.1	-12.7	-12.6
Agro-pastoralist	-0.4	-1.0	2.5	-0.1	0.0	2.0	-18.7	-16.7
Agriculturalist (cash crops)	-0.7	-2.1	1.0	-7.2	-0.2	-7.1	-9.9	-17.0
Petty trader	-1.8	-2.2	2.8	-0.1	-0.8	0.1	-4.1	-4.0
Assistance / remittances	-1.5	-2.1	2.3	-0.1	-13.4	-12.8	-2.9	-15.7
Prepared food seller	-1.8	-2.2	2.6	-0.3	-0.9	-0.4	-4.7	-5.1
Fisherman	-1.8	-2.0	4.1	-0.1	-0.7	1.6	-4.5	-3.0
Self-employed	-1.6	-2.0	2.4	-0.2	0.0	0.7	-2.9	-2.2
Artisan	-1.8	-2.4	2.8	0.0	-0.9	0.1	-3.1	-2.9
Commercial trader	-1.3	-1.9	1.8	-0.2	0.0	0.3	-4.5	-4.2
Skilled laborer	-1.1	-1.8	3.1	-0.1	0.0	1.8	-4.9	-3.1
Salaried & service sector	-1.0	-1.4	2.3	-0.1	0.0	1.2	-3.6	-2.4
Ghana	-1.0	-2.0	1.9	-0.8	-0.3	-0.1	-8.7	-8.9
Coastal	-1.3	-1.8	2.5	-0.6	-0.1	0.5	-3.7	-3.2
Forest	-1.3	-2.3	1.7	-3.6	-0.6	-3.8	-7.1	-10.9
Savannah	-0.5	-1.9	1.7	-0.8	-2.5	-2.1	-15.1	-17.2
Urban poor	-3.8	-9.6	4.8	0.0	-2.4	-1.4	-3.8	-5.2

Source: Mission estimates

VII. Ongoing interventions and priority needs

Ongoing interventions

128. Ghana as a member state of the United Nations, African Union and other international organizations is committed to progressively pursuing initiatives as outlined in international human rights instruments, declarations, goals and plans of action, including the Millennium Development Goals (MDGs). The Constitution of the Republic of Ghana gives a strong direction for social protection by requiring policies and programmes that reduce social, economic, or educational imbalances in society.

129. The Constitution of Ghana, supported by the country's commitment to international rights instruments, therefore, provides the legal and social basis for the development and implementation of a National Social Protection Strategy (NSPS). The Growth and Poverty reduction Strategy (GPRS II) draws attention to issues of social exclusion and vulnerabilities. The NSPS was developed within the context of the GPRS II to comprehensively address these issues. All Ministries, Departments and Agencies (MDA) as well as all stakeholders, including development partners and donors, are to incorporate measures to respond to social protection demands in line with their respective sectoral mandates and programmes.

130. Integral in the social protection strategy are safety-net programmes underlined by concerns of economic growth, redistribution, improved standard of living and motivated by equity and efficiency considerations.

131. Safety-nets programmes include conditional and non-conditional cash transfers, food for work, public works, youth employment, microfinance schemes, health insurance, capacity building and free basic education, including specific incentives for girl's enrolment. Government agencies, civil society, donors and other development partners all collaborate either through direct implementation, financing, monetary or technical assistance.

132. The key components of Ghana's social safety nets are outlined in a table in Annex II and include:

- **Livelihood Empowerment Against Poverty (LEAP)** is a conditional cash transfer programme targeting the extreme poor, the elderly and the disabled. The programme, which started in April 2008, aims to cover 19% of the extreme poor in Ghana. Some 16,000 households benefited from emergency LEAP transfers in 2008, underscoring the mechanism's potential to function as an emergency safety net.
- **The National Health Insurance System (NHIS)** started in 2003 and presently covers 12.3 million Ghanaians. Coverage is free for pregnant women, indigents, and children. There are plans to decouple children's coverage from parents' registration, which is required at present.
- All children in Government basic schools are eligible for a **capitation grant** to offset education costs. The size of the grant was increased from GH¢3 to GH¢4 in 2009.
- **The School Feeding Programme** provides meals for some 500,000 schoolchildren throughout the country and provides a market for farmer produce. On average, only two schools per district are covered, leaving room for expansion. An additional 100,000 schoolchildren are covered by WFP's school feeding programme in Northern Ghana. Specific incentives are provided for girl's education.

- **The National Youth Employment Programme** aims to provide training and employment opportunities for the youth. Persons aged 15-25 are believed to account for one quarter of Ghana's population.
- The integrated health program, supplementary feeding programmes and microcredit programmes are additional components of Ghana's social protection system,

133. Sustained implementation programmes and activities, including safety net directed at poverty reduction has yielded some results. Information from the Ghana living standard surveys (GLSS) indicate a significant reduction in the incidence of poverty. It is also significant to note that the gender sensitive targeting has brought about poverty reduction amongst female-headed households from 43% in 1991/92 to 35% in 1998/99 and to 19% in 2005/06 (Ghana, 2007). There is therefore indication that the programmes must not only be sustained but taken to scale.

134. The current global financial crises could undermine these gains and adversely affect food security. Despite the gains in poverty reduction at national level disaggregated data indicate that poverty vary significantly by geographic area. Poverty incidence in the three northern regions remains high. Though there are pockets of severe poverty in the urban areas, poverty in Ghana can be describe as aptly as a rural phenomenon and according to GLSS report 86% of the total population living below the poverty line is living in the rural area (see Box 1), slightly higher than the 1998/99 figure. Improvement in rural poverty was noted in rural forest zone which might be attributed to the recent boom in the cocoa sector.

135. The high poverty incidence in the rural areas is also evident in poverty among food crops farms. Figures in the GLSS activity of households shows that poverty was highest among food crops farms with a higher than average poverty rate at 46%. Poverty therefore among food crops producers in the face of the global financial crisis can have serious implication for food security in Ghana.

136. Safety nets programmes must therefore develop appropriate targeting mechanism to reach food crop farmers and also specific geographical areas where poverty levels are higher. Furthermore, the GLSS point to the fact that generally all sectors and areas experienced some reduction in poverty, but that inequality increased. This makes a strong case for strengthening social protection including safety nets mechanisms to address the underlying factors as well as fill the gaps.

137. The mortality rate of children under five was estimated at 111 per 1000 live births and infant mortality at 64 per 1000 live births in 2003, a slight improvement of 1993 figures of 119 and 66, respectively. The Reproductive and child health service unit of the Ghana Health Service (GHS) annual report (2003-2006) indicate that 4.9% of children of ages 0-11 months are malnourished with 8.2% of children of 12-23 months and 6.2% of those aged 24-59 months also malnourished. The high figure of 8.2% for children age 12-23 months is the age at which breastfeeding is stopped and are exposed to contamination in water, food and the environment and also poor nutrition quality and quantity. It has been noted that the poor health and nutritional status of the mother accounts for a large proportion of infant mortality. Ongoing and upcoming safety nets programmes must intensify activities in supplementary feeding, food ration for poor women and general improvement in nutrition for households.

138. The constitution provided for the development of a legislation framework for social protection to meet the standard of non-discrimination, protection from abuse and human dignity. Consequently, Ghana has passed pieces of social legislation including the Children's Act 1998, Human Trafficking Act 2005, Persons with Disability Act 2006 and the Domestic Violence Act 2007 and is currently working on a comprehensive Social Protection Bill. Critical to the enforcement of these legislations is finance and each of them provides for a fund to support and rehabilitate victims. The Laws further provide for management boards or councils to manage the funds established and to provide for capacity building of relevant institutions to ensure enforcement.

139. Parliament has passed a legislation to constitute the Northern Development Fund to accelerate development interventions in the three Northern regions. A Northern Savanna Zonal programme including the three Northern regions as well as the Northern parts of the Brong Ahafo and Volta region is envisaged. A scoping mission supported by the World Bank was conducted to design modalities, including productive safety nets approach, for a comprehensive intervention in the area targeted. The initiative currently referred to as the Northern Development Initiative proposals include:

- Development and rehabilitation of transport infrastructure;
- Labor-intensive public works;
- Building the human and productive asset of the poor;
- Promotion of agro business through public-private partnerships; and
- Risk management to mitigate impact of weather and market shocks on smallholders most vulnerable to adverse shock.

140. Table 9 below shows that a variety of programmes are in place to provide social protection. The green cells indicate wide coverage, yellow cells partial coverage, orange cells nonexistent coverage of safety net programmes. The table shows that some programmes provide broad coverage to the livelihood groups that were considered in this study. The capitation grant, the national health insurance scheme and the national youth employment programme theoretically target all groups.

141. Other programmes have narrower coverage. The extension of some of these programmes to new groups and new geographical areas could be a way of expanding social safety nets if needed. For example, one could introduce supplementary feeding programmes in urban areas and intensify school feeding programmes in the forest area and in urban areas, if the situation requires. Increased coverage of programmes that intervene nationally – such as LEAP, integrated child health and microcredit – could also be a mechanism to enhance social protection. Before moving ahead with an expansion, the issue of quality of services provided should be considered. It is not obvious that the public school system is ready to absorb increased caseloads of schoolchildren without capacity-building efforts.

Table 9 Mapping out of existing programmes and their coverage of livelihoods

	Cash transfer	Education			Health			Livelihoods		Multi sector	
	LEAP	Free Bus ride	Capitation grant	School meals	Supp. feeding	Integrated child health prog.	NHIS	Micro-credit	NYEP	CBRDP	Social Investment Fund
Smallholders in the North	Yellow	Orange	Green	Green	Green	Yellow	Green	Yellow	Yellow	Green	Orange
Cash crop producers	Yellow	Orange	Green	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Orange	Orange
Unskilled laborers	Yellow	Yellow	Green	Yellow	Yellow	Yellow	Green	Yellow	Yellow	Orange	Orange
Slum dwellers	Yellow	Green	Green	Yellow	Orange	Yellow	Green	Yellow	Yellow	Orange	Green

Source: Mission, based on secondary information

Priority needs

142. The focus group discussions helped identify ongoing forms of support in the communities, as well as community priorities. This section illustrates how priorities and existing support interact for each livelihood group, in view of informing response options

that take preferences into account. A summary of the discussion is presented in table 10 below, which shows priorities and ongoing support for each livelihood group, ranked in order of frequency from left to right.

Table 10 Priorities and ongoing support

		Most frequently cited	Least frequently cited			
Smallholders	Priorities	Farm equipment	Credit	Water/Irrig	Education	Food
	Ongoing support	Food	Micro-Credit	Susu	Education	
Cash crop producers	Priorities	Credit	Ag Inputs	Water	Education	
	Ongoing support	Self-help	Ag Inputs	Susu		
Unskilled laborers	Priorities	Employment	Obtaining legal status			
	Ongoing support	Solidarity				
Slum dwellers	Priorities	Food prices	Credit	Water	Education	Techn. assistance
	Ongoing support	Susu	Housing			

Source: focus group discussions

Smallholders in the north identified farm equipment, credit, water/irrigation, education and food assistance as their priorities. Existing forms of support include food assistance, microcredit, "susu" clubs (informal rotating savings and credit groups) and education. The provision of farming equipment and water/irrigation infrastructure are unmet priorities for the focus groups in this livelihood. The high priority the groups assign to credit coincides with the existence of ongoing microfinance programmes and of active "susu" clubs, which may constitute an opportunity to meet the demand for credit provision. Food assistance and education are priorities that are being addressed through ongoing programmes.

Cash crop farmers identified access to credit, agricultural inputs, drinking water and education as their top priorities. Support to the cash crop livelihood group could leverage existing community solidarity mechanisms (such as pooling labor) and existing agricultural inputs provision programmes that promote crop diversification. Again, the existence of "susu" clubs could be an opportunity to improve access to credit, a high priority for this group. The provision of clean drinking water and support to education are unmet priorities according to the discussions held for this group.

Unskilled laborers' priorities are obtaining improved job opportunities and obtaining formal legal status. The only reported existing source of support for unskilled laborers is solidarity from relatives. This group has the fewest sources of support that could be used as references to identify response options or from which to base a scaling up of support.

Slum dwellers identified lower food and utility prices, access to credit, drinking water, education and technical assistance for fishing as their priorities. The existence of "susu" clubs in these areas could be an opportunity to address the demand for credit. The existence of slum improvement programmes to improve housing could be an entry point to deliver other sources of support to the urban poor. The group's highest priority is

relief from high food and utility prices. Improving water supply, supporting education and providing technical assistance for fishing are priorities that are not addressed by existing programmes.

VIII. Conclusion and recommendations

143. The recommendations were discussed at a debriefing meeting held on 9 April in Accra, where bilateral donors, civil society, various government ministries, research institutions and UN agencies participated. The meeting format allowed for an exchange on report findings in view of informing policy actions, both in the short and medium term. The recommendations outlined in this section are the outcome of the debate held at this debriefing meeting.

144. Discussion led to a consensus on the necessity for **improved monitoring** to gain a better understanding of the shock and its household impacts. The existing impacts on should be addressed through a targeted **short term response** for the 2009 lean season, as well as **medium-term measures** that will reduce affected group's vulnerability to such shocks. Initiatives to **enhance coordination** among various safety net interventions should be supported. Given the dynamic nature of the global economic and financial crisis, **contingency planning** for scaling up interventions in the future should be undertaken.

Monitoring: bring nutrition, food consumption and economic indicators into the current food security monitoring system

145. The dynamic nature of the global economic and financial crisis argues for enhanced monitoring systems to detect potential impacts. The present report was not able to draw conclusions on nutrition trends in part due to lack of information on the issue. The existence of a functional food security monitoring system is an opportunity to seize to regularly collect and disseminate information on nutrition. Ghana's food security monitoring system should be modified to include data on nutrition and/or food consumption that can be linked to price data. A series of key economic indicators should be monitored on a monthly basis to identify trends for the Ghanaian economy, with specific reference to indicators identified as channels through which the global economic and financial shock can transmit to Ghana (Section I). These would include export volumes and prices, remittance flows, livestock prices and wage rates. Combined with the FSMS, such information should provide early warning of a potential deterioration in livelihood opportunities and food security/nutrition status.

Response: address short-term needs while reducing medium-term vulnerability to shock

146. The report illustrated the short-term risk to food security that the shea nut collectors of the north currently face. In order to offer livelihood alternatives to this group during the fast-approaching lean season, it is recommended to increase food-for-work or food-for-training interventions in the northern communities affected by the poor performance of the shea nut market. Modalities could include support for market gardening schemes through improved water management, thus responding to communities' identified priorities. For maximum impact, interventions should be designed to specifically target women, and to be channelled through existing structures providing assistance to smallholders in the North. In the medium-term, support to smallholder agriculture (social protection and access to inputs and irrigation) is recommended to reduce household vulnerability to market shocks. The further development of microfinance in rural Ghana, a priority for rural households, would also increase the ability of households to diversify or strengthen their livelihoods. National industrial policy should promote increased local processing of primary products, which would lessen Ghana's vulnerability to price swings for commodities.

Contingency planning: identify priority actions should impacts become more widespread

147. Contingency planning should be undertaken in view of the evolving nature of the situation and the risks identified in the report. As the shock-response model shows,

there is a possibility that assistance may have to be rolled out to additional livelihood groups if the situation deteriorates. Specifically, partners may wish to give some thought to the implications of expanding the school feeding programme, in a scenario where the large cash crop-producing livelihood group requires assistance. As section VII illustrated, an expansion of the Ghana school feeding programme could be considered if the crisis spread to such groups as the cash crop farmers. A similar expansion of supplementary feeding programmes may also be envisaged in the proposed contingency planning exercise. Careful consideration must be given to avoid overwhelming the capacity of the strained education and health systems, and avoid a deterioration in the quality of service provision. Plans should be made to expand safety net measures to address a potential worsening situation among the urban poor and households receiving remittances.

Coordination: support exchange of information and decentralization of decision-making
148. Coordination deserves to be enhanced in order to improve targeting of existing safety net programmes, improve efficiency and effectiveness of existing programmes, identify gaps and address existing quality concerns. Support to coordination could occur through capacity building for the existing “vulnerability and social exclusion” group. Government efforts to decentralize decision-making to district assemblies will help in this regard. Efforts to support coordination will provide both short and medium-term benefits.

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Annex I: Meetings with selected key informants

Anderson, Everett, Managing Director of Prairie Volta Limited (rice project)
 Appenteng, Kwabena, food commodity trader, Accra
 Bucknor, J. Kofi, Managing Partner, Kingdom Zephyr Africa Management (investment company)
 Greenfield, Joanne, Unicef office in Ghana
 Henako, M. Aaron, Executive Secretary of the Poultry Farmer's Association
 Jackson, Chris, economist, World Bank office in Ghana
 Lindsey, Julianne, Chief of Advocacy, Communications, Monitoring, and Analysis, Unicef Ghana
 VanDyke-Mensah, John, investor in Prairie Volta Limited (rice project)
 Timber exporter

Participants list of workshops of 2 and 9 April 2009

Name	Title	Institution
Ablo, Mawufo	Deputy Director PPME/SD	MESN
Aglobitse, Doris M*	Programme Officer	UNFPA
Asante, Felix Ankomah	Sr. Research Fellow	ISSER
Behrens, Rudiger	Deputy Team Leader	GTZ
Bentsi, Ruby	Economist	DFID
Beya, Pa Lamin	Economic Advisor	UNDP
Blepke, Gifty*	Technical Advisor	CARE
Bortey, Alabi	Deputy Director	MFA
d'Adesky, François	Representative a.i.	UNIDO
de Jong, Marius W.	First Secretary	EKN
Ekberg, Adama	Trade Expert	FAO
Gbadonyo, Napoleon	Admin Officer	UNIDO
Horowitz, Leah	Programme Coordinator	IFPRI
Kolavalli, Shashi		IFPRI
Kwakye, Akosua	Programme Officer	WHO
MacDonald, Janice*		CIDA
Mahama, Alima	Consultant	WFP
Maiga, Attaher	Policy Officer	FAO
Mpensah, Mary	Senior Planning Analyst	MDPC
Myhara, Robert*	Advisor	CIDA
Nimaka, Joan	Intern	FAO
Ohemeng-Agyei, Kwesi	Programme Manager	Action Aid
Quansah, Nicholas	ACO	MOTI
Sarpong-Kumankuma, Francis	Programme Officer	WFP
Yebeah, Elsaid		FAO

*Attended both briefing and debriefing sessions

Annex II: Ghana safety net programmes.

Source: Mission, based on secondary information

Programmes	Organization Responsible / Sponsors	Objectives / Activities	Target Groups / Coverage	Link to Food Security	Remarks
Livelihood Empowerment Against Poverty (LEAP)	<ul style="list-style-type: none"> Ministry of Employment and Social Welfare, funded by Government of Ghana, DFID with development partners providing technical assistance inputs through the social protection sector group Build Capacity of implementing institutions Ghana Post to deliver bi-monthly LEAP cash grants to identified beneficiaries 	<ul style="list-style-type: none"> Conditional Cash transfer to extreme poor linked with beneficiary accessing complimentary services of child school enrolment and attendance, registration under NHIS unit at health centres, etc Non-conditional cash transfers to aged and people living with severe disabilities 	<ul style="list-style-type: none"> Extreme poor, aged 65 years, caregivers of orphans and incapacitated and extremely poor people living with HIV/AIDS, pregnant women and lactating mothers with HIV/AIDS Target 164,370 households (19% of extreme poor) LEAP emergency for flood victims sponsored by World Bank 	Linked to experience of chronic food shortages. Cash to support food purchase. The extreme poverty under GLSS is defined as those whose standard of living is insufficient to meet basic nutritional requirements	First payment made in April 2008. 7,494 households and 28,040 beneficiaries in 54 districts reached. Under emergency LEAP for flood victims supported by World Bank 16,660 households in 20 districts covered.
Community Based Rural Development Programme (CBRDP)	<ul style="list-style-type: none"> CBRDP – Rural Infrastructure Co-ordination Unit of Ministry of Local Government and Rural Development sponsored by World Bank. 1st phase \$60m, 2nd 	<ul style="list-style-type: none"> Rehabilitate infrastructure through public works including schools, water, health and sanitation facilities, roads, dams, water 	<ul style="list-style-type: none"> National coverage, demand drivers from communities through District Assemblies. Population and poverty formula 	<ul style="list-style-type: none"> Opportunities for food purchase through wages earned Poor and vulnerable groups trained in grass cutter, snail, fish, mushroom 	<ul style="list-style-type: none"> October 2004-June 2010

Programmes	Organization Responsible / Sponsors	Objectives / Activities	Target Groups / Coverage	Link to Food Security	Remarks
	phase \$22m <ul style="list-style-type: none"> • AFD €10m • District Assemblies 10% of project cost • Rural Banks 20% of credit portfolio 	sheds, nurseries, boreholes, dug outs, etc <ul style="list-style-type: none"> • Community mobilization and management • Selection of labor-intensive projects • Wages earned through short term employment • Rural enterprise development • Building capacities of District Assemblies, Rural Bank, NGOs and community leaders to deliver social services 	to allocate budget to District Assemblies <ul style="list-style-type: none"> • The three northern regions 	farming	
Social Investment Fund – Urban Poverty Reduction Project	<ul style="list-style-type: none"> • Social investment Fund sponsored by AfDB – US\$42m • Social Investment Fund – 2nd phase sponsored by OPEC fund for International Development 	<ul style="list-style-type: none"> • Social inclusion cash transfers. Beneficiaries and transfers to be monitored and managed by community committees • About 1m earmarked cash transfers aimed 	<ul style="list-style-type: none"> • People below the extreme poverty line – women and children • 4000 households (12,000 people) who have five children or more. Focus is on urban poor • Women to 	<ul style="list-style-type: none"> • Cash transfers for food and transportation cost; women are the main beneficiaries and therefore likely to impact positive on household food consumption • Wages from 	Implementation starts in 2009

Programmes	Organization Responsible / Sponsors	Objectives / Activities	Target Groups / Coverage	Link to Food Security	Remarks
		<p>at food and transportation cost.</p> <ul style="list-style-type: none"> • Conditions: attendance at school, health visits, women participate in vocational training (sewing, restaurant services) • Public works: education and health centres, water supply, sanitation, roads, market yards, stalls, crèches • Complimentary services: HIV/AIDS awareness, microfinance 	<p>contribute at least 30% of work force.</p> <ul style="list-style-type: none"> • 350 socio-economic sub project, 50 environmental projects, 110 green town initiatives 	<p>public works can facilitate food purchase</p> <ul style="list-style-type: none"> • Infrastructure will include facilities for improvement of nutrition • Support for small scale farmers and the rearing and marketing of chicken, fish and small ruminants 	
<p>Social Investment Fund / OPEC Fund</p>		<ul style="list-style-type: none"> • US\$10 million • Public works: 200 subprojects in education, health and employment. • 200 specific to HIV/AIDS and enrolment protection 	<ul style="list-style-type: none"> • 2500 poor households to acquire skills and microcredit • Capacity building of street children including skills training 		

Programmes	Organization Responsible / Sponsors	Objectives / Activities	Target Groups / Coverage	Link to Food Security	Remarks
		<ul style="list-style-type: none"> • 10,000 microloans 			
Take home food Rations Supplementary and Feeding, Health and Nutrition, Education	World Food Programme ,Ghana Education Service and Ghana Health Service	<ul style="list-style-type: none"> • To increase girls enrolment, attendance and retention in school through providing a food-based incentive • Reduce malnutrition rates among pregnant women, nursing mothers and children under 5 • Provide nutrition and health, education and complementary fortified foods. Proper exclusive breast feeding 	<ul style="list-style-type: none"> • 3 northern regions • Critically food insecure mothers, children under 5, refugees, HIV patients and the elderly • High food prices victims especially in the flood disaster areas of 2007/08 	<ul style="list-style-type: none"> • Target critically food insecure 	<ul style="list-style-type: none"> • Increased girls enrolment and attendance in school and thus enhancing Ghana's chance of meeting the MDG goal of Gender Parity in school enrolment • Girls' attendance rate doubled to 99% leading to better academic performance

Programmes	Organization Responsible / Sponsors	Objectives / Activities	Target Groups / Coverage	Link to Food Security	Remarks
School Feeding	Government of Ghana Ghana School Feeding, NGOs, WFP, SNV, ADRA and UNICEF	<ul style="list-style-type: none"> • Reduce hunger and malnutrition: all primary and kindergarten pupil in participating schools receive a nutritious meal per school day • Increase in school enrolment attendance and retention • Boost domestic food production by purchasing local foods for school feeding 	5 schools in each of the 130 districts. As of May 2008, 2 schools in each district covered, i.e. 990 schools, covering over 500,000 children	The linkage between local farmers and the Ghana School Feeding Programme is enhanced. It will provide ready market for farm produce	<ul style="list-style-type: none"> • Started in 2005 • Enrolment has increased in participating school (12% primary, 23.1% in kindergarten)
	Ghana School Feeding Programme – WFP supported	<ul style="list-style-type: none"> • As above • Food fortified to combat micronutrient deficiencies among children, pregnant women and nursing mothers through take-home rations during the lean season • Establishment of community management 	Northern, Upper East, Upper West Regions, 100,000 children	Local foods stuffs purchased and used plus boosting market for farmers to produce thereby enhances potential for increase in production	

Programmes	Organization Responsible / Sponsors	Objectives / Activities	Target Groups / Coverage	Link to Food Security	Remarks
		committee to ensure community ownership and participation <ul style="list-style-type: none"> • Free school programmes organized for children at nutrition centres 			
NHIS	Government of Ghana and National health Insurance System Office, funding from 2½% of VAT	<ul style="list-style-type: none"> • To facilitate access to healthcare by all citizens • Provide free cover for indigents, free antenatal care for pregnant women • Establish a viable public health insurance scheme • Ensure the provision of quality healthcare 	All citizens with free cover for pregnant women, indigents and children.	Good health is basis for increase productivity and thereby increased income with potential for food security	<ul style="list-style-type: none"> • Since 2003 • Can lead attainment on MDGs by improvement in maternal health and reduction of child mortality • Children's registration to be decoupled from the registration of parents • 12.3 million covered

Programmes	Organization Responsible / Sponsors	Objectives / Activities	Target Groups / Coverage	Link to Food Security	Remarks
National Youth Employment Programme	Government of Ghana, Ministry of Employment and Social Welfare and NYEP office; funding from talk tax levy	<ul style="list-style-type: none"> To provide employment and training opportunities for the youth Guarantee respect in fundamental human rights and dignity Provide adequate means of livelihood and suitable employment for all Ghanaians 	The youth age 15 – 24 (constitutes about 25% of the total population)	<ul style="list-style-type: none"> NYEP models include youth in agriculture which has potential of drawing more youth into the agricultural sector Wages paid under NYEP can be applied to food purchase 	Innovative funding sources for NYEP; talk -tax
Integrated child health programme	Ministry of Health, Ghana Health Service, UNICEF and other UNICEF and development partner	<ul style="list-style-type: none"> To improve immunization coverage reducing child mortality Supplementary services including distribution of bed nets, vitamin A and de-worming 	National coverage	Improved health of children supported by nutrition surveillance	Improved immunization coverage. Ghana is on course to be certified as a polio free country and no child in Ghana has died from measles in the last 5 years
Free Bus Ride for school children	Metro Mass Transport (MMT)	Help in the transportation of children in school uniforms to and from school	School children in the areas of operation of the MMT	Reducing household spending on children's transport leaving extra for food	There is the need for the services of MMT to go to the rural areas
Capitation	The Ministry of	Remove financial	<ul style="list-style-type: none"> All children in 	Alleviate the plight	Early release of funds

Programmes	Organization Responsible / Sponsors	Objectives / Activities	Target Groups / Coverage	Link to Food Security	Remarks
Grant	Education	barriers which prevents parents from sending children to school	government basic schools <ul style="list-style-type: none"> Grant was increased from GH¢3 to GH¢4 in 2009 	of the poor by freeing income that could be spent on food	may help in effective implementation
Microfinance and microcredit programmes	Government of Ghana	<ul style="list-style-type: none"> To improve access of men and women to funds to establish and expand their businesses Beneficiaries trained in microfinance, record keeping, etc. Support farmers to acquire agricultural inputs and equipment To enable food processors acquire equipment 	<ul style="list-style-type: none"> Farmers with small holding, food processors and traders in the informal sector Women groups including farmers, craft persons and artisans 	Support poor and extreme poor in urban and rural areas to improve their incomes which would enhance their ability to purchase food	<ul style="list-style-type: none"> Strong gender sensitive targeting There is still a big demand for micro credit as ministries and agencies are inundated with request

Annex III: Questionnaires

Measuring the Impacts of the Financial Crisis on Vulnerable Households --CHECKLIST FOR GHANA FOCUS GROUP DISCUSSIONS--

Date	Number of Participants
Province	Gender group
District	
Village	Name of interviewer
City Cluster	Name of note taker

Introduce yourself and the note taker and read this protocol before you start the discussions – Adapt the below introduction according to your audience (simplify, summarize as necessary)

This discussion is intended to assess recent changes in households living conditions such as changes in employment, salaries, wages, remittances, sales etc.

In many places of the world, the economy has recessed since September 2008 and this has had some effects on households' living conditions. For this reason, we are meeting with a number of households in various countries to estimate the possible changes of their living conditions and what should be done about it.

We would like the discussion to be informal, so please feel free to intervene at any time and to also respond to comments other people make. If you don't understand a question, please let us know. We are here to learn from you and make sure that your voices can be heard.

All our discussions will be kept confidential, for the sole purpose of our agencies and the identities of the participants will not be disclosed to anyone. We hope you'll feel free to speak openly and honestly.

After reading this protocol, give participants a chance to introduce themselves before you begin.

'Let's find out some more about each other by going around the room one at a time. Tell us your first name, since when you have been living here, how many children do you have and what are your main occupations.

1. LIVELIHOODS AND INCOMES

1.1. At present, what are the 3 major income sources of households like you? *Ask them to report by order of importance. Estimate proportions, using proportional piling if needed.*

Income source No1	Income source No2	Income source No3

1.2. Compared to last year at the same time, have changes occurred in the income-earning activities that households in this community practice? If yes:

Which types of change?

How many households were concerned by these changes *(estimate proportions, using proportional piling if needed)*

1.3. What are the main reasons that have caused these changes?

1.4. Compared to last year at the same time, have incomes changed for households like you? If yes, how have they changed? *(Indicate whether they have increased or not and the reasons)*

2. EMPLOYMENT AND WAGES

2.1. In the last year, have some community members lost their job?

2.2. If some have lost their jobs, how many approximately? *(Estimate proportions, using proportional piling if needed)*

| _____ |

2.3. In which activities job losses have been the most severe?

2.4. What are the main reasons for job losses?

2.5. Compared to last year at the same time, have unskilled wage rates changed? If yes, how have they changed?

3. REMITTANCES

Perhaps introduce this section by asking respondents ‘do families like you have family member overseas?’, if yes, do they send remittances?’

3.1. In this community, how many households rely on remittances for their income? (*Estimate proportions, using proportional piling if necessary*)

| _____ |

3.2. Compared to last year at the same time, have the frequency and the amount of remittances received changed?

If yes, how have they changed? (*Distinguish increase/decrease and the reasons*)

3.3. Through which channels do households receive their remittances?

3.4. What type of remittances do households receive?

3.5. In the last year, have some community members returned from migration?

3.6. If some have returned have different numbers returned compared to usual at this time of the year? If yes, what was different (*Distinguish increase/decrease and the reasons*)

--	--

3.7. If a different number has returned how many approximately? (Estimate proportions, using proportional piling if needed)

| _____ |

3.8. What have led a different number of migrants to return home?

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4. PRICES

4.1. Compared to a year ago at the same time, have staple food prices changed? If yes, which prices have changed and for which food items? (Make sure that you capture possible changes regarding the 3 most consumed staple food and the main reasons of the changes)

Name of Staple	Change (increase/decrease/same)	Main reasons

4.2. If there has been increase of prices of staple foods, in which months did you feel that the increases were the highest? (Repeat the calendar for each staple food, if the timing is different)

<i>Name of Staple food</i>											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<i>Name of Staple food</i>											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<i>Name of Staple food</i>											
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

5. EXPENDITURES AND CONSUMPTION

5.1. What is the relative share of expenditures of households like you at present? (Use proportional piling for the various categories below and any additional one that the group members may mention)

What was the relative share of these expenditures one year ago? (Use proportional piling for the various categories below and any additional one that the group members may mention)

If there have been changes, what were the reasons of changes?

Expenditure category	At present (%)	One year ago (%)	Main reasons of changes
Health			
Education			
Transport			
Food			
Debt reimbursement			
Rent and utilities			
Other			

5.2. Have there been changes in the types of food that people are buying and consuming? If yes, what has changed in the diets?

6. COPING STRATEGIES, RESPONSES AND PRIORITIES

6.1. What are households like you doing to respond to changes in the activities, income and prices that have occurred in the past year?

6.2. Are some of these behaviors different from what households used to do a year ago? If yes, what is different?

6.3. When do you think that households like you will recuperate their income level of a year ago? Why?

**6.4. Do community members receive some support currently? If yes:
What types of support?
Who benefits from each type of support?
Who decides on who should benefit from the support?**

6.6. What are the 3 main priorities of households like you to improve their living conditions?

6.7. Why are these priorities the most important?

NOTES

Please write down any useful information discussed but not recorded above. Add an additional sheet if needed.

Ghana questionnaire for traders

City/town/community name : _____	
Market name: _____	
District : _____	
Date : _ _ / _ _ / _ _ _ _ _ _ <i>day month year</i>	Team number : _ _
Enumerator names : _____ / _____	

I. General Background Information

1. Type of business:

1.1 wholesaler retailer (choose wholesaler if a business deals with both wholesale and retail)

1.2 small medium large

2. Coverage (tick the highest level): Local District County/Regional National

II. Product range and storage capacity

3. What type of food do you sell?	1= Yes / 2= No	3.1	Cassava			
		3.2	Maize			
		3.3	Millet			
		3.4	Rice			

4.1	Do you have stocks?	1= Yes / 2= No		If No, go to 5.1
4.2	How many weeks will your stocks last?			weeks
4.3	How many days does it take you to resupply?			days

**III.
Supply,
demand**

and and buyer behaviour

5.1	Compared to last year at this time, how has demand changed?	1= Increased / 2= Decreased/ 3=No change/ 99=NA	5.1.1 Cassava						
			5.1.2 Maize						
			5.1.3 Millet						
			5.1.4 Rice						
5.2	If there has been an increase in demand, what was the main reason for this?	1=Stock building by consumers 2=Government/NGO/UN purchases 3=Increased trade flows out of area, including cross border 4=Price drop 5= increase of population 6=Other reason (specify) 99=No 2 nd reason mentioned	Cassava	Maize	Millet	Rice			
			5.2.1	_	5.2.2	_	5.2.3	_	5.2.4
			Cassava	Maize	Millet	Rice			

5.1	Compared to last year at this time, how has demand changed?	1= Increased / 2= Decreased/ 3=No change/ 99=NA	5.1.1 Cassava						
			5.1.2 Maize						
			5.1.3 Millet						
			5.1.4 Rice						
			Cassava	Maize	Millet	Rice			
5.3.1			_	5.3.2	_	5.3.3	_	5.3.4	_

6	Compared to last year at this time - Have you observed changes in the buying behaviour of your customers? (Circle those that apply, if none move on to 7.1)
	6.1 People buy more expensive/higher quality foods
	6.2 People buy larger quantities
	6.3 People buy cheaper/lower quality foods
	6.4 People buy smaller quantities
	6.5 Other change (specify) _____

7.1	Compared to last year at this time - has supply for the following commodities <u>increased</u> or <u>decreased</u>?	1= Increased / 2= Decreased/ 3=No change/ 99=NA	7.1.1 Cassava						
			7.1.2 Maize						
			7.1.3 Millet						
			7.1.4 Rice						
If there has been an <u>increase</u> in supply, what were the two main reasons for this?	1= Increased production 2= Food aid distribution 3= Arrival of the new harvest 4= Price rise 5=Imports 6=Other reason (specify) _____ 99=No 2 nd reason mentioned	Cassava	Maize	Millet	Rice				
		7.2.1	_	7.2.2	_	7.2.3	_	7.2.4	_
If there has been an <u>decrease</u> in supply, what were the two main reasons for this?	1=Stockbuilding by consumers 2=Government/NGO/WFP purchases 3=Traders from other regions have come to buy, which _____ 4=Price drop 5= exports 6=Other reason (specify) _____ 99=No 2 nd reason mentioned	Cassava	Maize	Millet	Rice				
		7.3.1	_	7.3.2	_	7.3.3	_	7.3.4	_

V. Credit

8.1	Do you usually borrow to purchase the commodities you are selling?	1= Yes / 2= No	_	If No, go to 8.6
8.2	If yes, who is your main source of credit?	1= Other traders providing the commodities 2= Money lenders 3= Bank, credit union, cooperative 4= NGO programme		_

		5= Relatives 6='Susu' club 7=Other (specify) <hr/> 99= do not know	
8.3	Compared to last year, is it as easier or more difficult to get credit when you need it?	1= Easier 2= More difficult 3 = About the same 4= No need for to credit. 99=do not know	__
8.4	How much interest do you pay on loans, per month?	__ % per month	
8.5	Has the interest rate changed compared to last year?	1= Same 2= Lower this year 3 = Higher this year	__
8.6	Do you give credit to people who are buying from you?	1= Yes / 2= No 9.9 <i>If No, go to</i>	
8.7	Have there been changes in the number of people requesting to buy on credit now compared to last year?	1= Same 2= Less are asking credit 3 =More are asking credit	__
8.8	Have there been changes in the size of credit requested by customers as compared to last year?	1= Same 2= Smaller size 3 =Bigger size	__
8.9	Do you have a bank account?	1= yes 2=no	__

VI. Difficulties for trading

10 What are your main difficulties with trade at the moment? <i>Do NOT list, leave the trader answer spontaneously.</i> <i>Once done, ask the trader to rank the 3 most important ones</i>	1= Cost of fuel 2= Cost of commodities to purchase for sale 3= Decreased/lack of credit 4= Increased credit interest rates 5=Difficulties with recovering debts from customers 6= Decreased / low demand from people to buy commodities 7= Lack of storage facilities 8= Lack of transportation 9= Taxes 10= Poor roads 11= Food aid distributions 12= exchanging currency 13= inadequate supply 14= Other: _____ 99= No 2 nd or no 3 rd difficulty mentioned	1st difficulty		2nd difficulty		3rd difficulty	
		10.1	__	10.2	__	10.3	__