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Report Name: Ghana Launches Planting for Food and Jobs Phase II

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Report Highlights:

Planting for food and jobs phase two (PFJ 2.0): Government of Ghana (GOG) takes stock of its flagship agriculture program after six years of implementation, acknowledges challenges, and announces some changes to the original model in what has been branded as enhanced planting for food and jobs (EPFJ) or planting for food and jobs phase II (PFJ 2.0).

General Information:

In a meeting with development partners (DPs) on Friday May 26, 2023, the new Minister for Food and Agriculture, Dr. Bryan Acheampong hinted that President Akufo Addo was going to launch phase II of government's flagship agriculture program, "planting for food and jobs (PFJ)" in July 2023. The Minister explained that the second phase of the program - with a five-year plan - will shift from small scale farming to relatively large-scale farming, to change the landscape of agriculture in Ghana and achieve its target of food security. This new model, which is an alternative way of supporting farmers, would contrast with the original PFJ system where previously the government subsidized seeds and fertilizers for all registered farmers across the 16 administrative regions, and made payments to input distributors.

The input subsidy concept under the original PFJ was fraught with corruption according to the new minister, and to remove the opportunity, an input credit system was being proposed. About GHS 4 billion (\$348 million) was said to have been invested in the PFJ over the past six years.

[The exchange rate at the time of writing this report was \$1.00 =GH¢11.50].

Transforming Ghanaian agriculture through the EPFJ or PFJ 2.0 is the vision of the GOG. This new model or framework is the brainchild of the newly appointed Minister for Food and Agriculture, Dr. Brian Acheampong. The focus of the new model, according to the new Minister of Agriculture, is on achieving a more sustainable method of financing fertilizer and seeds for farmers instead of the annual subsidy placed on inputs, which has become very expensive to maintain. An input credit system will be introduced to replace the input subsidy under the original PFJ so instead of subsidies on fertilizer, seeds and other inputs, the Ministry of Food and Agriculture will with the implementation of the PFJ 2.0 introduce a value chain approach, where aggregators will acquire inputs from government and distribute them to identified farmers.

PFJ II to be anchored on Technology and Aggregators

The new Minister of Agriculture revealed that the PFJ II will leverage information technology to avoid the key pitfall of the PFJ, the lack of accountability, to achieve desired efficiency. Aggregators would also be relied upon to provide needed linkage to the enrolled crop farmers. The harvests will subsequently be purchased by the National Food Buffer Stock Company (NAFCO) to cater for government interventions such as the School Feeding Program. Key associations such as poultry farmers and multinational companies, such as Nestle, will also be targeted for supplies.

Dr. Brian Acheampong observed that large-scale farmers were not targeted by the original PFJ and outlined the principles of the EPFJ or PFJ 2.0 as: value chain-driven from farm to fork, market-driven, and ensuring inclusivity of all actors along the value chain. The primary focus of the PFJ 2.0, according to the Minister, will be on commercial monocropping of at least two hectares. He stated that the GOG will be relying on traditional leaders who are custodians of community lands to make farm lands available for the program.

"President Akufo-Addo will be meeting the National house of chiefs to plead with them to allocate and designate lands as commercial farming areas for Ghana. That is the only way we can measure our production. Therefore, we encourage everybody interested in the new program to now begin looking for

a minimum of five acres land. We are moving away from the one-acre mixed farming. Look for a minimum of five acres and you will get a direct support from fertilizer supplier, improved seeds, and mechanization services under the new program the President will launch in July 2023, which is going to transform the landscape of agriculture,” Bryan Acheampong said.

The new Minister of Agriculture stressed that the PFJ 2.0 will come with some interventions that will include mechanization services and technical support, insurance package and ready market for farmers. He also indicated that the products from the targeted crops and the poultry farms supported by the program have been listed to be purchased by the Ghana Commodities Exchange company. “When you go into large scale commercial farming, all these factors such as insurance come to play. Thus, with the new system, Ghana Commodities Exchange will buy whatever you produce. We are focusing on ten crops and poultry to revive the government’s vision of achieving food self-sufficiency under the PFJ. Under the new input credit system to be announced, there will be a lot of public sensitizations,” the Minister assured.

GOG allocations to the PFJ and PFJ 2.0 announcement

Under the immediate-past Food and Agriculture Minister, Dr. Owusu Afriyie Akoto, the GOG announced the allocation of GH¢660 million (\$57.5 million) for PFJ implementation in 2023. The amount was an increase from the GH¢614 million (\$53.39 million) spent in the 2022 planting season. Financial allocation to the PFJ program has seen a consistent increase since 2020, yet participating farmer numbers have declined to a target of 1.5 million farmers in 2023. This represents a decrease of about 25 percent compared to the preceding year’s number of target beneficiaries. [\$1.00=GH¢11.50].

After taking office, the new Food and Agriculture Minister, Dr. Acheampong swiftly moved to request a review of the PFJ. As a result, the government’s subsidies on fertilizer and other farm inputs were suspended until the completion of the review process, after which a recommendation was made for redesign and launching of a second phase of the PFJ, PFJ 2.0. Though delayed by four weeks, President Nana Addo Dankwa Akufo-Addo, on Monday, August 28th, 2023, launched Phase Two of Government’s flagship program on agriculture, “Planting for Food and Jobs”, at the University for Development Studies in Tamale. Targeted at building on the successes of the initial program, the second phase of the program is a five-year master plan for the transformation of agriculture in Ghana through modernization by the development of selected commodity value chains and active private sector participation.

Speaking at the launch, President Akufo-Addo stated that the second phase, by design, “takes a holistic view and places greater emphasis on value chain approaches by focusing on strengthening linkages between actors along eleven selected agricultural commodity value chains broadly categorized into grains (corn, rice, soybean, sorghum); starchy staples (cassava, yam, plantain); vegetables (tomato, pepper, onion); and poultry.”

He added that Phase Two of the Program also seeks to improve service delivery to maximize impact and substitutes direct input subsidy with smart agricultural financial support in the form of comprehensive input credit, with provision for in-kind payment. The President disclosed further that key elements of the new phase also include an input credit system that provides farmers with access to inputs such as seeds, fertilizers, pesticides, and other support services for improving productivity and yield. Storage infrastructure and logistic hubs were also included to reduce post-harvest losses.

Additionally, it also includes off-taker arrangements/commodity trading to improve farmer access to markets which guarantees fair prices for crops; and a digitized platform for management, monitoring and coordination to improve efficiency and effectiveness of the program.

PFJ 2.0 to lead GOG's job creation efforts

President Akufo-Addo said the impact of PFJ 2.0 will be in job creation, with a target of enrolling some 1.2 million farmers in the first year. The program is believed to have the capacity of recording an average of 210,000 new farm-related jobs annually over the next four years. Additionally, indirect jobs estimated at an annual average of 420,000 are expected to be created along the agricultural value chains over the same period.

Justifying the decision by his government to roll out a second phase of the PFJ, President Akufo-Addo claimed that the successful implementation of the first phase the PFJ resulted in reaching over 2.7 million farmers and other value chain actors and increased the agricultural sector growth rate from 2.7 percent in 2016 to an average of 6.3 percent from 2017 to 2021. He continued that, due to the success of the PFJ, GOG has been able to achieve the annual target of six percent growth in the agricultural sector as set under the Malabo Declaration, to which Ghana is a signatory.

Additional recorded gains from the PFJ, according to the president, are an increased fertilizer application rate from eight kilograms per hectare (8 kg/ha) in 2016 to 25 kg/ha in 2022, an increased distribution of certified seeds from 2,000 MT in 2016 to 36,000 MT in 2022, and an increased private sector investment in the seed industry.

PFJ 2.0 – a direct response to UN and AU calls to action

At the launch of the PFJ 2.0, President Akufo-Addo disclosed that rolling out the second phase of the PFJ Program was in direct response to calls to action made at recent summits organized by the United Nations in September 2021 in New York and by the African Union in January 2023 in Dakar. Both of which underscored the need for delivering solutions to challenges in the agricultural sector.

Planting for Food and Jobs was introduced in 2017 as the GOG's key initiative to modernize agriculture, improve production efficiency, achieve food security, and profitability for farmers. It summarily targeted a significant increase in agricultural productivity and pursued a value-addition strategy, aimed at rapidly ramping up agro-processing and developing new and stable markets. However, critics say the program has been a failure as food inflation rose to over 50 percent last year forcing the Ministry to transport food from rural areas to cities to mitigate the impact.

Policy Impact on Trade:

From the GOG's assessment of the PFJ after years of running, the following admissions were made:

- PFJ had a high budgetary strain on the government,
- Non adoption of the value chain approach,
- Limited access to agricultural credit,
- Low prioritization of national strategic stock; and
- Limited focus on the needs of commercial small, medium, and large-scale farmers.

It is believed that PFJ 2.0 will address these identified limitations associated with the original PFJ but the PFJ 2.0 itself appears to be yet another ailing policy lacking in depth. There is every indication that the PFJ 2.0's announcement was rushed, to create the impression that the GOG still has the financial capacity to sustain its flagship agricultural program with renewed vigor, succeeding in diverting attention from the fact that under the IMF's bailout deal, the GOG can no longer support an input subsidy program.

Indeed, clear and specific implementation pathways for PFJ 2.0 remain elusive, as the GOG is still consulting with identified stakeholders on ensuring effective implementation of PFJ 2.0. With the launch of the PFJ 2.0 happening after the start of the 2023 major crop production season, its implementation yet to be announced, and the minor crop production season in advanced stage, the earliest implementation period will be the 2024 crop production season.

Decreased crop production is expected in the short run, culminating in higher food prices by close of year 2023. This is because farmers that could afford required inputs, planted crops at full market price for their inputs and are expected to recover their full input cost at harvest. The majority of the crop farmers, however, could not afford the required inputs, making reduction in crop production inevitable. All other things being equal, there is no imminent negative impact on trade from this new policy.

End of report.

Attachments:

No Attachments.