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Rural entrepreneurship and food insecurity in Ghana

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Abstract

Non-farm enterprises (NFE) play a critical role in improving the well-being of rural households by providing opportunities for income diversification, which can reduce household poverty and food insecurity. Significant progress has been made in reducing the proportion of undernourished people in Ghana. However, Ghana's progress in achieving food security has been uneven, with many farmers and rural dwellers still experiencing poverty and food insecurity. Using data from the Ghana living standards survey round 7 (GLSS7), we examine the impact of household participation in NFEs on food insecurity among rural farming households in a sub-Saharan African country. Specifically, we measure household food insecurity profiles and estimate the causal relationship between household participation in NFEs and food insecurity within a multidimensional poverty framework in rural Ghana. The results show 64 percent of households indicated they were worried about not having enough food while 63 percent were unable to eat healthy and nutritious food. About two-thirds (67 %) of households lacked food diversity by eating only a few kinds of food. Only 12 percent of households report that a member went without food for a day. We also find that food insecurity among rural agricultural households in Ghana is moderately high, with an incidence of 65 % and a food insecurity index of 49 %. Male-headed households experience slightly higher levels of food insecurity than female-headed households. Still, household participation in non-farm enterprises reduces the probability of food insecurity by 25 percentage points, or about 36 %, compared to the average incidence of food insecurity among households not participating in NFE. Given their high impact on poverty reduction and household food security, we conclude that government enterprise-focused programmes should prioritise support for rural NFEs.

Keywords: Food insecurity, Ghana, households , non-farm enterprises, poverty