

Horticulture Alert

#01 July 2020

Horticulture alerts identify current challenges and outline urgent actions needed in the horticulture sector in Ghana, based on surveys and focus group discussions with various stakeholders

Ghana

Alert 1

Limited resources for operational costs and reduced access to finance hamper the purchase of inputs for the next growing season

Alert 2

Reduced household income threatens livelihoods and weakens resilience to future shocks

Alert 3

Early implementation of mobility restrictions causes disruptions in markets and input supply

Alert 4

Restrictions on physical meetings impede the mechanisms for sector alignment

Alert 1

Limited resources for operational costs and reduced access to finance hamper the purchase of inputs for the next growing season

What is the impact?

- Less resources are available for farmers since revenues have declined as a result of the COVID-19 crisis
- Many outgrower contracts have been cancelled due to the reduction in exports, especially at the start of the crisis
- Farmers are more likely to experience problems with pre-financing their horticulture production (e.g. purchasing inputs, land preparation, etc)
- Value chain actors are experiencing difficulties in repaying loans obtained before the onset of the pandemic
- Lack of short-term funds for aggregators and producers has hindered timely harvesting, this is especially apparent in the fruit sector
- The inability of exporters to repay on time has led to a reduction in cash flow
- Limited access to finance particularly affects farmers and other value chain actors who lack buffers against adversity or shocks
- The cost of credit rises as risks increase, while the amount of credit available decreases. Financial institutions are not keen to provide short-term loans
- Lack of funds has been a long-standing issue since before the COVID-19 crisis as the vegetable sector is a high-risk sector that has a high rate of default on loan repayment. The current crisis exposed this issue, particularly during the lockdown with restrictions in mobility and social gathering

What actions are required?

- Reduce interest rates and increase the moratorium period to make up for the low sales resulting from the COVID-19 crisis
- Form an apex body of all stakeholders, similar in structure to the Ghana Cocoa Board (COCOBOD), to assist in making funds available for the horticulture sector
- Make revolving funds available, especially for those that do not have access to the formal financial sector

What actions are required?

- Strengthen the capacity of producers and processors in record keeping to facilitate access to funding. Inaccessibility of funds is due to a lack of collateral, which could be replaced by financial records as proof of performance and knowledge of the horticulture sector
- Engage financial institutions in a timely manner before production season begins
- Develop the provision of business advisory services for producers and processors to access support from financial institutions
- Provide guarantee funds to banks for funding horticultural production; farmers should be able to receive a guarantee for accessing funds from banks
- Funds should be accessed through the triangle model (producer, buyer and financial institution). This is to reduce the risks associated with it. However, most of the time, farmers breach trust by diverting produce to other buyers
- Develop cooperatives that comprise actors from different sectors to help the horticulture sector deal with issues of financing; the core should be crop-based associations
- Institute policies for reduced interest rates targeted at agricultural/ horticultural activities, to attract youth participation and reduce unemployment

What stakeholders are involved?

- Ghana Incentive-Based Risk-Sharing System for Agricultural Lending (GIRSAL)
- Government – Ministry of Trade and Industry (MoTI), Ministry of Food and Agriculture (MoFA), Ministry of Finance (MoF)
- Development organization such as the Alliance for a Green Revolution in Africa (AGRA)
- Farmers' organizations

**Who takes initiative?
Who drives action?**

- GIRSAL
 - HortiFresh will provide additional support
-



The number of farmers available to learn new production techniques has been negatively affected due to fear of the COVID virus (Photo: HortiFresh programme)

Alert 2

Reduced household income threatens livelihoods and weakens resilience to future shocks

What is the impact?

- The drop in exports of fruits and vegetables, alongside reduced demand in markets such as schools and hotels, resulting from restrictions in mobility, have led to a decrease in income in outgrower households
- The price of inputs has increased owing to their limited availability, which is driving up production costs despite the fact that the overall market prices remain the same
- While some opportunities have emerged for new, domestic markets and supermarkets etc., they have been minimal. The vast majority of markets have been facing low sales and reduced incomes
- Due to restricted mobility and the general drop in economic activity, off-farm incomes have also diminished
- Farm households have experienced a reduction in their livelihoods and consequently may need to cut expenditure on food, education and health
- Farm resilience has weakened, which will potentially lead to households becoming more vulnerable to shocks
- The reduction in income due to the COVID-19 crisis is likely to spill over into the next seasons as well
- On a positive note, the crisis has also enhanced the adaptability of value chain actors to meet domestic demand

What actions are required?

- Coordinate market access to ensure farmers' produce finds a market and generates income. This can be conducted through a structured apex body
- Schedule production to prevent seasonality, which results in either a glut or scarcity of horticultural products
- Diversify business enterprises by growing alternative crops and venturing into other value chain activities, such as processing, to generate additional income
- Enhance the capacity of value chain actors in processing and value addition
- Encourage producers and buyers to specialize in certain crops
- Diversify the value chain through alternative packaging, produce mixes, etc.
- Implement a policy for year-round subsidies on inputs to reduce the cost of production
- Develop different channels of marketing, such as e-marketing and home delivery (online), creating a niche market
- Diversify export commodities and destinations

What stakeholders are involved?

- Government (MoFA, MoTI, MoF)
- Ghana Export Promotion Authority (GEPA)
- Financial institutions (Agricultural Development Bank, Fidelity Bank, Absa Bank)
- Sector associations, including the Vegetable Producers and Export Association of Ghana (VPEAG), the Coconut Federation of Ghana, and the National Mango Growers' Association

Who takes initiative? Who drives action?

- GEPA
 - HortiFresh will provide additional support
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Alert 3

Early implementation of mobility restrictions causes disruptions in markets and input supply

What is the impact?

- Under restricted mobility conditions, value chain actors have been hindered from marketing their products or purchasing inputs
- Agro-input shops have had to close during lockdown, leading to input shortages
- Supply chains have been disrupted and market pull has drastically diminished
- Farm produce could not be marketed and has been left to waste
- Income of all value chain actors has been reduced (see also Alert 2)
- Lower availability of produce for consumers

What actions are required?

- Set up guarantee funds to assist farmers with the purchase of inputs (input credit scheme/subsidy; see Alert 1).
- Increase access to markets in the horticulture sector through coordinated action
- Document lessons learned concerning logistical challenges, mobility restrictions, and Ghana's response mechanisms to shocks as a country
- Add horticultural produce to the list of goods and services considered essential during emergencies.

What stakeholders are involved?

- Government (MoFA, MoTI, MoF)
- Producer and exporter associations
- Federation of Freight Forwarders' Association

Who takes initiative? Who drives action?

- MoTI
- HortiFresh will provide additional support



GKV Investment Limited distributing hybrid coconut seedlings to farmers in central and western regions in Ghana (Photo: GKV Investments Limited)

Alert 4

Restrictions on physical meetings impede the mechanisms for sector alignment

What is the impact?

- Due to restrictions in face-to-face meetings, the functioning of horticulture sector platforms and governing bodies has been severely disrupted. This impedes their ability to identify and initiate an effective response to the crisis
- The sector, which is already fragmented, has not been able to respond adequately to combat the impact of COVID-19
- There is a risk that the more vulnerable value chain actors will be left behind; smaller entrepreneurs are not registered with the Ghana Revenue Authority (GRA) and so do not qualify for the COVID-19 alleviation fund
- The crisis presents an opportunity to (re)develop production and market linkages to shape the industry

What actions are required?

- Set-up an apex body to help with structured sector coordination and strengthen national crop associations
- Design strategies for the new normal and for post-COVID-19
- Set up a project to focus on skills training for sector actors
- Develop smart subsidies that are properly targeted and well placed
- The Government of Ghana is to launch a COVID-19 revitalization scheme at a cost of 200 million Ghanaian Cedi (GHS¹) to cushion losses incurred

What stakeholders are involved?

- Government (MoFA)
- Stakeholder groups
- Council for Technical and Vocational Education and Training (COTVET)

Who takes initiative? Who drives action?

- MoFA
- HortiFresh will provide additional support



GKV Investments Limited ensuring strict COVID measures in its packaging work station (Photo: GKV Investments Limited)

¹GHS 200 million = 34,728,324 United States dollars (USD); 10 GHS = 1.73 USD, 5 August 2020.

Dashboard

Impact of the COVID-19 crisis on operations and services of the horticulture sector in Ghana¹

- Severe negative impact
- Negative impact
- Slight negative impact
- No impact; business as usual

Details

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Planned acreage of crops in 2020	■	
Access to and availability of quality inputs to production for farmers	■	
Access to and availability of cash for farmers to pre-finance production	■	Alert 1
Field operations for production	■	
Availability and cost of labour for production	■	
Overall cost of production for crops	■	
Quantity of produce harvested in the most recent harvesting period	■	
Quantity of produce that can be harvested in the next harvesting period	■	
Post-harvest practices/operations for production	■	
Mobility of farmers to and from points of sale	■	Alert 3
Sales volumes	■	
Market prices	■	
Ability of producer organizations to provide services to their members	■	
Access to domestic markets	■	
Access to regional export markets	■	
Access to international export markets	■	
Sharing of information and coordination of activities among value chain actors	■	
Value-adding activities	■	
Mobility of value chain actors	■	
Access to/availability of advisory and information services for farmers	■	
Access to/availability of finance for farmers and other value chain actors	■	Alert 1
Perceived food safety of products (including perceived COVID-19 contamination)	■	
(Public) infrastructure relevant to the sector	■	
On-farm household income	■	Alert 2
Off-farm household income	■	Alert 2
Labourers' income (and expenditures on food)	■	
Income of women compared to that of men in the sector	■	
Youth engagement in the sector	■	
Functioning of sector platforms and governing bodies	■	Alert 4
Stringency of production, handling and marketing standards and practices	■	
Government capacities and services to support the sector	■	
Ability of the private sector to invest in the horticulture sector and expand/develop their farm or business	■	

¹Outcomes of a survey conducted in July 2020

Rapid assessment & horticulture alert

To avoid a food and hunger crisis following the current COVID-19 crisis, urgent action is needed to address key agricultural challenges, including those identified in the horticulture sector. The rapid assessment conducted for the current horticulture alert was carried out in July 2020. The survey included 36 respondents covering 10 stakeholder groups. 17 participants from 12 different organizations were involved in focus group discussions. We plan to repeat these rapid assessments on a frequent basis, to identify alerts and determine the immediate action required. More details on the methodology and steps can be accessed through this [link](#).

Purpose

The purpose of the horticulture alert is to assess the impact of the COVID-19 crisis on the functioning of the horticulture sector in Ghana, Côte d'Ivoire and Rwanda. The HortiFresh programme, a collaboration between Wageningen Centre for Development Innovation (WCDI) and SNV Netherlands Development Organisation (SNV), is conducting an assessment of the impact of the crisis in Ghana and Côte d'Ivoire. The impact of COVID-19 on the Rwandan horticulture sector is being assessed in parallel, as part of the HortInvest programme. More details on the methodology used in the rapid assessment can be accessed through this [link](#).

Alerts in other sectors

Similar alerts were produced in June and July 2020, to cover the impact of the COVID-19 crisis on the functioning of the seed, sesame, potato, and fertilizer sectors. Working with a similar model in various sectors and countries within a specific timeframe facilitates an interpretation and synthesis of the impact of the COVID-19 crisis on food systems at national, regional and global levels, while also providing insights into immediate and practical actions needed to address

emerging challenges. It furthermore offers insights into the use of the sector model as a diagnostic tool for supporting strategic development, planning, and monitoring interventions that aim to enhance the functioning, resilience and inclusiveness of specific agricultural sectors and food systems.

Institutional reference

This horticulture alert is the result of a collaborative project that brings together experts from Wageningen Centre for Development Innovation (WCDI) - part of Wageningen University & Research (WUR) - and the HortiFresh programme, hosted by SNV and funded by the Embassy of the Kingdom of the Netherlands in Accra, Ghana.

Contributing organizations

The 'Horticulture alert: Ghana' involved representatives of the following organizations in the survey and focus group discussions: AB Farms, Golden Riverside, Shrihan Farms, Urban Jungle Agro, Melcom, Ropryn Company Ltd, Shoprite Ghana, Bomarts Farms Ltd, Eden Tree Ltd, HPW Fresh and Dry Ltd, Greenfield Mango Farmers' Association, Mango Growers' Association of Ghana, Agri Commercial Services Ltd, Agriseed Ltd, CropLife Ghana, Farm Wallet, Holland Greentech, Plant Pest and Disease Control Company (PPEDCO), RMG Concept Ghana, Food Research Institute, Ghana Institute of Horticulturists, Ministry of Food and Agriculture, Ghana (MoFA), Plant Protection and Regulatory Services Directorate, University of Development Studies, University of Ghana, West Africa Centre for Crop Improvement, Ardhi Investment, Fidelity Bank, Ghana Incentive-Based Risk-Sharing System for Agricultural Lending (GIRSAL), Kintampo Rural Bank, Stanbic Bank Ghana, 2SCALE programme, CABI.

The horticulture alert is published within a series of rapid assessments and alerts in multiple (sub)sectors and countries, and is a WCDI Sector Transformation publication.

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