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The Interlinks Between Agricultural Export Diversification, Food Security and Livelihood of Farm Households in Southern Ghana

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Abstract

Policy makers in developing countries have been concerned with the economic and political risks associated with heavy dependence on specialised raw materials as main sources of government revenue and foreign exchange. Development partners and donor agencies have equally extolled the need for these countries to diversify their export base as a poverty alleviation strategy. To this end, several African countries have tended to focus on non-traditional exports which reflect their comparative advantage and for many countries the export of non-traditional horticultural crops has been favoured. In Ghana, crops such as pineapples, mangoes and papaya appear promising because of their high labour intensity and the expanding demand for fruits in industrialised nations. However, the appropriate strategy for achieving pro-poor growth in most countries is still a subject of intense debate. Consequently, few studies have examined the linkage between export diversification and microeconomic performance.

The study focuses on a household survey undertaken in the forest and coastal savannah transition zones of Ghana, where the farming system has undergone a remarkable transition from an established system of food crop farming for sale to urban consumers to an intensive production of horticultural products for export to European consumers. Probit and Logit regression models were used to estimate the determinants of participation and food availability while a linear function was used to compare the incomes of households producing only horticultural export crops with those producing only food crops vis-à-vis those indulged in the combined scenario.

Whereas the contribution of diversified exports to macro-economic growth cannot be disputed, evidence from our study indicates that the micro level distributional effects has not favoured some groups. Results show that households involved in export horticulture are better off than those which are not. An assessment of the determinants of participation in the sector however suggests that, some households may face important constraints to participation in the sector. The paper concludes that non-traditional exports as a source of livelihood among smallholder farmers depends on several factors including access to local institutional services, technological know-how, policy environment, trends in international markets and most importantly, their interplay with livelihood adopting strategies.

Keywords: Export diversification, food security, Ghana, household livelihood, non-traditional exports