

Rural Livelihood Diversification in South-eastern Ghana

By

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ABSTRACT

Title: Rural Livelihood Diversification in South-eastern Ghana

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There is mounting evidence that livelihood diversification activities have become an important income generation strategy for rural small-farm households throughout sub-Saharan Africa and beyond. Contributing to and providing links between the different rural livelihood strategies and household well being, this thesis investigates the nature of rural livelihood diversification in two districts in South-eastern Ghana. Empirical research involving both qualitative and quantitative methods (questionnaire survey and interviews) was used in studying rural farm households in Akuapem North and Dangme West Districts in South-eastern Ghana. Rural farm households are considered vulnerable to social change, resulting from changes in economic policies which could influence diversification strategies and choices. Participatory methods employed by the study particularly helped to distinguish the voices and opinions of study households, communities and districts.

The thesis identifies the implication of economic policies emerging from the Economic Recovery Programs embarked upon by the government of Ghana. It further associates these policies with current poverty reduction initiatives being coordinated by the Ghana National Development Commission under the Ghana Poverty Reduction Policy Framework and their outcomes at the household level. The thesis seeks to answer five research questions: do rural households diversify for survival or accumulation?; is livelihood diversification self-induced or externally induced?; does rural livelihood diversification reduce socio-economic risk effectively?; does diversification enhance agrarianisation or deagrarianisation in rural households and communities?; and finally, what are the implications of out-migration, the remittance culture and migration returns on livelihood diversification within rural households and communities?

The study revealed that savings of diversified households from diversified income activities are small. Furthermore, there is extensive scarcity and lack of economic security. Diversified enterprises are seasonally operated, lack continuity and unable to expand. Proprietors depend on the labour of household members and children and cannot afford the cost of hired labour. The samples consider their benefit from diversification as offering a means towards survival rather than accumulation. Diversification is also noted to be policy induced, with its prevalence rising after the withdrawal of formal government support to food crop producers. This study observed both patterns of risk aversion and the introduction of new risks, as well as failure to remove some already existing risks, that are associated with diversification strategies in both study districts, and especially the presence of factors associated with de-agrarianisation, particularly in Dangme West. The study also revealed both positive and negative impacts of migration coupled with new patterns of labour emigration within the study districts. However, the remittances received are small, unreliable and used mainly for consumption and meeting household needs. Although some remittances are invested into diversification, these investments are significantly small and do not have the desired impact on the enterprises of the sample. Most returnees are also victims of government retrenchment exercises and not interested in farming as their main income activity.

It can be concluded that, in spite of what is reported about sustainable livelihoods and livelihood diversification in the theoretical and policy debates, livelihood diversification is not able to provide solutions to the prevailing and persistent household vulnerability in the region, even amongst diversified households. The study offers further theoretical insight and suggestions for appropriate policy intervention, to facilitate the development of sustainable livelihoods within rural households. It also calls for further locally specific case studies to expand the understanding of the phenomenon.

DEDICATION

I dedicate this thesis to my father Joseph Kofi Assan. You have played the dual role of mother and father since the sudden the death of my mother Hannah. You always encouraged me to be focused and never give up. You are right on that. Now I know.

...and to Dr. Ayo Akinsanya and his wife Moni. You have been my guardians since my arrival in Liverpool. You stood by me through thick and thin.

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CHAPTER ONE

Rural Household Livelihood Diversification in South-eastern Ghana

1.1 Introduction: Livelihood strategies and controversies in rural Africa

There is mounting evidence that livelihood diversification activities have become an important income generating strategy for rural small-farm households throughout the developing world. Although this source is found to account for only part of the total income of rural small-farm households, the diversified non-farm sector has gained in importance for rural household economies (Bryceson 2004). Earlier empirical studies by Reardon *et al.* (1998), Ellis (2000) and Little *et al.* (2001) suggest that non-farm diversification contributes about 30% -50% of rural household income in sub-Saharan Africa, 40% of incomes generated in rural Latin America and 32% in rural Asia. In contrast, recent studies conducted by the Deagrarianisation and Rural Employment (DARE) research program in different regions of sub-Saharan Africa suggest higher levels of 60% - 80% (Bryceson 2004).

In their extensive analysis of rural livelihood diversification and its implications for the 21st Century, Chambers and Conway (1992) argued that rural households adopt diversification strategies in an attempt to generate livelihoods that can cope with and recover from stress and shocks, and in this way maintain and enhance their capabilities and assets both for the present and the future. This view has been supported by studies conducted by Escobal (2001), Barrett (2001) and Ellis (2003). In addition, Hussein and Nelson (1998), Barrett (2001) and Woldenhanna and Oskam (2001) are of the view that in the face of credit constraints and the withdrawal of government subsidies on inputs, income from livelihood diversification activities has an influence on agriculture by providing cash to invest in productivity-enhancing inputs. It is perceived by proponents of diversification that the various rural diversification activities undertaken by small farm households may lead to an increase in the profitability of farming activities (Bahiigwa *et al.* 2005). In effect, farm output will be made available for processing and distribution whilst income from non-farm activities will be invested in on-farm activities in terms of intensification and extensification (Tiffen 2003, Holden *et al.* 2004). In this argument, diversification is perceived as a means of enhancing the performance of the food system, leading to an increase in rural incomes and lower urban food prices (Ellis 2002). Livelihood diversification will thus increase access and availability of food products and

enhance food storage and consumption (Block and Webb 2001). Proponents of diversification further argue that it will help the rural economy to grow fast and equitably (Holden *et al.* 2004). Moreover, livelihood diversification within the context of a sustainable livelihood framework is perceived to be an effective policy strategy for the reversal of the persistent state of rural household deprivation (Devereux 2003) as deprivation within rural farm households is an endemic problem throughout sub-Saharan Africa (Hayer 1996). The cause of this rising phenomenon is complex and quite difficult to understand. However, some authors refer to the inadequacy of rural household resources and a structural inability to sustain reasonable growth and development as the major causes (Scoones 2000). Diversification in this context will open avenues for growth by providing extra incomes and resources that would otherwise be absent from the rural household (Ellis 2003b).

1.2 Diversification in Rural Africa

The discussion in the literature concerning the nature, extent and implications of diversification and its ability to improve agricultural production and the well-being of rural households in Africa is not conclusive. Escobal (2001) supports this view and indicated that, in spite of its growing importance, very little is known about how livelihood diversification impacts on income generation of rural farm households. Carswell (2000) and Holden *et al.* (2004) also conceded that diversification in rural Africa can contribute substantially to household income and well-being. Holden *et al.* (2004) argue that access to non-farm income diversification can lessen the liquidity constraints on agricultural production. Block and Webb (2001) again associated diversification with the ability to increase the household's capacity and withstand exogenous shocks. Orr (2001) perceives that diversification after economic liberalisation can result in the improvement of

economic status of rural farm households. Orr links possible improvement in on-farm diversification with market liberalisation which results in higher incomes for crops and products from microenterprises.

On the other hand, some researchers consider rural livelihood diversification in this region to be associated with long-term negative effects (Berry 1989, Cekan 1992, Davies 1996). Berry (1989) and Bryceson (2002) argue that a continuous state of agrarian crisis and economic instability have caused an increase in the propensity of farmers to invest in

other mechanisms of access as means of production, accompanied by increased non-farm income diversification to fund production and consumption. It is noted that diversification is directly associated with the gradual shift from primary food production, in that the direction of shift is predominantly to non-farm income-generating activities that are perceived to command better income and entail less risk (Taylor & McKenzie 1992). In consequence there have been declines in per-capita food production and agricultural growth rates (Bryceson 1996, Bryceson 2004). Davies (1996) sees diversification to be a form of negative adaptation and a debt-trap, where returns from diversification are lower than investments. Bryceson further establishes that diversification could result in *de-agrarianisation*. Cekan (1992) likewise believes diversification does not lead to sustainability but rather results in a cycle of impoverishment.

Bryceson (2004, p. 617) provide arguments and evidence from East and West Africa to support the notion that recent liberalisation policies and programs pursued by several sub-Saharan African countries under the Structural Adjustment Programs have been accompanied by the failure to introduce effective supportive policy strategies to mitigate the challenges of adjustment, particularly on rural communities (see World Bank 2000). Bryceson (2002) explains that whilst government policies are critical for enhancing commodity production they are presently undermining the economic stability of the rural farm household. The extensive failures and the lack of sustainability especially in the agricultural sector have led to an accelerated shift from farm to non-farm activities (Bryceson 2004). Orr (2001) provides further evidence from participatory studies in Southern Malawi to support the argument that poor farm households are becoming poorer in spite of diversification under structural adjustment. Fan (2004) concedes that this could be blamed on several factors, of which the lack of public and private investment to complement production in the rural economy is most prominent. A similar argument is established by Porter (2002) who points to the absence of requisite socio-economic and institutional infrastructure necessary to enhance income sustainability within the rural economy.

Willis (2005) suggested that in most cases, economic liberalisation under the Structural Adjustment Program (SAP) proved to have serious negative consequences as the removal of safety nets left most vulnerable farm households destitute. Bryceson (2004) further

perceives that, as a consequence, such policy failures have resulted in rising deagrarianisation and depeasantisation. In cases where mitigating policies and programs have been instituted however, the lack of coherent implementation strategies has rather undermined the stability of the already fragile economies, particularly in rural districts. Willis (2005) again argues that the SAP ideologies have been repackaged into what is presently referred to as Poverty Reduction Programs and the associated Poverty Reduction Strategy Papers. These prescriptions from the World Bank and UNDP for many sub-Saharan African countries like Ghana have equally become part of the trail of already inflamed theory-policy chaos of neo-liberal policies-strategies, as it was in the case of the Structural Adjustment Program and the Program of Action to Mitigate the Social Cost of Adjustment (PAMSCAD) in Ghana (Government of Ghana 1987). It is noted by de Janvry and Sadoulet (2001) that reducing rural poverty has been a long-standing concern of governments in sub-Saharan Africa, however, the approaches employed by most policy frameworks have not been sustainable. They maintain that the traditional approaches of integrated rural development and redistributive land reforms amongst others require critical rethinking as the performance of many rural economies in this region are not getting any better. Again, de Javry and Sadoulet (2001) refer to rural poverty reduction policies and programs which adopt agricultural development as their focus to be largely unsustainable because they often ignore the diverse and multiple income strategies of rural households (see DfID 2003).

Nonetheless, there has been no substantial evidence of significant sustainable economic growth and development through diversification in the theoretical literature. Also, the ability of diversification to reduce household vulnerability and overcome the persistent hardships associated with rural life in Ghana is not clear. According to the Ghana Living Standard Survey (GLSS), 1.9 million households in Ghana operate non-farm enterprises, with 44.6% of the total located in rural communities (GLSS 2000). The GLSS, however, fails to provide answers to several questions regarding the nature, pattern and implications of such diversification for the rural agrarian economy of Ghana. The reports of the Ghana National Development Planning Commission do not indicate whether the diversification activities lead to accumulation or whether they are being undertaken as survival strategies. Also, the Ministry for Local Government and Rural Development is not able to explain the reasons for the institutional gap that seems to exist between the households and the decentralised district institutions of governance in relation to

diversification and rural enterprise development. It is not able to provide any extensive evidence regarding the effects of Ghana Government-UNDP Poverty Reduction Intervention Programs on diversified (beneficiary) households as compared to households that diversified without formal intervention. The Ghana Gainful Employment Report (2001) also fails to report on whether diversification as experienced in rural communities, is internally or externally induced. That is, whether households diversify in response to the availability of opportunities or is constrained by circumstances for survival. Lastly, there is no mention of how diversification impacts on farm labour, farm output and income. Civil society groups are concerned about how social capital is being exploited in the context of diversification and the diminished focus of the Ghana Poverty Reduction Framework in the rural economy.

The British Department for International Development (DfID) has collaborated with various academic institutions in the United Kingdom to investigate different issues regarding livelihood diversification in the several sub-Saharan African countries. The Ghana Centre for Policy Analysis and the research group working on the Ghana Poverty Reduction Strategy Framework at the National Development Planning Commission (NDPC) have all been seeking answers to pertinent aspects of this phenomenon (Haroun & Oduro 2002, NDPC 2002). Likewise, both the Ministry of Food and Agriculture and the Ministry of Local Government and Rural Development in Ghana have also vested interest in this study particularly to understand key questions regarding the effect of diversification on factors like survival, accumulation and investment in agriculture with respect to small farm households (MOFA 2001). The institutions involved in such studies also desire to understand how diversification impact on the economy of small farmers: are they shifting from farm based activities or investing further in farming? Are small farm households merely adopting non-farm diversification as a coping mechanism only to return to farming or are they employing it as a permanent economic strategy?

1.3 Justification

Haroun & Oduro (2002) point out the lack of understanding regarding the nature and extent of livelihood diversification in Ghana and whether diversification can catalyse the anticipated improvements in the Ghanaian rural economy, and they emphasize the need for studies in this area. The Ministry of Agriculture in Ghana is also concerned about the nature and implications of diversification within the rural economy, and has highlighted

the absence of local-level empirical knowledge on this subject (MOFA 2001). The Ministry of Rural Development also questions the extent to which diversification contributes to asset-accumulation, improvement in well-being and agricultural development in Ghana, as these aspects are not well documented. Although it is known that diversification generates income, of which a significant proportion is used for consumption (Haggblade *et al.* 1989; Wong and Godoy 2003), the extent to which a proportion is invested into agricultural development and the relative level of investment needed to make a significant long-term impact are also not known. The environmental consequences of harvesting raw materials such as fuel-wood and clay to run diversified enterprises in the study areas are also not documented. Detailed case studies on the prevailing patterns of diversification are therefore required to facilitate understanding.

1.4 Purpose of the study

The purpose of this study is to identify the nature and extent of livelihood diversification within rural households in Ghana using locations in south-eastern Ghana for case-studies. The study will use research questions to investigate the impact of rural livelihood diversification on agricultural production, household well-being and food security in south-eastern Ghana. The study will also attempt to describe the livelihood strategies and enterprises operated within the study area and the resources required by households to diversify effectively. In addition, it will seek to understand the pattern of utilisation of incomes from diversified activities and the sustainability of these enterprises.

The findings of this study will advance the theoretical and practical knowledge on the nature and impacts of diversification in Ghana. The outcome of this study can form the basis for the development of new agricultural and rural economic development strategies, programmes and policies for both governmental and non-governmental development agencies in Ghana. Such work would particularly inform the National Development Planning Commission, Ministry of Agriculture and the Ministry for Local Government and Rural Development. These organisations and ministries are responsible for implementation and evaluation of the National Development Strategy Programme. The United Nations Development Program (UNDP) in conjunction with the Ministry of Finance are sponsoring the poverty reduction initiatives in Ghana and are particularly concerned with the successful implementation of the Ghana Poverty Reduction Policy

Framework which has rural poverty reduction and employment as a core feature (UNDP 1999g, 1999h).

1.5 Research Questions

1. *Do rural households diversify for survival or accumulation?*

The majority of households in the rural sector of the economy are engaged in agriculture and produce the bulk of the nation's food requirements. Most of these households are also known to be living below the national poverty line (GLSS 2000). It is therefore imperative to understand the objectives of diversification for the households within this sector.

2. *Is livelihood diversification self-induced or externally induced?*

The sources of motivation and inducements for diversification activities in rural Ghana have not yet been conclusively identified. It is still not clear whether diversification activities are driven by governmental policies and initiatives, or by the compulsion of circumstances (constraints) prevailing within individual households and/or communities.

3. *Does rural livelihood diversification reduce economic risk effectively?*

Livelihood strategies within the rural economy are noted to be associated with high levels of risk. It is not yet known whether diversification from farm to non-farm enterprises reduces risks associated with rural livelihoods or introduces further risks.

4. *Does diversification enhance agrarianisation or deagrarianisation?*

One assumption of development agencies and proponents of diversification is that diversification strategies will enhance agricultural production, and output from non-farm diversification will then serve as capital for reinvestment into farming activities. Reinvestment practices in Ghana have yet to be properly documented. No information exists as to the extent to which such reinvestment is practised by rural households or the proportion of diversification returns thus invested on average by any such households.

5. *What are the implications of out-migration, the remittance culture and migration returns on rural household characteristics and on the ebb and flow of human and social capital for present and future economic conditions within rural households and communities?*

The impacts of remittances on household income and on beneficial outcomes, in terms of consumption need are to be investigated in relation to savings and enterprise investments. The economic perspective of reinvestment of diversification income has already been explored in Question 4 as *financial capital*. Remittances could be seen as the outcome of a specialised form of household/family diversification, and are therefore subject to the same queries as in Question 4. However, the current question further seeks to investigate the impacts of remittances in the domain of livelihood formation and development. This question also seeks to explore the effects of diversification practices as represented by migration and return on the intra-household and inter-household levels of human and social capital. It is important to explore how these influence each other and possible changes in livelihood patterns that could be associated with the return of migrants, especially in terms of innovation in livelihood practices and technologies that returnees bring with them.

These research questions are examined upon the basis of the literature review in Chapter Two. They are identified as gaps, which when answered, can offer empirical expansion of the theoretical knowledge and policy framework on sustainable rural livelihood diversification.

1.6 Objectives of the study:

The study will pursue the following objectives:

- to determine small farmer's motivations for diversifying livelihoods in Akuapem North and Dangme West Districts in Southern Ghana.
- to examine the pattern in which income from diversification is expended/ used.
- to examine the extent to which rural households depend on diversified enterprises
- to identify how intervention influences a household's resource capacity and ability to diversify (in a sustainable way).
- to describe how remittances influence household economies and inter-household inequalities within communities.

1.7 Thesis outline

The study is set out into nine chapters, with the opening chapter serving as an introduction to the existing issues on diversification and the associated controversies on its ability to enhance the sustainability of rural livelihoods.

Chapter Two reviews existing literature on sustainable livelihoods and diversification and attempts to synthesise the diverse debates on the subject.

Chapter Three examines the social and economic development in Ghana and recounts past and present policies which relates to both the national and rural economies as well as agriculture development.

Chapter Four considers the field methodology used for a study of this nature, scale and the framework within which the study is set. It also discusses the existing literature on methods and instruments. The data collection process as conducted in South-eastern Ghana is outlined with clear indications of the criteria used in the selection of communities, respondents and the limitations encountered.

Chapters Five, Six and Seven look at the data generated from the field and discuss them in the context of sustainable livelihood framework and look specifically at on-farm diversification (chapter five), non-farm diversification (chapter six) and migration (chapter seven).

Chapter Eight discusses the findings regarding diversification and household well being. It discusses the effects of policy-led interventions on the household economy. The chapter subsequently deals with decentralisation system of governance and its influence on diversification strategies.

Chapter Nine concludes by looking at the nature and impact of livelihood diversification strategies in South-eastern Ghana and its implications for development theory, policy and practice.

CHAPTER TWO

Diversification: Principal Issues and Controversies

2.1 Sustainable Livelihoods and Livelihood Diversification

According to Scoones (1999), the Sustainable Livelihood Framework defines a livelihood as *comprising the capabilities, assets, activities required for a means of living*. Carswell *et al.* (1997, p.10) also considers a livelihood to be sustainable when it can cope with and recover from shocks, and maintain or enhance its capabilities and assets, while not undermining the natural resource base. Chambers and Conway's (1992, p. 4) definition of a livelihood tends to be more enriching and suitable for this study. They define a livelihood as *including the capacity to cope with stress and shocks in addition to the ability to find and make use of livelihood opportunities*. Their definition also establishes an important relationship between individual/ household *capability* and the achievement of a sustainable livelihood. Sen's (1985a, p. 51) definition of *capability* as the *ability to perform certain functions to the extent that a person is capable* might at first appear to be tautological. Obviously, a person/ household would need to possess certain *capabilities* (that is, inherent or acquired *abilities*, in order to engage in functions or tasks requisite for a specific livelihood) as a *precondition* for adopting any particular livelihood. The second part of his definition (*...to the extent that a person is capable*) implies that the definition should also embrace the element of *possibility*, that is the existence of external factors that limit or enhance the capacity of individuals/households to take advantage of whatever windows of opportunity might present themselves or be generated. From this, Sen apparently questions the validity of a definition that relies heavily on the aspect of the possession of inherent/acquired activity skills as a determinant factor in the definition of livelihood. Hence the final phrase is meant to highlight the aspect of *opportunities* in the definition, since having the *viable opportunity* to perform is just as important as having the *capabilities* that are required for any particular activity (Sen 1984, 1985b, 1987). In addition, it should be noted that a livelihood cannot by itself possess capabilities and assets, as it is not a living entity but a set of activities (Smith *et al.* 2001, p. 2; Chambers and Conway 1992). It is rather the *individuals and households* that are expected to have the necessary assets and resources to engage in profitable economic activities (Sen 1984, Ellis 1998, p. 4).

A livelihood cannot be considered to be related *wholly* to the capabilities possessed by individuals or households collectively, because individuals/households might possess

certain inherent capabilities but lack the opportunities to *utilise* them. It could be argued that the possession of certain capabilities does not in itself create or offer access to a sustainable livelihood. Households could for that matter have members who possess appropriate capabilities but who are not able to utilise such capabilities owing to the poor social and economic conditions prevalent at the national and district levels, which impose limitations on the range of opportunities accessible. In my personal view, a livelihood can therefore be described as consisting of *systematic activities or enterprises undertaken by individual/households using their capabilities and available opportunities to derive material/ financial reward and/ or improved status, or to produce food*. Food produced in this context could be for sale, or for household consumption, or for both.

The DfID (1998) proposes livelihood diversification as a formidable rural development strategy for the improvement of household economies in developing countries. It has therefore adopted the Sustainable Livelihood Framework as the policy guide for its rural development programmes in several developing countries, including Ghana (Carney 1998).

2.1.1 Livelihood diversification

Hussein and Nelson (1998, p. 3) define livelihood diversification as *attempts by individuals and households to find new ways to raise incomes and reduce environmental risk, which sharply differs by the degree of freedom of choice (to diversify or not) and the reversibility of the outcome*. They argue that it includes activities both on and off the farm that are undertaken to generate income additional to that of the household's main agricultural activities. They add that this supplementation is achieved through production of other agricultural and non-agricultural goods and services, the sale of waged labour, self-employment in small firms, and other strategies employed to spread risk. Ellis (1997, p. 5) puts the definition in a socioeconomic context by defining livelihood diversification as *the process by which rural households construct a diverse portfolio of activities and social support capabilities in their struggle for survival and in order to improve their standards of living*. The above-illustrated variations in the definition of livelihood diversification suggest that it is a concept that requires further studies in order to identify the different dimensions of the activities of a household, community or society that should be incorporated into the definition.

In my view, diversification can be defined differently, depending on the specific domains of study. It is possible to define livelihood diversification in a purely *sociological* context to refer to the variation in role and influence of the activities of *society, culture, family, clan, group* or *household*. From a *geographical* perspective it could refer to variation in *location, space, identity, opportunities* and *access*. From the viewpoint of *economics*, it could refer to *income, expenditure, resource capacity, growth*, and *well-being indicators*. In *environmental* discourses diversification could imply changes in *climatic/agro-climatic features*, or *natural resource capital available to an individual or society*. In *historical* discussions diversification in livelihood could simply mean *what used to be* a livelihood compared to *what currently prevails*. Thus, livelihood diversification could suggest a different meaning and definition at a particular point in time and place, with all the different meanings reflecting the circumstances within which the definition is made.

In their literature survey on *Sustainable Livelihoods and Livelihood Diversification*, Hussein and Nelson (1998) conducted an extensive comparative literature survey covering the study of livelihood diversification as a new development paradigm. In this review, they called for further investigation to understand the nature and extent of diversification and the associated implications both for rural well-being and the sustainability of rural livelihoods. In their study on interaction between sustainable livelihood diversification and rural markets in Ghana, Haroun and Oduro (2002) pointed out the lack of understanding regarding the nature and extent of diversification, and the synergy between diversification and the anticipated improvements in the rural economy.

This chapter will discuss pertinent questions regarding the nature and extent of diversification within the households of small-scale rural farms, and thereby seek to enhance both theoretical and policy understanding of the subject. It adopts a question-based approach in this regard, as this strategy will facilitate the discussion of different issues that emerge for each particular key question.

2.2 Why Do Rural Households Engage in Diversification?

In their discussion of the reasons for diversification within small-scale farm households, Hussein and Nelson (1998), Barrett *et al.* (2001), Escobar (2001), and Reardon *et al.* (2001) explain that diversification occurs for many reasons. Household strategy reasons include:

- Risk reduction
- Overcoming income instability caused by seasonality
- Improving food security
- Taking advantage of opportunities provided by nearby or distant labour markets
- Generating cash to meet family objectives such as paying bills and the education of children

Hussein and Nelson (1998) argue that the underlying conditions, trends and processes that motivate rural households to diversify include:

- Rural population growth
- Farm fragmentation and scarcity of land
- Decline in returns to farming activities
- Rise in real production costs
- Decline in real output prices

In addition to the above, the *need* to improve status or simply the attraction of enhancement of status could motivate some households to diversify. It is also possible that individuals or households might diversify in an attempt to establish social relationships with others outside the circle of household/family members. It is therefore somewhat risky to suggest that households and their members would diversify solely for economic/socio-economic reasons. Furthermore, the fact that an individual or household is poor does not necessarily imply that they will adopt diversification to address their depressed economic state. As a result, diversification strategies that are implemented via interventions and other mass development approaches can in fact fail to address the objectives for which they are outlined, owing to the underlying inconsistency of the reasons for which individuals and groups diversify.

2.3 Do Rural Households Diversify for Survival or for Accumulation?

Within the diversification literature, there has been much debate concerning the ability of a diversified activity to provide accumulation and/or survival options to rural households (Whitehead and Kabeer 2001). The outcome has been inconclusive. However, some authors arrive at conclusions that can only be accepted cautiously; since their studies are based either on limited data/experience, or are restricted in scope to specific geographical locations (for example: Reardon 1997; Hussein and Nelson 1998; Whitehead and Kabeer 2001). Chuta and Leidhold (1990) are confident that 30% to 50% of African rural households derive income from non-farm enterprises, but they are not able to state whether these incomes are earned for survival or accumulation. Reardon (1997) blames the lack of conclusiveness on the scarcity of empirical research findings in relation to the rural non-farm sector, especially in Africa. Diversification, according to him, offers a pathway out of poverty but he does not say if it is indicative of survival or accumulation strategies.

Davies (1996) and Neihof (2004) emphasize the survival motivation in the nature of diversification. They explain that diversification has become a form of temporary risky adaptation and hence is a strategy that is necessarily employed to ensure survival rather than accumulation. It is considered as a stopgap or filler, in the sense that it merely allows households to bridge economic gaps on a temporary basis, only to encounter them again in the near future (Neihof 2004). Another view in this direction is that diversification represents a survival strategy, a response to crises that is associated with very low returns (Reardon and Vosti 1995, Reardon and Taylor 1996, Whitehead and Kabeer 2001). The proponents of this view argue that it forms part of coping strategies (in the negative sense) in areas of high agro-climatic risk.

2.3.1 Evidence for survival strategy

Based on her study of micro-enterprise occupations in rural Sri Lanka, Shaw (2004) classifies a rural household's economy as operating for survival when it exhibits the following tendencies:

- When savings are significantly small
- When there is the lack income security
- When activities are seasonally operated
- When households are affected by scarcity

➤ When capital outlay are small

In her study of seasonality and coping strategies as practised by five village councils in central Mali, Cekan (1992) suggested that rural households are able to derive mainly survival benefits from diversification. The foregoing classification will be discussed with evidence from the literature in an attempt to establish the nature of diversification within small farm households. Beck (1989, p. 23) describes survival strategies as *the activities of the poor people in times of stress which they see as crucial for the continued running of their households*. It could however be noted that rather than employing such *survival strategies* in times of crises, several small farm households employ such strategies for the greater part of the year. Hence, such strategies rather describe more as permanent adaptive strategies rather than survival.

2.3.1.1 Significantly small savings

Davies (1996) argues that diversification enhances the ability to survive and serves as a source of insurance against indebtedness and borrowing. Cekan (1992) goes further, to suggest that indebtedness is a factor that propels individuals/households into diversification, so that in consequence any resultant savings are very small. Most of such households incur debts for food-related reasons (Carswell 2000). According to Escobar (2001) income from diversification mainly serves as a source of reinvestment capital for non-farm activities, and often also for consumption when the farm income is not large enough to sustain all the needs of the household. Investment of non-farm profits in farming activities is infrequent (Carswell 2000). Most households are not able to invest in their farming activities owing to the limited nature of savings and also because of the absence of consistency in building up savings in most cases (Dercon and Krishnan 1996). This observation provides grounds for disagreement with the proponents of the accumulation model. Furthermore, these findings offer evidence against the proposition that diversification income serves as a reliable source of agricultural investment, as suggested by Nelson and Hussein (1998) and by Ellis (1999, Ellis and Freeman 2004, Wisner *et al.* 2005).

2.3.1.2 Lack of security

Another question concerning diversification centres on whether or not it is able to provide security. Reardon *et al.* (2001) highlighted the lack of security as a factor that causes households to diversify, and observed that many of such households still do not enjoy the requisite security. This would suggest that they continue to exist in survival

mode, because accumulation would give them some level of security, assurance and reliability (Whitehead and Kabeer 2001). Security is also considered as an indicator of growth as discussed by Scoones (1998) in his model of well-being, and its absence therefore calls into question whether there is any real growth through diversification, as suggested by de Janvry (1994).

2.3.1.3 Seasonal operation

The seasonal nature of some of the diversification activities operated in central Mali places such household diversification in the survival category (Cekan 1992). She explains that several households and communities diversify on a seasonal basis and their activities are in close association with the seasonal fluctuations in food supplies and the incidence of hunger. According to Ellis (1999), although many households have shifted from temporary activities which rotate with the farming seasons, it is still observed that some households continue to operate seasonally (Dostie 2002). The persistence of this pattern is attributed to capital constraints and limited production resources (Barrett *et al.* 2001). Those households that are locked into seasonal patterns indeed mentioned that they lacked the means of raising the required capital outlay to be able to work all year round (Bezemer and Start 2003). Additional financial resources are the most important commodities that diversification and the associated interventions are expected to provide. A household will probably remain in poverty if it cannot raise the outlay needed, whether through the use of savings, reallocation of household expenditure, calling-in debts, or by taking out loans (Wong and Godoy 2003).

2.3.1.4 Scarcity

Carswell (2000) offers significant empirical evidence from her study of diversification in rural Ethiopia, in which feedback on the ways that money from diversification influences household consumption also points to extreme scarcity. She noted that most households use the returns from diversification to meet basic consumption needs such as food, school fees, and hospital or medical bills. Others use their income from diversification to buy and maintain livestock, as they are valuable and immediately disposable assets. Sharp (2003) also observed a similar pattern of extreme scarcity in rural parts of East Africa and argues that, in spite of diversification, the critical level of subsistence in farm households is even below what could be described as survival-level benefits. In addition, borrowing and indebtedness are noted to be rampant within rural farm households. Some households are still within this debt trap in spite of

diversification, whilst other households that *have* been able to dispense with borrowing have yet to transcend the survival nature of their economies (Niehof 2004).

Earning some extra cash income through diversification helps a number of households to avoid borrowing and to improve their social status. However, this is far from giving them the ability to accumulate. Sharp (2003) asserts that the involvement of children in income-generating activities is a sure indication of survival strategies. Rogers and Swinnerton (2004) suggest that scarcity of financial resources causes some households to draft juvenile members into economic activities. They ask if child labour will decrease with increase in parental income?

2.3.1.5 Capital outlay

Reardon *et al.* (1998) suggest that the *level* of capital outlay accrued from an enterprise could be an indicator of accumulation or survival. It is evident, however, from several surveys that most small farm households do not have the needed capital outlay, which could either be used for investment purposes or for risk aversion (Dasgupta 1993; Sen 1999; Sharp 2003; Devereux, Sharp and Amare 2004). Also, Ellis (2003b) and Sharp (2003) consider capital outlay as a critical element of rural economic entitlement, which is rarely available to most households, but most especially to the majority of the landless poor.

It should be noted from the above discussion that diversification activities undertaken by the rural households tend primarily to offer a means to survive and not to accumulate, because the savings from the activities are small and sometimes seasonal. The incomes are used to meet basic household needs, whilst the activities lack expansion owing to limitations on the amount of capital outlay. If one of the objectives of diversifying at the household level is to accumulate wealth, then such households are likely to be disappointed. It is suggested by Whitehead and Kabeer (2003) that most households could easily turn to diversification only to find out that they are unable to achieve their intended objectives. Many of them fall short of attaining this goal. It is evident that predicting the outcome of a diversified activity can be difficult. This pattern supports the conclusion made by Cekan (1992) who reported high levels of survival through diversification.

2.3.2 Criteria for recognising an accumulation strategy

Ellis (1998) perceives diversification to be an accumulation strategy, which could lead to improvement in incomes and assets. According to Whitehead and Kabeer (2001, p.12) and Dercon and Krishnan (1996), accumulation through diversification may not be equally available to all rural households. They consider diversification to provide one source of surplus for investing into productivity improvement in agricultural methods and other forms of accumulation.

Whitehead and Kabeer (2001) hypothesized that commercialisation of agricultural activities could lead to accumulation. Whitehead and Kabeer cite the use of irrigated agriculture in the cultivation of rice and vegetables as a form of on-farm diversification that could yield high levels of returns and accumulation. Their hypothesis is in line with arguments in farming systems research that propose the regular availability of water supply all through the year as the key element for farming and accumulation in agricultural diversification. Carswell (1997) also takes this position in her study of agricultural intensification activities in East Africa. This then poses the critical question as to what factors enable a household to accumulate or diversify their enterprises to an extent that will ensure accumulation or ensure a sustainable level of economic improvement.

de Janvry and Sadoulet (2001) have reported forms of accumulation in the rural non-farm service sector activities such as tourism. They believe the rural non-farm service sector has a better potential in enhancing accumulation from diversification. This could be attributable to the fact that this area does not require much capital investment and mainly requires an individual's skills, such as familiarity with a forested area or a cultural site, for example, so as to be able to act as a tourist guide. They also report accumulation in off-farm waged labour activities. This also confirms the notion of low investment requirements or the absence of the need for any specific investment, so that as a result those involved in such activities tend to consider the greater part of their returns as profits. Belshaw (2002) is of the view that income generation through intensive small-holder export agriculture is more likely to result in accumulation. According to him such a process should be accompanied by cost minimising policies and market linkages for the farmer's produce.

2.3.3 Synthesis

Nevertheless, none of these researchers is able to establish the extent to which income from diversification supports agricultural productivity or the average proportion of the investment that is made. This aspect is largely absent from the theoretical debate on the subject of diversification and as such poses great concern in relation to development policy and practice. If diversification is to be relied upon by households and decentralised government structures, then it is only proper that they should be aware of the proportions of outcomes from the activities of rural households and communities that are/could be transferred into agricultural production and development. This is essential, especially when most developing countries depend on small-scale farmers for the bulk of their food requirements.

On the other hand, if the best that most households can generate from diversification is an income mainly survival-orientated in nature, then the use of diversification as a broad development strategy must be re-examined. Most rural households are already operating at the survival level and are hoping to move up the economic ladder to attain a better way of life. Survival activities will not realise such goals to any realistic extent. Furthermore, the prospect of adopting diversification activities might tend to appeal more to those who look to diversification for survivability, for instance in the case of communities living on the edge of destitution and extreme poverty that might be depending on external supplies of food and other rations, as reported by Devereux (2003) in his study of deprived and destitute communities in Ethiopia.

2.4 What are the Debates on the Key Determinants of Diversification?

In their discussion of determinants of household income, Corral and Reardon (2001) applied quantitative modelling which predicted high levels of significance between high incomes from diversification activities and factors such as location, access to roads and access to waged employment. Similarly, using secondary data drawn from the National Survey of Households and Gender in Ghana and Uganda, Canagarajah *et al.* (2001) consider the subject of diversification to be scantily researched and there is therefore the need to identify key and crucial determinants which could inform policy and practice. This is very important, considering the number of individual households engaging in diversification either on their own initiative or through development interventions. Canagarajah *et al.* (2001) perceive the identification of determinants of

successful diversification to be the vital component needed to make policy effective in the implementation of development policies associated with rural livelihoods. These authors found evidence of non-farm income being positively related to education-levels of household members, as well as to location (proximity) and distance to market.

This section now turns to a discussion of some identified determinants selected by quantitative studies and explores the extent to which they are applicable.

The determinants, selected from Canagarajah *et al.* (2001) and Corral and Reardon (2001) are as follows:

- Intensification of agriculture and commercialisation
- Proximity to urban area
- Household wealth
- Household characteristics

2.4.1 Intensification of agriculture and commercialisation

Agricultural intensification is defined as

"increased average input of labour or capital on a smallholding, either on cultivated land alone or on cultivated and grazing land, for the purpose of increasing the value of output per hectare" Carswell (1997, p. 3).

She explains that the processes associated with agricultural intensification include increased frequency of cultivation; an increase in labour input; or changes in technologies used. Piesse and Thirtle (1999) proposed that intensification and commercialisation of agriculture is a good indicator for the profitability of diversification activities. They argue that the development of intensive commercial-scale agriculture could provide the potential for accumulation, in that it can generate the necessary output that will ensure profits at the point of sale. The interpretation of this determinant suggests that large-scale production should be encouraged and also that small-scale farmers will be able to access avenues for marketing. This opinion is also supported by Escobar (2001), who studied determinants in rural Nicaragua and found that those households that were able to intensify their agricultural activities through on-farm diversification of cropping patterns and cultivation schedules tended to achieve enhanced income from their farming activities.

However, Shanin (1971) and Stevens (1977) noted that the mechanisms involved in commercial agriculture are financially demanding and capital-intensive and beyond the

financial capacity of most small farmers. Although these statements were made a few decades ago, the circumstances of the small farmers' vis-à-vis their low levels of income and the limitations of capital for meaningful investment have not changed (Tiffen 2003). It has been noted that commercialisation does not automatically generate the returns needed to achieve accumulation through diversification (Bigsten *et al.* 2003). They are of the view that benefits from commercialisation are rather associated with the cultivation of non-traditional export crops.

2.4.2 Location

Whitehead and Kabeer (2001) cite location of community (either its proximity to an urban area or its remoteness) as a powerful determinant of profitability that therefore determines the outcome of diversification activities. It is argued that the closer a community is to a city or town, the better the circumstances and opportunities for the households involved in diversification (Reardon *et al.* 2001). They further argue that proximity is a reliable determinant of successful diversification and economic improvement because proximity to a concentration of urban population will directly generate a higher demand and a better price for the products and services.

On the other hand, Bryceson (1996) observed that close proximity to urban areas is able to kill or slow down rural non-farm enterprises. This suggests that proximity on its own might be misleading as a determinant for diversification. She argues that proximity is a subjective determinant and might therefore not be appropriate for adoption as a universal indicator.

2.4.3 Household wealth

Wealthier households tend to exhibit higher amounts of non-farm income in their total income and higher absolute non-farm earnings (Reardon 1997 and Reardon *et al.* 1998). Elbers and Lanjouw (2001) suggest that those with higher incomes are better able to exploit non-farm income opportunities and therefore have greater ability to accumulate.

McKenzie (2003) argues that incentives to participate in meaningful diversification differ according to household wealth. Poorer households are less able to tolerate or cope with negative shocks to their income, and thus are more averse to this type of risk. The poorer households are therefore more likely to diversify in favour of less risky

income-source activities. Dasgupta (1993) argues that even if the incentives to diversify are high, the household decision to venture into diversification or otherwise will depend on its capacity to do so. In the absence of well-functioning credit and insurance markets, the capacity to invest in diversified sets of activities increases directly in proportion to household wealth. Therefore wealthy households are in a more favourable position to diversify since they can use their wealth for self-financing and as a buffer against the shocks of negative outcomes (Ellis 2000).

2.4.4 Household characteristics

According to de Janvry and Sadoulet (2001), the educational level of adults in the household affects the income activities and strategies pursued by small farm households. They argue that an increase in educational level of one or more of the household members adds significantly to the income of the household. Attainment of post-elementary education results in a positive shift from low-paying agricultural employment. Cox *et al.* (1998) also suggest that farm households whose children have gained higher educational attainment tend to be wealthier because they often stand a better chance of receiving external remittances from those educated members who are working outside the home district. De Janvry and Sadoulet further observe that education has a negative influence on *agricultural* wage income, possibly because of educated household members aiming at more remunerative, *non-agricultural* income activities. However, in his analysis of the labour implications and influences on rural households in Peru, Laszlo (2000) used an improved Frisch Labour Demand Analysis to show that a higher level of education is associated with higher probability of engagement in activities that do little to contribute to the greater profitability of diversification activities.

2.4.5 Synthesis

Ellis (2001) argues that there are discrepancies in the selection of determinants between studies based on quantitative evidence and those whose evidence are derived qualitatively. According to Bryceson (1996) some studies that have conducted surveys on the proximity of cities and towns to rural communities have drawn conclusions that are then extended to fit small communities and villages. She rejects the use of data collected in respect of towns and pre-urban communities in the formation of village-level policies, because of the geographical and economic differences that exist between

the two sets of settlements. It can be observed from the discussion on determinants of diversification that the published literature has not so far conclusively isolated any clearly identified determinants that stand the test of reliability across different *geographical* zones, and hence of applicability in policy-directed programmes. Inconsistency exists in the determinants published in respect of the African context, as discussed in this section. The various discrepancies found amongst these determinants necessitate the further examination of those determinants that have already been identified in different regions of the world. For example, whilst Reardon (1997) held the position that income from non-farm diversification is much larger for rich than for poor households, Reardon *et al.* (2000) project the argument that the evidence is somewhat mixed for various areas.

The lack of consensus in the literature runs deep. The controversies continue, even involving arguments concerning the role of gender. Whilst Canagarajah *et al.* (2001) support the view that gender differences play a significant role in the operation and success of diversification activities, the opposite view is taken by Escobar (2001). There is therefore the need to understand the gender differentiation associated with diversification within the household.

2.5 Livelihood Diversification: Self-Induced or Externally Induced?

The issue of diversification being self-induced or externally induced has not received much attention in the literature (Hussein and Nelson 1998; Haroun and Oduro 2002). The question is whether diversification is policy-driven (external) or self-driven (internal). A clear understanding of this topic will provide grounds for direction in the formulation of development and economic policies that are based on the Sustainable Livelihood Framework. Ellis (2001) suggests that the relevant information can be found through the use of small-sample studies, in which the researcher is able to hold detailed and direct interaction with the households, in contrast to the more impersonal nature of large-scale surveys. Existing theories include:

- Constraint and opportunities
- Pull and push factors
- Existing skill and training
- Prevailing policy.

2.5.1 Constraint and opportunities

Bezemer and Start (2003) take the view that livelihood diversification can be induced either by constraint or by the availability of opportunities in the rural economy. They argue that limited land resources, difficulties associated with land ownership, declining returns from rural income activities, and shocks such as ill-health, drought and inflation could represent diverse sources of constraint upon household income-generating activities and capacity. They suggest that opportunities might occur in the areas of technological innovation, openings to markets and access to credits, whilst Reardon *et al.* (2001) argue that constraint could be crisis-driven. Such crises could include low economic well-being, indebtedness, destitution and impoverishment.

Opportunities and constraints may be generated on both the demand and supply sides of market, which may be relevant or advantageous either to *all* households or to *particular* households, depending on what the situation actually entails and on the economic activities in which the households are engaged already. Whether or not households are able to take advantage of such opportunities may depend on supply-side factors such as the human capital and financial resources at their disposal. Similarly, the reduction in output prices, which is widespread in several developing countries, may also serve as a constraint to the demand side of their diversified activities. Bezemer and Start (2003) subsequently concede that changing one's livelihood activities will largely depend on the disposability of household resources and the ease with which such opportunities could be accessed.

2.5.2 Push and pull factors

Reardon (1999) reports the push-form of diversification within rural households as generally occurring in environments of risk, market imperfection and agricultural unemployment. He explains that this might force a household's members to engage in economic activities that are likely to be less productive than their present or most previous activities. Such a move is often propelled by the need to generate some form of income and to avoid reduction in incomes, either at the individual or household level.

Barrett *et al.* (2001) project a similar line of argument for demand pull factors as inducement to diversification. They consider this to relate to evolving market and technological circumstances that create opportunities for increase in labour productivity

and for improvement in household well-being. Such pull factors often attract the desperate and rural unemployed and also does not often guarantee the consistency of the offers that could be available at a particular point in time. Haggblade *et al.* (2002) perceived that such pull factors could actually result in failure, in that strategies embraced in desperation might lead to the adoption of unsustainable new enterprises or activities. Two key areas of the debate that have not been explored in the body of literature are the sources of skill acquisition and the role of macro-level policy and interventions.

2.5.3 Skill acquisition

Capacity-building processes are important in the attainment of a livelihood, as indicated by Sen (1984), Chambers *et al.* (1992) and Conway (2001). Chambers is of the view that although the provision of skill development programmes to rural communities is critical to enabling them to diversify effectively, the programmes actually offered are not always worthwhile. One of the reasons for the deficiency in delivery might be that many rural households have been led into various economic activities by agencies that simply wanted to fulfil their programmes and project targets. Such programmes have come to nothing; they have failed to achieve the desired outcomes that development workers might expect to see.

Yunez-Nuade and Taylor (2001) discovered in their study in El Salvador that the source of skill employed in a diversification activity can be a reliable determinant of the cause of motivation for a household's diversification. This view is also supported by Escobar (2001), who studied household-level determinants and reasons for diversification in rural Peru. Yunez-Nuade and Taylor sought to identify those skills that are transformed into income-generation activities. They argue that most households are likely to transform already-acquired skills for their diversification activities and these tendencies suggest that the level of education has a correlation with the type of skill that is employed in a diversification enterprise.

The Hunger Project (1997) also contends that most rural farm households have to be given the requisite training to acquire effective skills for diversification. They concede that although not all the training programmes organised by development agencies yield the expected results, training to a large extent influences the nature of activities in

which households are able to participate. However, authors studying participatory development, such as Chambers, are critical of the idea in providing rural communities with skills and training that are not particularly relevant to their needs and abilities (Chambers and Conway 1992, Cornwall 2003, Silvey 2003). Ruben and Van den Berg (2001) argue that, at the policy level, major attention should be given to the education and training programmes that facilitate entrance to non-farm activities. They point out that public social assistance programmes (such as food-for-work) might address the needs of the poorest households, but they also act as a bar to participation by other rural households, simply by the eligibility criteria adopted, thus leading to new gradients of deprivation.

2.5.4 Prevailing policy

In their study of the effect of liberalisation policy on livelihoods in Mozambique, Kenya and Zimbabwe, Kanji and Barrientos (2002) found that the introduction of the liberalisation policy of the different governments of these countries kick-started waves of diversification within the rural communities. These diversifications were directed more towards non-farm diversification activities than farm diversification. This view is supported by Ferreira and Lanjouw (2001) who associated part of these changes with the consequences of uneven competition generated by the importation of cheap substitutes for locally-produced farm products. These patterns suggest a link between policy implementation at the national level and diversification at the rural household level. Deiniger and Olinte (2001) also suggest that liberalisation could have influence on rural economic activities and therefore provide an insight into the questions regarding the role played by policy in the diversification response exhibited by individual households.

2.5.5 Synthesis

The theoretical debate does not directly discuss whether diversification is internally or self-induced (from within the household) or externally induced (from outside). There is no clearly identified pattern in this debate. This review is concerned about the possibility that policy pushes households into diversification that is not planned and prepared for, because such strategies are likely to fail in the long-term and may not yield the anticipated results, thereby leading to a cycle of impoverishment. This pattern of development policy variation is typical of African countries. In the context of this argument, the associated impoverishment may be a contributory factor to the poor

estate of communities and of countries in which changes in development and economic policies occur in rapid succession. One example is the recurrent change in governance that plagued Africa in the 1970s and 1980s. Thus there is little or no consistent framework within which the small farm household could be expected to develop effective livelihood strategies. Secondly, if rural households do transform existing skills into income-generating activities, then there is the need for intervention activities to identify such skills and improve them, rather than imposing new activities which might not be adopted at all or, if adopted, might only be short-lived. For sustainable growth and development of diversification activities, interventions will therefore have to be channelled through existing institutions and social networks rather than creating new artificial ones or their general exclusion.

This is important because the distribution of resources in an agrarian society to a large extent is influenced by extent to which the household's members within the society are able to gain access to these essential resources, which are regulated by public institutions, markets and social networks (Pelling 1998). He argues that the inability of individuals to access these resources results in economic poverty, political marginalisation and social isolation. This will eventually reduce the abilities and potentials of such individuals to diversify or embark on sustainable livelihood activities. Institutions are a vital tool for the development of social networks, the management of group and community's activities and initiatives. They also exert strong influence over decisions and activities of the household especially in the area of household economics, enterprise formation and management (Goldman *et al.* 2000). According to Davis (1997, p. 24), institutions are:

the social cement which link stakeholders to access to capital of different kinds to means of exercising power and so define the gateways through which they pass on the route to positive or negative adaptations.

Scoones (2000) elaborates further on this by saying institutions are regularise practices structured by rules and norms and can be formal or informal. North (1990) thinks institutions are the rules and different from organisations which are the actors and implementers. Characteristics of institutions in agrarian cultures include their engagement in power relation; social negotiations and social capital formation (Lyon and Porter 2005). Institutions can be formal or informal in structure and context and

activities. Again, Scoones considers institutions as the key to successful interventions and understanding, and perceives that involving them helps remove barriers to the attainment of sustainable livelihood diversification. He argues that an insight into social relationships, their institutional forms and power dynamics is very vital. Interventions must therefore be tuned accordingly to such complexity, if suitable institutional entry points could be found. This is considered to be the bedrock for sustainable development.

Carswell (1997) argues that institutions could have both positive and negative effect on households and cite those of land tenure, which can decisions regarding the use of natural resources in a community for both farm and non-farm purposes. According to her institutions determine the type of economic activity households can engage in. They can actually push a household to move out of farming all together. From her studies on *Rural Mobility and Social Equity in sub-Saharan Africa*, Porter (2002) revealed that poor institutional support and functioning can reduce access to important services and increase marginalisation of the rural poor. Brock (2000) perceives that there is a major gap between macro and micro in relation to development policy processes, particularly in the areas public investment into infrastructure which will facilitate livelihood development, social equity and their implementation (Berdegue *et al.* 2000). This has its roots in the gap between policy formulation, implementation and household expectations regarding the required investment needed to achieve expected goals. Potter (2002) again argues for the need to further investigate the role of the decentralise district governance systems presently in place in several sub-Saharan African countries in the area of support given to communities and motivation provided towards the attainment social equity which has a direct bearing on the creation of sustainable livelihoods and improved household well being. Platteau and Gaspart (2003) also call for an understanding of the sequence of intervention as many development strategies are rushed and therefore make little or no impact. Scoones (1997) is of the view that understanding the institutional processes allows the identification of existing barriers, shortcomings and opportunities for efficient intervention.

2.6 Does Rural Household Diversification Reduce Risk Effectively?

Risks experienced by rural farm households which militate against their enterprises and ability to expand and accumulate are considered to be varied in their nature and effects. This section looks at some of these risks, how they have been characterised and whether they are minimised by diversification.

Risks associated with rural livelihoods have for a long time been largely discussed within the context of environmental vulnerability and climatic impacts which results in poor rainfall, droughts and poor yield. This type of risk is imposed by nature as described by Davies (1993), arguing that drought leads to a downward spiral of impoverishment leading to increased vulnerability. It is also evident that rural livelihood could be limited or erased via political conflicts, where civil wars and the insurgence of militia activities destabilise economies of rural households and also destroy the economic structures upon which such livelihood rest (Korf 2001). Korf argues that the concept of risk and livelihood vulnerability has been used to describe livelihood risks in natural disasters and posits that this concept can also be used to discuss the internal and external dynamics of household vulnerability within political crises. This view is consistent with that of Ohlsson (1999) who presents empirical evidence to show that political conflicts at any scale puts the livelihoods of rural households at immense risk which eventually undermines any policy effort towards growth. According to de Soysa *et al.* (1999) most armed conflicts are concentrated in regions where households are heavily dependant on agriculture and post harvest income activities.

However, the main risks to rural livelihood in many parts of Africa generally are primarily economic. Development policies have often ignored economic risks, vulnerabilities and shocks that mitigate against the sustainability of economic activities of the farm households and have often failed to introduce risk aversion mechanisms that will help offset or prevent the reoccurrences of such risks. According to Dercon (2000), rural households undergo the consequences of high risk which forces that to develop their enterprises with a focus on long-term survival (as demonstrated by the livelihood cycle framework). Alderman and Paxson (1994) also argue that the risk experienced by the rural household can be distinguished into two broad categories. These are risk management strategies on one hand and risk coping strategies on the other. According to Dercon (2000, p. 3), *a risk management affects the riskiness of income processes (ex-ante)*

and provides income smoothing. This includes income diversification through combining activities with low risks even at the cost of low returns. Such activities may include combination of farm and non-farm activities, seasonal migrations, etc. Dercon (2000, p. 3-4) distinguishes this strategy from risk coping which involves *self-insurance through precautionary savings and informal group based risk sharing strategy, and deals with the consequence (ex-post) of income risk through consumption smoothing*. This study is particularly interested in the various economic risks encountered by rural farm households and whether the application of both *ex-ante and ex-post mechanisms* diversification is able to lift households over such risks. Economic risks include risks associated with market, income and access to credits. The study will also seek to understand whether the sampled households are more reliant on *ex-ante* or *ex-post* mechanisms or both and the factors accounting for the adoption of such strategies.

Diversification is argued to offer a risk reduction potential and a means of insurance against the risks confronting rural households in their economic activities (Hussein and Nelson 1998, Ellis 2003). Dercon & Krishnan (1996) suggest that diversification is a strategy employed primarily to offset risk. Bryceson (1996) believes rural farmers have diversified their crops and plots in the face of climatic uncertainties to reduce their risk. She adds that households pursue diverse livelihood strategies to spread the risk of output failure. Hussein & Nelson (1998) perceive the adoption of diversified activities is indicative of the use of risk minimisation strategies in achieving the provision of household needs. Chambers (1997, p. 162) argues that poor people in particular are, as a matter of course, forced to diversify their sources of livelihood in order to survive in a risk-prone and uncertain economy. However, other authors hold a different view of diversification and consider it as a potential debt trap where returns from diversification could be lower than the investment outlay (Davies 1996). This review observes that both patterns of risk aversion and the introduction of new risks, as well as failure to remove some already-existing risks, are associated with diversification strategies. Some of these risks are discussed below.

2.6.1 Market risk

Barrett *et al.* (2001) point out that one major advantage offered by diversification is the fact that it enables households to produce other products. Such products are observed to command additional value and prices which enhances the households' well-being

(Carswell 1997). The production of new products and/or increased output of already-existing products encounter the challenge of trade (Oduro 2001). There are reports of difficulties associated with selling at the major markets and its concomitant risks (Haroun & Oduro 2002). These authors argue that rural farm households are often not gaining access to desired markets where they could sell their products more easily and make better profits. *Market queens*¹, middlemen and other traders consider these markets to be their territories and are not prepared to allow external competitors (Clark 1995). Consequently, the *Market queens* and middlemen impose barriers to block the sale of outsiders' goods, leaving these external traders facing loss of profits, inflated overhead costs, even degradation and loss of perishable goods (MOFA 2001). On-farm diversification in crop cultivation (whether for export or otherwise) also faces competition from the importation of better quality, lower-priced, better-packaged products (Stevens *et al.* 2003). This often places farmers involved in on-farm diversification at a great disadvantage and makes their enterprise risky in relation to marketing.

2.6.2 Income risk

Income risk is described by Davies (1996) as *the risk of investments being larger than the returns on the investment, so that one fails to make the expected returns*. Income risk is said to be prevalent in most rural households in Africa, Latin America and South Asia (Reardon 1995, Bryceson 1997). Most rural households are exposed to a risk cycle where they engage in activities with unreliable incomes although such activities might be more profitable than farming. According to Davies, participation in diversification could make a household borrow money for investment only to fail to generate the expected return.

2.6.3 Credit risk

In his study of *Trust, Norms and Social Capital Creation in Agricultural Economics in Ghana*, Lyon (2000) found that the availability and the acquisition of credit for their production is a major problem for small farmers. Both the availability and the absence of credit pose different forms of risk to the farmer (Oketen & Osili 2004). Late disbursement of credit could delay input purchases which leads to late application of the input. More often than not, they do not even qualify for credit from the formal institutions

¹ These are traders who operate very sizeable trading networks and wholesale/retail operations, and impose monopoly conditions in their local markets. In most commodities, especially food, they tend to be female, but in certain traded commodities such as livestock there are also market *kings*.

owing to their inability to provide collateral. Most of them resort to borrowing from money-lenders, families or friends, sometimes with very high interest rates that defeat the objective of taking out the loan in the first place. Such households are faced with the risk that their farm income may not be more than the credit they have taken (Lyon 2000). Lacking credit and insurance, the poor thus face a bitter trade-off: to accept risk that could lead to disastrous fluctuation in income, or avoidance in ways that perpetuate poverty (Norton *et al.* 1995). Okten and Osili (2004) argue that many poor people maintain a close relationship with some individuals or network to ensure credit security. They argued that community and family networks are important in knowing a place to borrow and obtain credit. They further explain that household members may join village groups, where they can obtain both credit and mutual insurance. They also share credit contracts and long-term labour contracts as forms of insurance against the credit risk (Awonyo 2001). Travelli (1997) goes further to show how credit constraint shapes the income strategies of rural dwellers using a household model. He also found that the availability of credit could be an alternative to employment diversification, which could help to smooth the negative shocks and risks associated with diversification.

2.6.4 Synthesis

The literature on diversification does not state clearly whether or not diversification is able to reduce risk effectively. The perception is that although it could be employed as a risk reduction strategy against an income shortfall in farming, diversification has hidden risks that are often unknown to the rural household. Although useful and ingenious, some risk management and coping mechanisms are typically less effective. Evidence suggests that mutual insurance and kinship networks, because they are restricted to small communities and groups, do not fully insure the poor against economic shocks, especially when such a shock affects the whole village or community. So unless the insurance choices available to rural households can be improved, possibly by blending local practices with formal schemes, income inequality and inequitable growth will continue.

Also, the diversification literature is silent on the health risks associated with the diversified income strategies of small farm households. This is important because if large proportions of diversified incomes should go into household consumption, then it is possible that considerably large fractions of such amounts could be spent on health conditions and costs incurred as a result of health hazards associated with diversification.

2.7 Does Diversification Enhance Agrarianisation or Deagrarianisation?

According to Bryceson (1996, 2004), changes in populations in rural areas, together with the lack of improvement in services and infrastructure, have resulted in the gradual shift of rural settlers from the predominantly agrarian economies to other forms of economic activities that are not agriculturally oriented. She considers rural non-agricultural employment to be on the increase both in the short and long term. This type of diversification, according to her, occurs through changes in the traditional agricultural systems in the form of diversification in crop-growing and land-use, which lead to reductions in the area of land under cultivation and in farm output (Bernstein *et al* 1992). Bryceson adds that improvements in education have resulted in a phenomenon whereby youth in the rural communities are more educated than their parents and therefore not particularly interested in an agrarian career. Bryceson (1996, p. 99) defines de-agrarianisation as:

a process of economic activity reorientation (livelihood), occupational adjustment (work activity), and spatial realignment of human settlement (residence), away from agrarian patterns.

In contrast, Tiffen (2003) believes that diversification could lead to corresponding investments in farming and thereby result in agrarianisation and increased farm output. She argues that such has been the experience in some semi-arid African districts like Northern Nigeria and can therefore be the case in better endowed areas. These contrasting positions make it imperative to investigate the role of diversification in the agricultural industry. This section of the review briefly discusses the key themes that have emerged in the literature on the above positions. These include:

- Land area under cultivation
- Farm investment
- Decline in farm labour
- Land utilisation (renting of farm plots)
- Time spent (man-hours) on farms

2.7.1 Land area under cultivated before and after diversification

In their study of five East and Southern African countries, Jayne *et al.* (2003) observed a decline in farm size over time with a quarter of farm households in each country being landless. Ellis (2003) also observed that rural households in Malawi tend to reduce their farm size in direct proportion as they increase their diversification activities. He argues that the difficulties associated with acquisition of inputs and

absence of farm capital pushes some farm households to reduce the area of land they hold under cultivation in favour of their diversification enterprises.

2.7.2 Farm investment

Some of the diversification literature takes the view that diversification increases the capital investment made into the farming activities of the households. This view is based on the notion that when rural households earn more they will invariably invest more into the farms and thereby increase farm output and income (Hussein and Nelson 1998). Jayne *et al.* (2003) perceive that there is little evidence of such incremental investment in farming as a result of expansion in non-farm activities. They perceive that the opposite is rather more likely under the present economic and tenure practices operational in several communities in rural sub-Saharan Africa.

2.7.3 Decline in farm labour and number of dependants involved in farming

In his study of labour markets and ecology in rural towns in Ghana under economic liberalisation, Awonyo (2001) observed new patterns of labour migration. He perceived the existence of an association between the recent reductions in the pool of farm labour and the rise in the unit rate charged by waged farm-labourers. His study also identified a significant rise in the overall cost of farm labour after diversification. Sharp (2003) identified that the availability of farm labour within a rural households to a large extent influences its ability to sustain farming and make profits from farming. He therefore sees the absence of male labour force from rural farm households to be critical for the household's survival and agricultural growth.

Tiffen (2003) argues that agricultural labour has ceased to grow in sub-Saharan Africa in recent years, resulting in sudden structural economic shifts, particularly within the rural areas. Citing examples from Northern Nigeria, she argues that rural farm households are increasingly relying on non-farm income activities. Laszlo (2000) examined the behaviour of labour in non-farm self-employment in rural Peru and found that non-farm diversification is associated with labour shift from farming activities. Tiffen concedes that farmers without the required resources to invest in farming are particularly being pushed out by poor government policies and dwindling purchasing power. Jayne *et al.* (2003) hold a similar view and point to the reported falls in farm incomes as a result of reduction in agricultural labour and land area cultivated.

2.7.4 Renting of farm plots

In their study of diversification in Malawi, Ellis *et al.* (2003a) identified increased incidence in poor households renting their lands to rich farmers and receiving an income from their land in this way, rather than farming the land directly. There is also the possibility of such small farmers not returning to their lands. In Ghana, the Ministry of Food and Agriculture warns of the evolution of similar occurrences and is concerned that such farmers are not likely to resume farming their own land because the prices of farm inputs are still rising rapidly (MOFA 2001).

Maxwell and Wiebe (1999) also argue that land tenure systems operated in several rural communities of sub-Saharan countries are consistently posing as a negative incentive to farming. They are of the position that such unfavourable tenure arrangements are making some farmers choose to rent their farms rather than cultivate them. The failure and/or delay by governments to intervene with appropriate policies have to a large extent worsened the situation.

2.7.5 Time spent on farms

Households engaged in diversification are observed to adjust their productive times in favour of their non-farm activities, as these provide a greater source of income. This sequence is considered to be predominant amongst males involved in non-farm self-employment and those undertaking rural waged labour activities (Elbers and Lanjouw 2001). This pattern is similar to the behaviour of food-crop farmers in Ghana as observed by Awoyo (2001). Dei (1992) made a similar observation in Ayirebi village in Ghana where households substitute crops based on time (man-hours) and labour (strength). However, studies conducted in Latin America by Da Silva and Del Grossi (2001) suggest that diversification enhances agricultural growth and productivity. Their studies present the view that beneficiaries of diversification sometimes return to agriculture and spend greater part of their time on their farms.

2.7.6 Synthesis

The position of the literature on how diversification influences agricultural growth and investment is inconsistent and indefinite. None of the literature is able to establish the proportion of income from diversification that is invested into agricultural production. The time spent on farm in relation to diversification has little empirical evidence to

support the argument that it rather favours farming. The rational step the farmer would often take is to spend the better part of the time on the more productive and profitable enterprise. It will rather be valid to expect that farmers could compromise their time in favour of profitable non-farm activities but might still spend some appreciable amount of time producing food the family could depend on for the next season. It is noted that agricultural policies and programs associated with recent liberalisation programs have had their toll on farm investment and productivity in view of rising prices of farm input and reduce access to markets as well as the absence of guaranteed prices for food crops.

Bryceson (2004) rather argues the processes of deagrarianisation and depeasantisation is on the increase. She defines depeasantisation as *a variant of deagrarianisation whereby the economic capacity and social coherence of peasantries are being progressively undermined*. Bryceson posits that poor agricultural policies and liberalisation has rather made farm investment become considerably risky compared to non-farm investment, and as a result several rural farm households with successful non-farm enterprises choose to invest a lot more in their non-farm enterprises at the expense of their farms.

2.8 What are the Implications of Out-migration, the Remittance Culture and Migration Returns on Diversification within the Rural Household?

In his study of migration on pro-poor agricultural growth, Deshingkar (2004) argues that permanent and temporary migrations as well as commuting, are routine parts of the livelihood strategies of the rural poor in many developing countries. Deshingkar and Anderson (2004) suggest that these patterns are rising in many developing countries. According to Deshingkar (2004), the forces that influence these patterns of movement are location-specific and include factors such as improved roads and communication networks, new economic opportunities arising from urbanisation and markets, industrialisation and deprivation. On the other hand, these patterns of movement, he suggests, could also be the consequence of governmental policies that are largely driven by recent liberalisation policies and programmes. The objective such movement is often to improve household and individual well-being and income sources (Bigsten 1996). In his study on Migration and Pro-Poor Policy in Africa, Black (2003) conceded that sub-Saharan Africans tend to migrate to different regions within their own country, with relatively few moving out of their own countries to location within the same African sub-region.

McDowell and de Haan (1997) are of the view that reception of remittances from migrants has always been a vital source of income and credit to rural households and therefore not a new phenomenon. They argue that remittances have been a vital source of credit and production capital. This is consistent with findings of Sander and Mainbo (2003) who observed in their study on migration labour remittances in sub-Saharan Africa that, remittances from employment migrants continue to serve as an important source of finance for many rural households. They argue that remittance receivers are often better-off than their peers who do not have access to this source of finance. Sander defines a worker's remittance as:

monies sent from one individual or household to another. Domestic remittances are those sent by migrant workers who left their home village or town to work elsewhere in their home country whilst international remittances are those sent by migrants who left their home country (Sander 2003, p. 3).

Both van der Geest (2003) and Deshingkar and Anderson (2004) argue that in south Asia and Africa, remittances from rural–urban migrants are overtaking incomes from agriculture in sheer size and importance, as persistent socio-economic and structural problems continue to depress the levels of rural wages and work availability. However, Sander and Mainbo consider investments from this source of financial support towards rural livelihood diversification to be rising for many areas of sub-Saharan Africa. It is however difficult to estimate the exact amounts received and how they are disbursed.

In her scoping study of migrants' remittances to developing countries, Sander (2003) argues that remittances have more than doubled in the last decade, especially for households in sub-Saharan Africa. Deshingkar and Start (2003, p. 5) indicated migration earnings and remittances represented a higher proportion of rural household income in direct correlation to the poverty-index of the household and its locality. They also indicated that migration income was derived from both farm and non-farm sources, and that the relative importance of each depended on the particular skill-base and historical migration pattern of the migrants (*ibid.*). Remittance flows increase the disposability of household income, which is then invested in a variety of production and consumption uses (Deshingkar 2004). This often helps in the development of social and human capital.

Sander (2003) however, reports that the bulk of the remittances (about 80%) are used for consumption and welfare (in the provision of food, clothing, health-care, savings) and, to a small extent for investment into enterprises. Remittances also have strong influence on household livelihoods, community development, and the rural economy in general (Sander 2003). Deshingkar notes that although a majority of poor rural–urban migrants are employed in the informal or unorganised urban sector, they are able to earn more than their counterparts in agricultural labouring or marginal farming arrangements. According to Piesse (2003) migration remittances enhance household security through higher incomes, improved health and nutrition. It allows households to invest for future security, reduce economic vulnerability and offers entrepreneurial opportunities that spill over into the local economy.

2.8.1 Synthesis

On the negative side, the *remittance culture* can create dependency and a lack of work motivation on the part of younger members who depend on remittances rather than finding a livelihood for themselves. Other effects might include damagingly high levels of out-migration by the economically active from the rural communities, and inequality between households within the communities (Black *et al.* 2003). In his socio-behaviour study of migrants, Anarfi (1993) warns that migrants might themselves fall prey to urban swindlers, poor nutrition, conditions damaging to health (including sexually-transmitted diseases), teenage pregnancies and poor educational attainment for those who are attracted to urban areas before completing their education. The overall effect could hence turn out to be negative for the rural livelihood development and sustainability (Piesse 2003). Rural-urban–rural commuting could possibly be the optimum middle way between migration and remaining in rural poverty. This is because apart from allowing the possibility of combining urban and rural livelihoods it offers a dual advantage in keeping one's rural social and economic links and in cutting down the high cost of urban food and housing (Deshingkar 2004).

Conversely, the role of return migration in livelihood diversification in the light of recent policy developments in sub-Saharan African countries has not been extensively discussed in the livelihood literature (Aseidu 2003). Taylor and McKenzie (1992) posited that the introduction of Structural Adjustment and its associated policies led to an increase in urban-rural return migration. It should be noted that such return

migration would not necessarily result in local improvement and development as presented by Ahmed and Lipton (1997). In this regard a note of balance, even of muted optimism, is brought to the debate by Tiemoko (2003) in his study on Migration, Return and Socio-economic Changes. He observes *...the impact of autonomous return migration on development is generally thought to be negative or insignificant*. In his remarks on the impact that migration returnees have on their home country/community, he cites the important distinctions made by Cerase (1974) concerning the three types of returnee. The first two types make up the *return of failure* and the *return of conservatism* (those who always planned to do so). His subsequent remarks deserve to be quoted:

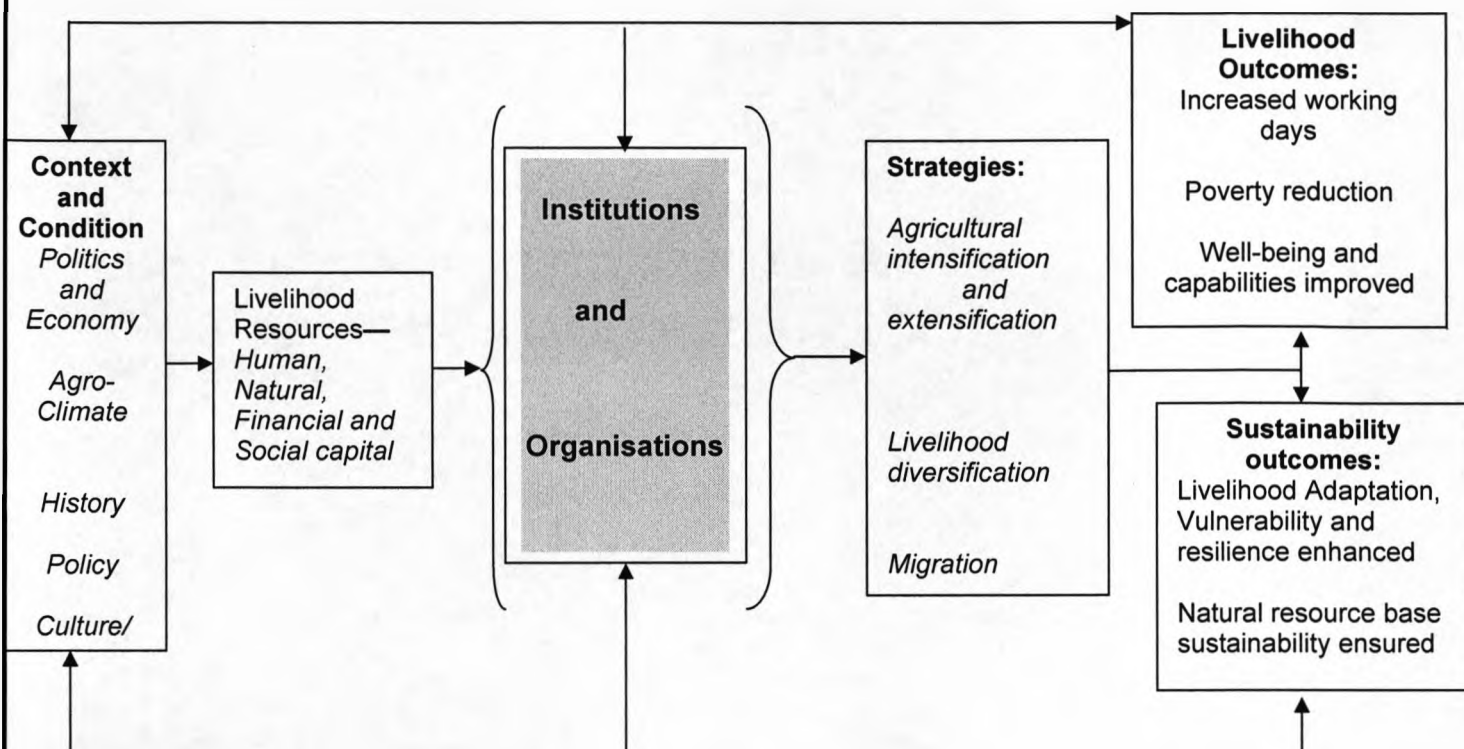
These two groups are unlikely to be agents of change on their return. In contrast, it is those who represent a 'return of innovation' [the third category]—those who stay to earn money and advancement abroad, but hit a 'glass ceiling' and so seek to move beyond this obstacle by returning to invest in their home country [community]—they are likely to contribute to development (Tiemoko 2003, p2–3).

The majority of returnees who were victims of government retrenchment exercises went back to the rural with no capital. In contrast to arguments by Horton *et al.* (1994) which suggest that adjustment policies encouraged voluntary reversed migration, the reality is very different (Anarfi *et al.* 2003). Several retrenched persons were compelled to return to the rural because of urban unemployment. The majority of returnees had no skills and were therefore even redundant in the rural (Black *et al.* 2003). They could not invest in the rural economy as argued by Beaudry and Sowa (1994), with most of them engaging in farming as the only available option or last resort. The absence of social protection policies and strategies in most sub-Saharan African countries imply that the prevalence of such returns is inevitable (Farrington *et al.* 2004). Tiemoko (2003) posits that, it is those who return with innovations and relevant skills that could influence the development of new livelihoods strategies and introduce improvement within the rural economy as a whole. Such pattern will also allow direct investment of income generated from urban employment into the rural economy and thereby facilitate the expected improvement of both social and economic indicators within the rural household economy.

2.9 Overall Synthesis: Bridging the Gaps between Theory and Policy

Bryceson (2004) considers the nature and concepts associated with the development of sustainable livelihoods as complex, and require comprehensive conceptualisation which incorporates theoretical grounding with policy approaches and practice. According to Scoones (1998, p.1) the sustainable livelihood framework is a useful tool for conceptualising livelihood development. Scoones further argues that the framework shows conceptually how sustainable livelihoods could be attained in different contexts. The framework posits that sustainable livelihoods are attained through access to a range of livelihood resources: natural, economic/financial, human and social capital (Scoones 1998, pp.7-8, Brock 1999, Ashley and Hussein 2000). These resources are combined in pursuit of sustainable livelihoods through diverse livelihood strategies: agricultural intensification/extensification, livelihood diversification and migration (see Brock 1999, p.1). Central to the framework is the analysis of a range of formal and informal organisational and institutional factors that influence sustainable livelihood outcomes (Scoones 1998, p.1). The framework is suggested to offer a scope within which diverse development research that focuses on livelihood development and strategies could be undertaken. It also serves as a policy implementation tool. Norton and Foster 2001 are of the view that the Sustainable Livelihood Framework is comprehensive because it reflects the context within which a livelihood could be developed; the required livelihood resources and the institutional and organisational processes involved. The framework has identified five outcomes which are divided in two main outcome groups: *livelihood outcomes* and *sustainability outcomes*. The livelihoods outcomes are *increased working days, poverty reduction and improvement in well-being and capabilities* (Scoones 1998). For the sustainability outcomes it mentions the *enhancement of adaptation, vulnerability and resilience* and the *sustainability of the natural resource base of the community*.

Figure 2.1: The Sustainable Livelihood Framework (SLF) – Scoones (1998)



However, there are conceptual and structural weaknesses associated with the Sustainable Livelihood Framework in light of this study's objective. Weaknesses associated with the Sustainable Livelihood Framework include the following:

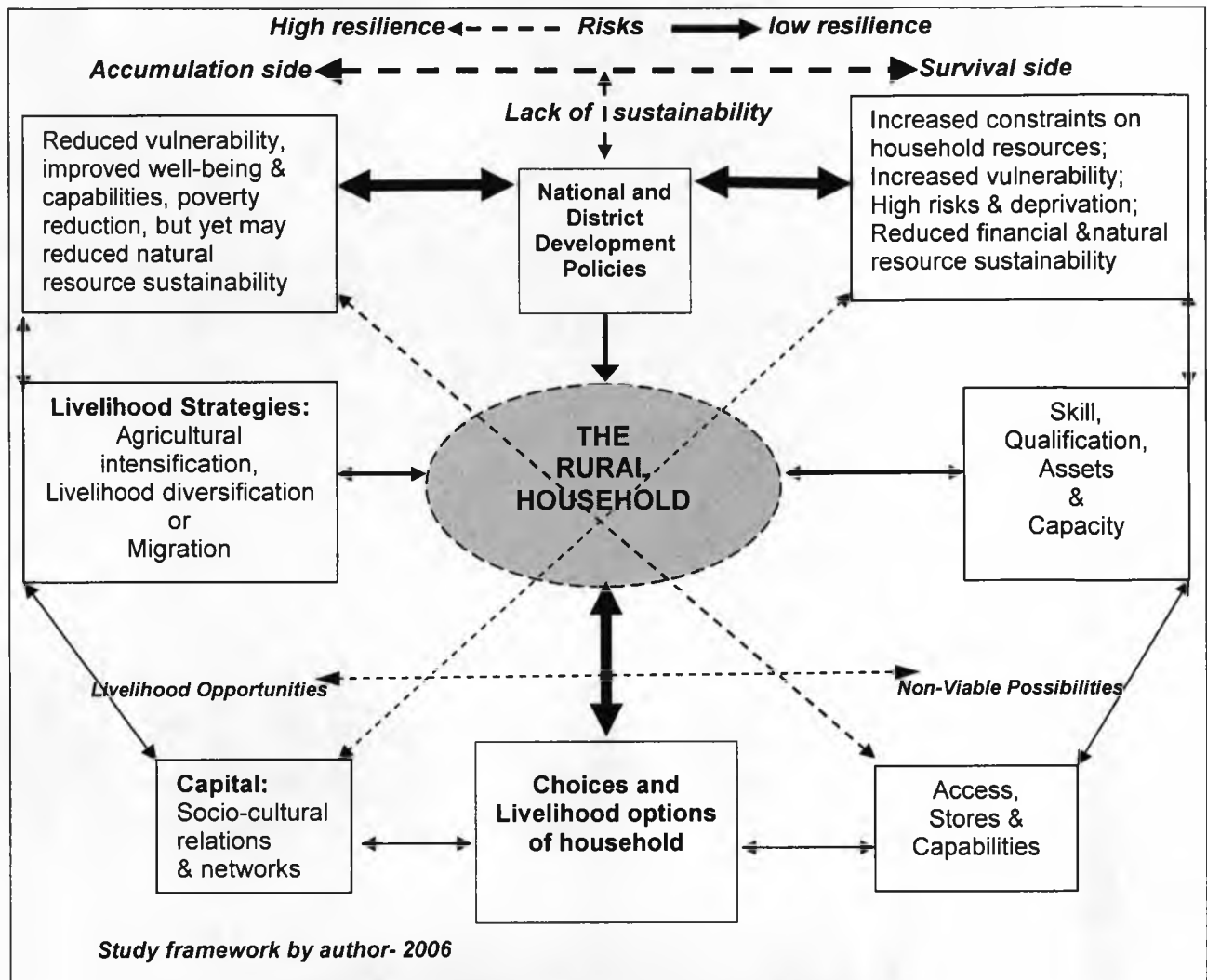
1. The framework suggests that organisations and institutions are core to the attainment of a sustainable livelihood. This study holds the view that it is rather the macro- and micro-policies that determine the extent to which individual households are able to diversify and the level/ type of benefits they are able to derive from diversification.
2. The benefits of diversification are not definite as suggested by the framework. Benefits could be for survival or accumulation. The nature of benefits from diversification will therefore depend on several factors including the levels of deprivation within the household, opportunities and capabilities of those engaged in a particular enterprise as well as the agro-climatic zone.
3. The framework does not mention the element of risk. However, risk and its associated aversion mechanisms are key to the selection of a particular livelihood strategy.

4. Livelihood outcomes from diversification activities vary. It can result in reduced working days, increased impoverishment and deprivation. It is also possible that diversification might not influence the household's economy at all.
5. Also, the sustainable livelihood framework does not project the dynamics and sequence associated with decision-making processes within and between households, which leads to diversification.
6. The framework fails to highlight the relationship between political processes and interaction of livelihood strategies with power and authority at the local. The framework is therefore easier to apply at the macro-level rather than the micro-level; the inverse would be more helpful (Ashley and Carney 1999).
7. The framework is too elaborate and incorporates several key elements but is neither rigid nor focused. There is no direct link between the prevailing context/conditions and livelihood strategies adopted by the individuals and households within the population.

2.9.1 Household Livelihood Cycle:

As a result of the observed weaknesses of the Sustainable Livelihood Framework, the Household Livelihood Cycle shown in Figure 2.2 was developed as complementary research framework, which focuses on the household. The household cycle describes diversification as consequence of development policy, its impact on the household economy and the subsequent interactions that ensue in an attempt to generate and maintain a sustainable livelihood. It also shows the divergent outcomes of livelihood strategies. Figure 2.2 illustrates the conceptualised relationships within the Livelihood Cycle.

Figure 2.2: The household livelihood cycle



The rural household

The household serves as the focal point of the socio-economic decision making process and the analysis of contemporary approaches towards household well being. This argument therefore makes the household the core unit of analysis and a vital focal point for this study. A household here is defined by Toulmin and Guèye (2005, p. 160) as *a unit of production which farms a common field and eats from a common granary*. A household is also described as *a group of people who share the same domestic economy or eat from the same bowl* (Barlett 1989, p.6).

Policy

National economic development policies and programs have become a driving force which could have a range of impacts on the local governance and the household. It can be largely acknowledged that development policies such as those instituted during the post-

adjustment period could have a positive impact on the household as well as generate diverse constraints for the household economy.

Choices and livelihood options

The reaction of the household to such changes in development policy often depends on the choices and livelihood options available for the household members. Development policies could enhance existing choices or limit the choices available to the household. These patterns can inadvertently influence the household resources and the direction of effect often depends on the livelihood activities that are being influenced by the prevailing development and economic policies. It is worth noting that the availability of choices and the range of livelihood options present within the rural economy, particularly in Ghana, is very small. Policies could impact negatively on a particular rural economy, and the reality of choice often becomes a mirage and non-existent. Options to alternative livelihoods could likewise be marginalised or open up new and alternative livelihoods.

Survival

The economy of many rural households could be described as a mechanism toward long term survival. There is a rising and increasing constraint on household resources which results in increased vulnerability and deprivation. This pattern will obviously heighten the exposure to economic risk factors (credit, market, health and income risks) and systematically encourage activities which could also undermine environmental sustainability in the long term. The scourge of hunger is often looming at this point, thus reduced financial resources are likely to exacerbate the household's economic and food security status and thereby render the household economically unable to support itself and the well being of its members.

Examining the rural economy from this perspective also identifies households whose members may have skills but are not able to utilise these skills. Household members with vocational and artisan qualifications often fail to acquire the needed assets which will support engagement in an enterprise that can generate remunerative returns and facilitate a sustainable livelihood. In the absence of formal employment opportunities in the rural and urban areas, many skilled and economic active members of the rural population are likely to be either unemployed or underemployed.

Access, stores and capabilities

Whilst the capacity of the individuals within a household to engage in sustainable livelihoods is important, it is also critical that they possess those capabilities to sustain such livelihoods. Access to viable opportunities could often serve as a condition for the possibility of utilising inherent or acquired capabilities. Access is defined as *the opportunity in practice to use a resource, store or service or to obtain information, employment, food or income* (Chambers and Conway 1992, p.8). Thus, an individual with the appropriate capability will still require viable access to livelihood strategies. This also implies that the household and its members' capability of undertaking a livelihood could depend on the viability of available livelihood opportunities. This pattern suggests that the generation of a suitable livelihood and diversification is conditioned by factors that impinge on access and the *stores* of resources which allow participation in specified economic activities. *Stores* is described by Chambers and Conway (1992, p.8) as *tangible assets* and may include *food stocks, items of value such as gold, jewellery, women textiles and cash savings in banks of thrift and credit schemes*.

In this regard, assets employed in the pursuit of a livelihood can also be considered as stores and resources: land, labour, water, trees, live livestock, production equipment etc. (Chambers and Conway 1992, p. 8). This also determines the choices made by the individual household member which directly influence the choice of livelihood strategy selected by rural household. Resource availability also determines whether households adopt temporary or permanent mechanisms to improve their economy and well being.

Socio-cultural relations and networks

Nonetheless, resource constraints have resulted in the creation of networks and social capital on which households largely rely to substitute for financial and human capital that is not available in their particular circumstances. Again, the level of resources is a significant determinant of diversification. Thus social, economic, kinship and cultural network systems and relationships are used to mitigate for the socio-economic cost of development policy. The different social networks also operate to overcome perceived and observed risks encountered in the pursuit of available livelihood strategies. Although livelihood diversification, agricultural intensification and migration have the potential of contributing to risk reduction, these strategies can, however, themselves generate additional risks (Bryceson 2000, p.8). The social networks and social capital approaches

will require livelihood opportunities before they can create fruitful returns. However, the choice of livelihood strategies is also influenced by the effectiveness and availability of reliable and efficient networks and production groups.

Accumulation

The ability of the household and its members to participate in viable livelihood strategies whilst exploring the opportunities available to them could lead to accumulation which is described by Swift (1989) as *the production of surpluses which is beyond immediate consumption requirements or living above mere subsistence which results in the creation of stores*. Diversification is subsequently created by livelihood opportunities and possibilities available to the household and its members' capacity to exploit them. This could be evident by the household's ability to overcome risk, save income and stores, employ labour, sustain its enterprises and maintain the well being of its members. Nevertheless, households prone to, or engaged in, survival economy (activities) are most likely to explore and depend on social capital and networks to either support their livelihoods or to establish an enterprise.

The major distinction between accumulation and survival is that accumulators have improved access, stores and capabilities by virtue of their diversification and livelihood activities. However, generating survival benefits is burdened by an apparent lack of sustainability and the inability to deal with or reduce the risks associated with diversification as well as those risks which emerge from diversification, agricultural intensification and migration. Sustainability, according to Chambers and Conway (1992) in this respect is a function of how *assets and capabilities are utilised, maintained and enhanced as to preserve a livelihood*. It is likely that those operating at survival levels will encounter greater risks and have less ability to deal with such risks as their menial resources are often stretched by virtue of their marginal enterprises and limited resources (Dercon 2000). Being able to overcome such vulnerabilities will enhance the household's capacity to develop a sustainable livelihood and create or access further livelihood opportunities which could then lead to the accumulation of wealth and improved well being, although this could undermine the natural non-sustainability of that environment (community, town etc).

2.10 Conclusion

The livelihood cycle shows that the outcome of rural livelihood diversification is likely to be variable and varied and is associated with several factors. It highlights the critical position of the household as the focal point and argues that these livelihood processes are both systematic and continuous with no certain end. The patterns and relationships discussed in the livelihood cycle framework also provide a focus and justification for this study. It is evident that the processes associated with the establishment of sustainable livelihoods require continuous research and reviews. This will allow the theoretical knowledge to reflect the practical dynamics of livelihood innovation and adaptation within the household in particular and the rural economy in general. Such approach will further enhance the existing knowledge of the subject. The thoughts raised in this regard also justify the need to review the existing literature to reflect some of the recent understanding on livelihood diversification in rural Africa and in Ghana as presented by this thesis.

CHAPTER THREE

Social and Economic Development of Ghana

3.1 Introduction

Ghana is located along the Atlantic shoreline of West Africa. Its neighbouring countries are the Republic of Togo (eastern border), Cote D'Ivoire (western border) and Burkina Faso (northern border). Ghana has a population of about twenty million people with a population growth rate of about 2.14% per annum. The capital city of Ghana is Accra. It also has an industrial capital called Tema.

The Ghanaian Ministry of Local Government (1994) classifies as urban localities containing 5,000 persons and above. In 1960, the total population residing in urban areas was 1.5 million people (23.1 percent of the entire population). The population residing in the urban centres had risen to 28 percent by 1970, this rose to 33 percent in 1992, and it is estimated to be 35 percent at present. In spite of the growth of the urban population, Ghana continues to be a nation of rural communities. In an attempt to lessen the consequent socio-economic impacts on the urban development, the *Rural Manifesto*, a policy document which assessed the causes of rural under-development, was introduced in April 1984. In response, various rural development programs were piloted which included the establishment of 120 rural banks to support rural entrepreneurs (Jones *et al.* 2000). Another program was the Rural Electrification Strategy, which was intensified across the country with the hope that it could enhance the development of rural non-farm enterprises. The north of Ghana has been shown to be income and economic poor compared to the south (GLSS 2000).

3.2 Review of Recent Economic Development Policies of Ghana

At the time of independence from the British colonial regime in March 1957, Ghana had one of the strongest economies in the developing world. The economic prosperity was derived mainly through the export of primary products comprising cocoa, coffee, timber and minerals (gold, diamond, manganese and bauxite) (Drafor *et al.* 2000). Nyateng (1979) explained that the economic deterioration began with the decline in foreign exchange earnings from cocoa, which started in 1959. The deterioration of the economy was characterised by high inflation, large and persistent budget deficits, declining production and exports, flourishing illegal economic activities, and political instability (Nyanteng 1992). A gradual but continuous decline in per capita income increased the

incidence of absolute poverty, growing unemployment, deterioration in technical, social and economic infrastructure and migration of skilled professionals to other countries (Chalfin 2000, ISSER 1995).

The reigns of government was unstable for over a decade until the Provisional National Defence Council (PNDC), led by Flt. Lt. Jerry John Rawlings took the seat of government on 31st December 1981. By this time the Ghanaian economy had seriously deteriorated (World Bank 1994). The World Bank reports that between 1972 and 1982:

- Domestic savings had fallen from 12 percent to 3 percent of the GDP.
- The rate of investment fell from 14 percent to 2 percent of the GDP.
- Per capita income fell by 30 percent and export earnings by 52 percent.
- Inflation measured on an annual basis by the consumer price index averaged about 44 percent per annum.
- Gross official reserves were all but depleted with a very large balance of payment deficit amounting to well over \$500 million at the end of 1982.

3.2.1 Economic Recovery and Liberalisation in Ghana

Over a decade of unprecedented decline in the economic performance caused by adverse economic policies and political circumstances, the government of Ghana launched an *Economic Recovery Programme (ERP)* in April 1983, with the aim of reversing decades of economic decline and provide market-friendly incentives for overall economic growth (MOFA 2001). This was expected to help accelerate an economic turn-around and create a sustainable national economy (World Bank 1983, 1994, p. 37, Leechor 1994). The reform programme adopted *Structural Adjustment Policies (SAPs)*. These policies were implemented in accordance with World Bank guidance as a condition for IMF funding. The *Structural Adjustment Programme (SAP)* was loosely defined as *the implementation of a comprehensive set of policy reform measures designed to address economic imbalances and restore sustained growth* (Dapaah 1992). This was also believed to be the key antidote to the progressive trend of impoverishment and economic deterioration that was on the increase amongst some third world countries in the early 1980's (World Bank 1983).

The Economic Recovery Programme was implemented in two economic *structural adjustment* phases. According to Hutchful (2000), the Economic Recovery Phase One (ERP I) introduced the *Stabilisation Stage* of the programme and covered four years, 1983–1986. He further explained that the second phase of the economic recovery process termed Economic Recovery Phase Two (ERP II) started in 1987 and proceeded to 1991 with the *Rehabilitation, Liberalisation and Growth Stages* (Ghana Statistical Service, 1995). Most of these programmes include policy reforms that altered production incentives, investment levels, public sector spending and the management of public sector institutions. According to Nyanteng and Dapaah (1993), two pivotal elements may be identified: enhancement of the *capability* of the economy, and formulating *incentives* to utilise available capabilities (World Bank 1994).

3.2.2 Economic recovery: the agricultural sector and the rural economy

The importance of agriculture to trade the need to raise productivity and savings, its role in income generation and employment as well as food security and rural development have been core to the economy. According to the GLSS (2000), Ghanaian agriculture currently employs about 65% of the country's labour force. This sector also contributes 57% of foreign exchange earnings and 45% of GDP. In addition, it is an important source of raw material for the nation's manufacturing industries. Agriculturally dependent rural households make up about 65% of the population. The crops sub-sector is largely rural based and operated by small farmers. This sector contributes about 61% of the agricultural GDP. Thus, the agricultural and rural sector's response to the adjustment policies and its performance after adjustment could be a major indicator of the success or failure of the SAP of developing countries, including Ghana (MOFA 1994, Leechor 1994).

3.2.3 Implication of adjustment policies on the agricultural sector

According to Sarris & Shams (1991) the policy implications of the liberalisation initiative for the agricultural sector in Ghana were threefold and can be summarised as:

1. The removal of fertilizer subsidies, which were estimated at 45% at the time of policy implementation.
2. The entry of private traders and business groups into the importation and marketing of fertilizer, which had previously been the monopoly of the Ministry

of Agriculture. Prior to this, MOFA tendered for the fertiliser and agrochemicals, subsidised its prices and sold them on credit through large MOFA depots in the various districts.

3. The outright removal of minimum guaranteed prices on food crops produced mainly by small farmers and abolishment of the Food Distribution Company and the Farmers' Depots. This meant that farmers had to depend on the forces of supply and demand to determine the prices of their produce. Secondly, the absence of the food distribution company, which offered guaranteed prices to small farmers, meant the sale of produce on the open market that was subject to domination by *market queens* and private traders.

The adoption of these policies and programmes had a multiple negative impact on the population, especially on rural small-holder farmers (Bortei-Doku *et al.* 1995). Farmers had to sell their farm output on the open market and then repay their credits, without any cushioning for the difference between previous minimum prices and current market-rate prices. This was generally perceived among farmers to be very hard and harsh treatment by the government. Secondly, the fertilizer and inputs depots had to be closed down or taken over by private business companies, since farmers' groups could not afford the financial outlay required to manage them (Dapaah, 1992). Most farmers are said to have abandoned the use of fertilizers and agro-chemicals (Gerner *et al.* 1995). Thirdly, the glut, which followed the successful seasons, led to a drop in farm income due to poor sales and post harvest losses. Some farmers are reported to have abandoned their farms completely. Other farmers reduced their cultivated land area for particular crops, whilst others changed the crops cultivated and the cropping patterns (MOFA 2002).

According to Haroun and Oduro (2002), some small farmers are perceived to have taken up non-farm diversification as a means of raising alternative incomes or generate complementary incomes to finance their agricultural activities. Non-farm diversification and migration are reported by the same source to have replaced farming as main source of income in some rural households (*ibid*).

3.3 Post-Adjustment Development Policies and Programs

According to Hutchful (2002), several years into the implementation of the Structural Adjustment Program, significant negative socio-economic impact of the policies such as wide spread malnutrition, rising household deprivation, low incomes and unemployment

culminated in pervasive poverty amongst vulnerable groups at the household and community levels. It was then obvious that the economic gains made by the SAP had not translated into sustained socio-economic development and improvement. Various programs were then introduced to address this pattern.

3.3.1 Program of Action to Mitigate the Social Cost of Adjustment (PAMSCAD)

The PNDC government, with the advice of the World Bank launched a central government-led Program of Action to Mitigate the Social Cost of Adjustment (PAMSCAD) in 1987. According to Hutchful (2000), PAMSCAD targeted four groups: small farmers and hired labour, poor households with limited access to social services such as (mainly health, education and water), the unemployed and those with meagre earnings and finally small farm households in the northern regions. This program took a poverty reduction approach and attempted to address poverty in the different groups via five projects: community initiative projects; employment generation projects; redeployment; the provision of basic needs and services; the provision of educational infrastructure. These projects were to be implemented in phases. However, the effects of PAMSCAD were short lived.

3.3.2 National Development Planning Commission (NDPC)

The National Development Planning Commission was subsequently established to plan and manage the long-term national development strategies and programs under the National Development Planning Commission Act (Act 179) of September 1994. The NDPC was to take the centre stage of development planning and management in Ghana. The NDPC's role in development has mainly involved coordination of development projects. It is from this role that the Poverty Reduction Unit (PRU) was established within the NDPC to oversee poverty reduction initiatives and interventions in 1995.

3.3.3 The National Poverty Reduction Program (NPRP)

Poverty reduction through sustainable livelihood diversification was subsequently introduced by the PRU of NDPC in conjunction with the UNDP as a more pragmatic and sustainable approach to poverty reduction which could rejuvenate the rural economy (Prosperity Study 2001). The proponents of diversification envisaged that rural farm households could be supported and encouraged to diversify their livelihoods and engage in non-farm enterprises in order to raise incomes that could be invested into their farming livelihoods and thereby create a multi-faceted rural income strategies (National Poverty

Reduction Programme 2001). The sustainable livelihood framework was adopted by the UNDP to guide the transformation of the rural economy through the introduction of diversified activities (NPRP 2001). These intervention programmes were implemented by the National Development Planning Commission through the National Poverty Reduction Programme (coordinators) with District Assemblies and Non-Governmental Organisations acting as facilitators. The National Poverty Reduction Programme selected six pilot districts in four different agro-ecological zones for the livelihood diversification and intervention programme (Table 3.1). The pilot districts are: Bogo district (Guinea Savannah); Juabiso Bia (Rain Forest); Afram Plains (Semi deciduous Forest), Abura Dunkwa (Semi deciduous Forest), Ga District (Coastal Savannah) and Dangme West (Coastal Savannah) (Table 3.1). These districts are classified as poor by the GLSS (2000). Nevertheless, some rural communities in different districts have also initiated their own forms of diversification without any formal assistance. However, little or no systematic independent studies have been conducted to understand the strengths and weaknesses of the approaches used and whether they are successful in reducing rural poverty on a sustainable basis, particularly in the pilot districts and communities.

3.4 Study Areas

According to the GLSS (2000), the incidence of poverty in Ghana is highest amongst rural small food crop farmers and rural self-employed households involved in non-farm activities. Small farm households are also reported by the GLSS to produce the bulk of the nation's food requirement (GLSS 2000). The small farm households in Akuapem North and the Dangme West Districts in the Southern-eastern part of Ghana were selected as the sites for the household data collection. These two districts have large rural populations engaged in food production and also have similar socio-cultural structures. Although geographically located close to each other, the sampled districts are located in two different ecological zones. The households in these districts are traditionally known to be farmers (Hill 1965; Benneh 1971), but are reported by the respective district profiles as diversifying into non-farm activities. Moreover, communities in these districts are considered as poor and involved in both on-farm and non-farm income activities (GLSS 2000).

Figure 3.1: Regional Map of Ghana Indicating Study Regions

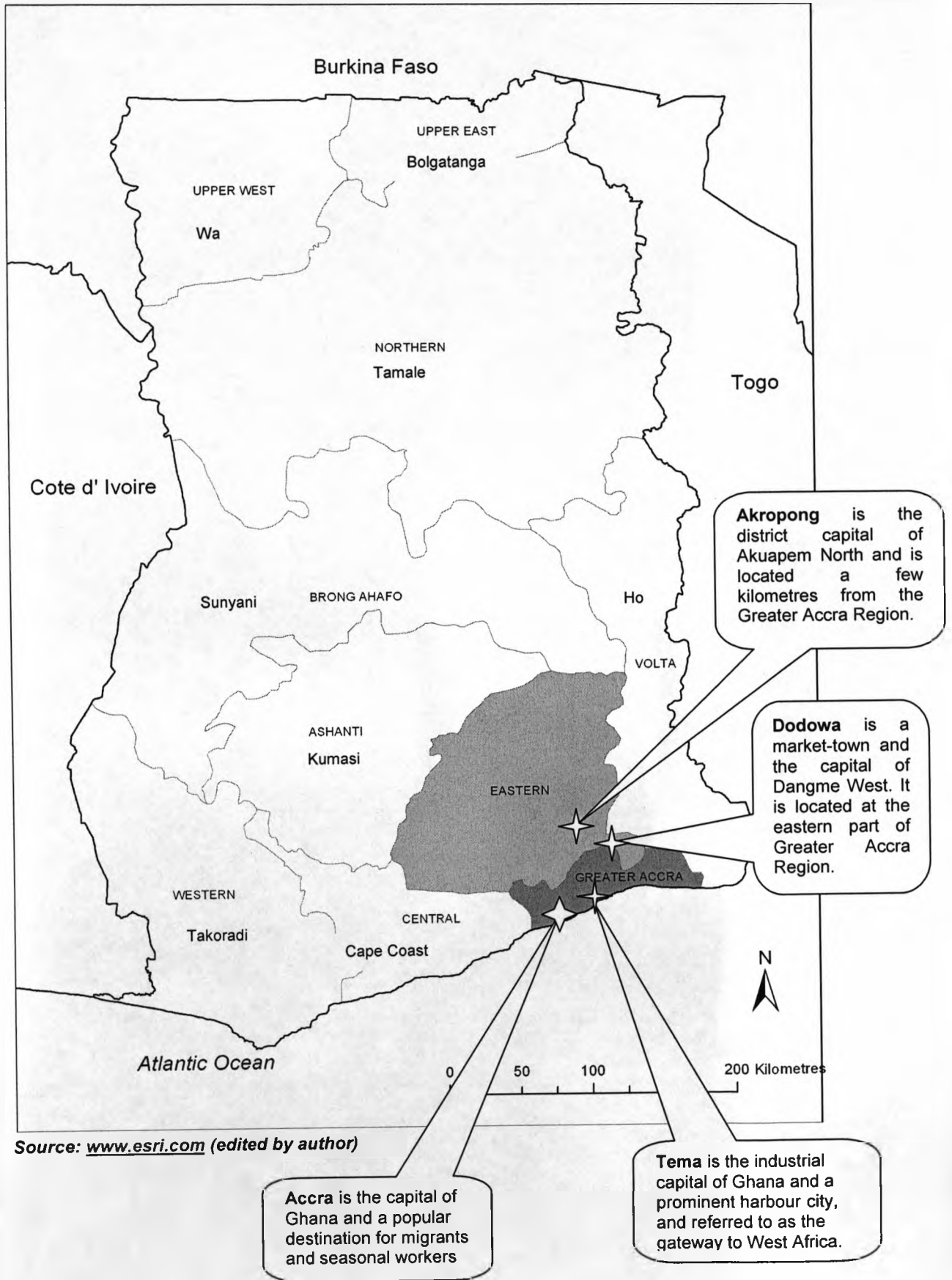
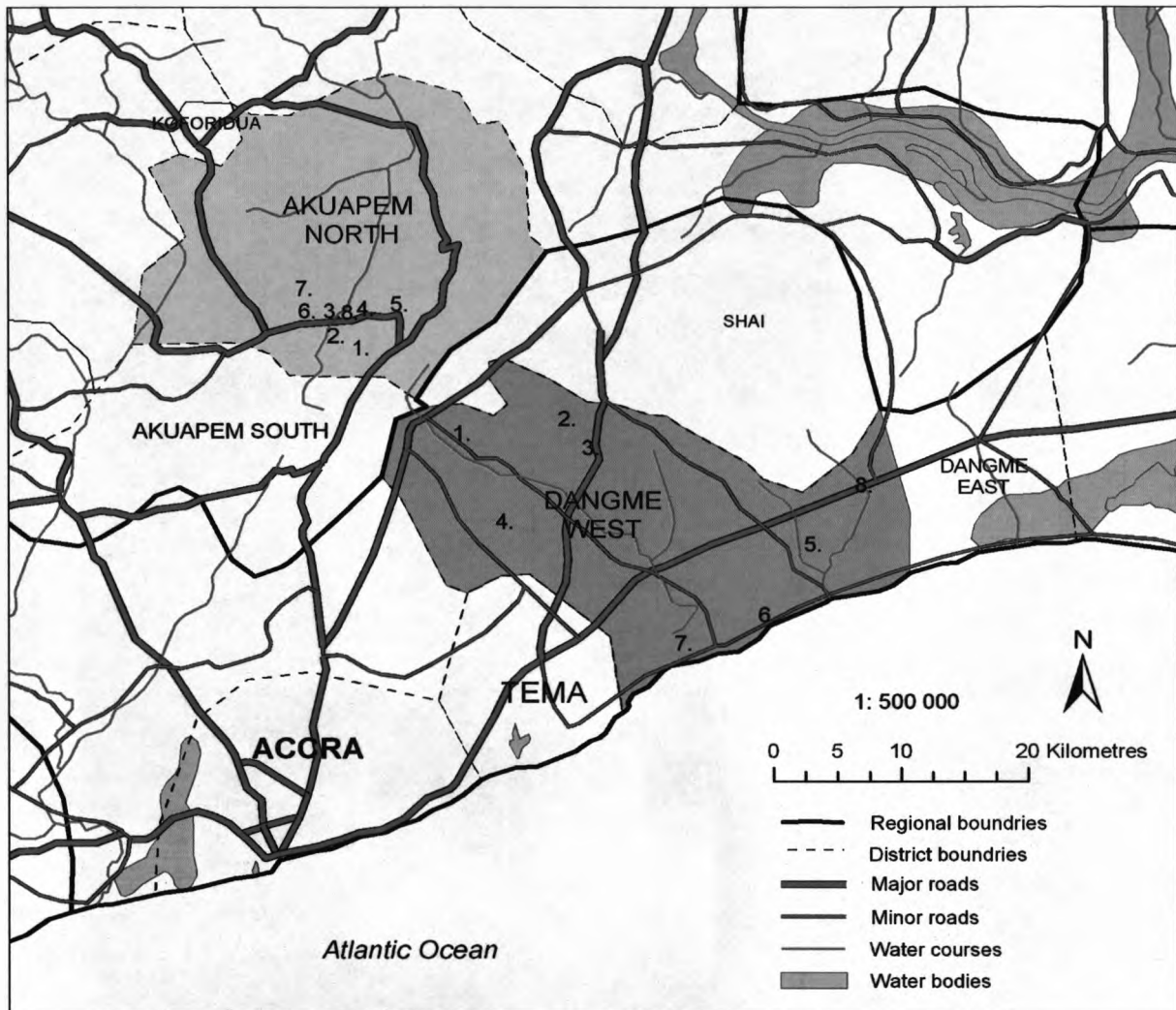


Figure 3.2: Map of Study Districts and Sampled Communities



Locations in Dangme are approximate. Sources: www.esri.com and Africa Data Dissemination Service: <http://igskmncnwb015.cr.usgs.gov/adds/> (edited by author)

3.4.1 Dangme West District

Location and climate

The Dangme West District is situated in the South-eastern coastal savannah plains of southern Ghana; lying between latitude 5 45' south and 6 05' North and Longitude 0 20' West. The District has a total land area of 1, 442 sq. kilometres, making it the largest in the Greater Accra Region. The land size represents 41.5% of the regional land area. The District capital is Dodowa, and was carved out of the former Dangme District in 1988 as a result of a national redemarcation exercise carried out in relation to decentralised reforms in the country. The District shares boundaries with the Yilo Krobo District on the North West, Akuapem North District on the West, Tema District on the South–West and Dangme–East District on the East. The north-eastern and the southern portion of the

coastline stretching over 37 kilometres. Dangme West District is one of the hottest and driest parts of the country. Temperatures are appreciably high for most parts of the year, but highest during the main dry season (November-March) and lowest during July-August. The absolute maximum temperature is 40°C. Rainfall is generally very low with most of the rains which are very erratic in nature coming mostly between September and November. The unreliability of the rainy seasons makes farming a hazardous occupation. Periodic crop failures are common phenomena in this district (Dangme West District Profile (2000-2004)). Figure 3.2 shows the location of Dangme West district and indicates the locations of communities that were sampled for the study. The selected communities are: Agomeda Village (1), Apiary (2), Adomenyu (3), Kpohe (4), Amanahpo (5), Minya (6), Agomeku (7) and Agbekotseko (8).

Population

According to the District Profile (2000-2004), the district has a slightly lower population density of 55.3 persons per square kilometre compared to the national average of 63 persons per squared kilometre and the regional average of 441. The high regional density is perceived to be as a result of the location Accra and Tema within the region. The district population growth rate of 2.1% per annum is below the national average of 2.6 % (using 2001 estimates). This is accounted for by the high rate of out migration of the economically active population in the district. The population is concentrated along the coast and the northern parts close to the Akuapem Ranges. The central portion is practically an empty grass lands and sparsely populated by pastoralist.

According to the District Profile (2000-2004) males make up 48.2 per cent of the total population and females 51.8 per cent. The population is predominantly youthful with an average age of 21.5 years. The dependency ratio (the proportion of the population of ages 0-14 and 65+ years put together), to the economically active population (15-64 years) is 79 per cent. The school-going age population is another area of development. This age group constitutes 32.5 per cent of the population. The average household size of the district is 6.3 persons as compared with the national average for rural areas of 5.24. This large average household size has implications for housing policy and housing development in the district.

Rural-Urban disparity

The district is predominantly rural with the proportion of the population living in urban areas expected increase from 32 per cent to 35.5 percent by 2005. The majority of larger rural communities are deprived of social amenities like clinics, hospital and schools. The demographic projection shows that the dependency rate would increase by about 8% by the end of 2005. The implication is that agricultural productivity would have to increase to meet the needs of the population, a higher proportion of which would be located in the rural. Additionally, the education and health needs of this youthful dependent population would have to be met by expanding existing social infrastructure and providing new ones. Urbanization in the district is expected to increase by over 1.7% by 2005. This means that some large rural centres would become urban. Hence facilities and services would have to be provided to meet the needs of the urban population (Dangme West District Profile 2000-2004).

Services

The District Profile shows the level of service provision is very low. Most household are overcrowded with only 26 per cent of the households in the district have toilet facilities. The District Profile also shows a high level of illiteracy with only few people studying beyond the basic education level. This pattern is attributed to the poor basic educational facilities and absence of higher educational facilities. Many schools are housed in temporary structures or are organised under trees. School dropout rate is very high, especially among girls. Unemployment rate is considerably high and perceived to be rising particularly amongst the youth. The supply of potable water does not meet the demand in the district. Out of the 124 settlements only 20 (09.35%) have access to pipe borne water. The majority of the district population relies on streams, ponds, wells and rainwater thus exposed to water borne diseases. Hospitals and laboratory services are non-existent in the District and restricted to a few urban centres. The prevalence of water-bourn diseases (malaria, bilharzias and guinea worm) is a clear indication of the lack of potable water in most parts of the district. However, the health delivery system in the district is hampered by poor infrastructure, lack of staff accommodation, lack of adequate transport facilities and poor road. The prominent first class road in the district is the section of the Trans-West Africa Highway which runs through parts of the district. The other road networks are largely unpaved and or in poor condition and restricted to the urban centres.

Agricultural capacity and non-farm potential

The Dangme-West District has low lying plains, a number of streams and ponds, and a vast stretch of grassland vegetation. This serves as a great potential for agricultural development via mechanised farming and animal rearing. The Dangme West District is traditionally known for its vegetable (chilli pepper, okro/okra, tomatoes) production. Farmers in the district are also known to engage in subsistence and semi-subsistence cultivation of food crops such as cassava, maize as well as fruit and tree crops like mangoes and water melon. Farmers in this district have been assisted to diversify into various on-farm activities with the aim of helping them overcome the chronic poverty that prevails in the district (GLSS 2000). These observations made this district appear as an interesting location for the study. It also has a dynamic food market where farmers and traders meet weekly to trade and exchange goods and services. The Ministry of Agriculture recently introduced an irrigation scheme in the district as a measure to help sustain the farm activities of small-scale rice farmers. However, the introduction of the irrigation scheme has led to a shift by farmers into the production of exotic vegetables for export and for the local market (District Profile 2000- 2004). Again, the profile indicates that the majority (60%) of the households generate a livelihood from subsistence and semi-subsistence agriculture.

The major non-farm economic activities undertaken by farm households in the districts include pottery, production of beads, bee-keeping, cosmetics and quarrying (District Profile 2000-2004). This form of diversification has led to the introduction/ adoption of waged labour by some farmers; shortage and high cost of staple food crops have aggravated the prevailing seasonal and permanent migration as reported by the district profile. It is worth noting that the district used to be one of the most dynamic trading and commercial districts in the region. Over the years, however, this position has been lost. Decline in trading activities in the district has led to the deterioration of some of the principal towns including the district capital, Dodowa. Industrial activities in the district are also very much limited.

3.4.2 The Akuapem North District

Location and climate

Akuapem North District is located in the south-eastern part of the eastern region of Ghana. It is located on Longitude 0 degree and just above Latitude 6 degree north. The district is about 450 Kilometres squared in size and about 58 Kilometres from Accra. The Akuapem Range in the southern part of the district presents a striking relief feature of outstanding natural beauty. This accounts for the unique rainfall pattern of the district. The foothills of

the range have well drained and fertile soils. The foothills and valleys constitute the agricultural cropping lands of the district which attracted migrant farmers into the district during the nineteenth and twentieth century. The height is between and 381m (1,250ft.) and 500m (1642ft.). The district can be physically divided into two distinct areas, the ridge which has a semi-urban settlement and the lowland area which is predominantly rural. Akuapem North has a mean annual temperature of 23.88 degree Celsius and is predominantly cool for a greater part of the year. It has two maxima rainfall pattern. The first major rains starts from April and stretches to June and the second rainy season is between September and November. This makes the Akuapem North district one of the few districts in Ghana that have over six months of heavy rainfall in a calendar year. The district experiences a major dry season from December to February and a minor dry season in August (Akuapem North District Profile 2001). Figure 3.2 shows the location of Akuapem North District and the communities selected for the study. The selected communities are: Addo Nkwata (1), Addobease (2), Korkomu (3), Kwamoso (4), Saforo (5), Mampong Nkwata (6), Otwetiri (7) and Nyensiso (8).

Population

According to the Statistical Service Report on National Population (2000), the population of the district has increased from 68,000 in 1970 to 114, 533 in 2000. The district's population density of about 225 persons per sq. km. is above the national average of 63 persons per squared kilometre. The growth rate between 1984 and 2000 is 1.8%. The profile suggests that the population in the district is rising at a very slow rate. Several reasons have been given to be the cause of this pattern with the most prominent cause being the out-migration of the inhabitants to nearby cities. Also the decline in the cocoa industry in the district and inadequate commercial opportunities has caused a drifting away of young people to other parts of the country. There is no available empirical data on the nature and pattern of out-migration in the district at the time of research but an district officials estimate it to be quite high, and requires attention as it mostly involves the youth and economically active group in the population. The total number of households in the district is estimated to be 28,623, with an average household size of four people.

Rural-Urban disparity

According to the District Profile (2001) the major economic activities in Akuapem North District include agriculture production, service industry, manufacturing, trade and commerce, administration and tourism. The service, administration and industrial activities are mainly urban. The population is more concentrated in the larger towns. Only 25% of the total population live in the urban areas located on the ridge, which implies that the district has a predominantly rural population.

Services

The social services provided in the district do not cover a large number of rural settlements. The rural poor farm households in this district are reported by the District Profile (2001) as lacking access to needed services. This pattern is perceived as the main constraint to improving rural livelihoods and well being in the district. Rural households in this district face several challenges including poor transport infrastructure; inequitable access to water and electricity supplies for domestic and productive purposes; inadequate provision of primary health care and education; weak livelihood security due to limited access to land and inputs, lack of credit and pressure on common property resources in view of the high population densities.

The district's economy is characterized by low productivity in the agricultural sector, which is the main source of income and employment. Household incomes are therefore very low. There is also wide spread unemployment and underemployment in the District. The District is lagging behind in the supply of safe water in both urban centres and the rural settlement. Pipe-borne water supply is inadequate for about 25% of the population living in the urban settlements. Other services like wells, boreholes etc. are also inadequate. There are over 130 communities without sources of safe water in the rural areas which means that about half the population of the district do not have access to safe water. According to the district profiles, a substantial number of individual and households do not have ready access to health facilities. There is a significant short fall in electricity supply as demand seems to exceed the installed capacities. The District is also disadvantaged in the road sector covering all hierarchies of roads – highways, internal distribution network of the urban centres, and feeder roads. Many of the roads are in deplorable conditions. The estimated total length first class road in the district is 96.95 km, whilst the estimated total length of second class roads is 106.9 km. Meanwhile most of the major feeder roads in the district need resurfacing. In addition, a

good number of new feeder roads need to be created to open-up more farming communities and improve access (Porter 2002).

Agricultural capacity and non-farm potential

The district was one of the first centres in economic development of Ghana. It was one of the first centres of cocoa industry where cocoa was produced commercially. Currently, soil impoverishment and disease have virtually wiped out the industry. The Akuapem North District has a long history of cash crop production and is known as the birthplace of cocoa production in Ghana and the leading producer of oil palm fruit as a result of the establishment of the States Farms Corporation. About 67% of the employable population in this district are engaged in semi-subsistence agriculture production and most of them live in the rural areas. Crop production in the district currently covers maize, cassava, yams, plantain, potatoes, fruits and vegetables. Maize and cassava are the most popular crops produced by all farmers in the District. The District also produces a lot of vegetables (such as lettuce, cabbage and sweet pepper) on the ridge and the lowland areas. Irrigation is used for vegetable production in some parts of the district. Also, the district produces a significant quantity of yam. The major fruits produced in the district include watermelon, papaw and oranges. Farming practices are traditional, rain-fed and under mixed-cropping (District Profile 2001). According to the District Economic Profile (2001), farm sizes are small, with majority of farmers cultivating an average of 1.2ha per annum. Only 2% of the farmers cultivate over 2ha per annum. Only maize and vegetable growers are noted to be using improved seeds and chemicals in the District. High cost of improved seeds, fertilizers and chemicals restrict their use to only a few farmers. The farmer to extension service ratio is approximately one extension staff to five thousand farmers (1:5000), which is extremely high. Food storage and post harvest management is also a subject of concern in this district. A few farmers patronise the use of local storage facilities with most households possessing their personal barns. However, post harvest losses are still high for both perishable and non-perishable crops as a result of high harvest cost and inadequate transport facility.

The Akuapem North District is mainly inhabited by native Akuapem, Lartey and the Guan tribes. There are a large number of Hausa and Ewe tribesmen and their families who originally migrated into the district to work on cocoa, coffee and palm plantation

farms established by the government of the first Republic of Ghana. A bulk of the farmers have however shifted to the production and processing of cassava (District Profile 2001). Others are engaged in non-farm activities like firewood and charcoal production, with some working as wagers in the cassava processing and *gari* industry. Several households have also moved into trading and carving of wood (District Profile 2001).

3.5 Farming Systems

In her study of rural households and their farming systems in Africa, Moock (1986, p. ix) defined farming systems as:

a bio-economic activity in which the farmer or farm family manages certain resources to produce food, feed, fibre, shelter, and other necessary products.

She also says that a farming system may involve growing one or more crops, rearing one or more species of animals, or mixing to varying degrees the production of commodities with the rearing of animals. She explains that in Africa, a farm may be owned and managed by a single individual or farm household.

According to Fortes (1949) and Goody (1956, 1976), farming systems in Ghana are not based on ecology or economics but on the kinship structure and household composition. They often operate more than one field which might be located at different places within a locality (Moock 1989, La-Anyani 1963). A particular field is cultivated for some years and then abandoned in order that it may recover. The household will then move to another field in the subsequent years only to return to the previous field after the fallow period. This system is often employed to avert risk of crop failure or poor soil fertility (La-Anyani 1963). The different farms are often managed by members of a particular household and involve division of labour between household members. Household members tend to rely on extended family or members of the community when there is a need for additional labour (Legge 1994). According to Hill (1965), land rotation has been the main system of farming in rural Ghana over several decades. The land is cultivated for a few years and then abandoned. The household then shifts to another portion of the same piece of land. Crop rotation is a more commonly practiced farming system. This involves the cultivation of different crops at different times of the year on the same piece of land (Hill 1965, Legge 1994). In any of the above methods of cultivation, the cropping pattern may be single or multi-cropped. The latter may involve either annuals only or annuals and perennials to

reduce the risk of total crop failure. There is also low use of input except for crops like rice and maize in which case fertiliser is used but even this is subject to availability and cost (MOFA 2001).

3.5.1 Farm labour

Both hired labour and family labour are used on the farm, but the majority of households rely mostly on family labour. Hyden (1989) argues that family labour is generally used for planting, harvesting, shelling (in the case of maize) and transporting food items from the farm to the house or the market. In the south of Ghana, female labour is often used for planting, harvesting and the cultivation of food crops (like groundnuts and vegetables); whilst male labour is typically used for land clearing, weed control and the cultivation of food and tree crops (Awonyo 2002). Dei (1992) was of the view that the agricultural outputs of rural farm households are directly related to size of the farm, number of dependants, the age of these dependants and gender.

3.5.2 Crops

The crops cultivated are associated with the farming system and vary from the dry savannah north of the country to the rainforest in the south (Baker 1962). Small-scale farmers in northern Ghana have their traditional staple crops as millet, sorghum groundnut and beans. Cash crops cultivated in the north include yam and maize. On the other hand, small-scale farmers in the south have maize as the main cash crop with cassava, yam and plantain grown for both cash and domestic use. However, those in the wetter forest belt have concentrated their food production around cocoyam, plantain, maize, cassava and vegetables with cocoa as the cash crop (Baker 1972).

However, MOFA (2000) reports of increased cultivation of *non-traditional* crops like rice and exotic vegetables (green pepper, chilli pepper, onions) by farmers in the south (coastal savannah zone). The factors influencing such changes in cultivation patterns have not been clearly established.

3.6 Land Tenure Systems

According to Sarris & Shams (1991, p.71), even though the 1962 Land Acts empowered the central government to acquire any land in Ghana that they wished, land in Ghana is still vested in traditional land owning groups especially the lineages. The method of acquisition of land in Ghana is one of the determining factors including the type of crop to be grown.

Much emphasis is placed on the customary or traditional tenure since it is the major means by which land for food production is acquired in Ghana, and this is usually on a smallholder basis (Benneh 1971). Land under the customary tenure system is greatly guarded by local traditional taboos and beliefs.

Land tenure systems in Ghana influence both the farm output and income of the farm household (Benneh 1971, Ewusi 1983). Benneh (1971) and Ewusi (1983) identified the five basic categories of land tenure in Ghana as:

- (a) the allodial title (and ownership right);
- (b) the customary freehold;
- (c) the leasehold;
- (d) the “*abusa*”, “*abunu*” and “*abehyim*” share-cropping tenures;
- (e) “*nto*”, a cash rental tenure.

3.6.1 Allodial

In the allodial system, the *stool* (chief and kinsmen) manages the land on behalf of the lineage. This is generally known as the *stool land*. The head of the lineage is regarded as the custodian of the land and is not allowed to allocate any of that land to a third party without the consent of the lineage. However, any adult member of the lineage (whether male or female) is allowed to farm on any portion of the land provided other members of the lineage have not claimed it. Benneh (1985) revealed that as long as the individual continues to use the land or show evidence of his previous occupation of it, *no one* including the head of the lineage can take away that piece of land from the individual and no other person can also farm on it without that individual’s permission. Under this system, land can only be inherited by members of the lineage and cannot be sold (Benneh 1971, Ewusi 1983).

3.6.2 Customary freehold

Customary freehold involves the allocation of land by the chief of a village or the head of a family that owns land to migrant and non-native farmers who have stayed for more than a year within the community and considered to be of good conduct. This is how most migrants acquire farmlands for cultivation in Ghana. The limitation of this tenure system

is that the land sizes are often small and do not allow extensive cultivation, thus limiting farm output (Benneh 1971, Ewusi 1983).

3.6.3 Leasehold

This occurs when land is given to non-native farmers or migrants for an agreed period of time. This system involves an initial agreed payment ("*aseda*"). The amount usually depends on the size of the area to be cultivated and is given to the head of the lineage or the chief. An annual tribute to the chief and a rent per acre are also paid to the local council (Benneh 1971, Ewusi 1983).

3.6.4 Abusa, Abunu and Abehyim Systems

According to Danquah (1982), the *abusa* system involves land being given to a tenant farmer without any monetary transaction. The condition under this tenure is that one-third of the annual yield is taken as income; another one-third is used to cover the costs of production and the remainder given to the landlord as rent. The rent given to the landlord is either paid in cash or with farm produce.

The *abunu* system is similar to the *abusa* system. However, the landlord and the tenant share either the farm or the yield in equal proportions, even though the landlord does not contribute any input towards the production.

The *abehyim* tenure system applies only to those who occupy land used for oil palm production. Farmers operating under this system are expected to deliver an agreed number of bunches of palm fruit to the landlord each year.

3.6.5 Nto

Finally, *nto* is the outright sale of the land to an individual. Legal documents are prepared to support the sale. The land and a site plan is eventually transferred to the buyer. However, most small-scale farmers do not have the financial capability to buy lands, as they are often expensive. This limits farm livelihoods of several rural households and in some cases reduces access to farmland, especially when the landowner insists on *Nto* (Benneh 1971, Ewusi 1983).

3.6.6 Gender and Land Ownership

Land ownership in Ghana is traditionally biased towards males. Most landlords and kinsmen insist on allocating land to men. As a result, female land ownership is often restricted to acquisition through family inheritance. Duncan (2004) identifies other reasons why women find it difficult to own land or expand the area of their land:

- Marriage and domestic obligations reduces a women's chance of acquiring land. A wife is by tradition, under obligation to assist her husband on his farm and they tend to respond to this by abandoning their own farms (in some cases) or by acquiring smaller portions of farm land.
- Gender patterns of division of labour place land clearance in the hands of men, which gives them priority in original possession and acquisition of the usufruct.
- Land is normally given on the basis of ability and means to develop it. The criteria for ability in this case may include possession of the required financial and labour resources to sustain the cultivation of the land, which many women tend not to have.
- The emergence of permanent crops such as cocoa and oil palm (tree crops), which require longer use of land, give preference to men who are more economically empowered to engage in it.
- Most women obtain land through their family inheritance and lineage allocation. These lands are traditionally not for sale in many communities. However, most stool and lineage lands have been taken over by rich non-native farmers, expatriates and multinational corporations who are able to pay chiefs and kinsmen large sums of money for vast portions of land.

According to Duncan (2004), the difficulty associated with the acquisition of farm lands sometimes make rural women shift to non-farm activities.

3.7. Organisations Involved in Rural Livelihood Development in Southern Eastern Ghana

Both formal and informal organisations play diverse roles in rural livelihood diversification in the south-eastern districts of Ghana. Characteristics of organisations in the study districts, like in many agrarian cultures, include their engagement in power relation, social negotiations and social capital formation (Lyon and Porter 2005).

3.7.1 Formal Organisations

The two organisations that are vital in rural diversification and community economic empowerment in rural Ghana are the Rural Banks and the District Administration and Assemblies. The different government bodies operate under the District Administration. They have great influence and can be excellent vehicles towards sustainable livelihood diversification as observed by Brock (2002).

Rural Banks

The majority of rural dwellers depend on informal sources for credit and employ similar sources for their savings (Jones *et al.* 2000). However, informal financial organisations and their credit sources are restricted in size and duration of lending as well as the area of coverage. According to Jones *et al.* the banking sector of Ghana has 133 rural banks, 8 commercial banks, 3 development banks and 3 merchant banks all operating under the Central Bank of Ghana. *Susu* organisations are a common informal financial organisation that operates effectively in rural areas even though the majority of them are not formally registered with the Central Bank of Ghana. This makes their interaction with rural communities an issue of concern, although such *susu* organisations appear to offer the needed financial support directly to individuals and households. A similar argument has been expressed by Jones *et al.* (2000) in their study on financial institutions in the north of Ghana.

District Administrations and Assemblies

In Ghana, the District Administration and Assembly system has the potential to be the appropriate framework for ensuring the participation of the poorest members of society in decision making and power sharing. According to Oduro (2004) a number of risks exists that can undermine its effectiveness. Although the poverty reduction programs seem to have given the general public a level of confidence in the Assemblies, there is the feeling that many households have their reservations regarding the lack of commitment and the operational inefficiency of the Districts Assemblies.

District Assemblies Common Fund (DACF) and poverty reduction

It is in view of such concerns that the District Assemblies Common Fund (DACF) came into existence after the enactment of Act 455 in 1993 (Oduro 2004). The Fund consists of monies allocated by Parliament under Section 2 of the Act as well as any interests and dividends accruing from associated investments. According to Oduro (2004), District

Assemblies are to allocate 20% of their respective yearly shares of the (DACF) to create a line of credit, referred to as the Poverty Alleviation Fund. This initiative is to help provide funds to the District Assemblies and relieve the residents from the persistent lack of access to formal finance. This fund is expected to act as a credit line for rural enterprises and livelihood development activities. This is in anticipation that it will create employment and help raise income, particularly for the rural unemployed. However, Oduro (2004) again reports of apathy on the part of several District Assemblies in Ghana who fail to operationalise this policy as discussed in Box 3.1.

Box 3.1: The Implementation Strategy for District Assembly Common Fund in Ghana

Under Section 2 of the Act, Parliament is required to allocate not less than 5% of the tax revenues of Ghana to the Fund. The success of earmarking revenues will depend on the extent to which central government is committed to ensuring that the earmarked funds are released. If there are no mechanisms to ensure that the allocation of the stipulated amount is automatic, then it is likely that there will be slippage when it suits central government; as was the case in Ghana 2000 when funding was only released to the Districts for the first quarter and half of the second. District Assemblies are provided with guidelines by the Minister of Local Government in consultation with the Minister of Finance on the utilisation of the District Assembly Common Fund. At the district level 20% of the common fund is to be earmarked for poverty reduction schemes. This requirement was introduced in 1997 because it was noted that the projects being funded by the DACF were not those that directly promoted an expansion in production and employment. [This will therefore] remove the obstacle of lack of access to credit for self-employed small and medium scale entrepreneurs and to promote the development of micro enterprise. However, only a few District Assemblies for example met this requirement in 1999 [and this pattern seems to continue].

Source: (Oduro 2004, pp.145 -146)

Very little is known about the required phases of the efficacy and standard of poverty reduction programs at the household and community levels. The impact of the on-going decentralisation effort on livelihoods in Ghana is an area that requires detailed research and documentation/ transformation in the policy arena. Although the rationale and logic are commendable, there is insufficient published information on the operational constraints, limitations and efficiency of the District Assemblies in Ghana (Haroun and Oduro 2002).

3.7.2 Informal organisations

The informal institutions include the *susu* groups, NGOs, religious groups, community groups, production groups, market networks and associations and traditional land tenure lineages.

***Susu* groups and production networks**

Major social features in diversification are the *susu* groups and networks. According to Jones *et al.* (2000), *susu* groups do operate in urban areas but are more common in rural communities of Ghana. Members of rural communities involved in the production of specific farm/non-farm products often come together to form production groups. Such individuals in the same or nearby communities usually come together to form networks of *susu* groups, and will select leaders who will act as trustees. They contribute different sums of money to one person after each market day or on monthly basis. A rotation system is then set up which allows one member to collect the sum total at a time. This system has been very helpful in raising capital for production. The production groups, whose members are individuals involved in the production of specific products can also operate similar savings systems. It is possible to have one person belonging to two or more *susu* groups. This has the advantage of receiving large amounts of money for capital although it would imply parting with bigger sums as savings weekly or monthly. The success of this form of savings in some areas has catalysed the involvement of formal institutions (Jones *et al.* 2000).

The market networks

Turner *et al.* (1993) conclude that markets impose major constraints on farm and non-farm diversification. MOFA (2001) considers market development in Ghana as a tool for agricultural development and reduction in post harvest losses and has outlined plans to achieve the availability of rural markets within proximity of rural settlements. Markets for agricultural and non-farm products are well-organised institutions in Ghana and operate in the form of private sellers associations. All products enter the market with the knowledge of the *market queen*. These are popular leaders and traders in the respective crop or product sold and specialise in the sourcing of products and the pricing (Haroun and Oduro 2002). *Market queens* monitor wholesale transactions of food products. They maintain remunerative margins for their operations at the cost of both producers and urban consumers although these profit margins are argued to be comparative small (Clark

1995). In this respect, these sellers associations may be seen as the most potent functionaries in the food market in Ghana.

Land tenure institutions and ethnicity

Carswell (1997) argues that institutions could have both positive and negative effect on households and cite those of land tenure, which can affect decisions regarding the use of natural resources in a community for both farm and non-farm purposes. There is also the case of the natives of the districts having preferential access to land through kinships, even when they do not intend to farm but will still acquire land to rent out to other farmers interested in the cultivation of vegetables. One may wonder where the direction of swing of the pendulum on high demand and attraction for land would be as it could have an impact on both rural and peri-urban development policy strategies in southern Ghana. In her study in Kenya, Carswell (1997) found that flexible tenure rules and arrangement support the expansion in farm sizes whilst the opposite will result in the reduction of farm size. Turner *et al.* (1993) identified inappropriate customary resource allocation rules, which often relate to ethnicity as a key constraint to agricultural diversification. A study of poor farm households in Bolivia conducted by Narayan and Grootaert (2004) showed that the ethnic background of an individual influences the level of access and opportunities that might be available to the individual.

3.8 Conclusion

It has become imperative to understand the rural economy and the changes in traditional livelihoods in response to contemporary economic and social policies that affect the well being, capacity and capability of the rural household. Also, with the introduction of the Poverty Reduction Program, the need to evaluate the impact of the pilot projects in light of project objectives of alleviating rural and urban poverty has become increasingly necessary. The outcome of such studies will effectively inform theory, policy and practice regarding the rural sector of the Ghanaian economy. The rural sector of Ghana is a vital component of the economy because it produces not only the bulk of the nation's food requirement, but is also home to the majority of the country's population (MOFA 2001). With the rise in non-farm activities and the continual shift from traditional food cultivation to market crops, there is a need to understand the impact of such livelihood diversification strategies on the overall economy and the long term implication for both the rural and urban economies.

CHAPTER FOUR

Methodology and Research Strategy

4.1 Introduction

The understanding of rural livelihoods and the income strategies employed by rural households and their members is a complex subject for investigation (Bryceson 2004). Rural livelihoods are of such a diverse nature and the motivations for their adoption are of a multiple interest and therefore not very easy to explain (Murray 2001). This becomes more difficult with the interference of social and cultural factors, which exert a diverse influence on the livelihood activities of communities and households across Sub-Saharan Africa (Laws *et al.* 2003). It is therefore imperative to select a series of methodological approaches that are likely to elicit the information required to answer the study's research questions on diversification. Again, such methods should have the capability of uncovering the silent reasons beneath adopted diversified income strategies and practices (de Haan and Zoomers 2005).

The enormity of the scale and size of the subject also demands proportional accuracy with regards to sampling. This is in light of the vastness of the rural population in Ghana. This extensive scale and size of the sample therefore demands a sampling framework that would assist in selecting a relevant sample that can identify with the issues in question and also provide credible responses based on experience (Wilson 2005). This necessitated the use of a study design which is evaluative and exploratory in approach (Crawford 2005).

Since livelihood diversification is an evolving conceptualisation of the rural economy, the chapter looks at the range of methods that have been used elsewhere as the basis for the development of the methodological tools used on the field (Ashley and Hussein (2000). The chapter also discusses views on the scale and size for studies of this nature, theoretical approaches which could be considered and strategies that could enhance the selection of a representative sample and the criteria for selecting the study districts, communities, households and members of the household (UNDP 1999b). The chapter ends with a discussion on data management, considering the extensive nature of analysis required. In addition, the positionality of the researcher to the study sample is reviewed. The discussion proceeds to analyse the limitations of the fieldwork in the light of the field

conditions, cultural beliefs and norms, and how these worked to influence the data collection process.

4.2 Study Design and Theoretical Justification

One of the greatest contribution feminism has made to the discourse on methodology has been its critique of positivist empiricism and non-feminist research methodology (WGSG 1997, p. 88). According to Evans (2002), the roots of dissatisfaction with quantitative methods come from the agenda of early feminist research, which was to redress the absence of women in the construction of social science knowledge. This view has been argued earlier by Mattingly and Falconer-Alhindi (1995, p. 428). The reasons for this absence were partly attributed to the use of quantitative methods which could not represent issues important to women, because they relied on previously defined categories developed by studies using mainly men as the sample for data collection (Evans 2002, Maynard 1994). Since these criticisms, feminists have highlighted further problems and inequalities inherent in positivist research agendas, both methodologically, in relation to researching issues which affects women's lives, and epistemological, as more general ethical criticism (Evans 2002). These criticisms have led to the adoption of many feminist methods of small scale, qualitative, ethnographic methods such as unstructured interviews, life histories and participant observation (WGSG 1997).

A similar argument has been made against the World Bank's over reliance on quantitative frameworks and studies relating to economic growth, well-being and poverty levels, which were prevalent during and after the implementation of the structural Adjustment Program across sub-Saharan Africa (Norton *et al.* 1995). There is a move towards the use of more qualitative methodological approaches, which will deal directly with people rather than count them (Holland and Campbell 2005, UNDP 1999g, Norton 1995).

Holland and Campbell (2005) and Carvalho and White (1997) rather recommend the combination of quantitative and qualitative methods, especially when both methods have their strengths and weaknesses in relation to understanding issues regarding well being and the underlining causes of economic vulnerability. Carvalho and White argue that whereas quantitative methods make aggregation possible, provide results whose reliability is measurable and allow simulation of the effects of different policies, it has

extensive weaknesses. These include sampling errors, missing important data that is not quantifiable and unable to capture intra-household and inter-household dynamics effectively. On the other hand, even though qualitative methods are not able to generalise beyond the research area, and have inherent difficulties in verification, they are able to provide a richer definition of deprivation, vulnerability and socio-economic security and survival strategies (Carvalho and White 1995). The combination of the two methodological approaches therefore reduces their individual weaknesses (Evans 2002).

According to Orr (2001), monitoring, evaluating and understanding changes in livelihoods after structural adjustment within the rural economy requires a multi-stage pluralist approach that relies on quantitative methods, household case studies and participatory rural appraisals. In his studies on *Adapting to Adjustment: Small-Holder Livelihood Strategies in Southern Malawi*, Orr analysed livelihood strategies for 50 case-study rural farm households using household surveys, interviews and participatory methods in rural farm households engaged in on-farm and non-farm livelihoods. A similar approach was adopted by Nerhof (2004), whilst studying *the Significance of Diversification for Rural Livelihoods* and Carswell (2000), in her study on *Livelihood Diversification in Southern Ethiopia*.

4.2.1 Investigating livelihood diversification

Following the exploratory and evaluative nature of the study and its research questions, a participatory multi-stage research strategy, triangulating quantitative and qualitative methods has been adopted for this study (Kitchen and Tate 2000). In their study on *Systematic Client Consultation in Development: the case of Food Policy Research in Ghana, India, Kenya and Mali*, Babu *et al.* (2000, p.100) observed that the common factor determining the use of information from policy research and analysis is the involvement of users of the research information in the research process. They argue that a participatory approach to policy and development oriented research feeds applicable information which improves the relevancy and timeliness of the findings. Kitchen and Tate also argue that the use of multi-stage research strategy facilitates the systematic involvement of different respondents, data access, as well as the application of multiple methods. Babu *et al.* (2000, p.103) again recommend the use of systematic exploratory consultations with evaluative capabilities, which transcends national, district and community barriers and involves households experiencing the impact of development

policy. This, in the authors' view, offers relevance to such findings, which make it effective in shaping future policy interventions.

4.2.2 Small-scale sample survey

The study used a combination of quantitative, qualitative and participatory methods within a small-scale sample survey, which has been recommended to be the most cost-effective means of determining the livelihood strategies of rural households and the impact of poverty reduction policies and programs (Holland and Campbell 2005, Ellis 2000).

The study used a small-scale sample survey within a framework of deductive empirical research (Ellis 2000). A small-sample survey was used because it gave the research a sharp focus and grounding to justify the analysis and conclusions of the study. Ellis (1998) established that with sample surveys of this kind there is an important trade-off between data accuracy, on the one hand, and sample representativeness on the other. Ellis continues his argument by indicating that the former requires the livelihoods of small numbers of households to be investigated in great detail while the latter requires large sample size. He considers large samples to be unreliable in such studies. In practice, a compromise must be achieved between these two positions: a well-planned methodological approach triangulating quantitative and qualitative approaches, which involves a participatory component can be utilised to reduce the need for a large sample size, thus allowing more accurate data to be collected for small numbers of respondents as in the case of a small-scale sample survey (White 1995, Ellis 1998). Ellis is of the view that more often than not, data on rural household income, expenditure and well-being are generated from large-scale surveys and studies, which do not have the rural household as their focus (Ellis 1998). Rather, Ellis (2001) is of the view that valuable indices on rural households and livelihood outcomes and performances generated from such large-scale surveys must be studied using smaller sub-samples with specific characteristics that could be subjected to detailed investigation to generate information on livelihood activities, trends, the dynamics of decision making, resource requirement and allocation. Thus, data generated from such *small sample studies* would be more useful and be capable of eliciting the true picture of prevailing situation on the ground in addition to having policy relevance

Awanyo (2001) recommends the triangulation of quantitative surveys and qualitative methods within a small-scale sample. In his study titled *Labour Ecology and a Failed Agenda of Markets Incentives: Political Ecology of Agrarian Reform in Ghana*, he uses a small-scale sample survey, which was complemented by qualitative methods and conceded that the two methodological approaches served different and complementary purposes. Again, he argued that within the context of policy-impact assessment and evaluation and in exploring social change, a thorough understanding of a particular locality can advance debates over the dynamics of policy making and social change in general.

According to White (2002) qualitative methodology in development economics defines and uses random and purposive sampling (alternatively or together) and semi-structured or interactive interviews to collect socio-economic data. These may relate to people's judgements, attitudes, preferences, priorities and perceptions about a subject (development program, policy or project) and are usually analysed through sociological and anthropological techniques (White 2002). He explained that qualitative research methods are essential in livelihood studies in that they employ diverse individual and group interviews and discussions that offer in-depth focusing on small samples, groups or single cases selected purposively or at random. The underlying advantage is the assumption that a great deal can be learnt about issues of concern from a detailed study of information-rich cases. Qualitative methods used in the study included household interviews, focus groups and informal discussions, community meetings, key informant interviews and rapid appraisals (White 2002 and Kitchen & Tate 2000). These were used to discover the broad patterns of activity that characterise livelihoods at the household level. The chief sources of household economic activities were discussed and livelihood dynamics were explored by seeking recollections of the ways in which these sources may have changed, for instance, over the past five or ten years (Sharp 2003). In addition, qualitative participatory tools were used to complement the qualitative data.

Murray (2001) and White (2002) explained that quantitative methodology as applied to livelihood research involves the use of sampled surveys and structured interviews to collect data that are analysed using statistical techniques. On the other hand, quantitative methodology as applied to livelihoods research involves the use of random sample surveys and structured interviews to collect data that are mainly quantifiable and analysed using statistical techniques (White 1996). Quantitative methods usually measure

livelihoods in terms of income, expenditure, consumption, access to basic services, nutritional status, literacy levels and rates as well as employing the use of some investment criteria (White 1996). Income and consumption factors are predominantly used because they correlate sufficiently well with other welfare indicators, as is the case in this study, which investigated issues on diversification and how they relate to household poverty. The instrument used in gathering quantitative data for this study is the questionnaire, generating household data on diversification and associated welfare indicators.

According to Carvalho and White (1997), participatory methods are insufficient on their own to distinguish the livelihood strategies of the poor from those who are better-off members of village society. For participatory methods to be representative, a small-scale household survey is required as it was the case of the study in South-eastern Ghana. These include natural resource and institutional mapping and wealth ranking exercises. Aspects of livelihood diversification which participatory methods can shed light include: income strategies, vulnerability and coping strategies, inter-household and intra-household exchanges, social networks and group activities, village infrastructure and service accessibility, gender roles and differences in patterns of activity. Most importantly is the identification of income activities and methods of operation and support mechanisms. The study also utilised rapid appraisal indicators such as housing conditions in measuring the impact of diversification. These help to reduce misleading and inaccurate information about income portfolios and social change.

According to Ellis (1999, 2003), large-scale surveys are best conducted for macroeconomic policy purposes. They constitute the basis for calculating cost-of-living indices, as well as contributing to the estimation of national accounts data. He further argues that in this sense, the information they contain on the composition of rural household and their livelihoods are often incidental by-product of data collected for other purposes. It is most inappropriate in several respects to transform data for large surveys for the purposes of small-scale local purposive studies (Ellis 1999, 2003). This is due to the fact that they are unlikely to find the data collection and processing of such surveys are particularly helpful in providing understanding and details on local livelihood strategies because single-visits collection of data on incomes is prone to numerous defects (Ellis 1998, 2003). The same is true more generally with respect to utilising

secondary data sources, that is, data collected for other purposes, as the basis for livelihoods analysis. Preferably, a researcher on livelihood analysis and diversification should live with or visit a community for a period of time to be able to have a detailed first hand experience of different aspects of household and community socio-economic dynamics (Brock 1999, Ellis 2001). It is also very important that data on expenditure and income are collected from all economically active members of the household, rather than just from the household head, as is the case in most socio-economic surveys. Many surveys collect data only from the household head, and thus the cash earnings of other income-earning members of the household are inaccurately estimated or ignored. Some surveys report farm net income as if it corresponds to total household income, thus perpetuating the idea that small farmers depend solely on farming for their livelihoods (Carney 1998). Such large-scale surveys often fail to enquire whether there are absent household members who normally contribute income to the household. Studies on non-farm self-employment pose particular difficulties because data on both revenues and costs are often not available and recall in this area tends to be understandably inaccurate (Carney 1998).

Oduro (2001) indicates that collection of rural income data is a sensitive matter that requires the building of trust between researchers and the households that are chosen for sample survey work. While not always possible for reasons of time, accurate livelihood research should involve repeat visits to the same households at different points over the calendar year, both to verify recall data collected previously and to gain an insight into the seasonality characteristics of livelihood strategies (Ellis 1998). Even with one-visit surveys, repeat visits after an interval of days or months to follow up on matters of detail with different household members are likely to result in much better research results than can be obtained from a single visit (Ellis 1998, 2001).

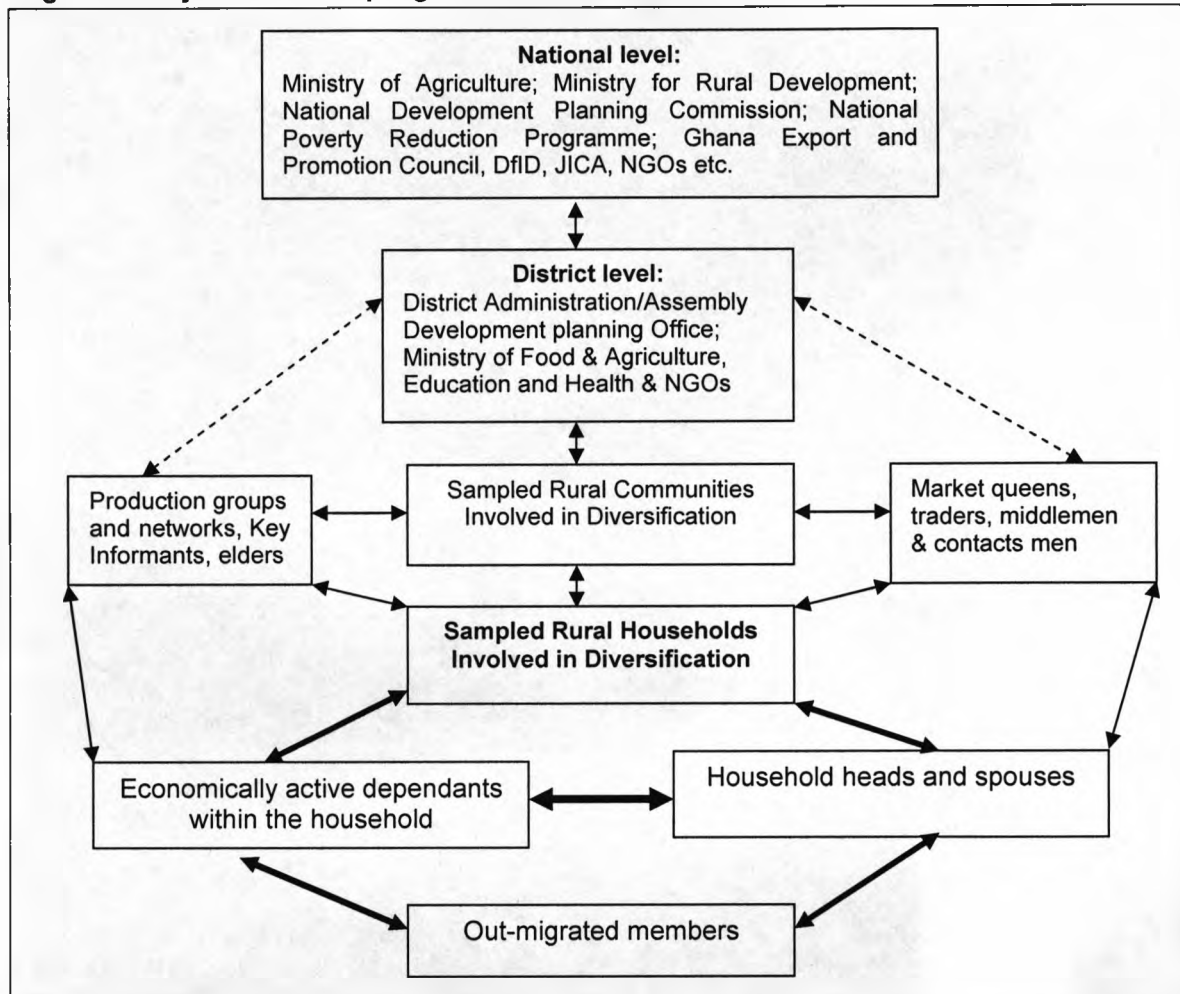
In her discussion of extensive and intensive approaches to livelihood and policy research, Brock (1999), cautions that the approach used for a livelihood study (intensive or extensive) have to be carefully determined as it could determine the study's outcome. To be able to decide on this, Brock goes further to explain that there is the need to understand the capabilities and limitations of the different (intensive or extensive) approaches explored in livelihood and poverty studies, specifically on diversification, within the Sustainable Livelihood Framework discussed in Chapter Two. Extensive

research aids policy analysis by picking out general trends and patterns synoptically. It deals with groups whose members share similar attributes but which do not connect or interact with one another. It is, however, unable to make references about individuals and lacks explanatory power. This limitation therefore disqualifies it in the context of this study because livelihood studies require in-depth analysis and explanations for patterns and trends in order to bring out the unique variation between households and communities (Brock 1999). This study therefore, adopted an intensive approach, because this allows identification of causal agents within the context of diversification and provides a better basis than the extensive approach for examining policies which have causal groups that act as agents of change, as it is the case in this work. It focuses on groups whose members and actions may be either similar or different but who actually relate to one another. Brock again explains that such an approach (intensive) require a flexible methodology drawing on a mixture of both quantitative and qualitative approaches of data collection and analysis. Qualitative techniques (in-depth interviews, focus group meetings and discussions) were used to obtain data with the aim of making explicit the nature livelihood strategies, household well being, vulnerability and risk factors, power relations and the discourse between community and government agencies, NGOs, community groups and households are discussed later in the chapter (Pelling 1997).

4.3 Sampling Procedure and Sample Frame

The study adopted a multi-stage systematic sampling framework illustrated in figure 4.1.

Figure 4.1: Systematic sampling framework for fieldwork in South-eastern Ghana



Source: Author 2006

4.3.1 Fieldwork Strategy

The fieldwork involved, first of all, a series of interviews at the national level, which sampled officials of the Ministries of Agriculture, Education, Health, Trade, Rural Development and Local Government, FAO and International NGOs. The second stage involved another set of interviews at the district level and the respondents were the District Agricultural Officers, the District Economic Development Planning Officers and staff of international and local NGOs (listed later in the chapter). The third stage randomly sampled eight communities in each study district to make a total sixteen communities for the household sampling (see Figure 3.2). A final sample of one hundred households involved in diversification within the two study districts (Dangme West and

Akuapem North Districts). The selection processes and criteria are discussed in detail at the appropriate sections of the chapter.

4.3.2 Selection of districts

Two districts (Akuapem North and Dangme West) in Southern Ghana were selected purposively because of the involvement of households in diversification activities as discussed in Chapter Three. In addition diversification activities, the Akuapem North District was selected to represent a locale that is undertaking diversification activities without any formal governmental support, whereas the Dangme West District was selected to represent a supported scheme, in view of the current poverty reduction intervention programmes that are being promoted by the National Poverty Reduction Programme within the National Development Planning Commission and the Dangme West District Assembly. The second criterion for their selection was that the communities in these two districts depend on agricultural livelihoods and have similar socio-cultural structures and norms as well as diversified livelihood strategies, thus, providing a platform for comparison. These factors are known to influence livelihood portfolios to a large extent (Brock 1999).

Selection of district staff

At the district administration level, agricultural extension agents and district Economic Planning Officers from the two districts, as well as staff of NGOs, were selected purposively for in-depth interviews and discussions on the subject using a semi-structured interview checklist. Their selection was made in view of their direct involvement in the evolution, management, training and coordination of on-farm and non-farm activities in the two districts.

Selection of Communities

At the next stage of the sampling procedure, eight communities were randomly selected from each of the two districts using the respective district economic baseline studies (ODI 2001). In doing this, all the farming communities that are involved in non-farm activities as listed by the district profiles, were initially purposively selected. Then a set of rigid criteria designed to isolate communities and households that fit the model of the study was outlined before the selection process (UNDP 1999b). The following were therefore used as sampling criteria for the selection of the communities:

- The communities that are actively involved in farming.
- The communities that are listed by the District Assembly to be amongst those that are noted for participation in non-farm activities.
- The community's listed by the district profile to be involved in non-farm activities for a minimum of five years. The reason for this is that in 1995 there occurred full implementation of the formal introduction of diversification programmes, the introduction of the District Assembly Common Fund, and the Poverty Alleviation Fund. In addition to the withdrawal of input subsidies there was the introduction formal economic liberalisation and privatisation of agricultural inputs and services.
- That household in these communities should consider these no-farm enterprises as part of their income tree and consider incomes from these activities as integral part of the household budget.

4.3.3 Criteria for the selection of households

The next stage of the sampling process involved the selection of the study households. According to Barlett (1986, p.3), studies on cultural ecology and economic anthropology have demonstrated extensively that within the rural economy, the farm household is the core component of human cultural and economic organisation and provides a framework for many socio-economic activities. Wilk (1989) and Barlett (1989) argue that the household also responds effectively to the different pressures from the larger political economy. This argument therefore makes the household an ideal unit of analysis and a vital focal point for this study. A household here is defined by Toulmin and Guèye (2005, p. 160) as *a unit of production which farms a common field and eats from a common granary*. A household is also described as *a group of people who share the same domestic economy or eat from the same bowl* (Barlett 1989, p.6). These definitions help put the study in context in view of the different decision making processes which underline economic and social activities within rural communities and particularly households. It is important, as one may be confronted with a large compound-house that contains more than one household. The selection criteria also took into account the difference in what households may refer to as livelihoods and diversification, as the nature and extent of livelihood activities may vary with the culture of a locality and the value of the activity on the household's economic-tree (UNDP 1999a). The criteria for household selection by this study are:

- Households must have been involved in diversification for at least five years (justification is the same as explained for point 3 above).
- Households must consider the diversified enterprises as part of their livelihood income tree and household budget, and therefore invest their time and resources in it.
- Households must consciously plan, prepare and produce products, which they sell for income.
- In the case of Dangme West District, only households that had registered with the National Poverty Reduction Programme and had adopted and or participated in enterprises and activities introduced by the Poverty Reduction Programme were selected.

Diversified households in each community were purposively sampled and listed using a list provided by the Assemblymen of the respective communities, the District Profiles and Community Baseline Reports. This was done to ensure representativeness and to ensure that the study interact with the appropriate sample. These lists were double checked by rapid appraisals conducted by the researcher to ensure that the sample fitted the selection criteria. A systematic random sampling method was used to select seven households for a particular community. As a result, fifty-six households were initially selected in each district. However, upon examination of the responses in the questionnaire survey, the sample size was reduced to fifty households per district. These households were then informed about their selection and given appointments for the questionnaire interview, case interviews and focus group meetings. Within the household, household heads, their spouses and economically active members were selected purposively as the key respondents of the study, as they are often the decision-makers and contributors to the household budget (Toulmin and Guèye 2005). Thus, a final sample comprises 100 household heads (fifty from each district), 96 spouses and 305 economically active household members.

Finally, for each of the districts, households that were identified as not being involved in any diversified activity were selected randomly and engaged in a focus group discussion (UNDP 1999e). This generated information on why some households have not diversified. Two of such meeting were conducted in each district.

4.4 Data Collection

The data collection tools were redesigned with the help of officers from the Extension and Research Divisions of the Ministry of Food and Agriculture (MOFA) after an initial reconnaissance visit to the study areas. Subsequent to this, the researcher developed a questionnaire and interview schedule, as well as a checklist for key informants, organisations and individual subjects of the study. The interview schedule and checklist were based on the questionnaire so that the three tools could complement each other. A second checklist was developed and used in focus group discussions and for generating qualitative data. The data collection tools were piloted in Oyibi village, a farming community near Accra. This community has characteristics and an environment similar to that of the target groups. This process was very important and helpful as it enabled the researcher to rearrange, rephrase, delete and also introduce more appropriate questions that made the data collection tools more reliable (Bhola 1990).

4.4.1 National level interaction

Officials of the Ministries and representatives of Ghana Export Promotion Council, DfID, JICA and the International NGOs like the Hunger Project Ghana, promoting rural household well being through non-farm diversification projects were interviewed to solicit their opinions concerning development policies relating to diversification and the rural economy. The discussions centred on ideas and perceptions regarding trends, dynamics and impact of diversification on rural farm households.

4.4.2 District level interaction

The District Economic Planning Officers and the District Agricultural Officers and two Extension Officers for both Dangme West and Akuapem North were constituted into a technical team that coordinated the fieldwork. This team also provided both agricultural and economic development data and related information on the study. Such data included district maps; district development plans; district base line data and population census; food production and marketing census; profile of non-farm activities and trends. They were also interviewed to elicit their opinion on issues regarding national policy on poverty reduction, agriculture and rural development strategies, the relationship between the District Assembly and development agencies, poverty alleviation programmes and impacts as well as sustainable livelihoods and livelihood diversification. Some representatives of NGOs (The Hunger Project Ghana, World Vision International and

Supportive Women Organisation) operating in the districts were visited and interviewed. Interviews with NGOs focused on diversification and its effects on food production and household economy, capacity, credit delivery and repayment.

4.5 Survey Indicators

Murray (2001) explains that for an explorative research into changing livelihoods to be illuminating and useful, it is essential to define the structural, capacity and economic indicators and instruments that would be used in their measurement. This position is also recommended by the United Nations Development Program as an integral tool for efficient identification and monitoring of livelihood diversification (UNDP 1999c, 1999d, 1999h). Further to the initial discussion on certain characteristics, indicators are generally considered as pieces of information or data that can be used to make decisions based on observed pattern towards or away from specific goals (UNDP 2000). Community level indicators were evaluated against a standard or norm that is established endogenously by the local people themselves. This is because people's views of the nature and their strategies for managing needs and resources are a function of their environment and culture. Hence adopting such an approach enabled the study to avoid the possibility of measuring the sample with a preconceived standards and assumptions. This also allowed to study to learn of local experiences of what works and what does not as the field work progressed from one household to the other and from community to community (Williams 2003).

The study therefore outlined the key research objectives and developed corresponding indicators that attempted to measure each objective within the framework of the study following strategies for indicator development and instrumentation recommended by UNDP (1999c) and Carswell (2000). An outline of the indicators used within this context and the instruments that were used in their measurement are outlined in Table 4.1. The study indicators were used as guide to elicit detailed information and also help in conceptualising the possible range of issues which required coverage as the aspects of diversification within the households are investigated. The research indicators were derived from key objectives of the study in an attempt to operationalise the research questions outlined in Chapter One of this thesis.

Table 4.1: Key Variables and Indicators of the Study

Objectives	Verifiable Indicators	Instrument
Role of diversification in income tree of farmers	<ul style="list-style-type: none"> . Expenditure & income from diversification . Resources from diversification . Time allocation . Household interaction 	Questionnaire Focus groups Interviews
Reasons & objectives for diversification	<ul style="list-style-type: none"> . Increase & sustain income; easy to market . Environmental risk . Well-being . Enhance self-esteem/status . Accumulation/survival 	Questionnaire Focus groups Interviews
Household characteristics and asset levels of those involved in diversification	<ul style="list-style-type: none"> . Farm size, wealth & assets; land ownership . Family Size; input capital; migration . Income & expenditure; remittances . Social position & relationships . Wealth ranking & socio-political relations 	Questionnaire Focus groups Interviews Key informants Participatory tools
Source of information on diversification	<ul style="list-style-type: none"> . Presence of NGOs, Church groups . Relationship with District Assembly . Assemblyman; Agricultural extension . Educational status and migration experience 	Questionnaire Focus groups Interviews Participatory tools
Constraints on adoption and reasons for adoption and non-adoption of diversification	<ul style="list-style-type: none"> . Household capital, land & marketing . Transportation & household characteristics . Gender differentiation, monopoly & institutions . Utilities, credit sources and household labour 	Questionnaire Focus groups Interviews Resource mapping
Risk perception and risk aversion by diversification	<ul style="list-style-type: none"> . Farming systems adopted . Adoption of diversification; expenditure patterns . Attitudes towards diversification . Educational background 	Questionnaire Focus groups Interviews
Agricultural investment from diversification income	<ul style="list-style-type: none"> . Expenditure patterns; farm investment & inputs . Percentage of diversification income invested into farming and vice versa. 	Questionnaire Focus groups Interviews
Perception of diversification as farm & household income	<ul style="list-style-type: none"> . Attitudes towards diversification . Dependency on diversification . Reliability of income; gender role 	Questionnaire Focus groups Interviews
Incidence of deprivation	<ul style="list-style-type: none"> . Wealth, households assets, labour capacity 	Focus groups Key informants
Intervention	<ul style="list-style-type: none"> . Political power and participation, . Empowerment & capacity building activities, . Social relationships and networks; . Accessibility, 	Participatory tools Focus groups
Vulnerability	<ul style="list-style-type: none"> . Risk, security, consumption 	Questionnaire
Impact of diversification on household, vulnerability, food security & deprivation	<ul style="list-style-type: none"> . Accumulation & wealth rank; income & expenditure after diversification 	Questionnaire Focus groups Interviews Participatory tools
Migration, Remittances and Return	<ul style="list-style-type: none"> . Migration patterns and motivations . Periods of movement; Remittance income and uses, inter-household and intra-household interactions, innovations, social networks, Reasons and for motivation for migration-return 	Questionnaire Focus groups Interviews Participatory tools

Source: Author 2006

4.5.1 Research Assistants

The Research Assistants used in the fieldwork were four undergraduate students and four District Agricultural Extension Officers (two from each district) who were also part of the district research teams. The School of Agriculture at the University of Cape Coast, which also engaged in similar studies in the Central region of Ghana provided a Research Fellow who assisted with the mapping, community and household sampling and survey stages of the fieldwork. The Research Assistants were briefed on the project aims, objectives and hypotheses, and were taken through the different stages of the various data collection tools. Fortunately, all the Assistants are familiar with data collection but they were trained on the contents of the questionnaire and what constituted a valid response. The district residents are acquainted with the Extension Officers, which made interacting with the respondents much easier.

4.5.2 Community level interaction

Community durbars (community gatherings of the chief, elders and members of the community) were organised to explain the objectives of the study to the communities. Key informants were selected at such meetings based on the following criteria. Individuals had to be:

- actively involved in diversification;
- resident in the community for the last five years;
- trustworthy;
- articulate;
- able to serve effectively as a channel of communication between the community and researchers.

Community and situational analysis using key informants and community elders preceded the administration of household questionnaires. Five key informants were interviewed in each community. Their final selection was also based on the level of experience in livelihood diversification activities and knowledge of social change occurring in the communities. In each community, two youth leaders (male and female) and three adult community members constituted the team of key informants.

4.6 Household-Level Interactions and Data Collection

Data collection was conducted using the Research Assistants. Household heads and their spouses were the key respondents to the questionnaire. Economically active members of the households were interviewed to complete sections on the questionnaire that dealt with their economic activities and their contribution towards household budget. The questionnaire was very demanding in terms of time and energy requirements. It demanded detailed analysis of income, expenditure, time and resource allocation.

To avoid the problem of poor return rate and misunderstanding (both associated with high illiteracy in rural Ghana) the contents and purpose of the questionnaire were fully explained. The questionnaire was then administered in the form of interviews with the Researcher and Research Assistants helping to complete them. It took an average of three hours to complete one questionnaire. In addition, for each community, the key informants were interviewed using a semi-structured interview schedule that was based on the key themes of the study. The interviews greatly complemented the questionnaire survey in that they provided meaning and clarity to some of the trends, patterns, phrases, terms and complaints, which recurred in the questionnaire survey. It also helped to build case studies.

4.6.1 Questioning Approach

There was a general difficulty and sensitivity regarding finding out what people know, do, think, or feel about particular issues raised in the interviews and discussions (Bhola 1990, Robson 1993, Silverman 2000). This is because of the sensitive nature of the subject of diversification as it involves the disclosure of household wealth and income strategies. It was also noted that those involved in diversification are sometimes considered rich and privileged (Holden *et al.* 2004). Other members of the community could assume that they have more money or be seen to be earning cash income; something considered as a great achievement or elevated status in most communities. On the contrary, as one of the key informant remarked *some households have diversified for the worst and others for the better and many others are yet to experience any effect, be it good or bad*. The interviews were therefore conducted in lively atmospheres amidst jokes and singing of traditional songs. These are traditionally considered as a gesture of love and friendship. Hence the interviews and discussion questions were conducted and analyzed along three main enquiry lines: *fact, activity and beliefs* and *attitudes* (Robson 1993,

Silverman 2000). This approach assisted in the presentation of the information generated from the respondents and also in the mapping of the themes.

Facts

Questions relating to facts were generally easy to get at although errors were observed due to lapses in memory (Robson 1993, Silverman 2000). This was, however, overcome by asking other related questions and also repeating the question in both individual and group settings. Some questions like *how long have you been practicing this farming or non-farm enterprises, what is your farm sizes, and when did you diversify your farming practices* elicited specific answers, which were easily checked with other questions.

Activity

Questions relating to activity (Robson 1993, Kitchen and Tate 2000, Silverman 2000), actions and the basis for these actions were well responded to as they relate to individual and group preferences and of course the respondents felt they were in a favorable position to tell about what they are doing or have done in recent past. Examples of such questions are *what crops do you grow currently, how do you prepare your land or gari (roasted cassava flour) and how do you transport your farm and non-farm products*. These questions generated diverse but definite responses.

Beliefs and Attitude

Responses to beliefs and attitudes were multi-dimensional, complex and often prone to the effects of question wording and sequence, but this defect was catered for by the use and construction of appropriate scales to capture such response (Kitchen & Tate 2000 and Silverman 2000). In some cases respondents in the focus group meetings and group interviews were concerned about possible effects of their answers on other members of their communities. Hence scales became a more useful means of categorizing their answers and thereby assuring anonymity and confidence (Robson 1993, Silverman 2000). Some of such individuals also preferred to offer personal private interviews. Such discussion questions include *why do some farmers have access to links to markets outside and others do not? Why do the middlemen and market queens deal with a particular family or group of farmers?*

4.6.2 Household Survey and Interview Processes

According to Zuckerman (2002), most policy research on poverty reduction strategies and their impact are not wholly participatory, particularly with respect to the involvement of women and their views. However, it was not possible to interview the majority to spouses who are located in different cities and towns. Such numbers were in the minority and therefore did not affect the interview process. Although both couples and adult household members were interviewed during the survey and interview stages, women within the sample were encouraged to participate and share their views. This is because the researcher noted that most livelihood activities were being run or initiated by women. Again these facilitate gender representativeness, which has been the critique of similar studies undertaken by other development researchers on poverty reduction strategies and diversification (Zuckerman 2002).

The sampled households were interviewed in their respective homes and the respondents were encouraged to respond accordingly and sequentially as the research team went through the questions (Aitkin 2001, p.73). They were also encouraged to ask questions to allow clarity. Where different responses were generated, the interviewer stopped the questioning process and discussed the different answers for a consensus to be reached. This is not unusual as recall of some critical economic details could be difficult and sometimes generated inconsistent responses. The use of group interviews therefore helped to overcome this problem as most answers were easily checked with members of the household. Common areas where such difficulties arose included estimation of farm size, farm output, ages of household members, household expenditure, income generated from diversified enterprises and movement patterns. Most of the possible errors were reduced by meticulous calculations and the use of proportions and percentages with the assistance of the interviewers (Carvalho and White 1995). Some out-migrants were also tracked in Accra and Tema and interviewed. This enhanced data quality and credibility.

Strategies employed in gathering household income and expenditure data

Many of the sampled households had common budgets resource to cater for the needs and welfare of the household. However, the study observed initial discrepancies regarding income and expenditure estimates provided by the three income groups (household heads, spouses and economic active members) during the data collection process. The researcher therefore used a method of segregation, which involved

interviewing the household as a group and then conducting one-on-one follow-up interviews with the different individual household members. The one-on-one interviews helped to crosscheck the initial figures, to elicit further details and clarity on individual income and expenditure patterns as well as contribution to the household budget. The follow-up interviews again created the opportunity for further reflection and recall of omitted income and expenditure, as well as individual's hidden income which they prefer not to disclose to the other members of the household. This strategy allowed the study to collate a more realistic and transparent estimation of income and expenditure patterns of the sampled households.

It is worthy to note that this process was very tiring and frustrating as it required several visits to the same households, the building of trust and the promise of confidentiality. The systematic and meticulous estimation and analysis of income and expenditure conducted during both fieldwork and data analysis stages of the research facilitated the generation of the data used for the study.

Focus group discussions and group interviews

A focus group is defined by Bedford and Burgess (2001, p. 121), as *a one-off meeting between four and eight individuals who are brought together to discuss a particular topic chosen by the researcher who moderate or structure the discussion*. Bedford and Burgess are of the view that the uses of focus group discussions capture how members of the public, groups or community talk and think about an issue. The use of focus group meetings to discuss key aspects of the research generated very important and extensive information on diversification, household well being and the impact of development policies.

The focus group meetings were held in location selected by the sample. Most of these locations were in community centres, within the compounds of sampled households or the chief, where members felt at ease and secure to interact. The researcher led all the focus groups meetings and moderated the discussions. Participants of the group discussions were allowed to share their experiences within limited times allocated to each member. This time management strategy helped immensely, as it prevented outspoken participants from taking over the discussion and using all the available time. It also prevented undue interruptions whilst a member was making a contribution. Focus group meetings were very popular and sometimes attracted other members of the community outside the study sample of households and key informants.

Criteria for the selection of focus group members and organisation of meetings:

Focus group meetings were conducted in each of the eight selected villages. The focus group meetings were conducted to complement the household questionnaire and interviews. These meetings generated useful information, which addressed some of the objectives that the questionnaire and interviews were not able wholly address, and also shed more light on some of the responses that were generated from the questionnaire. They also offered the opportunity to crosscheck some of the answers obtained in the interviews. Focus group discussions were able to gather information on cultural practices; beliefs and norms; community organisation and leadership; perception of wealth and poverty; technology adoption, perception of NGO interaction and diversification; motivation and constraints towards diversification; entitlement; impact of diversification on farming and the use of resources from diversification. This information was used to explain the survey patterns and to support arguments and observation of the study sample, thereby providing a holistic view of livelihood diversification in the two districts.

Participants

In addition to the respondents, one key informant/opinion leader, one community elder and the village chief were also invited to be part of the focus group discussion. Key informants/opinion leaders, elders and chiefs are usually knowledgeable people who are able to provide missing information that had been left out by the respondents, and to explain in greater detail issues relating to natural resources for diversification, household characteristics, factors that determine households' capacity to diversify, wealth indicators, socio-political affiliations and socio-economic relations to diversification, as well as vulnerability and exclusionary factors (Pelling 1998, UNDP 1999d, Sharp 2003).

Justification

In order to be certain about the validity of the responses to be generated from the different interviews, the credibility of what respondents are able to recall and how they recall, a short review of recent development and agricultural policies which form the bases of the evaluation and discussion was conducted during each focus group meeting (Burns 2000). This was then followed by more specific key themes. The idea of doing the above was to confirm the relationship between diversification and policy changes (Holland and Campbell 2005). This exercise revealed that most of the farmers are aware of policy changes in the agricultural and rural economy in the country and have

experienced impact of these changes. This awareness and impact was measured by their stories, responses, and also by the changes adopted as well as the new methods employed to either cope with these changes or take advantage of the changes (Pelling 1998, Shah 1998). The meetings were in discussion mode and guided by the researcher using the checklist.

The meetings were held in native communities. This enhanced the respondents' freedom and confidence to discuss issues, as proceedings were conducted within the frame of their daily experiences in a familiar environment. Some key reasons for the adoption of this approach are as follows:

1. The different communities are informally involved in an inherent competition with regards to diversified income enterprises and marketing strategies. Hence members were not prepared to share their business strategies and difficulties easily with people from other communities.
2. Secondly, the communities and the individual households were therefore extremely conscious of what they had to say or reveal, as they were not certain of the affiliation of those from other communities in case they did not agree or found their responses offensive.
3. Rather, participants were very ready and willing to share freely and discuss with people from their communities as they were familiar with each other's production styles and performance and were prepared to learn from each other. This was a distinct advantage and outcome of the focus group meetings, which turned out to be a business strategy and training meeting, as I shared ideas on how to obtain common production resources, command price advantage, marketing strategies and packaging, just to mention a few.

Participatory appraisal

In addition, informal discussions and participatory meetings were also held with different age and gender-groups in the community, during which various maps and diagrams were drawn to depict community histories and the life stories of individuals/households/families, as well as cultural activities and social norms in the

community (Bhola 1990). Participatory meetings held as part of the fieldwork employed a multiple set of tools as recommended by Dougill and Reed (2005). The process used questions from the questionnaire and household interviews schedule to generate discussions and also explore meaning and understanding to some livelihood strategies and practices observed in the sampled communities (Kneal 2001, Bedford and Burgess 2001, Chambers 1995). The tools used and issues explored are listed in Box 4.1.

There were initial village meetings where the research was introduced to the communities. These were conducted in the form of community durbars which served as source of vital information. Subsequent stages of the participatory data collection processes involved key informant discussions and interviews in homes of participants, farms or whilst working on their non-farm enterprises at a designated location (Dougill and Reed 2005). The younger members of the sampled communities were very enthusiastic because they could relate to the research issues regarding their welfare. They were also happy to know that the study was interested in understanding how they organise their livelihood strategies because most of them have no reliable income activities. The participatory processes employed informal discussions of income, expenditure, marketing and the associated challenges (Appleton and Booth 2005). Rural unemployment and underemployment was an important issue and received intense interest and discussion in all the sampled communities. Several of such meetings took place in the evening when participants have returned from their farm, enterprises and markets (Lindenberg 2002). Most of the issues discussed were recorded in the researcher's field notebook using lamps and torchlights, as most of the communities are not connected to the national power grid.

Detailed socio-economic characteristics of the sampled households and communities can be found in Appendix 4 of this thesis. Questionnaire and interview schedules used for the data collection process and fieldwork can be found in Appendix 4 of this thesis.

Box 4.1: Participatory tools**Key areas of investigation using Participatory Appraisal Tools**

- **Key informant's study revealed:** community values and belief system, resources for diversification, constraints to diversification, income options and consumption patterns, inter-household interactions, group formation and criteria for qualification, out-migration and return, access to officials of District Assembly, Social service availability and requirement, access to markets, relationship with District Assembly.
- **Flow charts were developed to describe:** seasonal migration, festivals and farm-wage labour. This helped to identify the seasonal pattern of movement and remittances.
- **Wealth ranking:** this identified the local classification wealth which includes the use of roofing type, building materials, number and type of livestock, number of children, number of wives and status in the community as measures of wealth within the different sampled communities.
- **Seasonal calendar outlined:** schedules for agricultural practices, non-farm practices, market days, funerals, weddings, and child naming ceremonies. This helped to avoid the assumption associated with farming communities as the same and brought into perspective distinct differences, which facilitated interpretation and isolation of similar patterns.
- **Institutional calendar and sources of support:** these assisted the study to identify the peculiar challenges and experienced by the sampled households and communities with regards to social services, marketing requirement and relationships with the District Assembly,.
- **Social networks and group dynamics:** social group activities, seasonal movement arrangements, meetings, socio-political activities, savings groups, trading arrangement and visits by relatives were discussed. These discussions involved members of youth groups, younger adult members of the community in the nights, production groups during their production activities and during social events.

Source: Author 2006

4.7 Secondary Data Sources and Summary of Field Activities

Secondary data and literature sources were also collated. These include Country Papers by the World Bank, IMF, DfID, and Ghanaian government sources. They covered areas such as the Poverty Reduction Strategy Document; the Accelerated Agricultural Development Programme; the Integrated Human Development Programme Report; the Production and Gainful Employment for Poverty Reduction Document; the Agricultural Extension Policy for Ghana; the Livelihood Diversification and Market in Ghana document; the Ghana Centre of Policy Analysis Papers on Sustainable Livelihoods; as well as the Ghana Living Standard Survey, and a Ghanaian government video-recording on the Poverty Reduction Programme in Ghana, among others.

Table 4.2: Summary of Field Activities

Data Collection Tools	Respondents
<p style="text-align: center;">NATIONAL LEVEL</p> <p>Sensitisation of government officials, Identification of required secondary data, availability and sources.</p> <p>Interviews: This used semi-structured schedules to elicit information on national policy on poverty reduction, agriculture and rural development strategies, long-term implication of diversification on vulnerability, deprivation and national food security and rural agrarian economy.</p> <p>Discussion: Held discussions with international development agencies and NGOs on institutional building versus household development; credit delivery and repayment with diversified households</p>	<p>Staff of: Ministries National Development Planning Commission Export Promotion Council</p> <p>DfID, JICA, The Hunger Project, World Vision International</p>

DISTRICT LEVEL	
<p>Secondary Data: Gathered status information on study districts and communities. Data gathered include district development plans, district profiles and strategy documents.</p> <p>Interviews and Informal Discussions Issue for discussions includes:</p> <ul style="list-style-type: none"> . Relationship between the assembly and development agencies . Poverty patterns and alleviation programmes . Sustainable livelihoods and diversification strategies . Distribution of diversification enterprises within the districts <p>Discussion: Held informal discussions with NGOs (on diversification and its effects on food production and household economy, institutional building versus household development; credit delivery and repayment with diversified households)</p>	<p>Ministries and NGO offices.</p> <p>District Economic Planning officer, District Agricultural Director, Agricultural Extension Officer.</p> <p>Supportive Women Organisation, World Vision International and The Hunger Project</p>

COMMUNITY LEVEL	
<p>Rapid Rural Appraisal Community map & natural resource map; transect walks; institutional mapping, relationships; natural risk factors; land acquisition; soil fertility; cropping cycle; market location; social and economic infrastructure etc.</p>	Household Heads Key Informants Elders
<p>Questionnaire Semi-structured Interviews: This captured information on the following: household characteristics; livelihoods strategies; income & expenditure distribution; household head-ship; asset ownership; ranking sources income and expenditure; consumption and expenditure patterns, vulnerability, exclusion, policy impact, migration, remittances, banking, livelihood strategies and portfolios; land acquisition and preparation, field measurements, agricultural practices, soil fertility strategies and cultivation histories of household fields; farm yields; agricultural knowledge; sources of revenue and contribution of household members, diversification; sustainability ranking; risk.</p>	Household Heads
<p>Focus group discussion using semi-structured checklist: Generated information on innovation, risk taking, entitlement required diversification, effect of diversification on food production.</p>	Household Heads Key Informants Elders, Opinion Leaders
<p>Key informants interviews: gathered information on cultural practices, beliefs and norms; community organisation and leadership; perception of wealth and poverty; technology adoption, perception of NGO interaction and diversification; motivation and constraints towards diversification; entitlement; impact of diversification on farming; use of resources from diversification.</p>	

Source: Author 2006

4.8 Data Management and Analysis

A large amount of detailed and complex data was generated from the fieldwork. A combination of methods led to the collection of different kinds of data, which required different kinds of analysis. The process of analysis has produced very distinctive and original outputs.

Quantitative analysis

Quantitative primary data generated from the questionnaire was coded and inputted into a computerised data management and analysis file using Statistical Package for Social Sciences (SPSS version 12) software. Coding and recoding of the data posed a persistent challenge in view of the open-ended nature of the questionnaire that had made room for multiple and diverse response. This outcome, although challenging, is very useful for the study, as it has enabled the study to discuss in-depth individual responses as opposed to the commonly collective nature of responses presented by several previous livelihood surveys. Statistical measures of central tendency, bi-variate and multivariate analysis under descriptive statistics have been computed to describe the data collected (Pallant 2001, Field 2000).

Qualitative analysis

The study generated a large qualitative data set. These were first transcribed, summarised and classified thematically, then described under the different themes in order to build up and enhance connections with the quantitative data (Burns 2000, Kitchen and Tate 2002). Some initial key themes used in the classification and description include households' livelihoods strategies and portfolios; coping mechanisms; daily distribution of time and resources; income and expenditure patterns; labour use and time allocation; migration and remittances. In order to ascertain capacity trends and patterns relating to diversification, analysis was made of case studies and field observation diaries on selected key informants, opinion leaders, elders and community chiefs involved in diversification. Participatory methods have also been analysed using patterns and cultural themes. This involved a detailed characterisation of household livelihood styles, reciprocity within and between households, social capital and networks, and social institutions.

4.9 Positionality and Ethics

The importance of positionality in research methodology and science is gaining increasing recognition in recent times in view of its role in the ethics of research and also in determining research outcomes (Skelton 2001, p.87).

Client perception has been an issue of contention in recent academic discourse, as it is believed that the way in which a client perceives a researcher could to a large extent influence responses, attitudes and behaviour and for that matter the outcome of the study. My position with regards to this study is complex as a result of my nationality, personality, academic and professional background. These could have obviously had various effects on the study. My circumstances in relation to the areas discussed have worked together for the good of the project and the success of data collection and information retrieval. Living in the communities, eating and spending the nights as well as participating in recreational activities in the sampled communities during the field work motivated the sample to identify with me and accepted me as an insider rather than an outsider.

My ability to speak the same languages as that of the target communities served as a very useful instrument for communication. First of all, I did not have to use interpreters as I could fluently speak and understand the languages spoken in both districts. This also made it easier to explain different aspects of the study to the respondents to obtain direct feedback. I had to rephrase questions to bring out the real meaning on a few occasions when the direct English translation into the local language made the meaning unclear (Kitchen and Tate 2002).

The fact that I was much younger than most of the respondents in this study was an issue of concern to me. This was not because older persons were not going to participate in the study but because I was concerned about their readiness and willingness to share intimate details of the household budget, income and expenditure, which in rural Ghana are not normally shared with either an outsider or younger person. However, they perceived me as being concerned with their welfare and therefore readily shared information about their finances.

Issues of welfare and well being are considered sensitive matters in rural Ghana. Even though the general view among researchers and development workers is that poor people do want their poverty to be seen and their voices heard, many rural households are conscious about how the outside world perceives them (Narayan 2000). They would prefer to be seen as being in need, rather than being poor. Whilst most communities affected by poverty were willing to have their problems and opinions published, individual households in the study communities were not so keen on being identified as poor, because this has implication on community attitudes and beliefs and perceptions concerning *poverty*. One such implication is the loss of social status and could result in stigmatisation. They would rather prefer the community being referred to collectively as poor. My knowledge of the cultural implications of the central issues of the research made me approach the subject as one of national concern that needs to be addressed at the community and district levels. This allowed the interaction to develop and helped overcome the cultural barriers.

Furthermore, my status as a young Ghanaian researcher who had worked with rural communities previously and still has interest in the welfare and the development of the rural household, served to a large extent as an advantage in the data collection and collation of information at all levels of the fieldwork. Whilst government officials were conscious of the necessity of telling me the truth because I was not totally ignorant of the Ghanaian situation, they also considered the need to advertise the Ghanaian Government's attempt to alleviate poverty and the strategies that have been implemented so far. They were also of the view that having individuals expressing interest in the study of diversification in Ghana was a positive sign, indicative of the potential for the discovery of essential data hitherto unavailable and which shall fill a vital need for the government institutions mentioned in the study.

The use of multiple methods and door-to-door visits to sampled households encouraged the participants to respond as confidently and openly as possible. The respondents also shared their time and resources with the researcher for several reasons, which include their response to my affable personality, as well as my clearly-declared moral responsibility of not taking advantage of their interest and help. Ethically, I respected their beliefs and norms, as evidenced on those occasions when I rescheduled interviews owing to funerals and social ceremonies.

My practical knowledge in agriculture came in very useful in the fieldwork as I occasionally had to teach, train, correct, advice and encourage some practices in favour of others in some of the communities. This was gratifying as it gave me a feeling of being able to put my knowledge to practical use. In addition, this form of interaction served as a feedback system for the respondents and allowed me to honour my ethical responsibility towards them as they shared their time and valuable resources without receiving any remuneration (Brock 1999). This background also helped me to be able to estimate the relationship between farm sizes and farm output as well as other farm indicators that were being solicited by the questionnaire as respondents felt more at ease to shed further light on some areas the that the investigation omitted.

4.10 Limitations of the Fieldwork

The research findings represent a consultation with local people, during which they divulged certain aspects of their lives and livelihoods. The large volume of the questionnaire slowed the process of investigation, as the interviews were quite demanding in terms of time on the part of the respondents. This reduced the number of probing questions that could otherwise have been introduced into the questionnaire interview. Time resource constraints limited the period of fieldwork to six months.

The location of some of the communities made it extremely difficult to access. This caused the selection of communities involved in diversification to be restricted to accessible areas where the road network allowed motorbikes and pickups trucks to penetrate. It was really difficult walking especially when it rained, as I had to carry the questionnaires and other facilities being used for the research from community to community.

The part of the fieldwork period coincided with the major rainy season in Ghana, when farmers are very busy on their farms. This made it difficult to engage the respondents beyond a certain period of time, as they could not tolerate extensive demand on their time for 'unproductive purposes'. This became evident as some farmers failed to honour their appointments to meet the researcher because they had to go to their farms and on some occasions returned very late. Some communal activities such as weddings and funerals also made it impossible for some households to honour their interview appointments

although such events enabled me further understand how the social network and social capital systems operate in the study areas.

There was very limited amount of information on livelihood diversification with respect to poverty reduction implications at the country level and the absence of specific secondary data and literature made it difficult to relate the study to previous research. This would have been ideal in terms of shaping the study and understanding parts of the analysis and outcomes. Thus the study had to adopt an exploratory approach towards the subject. Organisations and government institutions that had access to some vital national policy data and documents were also not eager to disclose details on such issues relating to the research theme for diverse reasons. Many government officials who participated in the national level interviews and discussion were not certain of the implications of the research and declined to contribute to the discussion whilst others preferred to be anonymous.

4.11 Limitations of the Study

The study has offers an evaluative perspective on an important national development policy program, and was conducted in a rural environment through sampling farm households. As a direct consequence of this methodology, the study encountered a number of limitations, which need to be considered. First, many of the candidates initially sampled to provide individual interviews were not willing to do so in view of the political implications of their statements and the possible conflict that could be generated. As a result some key government officials who could have offered further insight into government positions regarding the observed and discussed patterns were not available or allowed by their employers to participate in the study.

Many NGOs operating in Dangme West did not want to participate in the study because they were not happy with the way they have been eliminated in the post-intervention process in the district. Others were also not sure of how their participation in the research could affect the future possibility of receiving funding from the District Assembly and therefore preferred not to comment. These patterns were particularly the case for local NGOs who rely on the District Assembly Common Fund (DACF) for funds to run their activities and were therefore not prepared to strain this relationship. Local politics and power relations therefore

influenced organisations decision to engage in the research. It is important to mention that the local tensions of politics affiliations can offset the generation of essential data required for studies such as this project. The researcher therefore assured and complied with the promise of anonymity as demanded by staff of NGOs, leaders of Community Based Organisations and individuals who offered vital information in this regard.

Another important limitation is that the sample used for the study are very busy farm households who generally consider research as a waste of their limited time and does not offer them any direct benefit. Some households and community heads were therefore not willing to provide the needed support. They think their views do not matter to the government or other agencies.

In addition to the usual limitation of resources and time constraint on sample size, research did not sample individual households who have not diversified. Such a sample would have made it possible to systematically compare opinions from both categories of households within the rural economy, and would have been insightful. Nevertheless, the study was primarily set out to explore as well as evaluate the dynamics and effects of livelihood diversification within diversified farm households. To compensate for the above limitation to sample non-diversified households, a focus group meeting was conducted in each of the study districts for non-diversified households in order to generate a balanced view from the communities and be able to make informed judgement. The constraint of resources also prevented the project from using a bigger sample that would have allowed the application of inferential statistics and other measures of evaluation to ascertain the findings of the study.

Notwithstanding the sample size and type of sample, study area as well as the methods, rather than being seen as limitations, have to a great extent offered focus, depth and clarity to the study. The appropriateness of the sample exposed the study to a large bank of data which has made it possible to answer the study's research questions. Ellis (2001) suggests that the answers to the numerous questions associated with livelihood diversification and the quest for sustainable livelihood can be found through small-sample household studies such as the sample used by this study. He argues that such a sampling strategy allows detailed and direct interaction with the

households, in contrast to large-scale individual surveys. Such small sample studies offer unique processes of enquiry and capacity-building to both the researcher and the researched and therefore enhance the understanding of the strategies of the poor which is local specific and unique to each household. The use of small household surveys, as used by this study, is again recommended by Ellis (1999) and also Bryceson (2002) and Tiffen (2003), as a more effective approach to the study of small farm household economies and their livelihoods. This is because the generation of livelihoods and their diversification are important household decisions, which are likely to affect both the economically active and inactive members of the household (Tunali 2000, Litchfield and Waddington 2003).

4.12 Conclusion

Rural livelihoods and the application of effective conceptual and methodological approaches that allow researchers to capture the true state and nature of this phenomenon are central to any successful policy intervention or support. Livelihood diversification observed in southern Ghana varies from one household to the other; from on-farm diversification through to those who operate both farm and non-farm income activities. At the other extreme are those who have diversified completely away from farming and are no longer farming or engaged in primary food production. There is also the issue of intra-household and inter-household variation in terms of adoption within the same community and district. It is within such diverse background that the study had to develop appropriate research methodologies that would enable it answer the key research questions.

A further understanding of effective research strategies to investigate the impact of livelihood diversification on household well-being of the deprived as well as the coping strategies adopted to keep their heads above water, is made possible by the selection and identification of strategies towards agricultural investment, food security and economic development described here as very important.

Labour shortages, sources of non-farm income and new economic niches are believed to have been opened up by economic growth. Better marketing and prices for the produce of the small farmer, access to services, cheap food and a variety of abundance of common property resources are all examples of avenues in which poor people stand to do better

through diversification. Diversification of income sources in an attempt to ensure sustainable livelihoods and efficient poverty reduction is being offered as a key to ensuring that we put floors under the impoverished as argued by Chambers (1989). The study will therefore analyse the livelihood strategies and investment patterns of the study population. It will assess the resources required for diversification and will then examine the effectiveness of livelihood diversification practices identified in the sampled localities.

The study adopted an in-depth exploratory approach towards understanding the socio-cultural, socio-economic, livelihood dynamics, inter-household and intra-household interaction and influences that occurs within the small farm households and communities in two districts in Southern Ghana. The fieldwork revealed that rural households and communities are keen to discuss policy implications on the economic and social life and well being. This suggests that when the rural household priorities, strategies and conditions are the starting point for a consultative research methodology, the conclusions are likely to have policy relevance (Chambers 1989, Shafer 1996, Babu *et al.* 2000, p.103).

CHAPTER FIVE

Changes on the Farm

5.1 Introduction

On-farm activities discussed in the previous chapter seem to indicate that farming systems operated in Southern Ghana in general, and the study locale in particular, are not simple but rather very complex. Furthermore, farm activities and production processes depend on several factors and involve chains of decision-making processes, cultural paths and barriers (Moock 1989). With respect to small farm households, the linkages between the farm and household are strong with household factors significantly influencing on-farm decisions and activities (Toulmin & Guèye 2005). Incorporating a household economics perspective in the analysis of on-farm practices, activities and decision-making within this research is expected to help improve the knowledge and understanding of the small farmer's welfare and their farm productivity within an era of diversification. This approach will also help further the debate on whether diversification enhances agrarianisation or deagrarianisation in rural small farm households.

Livelihood diversification as a strategy towards the improvement of household's well being can influence farming in the application of the factors of production (land, labour, capital and time) and the associated practices of small farmers (Brown 1986). This chapter looks at the farming systems operated by the households in the study sample and discusses the interaction between the farming systems employed by the households and the differences in the outcomes of the farming activities. Also, the chapter will investigate changes in the agricultural economy of the sampled households before and after their diversification. The chapter will also examine the effect of diversification on farm output and household food security. The empirical findings from the household survey (groups and individuals interviews) will be used to explore farm livelihoods in the study areas. The discussion in this chapter will therefore adopt a comparative approach which will focus on the observed changes in farming systems, land tenure systems, crops cultivated, labour utilisation, farm expenditure and output before and after diversification. Changes in the contribution of farming to the total household income will also be analysed to examine the level of dependency on farming after diversification within the sampled households.

Box 5.1: Key variables investigated within the chapter

Variable	Definition
On-farm diversification	This refers to change that has occurred in farming activities after the introduction of diversification programs.
Household farming systems	This is the different practices and activities that farmers undertake on their farms in order to produce.
Land tenure arrangement	The terms of arrangement that farmers develop with their landlords upon which a piece of land is release for cultivation.
Forms of payment for farmland	This explains the different methods of payment for farmland
Cropping pattern	This describes those changes in the types of crop cultivated before and after diversification.
Time spent on farming	This describes the number of hours per day invested into farm activities by a household.
Marketing	This describes the nature and dynamics involved in the disposal of farm produce as well as the institutional issues and dilemmas.
Farm output	The variable describes the type and volume of harvest per season.
Farm labour	The variable describes the type of labour and changes in labour types, cost and availability.
Labour expenditure	This variable describes the amount of money invested into farm labour before and after diversification.
Proportion of annual income	The amount of money generated from farm activity as a ratio of the total annual income of the household.

Source: Author 2006

5.2 On-Farm Diversification

On-farm diversification in this study describes the changes in farming systems and practices that have occurred in the study areas. It also denotes methods employed or adopted by farmers in an attempt to reduce household poverty and take advantage of opportunities and cope with and contain the stress and difficulties associated with the pursuit of this objective. On-farm diversification in this study is considered to involve changes in:

1. Farming systems
2. Land tenure and land acquisition
3. Farm sizes
4. Time spent on farming
5. Farm labour utilization and availability
6. Crops cultivated and productivity
7. Contribution of farm income to the household's budget

The changes listed above serve as the focus of the discussion and highlight the extent of diversification occurring on the farms of the sampled households.

5.2.1 Diversification within Household Farming Systems

The focus group discussion identified different farm systems operated in the two study areas. This is essential in understanding the nature of farming, the categories of farmers and how households apply their factors of production and resources.

Table 5.1 Farming systems practiced in the study districts

<i>Farming system</i>	<i>Akuapem North</i>	<i>Dangme West</i>
Mainly Staple Crop Production		✓
Partly Staple Crop and Partly Market Farming	✓	✓
Partly Staple Crop with Arable Tree Crops	✓	
Mainly Market With Staple Crops for Home Consumption	✓	✓
Mainly Market Crops for Cash Income	✓	✓
Stopped active farming		✓

Table 5.1 shows that the farming systems operated by the two groups have experienced changes which differ from the traditional staple crop production known to continue within small farm households in this area. Also, it could be noted that the sampled households have shifted from a mainly staple crop production system of farming to other forms of farming which are oriented towards production for market and cash income.

The farming systems identified in the Dangme West are:

1. Mainly Staple Crop Production
2. Partly Staple Crop and Partly Market Farming
3. Mainly Market Crops with Staples for Home Consumption
4. Mainly Market Crops for Cash Income
5. Stopped Active/Direct Farming

A similar analysis for Akuapem North revealed a slightly different pattern:

1. Partly Staple Crop with Arable Tree Crops
2. Partly Staple Crop and Partly Market
3. Mainly Market Crops with Staple Crops for Home Consumption
4. Mainly Market Crops for Cash Income

Mainly staple crop production

Mainly staple crop farming system involves the cultivation of food and related agricultural products mainly for the purpose of feeding the household and storing for crisis or shortage periods (Toulmin and Guèye 2005). The farmers involved in this system explained that they also ensure that they have saved enough stock as seed for the next season's planting and give some out as a form of repayment to friends, family and neighbours for borrowed food from the previous season's shortage period. Some farm products are also exchanged for other material and food items like fish, vegetable oil, kerosene and firewood in cases where the farmer has no money to pay for such items or the seller arranges with the farmers to offer particular farm products during specific transaction.

Mainly staple crop farming is practiced by farmers in Dangme West farmers often involves making substantial provision for their dry season consumption, which is often obtained by cash, rather than barter trading amongst themselves or with the traders and can also pay the next season. The Dangme West respondents indicated that they are not able to buy on credit (buy now and pay later) compared to Akuapem North where buying on credit is a normal option. This therefore makes living as a staple crop farmer in Dangme West more difficult.

Partly staple crop production and partly market farming

Some of the sampled households operate partly staple crop and partly market farming system. These farmers operate a similar system as their colleagues involved in mainly staple crop production but deliberately cultivate some of the produce for the market and sell for cash income as well as feed their families. A male farmer in Dangme West who operates this type of farming system explained by saying that:

In this current economy, no farmer can live or survive by depending mainly on staple crop production. We have to sell in order to pay our children's school fees and pay for our medical care as Rawlings has stopped free medical care.

Another farmer in the Akuapem North said: *We also need to buy a lot of farm inputs and can only achieve these buy selling part or most of our produce in return for cash income.*

The households involved in this system of farming attributed their diversification (shift) to recent government agricultural policies, which do not favour pure staple crop production.

Staple crop production and partly market with arable tree crops

In Akuapem North District, some farmers operate as staple crop farmers but at the same time own some arable tree crops that also generate both cash and food for the family. Such tree crops varieties of plantain and palm fruits can take three to five years to start bearing fruit. However, the perennial nature of such tree crops means that the households will benefit from their cultivation over a long period. On the other hand, they have land tenure implications whereby the landlords would not support their cultivation in view of their nature as mentioned earlier or will demand higher tributes because of the economic value associated with tree crops.

Mainly market oriented with staple crops for home consumption

Moreover, some of the farm households have diversified their farming system from a mainly staple crop production system to a market oriented system with the cultivation of staples for household consumption. This is a farming system where farmers diversified into the production of mainly market oriented food crops but also produce some staple crops for their household's consumption. The study revealed that the farmers in this category normally have links with market queens and middlemen in the nearby markets who regularly purchase the farm produce. They also produce staples to feed the household as most households depend on grains like maize for their regular meals. Their primary disposition is to sell but reserve some grains and food crops for household consumption. Both districts have farmers operating this farming system.

Mainly market oriented for cash income

Another important farming system considered as a recent diversification is the production of crops mainly for the market and cash income. The objective of the households involved in this practice is to raise cash by selling the produce. These

farmers have buyers from nearby towns and cities who come to buy from them. Farmers in this category are located disproportionately in Dangme West District. They are mainly involved in the cultivation of vegetables and rice and often sell to middlemen and occasionally market women. According to the farmers, the buyers cook and sell the rice in local canteens and restaurants or at the market. However, a female farmer in Dangme West explained that the buyers associate locally produced rice with low quality compared with the imported rice. Buyers are particularly attracted by the low cost, bright colour and pleasant flavour of imported rice. According to the farmers, such limitations have become prominent with the government's trade liberalisation programs and as a barrier to diversification into market farming.

Stopped farming

The study also identified two farmers in Dangme West who have diversified into non-farm activities and have not been regularly involved in farming since 1999, even though they still own farm plots. Both households explained that their farms are rented out to farmers who are either landless, have no family land heritage, cannot afford to satisfy the land tenure requirement or wish to expand their acreage. These farmers then become the landlords and collect rent from those farming on their lands. The payment of the rent could either be in the form of cash or crops.

Although the patterns and farming systems discussed in this section are not entirely new, their adoption are recent in the study areas and the motivations for such shift need further investigation so as to understand their effects on the agricultural sector of the rural economy and its long term implications. It must be noted that the farmers involved in such diversification consider their actions as innovation which have become necessary in view of the prevailing economic conditions in the country. Such an argument presents the policy function in the observed changes in on-farm activities. Box 5.2 presents opinions of some of the sample household heads and their members on the changing farming systems and the factors which motivate such occurrences.

Box 5.2: Mr. Mensah is a 50 year old household head in Dangme West who has diversified into market farming with his wife and 20 year old son

Many of the recent changes in farming systems in my opinion started in the second half of the 1990s when farmers were left on their own to fend for themselves by the government. They do not really care about us any more! Gone are the days when farmers and farming dictated the pace of government policy and behaviour.

Now, here we are! Everyone is trying to do what will best suit his/her household economy. We were all forced to initiate new systems of farming in order to be able to continue in this profession and also be able to survive and take care of our families and households. Formerly, all we cared about was being able to grow enough to feed ourselves and the household. Now we need to do more than that! We need to earn money to buy what we need to farm. But for those who still can't grow enough to sell in order to make ends meet, they often get stuck along the way and have to borrow here and there. Hence, the staple crop farming system is now equated to poverty. If you stay in that kind of production, man, you will be dead in no time! Formally, it used to be food first, but now it is money first.

Mr. Agude of Dangme West also explained the changes in his farming system:

I have moved from staple crop production into the production of market crops as they sell quickly and you have money for the next season's activities. In addition, there is the feeling that we have earned something for the hard labour. It is very difficult to get loans for farming so one has to think of what he or she can manage and move on with the times. The formal banking institutions do not consider small farmers as credit worthy because most of us do not have the required collateral security. They also argue that small farmers are usually associated with poor loan repayments.

Mary is a female household head in Akuapem North who expresses a similar view:

As a female household head, I have to combine all the resources available in order to obtain the desired outcomes as my children look up to me for most of their needs. It is very difficult for life in this new farming era where you have to take care of every aspect of the farm yourself and still operate a staple crop farming system. I have been pushed out of that since 1995 and now try to survive by producing enough to sell and earn some money as well. I will say that all these withdrawals of assistance and incentive to farmers since the early 1990s are responsible for what I am going through. They said we will adjust, but we have not been able to adjust till now. At the moment everybody is blaming each other, isn't it, whilst we are left to fend for ourselves".

The above statements identify that various factors have also contributed to the observed changes and require pragmatic investigation.

5.3 Diversification and the Traditional Land Tenure Arrangements

Land tenure arrangements in Southern Ghana vary between districts and also from one community to the other. Individual landlords and families who own farmland or their custodians decide on the tenure arrangement to adopt. Farmers have the choice to either comply or abandon the land and then look for a better tenure contract elsewhere as observed by Broegaard (2005) from his study on land tenure insecurity and inequality in Nicaragua.

Table 5.2: Land Tenure Arrangements before and after Diversification

Forms of payment	Akuapem North		Dangme West	
	Before	After	Before	After
Abunu	15	9	14	7
Abusa	33	20	24	7
Pays yearly/ seasonal rent	2	14	12	22
A quarter with drinks annually	-	7	-	12
Pays irrigation service charge	-	-	-	2
Total	50	50	50	50
P = 0.003				

Most land in the study districts is under the control of kinsmen and families, but those who do not belong to such families are able to have access to such farmland by share cropping. This system works to the advantage of the landlords, as farmers on such land always pay tributes from the season's harvest. Under this arrangement, the farmer and the household share the proceeds of the farm output at varying proportions based on the discretion of the landlord.

The majority of the sampled households in Akuapem North practiced the *abusa* system of share cropping before diversification (Table 5.2). The next common system of tenure was the *abunu* system (15), with two households paying yearly rents on their land. Similarly, nearly half of the sampled households in Dangme West District (24) use the *abusa* system before diversification, with 14 households indicating that they used the *abunu* system whilst 12 households indicated that they pay yearly rent.

However, the study observed significant changes in the tenure systems practiced by the sample in Akuapem North after diversification. The number of households practicing the *abusa* system fell to 20, whilst those involved in the *abunu* system also fell to 9 households. In contrast, 14 households now pay yearly rent compared to 2

households before diversification. In addition, 7 households practice a new form of tenure which involves the payment of a quarter of the farm total farm output to their landlords as tribute which is accompanied with drinks.

Similarly, the study identified substantial changes in the tenure systems practiced by the sample in Dangme West after diversification. There is a significant fall in the numbers of households practicing the *abunu* and *abusa* tenure systems from 14 and 24 respectively before diversification, to 7 households after diversification (Table 5.2). On the contrary, the number of households paying yearly rents for their land almost doubled (22) after diversification whilst 12 households shifted to the new quarter system. Two households also indicated that they pay irrigation service charges (Table 5.2).

The study attempted to investigate the reasons behind the observed shifts and the motivation associated with them. Rather than sharing farm output with the landlords, some of the sampled households explained that they pay specified amounts to their landlords after the farming season. These amounts are obligatory, irrespective of the proceeds made for the season. The risk involved in this system is that should the crop fail in a particular season, the farmer is still bound to pay the agreed amount to the landlord.

Again, some of the sampled households indicated that they work on family land and have decided to contribute money to the family rather than paying rent and tributes because of the fall in their farm productivity and income and are therefore not in the position to engage in share cropping. In Dangme West, the research discovered that most of the households involved in the payment of rent are tenants and/or contract farmers on the land they presently cultivate. However, these households do not have permanent or long-term control of the land and could lose their land at anytime to another farmer, should they fail to make the needed contributions. The tenant farmers in the sample reported that most of the original owners of their land have out migrated to the city but visit at harvest time to collect the returns that are due to them. Some farmers operate as tenant farmers because of the availability of an irrigation system.

An interesting finding that emerged from the household interviews is that all the households involved in the *abunu* system in both districts are non-natives and largely

descendants of the early immigrant workers (in the case of Akuapem North). The study was informed by the focus group meetings in both districts that most non-native households are often compelled to accept the *abunu* system. The reason for this discriminatory allocation of land based on ethnic origin is that unlike the non-natives, the natives sometimes insist on their family right to land and may choose not to pay any tribute. Also, the study was informed that most of the families refuse to renegotiate the tenure agreement for the non-natives when the terms of the contract expire. Non-native farmers have no kinship rights in such matters and hence have to conform to the dictates of the clan/ family which own the land.

Moreover, as mentioned earlier, the study was informed during the household and key informants interviews that the non-natives in the various communities who were previously involved in the *abusa* system devised the new *quarter system* in which they pay a quarter of their produce plus drinks to the landlord and retain three-quarters rather than paying one half or one third of farm produce demanded by the *abusa* and *abunu* systems. The system is said to have been born from the *abusa* system as farmers presently find it difficult to keep to the payment required. The evolution of the *quarter system* is seen as a form diversification within the land tenure institution of both study districts in response to the recent reported difficulties associated with farming. A female non-native household head who has switched to the quarter system indicated that:

the majority of non-natives in this district have practiced the abunu and abusa systems for decades. At the moment, many non-native households are demanding renegotiations of their tenure systems to more flexible ones. Such demands are not taken kindly by the landlords at all. Some landlords refuse to consider the need to renegotiate. As a result many non-native households are presently in a fix because their landlords will not accept more compassionate tenure like the quarter system. I think the government must intervene because we are all Ghanaians.

A male household head farmer in Akuapem North who practices the quarter system commented on this practice (Box 5.3).

Box 5.3: Kwame Agome is a 55 year non-native household head in Akuapem North

My parents migrated here in the 1930s and worked on cocoa farms. My family has always used the *abunu* system until 1996 when I switched to the quarter system. The quarter system is a recent introduction in the tenure system because it is quite difficult keeping to the exact terms of the contract of the *abusa* and *abunu* systems. The difficulties associated with the sale and cultivation of food crops has forced some of us to employ this system. I had to discuss it with my landlord though, before switching to this system. Some landlords do not accept this system and consider the existing tenure system as traditional norms which cannot be changed. This resulted in some farmers changing landlords because it is very difficult to apply the old tenure systems in the present economic situation we have in the country.

Giving alcoholic drinks to landlords, chiefs and traditional leaders is considered as a gesture of respect and carries a lot of value. Hence our decision to do that. It also suggests that we still respect the kinship arrangement and prepared to abide by them. This option also offers the regent or the family representative opportunity to have alcoholic drinks for family meetings and ceremonies.

The household and key informant's interviews revealed that land tenure systems in both study districts have seen subtle variations in recent years. They explained that the non-supportive agricultural policies and the absence of farm subsidies have not only reduced the profitability of farming but also the demand for farmland for long-term cultivation. This pattern has led to changes in the form of payments, acquisition and management of farmland.

According to the respondents in Dangme West, although the reduction in the demand for farmland has introduced different forms of tenure, it has also made landlords more strict with the repayments of farmer's contributions. A respondent mentioned that *landlords who use to be flexible and often reduced amounts of payments no longer do that: these days, but rather refer to the lack of demand for their farmlands and the consequent reduced profitability.*

Opani Kwajo, a landlord in Akuapem North and overseeing about 200 acres of family land, commented on the implication of the diversification within the traditional tenure system (Box 5.4).

Box 5.4: by Opanyin Kwajo, a regent in Akuapem North comments on land tenure

These days we do not have as many people asking for land like it was in the late 1980s. Most of those who actually ask for land occasionally are family members who do not really pay for the land. Most people cite the current difficulties in farming where farmers are asked to support themselves as some of the reasons for their lack of interest.

Some of the farmers who work on land belonging to my family have even reduced the size they cultivate so that should tell you that something is going wrong somewhere. The problem is that we the landlords also need to make some money out of the land. We often use such monies for funerals, repair of family house, loans to family members and other important family responsibilities.

In addition, the study noted that farmers working on irrigation schemes developed by the Irrigation Service Authority in Dangme West pay irrigation service charges to the Irrigation Authority. This scheme is considerably more flexible than the traditional tenure systems. During the household interviews, it emerged that farmers are even allowed to defer payments in situations where the farmer is unable to pay the entire amount owed. The respondents see this as a more supportive system for farmers but the difficulty is that not many farmers are able to get access to such irrigation plots due to high demand. The high demand for irrigation plots is explained as a direct consequence of the harsh tenure systems operated by the landlords.

Some of the irrigation plots have also been released to rich urban dwellers, who then rent the plots out to small poor farmers for fees. Although such fees are slightly higher than the Irrigation Authority demands, it is considered more reasonable compared to the traditional tenure systems. The respondents therefore perceive this method as a more logical approach and less exacting compared to the traditional tenure systems. Such a view is reiterated by a female youth whose household is presently working on a rented irrigation plot:

I believe working on a rented irrigated plot is much better than the harsh traditional land systems because the fees we pay is used to help provide water and other amenities for those working here. Also the market women and the agents come to the site with their trucks to buy our produce, so we do not need to seek buyers or transport the produce as we use to.

This view is strongly upheld by a household head in Dangme West who recently obtained an irrigation plot with the following comments in Box 5.5.

Box 5.5: Mr. Magithey has recently moved into vegetable cultivation on an Irrigation Service plot

I am very happy to have acquired a plot at the irrigation site. This is because the fee we pay for using the facilities is about a quarter of what my household use to pay under the traditional land tenure system. The system operated by the Irrigation Service allows the farmer to pay at his convenience. They are even prepared to help farmers to sell their produce and then deduct the service charges from the sale.

The only difficulty is that it is very competitive here and as a result most farmers are not able to gain access to irrigation plots. The scheme is on first come first serve basis and by the time farmers are aware of new plots, people from the cities have already acquired them or registered for them. The facts that no advance deposits are demanded also make it very convenient. The sad part of the phenomenon is that individuals from the cities and towns rent the plots to poor farmers and make profits without considering the welfare of the farmer.

In spite of this, many farmers would prefer working on the irrigation scheme with guaranteed source of water and flexible low fees, compared to the harsh and uncompromising traditional tenure systems.

5.3.1 Land acquisition and the conflict of interest

It emerged from the focus group discussions that the institutions and regulations on land tenure have not seen the changes desired by the farmers in both districts. Since the families and kinships still hold the rights to land and its distribution in Southern Ghana, family members would have access to farmland even when they are not farmers. The focus group discussions held in both study districts revealed that some family members even take their share of the farmland and rent them to prospective farmers. Such landlords attract their clients with more flexible tenure systems in an attempt to out-manoeuvre the traditional systems operated by the families and *regents*. This phenomenon has also contributed to the reported diversification and variation in tenure and payment forms in the study districts, particularly in Dangme West.

It is obvious that land tenure reform will have to be considered by the government through the District Assemblies. This will help elicit the participation of the locals and the non-native populations within the districts. Such a step is inevitable because of the

growing lack of satisfaction amongst smallholder farmers and particularly non-native households who consider themselves to have stayed long enough in their resident communities to deserve better tenure systems. Although such a step will possibly generate an opposition from the different chiefs and clans who mainly own land, a systematic approach as suggested in the case of South Africa by Lahiff and Cousins (2005) will help reach a form of compromise. It is therefore imperative to incorporate issues of land tenure in the National Poverty Reduction Framework and initiate a national consensus forum where the different stakeholders would be able to express their resentment and reach an inclusive compromise.

5.4 Changes in Time Spent on Farming Activities

Another important finding made by the study is the fall in time spent on farming and on-farm activities. This pattern is reported to be on the increase in both districts. According to the Chief Farmer in Korkormu village in Akuapem North District, this change is clear in the major farming season (April–July), and even more obvious in the minor season (September to November). The significance of this change lies in the fact that these are periods that farm households are traditionally known to utilise the rains and work intensively on their respective farms to cultivate and secure their food supply for the rest of the year. The interviews revealed that most diversified farm households, especially in Dangme West, do not spend as much time on their farms during the minor seasons as they did prior to diversification. These households rather save time from their farming activities and invest them in non-farm and migration activities (see discussion in chapters 6 and 7).

Table 5.3: Changes in average time spent on farming during the major seasons before and after diversification.

Average Times	Akuapem North		Dangme West	
	Before	After	Before	After
More than 10 hrs per day	41	5	37	1
Between 8 - 10 hrs per day	8	37	9	10
Less than 8 hrs per day	1	8	4	39
Total	50	50	50	50
P = 0.03				

Table 5.3 shows that the majority of the sampled households from both districts spent more than 10 hours on their individual farms before diversification, with those

spending less than 8 hours per day on their farms during the major rainy season being in the minority in both districts.

In contrast, it is noted that there has been a significant fall in the number of hours spent on farm and farming activities after diversification in both districts. The majority (37) of the sampled households in Akuapem North spend between 8 and 10 hours a day on their farms with 8 households indicating that they spend less than 8 hours a day. Only 5 of the sampled households in Akuapem North presently spend more than 10 hours a day on their farms in the major season. Similarly, the sampled households in Dangme West have also significantly cut down their time spent on the farm after diversification. The majority (39) of the sampled households indicated that they spend less than 8 hours a day on their farm after diversification. This number is followed by 10 households who spend between 8 to 10 hours a day with only one household spending more than 10 hours a day. A household head in Dangme West explains his time management system in Box 5.6.

Box 5.6: Mr. Amattey is a household head who has reduced the number of days spent on his farm

Before I diversified my income activities, I spent most of the day, from dawn to sunset on my farm and attended to it regularly and intensively on a daily basis. The only days I would not go to the farm are the taboo days and of course in the dry season. Now I do not do that anymore, as I have to attend to other non-farm activities. I no longer farm actively during the minor season; rather, I quickly plant my cassava just before the end of the maize season or the major rainy season and then pay labourers to manage it for me. Whenever it gets too weedy I will pay them to clear it for me. Sometimes they will do this on credit and later take their money when the farm is harvested.

Also, instead of harvesting the farm as I would have done previously, I mean before all these changes we are talking about came in, I currently sell the cassava farm (excluding land) to a buyer who manages it to the end of the season and arrange for their own harvesters and buyers of the tubers. So I now do fewer man-hours and days compared to what I use to do. In this case I will not necessarily earn as much as I would have if I were to attend to it all by myself, conducting the harvesting and all the other necessary arrangements for selling. On the other hand I do not spend much time and money on the farm either. So I will say I make a better profit and get the time to attend to my non-farm activities.

Also, the views expressed at the focus group discussions suggest that most farmers in Dangme West have also reduced their time spent on the farm during the minor season and they spend the time on their non-farm activities. For Akuapem North, the farmers revealed that they would rather sell the cassava farm at its early stages of development, and/or cultivate crops that are less time consuming in terms of care, and have more time for other non-farm activities.

These patterns therefore indicate a deliberate shift towards activities and strategies, which will allow the farm household more time on other income enterprises. Although such strategies are not particularly new within the rural economy of Ghana, its growth confirms an increasing succession of diversification within the farming economy, which could have consequences on the agrarian culture. Less time spent on farming might not necessarily suggest a reduction in expectations from farming but may imply a gradual shift from the farm-based economy associated with the study communities and their households.

On the whole, most sampled households stated during the household interviews that the number of days and time period spent on the farm has fallen after diversifying into non-farm activities. Many of the sampled households and their members indicated during the household interviews and the key informant discussion that reducing time spent on their farms is a deliberate strategy towards cost cutting and better time investment into non-farm activities. Various approaches were identified by the study during the fieldwork in both districts but particularly in Dangme West. These involve actions such as:

1. They no longer farm actively or rent out their farms during the minor season.
2. They farm mainly during the major season
3. Spend few hours on their farms and proceed to engage in other income activities.
4. They have reduced their farm sizes and therefore require fewer days and man man-hours of labour.

5.5 Changes in Area Cultivated

The area cultivated before and after 1995 is used in this study as an indicator of diversification in the farming activities of the sampled household. A change in area of cultivated land is being used as an indicator of diversification and a socio-economic

response or coping mechanism to prevailing challenges in the agricultural sector of the rural economy. A change in farm size is also being used to estimate the propensity to move out of farming.

Table 5.4: Land Area Cultivated before and after Diversification

Land size (acres)	Before Diversification			After Diversification		
	Akuapem North	Dangme West	Total Frequency	Akuapem North	Dangme West	Total Frequency
<1	0	0	0	4	4	8
1 - 2.5	2	20	22	17	25	42
2.5 - 5	38	24	62	27	16	43
>5	10	6	16	2	5	7
Total (N)	50	50	100	50	50	100

Table 5.4 shows a general reduction in the farm sizes of the sampled households in both study districts after diversification. The number of households farming on land less than 1 acre rose from none before diversification to eight after diversification. Also, whereas the number of households cultivating farmlands between 1 and 2 acres nearly doubled after diversification, with a rise from 22 to 42, those with farm sizes between 2.5 and 5 acres fell from 62 households to 43. Again, the number of households cultivating 5 acres and above fell by more than half, from 16 to 7.

Table 5.5: Variation in the Size of Cultivated Land before and after Diversification

	Akuapem North		Dangme West	
	Before	After	Before	After
Sum	218.0	129.5	160.0	121.50
Range	8	5.50	5	5.50
Minimum	2	0.50	1	0.50
Maximum	10	6	6	6.0
Mean	4.36	2.59	3.2	2.43
Std. Deviation	1.45	1.38	1.35	1.65
Variance	2.11	1.90	1.83	2.75
N	50	50	50	50

Table 5.5 presents descriptive statistics on cultivated land before and after diversification for the sampled households and confirms the pattern in dwindling farm size. Whereas the minimum land size before diversification was 1 acre, the recorded minimum farm size after diversification is 0.5 acre. Also the maximum farm size has equally fallen from 10 acres before diversification to 6 acres after diversification. The mean cultivated land size fell from 3.78 acres before diversification to 2.5 acres after diversification. It is also striking to observe that the total land cultivated before diversification fell from 378 acres to 251 acres.

Also, the reduction in cultivated land among the sampled farmers after diversification is much greater in Akuapem North (40) than it is in Dangme West (24). This pattern

substantiates earlier arguments on the difficulty in getting farmland and the associated harsh land tenure system in Akuapem North.

Another important finding is that whereas diversification resulted in a reduction in the variation in the size of cultivated land in Akuapem North (2.11 to 1.90), the opposite is observed in Dangme West with a rise in variance from 1.83 to 2.75. This pattern shows that diversification could be causing a reduction in the disparity of cultivated land in Akuapem North but the widening of this disparity in Dangme West. This finding is very important because it shows a relationship between diversification and the possibility of land redistribution. This is similar to arguments made by Kenjiro (2005).

The household interviews and focus group discussions also provided further insight into the reasons underlining the observed reduction in cultivated land. A male respondent in Akuapem North indicated that the non-attractive nature of farming as a way of life or profession has compounded the effect of recent agricultural policies. Most of the farmers in the focus group meetings conceded that farming as a way of life and a major income earner for small holders is quickly losing its attraction and value, particularly for the youth. They also consider farming as unreliable, monotonous and tedious in terms of practices and the nature of returns. The desire to expand farm size is gradually disappearing and there is little or no motivation to take risks because there are no shock-absorbing mechanisms in place to assist farmers in the event of crop and income failure.

Before the formal withdrawal of government subsidies and guaranteed prices, farmers cultivating food and staple crops benefited from government guaranteed prices and received guaranteed minimum price values for their produce. Most of these crops were either bought by government agencies or had prices regulated by such agencies and as a result attracted decent prices irrespective of the prevailing market conditions. The study sample in both districts emphasised that farming under those policies was not as risky as it is at the moment. These views are underscored by the comments presented in box 5.7 made by a maize farmer in Dangme West.

Box 5.7: Mr. Solomon is a 54 year old maize farmer in Dangme West

It is often misunderstood, when it comes to farmer's perceptions and the risks associated with farming. In fact just as the civil servants, statesmen and others who work in the institutions that run the country receive salary increases at the beginning of every financial year, farmers receive no formal progressive remuneration. Organisations and companies provide transport to facilitate the punctual and easy arrival of staff, but we receive nothing of that sort.

Hence, to be asked to take care of my production considering the numerous challenges confronting farming, to me implies that I reduce my acreage of production as the first option. This is because that will mean reducing all the other factors that goes into my production. Just as the government declared some people redundant recently in an attempts to manage the country's budget, we also have to cut off part of the factors which take the bulk of our budget. Reduction in land consequently results in reduction in labour, capital, inputs and all there is to my production. I have had to do this just to be able to cope and survive.

The above statement shows that reducing farm size is not a just a spontaneous mechanism to accommodate shocks but a systematic strategy to reduce the level of factors of production and thereby reduce production cost.

A male household head in Dangme West made the following comments:

when confronted with critical choices of production, we change methods and styles in order to cope with such shocks. However, when we were confronted with the issue of subsidy withdrawal and the need to sell our produce through competitive market forces, the implication for production on our existing acreages became enormous. The obvious way out was to reduce the cost of the land preparation and cultivate the acreage of land that our resources are able to manage and maintain.

A female household head cited her personal example of how she reduced her farm size, and emphasised that it is more of a process than an instant decision or action. She indicated that the processes that result in a farm household reducing its farm size varies but largely depends on the circumstance of the household as explained in Box 5.8.

Box 5.8: Maggie is a 46 year old household head in Dangme West who has recently reduced the size of her farm

I did not just abandon the land straight away, but consulted family members, relatives and friends for assistance but to no avail. It became clear that I was not able to cultivate my 2 acres farm as a result of the limited production capital. I therefore decided to work on 1.5 acres for a season. Other households in this community took similar decisions because it was really hard for almost every household.

What I had to do at this stage was to inform the landlord of my intention and my inability to manage the 2 acres for a season but with the hope of returning to it the following year. I divide the farm into two sections and left the half-acre to fallow. However, as the years went by I had to abandon another half acre for the same reason. At the moment my household and I work on one acre and not sure we will be able to reclaim the other acre, which was abandoned a few seasons ago. Should this pattern continue, then the acre we cultivate presently may become smaller or a complete fallow ground in the near future.

5.6 Crops Cultivated before and after Diversification

The type of crops cultivated before and after diversification is used by the study to ascertain the nature and impact of diversification on the farming activities within the sampled households. This section discusses the types of crops cultivated by the study sample before and after diversification, a comparison in the changes of crop selection and the motivation for such changes.

Table 5.6: Crops cultivated before diversification

Crops Cultivated	Akuapem North	Dangme West	Total
	Frequency	Frequency	Frequency
Staple crops (maize, cassava, yam, oil palm, plantain and local vegetables)	50	49	99
Export oriented crops (green and chilli pepper, okra, cabbage, lettuce, onions etc.)	0	1	1
Total	50	50	100

Table 5.7: Crops cultivated after diversification

Crops Cultivated	Akuapem North	Dangme West	Total Frequency
	Frequency	Frequency	
Staple Crops (Maize, cassava, yam and local vegetables)	35	15	50
Export & market oriented crops (green and chilli pepper, tomatoes, okra and onions)	7	23	30
Combination of local and export crops	8	9	17
Occasional farmer/ Stopped farming	0	2	2
Total	50	50	100

Table 5.6 shows that nearly all the sampled households (99) cultivated staple food crops before diversification. It can therefore be observed that households in the two districts had a similar cultivation pattern before diversification. Maize, cassava and vegetables are important to rural households as most of the staple foods they eat are made from them. A male household head commented on the traditional cropping pattern and said:

the reliance on staple crop production has never been as difficult until the withdrawal of subsidies and its associated effects. Our production systems have traditionally been focused on producing food for the family and selling the surplus. Maize and cassava have always been the key crops for most households engaged in mainly staple crop production as they serve as security crops. This is because we are able to store them for a long period and depend on them all through the year and particularly during the hungry (dry) season.

Crops cultivated after Diversification

The pattern of household's crop production changed after diversification (Table 5.7). The number of households cultivating purely staple crops drastically fell by 49 percent after diversification. It is also noted that half of the study sample, the majority (35) from Akuapem North, still cultivate mainly staple crops.

In contrast, we see a sharp fall in the number of households cultivating only staple crops after diversification in Dangme West and a corresponding rise in the number of households involved in the cultivation of export and market crops after diversification. It is interesting to note that nearly half (23) of the sample from Dangme West presently cultivate market and export crops. In the Akuapem North however, only seven households have moved into the production of export crops, whilst 17 households (8 from Akuapem North and 9 from Dangme West) are treading the middle line by combining the cultivation of local staples and export crops.

The sample considered this group as a post-diversification phenomenon, engineered by farmers wanting to have better returns who have taken advantage of the new export oriented vegetable market. This market has become a big opening to most the would-be staple crop farmers who now have the opportunity to produce vegetables (mainly) and sell them to local exporters serving as middlemen to the main exporting groups.

These individual middlemen sometimes scout for the farms and negotiate a price per box. According to a female respondent in Dangme West...

the exporters pay better and also help in the marketing. They are more reliable and take you serious. That is why some of us are happy to produce such crops. When it comes to the actual production process these export crops are more demanding though.

The move towards market and export oriented cultivation is an indication that mainly staple crop production system of agriculture is not able to meet the economic needs of the sample of farm households. Secondly, the opportunity to produce vegetables which are mainly bought by agents for export and traders for the restaurants and food industry has made it more profitable to produce such crops rather than the usual staples. According to the farmers involved in such production systems, producing for export and the food industry is not only more profitable, but also more reliable with regards to marketing. It was also explained that the difficulty associated in selling staple crops due to glut and poor marketing systems coupled with poor pricing in the absence of minimum guaranteed prices makes it all the more sensible to diversify production away from the production of staple food crops.

The availability of agents who buy vegetables for the export market and the food industry in Tema has also influenced crop diversification in Dangme West, which is known for its vegetable production. Most of the exporters are reported to buy from this district and its surrounding areas because of their proximity to the airport in Accra and the multiplicity of the restaurant industry in Accra and Tema. Also, there is easy road access to and from Tema and to some of the farm sites, thereby increasing the farmer's ability to diversify. This finding shows a possible link between the availability of infrastructure like roads and farmers ability to diversify. Interviews on this subject in Akuapem North captured similar patterns.

In addition, most of the sampled households involved in the production of export crops in Dangme West District stated during the household interviews that they diversified into this system of production after 1995, following the policy changes in agricultural sector. They also explained that they prefer this system of production as it offers reliable marketing opportunities and therefore takes away the burden of trade. Most of them also have farms that are more accessible and closer to the main roads. A

female household head who has recently diversified into export vegetable explained that:

we now have to produce crops that will sell very fast and also raise the needed profits. Most households in this village have substituted the production of staples to vegetables meant for export in spite of the associated risks because we are tired of all the pressures of staple crop farming and food crop productions.

Although the introduction of export crop production accompanied the withdrawal of subsidies and guaranteed prices, not all the sampled households have been able to take advantage of the new wave of production. Those still holding onto the cultivation of staple crops explained with different views: *we have not been able to move into the production of market crops because that requires a lot of capital which we do not have.*

Another farmer made this comment:

I have not been able to move out of staple crop farming because market and export cropping require a lot of links for marketing and sometimes storage, which we do not have and cannot, afford. We are all farmers but have very different circumstances which are often not taken into consideration in policy and planning.

Two households, both in Dangme West, explained that they do not farm consistently any more and are on the verge of moving out of farming completely. Both households explained that they often rent out their farms to neighbouring households and collect rent whilst they pursue their non-farm activities. The shift out of farming is attributed to the lack of profitability of farming as an economic activity. One of the two household heads that have quit farming stated that:

I do not see why I should continue farming actively when I am always struggling with each stage of the way. The worst part is that it is so difficult to sell at the prices that will allow us to break even.

It is rational to think that such a change will be in favour of the low-income small-scale farmer, but many farmers think otherwise.

Box 5.9: Mr. Ofusu is a staple crop grower but has diversified into growing market crops

It was always a struggle growing only maize and cassava because we could never predict the final outcome except for the fact that we will have food at home for the family for the rest of the season or a greater part of it. Selling the little you have can also be so disheartening in that it is so small and the middleman or trader we approached will offer us a meagre amount compared to what the produce is worth. We couldn't even bargain because we needed the money so badly. Because farmers are now expected to support their own production, I decided to move into the cultivation of vegetables for the exporters. What I did is to grow high yielding variety of maize which is in higher demand in the market, rather than the local variety, and sell the greater part of it. I also arrange for buyers and negotiate the price per bag. The vegetables also sell quite well and there is little hassle in its marketing.

However, the implication of this form of diversification is that we have to reduced our farm size and produce crops we do not eat. Hence we spend a lot more of food purchases than previously. With the rising cost of staple food items, we are occasionally unsure whether we have chosen the right paths out of our poverty.

These findings offer grave concern over the output of staple crop produced and the farmers involved in their production. The obvious implication is that the cultivation of staples is likely to reduce, compared to previous years. This continual shift in favour of market and export oriented production will be at the expense of household food availability which will result in the escalation in the prices of staples and possible national food insecurity. A point of serious concern is the negative consequences associated with on-farm diversification which are not easily visible with the naked eye. Some of the key issues which concern the sampled farm households are expressed by a female farmer from Akuapem North and presented in Box 5.10.

Box 5.10: Rebecca Dankwa is a female households head in Akaupem North

The changes that are developing with diversification will in all likelihood not work in the farmers favour. This is because we as farmers do not control the marketing of our produce. Secondly, most of the crops we grow have short shelf life. Thirdly, in view of the fact that we depend on the rain as our main source of moisture for irrigation, we largely grow the same crops at the same time, hence there is always a glut of most of our produce and so supply exceeds demand. Who can make profit in the long term in such an environment? Fourthly, it will get to a stage where we will produce so much, earn so little and have to buy food on the same market with very well paid and well off families. That is where the problem lies.

The discussion in this section has shown that changes in agricultural policies has had a positive influence on the households by making them become more business oriented, causing them to adopt pro income based farming systems. On the other hand, it has led to the diversification away from the production of local staples and the reduction in farm sizes which could have severe implications on both national and local food security. The poor systems of production and the weak coordination of the exporter-farmer linkages gives cause for concern as the possibility of future shift to cheaper farm sources by the export agents could lead to glut and loss of livelihood in the case of the farm households.

Also, the lack of an adequate extension service and the low extension officer to farmer ratio observed in the study districts limit capacity of the households involved in the production of export crops from operating at their maximum potential, and therefore they are unable to produce enough to raise their household income.

5.7 Expenditure on Farm Labour before and after Diversification

The changes in the expenditure on farm labour incurred by the sampled households, the changes in the type of farm labour and its availability are used in this study as an indicator of diversification in the farming sector. The reasons and motivation for these changes and their implications are also discussed to identify their consequences on the agriculture sector of the rural economy.

Table 5.8: Farm labour expenditure before and after diversification

Measures of central tendency	Expenditure on farm labour per season before diversification (¢)	Expenditure for farm labour per season after diversification (¢)
Mean	22,000	60,000
Mode	20,000	50,000
Variance	0.496	2.98
Minimum	20,000	40,000
Maximum	40,000	100,000
Sum	222 Million	448 Million
N	50	50

The exchange rate of one US dollar to Ghanaian cedis at the time of data collection was ¢7,932 to one dollar for 2002- 2003 (World Fact Book 2005).

Table 5.8 compares the expenditure of the sampled households on farm labour before and after diversification. It is important to note that these figures are estimates and subject to inflationary trends and the changes in the value of the cedi to the dollar

before and after 1995. Nonetheless, it is noted that the cost of farm labour increased significantly after diversification. Table 5.8 also shows that the total cost of labour more than doubled after diversification (from ₵222million to ₵448 million), whilst the average cost of labour per season rose from ₵22, 000 before diversification to ₵60,000 after diversification.

In addition, the modal expenditure on labour rose two and half times, from the initial ₵20,000 to ₵50,000. The minimum labour expenditure also rose from ₵20,000 to ₵40,000. This means the minimum amount a household spent on labour doubled after diversification. The widening variation in the expenditure on labour gives much cause for concern in that it suggests a situation where the ability of the different households to afford the cost of labour would shift towards the rich.

It is important to note that the reported increases in the cost of labour are evident in both districts where there has been substantial rise in the daily farm labour rates. However, the cost of farm labour is reported to be higher in Dangme West than in Akuapem North. This difference is attributed to the shortage of farm wage labourers and the fall in the population of young men who previously supplied the farmers with the bulk farm labour. According to the respondents, the absence of communal labour means that the farmers will have to pay for all or most of the labour requirement has resulted in the rise in expenditures on farm labour this pattern is unlike what pertained formerly when most of the labour used was of a communal nature. A female respondent in Dangme West stated that: *most of the young men are involved in non-farm activities as well as sand harvesting which creates a big gap in term of labour availability.*

Another couple who depend extensively on hired labour lamented and added that:

now you can't even find them and they also charge so much. I have to pay about three times more than I use to pay just five years ago. I pay up to forty thousand cedis per acre or per day for weeding my maize farm. I pay more for my vegetable farm because that is more difficult to manage because it demands a clean shave. As a result, my labour cost has gone up so much and that applies to all my neighbours. I must say though, the amount paid varies and depends on the existing networks.

In Akuapem North, it was reported that the absence of male labourers has resulted in some young ladies working as farm-waged labourers. The study was informed that

these women normally work on cassava farms. It was interesting to learn that most of these ladies own cassava farms and are involved in cassava processing business. Hence in the absence of having cassava, or during the period of the year when cassava tubers in short supply, these women switch to become labourers. This pattern was related to the out-migration of the younger generation of men in the different communities.

It was also reported in Dangme West that a 35 year old man has become a weeding contractor. He comes in with a group of young women to weed the farm, takes the money and then pays his workers. This is cautiously welcome new income activity by the women who see these young ladies as earning income as well as fill the gap created by the absence of male labourers. A similar pattern was observed in Akuapem North, this involved the operation of groups of young men undertaking farm labour activities on contract basis. A male household head in Akuapem North mentioned during the households interviews that:

most of the young men who still engage in this occupation have formed groups that charge on a contract basis. This is a fixed rate which makes it difficult for farmers to bargain for price reduction. The farmers are at their mercy because there are very few such labourers available at the moment.

Another female household head in Dangme West provided further insight on this activity during the focus groups discussion by saying that:

these days we have to import farm labourers from other villages and sometimes from every farm. We have to pay their transportation in addition to their labour cost. The labourers charge by season, number of days, type of planting methods used, type of farm, crop cultivated, and gender of the owner in some cases. Some of them are more considerate to female farmers.

It must be pointed out here that farm clearing is time consuming, time bound and must definitely be completed before the first rains which is used by most farmers for planting. This cultural practice places the farmers in a critical position with regards to land preparation, weeding and planting. Thus, the availability and cost of farm labour is a formidable concern in the study areas and most parts of rural Ghana.

The loss of farm wage labourers has resulted in the rise in the cost of labour. The lack of farm labour is also blamed on the continual shift from farming by the younger

generation, particularly males, to other sectors of the economy perceived to offer better and higher remunerations. Should this pattern continue, the obvious effect would be the escalation of farm labour which may cause households who are not in the position to pay such fees to either reduce their farm sizes or pursue alternative income activities. Again, diversification evolving within the farm sector in the study districts has led to subtle social and cultural changes in farm labour organisation and performance. There are the observed removal of gender tags from particular forms of employment (for example farm wage labour) which were hitherto gender restricted in the study areas. The shift by the younger members of the population from active farming to wage labour activities, although is considered innovative might have indelible consequences on agricultural productive and primary food production.

5.8 Farm Output Before and After Diversification

Variables under farm output are particularly important to the study in that they will help in understanding how the performance of the food production sector is changing in the face of diversification. These variables are difficult to measure accurately because they are based on estimates and the fact that most farmers do not keep written records or recall previous production figures accurately.

The staff at the Ministry of Food and Agriculture in both districts acknowledged the problem of inaccurate estimation of farm output which is always based of farmers recall capability. They have therefore developed a strategy handbook which compares farm sizes, planting methods to estimated outputs in an attempt to eliminate the margin of errors.

The researcher encouraged the farmers to give accurate figures for their production to measure their performance and economy within the environment in which they work. Farmers were also made to understand that inaccurate figures will distort the final figures. The farmers were also reassured that the information is not for tax purposes but to enhance an understanding of the prevailing patterns in food production and its implications. Such reassurances made the farmers show interest, and even in some cases helped each other to recall and also estimate with approximate figures where exact records are absent. Production estimates recorded during the survey were compared to the district agricultural development data on farm output per acre to

ascertain the accuracy of the information. Several farms were also visited in the course of the study and the farmers explained how they calculate their output. The frontline agricultural extension staff in both study districts assisted with calculating figures used in this section of the thesis. The study developed its own conversions in an attempt to avoid duplicating government methods of estimation which is questioned by some development agencies in Ghana in view of the variation perceived to exist between government's estimated figures and actual production. Cereals and legumes were counted in 45kg bags whereas root and tubers were measured in tons. Vegetables are estimated in baskets as practiced by the sampled households and communities. The baskets used by the study sample have an average diameter of 85cm and a depth of 60cm.

Table 5.9 presents a comparison of farm output before and after diversification for the four main categories of crops cultivated in the two study districts. The study noted that Akuapem North generally has a higher food productivity compared to Dangme West. This is mainly due to the more favourable rainfall pattern on the Akuapem Ridge and the dense loamy soils which supports the cultivation of food and tree crops.

Table 5.9: Output of crops cultivated before and after diversification

Crops cultivated	Akuapem North		Dangme West	
	Before	After	Before	After
Cereal & Legumes (bags)				
Maize	1, 075	763	820	647
Black Eye and Green Beans	85.5	68	67	60.5
Rice	-	-	30	18
Root Crops (tons)				
Cassava	2, 250	3, 500	1, 700	2, 100
Cocoyam	75	90	-	-
Tree Crops (tons)				
Plantain	27.5	21	18	14
Palm	195.2	157.5	80.2	62.4
Vegetables (baskets)				
Chilli & Green Pepper	12, 000	11, 600	12, 400	18, 000
Garden Eggs & Onions	42, 000	40, 600	43, 400	63, 000
Okra	45, 000	43, 500	46, 000	67, 500
Tomatoes	54, 000	52, 200	55, 800	81, 000

Cereals and legumes

The output of both maize and beans fell after diversification (Table 5.9). The table also shows a sharper significant fall in bags of maize produced in Akuapem North before (1075 bags) and after (763 bags) diversification compared to Dangme West, although it also experienced a similar fall in maize production from 820 bags before diversification to 647 bags after diversification. Similarly, the study recorded a fall in the output of beans in both districts with Akuapem North exhibiting a greater fall of 17.5 bags, compared to Dangme West with a fall of 6.5 bags (Table 5.9). Again, rice production in Dangme West district also experienced a fall after diversification. Also, the humid environment and hilly terrain in Akuapem North does not commonly favour the cultivation of rice. This is in contrast to Dangme West which has a plain terrain and a few irrigation systems which are used in the cultivation of local paddy rice.

The observed falls in cereal production in both districts, more especially in Akuapem North, are attributed to the shift from the production of cereals due to poor pricing and high production cost. In the case of rice, the respondents blame the influx of cheaper and more appealing imported rice from the USA and Thailand in view of Ghana's economic liberalisation and trade policies.

Root crops

The study revealed a rise in the output of cassava and cocoyam after diversification. Gari producers attribute this pattern to the recent rise in the market prices of cassava as a result of the high demand. The substantial rise in the production of cassava in both districts and particularly in Akuapem North is due to the corresponding rise in gari production in this district. Gari is a highly demanded local staple, which is produced with cassava as its main raw material and presently exported outside Ghana.

It is important to note that, the gari-boom could impact negatively on household food security in that most farmers are now cultivating a new variety of cassava (*gari bankye*) with low starch content but high fibre content. According to the respondents, this variety is not palatable and has a low consumer preference and so does not sell on the food market. This has a dual impact on the producers which could have a long-term boomerang effect observed growth being witnessed. The first negative effect is

that farmers, who fail to sell the special cassava variety to gari producers, either fail to sell on the food market or find it extremely difficult to attract consumer market. Secondly, the continual cultivation of this variety of cassava in view of its high demand and faster gestation period could result in the disappearance of the varieties which are the preferred choice for direct household consumption.

In contrast, the observed changes in the cultivation of cassava have resulted in a substitution reaction in which households have opted for cocoyam in the absence of the preferred variety of cassava. In addition, households that are unable to afford to buy cassava (especially during out of season periods) have shifted to the consumption of cocoyam. The ability of cocoyam to thrive in marshy areas with minimal attention, time and labour cost are considered as additional reasons for the gains in its production. This pattern again confirms arguments by the study sample which suggests that farmers are steadily moving towards the cultivation of crop with low production cost in view of their limited resources.

Tree crops

The study observed a fall the production of both plantain and palm fruit in both districts after diversification. Akuapem North experienced a fall from 27.5 tons to 21 tons after diversification whilst Dangme West experienced a fall from 18 tons to 14 tons after diversification. Although the perennial nature of plantain and palm trees allow them to thrive over a long period of time, the study sample in both districts argued that the long gestation periods between fruiting, coupled with the high cost of weeding management compared with output from their cultivation, makes their cultivation unprofitable. The sample households in both study districts indicated their inability to invest their limited resources in this direction. Like cereals, the study revealed that most of the profits associated with the cultivation of tree crops are made by the middle men and traders at the expense of the primary producer. The bulky nature of plantain and palm fruit coupled with their low shelf-life means farmers will have to dispose of their produce as soon as they are harvested. As a result, most traders take advantage of the situation and offer farmers low prices whilst they inflate the retail prices.

Even though tree crops are largely considered as capital assets and forms of investment by the study households and their respective communities, their cultivation and ownership are largely attributed to external investments by tenant farmers and out-migrants. The reason for this pattern is that the establishment of tree crops require substantial capital input and extensive maintenance which make them all the more expensive to cultivate. An important finding made by the study in Akuapem North is the sad realisation that 15 households sold their palm plantations to tenant farmers resident in Accra in early 2001, in order to raise cash to support the cassava production and gari enterprises.

Vegetables

Moreover, although the output of vegetables in Akuapem North (chilli & green pepper, garden eggs, onions, okra and tomatoes) fell after diversification, Dangme West recoded a rise in the production of these vegetables after diversification (Table 5.9). The recent surge in the cultivation of export oriented vegetables which is been backed by the Ghana Export Promotion Council and some local export agents has led to a boost in the cultivation of some selected vegetables. An interview with the Project Officer of the Ghana Export Promotion Council revealed that the closeness of Dangme West to the Tema Port and the location of the Kotoka International Airport in Accra make it an easy and cheaper for exporters to buy from the Dangme and Tema Districts and send them to international destinations.

Since the sampled households are mainly small farmers, the evidence presents a precarious stance for food productivity and security in view of the recorded falls in productivity. It is most serious with respect to the availability of food at the household level as cereals are the main source of energy and raw materials for staple dishes for most households in rural Ghana (Dei 1992). A shift in favour of the cultivation of market-oriented crops in view of its obvious reward will eventually result in the shortage of local household food demands.

In the wider picture, these two districts feed two major cities with their food supplies. Food and feeding cost has always been slightly higher in these cities than most parts of the country in view of the high standard of living, large populations and the high demand on food. Hence the direct implication in a reduction of food production by

farmers in the Akuapem and Dangme districts will inadvertently result in a rise in the prices and the cost of food in Accra and Tema and their environs.

The farmers attributed this fall in production to the general reduction in farm investment, and the attempt by many farmers to reduce the risk associated with farming. The idea of farmers generating their own capital for farm investment coupled with the absence of any formal credit support has pushed farmers in the study districts to cultivate alternative crops, which do not meet the immediate household food needs of the study households.

A male household head in Dangme West attempted to explain the observed pattern by saying that:

the Ghana Food Distribution Corporation, which formerly bought our produce, has been abolished. There are no silos anywhere to store our grains in case we produce more than we can handle. We also don't have any guaranteed prices. So it is now down to producing what we can manage really and benefit in terms of capital and profit.

Equally, another farmer, in Akuapem North blamed production and financial risks:

this is one of the main problems, the idea that farmers will always grow food irrespective of their conditions is very wrong. Farmers are being careful these days because it is very difficult to recover financially and the Ministry of Agriculture is not there to help out like it use to.

Thus, the lack of formal purchasing systems and non-existent storage facilities results in the fall in marginal profits of farmers and explains the fall in food production output.

5. 9 Marketing

Marketing of farm produce is another important area in the agricultural economy that has experienced diversification. The study neither observed nor identified any significant difference in the marketing strategies operated in the two sampled districts. However, some important differences were observed between those before and after diversification.

5.9.1 Dynamics of food marketing

Women constitute the major labour force involved in marketing of farm produce and perform crucial roles in the distribution system. Women transport the agricultural produce from the farm to the homestead through head-loading, since most farms are inaccessible to vehicles. They later transport the produce to the market and when necessary head loading is used again. Head-loading has implications for the health of the female carriers and also limits the quantity of produce that can be taken to the market on a particular occasion. In Akuapem North for example, farmers who are able to afford the cost of public transport will rather use that instead of head-loading. Others gather their produce in a group and arrange with a mini bus driver to transport them to the market. An interesting finding made in this regard is that movement of farm produce to the market largely favours communities located near the major or main roads. Those located further away from such roads would have a dual responsibility to carting their produce first to the main road and then wait for the mini bus which then transports them to the market. A female respondent in Akuapem North described the movements she makes in an attempt to get her produce to the market:

on market days, my daughters and I have to carry the sacks of cassava on our heads and travel about a mile on foot to the main junction as early as 5.30 am. We then form a queue before the bus arrives. On occasions where we have more sacks to send to the market, we will have to repeat this movement at least twice. Those communities located closer to the main roads are lucky and do not have to struggle as much as we do. The road leading to our village is very bad, thus not accessible by vehicles.

It was noted during the field work that manual transportation of farm produce to the market is exacting in terms of labour, energy and time. The need to improve accessibility and availability of access roads to communities further away from main roads cannot be over-emphasised.

Another major change in marketing which has become common after diversification in the study communities is the observed fall in the sale of produce at the farm gate. The study was informed that wives and daughter's prefer to take their produce directly in the market in order to enhance their ability to earn more than they would attract at the farm gate sales. The irony of this initiative is that, they will have to deal with *market queens* at the markets. Market queens are women traders who lead the

trader associations of the different crops sold at the markets. Each trader operating in a particular market is expected to belong to a group. There is a market queen and a trading sub-group for all the food crops. So there is a market queen for tomatoes, pepper, cassava and maize, and these women determine the prices to be traded for each crop on each market day. The market queens exercise power and influence in the market. They often fix prices for the crops sold in the various markets and the traders and farmers will have to adhere to these prices. They also control the purchase and distribution of food crops between the rural and urban centres as they also supply market agents in the city markets.

When sampled farmers were asked about alternative forms of markets in a focus group meeting in Yensiso village (Akuapem North), the answer was negative. A female participant explained that some farmers still use the farm gate system and made this comment:

the alternative to the market sale is the farm gate system which often operates through the middlemen who are largely linked to the market queens. There is less bargaining at the farm gate because the agent poses as one who is doing you a favour, which in fact is right sometimes. So we have little option but to sell to them.

The middlemen and women are brokers and agents who operate on behalf of market queens or have links with more than one market queen. They sometimes offer soft loans to the farmers and finance cultivation of specific crops. An important finding made by this study is that this pattern of interaction between the middlemen and women and the farmers is on the increase in both study districts. These brokers are given the absolute right over the purchase and pricing of the produce they pre-finance, not to mention their dominance over the price negotiations for the produce. The study also noted differences in prices for the same type and quantity of maize and cassava in the two districts. The staff at the Ministry of Food and Agriculture in Accra attributed this to the operation and activities of the middlemen and market queens.

An interview with a farmer in Akuapem North who has recently diversified into trading of food crops presented a contrary view on the level of profits made by food crop traders. Traders have to undertake very risky and difficult trips to get to rural areas and the farms where they access farmers produce. The trucks they travel in often break down and the fares also vary depending on the type of roads to the respective

destinations. As a result, when their income is deducted from expenditure (cost of farm produce and transportation), the returns are often small. She emphasized that:

The cost of transport is so high and the trips are very dangerous. We encounter gangs of thieves in some districts, particularly at night and they often make away with some of our goods. Some of the products also go bad before they get to the market as our trips often involve several days. Hence the actual produce sold eventually at the market and the returns in terms of income is so small.

She further explained that many traders also borrow money to trade from diverse sources like money lenders and banks at high interest rates (ranging between 30 -50 percent). Hence they have to be conscious of making profits in order to repay such loans. Whilst she agreed that some traders can be greedy and selfish and delight in cheating farmers, she suggested that such individuals are rather in the minority.

The study interviewed another food crop trader in Dangme West who further argued that the high rate of post harvest losses is often the basis on which traders insist on reducing farm-gate prices. She added that there is health cost associated with the tedious trips which expose traders to malaria, typhoid fever and stress related ailments since their journeys rather predispose them to poor sleeping environments as well as unhygienic food and water sources. She argued that it is often difficult to break even and as a consequence it becomes imperative to transfer some of the cost incurred to the farmers and the customers (see Gracia 1995 for similar arguments).

On the subject of exorbitant rates of interest charged by the traders, both traders interviewed by the study agreed however, that such incidents do occur but explained that levels of interest rates are set, based on terms of agreements between individual farmers and traders. They also revealed that some traders could charge interests ranging between 40 and 50 percent. Again, this pattern was related to the equally high interest rates that traders pay on loans they acquire for their activities.

5.10 Proportion of Household Income Generated from Farming

An indication of the proportion of livelihood derived from agriculture by a household is the proportion of household income generated from its agricultural activities as a percentage of the total income of the household (Devereux 2003 p.124). According to recent studies on diversification within small farm households, the proportion of a household's livelihood derived from agriculture is more important compared to farm output per acre or productivity per hectare which many government agricultural agencies rather focus on (Devereux *et al.* 2005 p.124). The study therefore investigated the difference in the proportion of household income derived from agriculture by the sampled households before and after diversification.

Table 5.10: Percentage of total household income from farming: before and after diversification

	Akuapem North		Dangme West	
	Before (%)	After (%)	Before (%)	After (%)
Mean	96.0	31.4	98.0	25.8
Maximum	100.0	40.0	100.0	40.0
Minimum	80.0	20.0	80.0	0
Standard deviation	6.06	7.0	4.95	8.10
Number of households	50	50	50	50

Table 5.10 shows changes in household income generated from farming activities before and after diversification as a percentage of the total household income of the sampled households. An important revelation projected by the study is the sharp fall in the proportion of household income generated from farming activities after diversification. Whereas the farming activities of the sampled households in Akuapem North and Dangme West Districts generated an average 96 percent and 98 percent of the total household income before diversification, the contribution from farming after diversification is 31.4 percent and 25.8 percent of the total household income for Akuapem North and Dangme West respectively. This pattern shows a significant shift from high dependence on farm income to other forms of income.

In addition, whilst both districts indicted a maximum proportion of 100 percent and a minimum proportion of 80 before diversification, it is noted that both the maximum and minimum proportion of farm income after diversification for Akuapem North fell by 60 percent. Similarly, Dangme West also experienced falls in the maximum and minimum proportions of farm income after diversification by 60 and 80 percent

respectively. These patterns show a dramatic reduction in total income from farming after diversification.

The observed pattern therefore suggest that the sampled farm households are less dependant on farm income and largely supported by non-farm income sources. Again, the significant rise in the standard deviation for both districts after diversification shows an increasing fall and further widening of the variation in farm income as a proportion of the total household income after diversification. This implies that diversification could augment a dispersion of income generated from farming as a proportion of total household income.

5.11 Conclusion

Farming systems and agricultural activities in the study communities and that of the sampled households have changed with their diversification activities. The sampled households have moved out of the dominant mainly staple crop farming into other systems of production which focus on the cultivation of export and market oriented crops with the objective of earning more cash income. Also, cropping patterns within the study areas have changed. There is the surge towards diversification into the production of vegetables, namely pepper, onion cabbage, lettuce which have better market demand and attract more value in terms of price (Amanor 2005).

The diversification of crop cultivation has led to the evolution of new forms of marketing. Although these marketing strategies are directed at earning more cash income, the irony is that the farmers involved in such systems of production are not much better off as a result of poor institutional arrangement and the absence of formal governmental involvement in price regulation. If such mechanisms are not put in place sooner rather than later, the liberalisation of agricultural trade in Ghana, coupled with the massive importation of subsidised food, will inadvertently kill small-holder production.

The significant falls in farm size and farm output after diversification also poses serious questions to the future of smallholder production in the study areas. Although different authors have associated this pattern with various reasons (Devereux & Maxwell 2005, and Toulmin & Guèye 2005) central amongst the underlining causes

in Southern Ghana are the high cost of labour, the lack of access to land and production resources and the poor cost-return ratio.

The reduction in time spent on farming is a clear indication of the shift from farming. The majority of the sampled farmers spend less time on the farm and seek greener pastures away from farming. Such a pattern will obviously lead to households investing key resources in areas outside farming. However, the significant fall in farm labour due to the declining numbers in labour force for farm clearing and land preparation activities has resulted in the development of new forms of wage labour utilisation which is more expensive but less efficient. Arrangements for land preparation have become more expensive with increased risk. Women are now involved in land clearing and weeding for income whilst wage labourers are grouping into teams to take up contracts and control prices for clearing. The prevalence of such patterns may appear to provide new pathways for rural income but also replace the existing socio-cultural practices of networks and support systems and eventually undermine valuable traditional values. Although, this pattern could be classified as a form of development, the fall in the percentage contribution of farm income to the overall household budget and the absence of alternative capital resources to cope with this fall will result in further underdevelopment, deepened income scarcity and chronic poverty for many households.

It is important to note that Ghana's decentralisation program has done very little in the area of land policy reforms and land redistribution. In spite of the lack of formal government intervention for land reform, the old traditional kinship land tenure systems are gradually experiencing change which needs to be acknowledged and encouraged or managed. Many young farmers, especially non-natives, are beginning to see themselves as victims of such systems and are quietly resisting such arrangements. This calls for a review of the land tenure system by District Assemblies and District House of Chiefs so as to minimise or manage any future conflicts between landlords and farmers.

Farmers currently diversifying into new forms of production may not be able to sustain their cultivation and production system as a result of the absence of formal support and commitment by the formal institutions of credit. For small-scale agriculture to thrive, farmers are expected to generate significant financial returns,

large enough to accommodate the associated rising expenditure in farming (Fall and Niang 2005). This phenomenon has the potential of pushing farmers out of farming completely. Such purported stance, although may have some positive impacts on the rural economy of the small holder farmers, could on the other hand have indelible implications on local and national food security. Thus, the long-term implication of on-farm diversification seems less than positive as argued by Turner (2000).

CHAPTER SIX

Non-farm Livelihood Diversification

6.1 Introduction

Non-farm livelihood enterprises have recently become very important in the rural communities studied in this project. There is now ample evidence of the existence of these enterprises, the different forms they are taking and their increasing role within the household economy. The chapter discusses familiar variables relating to non-farm diversification activities undertaken locally, and examines the farm household's objectives for diversifying into non-farm enterprises, the motivation, as well as the nature and availability of credit and input support for such enterprises. The chapter also investigates skill acquisition for non-farm enterprises and questions the accessibility to the institutions expected to provide such skills. The chapter concludes by examining the contribution of non-farm enterprises to household budgets and how incomes from such enterprises are invested. It is noted that the extent to which the sampled households depend on their respective non-farm enterprises vary. Whilst some households consider their non-farm enterprise as their primary or main income source, others perceive their enterprises as sources of additional (secondary) income. The study also noted that time spent on similar activities varies, with the quantities of produce often determined using different measures which differ from one community to the other.

Although most of the non-farm enterprises undertaken by the sampled households are common to both study districts, a few enterprises are noted to be district-specific as a result of the ecological and climatological factors which influence their establishment. Hence not all non-farm enterprises are likely to thrive in both districts, introducing a potential limitation on the type of enterprises that households in both districts could undertake and the extent of adoption. The chapter will further investigate the different community and household characteristics that influence adoption and the level of participation in the different local-specific non-farm enterprises. This investigation is relevant for the implementation of future poverty reduction initiatives by enhancing the understanding of the factors which determine innovation, and whether diversification is driven by the desire to accumulate wealth, the need for secured income or a mechanism for reducing the level of deprivation within the household.

Box 6.1: List of Key Variables Discussed in the Chapter

Variable	Definition
Non-farm income activities	This describes the different local non-farm enterprises undertaken by the sample households in the study districts
Objectives of diversification	This variable explains the reasons for diversification.
Motivation for diversification	External factors which encourages farmers to diversify.
Credit support	Examines whether households receive any form of credit towards undertaking the diversified activities.
Skill acquisition	This variable explains how households acquired their knowledge and skills for their diversified livelihood.
Extent of dependence	The variable describes the degree to which household economy is influenced by diversified activity.
Type of savings facility used	This variable describes the savings institution used by the individual households.
How often do you save?	This variable examines the frequency of savings.
How much do you save?	This refers to the amount deposited monthly or per season.
How often do you withdraw?	This shows the rate at which individual households withdraw money from the savings account.
How much do you deposit?	The amount of money deposited per season or month.
Problems with banking	The issues of banking that prevents or discourages saving.
Failure to save income/ profit	Why people refuse to save even when they have the money.

Source: Author 2006

6.2 Household Headship and Economic Activities

Studies of rural non-farm activities suggest these may be influenced by the socio-economic characteristics of the household head. The gender of the household head is a prominent factor in rural Ghana which is reported to dictate major socio-economic decisions such as access to land and cultivation practices, as discussed in chapter 3 of this thesis. The research investigated the relationship between the gender of the household head and the household's main economic activity. The findings of this investigation are presented in Table 6.1.

Table 6.1: Main income activities and gender of household head

Main Income activities	Akuapem North Gender of household head				Dangme West Gender of household head			Total freq.
	No. of Months	Male	Female	Total	Male	Female	Total	
Farming	9 - 12	9	3	12	8	0	8	20
Bee Keeping & Fuel wood	6 - 9	3	0	3	5	-	5	8
Gari processing & Trading	6 - 9	0	22	22	-	-	-	22
Chop bar & trading	6 - 9	0	1	1	1	1	2	3
Dressmaking & trading	6 - 9	0	2	2	0	1	1	3
Factory worker & wage labourer	6 - 9	3	0	3	11	0	11	14
Wood cutter/fuel wood/ cassava harvester	6 - 9	7	0	7	-	-	-	7
Pottery, Quarrying & Trading	6 - 9	-	-	-	1	13	14	14
Sand & Clay trading & Wage labour	6 - 7	-	-	-	5	0	5	5
Soil harvesting & Wage labour	6 - 7	-	-	-	9	0	9	9
Total		22	28	50	35	15	50	100
Chi Squared Test (<i>P</i>)	<i>P</i> = 0.000				<i>P</i> = 0.000			

6.2.1 Gender of household head

Table 6.1 shows that whereas there are more female (28) household heads than males (22) in Akuapem North, in Dangme West the sample is made up of 35 males and 15 female household heads. There is a significant relationship between gender of the household head and the main economic activity of the household. Table 6.1 also shows that although most non-farm enterprises are operated by both genders, specific combination of activities (e.g. gari processing and trading; pottery and quarrying, factory work and waged labour; sand and stone trading and wage labour; fuel wood and cassava harvesting; soil harvesting and waged labour, bee keeping and fuel wood business) are operated by members of a particular gender. This pattern and the reasons for its occurrence is discussed qualitatively under Section 6.3 of this chapter. However, arguments for such patterns as expressed by the sample are that some activities are traditionally associated with particular genders. For example, they explained that manual and very physical work is reserved for males who are assumed to have the strength to undertake such activities. Nevertheless, such views no longer apply as rigidly as in the past with the advent of diversification, as discussed in the previous chapter.

6.2.2 Main economic activity

Non-farm activities can be categorized into two major groups: namely the major/main income non-farm activities and the minor/secondary income non-farm activities. The major non-farm activities are those activities often undertaken as main economic enterprises of the household. The major non-farm activities are often undertaken on larger scale and are the primary source of income compared to the minor non-farm activities which may equally be undertaken on a large scale but operated as secondary sources of income. Another definition for major livelihood activities are those considered by the entrepreneur as having stable and organised markets and a network of traders with guaranteed income, attached to production (Chalfin 2000, p. 1002)

Twenty households indicated farming as their main income activity and the rest of the sampled households (80) depend on non-farm farm enterprises for their main income (Table 6.1). This pattern is crucial and has important implications in the sense that all the sampled households had originally been mainly staple crop producers at semi-subsistence level. Food production and security could be jeopardised because the bulk of foodstuffs consumed in the towns and cities in Ghana are produced by small rural farmers (MOFA 2001). A shift from farming as a main income activity by any single household is therefore very significant.

Another interesting pattern observed from Table 6.1 is that, with the exception of farming, all the households with non-farm enterprises as their main economic activities operated two or more enterprises. The reason for this strategy is to ensure income security. Unlike farming where it is difficult to maintain income security, the sampled households are able to achieve this security by engaging in multiple non-farm activities. The study was informed that this security mechanism works on the basis that when the sale or production levels in one enterprise falls (or fails), the proprietors are able to switch to the other enterprises. Also, operating a dual enterprise helps to increase returns and ensure continuity of production and cash income.

Again, it is observed from Table 6.1 that some of the enterprises are associated with a particular district. This is because these activities are traditional trades of the natives of these districts and also the raw materials required for such enterprises are located as natural resources in the respective districts. The study was informed that the non-availability of raw materials can be expensive since it involves a high cost in transporting the bulky raw materials and therefore does not make the business worthwhile. A respondent in Dangme West made this comment:

I have particular interest in gari processing but the cassava produced in this district is not as good as that produced for the production of gari in Akuapem. Secondly, it is very expensive to buy cassava from Akuapem because cassava is perishable and the cost of transport is too dear.

Such physical and financial limitations prevent households which would be interested in a particular enterprise not traditionally associated with their district from trading or engaging in such activities.

The combination of gari processing with trading (22) are the common non-farm activities in Akuapem North but are not found in Dangme West. However, Dangme West has more households (14) engaged in pottery, quarrying and trading. It is interesting to note that these occupational groups and, for that matter non-farm enterprises and diversification within the sampled communities, are to a large extent dominated by women. This could be true because in most rural households women are responsible for the day-to-day management of the household finances and they often strive to sustain their economies (Duncan 2004). In addition, men participate in several economic activities, whereas women specialise in selected activities which are related to their domestic skills or interest.

6.2.3 Number of months the main income activity is operated

The number of months that a household is able to operate its non-farm enterprise in a calendar year is very important because it could affect the annual earnings of that household.

Table 6.1 also shows that compared to farming, which is operated for 6 to 9 months in the year, the proprietors of non-farm enterprises claimed to operate between 9 to 12 months of the year (Table 6.1). Non-farm activities are operated for longer periods in the year and as a result those involved in such activities stand a better chance of earning income for a longer period compared to farming.

The bigger picture suggests the inclination towards wage labour activities and enterprises that offer wage labour employment. The rising demand for cash income locally has also led to a shortage of both farm and non-farm labour. This is because the increase in non-farm activities has accompanied a need for extra labour since the family labour system in the study communities is not able to cope with this new wave of entrepreneurial activities and the associated standard production targets.

6.3 Non-Farm Enterprises Operated by Sampled Households

The non-farm enterprises operated by the respondents include gari processing, pottery, fuelwood production, oil extraction and bee keeping. Others include trading, factory work, chop bar operation, quarrying, farm labourers and non-formal education facilitation.

6.3.1 The Gari Processing Industry

Gari processing is an important economic activity in Akuapem North. In addition to being a source of food for the household, it is a vital income generation activity. Gari is produced by roasting milled¹, dried cassava powder from cassava dough. It is known to have been possibly introduced into the district by Ewe migrants from the Volta Region of Ghana who moved into Akuapem North District during the cocoa boom (Hill 1965). It has since been normally

¹ An interesting discovery made by the study is that although the cassava mills in the study communities are run by individual young men resident in the respective communities, they are owned by rich individuals resident in the nearby towns. This is because most of the households in the sampled rural communities do not have the capital to purchase and maintain cassava and maize mills.

associated with the Ewes until recently when other natives of the district learnt how it is produced. With cassava as the main raw material, the enterprise is considered by the Ministry of Food and Agriculture (MOFA) as an effective way for the management and prevention of post-harvest losses of cassava tubers. Some households only prepare the dough and sell without processing it into gari. The dough is also used in preparing different local dishes.

Labour and cassava acquisition

Since gari processing is considered mainly as a women's enterprise. The role of men is largely restricted to assisting their partners with the purchase and supply of cassava or help in the arrangements and transportation of the gari to the market. Some men also arrange for fuelwood, the main source of fuel for roasting the gari. Most of the labour is therefore obtained from female household members, from the young to the elderly. In several instances, gari is produced by female members of a particular community who form groups and put their production resources together. In this case daughters of group members will often provide voluntary labour to the group and sometimes obtain free training as apprentices. Children of school age are often used as errand girls and carriers of firewood and cassava from the farm, peeling of the cassava tubers and sometimes oversee the milling of the cassava.

A group leader in Korkorkumu (Akuapem North) village explained how household and family members are paid:

I work with my three daughters, Mercy (32), Fusty (30) and Joyce (22). They do not get paid in cash but receive allocations of gari, which they have to sell and keep payment for their labour. ...in cases where extra hands are required to produce a large quantity or when we have to supply an order, we hire labourers who are gari producers or gari labourers and pay them ₵7,000 per plastic bucket of gari that is produced.

Gari production is largely seasonal, but is also produced all year round depending on the availability of cassava. The availability of cassava to a large extent determines the season, period and volume of gari that could be produced. The variety of cassava used for the production of a particular batch of gari is able to affect its quality and taste. A respondent from Akuapem North explained how they employ different strategies to ensure regular supply of cassava. She indicated that they buy the cassava farms at mid-stage of their gestation period and manage them till they are ready for harvest.

NGOs involvement and support

The National Poverty Reduction Program argues that the involvement of NGOs in non-farm enterprises such the gari industry will significantly accelerate production and profits. However, a focus group meeting with gari producers in Akuapem North provided startling insight into their relationships with NGOs as presented in Box 6.2.

Box 6.2: Views of sampled households on NGO support and associated conditions**Abena Mansah is a 55-year old household head in Akuapem North**

An NGO called Supportive Women bought us some frying pans, basins and ten sacks and also gave us some seed money [credit] to produce soya gari, which we will sell in the market in Accra. In return they ask us to pay four hundred and eighty thousand cedis, which is the capital plus interest. The soya beans sells at one hundred thousand cedis per bag. After doing our cost and benefit analysis, we told them to reduce the interest rate on the capital so that we will pay back a lesser amount than specified but they refused. So we could not work with the NGO.

Yaa Serwaa is a 36-year old mother of four children

Different NGOs offer to help but it is difficult to comply with the terms of conditions attached to the promised support. There are those who could also ask us prepare a certain quantity of the soya-gari for example and will either not pay for it or will not show up to collect the stock so you end up losing your capital.

Akosua Menu is a 45-year old mother of six children

The District Assembly people often say that we should work with NGOs but they do not know that these NGOs have their own motives. They are not straight-forward people. They claim that they want to help us but in reality their programs do not often suit us. Why can't they ask us what we want? At least, if you want to help someone, then you must know what the person's needs are.

The leader of Supportive Women explained that most of the women groups desire to receive free credit, but her organisation is a small local NGO² with very little operational capital and therefore not in the position to offer such support. These assertions suggest that credit repayment is a very critical issue and also such collaborative arrangements may not generate the anticipated results because linking production groups with NGOs is not as easy and straight-forward as could be expected.

² Some local NGOs have introduced the production of *Soya-gari*. This is gari mixed with a measured proportion of Soya bean powder. This incorporates protein into the gari, which is pure carbohydrate, and thereby making it more nutritionally balanced, as malnutrition is a recurrent phenomenon in rural Ghana.

Marketing

The study noted that marketing of gari is done in different forms and at different levels. There is the direct sale of gari at the local community level to residents in the community and also those from nearby communities. Another sale outlet is along the major roads in the district. Gari producers resident in communities located along the major roads linking the big towns display their wares by the roads and thus attract the attention of travellers. Those whose villages are located further in-land and away from the major roads often transport their produce to such location and therefore incur extra cost. Nevertheless, there are those who sell to middlemen or market queens at the main markets. The price of a polythene bag of gari, usually referred to as an *alonka* (which is a local measure) is normally sold at ₵250 at the village but the traders sell the same volume for ₵700 at the market. A gari producer commented on their sale by saying that:

we often sell in 45kg sacks to the traders. A 45kg sack should roughly contain about 24 alonka polythene bags. It is more profitable compared to farming because we can make a profit of ₵5000 for each 45kg sack.

Although the profit margin is small in view of their investment, the gari producers consider this as a great gain compared to farming and marketing of raw farm produce.

6.3.2 The Pottery Industry

The pottery industry is common to Dangme West District and could possibly be due the large raw material base which complements production. Pottery is a traditional industry associated with females within the district. The recent involvement of men is attributed to the recent retrenchment exercise in the Ghanaian civil service which resulted in the return of several males to the rural areas; and with no jobs apart from agriculture, pottery became a viable option.

Labour

As mentioned earlier, women are the main labour force in the industry, with most of them working by themselves or with assistance from friends. The labour force will normally include the grandmother, the daughter and her grandchildren. The younger girls are traditionally made to believe that it is a necessity to know how to produce clay products, but acquiring the skill is voluntary. However, the respondents of the household interview in Dangme West indicated that with recent economic crises and difficulties experienced by rural dwellers, many women have opted to undertake pottery on a larger scale. This is perceived as a more lucrative alternative economic activity which can also help improve their precarious household incomes.

Pottery has become more common with external attraction which has resulted in larger outputs.

This therefore requires group production and shared targets in order to meet expected production figures for the traders and buyers. The group work is often organised by the women leaders of the respective communities. Those communities who produce or market with the assistance of NGOs also select leaders with the help of the external organisation. When asked the importance of leadership within a production group, three young members suggested:

having an effective leader makes a lot of difference because the traders normally want to deal with weak individuals who they can control. The poverty reduction program and the NGOs insisted that we select leaders who will lead the individual production in the different communities and groups. This seems to have worked well and to our advantage compared to when we use to transact businesses on our own.

Working in groups under organised leadership has enormous benefits which also foster the creation of social capital. However, the lack of co-operation sometimes undermines the quality of social capital. Interviews with group members revealed that some community members refuse to participate in group activities as explained by Sister Awo:

"we have problems with some of the women in the community who deal with the traders directly rather than working through the group. Such acts undermine the efforts of the group and make others to follow such bad examples. The NGOs and District Officers do not do much in such situations which I think is bad. Our groups are not very cooperative as people always complain and want to do things on their own".

Marketing

The pottery clay costs ₵5,000 per barrel and the fine sand used in mixing the clay also cost ₵3,000 per bucket. The total cost of these raw materials depends on the type and quantity of pottery product being manufactured. Another important raw material is fuelwood, which is also purchased from the fuelwood traders at ₵10, 000 per bundle. The cost of production could be high and so sales outlets are key to the potters. Many of the potters indicated that they have to sell the product themselves in order to make small but appreciable profits. This is because middle men and market agents who come to buy their wares for other markets often demand to pay very low amounts and so the potters make very little or no profit. Another profitable avenue for the potters is the opportunity to export. Some NGOs are able to arrange foreign markets through an organisation called Artisans Trade Package and also through the Ghana Export Promotion Council. The respondents in Agomedah village in Dangme West explained that exporting their produce is more preferable because they make better profits. The Export Promotion Council of Ghana also helps with this process. The only difficulty here is the inability of the potters to meet the quality requirements of external buyers. The potters however, stated

that transactions and payments through institutions are faster than with individual traders. The experiences and challenges of the pottery enterprise within the context diversification are reiterated by a respondent in Box 6.3.

Box 6.3: Auntie Mary, a potter in Agomeda had this to say about her perception of pottery as a non-farm income activity

I normally produce water coolers, pots and jars, which are mainly for domestic purposes. I work with my daughters at home most of the time. We sometimes team up with the other potters in the community to produce consignments for exports. The group work is good but the problem with it is that the money sometimes delays and we have to wait and wait whereas when I work on my own with my girls we sell and make our returns quickly. This enterprise, in my estimation is much better than farming. The advantages of pottery over farming are numerous but the most important being that the pottery wares are non-perishable and can be sold at any time. I am able to with-hold the sale in situations where the prices are low. The products are sold at different prices depending on the type of purchase. For example, we sell the coolers and jars at ¢10,000 to individual buyers and at ¢7,000 to bulk purchasers or orders. Sometimes we lose a lot of the product during transportation as a result of bad roads.

The major difficulty associated with the enterprise is the lack of capital and the accompanied health hazards. We have to use an open firing method which generates a lot of heat. This not only destroys much of the products but also affects our eyes and skin.

Challenges and implications

These views project the notion that the level of social capital and effectiveness of group dynamics is low. The basis of the observed disagreements could be traced to the fact that most of these groups were formed by the staff of the Poverty Reduction Program and not by the community members themselves. Hence, with the absence of formal supervision and credit support, individuals do not see the need to belong to such groups. These findings are consistent with the conclusions by Lyon and Porter (2005) in the Brong Ahafo Region of Ghana where they argue that groups that are formed by external agencies are normally not sustained after the withdrawal of credit and formal support. Nonetheless, they argue that in addition to finding ways by which people could come together and work, development agents should also help sustain such group activities by creating progressive environment where conflicts as those mentioned in this section could be resolved responsively.

Secondly, since clay, the key raw material, needs to be dug using manpower, the quantity on the market at any one time is quite small. There is no formal capital finance for potters, which limits output and productivity. The only form of financing comes from the traders who sometimes give

them small amounts of money as commitment fees, which the potters invest in the production. In general, the quality finishing of the products produced by most of the potters is poor. The poor quality finishing of the products makes it difficult to compete on the export market, thus restricting the sale of most of products. Another setback to efficient production and high quality output is the lack of equipment. Nevertheless, the high demand for fuelwood in this industry has resulted in severe environmental consequences. This pattern of devastation shows that non-farm enterprises do have negative environmental impacts.

6.3.3 Trading

The study recorded trading as a non-farm enterprise that is common to both study groups, although there are more sampled households involved in trading from Dangme West compared to Akuapem North. The popularity of trading in this district, according to the respondents, is because Dangme West District is very close to Tema as mentioned in the previous chapters and could also be traced to the long established good marketing and trading networks between traders in this district and their counterparts in Tema District. The presence of a very good public transport network is also considered as an influential factor to the trading system between the two districts.

Items traded

The items traded by the households in both districts varied with location and demand. The traders sell items according to the prevailing demand and their ability to access the source of such items. The trader, according to the study, looks out for items with very good wholesale prices, bulk sale prices or affordable retail prices which offer them large profits. The products sold included provisions and beverage products, fish, farm products, farm inputs and implements, second hand clothing, charcoal, and kerosene. Those who sold provisions and canned foods in the Dangme West District indicated that they buy them from the wholesale/retail outlets in Tema where the prices are reasonably low. Most of the dealers in farm implements and agro-chemicals also get the stock from Tema and sometimes Accra (Ghana's Capital). Unlike the traders in Dangme West, those in Akuapem North buy most of their products in Accra even when the prices are higher because they argued that it is easier to transport goods from Accra to the district than from Tema.

Labour

Trading is often done as a family business and regularly involves the females in the household. However, males manage all the farm input shops identified by the study, even where the women are in charge of the enterprise. The reason is that this trade has the additional responsibility of carrying, packing and packaging of the products. Nevertheless, trading is traditionally seen as a woman's activity in southern Ghana, although the men help in the day-to-day activities. Some men offer to sell on behalf of their wives, in cases when the woman is ill, out of town or busy with household chores. However, the majority of the labour force in trading consists of the female dependants including children who sell the products when they return from school. Most of the traders who sell at home conduct their business in small kiosks outside the house, or convert a room in the house into a kiosk. Others sell by the main roads. All the study communities have designated areas for marketing activities.

Challenges and implication

The level of inflation and unpredictable economic environment, particularly of the rural economy, has resulted in rising prices of manufactured products which affect the prices of items sold by the rural traders. Thus, they have to be changing prices of the items on a regular basis in order to make the required profits. Lack of cash income in the rural areas also implies that most people do not have the cash to pay outright for the items they buy from the traders. This negatively affects the trader's capital, the frequency of restocking from the city and the ability to expand their trade.

6.3.4 Woodcarving

Woodcarving is found in both districts, but the style of carving found in Akuapem North is different from that in Dangme West. Most of the carvers in Dangme West produce portraits and wooden hangings depicting scenery and landscape whereas in Akuapem North the carvers produce stools, drums, furniture, sculptures and a variety of traditional decorative items. The reasons for the difference in production style are varied but key amongst them is that carvers in Akuapem North are more traditional carvers who operate within a cultural institution and under the leadership of the Master Carver; however, those in Dangme West operate as individuals. The carvers normally buy the logs from wood-loggers.

Labour

Carving is male dominated, and women are not allowed to carve. Until recently, carving has

been an inherited trade that has been attached to some particular families, especially in Akuapem North. Most of those involved in carving gain their skill whilst assisting their parents, uncles and other relatives. Younger boys are made to polish or sandpaper almost finished products whereas older boys are required to complete a piece of work when the Master Carver is satisfied that the desired pattern of shape has been achieved. The boys therefore progress from undertaking very simple tasks to doing more challenging ones and sometimes carve their own pieces for sale. Some of the carvers in Dangme West explained that they learnt how to carve whilst attending Junior Secondary School and decided to produce on commercial basis on completion of the Junior Secondary School, since it is more lucrative than farming.

Marketing

Agents sell most of the carved pieces in Accra. Carvers often take up contracts from these agents and receive some amounts towards the cost in advance as a commitment. Those in the Dangme West have set up bases in Tema and Accra where some of the products are finished and sold. This means they carve out the different designs on the wooden hangings or sculpture and pass them on to relatives or friends who are also carvers and based in Accra who will then finish and sell them. Those who do not have such links or network system sell their products to individuals who do, thus creating a good marketing system for the carved products. Items are priced depending on the time spent on carving, the size and the popularity of the design. Other price indices are destination of the products, type of market (local or foreign) and also the degree of finishing required.

Implications

Prominent amongst the varied implications of woodcarving is the illegal felling of trees. The demand for logs of specific varieties of trees makes it imperative for the loggers to fell such trees even when operations are banned. This has resulted in the felling of trees in forest reserves and family farms causing enormous destruction of food crops and farm roads. The heavy machinery transported on narrow farm roads also result in further destruction of these routes. There are no health and safety policies governing these activities nor are there occupational health guidelines for the carvers. As a result some of them are reported to suffer from infections associated with the inhalation of sawdust and wood dust.

In such large quantities, the ultimate impact of woodcarving will be the destruction of both forest and farmlands as well as the introduction of various health conditions which could adversely

affect the households whose economies are dependant on such activities as well as the communities and individuals whose properties are destroyed by such enterprises (Sunderlin *et al.* 2005).

6.3.5 Dressmaking

Dressmaking is a very important rural activity even though most farm households are not able to afford to buy fashionable clothing. It is also the male spouses that are expected to buy textile cloth for the wives at the end of a farming season as a sign of affluence or responsibility. Dressmakers in the rural communities, however, make as much money as those in the urban areas since most rural households cannot afford to buy large quantities of textile or fabric to sew cloths compared to what is normal in the urban areas. Hence most dressmakers migrate to urban areas after receiving training in their respective communities. Others, especially the younger ones who are interested in the profession, prefer to train in cities like Tema which has more 'trendy' styles and higher demand.

Moreover, a highly specific finding made by the study in Dangme West, is the formation of an association for disabled dressmakers who are being supported by the National Poverty Reduction Program. The members are disabled individuals in the different communities who have come together to produce and market their product as a team. They produce chair backs, tablecloths, and batik tie and dye clothes. Other produce include beads, soap and cosmetic powders.

Marketing

The dressmakers complained that they scarcely receive orders from the supermarkets. Meanwhile what they produce often takes a while to sell. This delays payment because the shops are only prepared to pay the dressmakers after selling all the items supplied. In addition, it makes it difficult to keep a consistent production plan as they cannot afford to continue production when stock produced earlier are yet to be sold. This is because like the other non-farm enterprises, they lack production capital to support a trading system that is based on credit. Unlike the disabled dressmakers group, individual dressmakers in the sampled communities lamented that they have very little patronage. The use of second-hand clothes from Europe and America also has reduced the desire of many rural households to sew new clothes, as these second-hand clothes are much cheaper in terms of cost and quality of fabric.

Implications

The challenge for the group is that they lack the prospective market to sell their produce and also the delays in the sale of the product, which limits their ability to produce. The lack of capital is a very critical challenge because the raw materials used in the preparation of the items are expensive and require substantial capital outlay to sustain a regular production pattern. However, the lack of capital and the low capital outlay implies that dressmakers in the study communities may have the capacity and skill but not be able to improve their wellbeing through this trade. The persistence of limited capital outlay means indirect cycles of poverty to the respondents because they have to forfeit several basic consumption needs in order to generate the capital to operate these enterprises. Thus, their diversifications creates a web of risks, but they are obliged to continue operating their non-farm activities because abandoning such enterprises would imply that there will be no cash income to the household and the subsequent inability to buy or pay for their basic needs.

6.3.6 Factory Work

The closeness of Dangme West to Tema makes working in a factory possible, and a very attractive income activity compared to farming. Factory work commands better wages than farming. Also, it is considered more respectful in terms of status, thus making it a clear preference. However, retrenchment exercises carried out in the civil and public service in the 1980s also affected industries which rely on government subsidies, hence most rural commuters in factories lost their jobs. The government introduction of divestiture in the industries, most of whom are located in Tema, and the establishment of an Export Processing Zone in eastern part of Tema, has also resulted in layoffs that affected several families in Tema and Dangme West District.

Implications

The drawback with factory work is its unreliability as lamented by the respondents. Although the factory workers in the study sample still consider this activity to be better than farming, the amounts earned per day could be as low as ₵10,000. When the cost of daily commuting and lunch are deducted from this figure, what is left is barely enough to cater for household daily consumption needs. Also, all the respondents identified as factory workers are casual wage earners and labourers, employed to conduct various manual activities in the factories. They describe this form of employment as insecure and undependable. It was reported that most of the workers are only notified whether or not they will be working as they report to the factory gate.

There is no social security associated with such employment neither are there pension packages for the employees. The absence of private pension schemes in Ghana makes the future of these factory wage earners even more precarious. There is absence of social security, social protection programmes for individuals working in such activities (Levy *et al.* 2004).

6.3.7 Beekeeping

The study noted that bee keeping is practiced both as a primary and secondary income activity in Dangme West. Bee keeping is one of the income generating activities which is supported by the National Poverty Reduction Program. Dangme West abounds in fruit trees, especially mangos, which serve as a major source of nectar and habitation for the bees. According to the District Economic Planning Officer of Danbge West District, the National Poverty Reduction Programme supplied the farmers with the bee hives and the protective equipment. The hives are visited regularly during the harvest of the honeycombs and the combs are processed for the honey. The study was informed by the leader of the Bee Keepers Association in Dangme West that the quality of honey by members of the group is really high and commands a high demand on the market.

Marketing

The honey is usually collected at regular periods and processed by the beekeeper and his household. The extracted pure honey is poured into drums and gallons and sometimes bottled in small bottles similar to those used in bottling jam and marmalade. Also, the individual household interviews with the bee keepers revealed that traders, dealers and exporters of honey link up with the farmers and arrange the sale of the honey. The dealers normally buy the honey in drums and large gallons. The price per large gallon of pure honey is about ₵200,000 cedis in the rural, but is sold at about ₵350,000 in the urban markets. The implication is that like many other rural enterprises, the traders tend to maximise their profits at the expense of the primary producers. An interview with a honey trader revealed that this is a very profitable trade but explained that traders are not able to offer high rates per gallon to the bee keepers because the local sale is slow and not as profitable as the export market. However, avenues for export are also very slim and as a result traders have to hold their consignments for months in anticipation of sale, which reflects in seemingly low price paid to bee keepers.

Implications

The greatest challenge with the sale of honey is that there are few dealers and so the marketing

options available to the beekeepers are few. These prices are low when compared with the profits made by the traders and exporters. However, the bee keepers are not in a position to export their products themselves. Neither is there an established national body to do that on their behalf. They are therefore compelled to keep the existing trading partners. In addition, it is very difficult for individuals to keep bees without any external assistance. This means that only a particular group of farmers are actually able to undertake this enterprise as an income activity.

The bee keepers also have problems with bottling and packaging of the honey as most of the honey is not labelled. The beekeepers do not have any training in food hygiene and food handling which is evident by the unhygienic conditions within which they conduct their activities. The lack of modern input and the absence of machinery have exposed the industry to the use crude and unprofitable methods. Having such knowledge will help to extract more honey and make more profits.

6.3.8 Fuelwood and Charcoal Production

This involves the logging, collection and gathering of wood from the forest and/or bush for the purpose of sale and making fire for domestic cooking activities. Fuelwood is also used in generating fire in commercial activities. These are well-established traditional means of either reducing the household expenditure on energy consumption and as an activity for income generation. Farmers in the focus group meetings in both districts suggested that more households are embarking on this activity for income rather than supplementing household firewood consumption. The traditional collection of twigs and shrubs has changed with the increase demand for fuelwood which has led to a rise in logging activities as reported by the District Economic Planning Officers of both study districts. However, the lack of trees and the absence of tree planting campaigns have resulted in the depletion of forest, and the disappearance of small trees and shrubs. This pattern has become very common in Dangme West where vast areas with trees and shrubs have been left bare as a result of this activity. In Akuapem North however, large trees are felled and the logs are often split into smaller pieces, which are then bundled for sale. Others go further to burn the wood into charcoal, which has higher demand in the towns and cities. Younger members of the households dominate this enterprise, as it is very laborious and can be dangerous.

Marketing

Fuelwood is sold in bundles whilst charcoal is sold in sacks. Some traders buy directly from the households without going through the market. Other households display their bundles and

charcoal sacks along the highways so that traders on their way to and from the market can make purchases. The bulky nature of the stocks makes transportation very expensive, which explains why producers would rather display them by the highways. The truck drivers also charge up to ₪400,000 to convey a truck full of fuelwood to the market, although this price varies according to the distance to the market.

A bundle of firewood can vary in price depending on the type of wood. Bundles of logs are sold at higher prices than those from twigs and shrubs. This is because the logs are able to burn for longer periods than the neem twigs and shrubs. A bundle of fuelwood from logs can be sold for ₪200,000 and that from twigs and shrubs at ₪150,000. In contrast, charcoal is sold in sacks. The price of the charcoal depends on the size of the sack. The large sack sells at ₪300,000 and the small sack sells at ₪180,000. An interesting finding is that charcoal has more demand than fuelwood, even though it is more expensive. Charcoal has greater demand in the urban areas because it is convenient to use, produces less smoke and last longer.

Implications

The production of fuelwood and charcoal although lucrative and rewarding is also hazardous and environmentally unfriendly. In addition, it is prohibited to fell particular tree species in some areas of both districts and so those involved in such trade could be liable for prosecution. Many people therefore work under the cover of darkness. Some teams of tree cutters use chain saws, which are banned and could lead to prosecution. However, the profitability of the enterprise drives the vulnerable households into the bush and forest to pursue this trade. In spite of the bans and restrictions in the felling of wood, fuelwood and charcoal production continues to rise but with devastating consequences on the environment. Large farming and secondary forest zones in the study communities, especially in Dangme West have been reduced to bare fields with bush as the persistent clearance of the fields seem to have reached exhaustive magnitude. These indicate that diversification could have devastating environmental consequences as mentioned earlier which have not been reported in the academic literature. The impact includes food shortages for the livestock and poor agricultural performance in the district.

6.3.9 Stone Breaking (Quarrying)

This activity usually involves women and their younger children as the main labour force. Dangme West has vast areas with sandstone, gravel and shale, which are all sought after by different industries, especially those in construction and landscaping. The women work in

groups at the different openings where the rocks and stones have been exposed by erosion or exposed by weather conditions. The groups use basic and primitive tools including mattock, pickaxe, spade, chisel, hammers and head pans. They rarely wear any protective clothing such as goggles or helmets. The work involves digging out chunks of rocks with the pickaxe and then rolling the stones to the cracking points where bigger hammers are used to crush them into smaller fragments. The size of the output depends on the use for the stones. The gravel or sandstone are usually priced according to the size of the heap but when there is the need to supply in large quantities as it is often the case, the women will work together and/or subcontract each household to produce a certain quantity. In most cases, the building contractors will subcontract individuals who own trucks and sell the stones to supply their stone requirement. Also, a deposit is paid to ensure prompt supply. According to the women, a truckload of stones can be produced every month and could cost up to $\text{N}1$ million. Also, unlike farming, the women are not required to pay rent to any landlord, because these lands are considered barren and not agricultural productive and therefore not covered by the existing land tenure systems. However, the women explained that they occasionally send drinks and food items to the chief as their gesture of appreciation.

Implications

The study noted that stone cracking is associated with several health risks as well as serious environmental consequences. Although, those involved in this activity can earn a large amount of money, the associated negative impacts make stone cracking an unsustainable income activity. The activities of these stone crackers leave large ditches and holes, which collect rainwater and become breeding grounds for the anopheles mosquito, which is the vector for malaria. There is also the direct health hazard which result in accidents such as cutting and crushing of fingers, particles in the eyes and rocks dropping onto the legs workers and their children. These accidents can be fatal and result in permanent damage. In addition, the opinion leaders and chiefs of two of the sampled communities explained that both adults and children associated with this activity experience persistent coughs, colds and asthma and has resulted in deaths and chronic ailments. This points to the fact that diversification could result in poor health and complications which can be detrimental to the workers and their children. The high cost of health care implies that for majority of these households involved in this industry, a larger proportion of the income is used to pay for medical fees. However, the study learns that this is a risk they are prepared to take, rather than die as paupers.

6.3.10 Local Restaurants (Chop Bar) Operation

Chop bars are expensive to set up and demanding to run. However, they are known to be very profitable enterprises and but have few households involved. Chop bars are local restaurants often operated by families who either have inherited the business from parents or have the knowledge and interest to run such a business. According to a respondent involved in this enterprise, establishing such a business involves locating a site and constructing a shed for cooking and another for sitting and eating. Some people have a separate shed for serving of the food. Drinking water and hand washing facilities like soap are also provided. The popularity of the local restaurant depends on the location. According to the respondents, the chop bars are considered unhygienic and described as sources of food poisoning due to the way food is handled by the staff. They are, however, very popular after the harvesting season because the food prices are relatively inexpensive. Chop bars can be very profitable as stated by one of the respondents:

we make some good profits from the chop bar business compared to farming. At the moment, my husband and I operate this as our main income activity. The major challenge here is the acquisition of food items. We make about ₵500,000 a month but the expenditure is also very high. The profit margin varies with the seasons and cost of food items.

Implications

A public health concern regarding chop bar operation in Ghana is the poor handling of food and inappropriate use of food additives, which are detrimental to consumer health. The need to make profits that will keep them in business make proprietors resort to several unacceptable practices like the use of unhealthy meat products, for example, meat from dead or diseased animals in preparing their meals. Secondly, the study was informed by complaints about the use of rotten cassava and vegetables in the preparation of the food. This is considered to be associated with the high production cost involved in managing such enterprises. This process is not supervised by the veterinary service and so the animals used could pose a health hazard to an unsuspecting consumer. Again, the proprietors of these enterprises do not have any formal training in food safety, food handling or catering. Unfortunately, the District Assembly does not have any training and development programs for such proprietors. As a result the whole enterprise is exposed to hazards and microbial contamination of food.

6.4 Diversification and Risks

Diversified enterprises are seen by the sample to have inherent risks which are often unknown to the prospective investors. This is an important finding which is not reported extensively in the wider literature on diversification. These risks include market risks, income risks, credit risks and health risks.

6.4.1 Networking as a risk reduction strategy

Networking offers a risk reduction potential and a means of insurance against the risks confronting rural households in their economic activities. The operation of these social groups is often geared towards the reduction of possible risk which is anticipated in the course of the production and so members easily share information amongst themselves regarding cheaper input sources, transport and sales arrangements.

When a member obtains a large order from an export or marketing agent to produce various pottery wares, that member is expected to offer part of the order to those in the close production group first before approaching a non-member. In doing so they are able to generate regular production orders with consistent sales and incomes. This approach was explained further by a member of the group located in Agomedah (Dangme West) village:

export agents will normally contact a member of the group and offer the contract to that person. But the individuals are often unable to meet the production target and time because of the outmoded methods of production. We as a group have therefore agreed to share these orders so that each person will earn something from such contracts. This approach also helps to meet expected production targets.

The family and production groups also support each other and their members in case of sickness and bereavement of a member. A leader explained that:

during such emotionally stressful periods, members and their households are not allowed by custom to work, so family and groups work for them.

The only condition is for the group to be fed for that day in exchange for the labour.

Market risk reduction

The respondents reported difficulties associated with marketing at the major markets and its concomitant risks. First, the respondents complained of not gaining access to desired markets where they can sell their products easily and make better profits. *Market queens*, middlemen and other traders consider these markets to be “their territories” and are not

prepared to allow external competitors.

Consequently, the market queens and middlemen impose barriers to block the sale of outsiders' goods, leaving these external traders facing loss of profits, inflated overhead costs, even degradation and loss of perishable goods. Growers are thus faced with the risk of post-harvest losses, as there is an absence of storage or processing facilities to cater for any unsold produce. This second risk is caused by the absence of trade links between growers and buyers.

As a result of the above, effective networking between the production groups and the traders is used as a strategy to help avert such occurrences even though they are not able to absolutely prevent such experiences. The production groups are able to reduce the risk of marketing by linking up with specific market queens who sometimes pre-finance their production and are therefore not denied access into any of the markets. This is a vital achievement of the production group, which is difficult to achieve as an individual. Lyon (2000) made a similar observation in the Brekum District of the Brong Ahafo Region of Ghana, where farmers and traders work in close-knit groups which facilitate marketing of farm produce and credits. Groups work with the market agents and negotiate prices and supplies. They also demand prepayments and contracts which their production capacity can sustain. This approach works more effectively since it is more difficult to contend or threaten groups compared to an individual and most of these market agents are often compelled to co-operate with the group.

Production groups also help with the sale of member's products. This is done in the form of a small rotation between a group of four individuals who collect products from all the members and send them to the main markets on market days. In this type of arrangement, the group's money is given to the member to cater for their transportation of the products and also for his or her feeding whilst at the market. The individuals may go to the market with their children who offer them the needed help or run errands. Children are exempt from the payment of market levies and so make such arrangements less costly. This strategy saves every group member from travelling all the way to the market and the associated time and cost including transport cost, market levies and the amount spent on sustenance whilst at the market. Church groups also support their members in similar ways. In one particular case in Akuapem North, a church member offers his van as a means of

transport charging reduced fares.

Income risk

There is a high probability of income risk associated with diversified enterprises. Some of the goods will either sell below the cost price or not sell at all, which results in loss of income. This is the situation faced by some of the households that have undertaken on-farm diversification in order to take advantage of the new export opportunities. In addition, some corporations and agencies that purchase the vegetables for export also pay much less than the market price, threatening farmers with a "take it or leave it" strategy that often catches the farmer unawares. According to a respondent in Dangme West, these agents could buy twenty boxes of green peppers for the price of ten and nobody is in a position really to challenge or question them. The cooperative networks that exist in most of the communities use their power as an association to negotiate prices on behalf of the group and help keep prices at rates acceptable to producers and traders and thereby enable them to raise the anticipated income. A similar group arrangement was reported by Porter and Lyon (2005) in their study in the Brong Ahafo region of Ghana where most traders operating in Southern Ghana acquire their stock and transport them further south to city markets in Accra, Tema, Cape Coast and Takoradi and the surrounding areas.

Credit risk

Some households manage to raise credit from friends, family and moneylenders for their diversification activities. The conditions attached to such forms credit in terms of repayments can be very rigid, and the timescales associated with them are often production and market related. It is therefore very depressing when a household makes a loss. This is a major source of risk and disappointment in rural areas and it is a very unpleasant experience, as related by the respondents. The participants in focus group discussions in Dangme West cited instances where they were no longer able to meet their repayment obligations and had to sell personal effects to raise the amounts involved before they could repay. However, belonging to a production group and network as well as a *susu* group is able to avert such developments because members of the production group are able to support each other with credits small loans in exchange for free labour and prepared products.

Most of the community and church-based groups encourage their members to save and

reinvest profits. In doing so, members are able to insure themselves against unexpected shocks and the risk of capital losses which are quite common amongst small-scale enterprises. When asked to indicate the proportion of their profits or returns that is reinvested into their non-farming activities, the majority of respondents indicated that it was as high as 40% to 60% of their profits. For the households to reinvest nearly half or more of their returns into their diversification enterprises suggest a serious degree of commitment towards the success of their diversification activities. During the focus group meetings, one household head in Akuapem North district explained his reasons for the observed pattern of reinvestment.

Box 6.4: Wofa Yaw has recently shifted from the cultivation of staples (vegetables and cereals) to cassava and firewood production. His wife also produces gari and both live in Korkormu Village in Akuapem North

Our non-farm income enables us to meet several of our household economic needs. In view of the level of dependency, my household has learnt that reinvestment should be a major component of our non-farm activity. Honestly, I must say that it is difficult to get a loan for non-farm activities. So the best way to continue working is to regularly put some of the profits aside. It is not possible to consume all our returns and keep in business because that will prove deadly especially when we do not have any financial support from external sources.

Reinvesting into our enterprises is mandatory as that is practically the best way of being able to continue reaping the benefits. It is a hard thing to do but it is better than taking loans from the traders. Some friends help out at times but we cannot rely on friends all the time since we have to make profits with which we can improve our economy.

6.4.2 Risk reduction: employment and production strategies

The study identified existence of labour pooling and wage employment networks which emanate from the membership of production. The need for additional labour by the groups becomes prominent during the peak periods and when high-volume orders are received from clients. The respondents explained that they employ people of either gender, depending on what needs to be done in order to achieve the set targets. Similar arrangements are in place in order to complete production-runs in anticipation of market days. From the pool of young females in the immediate or nearby communities, the households often hire individuals possessing the appropriate knowledge and skills. One of the respondents stated:

hiring these ladies enables us to produce a lot more than we could do by ourselves and we arrange payments with individuals in situations when we do not have all the money at hand. But it is difficult to hire them regularly because of the cost involved.

According to respondents it is difficult to gain agreement to deferred-payment arrangements, but where there is a long working relationship, a level of trust is developed and some workers accept to be paid at a later date. A casual employee mentioned that: *the economy has become so tough that it is impossible to be as accommodating with the employers as individuals would like to be.* A key informant to the study presents his personal account of how his household organises its labour and transportation in the box below.

Box 6.5: Kofi Yesu is a community leader in Yensiso village in Akuapem North and is involved with his wife in diversification activities

I help to manage my family's *gari* processing enterprise organised my wife. Men are by custom not allowed to process *gari*, so I see to the transportation and packaging of the products before the market days. The drivers we use are those who normally operate on the route between this village and the main market in Adeaso. Some of them are family friends. Such individuals are much more lenient and show better understanding of their situation and will normally charge an affordable fare.

We have also established long-term wage employment contracts with some of the wage labourers and that helps us to produce in advance. We also have a similar arrangement with the cassava harvesters so that they will in turn put us on their programme for those particular days, which we intend to harvest in order to be able to get the cassava harvested on time. Doing that assures them of some work and also makes them become our friends and so influence the fee charged per hour or per day in some cases.

The number of households hiring waged labour is greater in Dangme West than in Akuapem North. This is because there is a closer community relationship in Akuapem North. One of the respondents explained that:

some of the hired labourers choose to perform some of the work free of charge, or at a reduced rate, or for deferred payment, which is typically explained as a "gesture" on the part of the 'employee' signifying a form of contribution towards the success of the 'employers' enterprise.

Most households depend on their members for their immediate source of labour due to difficulties associated with paying for labour. One of the respondents cited her personal

experience, which parallels the view of other members of the sample:

we are not able to employ extra hands easily. It is difficult to pay for hired labour even though we are forced to do so sometimes when our children are ill, or friends we work with are taken ill and can therefore not in the position to work.

Several of the household heads explained that it would be difficult to operate alone without assistance and therefore involve their children. However, this does not suggest that the children are being exploited through their labour contribution. It is generally considered as a form of training to equip them with income generating skills. The heavy reliance on child labour reflects the inability of the household to comfortably pay for additional labour.

6.5 Economic Activity of Employed Members within the Sampled Households

Although the household economy in rural Ghana has a gender component, it also operates a common budget which is used to maintain its general welfare (Duncan 2004). As a result, income and financial contributions of the economic active members within the households are very important for its stability. In addition, the economic activities of the employed members of the households could also impact on the household's labour, food and cash availability.

Table 6.2: Economic activity of adult members within the sampled households

Economic activity of adult non-household heads	Akuapem North		Dangme West		Total	
	Freq.	%	Freq.	%	Total N	Total %
Number of employed household members within the sample	157	61.57	98	38.43	255	100
Number of employed households members operating NF enterprises as main income activities	127	49.8	89	34.9	216	84.7

Table 6.2 shows that out of the 255 employed members (non-household heads) within the sampled households, 216 (84.7 percent) are engaged in non-farm enterprise as their main income activities. It is noted that 127 (49.8 percent) of the total number of individual adult members operating non-farm enterprises as their main income activity are located in Akuapem North compared with 89 (34.9 percent) in Dangme West (Table 6.2).

The above pattern indicates that like the household heads, the majority of the employed members within the sampled households are also engaged in non-farm enterprises. The households interviews in Akuapem North suggests that most of the economic activity members of the households prefer participating in non-farm enterprises compared to farming because of the various reasons prominent amongst them is that non-farm enterprises create the possibility of earning quick cash, creates access to interacting with the world outside the village and also considerably less physically demanding compared to farming. Also, some economic activity members within the sampled households mentioned the obvious benefits of stepping outside the vicious cycle of extreme poverty that is traditionally associated with food crop cultivation and its related discriminatory and repressive land tenure systems. This view is clearly captured in the words of youth leaders in both study districts. According to a youth leader in Dangme West:

non-farm enterprise generally offers better prospects compared to farming. Those of us engaged in non-farm businesses tend to earn more cash and live better compared to our siblings and friends who mainly depend on farming. We also get the opportunity to travel to Accra and Tema to attend workshops and meet important people. One does not get such opportunities with farming.

A youth leader in Akuapem North also added the following aspects to the debate:

apart from the possibility of raising cash more easily, non-farm enterprises are more flexible compared to farming with respect to the time investment required, and production times and storage of output. Farming is very seasonal and time bound and physically demanding because of the several hours of manual labour required.

The above discussion specifically indicates the rising level of interest in non-farm diversification and the declining state of farming in the study communities. These arguments imply that more economic active members in the sampled households are likely to move away from farming into non-farm enterprises over the years, should the current state of the rural economy and agricultural policies continue to make food production unattractive to the younger population.

6.6 Year of Diversification

The study attempted to identify the period that the sampled households diversified in order to ascertain if there is any relationship with the period of subsidy withdrawal, the introduction of the District Assembly Common Fund (DACF) and diversification.

Table 6.3: Year of adopting non-farm activities

Year of diversification	Akuapem North	Dangme West	Total
Before 1990	6	5	11
1990 - 1995	25	11	36
After 1995	19	34	53
Total	50	50	100
P = 0.00			

Table 6.3 shows that most (53) of the sampled households diversified after 1995. This is followed by 36 households who diversified between 1990 and 1995. However, the table also indicates that whereas the half of the sampled households in Akuapem North diversified before 1995, the majority (34) of the households in Dangme West diversified after 1995. Only 11 households indicated that they diversified into non-farm income activities before 1990.

Most households explained that the period between 1990 and 1995 saw the total withdrawal of government subsidies for farmers and their agricultural production activities. This policy initiative made it very difficult for farmers to operate their farms in the same way as before because of the enormous financial and marketing hurdles which confronted them. The obvious indication is that the government policies introduced in the agricultural sector must have had a severe effect on the agricultural activities of the sampled households which also necessitated a movement towards non-farm activities.

Moreover, the reason why more households Akuapem North are engaged in non-farm activities is due to the immense stress that food crop farmer in the district experienced with the onset of the subsidy withdrawal policy. The study was informed that most farmers made huge losses because they could not sell their grains which were previously bought Ghana Food Distribution Corporation. Others were crippled with the absence of credits from the Ministry of Food and Agriculture. The combination of these experiences made several households in the district begin to explore alternative means of income.

This view is shared by the sample from both districts and is considered by staff of the National Development Planning Commission as a major reason for the introduction of the National Poverty Reduction Program in selected districts of the country particularly in

Dangme West which lags in poverty indicators. The key question, however, is what happens to the other supposedly wealthy districts whose households are poverty stricken in reality. It is therefore imperative to encourage the District Administrations and Assemblies to implement programmatic programs towards the effective use and disbursement of the District Assembly Common Fund.

6.7 Objectives of Engaging in Diversification

The underlining reason for diversification according to the respondents is that farming in Ghana is largely seasonal and risky with unreliable incomes, thus making the need for other income generating initiatives imperative.

Table 6.4: Objective of engaging in non-farm activities

Objectives	Akuapem North	Dangme West	Total Frequency
Raise cash and accumulate assets	39	46	85
For income security and accumulation & security of well being	11	4	15
Total	50	50	100

The majority (85) of the sampled households diversified into non-farm activities with the objective of generating cash income and accumulate valuable assets (Table 6.4). Most (46) of those with this desire are from Dangme West, with 39 from Akuapem North. It can also be observed from Table 6.4 that some respondents (15), mostly from Akuapem North (11) also diversified into non-farm enterprises to ensure regularity of income and to secure the well being of their households.

The need for cash income and also to accumulate income and assets as a form of insurance against financial hardships was mentioned in the household interviews as being vital for both groups. The study was informed by both groups that this pattern has emerged because the present economic environment in rural Ghana is such that farm households have spend more money compared to what pertained in recent past (late 1980s and early 1990s). According to a male household head in Dangme West, cash has now become a requirement for survival as he made this statement:

our need for cash income is really our hope of survival at the moment. You cannot

grow without having a minimum cash outlay and this cash must either be sufficient to take you through the period of land preparation and planting or you must have a means of generating cash to pay for the day to day cash requirements of farming and household consumption.

The respondents explained that unlike the era before the economic recovery program and prior to the introduction of diversification, farm households now have to pay in cash for every aspect of their economic activities. A respondent said:

the need to buy inputs and pay for all the services that comes with farming has made the need to have cash as a household a matter of survival rather than a sign of wealth or affluence.

A female respondent from Akuapem North previously involved in farming as her main income activity explained that:

earning cash has now become a necessity for my household because we do not have any external income as some people do. Also, we pay ready cash on health care, which is currently very dear for my family as I have younger children who easily fall sick. So it is not only a matter of feeding and investment alone but for our own survival in terms of healthcare. Someone died a few weeks ago because she could not pay for her medical bills and was therefore refused a prescription.

In Dangme West, for example, where most of the respondents indicated the need for cash income as the reason for diversification, they explained that to have cash has become a survival requirement for their households. This is because the living standards in the district has risen sharply and the cost of living has soared thus having a means to generate cash has become a basic necessity of rural life hence their decision to diversify.

Again, the respondents explained that it has become very difficult from their perspective to live on the little they earn from their farming activities. When they calculate their overall income from farming and the expenditure items, it becomes clear that they will need extra cash if they are to be able to make it through the year. This is in contrast to times when one could rely on resources and the assistance from the government to make up the difference. With the government component of their income abolished, there is therefore the need to find more money to compensate for the reduction in income. Generating extra cash for survival is now an important objective for diversification for study sample. One major reason why farm households need cash is for survival and to enable them to finance their

farming activities and household consumption needs.

Table 6.5: Benefits from non-farm enterprises

Variables	Akuapem North	Dangme West	Total Frequency
Survival	18	34	52
For Survival and Security	32	15	47
For Accumulation	0	1	1
Total	50	50	100
Chi squared test (p) = 0.002			

With the exception of one household, the sampled households either receive survival (52) or merely survive with some level of security (47) (Table 6.5). There is a significant variation between the two groups with regards to their indication of benefit from diversification. More respondents from Dangme West (34) indicated they are able to ensure a better level of survival from diversification compared to 18 from Akuapem North (Table 6.5). Although, this might not necessarily be the case, the location of Dangme West being close to Tema, could mean that entrepreneurs can sell their produce at higher prices, and therefore make better profits from their non-farm enterprises. It could also be that the products from their enterprises (pottery wares, gravels etc.) generate higher returns compared to those of the Akuapems.

Conversely, the majority of the respondents from Akuapem North indicated that they generate survival and security from their non-farm enterprises compared to 15 households from Dangme West (Table 6.5). The implication of these views is that diversification has diverse outcomes. These outcomes may vary with different socio-cultural backgrounds and geographical locations. Most of the farmers in Akuapem North indicated emphatically that diversification not only ensures their survival but is also a security measure against financial pitfalls associated with farming and rural life where incomes are periodic. A male household head in Akuapem North explained that he considered his household's cost of living and budget and decided to diversify to bring in more money. They perceive that most of the other households had taken a similar stock of their economies, hence their reason to diversify.

Only one household head located in Dangme West indicated that he and his household are

able to accumulate from their diversification (Table 6.5). This is a rice and vegetable farmer who is involved in trading with his wife. The couple explained that their trading activities ensures extra income most of which is spent on household consumption and the rest saved at the bank and expansion on trading capital.

The emphasis on diversification as vehicle for survival and security reasons shows how insecure these households are due to the enterprises they are referring to being equally insecure. The fact that only one farm household in Dangme West is accumulating through diversification obviously contradicts the general perception that diversification will be a source of accumulation for the farm household (Hussein and Nelson, 1998).

6.8 Institutional Factors that Motivate Households to Diversify

The recent changes in governance and the introduction of the National Poverty Reduction Program (Dangme West District) are all geared towards creating the enabling environment to support farm households to become more enterprising and self-sufficient. The study therefore proceeded to investigate the factors which motivated the sample to diversify (Table 6.6).

Table 6.6: Factors that motivated household's to diversify

Motivating factors	Akuapem North	Dangme West	Total Frequency
Quick Sales & Quick Returns	42	15	57
Credit Facility & Available Market	8	33	41
Training Resource Provision	0	2	2
Total	50	50	100

The majority (57) of the sample considered ready market and quick returns for non-farm products are the reasons for engaging in such activities (Table 6.6). Most of the households (42) with this view are located in Akuapem North District. Another set of motivating factors include the promise of credit availability from the Poverty Reduction Program and NGOs (41). Only two households, both in Dangme West, mentioned that they diversified to take advantage on the training opportunities which accompanied the poverty reduction programs in Dangme West (Table 6.6).

The significant variation between the two groups is explained by the notion that, unlike the Akuapems who diversified to take advantage of the prevailing markets and high demand for non-farm products, most of the households in Dangme West diversified with the hope of receiving funds from the National Poverty Reduction Program which was operational as a pilot program in the district. These patterns also underscore the varying circumstances within which households diversify into non-farm activities.

Another motivating factor for diversification is the availability of credit and financial support to some of the households, especially those in Dangme West. The National Poverty Reduction Programme promised different forms of credit facilities to households in Dangme West who participated in the poverty reduction enterprise training activities and indicated the possibility of individuals obtaining cash sums to invest into their enterprises. Infrastructural support was promised for some communities which had problems with processing sites, production facilities and raw materials. The study was informed that compared to farming, where farmers are often saddled with produce, whose prices depreciate by the hour due to poor marketing and monopoly of the market queens and middle men, the marketing of diversified products is considered by the sample as quick with great market demand.

In addition, the economic or *pull factors* have influenced farmers decision to diversify, as most households indicated the availability of market and the quick returns associated with products from diversified activities. Most of the products from diversified activities fall into diverse marketing chains. A female respondent from Akuapem north commented that:

I feel confident to produce gari because I know it will sell in a matter of two or three days after production or when it is sent to the market.

Their preference is enforced by the fact that traders offer guarantee prices. Although the demand for the different non-farm products is different, the households are of the view that they command a more reliable market with consistent demand.

6.9 Credit Support for Diversified Enterprises

Following the response to the subject of credit support, the discussion was taken a step further to investigate the extent to which households received credit and the regularity of the credit offered. According to Songsore (1992), the availability and provision of credit plays a crucial role in the expansion of economic enterprises in every rural economy.

Table 6.7: Credit support for diversified enterprises

	Akuapem North	Dangme West	Total
Yes	7	16	23
No	40	10	56
Occasionally	3	24	27
Total	50	50	100

It is surprising to note that the majority of the households (56), mostly from Akuapem North (40), do not receive any credit support for their non-farm enterprises (Table 6.7). They have to support their enterprises with their own capital, which normally comes from savings or small loans from family and friends, traders, middlemen, and grants from family and friends. It is also noted that whereas the majority Akuapems do not receive any formal credit, only a fraction of the Dangmes (16) do receive regular credit. Nearly half (24) of the sampled households in Dangme West benefit from occasional credit, compared to only 3 sampled households in Akuapem North (Table 6.7)

It could be argued that the level of credit provision and availability amongst the sampled households is poor and irregular. Some respondents who receive credit lamented that the credit support often comes in the form of small loans from NGOs. They explained that credit may also take the form of cash or raw materials which are very crucial to the survival of their enterprises. Most of the sampled households indicated that they would not be able to continue operating their enterprises without reliable credit assistance. The sample asserted that the lack of regularity regarding the credit system often defeats the overall objective of system.

6.9.1 The effect of lack of credit

During the household interviews, some respondents from Akuapem North explained that they had to arrange credit facilities for themselves. They further explained that availability of credit enhances the amount of produce one is able to generate as well as the pricing and the sale or marketing method. Also, credit affects production in that those households that have credit support are able to buy more raw materials and increase production with the possibility of producing throughout the year.

Box 6.6: Sister Esi, is a 34 year old gari producer in Akuapem North shares her experience regarding credit limitation

The limitation of credit in gari production first of all makes it very difficult to acquire a lot more sacks of cassava as I would wish. It also prevents me from being able to employ extra hands when I have a large order and therefore have to work around the clock and produce less than I would normally do with another person.

In addition, it also affects how I market my products in that if I do not have enough money and also need to get some more cassava, it means I will need to sell quickly and for that matter reduce my price per bowl of gari. This strategy makes me sell produce at a quicker rate but tend to make less profits. I am often caught between making profits and raising capital and often forced to abandon my desire to improve my profits. Not having assistance in such an enterprise can be very difficult.

However, it was mentioned by key informants in Dangme West that at the start of the Poverty Reduction Assistance several of people who were not actively involved non-farm enterprises took advantage of the credit offer and collected sums of money which were used for other purposes thus defeating the objective of the credit facility. It was made clear during study that although there is a great expectation and promises of credit facilities from both individuals and institutions like NGOs, the actual credit forwarded to these households and the amounts involved are not really helpful. Credit facility from formal institutions such as those mentioned above are given to selective people whilst in other cases it goes into the wrong hands. This observation is consistent with the findings of Bentil *et al.*, (1988) and Songsore (1992) regarding the poor institutional support in terms of credit provision to Credit Unions and Co-operatives in Ghana.

Most of the respondents indicated that they have had to turn to individual traders and moneylenders for credit. Some of the respondents mentioned that they receive credit from the prospective buyers to refinance production. The traders or buyers will forward an amount of money to the individual or group towards the production of the consignment and this amount will be deducted from the total cost of the produce. The implications of the reported limited access to credit is that the non-farm enterprises will suffer stagnation and restricted output which will ultimately result in the low returns in spite of the time and effort invested into such enterprises. The study revealed that whereas traders demanded interests ranging between 30 and 50 percents family members and friends, especially in Akuapem North scarcely demanded interest on loans. Loans extended to groups and

individuals in Dangme West by the District Assembly were repaid at the Ghana Commercial Bank rates of about 10 to 15 percent. However, loans from NGOs are often negotiated upon their merits and circumstances necessitating the need for such loans and as a result interest on such loans varies widely. The study also revealed that local NGOs tend to demand higher interest compared to the international NGOs.

6.10 Skill Acquisition for Diversified Enterprise

The acquisition of skill by rural farm household members to enable them to participate in non-farm activities is one of the strategies outlined in the National Poverty Reduction Strategy Paper (GOG, 2001). The study therefore investigated the source of the skills being used by the sampled households and to ascertain the level and quality of such skills.

Table 6.8: Skill acquisition for diversified enterprises

Sources of non-farm skill	Akuapem North	Dangme West	Total Frequency
Family & Friends	37	22	59
School & Family	6	26	26
NGO	7	6	13
From Migrant Labour	0	2	2
Total	50	50	100

Table 6.8 shows that more than half of the sample (59) obtained their non-farm skills from family and friends, the majority (37) from Akuapem North and the remainder (22) from Dangme West. In contrast to the above pattern, the majority of the households in Dangme West received their non-farm skills from family and school (26) with only 6 households in Akuapem North indicating this as the source of their skill. It was also noted that only 13 households, 7 from Akuapem North and 6 from Dangme West received their skills from NGOs (Table 6.8). This proportion of households from Dangme West is considerably small for a pilot project of this magnitude. However, the research was informed by key informants that many of the households who received various forms of training from NGOs in the sampled communities from Dangme West did not utilise their skills beyond the project phase as a result of the difficulties associated with production.

Most of the households who received their skill from family and friends explained that they cultivated these skills through observing elderly members of the family and/ or assisting

family members in their leisure activities and domestic chores. This means that there was no formal training but rather 'hands on' experience. There is therefore a need to encourage households and families to train the up and coming generation in the different enterprises in order to ensure that these trades do not die away with the departure of those currently practicing them.

The training of rural household members, especially women on non-farm activities has become very prominent on the calendar of several development NGOs in Ghana as stated by the World Vision International representative the Dangme West district. The National Poverty Reduction Program in the delivery of the initiative actually employed different NGOs to act as facilitators in the training of members of different communities in Dangme West district. These training sessions often involved the use of facilitators who have expertise in the different trades. They also incorporated lessons on book keeping and management in order to help the participants to operate profitably. However, because the enrolment on these training courses was used as criteria for qualification for credit, several people enrolled in the training programs with partial attendance and claimed credit. This defeated the objective of the training programs and the expected impact they designed to achieve.

Two *returnee* household heads and their dependants indicated that they acquired their skill from activities they engaged in when they migrated to Tema. These people had to undertake such activities whilst in Accra because there was no means of gaining employment without them, and in so doing gained new skills, which they are currently using to earn income and cater for the family.

The pattern projected in this section identifies a strong link between non-farm skill acquisition and activities undertaken by the households as well as extra curriculum training at school. It therefore implies that if the notion that NGOs are the main source of skill acquisition is not wholly true and that most of these skills have been obtained through domestic leisure activities rather than formal training by the poverty reduction program. The acquisition of non-farm skill through migration is noted as a vital avenue that District Assemblies and the government could explore to help rural farm household to receive useful entrepreneurial skills which could be transferred to the rural areas to the betterment of the household and rural economy.

6.11 Contribution of Non-Farm Activities to the Household Economy

The contribution of income from non-farm activities towards the overall upkeep of the household and its economy is considered as important, because it can redeem households from abject poverty (Hussein & Nelson, 1998). The extent to which a household's economy is influenced by their non-farm income is very important, as it indicates how beneficial the activity is, their desire to continue working in that enterprise and the overall effect and impact of diversification on the household economy.

Table 6.9: Contribution of non-farm activities towards family up keep

Extent	Akuapem North	Dangme West	Total Frequency
Small Extent	8	40	48
Large Extent	35	9	44
Very Large Extent	7	1	8
Total	50	50	100
Chi squared test (p) = 0.004			

Table 6.9 shows the overall indication is that non-farm activities influence household economies of the sample to a small extent as pointed out by 48 of the sampled households. However, there is a significant variation between the opinions of the two groups. Whereas the majority of (35) the sample from Akuapem North are of the view that their non-farm enterprises have influenced the up-keep of their households to a large extent, households in Dangme West (40) are of the contrary view and consider the extent of influence as small. In addition, 8 households, 7 from Akuapem North indicated that the extent of benefit is very large compared to just one from Dangme West (Table 6.9).

Furthermore, those with the view that non-farm enterprises offer small benefit to the household economy informed the study through the household interviews that their enterprises are not considered profitable and not generate as much income as they expected. The household interviews also show that there are several limitations which restrict the sampled household's ability to derive the anticipated benefit and therefore consider such activities to have small effect on their economies. The majority of those households who expressed this opinion are from Dangme West. First, it must be noted that Dangme West has received intervention from the National Poverty Reduction Program and the District Assembly. However, the respondents were of the view that they have not benefited from the Poverty Reduction Program as promised by the program implementers (Dangme West District Assembly and the National Poverty Reduction Program). This is

quite a disappointment because Dangme West is amongst the five poorest districts in the country, and was selected to be a pilot district for the National Poverty Reduction Program. It was expected that residents of the district would be economically empowered and made financially more independent than they were before the implementation of the program. Secondly, most of the communities received assistance in the form of infrastructure provision and the construction of premises for processing activities. However, the respondents complained that this assistance is not enough to boost their production significantly and to make a large impact on their economies.

The focus groups meetings also revealed the reasons why most households in Akuapem North compared to Dangme West indicated that their household's economy has been positively influenced to a large extent. First, many participants (households heads, their spouse and adult members) explained that their non-farm enterprises are their main source of cash. Others explained that their non-farm activities have had influenced their economies to a large extent because it has helped to keep them out of debts. This is noteworthy because the study sample described their farming ventures in the previous chapter as debt traps and lamented that many households could hardly traverse this cycle of indebtedness through farming. Again, it was observed that the households in Akuapem North have a special attachment to their non-farm enterprises compared Dangme West. Different reasons were attributed to this. Prominent amongst them is the sense of being able to create and manage enterprises and income on their own, especially for the women. A woman's ability to become financially independent of the husband is important because women are able to manage their finances better and also channel the money to the critical areas of need within the households compared to their male counterparts. In addition, most rural women do not spend much on recreational activities such as drinking and smoking as the men and therefore better money savers. Also, for the men, having a wife who is actively involved in a successful non-farm activity suggests that the man is supportive and must have given the wife some trading capital. This is socially credible and makes the men command a great deal of respect amongst their contemporaries.

The implication of the above pattern is that formal government intervention of non-farm enterprises has not had the predicted impact on the economies of rural households, as deduced from this study. The consequences could be serious or adverse because it could mean that large sums of national resources are going down the drain and also the strategy

being used to implement these interventions are not as effective as planned. This calls for an efficient review of the intervention strategies and also an assessment of the views of the beneficiaries in order to systematically appraise and modify the strategy using empirical evidence.

Above all, the fact that most households in Akuapem North are confident of the positive influence of their non-farm activities suggests that there are lessons to learn from such a group. It also means that informal support and self-development grassroots strategies with adequate support for critical areas of need could make a great deal of difference in the economies of rural households.

6.12 Household Savings

Being able to save is a major argument for diversification in rural households. The National Development Planning Commission argues that when farm households are able to diversify into non-farm enterprises, they will be able to raise extra income and thereby be able to save. The research therefore studied household savings from non-farm activities with both quantitative and qualitative approaches (Table 6.10).

Table 6.10: Able To save income from your non-farm activity

Ability to save	Akuapem North	Dangme West	Total Frequency
Yes	37	13	50
No	6	5	11
Not Always	7	32	39
Total	50	50	100

Only half of the study sample indicated that they are able to save from their non-farm income, of whom 37 are from Akuapem North compared to 13 from Dangme West (Table 6.10). On the other hand, 39 households indicated that they are not able to save regularly with the majority of those in this category from Dangme West (32). This gives a clear indication that households in Akuapem North are able to save regularly from the non-farm enterprises whereas most of the house households in Dangme West are not able to do so on a regular basis (Table 6.10). Savings, according to the sample is often done in desperation, as it is often the only means of capital generation and does not necessarily suggest accumulation. A female respondent shared her experience and strategies on saving in Box 6.8.

Box 6.8: Aunty Ekua is a 54 year old female household head from Akuapem North

To me, one's ability to save is an indication of how rewarding an enterprise is, the benefit of the enterprise and its ability to support the household economy.

It is very difficult to save considering the circumstances under which we work. In the first place I must say that most of us are able to save because we want to save, this is the driving force for my savings. There is the great possibility to use all that comes out of my sales on the several financial requirements, which confronts me but I have to put a specific sum aside from which I deduct my sales before using any of my money. I even have to take that amount out of the total returns before I count the rest of my profits, because if I do not do that I will be tempted to think that I could skip a week's savings and continue the saving routine later by putting some money away the next week, but I don't.

I normally ask my younger son who is educated to help me count the money made from particular sales. Then I will tell him to deduct the different expenditure items from the bulk of the money. After that I will put away money for the major raw materials needed for the next production. It is at this point that he will tell me how much profit I have made from the amount left. If I realize that I have made more profits, and then I will add a bit more of that money to the one I purposed to save. So the amounts I save sometimes vary, but I always ensure that I have been able to put some money away from each weeks sales. This is not a sign of accumulation because all the savings are normally used for subsequent production activities because that is our only source of capital for raw material and debt repayment.

To be able to understand what makes it difficult for the households in Dangme West to save regularly, interviews were conducted with some selected respondents in the category of irregular savers. Below, in Box 6.9 is the view a female potter from Dangme West.

Box 6.9: Aunty Millicent is a 60 year old potter in Dangme West

I consider my involvement in pottery as a livewire to the family as it is the source of money for several important financial commitments we have as a household. Saving is a very difficult subject for me because I really find it difficult to save. I am able to save in some particular months but not able to save in some other months. Looking at the twelve months in the year, I will say that I am able to save in five or six out of twelve.

The mere fact that one has diversified is not a guarantee that you are able to save. In fact there are several factors, which determine our ability to save from our rural enterprises. One of them is the market condition. There are times in the year that the sales go so badly that we are not able to sell all of our products let alone be able to save. There are instances too when traders take our goods on credit and do not pay until weeks or months later and that affects the anticipated income and therefore makes it impossible to save. This is because we use proceeds from the sales we make to buy inputs and raw materials for the next production as the other members mentioned, hence we will rather continue to produce to earn just a little even when we are not able to save.

Some of the respondents who could not save from their non-farm returns explained their

plight and their desire to save, although they consider it practically impossible to do so. Their reason for this condition include issues like pre-existing loans which need to be paid, disappointment from the district assembly and donors and also poor returns from the non-farm activities.

Box 6.10: Aunty Cecilia combines pottery with farming in Dangme West and had this to say

I am not able to save at all. I know it is not good and also very sad but that is the truth. The District Assembly and other NGOs promised us some support but they never materialised. In anticipation of such loans and support, some of us went to friends and family to borrow money as capital with the intention that we shall repay with the loans that will be given to us. However, as we talk no loans or cash capital has been given to us. So I have to be paying back those friends I borrowed from and this makes it impossible for me to save.

My daughter also sells some of the pottery ware, so what we do is that we use the proceeds from her sales to pay the debt whilst we use proceeds from mine to finance subsequent productions. We are stuck at the moment and do not know whether to continue or to stop. We are in a dilemma now as both decisions have their implications.

These views on the difficulty associated with savings could be summed up in the words of Papa Ago from Dangme West:

Farm households in general really have to struggle to save. Unlike salaried earners, our incomes are disjointed and our non-farm incomes in particular are inconsistent thus making it even difficult to set savings targets for savings.

An important revelation made by the study on savings is that a household's ability to save does not necessarily suggest accumulation. This is because although some households within the study sample managed to save, these amounts are often used as capital for reinvestment in order to sustain their enterprises rather than excess incomes for the improvement of their living well being. It is therefore important to distinguish savings towards accumulation from savings undertaken as a strategy for survival.

6.12.1 Savings facility used

The savings facility used by a group of people helps to give an understanding with regards to the received benefits of saving, limitations to saving and the general perception of saving. The type and level of services available to some of the communities who were sampled for the study are also noted, and this gives an indication of what type of savings the sample consider profitable to the diversification.

Table 6.11: Savings facilities used

Method of savings	Akuapem North	Dangme West	Total Frequency
Susu method, Spouse & family	32	12	44
Bank	12	33	45
Do not Save	6	5	11
Total	50	50	100

The research revealed (Table 6.11) that whereas the majority (32) of the sample from Akuapem North uses the *susu* method for their savings, a large proportion of the sample from Dangme West use the banks (33). Only a minority (4) of the sample save through their spouses, family and friends. It is interesting to note that the number of households using *susu* and family as their method of savings (44) is almost the same as those using the banks (45).

The *susu* groups are generally common in rural areas and also among traders and individuals involved in small-scale enterprises. It is a form of liberal savings cooperative system and could be set up and run by members of the community. Normally a set of rules and regulations are developed to govern the operation of the group and membership is often opened to individuals who want to make small but regular deposits. There is often no regulation regarding the amount one is able to deposit as it is recorded on a savings card for each member. A female member in Akuapem North said:

there is no minimum deposit here, you deposit what you can afford and your returns are given back to you based on your contributions.

Another respondent, a male household head in Dangme West stated that:

unlike the bank where you might be able to withdraw money at any time, but in this case you need to wait for your turn. There is a limit to what you can withdraw and the time you are able to withdraw.

Members have to indicate their intention to withdraw money in advance. For most groups a rotation system is designed in such a way that specified amounts are given to individuals when it gets to their turn in the rotation. In the event when a member wishes to withdraw earlier than their turn, they are sometimes made to swap with another member. Again, members are not able to withdraw more than what they have contributed and for many of the groups loans are not given to individual members. In some exceptional circumstances members may be allowed to borrow with interest.

Moreover, it is normally organised by agents of the *susu* association in the particular district or nearby town making regular visits to the different communities where they have registered members. The different communities have specific visitation days on the agent's weekly calendar. Individual members are co-opted into a savings group and often through the introduction of registered member.

Furthermore, when the researcher asked why the respondents (both study groups) prefer the *susu* groups to the banks, some explained that the *susu* groups have no minimum deposit, compared to the banks where you can only open an accounts with a minimum deposit. Secondly, the *susu* groups allow members to save any amount they can afford on each visit by the agent. It is, however, not the case with the banks where although not officially documented, they will not accept clients depositing small sums such as profits from daily sales. A key informant from Akuapem North said this about the banks: *they look at you in a certain way when you are carrying a few cedis. They make you think that you are wasting their time.*

Another respondent said that going to the bank is a waste of time. She explained by saying:

because you first have to travel for about an hour, pay for the transport with part of the amount you are to deposit and then join long queues. However, in the case of the susu groups they come to you and involves less hassle.

Also, when asked about the security and safety of their money, most of the focus group participants were of the view that it was quite safe but obviously not as safe as it is in the bank. However, they explained that considering the recent robberies in the banks and the insecurity associated with public transport system, going to the bank also poses a threat on its own, especially for farmers.

Saving with family and friends is common amongst rural households in Ghana. Most of the saving is done on a daily basis by passing on small amounts of money to individual family members and friends for safekeeping. The respondents stated that some of these saving forms evolved after vulnerable women complained of their money being stolen by husbands and households members. Since it is not possible to go to the banks daily due to long distances and other factors like late arrival from the farm or market, saving with a trusted family member or friend is considered the wisest and safest thing to do. Some of the respondents considered it a more reliable form of savings but the only limitation is the

money being subjected to thefts and fire outbreaks within the home, an event that occurs easily.

Aunty Effia, a trader who saves with a friend explains the advantages.

I save with my friend and her family because we do the same business and we always buy things together and share so saving with her makes life much easier. She is a matured woman and very responsible so I know my money is safe. Another reason why I save with her is that we have a lot of fake savings groups these days and I do not want to fall prey to their tricks. I do not see any problem with that as she even forces me to save part of my share of the profit.

The Agricultural Development Bank and the Ghana Commercial Bank are very active in most rural parts of Ghana. These banks, as would be expected, operate within the standard codes and ethics of banks and as institutions are regulated by a set of regulations. As a result of all these rules and regulations, the banks are not able to meet the needs of the farmers and rural households, and thus make them less attractive to these groups of people.

The banks have strict regulations regarding loans and the requirements are such that most of the respondents will generally not qualify for such loans. Most of the respondents have the desire to obtain loans to support their non-farm enterprises but being unable to receive financial benefits from the banks gives them the impression that such institutions are only for the rich and wealthy. It must be noted that even some of the sampled household heads and household members who have bank accounts explained that they are also members of a *susu* group because they feel more secure financially within a *susu* group compared to a bank. The respondents explained that the banks have such high standards for credit qualification and these standards are virtually unattainable by small farm households.

A female member of the focus group in Akuapem North explained how she was reprimanded at the bank when she asked for credit application. She was told that there is no guarantee for the kind of enterprise she is involved in and therefore cannot qualify for credit. A male household head mentioned the interest rates on loans and current accounts are very high and often deter people from transacting any business with the banks. Others stated that they are unable to obtain credit or loans because they have not had an account with the bank long enough to qualify for loans. However, one respondent claimed she'd had her account for ten years and was refused credit and a loan. She said:

*so how long do they want us to open accounts before we could be given loans?
We feel cheated and disrespected by the banks; they are called rural banks but
are not there for our interest.*

Although not all the saving methods can be considered as conventional and resourceful, the households have strong reasons for their chosen system of savings and believe that it works for them. However, it would be necessary to consider how to develop the saving culture within the sampled households and the study districts so as to help develop the local savings systems. Although the sampled households are aware of the existing financial institutions their reservations give cause to consider the alternatives.

6.12.2 Amount saved per month

The amount deposited each month or periodically also indicates the profitability of an enterprise and the determination of the two sample groups to generate personal and household capital as well as sustain their non-farm capital.

Table 6.12: Amount deposited on the average per month

Amount saved per month (¢)	Akuapem North	Dangme West	Total Frequency
1,000 - 9,000	9	20	29
10,000 - 19,000	30	14	44
20,000 - 29,000	2	7	9
30,000 - 39,000	3	4	7
Do not save	6	5	11
Total	50	50	100

Table 6.12 shows that the largest category (44) of the sample save between ¢10,000 and ¢19,000 a month. It is also noted that whereas majority of the households in Akuapem North save between ¢10,000 and ¢19,000 per month, the largest group (20) from Dangme West save between ¢1,000 and ¢9,000 a month (Table 6.12).

It is not surprising that more households in Dangme West (11) are within the higher savings categories compared to Akuapem North (5). This is because their non-farm activities tend to attract larger income and they have the ability to save more income. Activities like stone cracking and sand harvesting can generate much more money. This suggests that if the amount saved is used as an indicator of earning, then there are those

who earn more from their enterprises and there are also those who earn very little from their enterprises. This obviously suggests that diversification could create income or wealth disparity, which will of course favour those who have diversified into more profitable enterprises and able to save a lot more of their returns. This pattern also indicates the disparity in the returns or profits from the different enterprises undertaken by the households.

Secondly, the respondents in Akuapem North explained that their savings are largely due to their membership to *susu* groups which is a motivator as well as a compelling tool for saving in view of the positive pressure from group members. This implies that having the convenient and challenging savings system could encourage rural farm households as well as proprietors of non-farm enterprises to save more of the returns.

The sampled rural households indicated that the major reasons for withdrawal of their savings are: to buy raw materials, to pay school fees, contribute to *susu* groups, pay funeral and social levies or support the migration of household and family members. It was also revealed that households are often forced to withdraw their savings in a crisis situation such as during periods of food shortage; when a member of the household is ill; when traders fail to pay for their consignment, or when they need to pay a debt. The respondents explained that some of these situations are such that the household's financial planning could be thrown into serious disorder and could also limit production or trading activities. Medical care can be very expensive in Ghana, especially when it involves the patient undergoing surgery or being hospitalised for days or weeks. Such crisis situations could prove to be disastrous to rural households and could actually cause financial and emotional stress for its members. The lack of sufficient savings makes it more difficult for the majority of the sampled households to have control over their finances, purchases and production plans. The widespread scarcity and lack in the study communities and the need to augment their non-farm enterprises result in large expenditure at periodic moments which often demands critical decision making such as whether to buy raw materials or pay school fees.

The findings of the study under this section show that the savings of the sample are noticeably small and insufficient to support and sustain their activities for a long period. There is therefore a high possibility of the incidence of scarcity and considerable want

because if they are compelled to save in order to pursue their non-farm enterprises then other areas of the household economy might suffer from the lack of financial support. These could push such households into the adoption of diverse coping strategies which might work against their overall well-being since they cannot afford to look on for their enterprises to collapse.

The savings patterns as indicated by the respondents in the two districts were confirmed by private *susu* operators working in both study districts. Also, details provided by the sample on the group-managed *susu* programs were also substantiated by the District Economic Planning officers and the Agricultural Extension Officers of the two districts.

6.13 Proportion of Household Income Generated from Non-Farm Enterprises

The contribution of non-farm enterprises to the total household income provides an indication of the effect of the activity on the household's economy and development. This also indicates the extent to which farm households depend on non-farm activities rather than farming. Table 6.13 presents descriptive statistics on the proportion of the household's income that is derived from non-farm enterprises expressed as a percentage of the total household income. In view of the different arguments expressed by development authors about the difficulty in obtaining reliable and accurate data on household income in general and particularly incomes from individual economic activities, the survey asked the sampled households to indicate the proportion of their total household income generated from non-farm enterprises. The figures were then converted into percentages and analysed.

Table 6.13: Proportion of household income generated from non-farm enterprises

Percentage	Akuapem North (%)	Dangme West (%)
Mean percentage contribution from non-farm enterprises	60	48
Maximum percentage contribution	70	65
Minimum percentage contribution	54	30
Number of households	50	50

(Please note that the content of this table does not add up to 100)

Table 6.13 shows that the sampled households in Akuapem North receive an average of 60 percent of their household's income from non-farm activities compared to 48 percent in Dangme West. This could imply that the non-farm enterprises operated in Akuapem North are either an integral part of their economy in contrast to those in Dangme West, or the

enterprises in Dangme West, although seem to yield large amounts, are not wide spread over the entire sample. In this case there would be a wider income disparity in Dangme West compared to Akuapem North. This argument is substantiated by the wider difference that exists between the maximum and minimum contributions recorded for Dangme West (35 percent) compared to the Akuapem North (15 percent).

In spite of the formal government interventions received by the sample in Dangme West, non-farm enterprises provided amounts lower than the sample in Akuapem North whose diversification has been largely through informal networks and social support systems. The reason could be that diversification through informal systems might have more direct impact on the household's income and budget compared to formal government intervention.

6.14 Investment of Non-farm Income

The general assumption made by the Projects Co-ordinator of the National Poverty Reduction Program is that diversification will help generate the needed capital for small farm households. She also added that a substantial proportion of such incomes would be invested into the agricultural activities of the beneficiary farm households. Similar views are also held by Carney (1998) and Ellis (1998). The study therefore proceeded to investigate the pattern in which non-farm incomes are invested.

Table 6.14 Pattern of utilisation of incomes from non-farm enterprises

Percentage	Akuapem North Mean %	Dangme West Mean %
Non-farm activities	52	64
Farm activities	5	10
Household consumption needs	44	25

(Please note that the content of this table are mean values and does not add up to 100)

Table 6.14 shows that the both study samples invest the largest proportions of their non-farm incomes into their non-farm activities. It was noted that the average amount of non-farm income invested into non-farm activities by the sampled households in Akuapem North (52 percent) is lower than the amount invested by the sample in Dangme West. Also, the study revealed that household consumption in Akuapem North receives more support

from non-farm incomes (44 percent) compared to Dangme West (25 percent). It was also revealed that farm activities receive the least investment from non-farm income in both districts, with the Akuapems investing an average of 5 percent and the Dangme investing 10 percent of their non-farm income (Table 6.14).

The sampled households are more concerned about investing and sustaining their non-farm enterprises compared to their farm activities. In contrast to the perception of the Poverty Reduction Program officials, the priorities of the farm households are different from what their framework is aiming to achieve. This could have adverse consequences in terms of project implementation, evaluation and outcomes in that their anticipated outcomes would be different from the achieved outcomes. This therefore calls for policy review and reformulation so that the real needs of the target of the Poverty Reduction Program could be effectively addressed.

6.15 Reason for not engaging in Non-farm Income Activities

The study conducted focus group discussions in the study districts to ascertain the reasons for non-diversification in sampled communities. The outcome of the focus groups discussions are presented in Table 6.15.

Table 6.15: Reasons for not engaging in non-farm income activities

Reasons for not diversifying	Akuapem North	Dangme West
Lack of household level financial support	✓	✓
Lack of formal financial support	✓	✓
Religious background (Muslim) makes it impossible to receive grants from other religious groups (Christian)	✓	
Lack of socio-political links		✓
Not selected for the intervention program		✓
Unable to diversify as a result of poor health	✓	✓
Risks associated with diversification	✓	✓

The focus groups meeting revealed that non-diversified households have social, economic and physical limitations which not only prevents them from diversifying but has also made those who diversified to quit their enterprises. The discussions in both districts revealed that the lack of family and household level financial support is prominent. Participants of

the focus group meetings lamented that most members of the communities neither have enough money to meet their basic needs nor for investment. The participants further blamed their inability to diversify on the absence of formal credit and finance schemes. They explained that their poor background disqualifies them from receiving any forms of credit from the banks.

An interesting finding that emerged from the discussion in Akuapem North is that a household's religious background could influence its ability to receive support towards diversification. The participants explained that several church organisations have been offering financial and material support to its members towards their diversified enterprises. However, these support schemes are restricted to members of such groups and therefore excludes non-members. On the other hand, Muslims are not allowed by virtue of their religion to receive financial support from Christians so it is difficult for them benefit even when the church groups are ready to extend their assistance to such households.

The participants in Dangme West also explained that their lack of socio-political links with individuals in power or authority such an Assemblyman or a village elder or chief made it impossible for them to qualify for the poverty reduction program. Others also blamed the organiser of the poverty reduction program for not selecting their households in spite of the fact that they were involved in diverse forms of non-farm enterprises.

Poor health conditions and the lack of access to improved medical care were also cited as major reasons for the inability of several individuals to diversify. The participants revealed that many members of their respective communities suffer from diabetes and hypertension and do not receive adequate medical care and are therefore incapacitated. For many others, ill health and their need to pay for the medical care has resulted in the exhaustion of their production capital.

Furthermore, the discussion revealed that many households consider diversification to be very risky, particularly as it involves monetary investment. They are therefore conscious of the possibility of failure and perceive that the absence of sustained formal support means the household would not have any external assistance in the event of losses. These issues, coupled with the difficulties associated with marketing are reported as significant barriers to diversification in both study districts.

6.16 Conclusion

Non-farm activities are very important to the study sample that relies largely on these enterprises as they strive to achieve stable and sustainable household economies. The non-farm enterprises undertaken by the respondents are numerous, and range from small to large-scale activities. The majority of the sampled households currently operate non-farm enterprises as their main income activities rather than farming. This is obviously an indication that non-farm activities are gaining ground within the study districts. The need to understand the mode of non-farm enterprises, the perceptions of those involved, their importance and role within the household economy cannot be over emphasised.

In addition, the study revealed a sharp contrast between views regarding the objectives for engaging in diversification. In Dangme West the households diversify for extra cash and survival whereas those in Akuapem North diversify for survival and to secure their household incomes. The reason for this is mainly the higher cost of living in Dangme West and low farm incomes in Akuapem North. It is evident from this study that, although most of the sampled households diversified to take advantage of the existing and ready markets for non-farm products on both the local and international markets, the risks associated with marketing has made this anticipation an illusion. Marketing of non-farm products is still a major problem in rural Ghana and a very important impediment which militates against successful non-farm diversification.

Accumulation from non-farm diversification is rare with only one household that has successfully diversified and accumulated. This suggests that small farm households are more likely to receive survival benefits from diversification rather than accumulation which is their ultimate desire. This has implications for poverty reduction because evidence from the study seems to contradict the notion of an automatic move out of poverty through non-farm diversification.

Nevertheless, the research discovered that non-farm diversification merely grants the ability to survive and serves as a source of insurance against indebtedness and the need for borrowing. However the savings from non-farm enterprises are significantly small. These serve mainly as sources of reinvestment capital for non-farm activities and for consumption. Similarly, investment of profits made from non-farm enterprises into farming activities is small and infrequent. The majority of households highlighted the

lack of income security as a factor that caused them to diversify, but they still do not enjoy any security. The absence of income and material security gives reason for the respondents to consider the benefits from their activities as providing for their survival. It was found that most households use the returns from diversification to meet basic consumption needs, to pay school fees and hospital or medical bills.

Furthermore, borrowing and indebtedness is noted to be widespread within the sample. Earning some extra cash income through diversification helps a number of households to avoid borrowing and to improve their social status. However, this is far from being able to improve the household's wellbeing significantly. Some households are still within this debt trap in spite of diversification.

Moreover, income from diversification is largely reinvested into non-farm enterprises and household consumption, which is in contrast to the conventional knowledge and policy assumption that such incomes would be largely invested into farming activities. Carswell (2000, pp29-30) discusses the effects of sustainable livelihood diversification on rural households in sub-Saharan Africa and questions whether diversification in small farm households is a positive or negative innovation. The study in South-eastern Ghana provides evidence to suggest that diversification has positive effects, but seems to result in a shift of man-power and resources from farm activities to non-farm enterprises and incomes, with the future likelihood of increased de-agrarianisation within the rural economies, as argued by Bryceson (2005, p.623).

The subject of risk associated with diversified enterprises and its concomitant consequences were expressed as the reasons for household's inability or failure to diversify. It is important to understand these limiting factors so as to enable the development of appropriate policy strategies which would facilitate mechanisms to ensure that households with the desire to diversify could achieve their objective on a sustainable basis. The findings of this chapter provides answers to arguments by Dorward *et al.* (2004), who call for more studies on strategies for pro-poor growth, as policies tools operating such frameworks are the most likely to succeed and achieve sustainable outcomes.

CHAPTER SEVEN

Migration and Remittances

7.1 Introduction

This study has already considered two common forms of livelihood diversification that are frequently exhibited by small rural farm households. The field research also identified a third form of diversification adopted by households in the sample in their quest for stable household economies and well being. Heads and members of certain households in the sample responded or were reported as migrating to nearby towns and cities in search of better livelihood opportunities in order to send money to their respective households.

In light of the above, this chapter examines the types of migration occurring in the study areas, together with the major causes of such migration, the goals for which such migration is undertaken, and the social and economic repercussions. The chapter also considers the forms of remittances sent by migrants, how remittances are used, whether they influence household livelihoods, how they affect the household economy, and the ways in which remittances influence the ability of a household to diversify. In this investigation consideration is given to both qualitative and quantitative variables relative to migration and remittances, and the interactions that take place between these two variables at the household level.

The chapter also investigates the long-term effects of remittance-income on the extent of economic inequalities between households, by way of exploring how roles, responsibilities and systems are diversified within the household in an attempt to support the migration of its members. It must be noted that respondents in the majority of the sampled households were forthright in describing their basic desire to have security of possession of the basic necessities of life, such as food, water, health and shelter, with the goal of leading lives that were characterized by lower levels of stress and fewer risks. Respondents generally stated in clear and unequivocal terms their determination to do all that was within their means to achieve their goals. Whilst conceding that migration is not a recent economic strategy, not only associate with recent diversification programs, they agreed with reports of upsurge in the rate of migration in both districts and insisted that their circumstances and needs required

that migration was one of the options that they could not ignore even though it has negative as well as positive implications.

7.1.1 Variables explored by the chapter

The study developed key variables for its investigation. This served as a guide as well as a tool for deduction of patterns and variation between and within the study households and districts. This chapter analyses information generated from the household questionnaire survey, individual interviews and focus group meetings. Views of key informants, return migrants and some migrants were tracked at their present destinations are also discussed.

Box 7.1 Key variables on migration and remittances

Variable	Definition
Susceptibility to migration	Numbers and categories of household members that are involved in out migration.
Destination of migrants	Locations that migrants travel or resettle.
Types of migration and commuting and the associated employment	The direction of migration from the point of origin to point of resettlement & employment.
Nature of migration	This variable examines and differentiates permanent and temporary migration patterns.
Causes of migration	The "push" and "pull" factors involved.
Motivation for migration and commuting	The objectives and other motivational factors that encourage migration commuting.
Nature of migration cycle	Permanent, temporary, seasonal or limited to commuting.
Migration sustainability	The factors that contribute to migration outcomes (success/failure).
Impact of migration on households	Repercussions of migration for the remaining household members and effects of migration on the household livelihood and economy.
Migration departure/ period of migration	The time of year that an individual leaves the community.
Reception of remittances	The number of households that receive remittances from out-migrated members.
Cumulative remittance period	The period over which the household has been receiving remittances.
Effects of remittances on household livelihood pattern	Extent to which household's livelihood activities are influenced by remittances.
Impact of returnees	Social and cultural impact of externally-acquired skills and behaviour patterns introduced to the household and community by returnees.

7.2 Level of Migration

Migration of household members is observed in both districts (Table 7.1) of the study, and varies in form and extent as well as in nature, objective and motivation. The household survey shows that of the hundred households heads sampled for the study, 52 indicated that they out-migrated within the last calendar year. Also, 170 people consisting of adults and juvenile members from the sampled households migrate or have out-migrated.

Table 7.1 Out-migrants within the sampled households

Variable	Akuapem North frequency		Dangme West frequency		Total frequency	
	Total no. of sample	No. of out-migrants	Total no. of sample	No. of out-migrants	No. of out-migrants	Total no. of sample
Economic heads	50	21	50	31	52	100
Adult & juvenile members	270	94	285	76	170	555
	330	115	335	107	222	655
Total (N)	50		50		50	100

The year 1995 represents a watershed in the patterns of migratory activity. Before that year the study population was on the whole less migratory, whilst thereafter migration began to increase rapidly. In addition, there are distinct variations in the types of migrant and migration activity between the districts and households studied.

Table 7.2 Period of migration for adult and juvenile members (before and after 1995)

	Akuapem North		Dangme West		Total Frequency	Total %
	Household heads					
	Frequency	%	Frequency	%		
Before 1995	5	23.8	11	35.5	16	30.8
After 1995	16	76.2	20	64.5	36	69.2
Total	21	100	31	100.0	52	100.0
	Adults and juveniles					
Before 1995	7	7.4	9	11.8	16	9.4
After 1995	87	92.6	67	88.2	154	90.6
Total	94	100.0	76	100.0	170	100.0

Table 7.2 presents the pattern of migration in the sampled districts and between the different categories of household groups. Although the data are a summary of figures based on the respondents ability to recall, it is evident that the extent to which household

members are migrating at present is much higher during the period after 1995 (time censored) than it was before this date. Most of the household heads (69.2 percent) as well as the adult and juvenile members (90.6 percent) started employing migration as a livelihood strategy after 1995. Although the district is not available, the interviews seem to confirm this pattern. One respondent, who is also a community chief in Dangme West, stressed that:

migration amongst household heads and members was not as frequent as it is at the moment. People of all ages seem to be migrating lately, including juveniles who have not even completed their basic education.

The Economic Development and Planning Officer at Akuapem North district support this view. The District Economic Planning Officer in Dangme West also mentioned the gradual disappearance of the younger population in several communities... *some communities are gradually dying as the population gap between the aged and the youth is sharply widening.* They blame the difficult economic conditions and adverse agricultural policies, and consider migration as the only means to raise the needed capital to finance their farm and non-farm activities.

7.2.1 Characteristics of out-migrants

The identified patterns of migration in both study districts cuts across the three main categories of household members: migration by household heads and/or spouses of household heads; migration by other adult household members; and finally migration by juvenile household members. The alarming aspect of these patterns is the recurrent incidence of migration amongst individuals who are below the economic active age category (juveniles) (Table 7.2). Although able-bodied members of the household are the more likely to migrate, elderly members of the household are reported to migrate in spite of the difficult initial pressures and hardships associated with life outside the home.

Table 7.3 Age and gender of household heads that out-migrate

Age in years	Gender of household heads (%)						Grand Total	
	Akuapem North District			Dangme West District			N	%
	Male	Female	Total	Male	Female	Total		
30-39	14.3	14.3	28.6	9.7	3.2	12.9	10	19.2
40-49	28.6	38.1	66.7	25.8	9.7	35.5	25	48.1
50-59	4.8	0.0	4.8	32.3	16.1	48.4	16	30.8
60-69	-	-	-	3.2	0.0	3.2	1	1.9
Total (%)	47.6	52.4	100.0	71.0	29.0	100.0		
Total (N)	10	11	21	22	9	31	52	100.0

Table 7.4: Age and gender of juvenile & adult out-migrated members

Age in years	Gender of juvenile & adult migrant members (%)						Grand Total	
	Akuapem North District			Dangme West District			N	%
	Male	Female	Total	Male	Female	Total		
<15 years	2.1	4.3	6.4	0	17.1	17.1	19	11.1
15 - 24	14.9	19.1	34.0	27.6	39.5	67.1	83	48.8
25 - 34	43.6	12.8	56.4	10.5	2.6	13.2	63	37.0
34+	3.2	0	3.2	2.6	0	2.6	5	2.9
Total	63.8	36.2	100.0	40.8	59.2	100.0		
Total (N)	60	34	94	31	45	76	170	100.0

Age

The household survey revealed that of the 52 percent of the household heads that out-migrated within the last calendar year, nearly half (48 percent) are between the ages of 40 and 49 years (Table 7.3). Also, most (59.6 percent) of the household heads within this category of out-migrants are located in Dangme West district. Unlike Akuapem North District where the majority (66.7 percent) of sampled household heads that out-migrate are within the age category 40 to 49 years, the largest category (48.4 percent) of out-migrating household heads in Dangme West District are between 50 and 59 years (Table 7.3). It is interesting to note that in contrast to Dangme West, out-migration of household heads is common amongst those below 50 years in Akuapem North.

Table 7.4 shows that the majority of the adult-juvenile out-migrants (48.8 percent) within the sample are aged between 15 and 24 years. A comparison of the ages of adult and juvenile out-migrants in the study districts shows that the majority of those located in Dangme West (67.1 percent) are 15 to 24 years old compared to 25 to 34 years old in Akuapem North. There are more (17.1 percent) juvenile out-migrants (those less 15 years old) in Dangme West compared to Akuapem North (6.4 percent) (Table 7.3 and 7.4). These patterns suggest that adult and juvenile members of sampled households in Dangme West District tend to out-migrate at a younger age. These findings are consistent with that of GLSS (2000) and Baahs' (2001) study of poverty trends in Ghana.

Gender

The study shows that out-migration within the sampled household is not gender-restricted as presented in Tables 7.3 and 7.4. A comparison of the two study districts shows that

whereas there is just a small difference between male and female household heads that out-migrate in Akuapem North district, the reverse occurs in Dangme West district with the number of male household heads that out-migrate significantly out-numbering their female counterparts (see Tan *et al.* 2005 for a similar pattern).

The study also identified that within the sampled households the frequency of out-migration is higher amongst adult/ juvenile males (91) than adult/juvenile females (79) as indicated by Table 7.4. A comparison of the two districts shows that whereas the percentage of adult/ juvenile male out-migrants (63.8 percent) is higher than females (36.2 percent) in Akuapem North, out-migration amongst adult/ juvenile females (59.2 percent) is more frequent than males (40.8 percent) in Dangme West (Table 7.4).

The under-employment of educated males and the harsh land tenure systems are mentioned as main reasons for the high migration rate amongst males in Akuapem North District. Also, there are better employment opportunities for females compared to males in this district. The desire to improve their social status and live modern and affluent lifestyles is considered as the major reason for the increased migration amongst females in Dangme West district. This pattern is also attributed to the lack of employment opportunities for females. Pottery, the main non-farm employment option for females in Dangme West, is perceived as dirty work and makes the women look unattractive because they are often covered in mud. In addition, the use of open fire in the absence of kiln exposes the women to direct heat, which causes eye problems and wrinkling of the skin. These symptoms make young women look older, reducing their attractiveness and the chances of getting a *suitor*. The younger members of the households are therefore not interested in pottery as a future career.

This notion was confirmed in an interview with the District Development Planning Officer in Dangme West. He mentioned that:

most of the young ladies will rather want to engage in vocational and artisan training and related activities like hairdressing and catering or work in the drinking bars in the urban areas. Prostitution, for example, is less talked about but considered to be very lucrative and many young ladies in the district fall to its allurements. This seems to explain the high incidence of migration amongst females in the district.

By contrast, the low incidence of migration amongst adult females in Akuapem North is attributed to the availability and diversity of alternative rural employment opportunities in the district. These opportunities include trading in foodstuffs, production and sale of cassava dough and gari in nearby towns. Some young women work as cassava harvesters and farm wage labourers in addition to their non-farm activities. The women consider these activities as more secure and reliable when compared to the risks associated with migration. Others explained that their marital commitment would not allow them to migrate. Elderly women (household heads) are often not restricted by marriage and could afford to travel and earn some extra income.

7.3 Types of Migration and Associated Employment

Three main types of migration were identified in the study districts. These are rural-rural, rural-urban and international migration. A similar pattern has been reported for Ghana by Benneh (1971) and for other regions of Africa by Gould (1993) and Black (2004). A comparison of the two districts identified a significant variation in the pattern of migration and employment activities undertaken by economic heads and the other members of the household. Similarly, there is a variation in the type of employment activities undertaken by the two groups at their respective destinations. The household interviews revealed that out-migrants are very particular about their choice of destination. It was noted that several factors influence this choice which is mirrored by the present location of the out-migrant. These factors include the availability of jobs, availability and cost of transportation, links with relatives and friends and local dialect (for internal migration).

Table 7.5 Type of migration and associated employment of household heads

Type of employment	Akuapem North					Dangme West					Grand Total		
	Rural - Rural	Rural - Urban	-	International	Total (%)	Total (N)	Rural - Rural	Rural - Urban	International	Total (%)	Total (N)	(N)	%
Farm-wage labour	38.1	14.3	-	-	52.4	10	41.9	6.5	-	48.4	15	25	48.0
Artisans Non-farm manual labour	0.0	0.0	-	-	0.0	0.0	12.9	22.6	-	35.5	11	11	21.2
Hawking Trading Lorry driver	9.5	38.1	-	-	47.6	11	6.5	9.7	-	16.1	5	16	30.8
Total	47.6	52.4	-	-	100.0		61.3	38.7	-	100.0		—	—
Total (N)	10	11	-	-		21	19	12	-	31		52	100.0
<i>P value</i>						0.016					0.019		

Table 7.6: Type of migration and associated employment of adult and juvenile members

Type of employment	Akuapem North					Dangme West					Grand Total	
	Type of migration household members (adults and juveniles) %										N	%
	Rural - Rural	Rural - Urban	International	Total (%)	Total (N)	Rural - Rural	Rural - Urban	International	Total (%)	Total (N)		
Farm-wage labour	5.3	1.1	0.0	6.4	6	0.0	0.0	1.3	1.3	1	7	4.1
Artisans Non-farm manual labour	1.1	54.3	2.1	57.4	54	1.3	36.8	3.9	42.1	32	86	50.6
Hawking Trading Lorry driving	0.0	26.6	0.0	26.6	25	0.0	27.6	21.1	48.7	37	62	36.6
Clerical work Technician	0.0	9.6	0.0	9.6	9	0.0	7.9	0.0	7.9	6	15	8.8
Total	6.4	91.5	2.1	100.0		1.3	72.4	26.3	100.0			
Total (N)	6	86	2		94	1	55	20		76	170	100
				P = 0.00					P = 0.013			

7.3.1 Rural–rural migration

Rural–rural migration became a prominent economic strategy for rural farm households during the era of Ghana's cocoa boom (1920s–1950s) when there was mass internal migration of individuals from different parts of the country to the equatorial forest areas to undertake cocoa cultivation (Benneh 1979). Most authors on this subject in Ghana have focused on north-south movement of agriculture labour force who engage in farm wage labour employment (Benneh 1971, van der Geest 2003).

Overall, from the 52 household heads involved in migration, 29 (that is 10 from Akuapem and 19 from Dangme West), making 55.8 percent of the total, out-migrated to other rural areas (Table 7.5). A comparison of this pattern at the district level shows that majority (61.3 percent) of household heads in Dangme West involved in out-migration undertake rural-rural migration compared to 47.6 percent in Akuapem North. By contrast, Akuapem North district is noted to have more adults and juveniles involved in rural–rural migration (6.4 percent) compared to Dangme West (1.3 percent). Although this difference is small, it was reported that the farming inclination of the younger population in this district tends to make some to seek rural farm labour employment (Table 7.6).

Furthermore, the majority of the household heads in Akuapem North (38.1 percent) and in Dangme West (41.9 percent) are engaged in farm-waged labour activities. This followed hawking, trading and lorry driving (9.5 percent) in the Akuapem North district, whereas in Dangme West, artisanship and non-farm manual labour (12.9 percent) is the next common type of employment amongst household heads as shown by Table 7.5.

It was also identified that most (5.3 percent) of the adult and juvenile out-migrants in Akuapem North engage in farm-waged labour, with the remainder pursuing artisanship and non-farm waged labour employment. None of those in Dangme West engage in farm-waged labour employment, rather they all undertake artisanship and non-farm labour activities (Table 7.6).

The household heads involved in rural-rural migration explained that the farm activities they have undertaken included waged labour employment at the Banana Plantation Farms in the rural district of Menya Krobo (mainly from Dangme West), whilst others travel to engage in farm waged labour in the large-scale palm plantations in another rural district,

Kade (mainly from Akuapem North). Others stated that they travel to the State Irrigation Facilities on the outskirts of Ashiaman and Tema, where they are employed in irrigation farming of both local and imported varieties of vegetables. Other rural–rural migration employment includes non-farm activities such as the manufacture of sweeping-brooms, which is associated with oil-palm production as the brooms are made from the palm fronds of culled oil-palm branches. Some of the adults in Dangme West district move to stay with relatives in other communities (such as Shai Hills) within the same district that have clay pits, where they engage in clay-digging and other stages of the pottery production process.

7.3.2 Rural–urban migration

Rural-urban migration is considered as a more common type of migration amongst adults and juveniles in rural Ghana (GLSS 2000, Baah 2001), which is also evident in this sample. The majority (52.4 percent) of the economic heads in Akuapem North embark on rural-urban migration compared to 38.7 percent in Dangme West district. The survey also shows that most of the adult and juvenile out-migrants in both districts are engaged in rural-urban migration. However, Akuapem North has more adult and juvenile out-migrants (91.5 percent) engaged in rural–urban migration compared to 72.4 percent in Dangme West. In addition, most (50.6 percent) of the adult and juvenile out-migrants identified by the survey are engaged in non-farm labour and artisanship with the majority of them originating from Akuapem North (54.3 percent). Hawking, trading and lorry driving is indicated as the next common employment in both districts. However, Dangme West has more adult and juvenile members (27.6 percent) involved in this type of employment compared to Akuapem North (26.6 percent) although the difference is small (Table 7.6). Another interesting observation made by the study is that none of the adult and juvenile members of Dangme West district are involved in farm-waged labour and only 1.1 percent in Akuapem North undertakes this type of employment at the respective destinations. Although this difference is small, it indicates the diversity in the choice of employment and the orientation of priority of the two samples, which is confirmed by the high significant *p-value*, generated by the analysis within each of the study districts.

Most of the rural–urban migrants travel to Accra, Tema, Koforidua and Nsawam. Accra has several large food markets, building and construction sites, and most migrants find work as

food traders, shop assistants, food hawkers, head-loaders¹ and labourers. Some of the economic heads explained that they travel to Accra for the purpose of selling their non-farm products, in order to use the proceeds to buy raw materials at the prevailing market rates in Accra, as they are cheaper than those in the local district markets. The *Abobloshie Market* in Accra is a renowned food market that receives several tonnes of food from all parts of the country. This marketplace is often extremely busy in the early period of the dry season when traders and market queens bring in foodstuffs by truck from other parts of the country (Black *et. al.* 2004).

The closure of the Ghana Food Distribution Corporation in the 1990s as part of the governments' privatisation and divestiture program has made the *Abobloshie Market* all the more important (Gerner *et. al.* 1995). This is because it is the main source of fresh food produce for Accra and its environs (Haroun and Oduro 2000). Several small food traders who are not able to travel to the rural areas to purchase stocks directly from the farmers attend this market to buy from the market-queens and middlemen. Participants in the focus group discussions in Akuapem North explained that most of them worked for different *market queens* either as retailers on site or as food hawkers by collecting food items on credit, selling them in different parts of the market or in smaller adjoining markets, and then paying back the *market queens* for the items sold, retaining most if not all the profit made on the sales transactions. By doing so, they tend to make appreciable profits. During the group interviews a female respondent mentioned that: *we are able to make up to one hundred thousand cedis a day by selling for the market queens within the food market. You can't get this kind of quick money in the village.* Fifteen thousand cedis is presently equivalent to one pound sterling.

Ten adult household members from the Akuapem North district possessing woodcarving skills described how they congregate near the *Tetteh Quarshie Circle*². This is a prominent location in Accra near the airport that is well known for the manufacture and sale of woodcarvings, the display of craftwork and the recruitment of woodcarvers. The respondents explained that they collect partly-carved products from other carvers in their home district and transport them to this venue. Here they sell part of their consignments to

¹ These are bearers who carry their loads on their heads instead of on their backs, or by cart.

² This is a popular location in Accra where several carvers and artisans work and transact business.

other craftsmen and/or traders whilst keeping the rest as stock for their own use either as carvers, traders or in both capacities. On some occasions, some of the respondents work under the direction of exporters who sell the products to foreign organisations through the Export Promotion Council. They consider this venture to be very lucrative and exciting, as it offers them the opportunity to make money and have a taste of city life. Some of the organisers of this carving centre are permanent migrants from Akuapem North and the surrounding districts where carving is learnt as a traditional trade.

Tema Harbour and its warehouse operations offer waged employment and short-term contracts for labourers and porters, especially for migrants from Dangme West. Tema Harbour is a favoured place of employment for Dangme West residents owing to the connections that have been built up over the years. In addition, the Tema Fishing Harbour has created a booming fish market that generates much lucrative employment, where businessmen and boat owners employ daily labourers to pack fish, load trucks, keep the warehouses and docks clean, as well as carry out *odd* jobs. Some individuals also buy fish from the fishmongers and sell it on to customers outside the harbour for a small profit. Focus group meetings in Dangme West district revealed that the fish-market also serves as an employment exchange for both casual and waged labourers, food hawkers and traders, as well as acting as a major forum for the *truck-borne trade* in non-farm processed foods (such as *gari* and palm-oil) and in pottery products. A participant in the focus group meeting said:

I sell fish with my sister in the Tema harbour in the dry season. I am able to make about one hundred and fifty thousand cedis a day when the market is good. I help with the cleaning of the fish, salting, and packing of discarded fish she buys from the fishing boats. We sell the partly processed fish to the harbour workers and other traders after 5pm whilst they are on their way home.

7.3.3 International migration

A significant observation regarding the out-migration amongst economic heads is that none of them is involved in international migration. This is attributed to their poor income which cannot possibly finance international migration coupled with their domestic responsibilities as heads of their respective households.

International migration of other household members is mainly reported in Dangme West district (26.3 percent), compared to Akuapem North (2.1 percent) (Table 7.6) These adults

and juveniles from Dangme West migrate to the neighbouring countries, of the Republics, the Côte d'Ivoire, Benin and Nigeria. Ten households reported members as travelling to Côte d'Ivoire; five mentioned Benin and five households indicated Nigeria as countries where members were currently resident and working as migrants. This could be due to the fact that their proximity to Tema tends to expose them to people who have travelled abroad, and are therefore more able to establish links and interests to travel abroad. Also, working in Tema is reported to be sometimes highly lucrative, with such individuals being able to save money over a long period of time for the purpose of international travel.

Unlike the international migrants in Dangme West who travel to other West African Countries, the two international migrants in Akuapem North district are reported to have relocated to Western Europe.

Respondents in the focus group discussion in Dangme West mentioned that Côte d'Ivoire has a bad reputation as a destination for migration. This is because the majority of those who migrate there are females who are reported to engage in prostitution. It is common knowledge in Ghana that many young females are recruited for employment in Côte d'Ivoire on the pretext of being offered good jobs, only to be sent to brothels where they are pressured into prostitution. Other respondents observed that certain people consider prostitution to be a profitable occupation, and engage in the sex trade in preference to farming or being unemployed. A few have returned in protest at the appalling conditions and the fact that they had no foreknowledge of the nature of the occupation for which they were being recruited.

This is consistent with findings of Anarfi (1993) who reported that a high proportion of Ghanaian women working in Abidjan sell sex for a living (75 percent of the sample). His study also reported that sex workers were earning between six and seven times the national minimum wage (about sixteen thousand cedis a day) in Ghana, irrespective of their level of education and skills. Many women regarded such work as a successful short-term livelihood strategy (Anarfi 1993). Two key informants also mentioned that some girls travel to Benin and Nigeria to work as prostitutes and bar attendants, whilst others are said to engage in the trading of second-hand clothing, and in buying goods from Ghana for re-sale in these countries. The study was informed that most males from Dangme West involved in international migration are reported to be engaged in manual labour artisan work.

Some of the young girls in Dangme West also buy cassava dough and *gari* from communities in Akuapem North and transport them to locations in Benin and Togo for retail. Those involved in this pattern of migration are often permanent residents in the respective foreign countries and only return to the community on business trips.

Of the two international migrants reported in Akuapem North, one of the households reported that their son had travelled to Holland where he works in a factory. This family is not sure how he managed to travel there but did recall that some of his friends helped him to embark on this trip. This individual previously migrated to Accra and worked at *Tetteh Quarshie Circle* as a carver before travelling to the Netherlands. The other is a lady who travelled to join her husband in Italy and works as a cleaner.

Internal migration in Ghana has been discussed in the context of north-south flow of migrant labour (Hill 1963, Benneh 1971). This study, however, provides empirical evidence which identifies the movement of people in a south-south direction. The types of migration identified by the study suggest that members of rural households migrate to rural as well as urban areas. Migrants involved in rural-rural migration mainly undertake farm-waged employment whilst those who embark on rural-urban migration engage in trading, hawking, and other labour intensive activities like truck pushing, head loading and casual labour employment.

Whereas writers on internal migration in Ghana focus on agricultural oriented labour activities of migrants (such as van der Geest 2003), this study concedes that the majority of migrants engage in non-farm activities compared to farm activities.

The majority of the reported international migration involves movement to other West African countries. This is consistent with findings by Black (2003) on migration in West Africa. He argues that most international migrants from countries within the West African sub region find it much easier to move to neighbouring countries within the Economic Committee of West African States (ECOWAS). Also, there is evidence of step-wise migration, which involves movement from rural to urban then to international, which supports findings of Anarfi *et al.* (2003).

The type of employment undertaken by the adult and juvenile out-migrants from the two districts varies. Whereas most adult and juvenile out-migrants in Akuapem North work as artisans, cart-drivers and non-farm labourers (57.4 percent), those from Dangme West largely work as hawkers in the market, traders and lorry drivers (48.7 percent). Farm waged labour dominates in both districts as the common form of migration employment for economic heads, with Akuapem North having 52.4 percent of its economic heads engaging in farm waged labour and Dangme West having 48.4 percent. There is a divergence though in the next common type of employment amongst economic heads in the two districts. Hawking, trading and lorry driving are more common in Akuapem North whereas non-farm manual labour activities and artisan jobs are the most patronised income activities after farm-waged labour in Dangme West. None of the economic heads in Akuapem North engage in artisanship and non-farm manual labour activities.

Nevertheless, most of the adult and juvenile out-migrants in Dangme West undertake rural-urban migration followed by international migration. It is not surprising to note that very few individuals in this category migrate to other rural communities considering that most of these adults and juvenile out-migrants desire incomes and living conditions which are not attainable within the rural economy. Moreover, adult migrants undertake non-farm economic and income activities with majority working as artisans, cart-drivers and non-farm labourers (50.6 percent) followed by hawking in the market, trading and lorry driving (36.6 percent).

7.4 Timing of Migration

This section will discuss the nature of migration pertaining in the study districts. The study observed two main forms of migration. The common form is temporary migration also known as circular migration or seasonal migration and the second form is permanent migration (Gould, 1993).

Table 7.7 Nature of migration of out-migrants

Nature of migration	Period of migration of household members					
	Household heads					
	Akuapem North		Dangme West		Total	Total
	Frequency	%	Frequency	%	Frequency	%
Dry season	15	71.4	27	87.1	42	80.8
Minor season	0	0.0	3	9.7	3	5.8
Anytime of the year	6	28.6	1	3.2	7	13.4
Total	21	100	31	100.0	52	100.0
	Adult and juveniles					
Dry season	9	9.6	1	1.3	10	5.9
Permanent	85	90.4	75	98.7	160	94.1
Total	94	100.0	76	100.0	170	100.0

7.4.1 Temporary or circular migration

The sample defined temporary migration as a form of migration during which the individuals travel from their home and community to live elsewhere for a short period of less than twelve months, and return to their home after this period. The different patterns of temporary migration identified by the study are discussed below.

Whereas all the household heads involved in migration engage in temporary migration, only 5.9 percent of the adult and juvenile migrants are involved in temporary migration (Table 7.7).

Dry season migration

Most (80.8 percent) of the household heads within the sample involved in out-migration embark on their movement during this period of the year (Table 7.7). Dangme West has more (87.1 percent) household heads travelling at this time of the year compared to Akuapem North (71.4 percent). In contrast only 5.9 percent of the adult and juvenile out-migration recorded by the study occurs during this period. The bulk of the migrants engaged in non-farm activities and those with access to irrigation schemes (Dangme West) are able to embark on the production of dry season vegetables. Although this is a profitable economic activity, very few farmers have access to such a resource.

In addition, the dry season is a period where migration is preferable because this is when the urban food market is most active due to the influx of food products from different parts of the country. Some households migrate to the urban and sell food

products in the markets or work as head porters (head loaders) for market queens. A respondent stated that:

I migrate in the dry season because it is at this period that hawking is also convenient. Secondly, I am able to sell boiled and fresh corn in the urban construction sites, busy working areas such as office blocks and strategic locations along busy streets. I sometimes sell roasted corn which is a delicacy and in high demand during this period of the year.

Minor season migration

Only households in the Dangme West District (9.7 percent) adopt this pattern of movement (Table 7.7). Unlike Akuapem North District which receives reliable rainfall during the minor rainy season, the rainfall pattern in Dangme West during this time of the year is described by the respondents as poor and unreliable. It was explained that the district and its communities could receive only a few showers all through the minor season and those who are tempted to plant maize and cassava during this time of the year could lose a substantial proportion of their production.

A reason for this form of movement is to engage in agricultural production during the minor rainy season in Tema where there is an irrigation facility which attracts both prospective farmers and farm-waged labourers. To farm on the irrigation plot, the migrant farmers need to rent irrigated plots from local farmers or tenant farmers. Those who engage in non-farm income generating activities during minor season explained that they travel to the urban and sell their non-farm products. This is perceived as a more dependable and profitable option.

A female minor season migrant explained most people travel in the dry season so moving in the minor season offers her a better chance of gaining wage labour employment and beating the competition. Another female respondent indicated that travelling at this time of the year to sell non-farm products allows her to make personal contacts with other traders interested in her products and therefore increases the demand of her non-farm produce. She added that it is difficult to undertake such trips in the rainy season due to the intensity of the farming activities. The respondents in the focus group meetings also consider the minor season as a strategic period to go to the urban centres because it often marks the beginning of most construction activities in the urban areas and so those who have artisan skills prefer travelling in

search of jobs at construction sites rather than risking a minor season cultivation of any kind.

Anytime migration (Not linked to seasons)

The household survey also revealed that the movement of 13.4 percent of the household heads is not restricted to any particular period of the year. The Akuapem North district has more (28.6 percent) economic heads that employ this strategy compared to Dangme West district (3.2 percent) (Table 7.7). The households involved in this form of migration usually travel when they either want to earn quick income, assist family or friends for income or sell non-farm products. Such individuals also employ anytime migration strategy because they choose to migrate at times when they are not busy or when their non-farm products are sold and therefore do not have to oversee such activities.

7.4.2 Permanent migration

The survey (Table 7.7) also shows that out-migration amongst the adult and juvenile members are often permanent (94.1 percent). These permanent migrants can be classified into two categories based on the strategy associated with their relocation. Although Akuapem North has more individuals (85 people) involved in permanent migration, but Dangme West has a greater proportion (98.7 percent) of permanent adult and juvenile migrants compared to Akuapem North (90.4 percent).

Tenant migrants (farmers)

Permanent migrant tenant-farmers are individuals who have migrated permanently to urban areas and are settled and employed in the respective city or town but regularly return to the rural communities to farm during the major rainy seasons. Such individuals have their families in the rural communities and often live on their own in the city. It was explained that those who practice this form of migration often have farmlands, which are mostly family owned, and so can afford to choose when to cultivate them. Such individuals also use the time of farming as an opportunity to visit the rural and spend some time with their families. A respondent whose husband is a permanent migrant-tenant farmer explained that they use the income generated from his migration activities to cultivate their farms. The woman stays behind in the community to tend the farm and the land preparation activities. She explained that:

it is very expensive to live in the city and so having myself and the children back in the village enables him to save a lot more than he could if we were to join him. For example it cost an average of ₵300,000 per month for a two bedroom flat in Accra and we will have to pay a two years advance which is about ₵2million. Where can we find such an amount?

Permanent migrants (not involved in farming)

These are individuals who have migrated permanently to other locations within and outside Ghana. Most of those involved in such migration are reported to be located in urban areas and are employed mainly by the private sector. The focus group discussion revealed that private sector employment includes trading, wage labour in the market, factories and harbours. Some are reported to be working as mechanics, truck drivers and bus conductors. Others are employed in the public and civil service as teachers, office clerks, and administrative assistants. The study also observed that students enrolled in vocational training institutions are considered as permanent migrants because they often fail to return to the village during vacation and on completion of their studies. A female household head explained that her two sons have become permanent migrants in Accra after leaving school and are working as clerks in private sector organisations. Another female participant of the focus group mentioned that her son works as a bus conductor in the Accra central station after becoming a school drop out.

7.4.3 Commuting

Commuting involves individuals travelling to a distant location to work and travelling back at the end of the working day or after a few days (Lipton 1982). The study observed that commuting is mainly practiced in Dangme West.

Box 7.2: Kojo explains how he uses commuting as an alternative migration strategy

I normally travel to Tema and stay for three to four days and return to the village. I return on completion of the job I undertake. I work as a loader and packer at the fishing harbour during the fish season and offload vessels that come into the port and beaches. The high cost of living in Tema makes it cheaper to commute compared to migrating. When I compare the total cost of commuting to the possible living cost (accommodation and transport) per month, I realised that it is economically more sensible to commute than to permanently migrate.

The cost of accommodation in Tema is expensive and tenants are also required to pay rent in advance for a period of two to four years which makes it incredibly high. For example the rent per month in Tema is ₵600,000 for a two bedroom flat and tenants are required to pay 4million cedis as two years advance rent. Alternatively, I might have to rent a one room wooden structure for 100,000 cedis per month. These prices are extremely high for a rural dweller.

However, the availability of mini buses from the main district capital and other locations in the district to Tema as well as the good road network in most parts of the district linking Tema makes it easy to commute. At the moment it cost ₵4,000 to travel to Tema (day return). I will normally spend the night with a relative. They don't really mind because they understand the tough living conditions and also because I stay for a few days.

It can therefore be deduced that the low rainfall in Dangme West district makes permanent out-migration inevitable. The few irrigation facilities within the district are considered expensive for small poor farm households and therefore regard migration as a suitable and cost effective alternative. It was observed that some permanent out-migrants operate as tenant farmers. This helps to maintain ties with the rural, whilst others scarcely return as a result of pressures of work. An effective strategy employed by members of the sample is allowing male partners to migrate permanently whilst the females remain in the community to care for the family. This reduces the living cost whilst the household's agricultural livelihood is continued. Although the nature of migration as observed in this study is varied, proximity and cost of living at the destination are important influential factors for temporary migration. Non-availability of work in the urban destinations is also an important factor that limits individual's ability to migrate permanently. By contrast, household responsibility, demands of the extended family and the absence of financial breakthroughs push some migrants to stay away from the rural community permanently.

7.5 Reasons for Non-Migration

Migration by household heads was observed to be more common in Dangme West than Akuapem North. Twenty-nine household heads in Akuapem North indicated migration as not being part of their livelihood diversification strategies, compared to nineteen in Dangme West. Some of these respondents cited poor health as preventing them from combining migration with their current economic activities. Others

explained that despite their willingness to migrate, particularly in the dry season, the lack of relatives or other suitable contacts in the urban centres meant that accommodation costs would be prohibitive. Security, affordability and dependability of board and lodging are critical factors to successful urban migration. Since accommodation in the urban areas is very expensive, the only economically viable solution for most in-migrants from rural areas is to lodge with family or friends, otherwise the prospect of migration becomes distinctly less attractive.

Also, certain household heads, mostly in the Akuapem North district, indicated that they had no wish to migrate at all. Most of such responses came from individuals who had retired from work in the civil service, public sector or other forms of urban employment and had come to settle in a rural setting. Some of these respondents were receiving a pension, whilst others had been declared redundant or retrenched during the structural adjustment programmes and had no desire to return to the city for any economic activity. There were a few who had worked in the informal sector in the urban areas and had chosen to return home after long periods of the hand-to-mouth way of life known as *hussling*. Such respondents considered migration as a futile exercise from which no economic gains could be made. For these groups of non-migrants, any travel to urban centres would be solely for the purposes of visiting family and friends and/or to purchase inputs for their farm/non-farm activities.

Following on from the analysis of non-migration amongst household heads, the study attempted to understand the reasons for non-migration amongst adults and juveniles in the households that had no migrant members. When asked whether any household member has out-migrated in the last ten years, only seven out the hundred households responded in the negative. A non-migrating adult explained that his parents rely on him and his siblings for the day-to-day management of their households' farming and non-farm activities and therefore do not see the need to migrate. Other adult members explained that they do not have the financial resources to undertake such trips. There are also those who want to take the risk to travel but do not have any relatives and friends (reliable contacts) to help them, or the educational background that could facilitate their speedy employment. According to the respondents, the absence of any such dependable assistance has made it unwise for them to move.

7.6 Non-local Causes of Migration— External Factors

Besides the normal day-to-day circumstances and naturally-occurring events that might induce people to migrate, man-made events and their consequences have been cited by respondents as specific factors that have shaped their decisions concerning the adoption of migration as a coping strategy.

Table 7.8 Reasons for migration amongst household heads and adult- juveniles

Household heads						
Reasons	Akuapem North		Dangme West		Total Frequency	Total %
	frequency	%	frequency	%		
Work and raise income for consumption & capital	8	38.1	23	74.2	31	59.6
Sell products and raise capital	13	61.9	8	25.8	21	40.4
Total	21	100	31	100.0	52	100.0
P = 0.005						
Adult and juveniles						
Economic reforms, stagnation & Lack of Employment	65	69.1	20	26.3	85	50
Poor lifestyle & Low income	7	7.4	44	57.9	51	30
Harsh tenure system	13	13.8	2	2.6	15	8.8
Studies/ Stay with relative	9	9.6	10	13.2	19	11.2
Total	94	100.0	76	100.0	170	100.0

7.6.1 Policy reforms and removal of agricultural subsidies

Overall, 50 percent of adult and juvenile out-migrants, the majority of whom are from Akuapem North, were recorded to have out-migrated as a result of policy reforms and the removal of agricultural subsidies (Table 7.8). Most of the respondents to the household survey (individual household's interviews, key informants interviews and focus group discussions) in both districts cited the recent policy reforms in the agricultural sector under the Structural Adjustment Program as the major cause of migration of both household heads and other members of the sampled households. The respondents cited the great difficulties they faced in raising sufficient funds to service and maintain their farming activities solely through the income generated by their farming activities, due to the lack of government subsidies for their farm inputs. The pressure of circumstances pushed them to seek additional sources of income to

support their agricultural production, leading to a situation in which most are compelled into migration to undertake various income-generating activities.

Furthermore, the majority of adult household members perceive farming as no longer being a profitable economic activity, considering the drudgery involved in the actual day-to-day farm work, the difficulties associated with the sale of the farm produce and the extensive post-harvest losses or gluts that follow. Some household members declared a preference for engaging in forms of economic activity other than farming, and justified their migration out of the community in search of alternative income activities. In their view, the sudden change in direction of agricultural policy is making farming more burdensome, in that the farmers are expected to undertake ventures in the absence of any formal credit system to act as a resource base and without any form of security as a safety-net for farmers who incur losses, thus making farming far riskier than it was previously.

7.6.2 Economic stagnation in the rural areas

Respondents were almost unanimous in mentioning the stagnation of the rural economy in Ghana as the major reason for their migrating. They pointed to the lack of worthwhile alternative income-generating activities in their communities and districts that could be considered at least sustainable, if not positively lucrative. Respondents recalled that prior to the introduction of the District Assembly Decentralisation Programme they were given to believe that decentralisation would open up the rural areas, creating job opportunities in food-processing and other cottage industries. None of these prospects had materialised. Many of the adults had begun to consider farming as a form of under-employment because they wish to apply their acquired knowledge and skills (acquired through secondary and technical education) to suitable forms of income generation. Respondents in Dangme West frequently recalled that the introduction of the intervention programmes by the National Poverty Reduction Programme had offered a glimmer of hope, but that this had been short-lived owing to the short duration of the programme, the absence of a specific enterprise-formation component and the resultant failure of the programme to generate employment to meet the expectations of the respondents.

7.6.3 Harshness of existing land-tenure systems

The land-tenure systems in force in the study areas were cited by 8.8 percent of the adult members, mostly from Akuapem North (13 out of 15 people), as being the cause of migration (Table 7.8). Land tenure system in this district is distinctively harsh, especially for some of the non-native households. The adult members of such households perceived this situation as a form of extortion, in that the various tithes that farmers are required to give to landlords made it virtually impossible for these farmers to generate any significant income that would allow them to improve their income. As a result, they preferred to work as wage labourers in the urban areas to earn as much as they could rather than to expend their energies contributing to the income of the landlord. This view is particularly strong in Akuapem North since there are several non-native migrant farm households operating under the *abusa* and *abunu* tenure systems. Respondents explained that the availability of land for agricultural cultivation was not an issue in either of the districts. The problem was that the fees levied upon the farmers had been rising, especially after the withdrawal of subsidies and the privatisation of input distribution. One outcome of these policies was that farmers had begun to move out of farming, so that landlords were losing revenues that otherwise would have accrued from the tenure system. Some landlords had begun to tighten up arrangements that had previously been less stringent, and this had subsequently made life difficult for prospective farm-holders as well as for those currently engaged in cultivation. Besides leading to a reduction in revenue to landlords, food productivity is suffering through either stagnation or decline. These developments were reported as being especially serious in Akuapem North. In response to the demand generated by construction activities in Tema, there had been an increase in the harvesting of sand, soil and gravel in Dangme West district, leading to the gradual loss of available farmland through the depletion of topsoil and other strata. Food-production was therefore suffering in this district not through under-use of farmland, but through new patterns of non-farm use of agricultural land. With most of the younger household members preferring soil and sand harvesting to food production, in addition to the resultant reduction in revenues to landlords, there has arisen a pattern of activity that could be highly detrimental to the sustainability of local rural economies, both agricultural and non-agricultural.

7.7 Household Level Motivation for Migration

The reasons for migration show variation amongst the different categories of household members. It is interesting to note that, although there are some similarities in the motivation, the different categories of household members display clear differences of interest and therefore develop different reasons for migrating. The objectives for migration vary across the different households and can also vary between districts, although the *mix* of the various objectives might show similarities for different households. According to the District Economic Planning Officer in Dangme West, *the non-availability of employment opportunities other than farming is the major reason for migration in the sub-districts of Dangme West District*. Behind this stark, almost simplistic explanation, however, the interface between traditional and modern values can be seen to play an influential and dynamic role along the purely economic.

7.7.1 Heads of household: a position to maintain

For most household heads (59.6 percent) the personal motivation for migrating is that they stand a better chance of raising extra income and capital that could be invested into their household budgets and support consumption as well their farm and non-farm activities (Table 7.8). Obviously, for 40.4 percent of the sampled household heads, the ability to purchase inputs and to prepare them for the subsequent production reduces the levels of stress and anxiety for the economy and food security of the household. It also contributes in a most significant way to the self-worth of household head as the traditional major provider for those under his/her care and jurisdiction, especially in the circumstances where no government-provided social services are available that could have played an appreciable part in providing a safety-net for his/her dependants. This is a very important consideration, especially in the absence of formal subsidies and credits, and one that impinges in a very intimate manner on their position as head of household, upon their familial and social standing and their self-esteem (see Gladwin *et al.* 2001).

7.7.2 Young people (juveniles) migration: survival or escape?

In an attempt to ensure that younger members become affluent adults in future, household heads encourage them to out-migrate. Most young people are reported to have completed their junior secondary school education and parents are not in the position to provide financial help to further their education. However, the study noted that some of the younger out-migrants have actually not completed their basic education.

Several reasons were given for this pattern of out-migration. The researcher was informed that most young people are forced to migrate by their respective households for socio-economic and financial reasons. One recurrent reason mentioned during the interviews is to ensure that these younger members of the household are better educated, acquire skills which will help them engage in better economic activities and lead an improved lifestyle outside the rural area. Such movement may not necessarily benefit the rural economy or household as such individuals often become integrated in the urban economy.

A major avenue for juvenile migration in the study district is when young members are sent to be fostered by family members, sometimes at the request of relatives. The young migrants often move in with such foster families on the understanding that their cares will help them to pursue diverse educational activities. Others are encouraged to undertake income activities with the hope that they can raise money to pay for their studies in the senior secondary school. As a result, fostered young migrants engage in diverse income earning activities by serving as domestic assistants, hawkers and child minders for relatives.

Another avenue for this form of migration is when households give younger members to individuals (non-family members) who visit rural communities in search of young girls (and occasionally boys) who could serve as their child minders or shop assistants. A female household head in Akuapem North explained that: *some market queens and traders visit rural communities to trade and often request parents to allow their young girls to work for them in the food market. According to her they often make promises to pay various monthly sums of money to parents as remuneration for their children's labour. The intention is that these young migrants will work and generate*

income for their households in the village. In some cases payments are made to both the juveniles and parents. In reality most of these families who employ such young migrants often fail to meet payments promised to either the children or their parents. The consequences are that some of these young migrants move out of these urban homes and engage in diverse income generating activities in an attempt to care for themselves. There are others who are not able to cope with the harshness of the self-supporting urban lifestyle and return to their rural communities. However, the idea of going back to the rural area and not having any prospective income activity other than farming tends to discourage many young migrants, and pushes them further into urban survival strategies. A household head in Dangme West mentioned that:

juvenile members of the community who migrated to Tema are engaged in child minding, hawking and truck-pushing in the central market. They consider this as a lucrative livelihood and are pleased with it. Some of the girls also work as hawkers and head-loaders in the central market of Tema and the food market in Accra.

These findings are similar to reports by ILO/ PEC (2001), which says that there is evidence of child trafficking amongst residents of communities in Southern Ghana, particularly, those around the Volta Lake. The reports suggests that majority of the children trafficked are largely from the Northern regions of Ghana, the eastern part of the Greater Accra Region where the Dangme West is located. It is however unfortunate that detailed data on child trafficking in Ghana is not yet available (see also Iverson 2005).

A respondent in Akuapem North district indicated that:

the retrenchment programme and the redundancy of several individuals meant that their children will have to step into the employment arena earlier than usual to earn money to enable the household to survive. Considering the present stagnant rural economy and limited employment opportunities, most younger members of the household migrate especially to the urban areas to seek employment.

7.7.3 Adult and juvenile migration: diversification or abandonment

If there is one sector of the rural population that can be characterised as motivated by harsh local economic factors, it is the household heads, whose preoccupations with employment diversification, the generation of extra income and the problems of debt servicing and/or reduction in household budget deficits all impinge upon him/her and those under their care. These individuals tend to be from the older generation and therefore their perceptions of their obligations in respect of household members and household affairs will be uppermost in the complex of personal motivations that drive their decisions concerning the migration of household members. However, it becomes clear from the comments of respondents that the majority of adult household members migrate because they are dissatisfied of the *status quo* in the rural areas with respect to the dwindling rewards from traditional occupations, the growing problem of under-employment, and the constant prospect of the necessity of seeking re-employment.

However, single female members of the sampled households in Dangme West hold the view that migration offers them a better opportunity of meeting more educated and wealthy partners endowed with better economic assets. In general, the adult and juvenile population perceive that a life spent in farming will make them look dirty and unattractive, causing them to grow old much more quickly. Some young women also expressed their perceptions of how women in urban households were more liberated and have to look after fewer children, thus enjoying considerably higher levels of well being in mind and body.

Again, the prospect of escaping the increasingly grinding poverty associated with farming and the rural economy is mentioned time and again as a vital factor for migration by adult household members (non-household heads/spouses). The challenge to self-esteem and the reassessment of self-worth are often expressed in the desire to lead a vibrant lifestyle that has some *action*. Residents of these communities are witnesses to the affluence gained in urban areas that is displayed by returnees and temporary migrants. The growing consensus is that, migration of this energetic group of the rural population often results in abandonment of the rural with its problems to urban centres without the accompanied diversification in livelihoods. In fact, it is conceded that many actually lose their livelihoods, financial capital and potential. The ultimate outcome of abandonment in several instances is the constant loss of

valuable human resources by the rural economy to the perils and risks associated with migration.

7.8 Migration: Towards Equality or Inequality in the Local Economy?

The response of the sample from the two districts on this subject differed significantly. Most respondents in Dangme West consider migration as a tool that is able to bridge the status and income gap between the rich and the poor, whilst most respondents in Akuapem North perceive that migration widens the gap between the rich and the poor.

Respondents from Dangme West view migration as being able to create equality and thereby reduce the gap between rich and poor. The ability of a household to migrate allows them to generate extra income that helps to reduce their budget deficit, pay any debts and generate capital to undertake non-farm activities. Migration also allows individuals who do not have capital or income generating skills to engage in non-skilled employment such as head loading and truck pushing. A respondent explained that migration has helped to elevate her social status in the community. She said:

I am able to participate in social activities and also pay my family contributions from the money I make from my migration income. As a result I am not excluded from family gatherings and decision making meetings.

These findings support the analysis by Oberai and Singh (1983) that inequality may be reduced if the very poor migrate, as the resulting increase in wages will raise the overall income of those who are at the bottom of the economic scale.

The respondents in Akuapem North, however, perceive migration to widen the gap between rich and poor. They argued that many poor households are not able to migrate because they do not have the financial resources and the urban links, which could conveniently qualify them to migrate successfully. A household head explained that the initial cost involved in migration, irrespective of the nature or form, often makes the process selective against the poor households and individuals who do not receive sufficient earnings from their farming activities. This makes the poor struggle to migrate. He explained by saying that:

most poor households do not even have relatives and friends who are well off in the urban areas who can invite them or help in their migration. So the lack of the initial lift and support serves as a hindrance and therefore not able to take advantage of the opportunities that migration offers.

Secondly, the household interviews revealed that poor households do not often have the collateral security required to secure loans from credit lenders. However, it was explained by the respondents that some families are able to use family jewellery, gold and diamonds as collateral security to acquire sums of money for migration. An adult member in the community indicated that:

the rich³ households are able to borrow money for their children to further their education or seek employment in the urban areas. Such steps make them better exposed to opportunities and eventually become better off. So I think the rich are likely to become richer through migration.

This perception is a commonly held view and is in line with Lipton's (1982) widely quoted work, which asserts that migration increases disparity and does not equalise incomes (Abril & Rogaly 2001). This study provides evidence which supports the view that migration does not have the same overall effect and could either create inter-household variation in wealth or reduce wealth inequalities. Whilst migration is able to bridge the gap between rich and poor households in Dangme West, it is considered as a factor that causes wealth disparities in Akuapem North. Deshinkar (2004) provides evidence to confirm such a pattern from his study on the implication of migration for pro-poor agricultural growth in India.

7.9 Remittances from Out-migrants

This variable is very important, as it will allow the study to investigate the different sources of additional income to the household and also understand the role that remittances play in the household economy and diversification. The household survey shows that 93 households out of the total sample of hundred households indicated that members have out-migrated. All 7 households without out-migrants are located in Akuapem North district (Table 7.9).

³ Wealth ranking by respondents defined rich households as those who own family land cultivate five or more acres; have livestock and valuable physical assets.

7.9. 1 Reception of remittances

The study further revealed that all the households with out-migrants in Akuapem North receive remittances, compared to only 34 out of the fifty households with out-migrants in Dangme West. Overall, 82.8 percent of the households with out-migrants receive remittances (Table 7.10).

7.9 Does your household have out-migrants?

Variable	Akuapem North	Dangme West f	Total
Yes	43	50	93
No	7	0	7
Total	50	50	100

P = 0.006

Table 7.10: Do they remit you?

	Akuapem North		Dangme West		Total	Total
	Frequency	%	Frequency	%	Frequency	%
Yes	43	100.0	34	68.0	77	82.8
No	0	0	16	23.5	23	24.7
Total	43	100.0	50	100.0	93	100.0

P = 0.032

This pattern is explained by the weak household and socio-economic ties that exist in Dangme West district compared to Akuapem North (GLSS, 2000). Participants of the focus groups meetings in Dangme West mentioned that the urban influence from Accra and Tema has had a negative impact on the level of inter-dependency within the household. This is evident from attitude shown by younger members, who are gradually becoming more self-centred and less concerned about the economic well being of the entire household. They also blame the material world in the urban areas as a cause of this unfortunate pattern and mentioned that most of those who refuse to send remittances to the households often spend on material comforts.

During the household interviews, one of the respondents lamented on this subject by saying that:

the children of today do not care that much. Some of the young males forget about their parents when they get settled in Tema and rather use their money on material things and drinking.

Some younger women in the focus group blamed the failure to receive remittance on the infidelity and promiscuous lifestyle of their husbands. A participant cited her own experience:

my husband has got a girlfriend in Tema and spends all his money on this girl and her children. He only comes over to tell me that he is broke and that life is very hard out there until I found out the truth regarding this concubine and his expenditure. It is really sad but what else can we do.

She ended her statement with tears in her eyes. It therefore suggests that, the fact that a household has a migrant member resident in the city or town does not necessarily guarantee the reception of financial and or material support from such a member. This finding also implies that some households could run into debt if they had borrowed money to support a migrating member who now fails to send remittance to repay the amount in question.

7.9.2 Period of remittances

The period of reception of remittance was investigated in an attempt to estimate the extent to which the sampled households have been reliant of remittances. The findings are presented in Table 7.11.

Table 7.11 Period of remittances

Reason	Akuapem North		Dangme West		Total frequency	Total %
	frequency	%	frequency	%		
2 - 4 yrs	22	51.2	24	70.6	46	59.7
> 4 years	21	48.8	10	29.4	31	40.3
Total	43	100.0	34	100.0	77	100.0
P = 0.023						

Table 7.11 shows that most households (59.7 percent) have been receiving remittances for a period of two to four years with 40.3 percent receiving remittances for more than four years. At the district level, it is observed that majority of the households in both Akuapem North (51.2 percent) and Dangme West (70.6 percent) has received remittances between two and four years whilst the remainder indicated that they have received remittances for more than four years. However, it is noted that more (48.8 percent) households in Akuapem North have benefited from remittances over a longer period compared to Dangme West (29.4 percent) (Table 7.11). This is likely to be attributed to earlier migration by household members who moved to cities to find employment in the public service after secondary education.

This pattern is also consistent with the surge in the number of out-migrants in recent years (last five years) with migration and remittance from migration serving as alternative livelihood and income strategy. The respondents in focus groups meetings who emphasised that their dependency on remittances has increased in the last five years support this view. Also, this sequence of events seems to relate to the introduction of agricultural reforms and the privatisation of the distribution and sale of agricultural inputs (Hutchful, 2000). It is possible to deduce that most of the recipients have had to rely on remittances in the absence of formal support from official sources (Sanders 2003).

A key informant explained this observation by saying that:

although some households have received some form of remittances in the past, the act of depending on remittances as stop gaps and remedial measures to balance household budget deficits has become pronounced in post adjustment and diversification period.

7.9.3 Extent to which diversified enterprises are influenced by remittances

The study proceeded to investigate the extent to which remittances influence the enterprises of the seventy-seven households which receive remittances. An understanding of this relationship is important because it will help to establish how remittances influence the households' income activities and economy (GLSS 2000).

Table 7.12 Extent to which remittances influence livelihood enterprises

	Akuapem North		Dangme West		Total	Total
	Frequency	%	Frequency	%	Frequency	%
Very large extent	2	4.7	1	2.9	3	3.9
Large extent	19	44.1	10	29.4	29	37.7
Small extent	15	34.9	22	64.7	37	48.0
Very small extent	7	16.8	1	2.9	8	10.4
Total	43	100.0	34	100.0	77	100.0

Table 7.12 shows that nearly half of the recipient households said their diversified enterprises are influenced only to a small extent by remittances. Nevertheless, the majority (44.1 percent) of the households who receive remittances in Akuapem North indicated that their enterprises are influenced to a large extent, compared to 64.7 percent of recipients in Dangme West who consider the extent of influence as small (Table 7.12).

The overall indication is that that extent to which remittances could influence a household's enterprise could vary significantly. Remittances received by the sample households could be put to other uses within the household economy other than funding their diversified activities. A female household head from Dangme West retorted by saying that:

the remittance that we receive as a household does not help my non-farm activities as I wish. It is so small and so makes it very difficult to stretch its utilisation by investing into my business. People think that those who have children outside the village have no financial problems because we get so much money to finance our business. But this is not wholly true.

It was reported during the household interviews that households with very low farm incomes tend to depend on their non-farm activities, and will therefore invest their remittances into such enterprises. These assertions prompted the need to investigate the pattern of remittance flow in the study households. However, it was explained that the extent to which a household is able to invest in this manner depends on the regularity of flow of such financial support.

7.9.4 Regularity of remittance flow

The regularity of remittances is an indication of the extent to which households depend on remittances. It also determines how such amounts can be utilised. The respondents explained that there is always a time lag between the time of migration and the reception of remittances. The respondents mentioned that it usually takes some time (one or two years) for migrants to settle down (especially in the urban areas) and find suitable stable employment. It therefore takes time for migrants to save enough to meet their basic needs and then remit members of their households.

One of the participants in the focus group meeting said:

I had to wait for almost ten months before hearing from my son who migrated to Accra. He told me that it was really difficult settling in and finding a regular waged job in the food market.

Table 7.13 Regularity of remittances

	Akuapem North		Dangme West		Total Frequency	Total %
	Frequency	%	Frequency	%		
Regular-monthly	26	60.5	5	3.1	31	40.3
Regular – quarterly	15	34.9	21	61.7	36	46.8
Not regular	2	4.6	8	23.54	10	12.9
Total	43	100.0	34	100.0	77	100.0
P = 0.00						

It was noted that the majority (46.8 percent) are remitted quarterly. This is followed by those who receive monthly remittances (40.3 percent) (Table 7.13). Also, the study revealed that most households (60.5 percent) in Akuapem North receive monthly remittances compared to quarterly remittances (61.7 percent) in Dangme West. The focus group discussions also showed that poorer households receive remittances at shorter intervals than rich households. This pattern suggests that by virtue of their limited budgets, poor households may require regular external in flow of remittances, whereas rich households may not need such intervention on regular basis. It was also discovered during the interviews that some households actually arrange with the migrant members to send remittances at particular times. Some respondents mentioned that they receive monthly remittances, which form part of their monthly budget.

A respondent in Dangme West explained that she receives remittances quarterly (every three months) from her two sons in Tema but cannot influence the rate at which they remit. She explained that:

they are only able to send money at such intervals because it allows them enough time to save adequate amounts. This pattern enables me to receive substantial amounts of money which is invested into my non-farm activities.

The respondents in the focus group discussions explained that most migrants are only able to send remittances when they are able to find a trustworthy person who is travelling to their hometown or village.

7.9.5 Amount of remittances received and its uses

Another aspect of remittances that was investigated by the study is the amount of money that is sent to the recipient households per annum in the study sample.

Table 7.14 Amount of remittance received per annum in cedis (¢)

Remittances	Akuapem North (¢)	Dangme West (¢)
Minimum	100,000	100,000
Maximum	350,000.	300,000
Sum	9.1 million	5.15 million
Mean	211,627.90	151,470.60
Std. Deviation	58.51	43.49
Total (N)	43	34

(The exchange rate of one US dollar to Ghanaian cedis at the time of data collection was ¢7,932 to a dollar for 2002- 2003 (World Fact Book 2005).

Table 7.14 presents a comparison of the cash remittances received by the two districts and shows that both receive a minimum amount of ¢100,000. However, the maximum amount of money received by recipients in Akuapem North at a particular time (¢350,000) is more than that received in Dangme West (¢300,000). In total remitted households in Akuapem North district received ¢9.1 million compared to ¢5.15 million received in Dangme West. In addition, the average amount of money sent to the households in Akuapem North (¢211,627.90) is more than in Dangme West (¢151,470.60).

This pattern suggests larger amounts of cash remittances flow into the economy in Akuapem North compared to Dangme West. However, the larger standard deviation (58.51) for Akuapem North compared to Dangme West (43.49) implies that the distribution is more dispersed in this district and could introduce disparity in income.

7.9.6 Use of remittance income

It could be noted that the use of remittances differ between the study districts and between households. It was evident that the households use the remittances to support their income and economy (Table 7.15). It was identified that remittances are used for the following purposes:

- Consumption
- Investment
- Savings
- Dowries
- Loans

Table 7.15 Use of remittance income

Use of remittances	Akuapem North		Dangme West		Total frequency	Total %
	frequency	%	frequency	%		
Mainly Consumption	29	67.4	11	32.4	40	51.9
Investment, Consumption & Loans	12	27.9	22	64.7	34	44.2
Savings & Dowry	2	4.7	1	2.9	3	3.9
Total	43	100.0	34	100.0	77	100.0
P = 0.002						

Consumption

Most (51.9 percent) of the recipients of remittances in the sample indicated they use a greater part or all the remittances on household consumption (Table 7.15). Such consumption needs include the purchase of food items, paying school fees, medical bills, utility bills, purchasing of clothing. Most of the recipients of remittances in Akuapem North (67.4 percent) use them in meeting their consumption needs. This shows the level of dependency and extent to which household consumption needs are met through remittances.

The use of remittances to pay school fees is more common in Dangme West compared to Akuapem North. Dangme West has many young men who have travelled and left their children in the care of grandparents in cases where both parents have moved out of the community permanently. Such individuals therefore send money regularly to pay school fees of their children.

Investment

Another use of remittances by the study sample is investment (44.2 percent) in both farm and non-farm activities. Most (64.7 percent) of the households in Dangme West indicated that they use their remittance for investment followed by consumption and savings (Table 7.15). The household interviews show that non-farm enterprises receive the largest proportion of investment, although the extent of influence is small. Even though this type of investment is apparent in both districts, it is more frequent in Akuapem North. One respondent in Akuapem North explained that:

we consider it worthwhile and often necessary to channel part of our remittances into non-farm activities since it enables us to generate some returns from the remittances. Although the extent to which remittances

influence our non-farm activities is small, investing part of it into non-farm activities has become a necessity.

The purchase of livestock was also mentioned as a viable form of investment with respect to the use of income from remittances. Whilst some buy land for building, others use their remittances to repair their existing residential structures. The construction of new homes and the repair of existing properties are more common in Dangme West as mentioned earlier in this thesis. Housing and the quality as well as the type of materials used in the construction of the building are vital indicators of wealth and status in Dangme West. As a result, housing attracts a lot of investment within the socio-economic profiling of the district and amongst its residents. A male key informant in Box 7.3 confirms this notion.

Box 7.3: Views of a key informant on the effect of remittances on rural housing development:

The type of dwelling of a household is a very important subject of status in the Dangme West district and most households and migrants try to improve their housing conditions through remittances.

This form of investment is normally high on the priority list of every household and sometimes translates into a form of competition. Those who live in rented or overcrowded family houses prefer to have an abode of their own and so channel large sums of money obtained through remittances into such projects. In some cases the household will have to buy land and develop a new structure. In other cases, the household builds an extension on the existing property. The overall effect is that housing conditions in the communities are immensely improved.

In addition to the views expressed in Box 7.3, some migrants request the family to buy land for future cultivation. Even though traditional land is usually not for sale some migrants are able to purchase valuable agricultural land from families that are in need of financial recovery. The drawback to this form of investment is that such lands could lie fallow for several years.

Savings and dowries

The receipt of remittances allows rural households to save or use the money for dowries (3.9 percent). There are slightly more households in Akuapem North with this pattern of utilisation (4.9 percent) compared to those in Dangme West.

The study also noted that rather than saving with local banks, the sampled households save with the community *susu* groups. The reasons for this are similar to those mentioned in Chapter 6. This form of savings is also noted to be common with households who receive small amounts of remittances, enabling them to generate substantial amounts over a period of time. It was explained that the major purpose of such savings is to raise capital for non-farm investment. A respondent mentioned that receiving remittances helps to pay her *susu* contributions in advance, thus remain in credit with her contributions.

Also, remittances received by households are also used to pay the dowries for sons and nephews, as demanded by the tradition in the study areas. It is customary to pay the dowry before the bride is allowed to join the husband. The respondents in the participatory discussion in Akuapem North mentioned that travelling to the urban areas to work and raise money to pay the dowry has become an important goal for several young migrants in the study districts. Some of the respondents indicated that the present poor farming conditions seem to propel this phenomenon, as several young men in the communities feel they are not able to save enough from their farming activities to perform these traditional requirements. A single male adult in Akuapem North district said: *payment of dowries has now become a competition and those of us who are poor farmers might not be able to afford to marry, more so with the rate at which bride prices are rising.*

Loans for future migrants

Another important use of remittances indicated by the respondents are amounts sent as loans for the purpose helping other members of the household to migrate. The study observed that such amounts of money usually come from international migrants. The respondents mentioned that in the case of international migration, most migrant members send money through friends who are visiting Ghana. These friends will organise the details of the trip, including purchase of tickets for the new migrant.

However, the respondents mentioned that money sent through such individuals could be risky due to misuse, or the helper absconding and failing to assist with the migration process as expected.

An analysis of the different views on the flow of remittances to the household suggests that the timing of the remittance could to a large extent determine its use. If the household receives remittances only on certain occasions then they may use them for activities that allow occasional funding. Regular, but small amounts of money could for example restrict use to activities that require small cash investment. It also enhances savings in cases where the amount received is more than what is needed at a particular time.

On the whole, the level of dependence on remittances and the amounts received by the sampled households have risen after diversification. Although some authors have argued that remittances do facilitate investment into diversification, evidence from this study rather suggests that the bulk of remittances received are used for household consumption. This is a very important finding because it shows that rural households involved in diversification are still unable to meet their consumption needs and vulnerable to deprivation. Furthermore, it is noted that even though migrants send remittances all year round, it peaks at periods before or during festive occasions like Christmas, Easter and traditional festivals. Hence, households who depend on remittances as their main source of diversification capital are likely to be stranded for a greater part of the year. Such a pattern is likely to limit such households from attaining the full potential of their diversified enterprises which is economically unacceptable.

7.9.7 Effect of remittances on household economy

Remittances received by sampled households in this study are noted to have diverse effects and implications. The fieldwork gathered case studies of specific examples of remittances sent by migrants and how they impact on household welfare and survival (Box 7.4).

Box 7.4: Impact of cash as a form of remittance on the household:

Opanyin Kojo is a 50 year old household head in Akuapem North with a migrant son

We use cash remittances to meet daily consumption needs and household expenses. Most of the remittances received in this community are in the form of cash. We prefer cash because it is easier to carry and can be confidently sent through friends and relatives. Another reason why we prefer cash is that it is what most rural people lack.

I don't know any household who receives cash in the form of cheques or postal orders. We do not have post offices in the communities and the banks are not easily accessible. I am not sure people would not want to receive their cash through the banks and post offices because they do not consider them safe enough. I must emphasise that the availability of cash serves as a relief and makes it possible for poor farm households to meet health care and education expenses.

Impact of food, medicine and clothing as remittances on the household

Aunty Ama is a 54- year old household head in Dangme West with migrant son and daughter.

Food provisions like local and imported canned products, cereals and pastries are considered valued items due to the absence of supermarkets, pharmacies and shops in this community. Some households receive milk, corned beef, cornflakes and rice.

The receipt of regular food and medical supplies enhances the nutritional development of both adult and child members of my household. For example we managed to save the life of my grandchild who had Kwashiorkor with nutrient supplements sent by my son in Tema. I think medical supplies received from migrant household members have helped reduce infant and child mortality in this community. Resource-poor households like mine, who are not in the position to pay for prescriptions can still have access to medication through remittances.

In addition, clothing and footwear are usually very expensive and often beyond the budget of my household. Remittances in the form textiles, clothing and footwear are supplied by my son in Ashiaman. This gesture has made it possible for me to participate in social and cultural activities (weddings, christenings, child naming and festivals). It has also helped to change the social status of my household.

Impact of Building Materials and Consumer Durables as remittances

Mr. Adjette is a 58 year household head in Dangme West with a migrant son

I receive remittances in the form of household durables like cement, aluminium roofing sheets and louver blades, kitchen utensils, furniture and carpets. Most of these items are manufactured and sold in the urban areas and are therefore less expensive compared to the prices in the rural. The location of the aluminium factory in Tema makes the price of aluminium roofing sheets much cheaper than it is sold in the rural areas. I have been able to

repair my present abode and have constructed two bathrooms and a toilet for my household. These two projects have improved the hygienic condition of my household and its members.

The type of roof is used as a measure of wealth in several rural communities in southern Ghana so to change and replace the thatch roof of my house with aluminium sheets is very impressive. I have also received electronic gadgets such as radios, cassette players, and an iron from my son working in Tema.

The cashless rural society is gradually becoming dependant on cash as a medium of exchange rather than goods and services. This implies that some households will not have the needed cash to partake in the daily economic transactions as comfortably as those who receive remittances.

Essential food, medicine and clothing are introduced in the household through remittances. The provision of medical supplies by migrants to households is critical to their survival. This is mainly because there are no clinics in most rural communities sampled by the study and residents have to travel long distances to medical centres. Also, primary health care is not free in Ghana and most rural households are not able to pay for their prescriptions and treatments. In this study, recipients of remittances indicated that they often ask their migrant household members to purchase their medication or pay for medical expenses.

The appearance of individuals is used as a measure of wealth in both study districts but especially in Dangme West; hence remitting the rural household through the supply of clothing enhances the appearance, presentation and status of its members. A negative effect of this pattern is the gradual introduction of inappropriate clothing and dressing into rural communities. The study also noted that the recent connection of Dangme West to the national electricity grid has led to a rise in the demand for household electronics. A positive impact of this form of remittances is the accompanied transformation of housing conditions and the introduction of consumer durables and electronic gadgets into asset-poor rural households.

Evidence from this study suggests that remittances have two significant impacts. First, it could help bridge the gap between *the have and have-nots* and secondly widen the gap between *recipient and non-recipients* of remittances. Although remittances

have helped to finance diversification activities, it could be argued that they are not a major source of capital for diversification.

7.9.8 Effect of remittances on the community

Remittances do not only influence the household economy but also affect the socio-economic and cultural activities of the sampled communities. The study noted that remittances have an effect on rural enterprise finance, community development projects, marriage and local inflation.

Rural enterprise finance

Remittances finance successive income-generating activities of individuals in the community. Whilst remittances to relatives are often considered as gifts, non-relatives are mainly given loans which must be repaid with interest. Such loans are normally used for non-farm investments. Thus, whilst those who receive remittances could become more affluent in the sense that they receive both remittance and interest accrued from loans, non-recipients can only benefit from the possibility of obtaining a loan from a neighbour. These households will normally not qualify for a loan in the bank.

This pattern is consistent with findings by Cox (2002) in Vietnam where neighbours will approach individuals who receive remittances for loans. According to him, most of these loans were used for enterprise investments. The focus group discussions in both Akuapem North and Dangme West districts found that most loans obtained by those involved in non-farm enterprises were from remittances received by neighbours and *susu* groups.

Community development projects

Although remittances are mostly transfers between individuals and their households, some migrants in Accra and Tema have formed community associations and development groups to raise money for development projects in the home communities (Anarfi *et al.* 2003). Such projects include the construction and repair of community schools, toilets and workshops. A typical example is the renovation and construction of a community primary school in Akuapem North and the construction of a community toilet in Dangme West. The District Development Planning Officer in

Akuapem North District stated in acknowledgement that: *such projects assist in enhancing the level of community infrastructure and also the provision of basic community needs which are not provided by the District Assembly.*

The focus group discussions in Akuapem North district revealed that in addition to investments, some remittances released to neighbours are used to support potential migrants. This pattern is common in Akuapem North where ten households reported that they received loans from neighbours to sponsor the migration of their sons. The more general use of loans generated from remittances for such purposes is reported by Tiemoko (2003) in his study of migration in West Africa.

Expensive dowries and gifts

Remittances also influence the rural household economy in the area of marriage and the cost involved in settling dowries. Out-migrants are able to pay higher dowries (often in the form of cash, textile prints and drinks), offer expensive gifts and hold large parties which non-migrants are unable to offer. As a result of some parents insisting on receiving large dowries, they sometimes push their daughters to marry out-migrants. It is said that most in-laws feel very proud to receive items that are from the urban area because they are perceived as being high quality. According to a female youth leader:

marriage has therefore become a financially motivated activity rather than a moral and socio-cultural activity. This could result in severe negative consequences such as an increase in the number of single youths, because men are not able to afford the amounts demanded by the in-laws.

This poses the danger of turning marriage into a money-making enterprise that can have severe negative consequences for the community at large. One such consequence could be an increase in the population of single men and women and the incidence of cohabitation, which is considered as a taboo in both study districts.

In summary, apart from funding economic enterprises, remittances support community development programmes and projects. This form of communal collective sending of remittances and its positive developmental effects on migrants' community is also reported by Sander (2003) in her studies of migrant remittances to developing countries. The African Foundation for Development (2001) also reported a similar pattern in its study of *Remittance Use and Effects in Somalia*. It should be noted that the

receipt of remittances could also have a negative impact on the rural community. This could spark a wave of idleness and its concomitant social vices.

7.10 Returnees and Socio-economic Influence

Returnees are able to influence the livelihoods and diversification patterns of the households. In this study returnees are defined as individuals who have migrated at a point in their lives and have returned to their native community. The study identified 33 returnees (Table 7.16), all of whom are household heads in the sample, with nineteen from Akuapem North whilst the remainder are from Dangme West.

Table 7.16 Age and gender of returnees

Age in years	Gender of Migrants				Total frequency	
	Akuapem North		Dangme West		N	%
	Male	Female	Male	Female		
< 50	8	4	7	2	21	66.7
50 +	5	2	3	2	12	33.3
Total (N)	13	6	10	4	33	100.0

Table 7.16 shows that most returnees (66.7 percent) are below fifty years old and are therefore still economically active compared to 33.3 percent that is above fifty years. Akuapem North however has more female returnees than Dangme West (Table 7.16). The males (10) in Dangme West district, explained that they were working in factories in Tema and were retrenched during the restructuring exercise that was implemented under the structural adjustment programme in Ghana. In the case of the females, two indicated that they were working as factories labourers, one was trading and other one was engaged in a small restaurant business at the Tema harbour.

The professional backgrounds of the returnees in the Akuapem North district differ from those in Dangme West. Seven (7) of the men worked in the civil service and were also retrenched during structural adjustment in Dangme West. Two (2) worked with the state farms as a store keepers and one is a retired schoolteacher. Three (3) of them were lorry drivers in Accra. In the case of the women, four (4) were food vendors in Accra, one was a seamstress and the other was a retired schoolteacher.

7.10.1 Returnees in Dangme West

Two female returnees in Dangme West were identified as having economic influence in the present communities with skills acquired from migration. Both returnees

mentioned that they are using skills acquired from their migration activities to earn a living in their communities. One of them explained that she learnt how to process and smoke fish whilst working in a small restaurant business in Tema. The seamstress indicated that she learnt how to sew cloths and is currently the only seamstress in her community (Box 7.5).

Box 7.5:

Case 1: Auntie Awo is a returnee involved in a smoked-fish enterprise in Dangme West district:

I learnt how to process, preserve and smoke fish whilst working at the Tema fishing harbour. I was involved in a small local restaurant and sold to the traders and the workers in the harbour area. I returned to the community as a result of poor health. I honestly enjoy farming but I soon realised that farming as a business is no longer as profitable as it was before I out-migrated. I realised that it was not possible to depend on farming and be able to survive on the income accruing from farming because it is comparatively low considering the daily needs of my family.

I therefore decided to make weekly trips to the Tema harbour and buy fish which I process and smoke. I sell most of the fish to the members of my community and those from the nearby community. I also sell the smoked fish in the market on market days. I make a lot more money than I did when I attempted farming. I am able to generate cash regularly. This is very important when you live in the rural community where activities do not merit formal loans.

Case 2: Auntie Affie is a returnee seamstress in Dangme West:

I learnt how to sew whilst working in Tema as a factory worker. I had a friend who was a seamstress so I use to go over to her house in the evening and weekends to help. I then started sewing basic items for her as she became very busy.

At the moment, I am the only seamstress in my community and people in the surrounding communities also patronise my work. I am personally not keen on farming because of the difficulty associated with the sale of output and the financial implications. I have employed some young girls and I am also training some three ladies. I mainly sew textile cloths and do alterations for most of the young men and women. They used to send such sewing requirements to tailors in town but they do not have to do so any longer.

7.10.2 Returnees in Akuapem North

The study noted that the returnees in Akuapem North are equally active in their community development activities. Five of them are chairs of their respective Community Development Association in charge of community projects and

development initiatives in the community. In addition, three of the returnees in Akuapem North are part of the Chiefs elders and responsible for decision making in the chiefs court. As well as being involved in the community development activities, both retired teachers in Akaupem North are also responsible for the community's non-formal education programmes. Their role includes the development and management of adult literacy and non-formal educational activities (Box 7.6).

Box 7.6: Mr. Agude is a returnee (retired teacher) involved in non-formal education in Akuapem North district:

I organise the non-formal education programme in conjunction with the district non-formal education officer. I teach the women production group basic book keeping methods, profit and loss estimation and record keeping. I normally organise such activities through the church and mosque.

The level of participation is high and the program has had a considerable impact in view of the fact that most of the women are currently saving with the *susu* groups and are keeping records of the transactions. Those who could not read nor write are currently reading the alphabets and can perform basic arithmetic. The programme has helped to improve the participant's level of confidence and book keeping skills.

7.10.3 The effect of returnees on the household and community

It could be argued from the above case studies that returnees can find farming unprofitable and will prefer engaging in non-farm enterprises. Secondly, returnees also influence the economy of the household by introducing new income generating enterprises which are likely to improve the household's financial state. Similarly, communities stand to benefit from the skills of professional and trained returnees, particularly in the areas of education and artisan training. Such skills introduced by returnees could serve as the basis for training and a medium of employment for other members of the respective communities. In addition, responsible, dynamic and matured returnees (both adults and youth) influence both the socio-cultural activities and social capital formation within communities where they act as sources of leadership and innovation.

Cesare's (1974) theory of return, classifies returnees into three broad return-groups. First, is the return of *failure*, those who fail to secure income abroad. Second is the return of *conservatism*, those that planned their return. Third, is the return of

innovation, those who stay to earn money abroad but hit the glass ceiling and move on by returning home to invest their money. This study, proposes a fourth category which is the returned of the *retrenched*. This refers to those who have to return home because they have been retrenched or lost their jobs through liberalisation and economic development policies. Such individuals cannot be considered as failures but are engaged with a *forced* return that is different from the Cesare's return of innovation. Professionals and skilled returnees are those more likely to contribute to innovation and livelihood diversification in the rural economy. Evidence from this study indicates that such returnees do so by transferring skills acquired during migration into rural enterprises.

7.11 Conclusion

The study identified the occurrence of both international and internal migration within the sampled households. All the sampled household economic heads that out-migrate are involved in internal circular migration which peaks in the dry season. Most of the adult and juvenile members of the households migrate permanently to both internal and international destinations. There are significant variation with regards to movement strategies employed by the economic heads and adult/juvenile members between the two groups and within the groups. Migration strategies adopted by the sampled households is mainly selective, based on the socioeconomic characteristics of migrants and the social and economic conditions of the destination. Evidence from this study shows that migration as a livelihood diversification strategy favours the non-farm sector of the rural economy compared to the on-farm sector. Out-migration of adult and juvenile members of the rural household tends to reduce the agricultural labour force and cultivated land sizes. This pattern eventually affects farm outputs especially when most farming activities in the study communities rely on manual labour.

Although the amounts involved are small, there is a significant variation in the proportion and consistency of remittances received by respondents in the two districts. Nevertheless, the impact of remittances on sampled households is immense as it helps improve the household consumption capacity significantly. It also enhances non-farm investment, savings and the payment of dowries as well as support future migration as argued by Kule *et al.* (1999). It also assists the household in coping with the financial

burden associated with essential services like medical care and education. Whilst some households received large sums of money as remittances, others receive small sums. Large sums are often associated with international migration or where spouses, adults and juvenile members send substantial amounts of money and materials to their household members and relatives. More importantly for this thesis, remittances serve as a vital source of capital for diversification in rural households in south-eastern Ghana although in limited amounts.

There is a positive correlation between the extent of diversification and the extent to which a diversified enterprise is influenced by remittances. Hence it could be deduced that timely arrival of remittances and its appropriate use in terms of investments could have positive impact on household livelihood diversification strategies and reduce household level poverty. It must be noted that investments through remittances tend to be inclined towards livestock production and non-farm activities as they are seen to be more reliable in terms of investment and returns. Again, limited amounts of remittances are used in the improvement of assets, particularly housing and living conditions. This is noted to be common in both districts, although such initiatives are more apparent in Dangme West

Whilst some households are getting better off by virtue of the remittances received, others do not receive any such support. In fact, qualitative evidence indicates a rising inequality with respect to income and assets between recipients and non-recipients of remittances with diverse implications in both districts. In contrast, the pattern of remittances could be commended as helping to bridge the gap between the rich and poor households in Dangme West. This inverse effect is created in communities where the population is made up of predominantly non-remitted households. The ultimate impact is that non-recipient could be socially and economically excluded. Moreover, there is a subtle borrower-lender relationship that is being established as a result of the influx of remittances. This development seems to have a positive influence on the availability of loans for livelihood diversification. Unfortunately such financial transfers may not yield the required productivity to foster sustainable development as argued by Hickey and Mohan (2005).

Returnees are seen to have a strong positive influence in their respective communities. These are in the areas of employment, job creation, the gaining of assets and investments in both social and human capital development. Returnees looked healthier and younger than their contemporaries and often considered themselves better off in comparison with others who had not migrated. Most returnees are not keen on farming as a major livelihood but rather invest in non-farm activities. Apart from two returnees who had to return home after their retirement from the Ghana Education Service, others were compelled to return due to government backed retrenchment exercises under the structural adjustment programme (Hutchful 2000).

Unlike the relationship between international migration and development, which is increasingly viewed as positive because of the significant effect of international remittances and return on livelihoods diversification, the impact of internal return migration is generally thought to be negative or insignificant (Ghosh 2000, King 2000). However the study in South-eastern Ghana provides corroboration to support the argument by de Haan (2000) that migration returnees could have substantial positive impact on rural livelihoods diversification and social capital development.

In conclusion, the chapter has provided empirical evidence which indicate that economic factors tend to provide the over-arching factors impelling people in the study areas to opt for migration. As a consequence of policy reforms in the agricultural sector and the harsh land-tenure systems currently in force, the need to obtain employment in the non-farm sector has driven most households in the study areas to migrate since the prospects of working in the food-production sector continue to appear increasingly bleak. The stagnant rural economy, coupled with rural unemployment, has also aggravated the situation in that educated rural youth are not able to secure employment in these areas and are forced to seek employment elsewhere. The urban employment sector is presently overstretched and therefore has few or no vacancies in the formal sector and the organised non-formal sector. Similarly, migrants are impelled toward further impoverishment in the absence of anticipated income and are compelled to engage in low paid menial jobs or return to home districts without any new economic skills. Such scenarios have led to the abandonment of the rural economy, a process which rather undermined the objectives of diversification.

CHAPTER EIGHT

Livelihood Diversification and Household Well being

8.1 Introduction

Chambers (1995) describes household deprivation as the lack of what is needed for a household's well being, and is manifested in different dimensions that encompass physical, social, economic and human capital (Dasgupta 2000). A household's well being thrives on the level of socio-economic and socio-cultural empowerment of its members and that of the wider community. Well being in this context refers to the experience of a good quality of life which is free from vulnerability and deprivation (Chambers 1988, p.1). Vulnerability is defined here as *exposure to contingencies and stress, and difficulty in coping with them* (ibid). This chapter investigates the effect of diversification using familiar variables for measuring household well being.

The previous analytical chapters have suggested that the sampled households have diversified in order to overcome or prevent falling into further deprivation and to attain an improved level of well being. This chapter assesses the attainment of these goals using criteria and indicators from the World Bank's (1995) poverty assessment on Ghana and findings from Moser's (1998) asset vulnerability framework. This knowledge will not only provide an understanding of the dynamics involved in pursuing household well being through diversification, but will also help deepen the theoretical conception of diversification and its role within the rural household economy. Proponents of diversification, such as Carney (1998), Brock & Coulibaly (1999), Ellis (2003), and Toulmin & Gueyè (2005), suggest that income diversification would augment a household's well being and reduce the possibility of the household experiencing deprivation, but are not able to establish the extent to which this is attainable or the requirements for sustaining such improvements. The chapter will also examine respondents' perception of the impact of diversification on some selected household welfare indicators, a step that would help in the conceptualisation of the existing relationship between theoretical models and contemporary reality. In addition, how decentralised institutions and formal local government intervention impact on diversification of the sampled households will be discussed. The chapter will further examine the consumption expenditure of the sample and its overall implication for the household economy, in light of the study's definition of well being.

Box 8.1: List of Variables and Definitions

Variable	Definition
Cost of consumption	This is the average cost of food consumed by the household per month.
Household menu	This describes the regular meals eaten as listed by the members of the household.
Perception of household menu	This is the household perception of the meals on their menu.
Nutritional problems	This describes the different nutritional deficiencies that are experienced by members of the household.
Livestock rearing/keeping	Keeping of livestock for consumption or sale or both.
Assets	The various valuable items which the household considers valuable and could be exchanged for money.
Asset smoothing	The disposal of assets in exchange for financial or material assistance. Such assets could be returned when borrowed sums of money are repaid.
Formal intervention	Formal government assistance received from the district assembly towards diversification
Decentralisation	The activities and operations of the district local governments.
Total household expenditure	Total amount of money spent on household members and socio-economic responsibilities per annum.
Total expenditure of food consumption	Total amount of money spent on food items per annum.
Total expenditure on other household material needs	Total amount of money spent on the other material needs of household members per annum.
Total expenditure on education	Total amount of money spent on school fees per annum.
Total household expenditure on health	Total amount of money spent on healthcare of the household members per annum.
Total household expenditure on farm activities	Total amount of money spent on farming activities per annum.
Total household expenditure on non-farm activities	Total amount of money spent on non-farm activities per annum.
Total household expenditure on savings and investment	Total amount of money spent on savings and investments per annum.
Total household expenditure debt repayments	Total amount of money spent on household debts per annum.
Income security	Discusses strategies for sustainable income generation.
Pattern of households expenditure	Discusses the variation in the pattern of expenditure by households in the two study districts.

Source: Author 2006

8.2 Livelihood Diversification and Household Food Security

Literature relating to food security has emphasised the importance of food within the rural household and the role that food availability and storage play in the attainment of well being and the avoidance of vulnerability in a small farm household (Corbett 1988, Taal 1989, Maxwell & Smith 1992). Devereux (1993) discusses two important strategies employed by small farm households with regards to feeding habits in the face of difficulties. These are “income raising strategies”, aimed at obtaining more food, and “consumption modifying strategies” that can be used to restrain the depletion of food and related resources. These could involve adjusting the number of times the family eats or the type and quantity of food the households eats at any particular time.

8.2.1 Household menu and nutrition

Most households in Akuapem North eat *banku* and *fufu* whilst a similar proportion of households in Dangme West mainly eat *banku* and *gari* (Table 8.1). *Banku* is a staple meal made from cassava and corn dough. It is prepared by mixing a sufficient amount of the cassava and corn dough with water and stirred on a hot plate or fire until it becomes a sticky consistency. *Fufu* is boiled cassava that is pounded using a mortar and pestle. *Gari* is normally prepared by roasting milling cassava that has had the starch removed. It is evident therefore that the menus of the sampled household are largely carbohydrate based and inadvertently results in the occurrence of protein deficient nutritional problems (Table 8.1).

Table 8.1: Household menu and nutrition

Main Meals on Household Menu			
	Akuapem North	Dangme West	Total
Banku & Gari	16	32	48
Banku & Fufu	30	16	46
Rice, Banku & Fufu	4	2	6
Total	50	50	100
Perception of Household Menu			
	Akuapem North	Dangme West	Total
Very Poor	3	4	7
Not Good Enough	12	33	45
Good	32	8	40
Very Good	3	5	8
Total	50	50	100

Nutritional Problems	Akuapem North	Dangme West	Total
Yes, Kwashiorkor and Beriberi	4	24	28
Occasionally – Kwashiorkor & Beriberi	14	18	32
Not at all	32	8	40
Total	50	50	100

Table 8.1 presents a summary of the household menu and the associated nutritional problems experienced by the study households. The majority of the households are of the view that their menu is not good enough, with seven households describing their menu as very poor. However, whereas most households in Akuapem North (32) feel good about the type of food they eat, a different view is held in Dangme West where thirty-three households stated that their menu is not good enough. The pattern shows that the consumption of the households in Akaupem North is considerably better than in Dangme West.

In addition, nutritional related diseases are an important subject in rural Ghana as many households are not able to afford a balanced diet. Thirty-two households in Akuapem North said they have no nutritional problems compared to only 8 in Dangme West. However, 24 households in Dangme West experience recurrent nutritional problems. The main nutrition related problems prevalent in the districts are protein and vitamin deficiency, which cause *kwashiorkor* and *beriberi* respectively. These diseases are reported to be common and prevalent amongst children, as they tend to consume less than the daily minimum requirements of carbohydrates and protein. Also, the rural sociology of Ghana prescribes that the man, being the household head, obtains the largest and best portion of the food whilst the woman and the children receive the least portion of the food (Norton *et. al*, 1995). This could therefore explain why many children easily become malnourished.

According to Sefa-Dede *et al.* (1995) the high incidence of malnutrition in rural Ghana is also related to pre-harvest hunger when household barns are often depleted and members will have to eat whatever food is available irrespective of its wholesomeness or nutritional value. They consider nutrition insecurity amongst rural households as a very important aspect of the food security debate that is often ignored. According to the

Hunger Project (1997) malnutrition in Ghana is high and the GLSS (1995) also suggests high levels of stunted growth in children which appears to worsen as poverty increases within the household (GLSS 1995).

8.2.2 Frequency of meat and fish consumption

As mentioned earlier, the frequency of meat and fish intake has a direct bearing on the health and well being of the household, especially the children. Having considered the general eating patterns of the study households, the content of the food that is eaten was also investigated (Table 8.2). Fish and meat intake in sampled rural communities is not only a measure of the level of health and quality of the dietary status of the household but it is also a measure of wealth and social status. This is because unlike the carbohydrate diets whose ingredients are mostly obtained from the household farm, fish intake and the consumption of meat can be financially demanding in non-fishing and non-pastoral communities respectively.

Table 8.2: Frequency of meat and fish intake

How often do you eat meat in a month?			
	Akuapem North	Dangme West	Total
Once a month	1	8	9
Two a month	3	12	15
Three times a month	15	6	21
Four times a month	31	24	55
Total	50	50	100
<i>P=0.001</i>			
How often do you eat fish in a month?			
	Akuapem North	Dangme West	Total
Once a month	1	11	12
Two times a month	8	7	15
Three – four times a month	41	32	73
Total	50	50	100
<i>P=0.009</i>			

It can also, be observed from Table 8.2 that the majority (55) of the study sample indicated that they are able to eat meat up to four times a month (Table 8.2). However, a comparison of the pattern of meat consumption of the two districts shows a significant difference. Whereas more than half on the sample in Akuapem North said they could afford to eat meat four times in a month, less than half of the respondents in Dangme West could afford to do the same. Twenty households in Dangme West explained that they could afford to eat meat no more than twice a month with eight of these households unable to afford to eat meat more than once a month (Table 8.2).

Nevertheless, it must be noted that meat and meat products are generally expensive in rural Ghana. Although most households keep livestock, many of them do not use it for household consumption and this will be discussed later in the chapter under section 8.5. The study realised that more households eat fish compared to meat. The fish market in Dangme West mainly sells fresh fish, whereas the market in Akuapem North mainly sells smoked fish transported from Tema, Accra and Koforidua. Seventy-three households indicated that they eat fish three times in a month compared with 21 households that eat meat within the same period (Table 8.2). The majority of these households are located in Akuapem North district. It is ironic that households in Dangme West eat less fish even though they live closer to the sea. According to the district economic planning officer of Dangme West, most of the households are not able to afford the cost of fish and would rather incorporate more carbohydrate in their menu as a substitute for the lack of protein. Most of the fish harvested from this district is sold to fishmongers from other districts in the hinterland. The large landing of fish at the Tema fishing harbour makes bulk purchase cheaper than the *beach-floor sale* (small catch with high demand), which takes place in Dangme West.

Fishmongers in Akuapem North, on the other hand, travel to Accra and Tema to buy fresh and smoked fish and later sell them in local communities and towns. The absence and poor supply of electricity, to the farming communities in Akuapem North, limit the storage period and make it difficult for fishmongers to sell beyond a certain profit margin. As a result the price of the smoked and fresh fish is invariably within the purchasing range of the households. Those who sell fresh fish try to sell as quickly as possible due to the lack of refrigeration facilities and the need to travel for more consignments.

The study observed a significant difference in the pattern of fish consumption between the two districts, with a highly significant Pearson chi squared p -value of 0.009. There is also a variation within the districts, especially in Dangme West where about a third of the sample (18) could afford to have fish only less than twice a month compared to 32 households who consume fish three to four times per month (Table 8.2). The reason to this internal variation was attributed to the households' nutritional knowledge and wealth status. It was explained by a key informant that households whose members have suffered from nutritional related diseases are often warned and encouraged by

doctors to ensure that they eat a certain amount of meat or fish at regular intervals. Therefore such households will make a conscious effort to incorporate protein in their diet. Such patterns are similar to observations made by Butt and Mccari (2005) in Mali.

8.3 Diversification and Livestock Rearing

Dangme West District, with its coastal savannah agro-ecology, has an environment ideal for keeping livestock. The keeping of livestock could serve as an excellent avenue for investment and the generation of non-farm income by rural farm households.

Table 8.3: Number of households that keep livestock

Did your household keep livestock before diversification?			
	Akuapem North	Dangme West	Total
Yes	41	36	77
No	9	14	23
Total	50	50	100
Does your household keep livestock after diversification?			
Yes	50	50	100
No	0	0	

8.3.1 Number of households that keep livestock

From Table 8.3, the study identified 41 households in Akuapem North and 36 households in Dangme West, making a total of 77 households, who kept livestock before diversifying their income activities. The twenty-three sampled households who did not keep livestock prior to diversification explained that they did not see livestock as a necessity at that time. Although it is anticipated that households in Dangme West would be more active in livestock rearing it is surprising to note that there were more households keeping livestock in Akuapem North before diversification. In contrast, it is noted that all the sampled households are involved in livestock rearing after diversification (Table 8.3). It will therefore be interesting to know the reasons for the adoption of livestock rearing and if there is a possible relationship between diversification and the rearing of livestock. But before this is discussed, it is important to know the type of stock that is kept by the sampled household before and after diversification.

8.3.2 Type of livestock kept before and after diversification

The type of livestock kept by a household could to a large extent determine the profitability of the enterprise. In rural Ghana, chicken has the least monetary value followed by goats and sheep. However, in some communities, a goat could be more expensive than a sheep, depending on the gender of the goat and whether or not it is pregnant. Females are generally more expensive than males and are rarely slaughtered because they are kept for breeding purposes.

None of the sampled households owned cattle, an observation which came as a surprise considering the numerous cattle herds that could be seen grazing in the fields in some of the communities, especially in Dangme West. The study was informed that non-native and also non-resident members of the communities largely own the cattle. Such individuals mainly reside in Accra and Tema and other cities and often buy the cattle and entrust them to the care of some households or families and pay for their services in return. However, none of the sampled households indicated that they are herdsmen.

Table 8.4: Type of livestock kept before and after diversification

Type of livestock kept before diversification				Type of live stock kept after diversification			
Type of livestock	Akuapem North	Dangme West	Total	Type of livestock	Akuapem North	Dangme West	Total
None	3	20	23	None	0	0	0
Chicken only	37	23	60	Chicken only	0	0	0
Chicken & goat	7	4	11	Chicken & goat	27	10	37
Chicken & sheep	---	---	---	Chicken & sheep	8	14	22
Sheep & goat	3	3	6	Chicken, goat & sheep	15	23	38
Sheep, goat and pigs	---	---	---	Sheep, goat and pigs	0	3	3
Total	50	50	50	Total	50	50	100
P = 0.578				P = 0.003			

Table 8.4 shows that most households kept chickens (60), followed by those that kept chicken and goats (11) and then sheep and goats (6) before diversifying their income activities. However, we see a dramatic change in the type of stock kept after diversification. There are no households that keep only chicken after diversification. The majority of the households keep a combination of chicken, goat and sheep (38).

This is followed by those who keep chicken and goat (37), chicken and sheep (22) and then sheep, goat and pigs (3).

Another important finding regarding the type of stock kept by the sampled households is that, there is significant difference in the type of stock kept by the two districts ($p = 0.003$) after diversification, compared to the stock kept before diversification ($p = 0.578$) (Table 8.4). It can also be said that this variation could be as a result of the change in the motivation for keeping livestock, which has shifted, from a combination of sale and consumption prior to diversification to predominantly keeping livestock for sale after diversification.

There is also a newly created demand for livestock especially by diversified households which is obviously inclined towards the sale and keeping of bigger stocks which has a greater potential of attracting higher returns after sale. The respondents thus attributed the outlined variation to diversification and accompanied incomes. They concluded that diversification has led to the introduction of variation in the stock kept.

Table 8.5: Livestock Ownership before and after Diversification

Number of stock before diversification				
	Chicken	Goats	Sheep	Pigs
Number of Households	77	48	62	---
Mode	5	2	2	---
Minimum	1	1	1	---
Maximum	8	8	7	---
Sum	377	143	153	---
Number of stock after diversification				
	Chicken	Goats	Sheep	Pigs
Number of Households	100	98	93	3
Mode	6	3	3	10
Minimum	2	1	1	5
Maximum	12	9	8	2
Sum	470	230	250	30

In addition to the changes in stock type, the study noted a significant change in the numbers of all the different stocks kept after diversification as indicated by Table 8.5. There is also the introduction of pig rearing after diversification which is reported as very prolific and profitable because they not only produce larger litters compared to

other animals, but are also easy to feed. This confirms that the observed difference is not by chance nor as a result of structure but due to deliberate diversification.

Keeping different types of animals is also said to be a coping mechanism against the loss of stock due to diseases. Epidemics such as coccidiosis for birds, foot and mouth diseases, anthrax and bovine fever for livestock can be devastating. Therefore, it is prudent to keep different types of stock so that if there is a particular epidemic, some of animals may survive.

8.3.3 Objectives of keeping livestock

Keeping livestock for the purpose of selling for income appears to be the major motivation and the reason for rearing livestock by the sampled households (Table 8.6).

Table 8.6: Objectives for keeping livestock

Objectives for keeping livestock after diversification	Akuapem North	Dangme West	Total
For sale	22	26	48
For sale and consumption	20	9	29
Just started keeping livestock for sale	8	15	23
Total P = 0.036	50	50	100

From Table 8.6, it is noted that of the 77 households that indicated keeping livestock before diversification, 48 explained that their objective for keeping animals and birds is primarily for sale, whilst 29 mentioned that they kept them for both sale and consumption. Moreover, all 23 households that did not keep livestock prior to their diversification adopted livestock rearing after diversification. This confirms that there must be a relationship between diversification and the rearing of livestock, a perception that is held by many of the households who have recently joined the livestock business. One of the respondents in Akuapem North District, Papa Attah, an opinion leader said:

it is a major avenue for investment in the present rural economy. Most people are not able to save, and even if we save, the money soon loses its value. So most people prefer to buy animals and rear them so that with time as the animal grows, it would obviously increase in value and profitability.

Also, it is important to note that all 23 households that started keeping livestock after diversification indicated that their objective for rearing livestock is to sell. Interviews

with members of these households revealed that they consider the rearing of animals as an easy avenue for investing non-farm income. Secondly, it was explained that rearing animals for sale also serves as a means of security and collateral for borrowing. Animals can also be used as a currency for payment in situations when one defaults payment or not able to raise the required amount of money to pay for items or loans. The money-lenders are more prepared to offer loans to individuals who keep livestock because in the event of default they can seize their stock and sell to recover their loans. Several people in the different study communities confirmed this assertion. A female household head in Dangme West narrated her personal experience as recorded in the Box 8.2.

Box 8.2: Auntie Awo is a female household head in Dangme West

I had to borrow money to pay for my raw materials and also to buy fuelwood to fire my pottery products last year before the Christmas. But because my children had to go to the senior secondary school last year all my money was spent on their school fees, uniforms and pocket money. I had no option but to borrow from a money-lender in the next village. But just before Christmas he asked for his money plus the interest, which I did not have. He then ordered his gang to capture the two sheep and four goats which I owned. He had them sold the next day on the market even before I could arrange to pay off the debt.

8.3.4 Access and affordability of veterinary services

An important service that often determines the profitability of livestock is the availability and accessibility of veterinary services. Another key factor is the affordability of the cost of treatment and vaccination. Before the privatisation of agricultural and extension services, the provision of veterinary services was highly subsidised or free. However, with the introduction of privatisation and the removal of agricultural subsidies, farm households have to pay the full cost of treatment and vaccination for their livestock.

Table 8.7: Easy access to veterinary service by household's ability to afford veterinary service

Ability to afford veterinary service	Akuapem North			Dangme West			Total freq.
	Access to Veterinary Service			Access to Veterinary Service			
	Yes	No	Total	Yes	No	Total	
Yes	23	4	27	15	0	15	42
No	3	20	23	26	9	35	58
Total	26	24	50	41	9	50	100
P = 0.00				P = 0.030			

Although the majority of the respondents (67) indicated that they have access to veterinary service, a significant minority said they do not have easy access (Table 8.7). There are more households (24) in Akuapem North that do not have access to such services, compared to households (9) in Dangme West. The obvious consequence would be high mortality of livestock in communities that do not have the needed access to veterinary services.

In addition, the subject of affordability and cost of veterinary services became prominent during the fieldwork. Many households indicated that they have access to veterinary services, but could not afford the cost of this service. Most of the respondents (58), the majority of whom are in Dangme West (35), indicated that they cannot afford the service (Table 8.7). The sad reality is that veterinary products are sold at high prices by private businessmen and women who travel to the urban areas to buy the vaccines and then sell them in the rural communities. One of the respondents explained by saying that: *most of these centres were previously managed by government staff but are now run by private individuals whose priority is to make profit.*

It was later revealed during the household interviews that the reason underlining the non-availability of veterinary facilities in some communities is due to the poor patronage of the service. Farm households are not able to pay for the expensive vaccines and other veterinary products. This results in poor sales and loss of revenue to the proprietors of veterinary shops and centres who would rather site the shops and centres at strategic locations where they can achieve their sale targets. A comparison of the extent of access and affordability of veterinary service between Akuapem North and Dangme West District showed a significant difference, which gives cause for concern. This is because, if this level of variation continues to increase, it would defeat the objective of diversification within the livestock sector. Secondly, this pattern can also result in some communities generating profits in livestock rearing whilst others make losses.

8.4 Asset Smoothing and Asset Disposal

According to de Waal (1989) the preservation of assets often takes priority over meeting immediate food needs. However, in the study communities in South-eastern Ghana, the disposal of assets through smoothing is considered as one of the strategies used by rural households in coping with economic difficulties and hardships such as food and income shortages. Asset smoothing could be described as the act of temporarily disposing of personal or household assets in exchange for cash in times of crises with the intention of reclaiming the asset when the amount borrowed is repaid (Dercon 2000). The practice of smoothing by the sample is captured in Table 8.8.

Table 8.8: Have you disposed of some assets as a smoothing measure in the last year?

Asset disposal	Akuapem North	Dangme West	Total
Yes (regularly)	16	28	44
No	22	12	34
Occasionally	12	10	22
Total	50	50	100
P=0.014			

Table 8.8 shows that a large proportion of the households (44) have smoothed their assets on a regular basis within the last year. The reason for asset smoothing varies and is mainly underlined by material lack, food shortage and financial difficulties. It was noted that the majority of the households (28) involved in this form of coping strategy or practice are from Dangme West. Some households (22) also mentioned that although they have been involved in asset smoothing, it is not a regular practice but an occasional engagement as a consequence of their hardship.

The study observed a significant difference ($p= 0.014$) between the two districts. This variation was explained by the fundamental difference in the social capital networks, which are more supportive in Akuapem North. With this social and cultural structure, individual family members gather resources to assist another member in times of hardship. In some cases, members of the larger family could arrange and buy valuable personal effects from a family member with the view that the individual member could always return the amount borrowed and collect the personal effect. This prevents the general community from knowing about the plight of such individuals and also avoids the permanent smoothing of valuable assets.

Residents in Dangme West do not have the kind of family assistance that exists in Akuapem North. They tend to sell valuable personal effects and household belongings to other members of the family or the larger community for cash. Such transactions are often permanent and irreversible.

8.4.1 Effect of diversification on assets

For many of the households sampled by the study, generating more assets through diversification has been an important objective for their participation in diversified activities. The effect of diversification on their assets and well being is an important indication of the success or failure of their diversification and state of well being. An improvement in household income through diversification on the one hand could contribute to the replacement of lost assets or the acquisition of extra assets. On the other hand, the absence of any improvement could result in depreciation and the disappearance of the existing assets.

Table 8.9: How has your asset level been influenced by diversification?

Asset level	Akuapem North	Dangme West	Total
Improved significantly	15	5	20
Improved slightly	14	15	29
Depreciated over time or no effect	21	30	51
Total	50	50	100
P = 0.030			

The study subsequently revealed that 20 households, 15 from Akuapem North and 5 from Dangme West, indicated that diversification has had a significant positive influence on their household asset (Table 8.9). Also, twenty-nine households, fifteen from Dangme West experienced slight improvement in their assets after diversification. By contrast, over half of the study sample (thirty from Dangme West) said diversification has had no impact on their assets (Table 8.9). Some households in this category are those who complained that they find themselves saddled with goods that cannot be sold to reap the expected profits. Others said that they do not have the requisite skills and capital to expand and generate the anticipated benefits from diversification and therefore they only operate small hand-to-mouth enterprises. As a result, they are not able to acquire assets with the income from diversification. In the

light of the above findings there arises an important question that needs to be answered: under what circumstances could households diversify to obtain the anticipated benefits? Moser (1998) also poses the question that: *under prolonged uncertainty, how do households diversify their assets to minimise their vulnerability and prevent asset erosion?*

These results suggest that the outcome and influence of diversification on household assets and economic well being is not unidirectional, as suggested by the DfID (1998) sustainable livelihood framework. Most of the newly acquired assets are production equipment for non-farm enterprises, which include roasting and extraction basins for gari processing and oil extraction, processing boards, kerosene lamps and farm implements.

8.5 Effect of Diversification on Housing

The influence of housing and associated tenure on the well being of small rural farm households has not been linked in the wider literature to a household's ability and extent of diversification. As part of the World Bank's participatory assessment of poverty in Ghana, Norton *et al.* (1995) reported that the type of building and roofing material used in the construction of a house is considered by rural households in Ghana as vital indicators of wealth and well being. Moser (1998) also found that ownership of a house and its associated tenure security was by far the most important productive asset amongst urban poor. Researchers of agriculture and rural development have long acknowledged land as the most important productive asset of a farm household. However, the role of housing in relation to rural livelihood diversification has not been extensively discussed within the asset vulnerability framework of sustainable livelihood approach.

8.5.1 Type of dwelling after diversification

Within the context of environmental vulnerability, the study in South-eastern Ghana observed that ownership of a house has become a very important issue for most individuals involved in diversification. For most households there is not enough space to operate a non-farm activity. For others, the structure they call home is neither safe nor hygienic enough to allow any production activity at a commercial level. Some households are able to improve their housing conditions if they have the capital to do so, whilst others are not in the position to undertake any such improvements due to

tenure restrictions and insecurity. The study was informed that the type of roofing on a house and the material used in its construction, for example, could affect the storage of processed gari by keeping out pests and excessive temperatures. This simply establishes the association between housing type and the ability or extent of diversification. This observation agrees with Moser's (1998) view that, to the household, housing is not just a basic item of consumption but an important productive asset which could cushion it from extreme poverty. The study subsequently attempted to systematically investigate the issue of housing within the two districts.

Table 8.10: Type of dwelling after diversification

Type of dwelling	Akuapem North	Dangme West	Total
Compound house with partly thatch and partly corrugated sheet as roof	11	4	15
Compound house with corrugated sheets	20	19	39
Compound with corrugated and aluminium sheet as roof	5	1	6
Compound house with aluminium sheet as roof	14	26	40
Total P = 0.023	50	50	100

It was reported (Table 8.10) that the largest group of households by housing type live in compound houses with aluminium roofing sheets (40) with majority of these houses (26) located in Dangme West district. The Dangme West district has nearly twice the number of houses with aluminium sheets than in Akuapem North. The rest of the sampled households live in compound houses with corrugated iron sheets (39), compound houses with thatch and corrugated iron sheets (15) with the majority (11) of the households in this category from Akuapem North (Table 8.10).

The study was informed that the closeness of Dangme West district to Tema, where the aluminium roofing sheets are made, makes it easier and cheaper to buy aluminium sheets in the district. As discussed in chapter 7, some households in Dangme West district also said they received aluminium sheets as remittances from migrant members working in Tema. The type of roofing is also a measure of social status, which is the reason why most households in this district would work hard to change their roof.

8.5.2 House ownership after diversification

Most of the sampled households (43) reside in houses constructed of partly cement blocks and partly molten bricks and plastered with cement (Table 8.11). Molten brick houses that are plastered with land-crite (molten paste made from clay) are the next common form of houses occupied by the respondents of the study (42). The choice of housing for the study respondents from the two districts is noted to be at a variance. It is interesting to note that the majority (26) of the sampled households in Dangme West reside in houses constructed of partly cement blocks and partly molten bricks and plastered with cement. Those in Akuapem North on the contrary mainly reside in molten brick houses that are plastered with land-crite.

Table 8.11: Type of material and ownership of building after diversification

Ownership of building											
Type of building material	Akuapem North					Dangme West					Grand Total
	Family house	Rented	Own house	Relative's house	Total	Family house	Rented	Own house	Relative's house	Total	
Cement blocks and cement plaster	1	13	3	-	17	2	21	2	1	26	43
Bricks with cement plaster	1	0	4	-	5	0	2	6	2	10	15
Bricks and plastered with land-crite	11	0	17	-	28	2	4	7	1	14	42
Total	13	13	24	-	50	4	27	15	4	50	100
P = 0.000						P = 0.002					

This pattern suggests that housing type and quality is more improved in Dangme West compared to Akuapem North (Table 8.11). This is due to the closeness of the Dangme West to Tema where Ghana's main cement factories are located, thus making building materials easily available for residents in Dangme West. This proximity is seen to influence the price of cement and other construction inputs. It is also important to note that most of the respondents from Dangme West desire to have improved houses because it is an important measure of status in the district.

In the Akuapem North district, however, the household interviews explained that non-natives do not own titles to the land on which their present houses are located and it is therefore difficult to construct houses made of cement blocks with concrete foundations. Also, their incomes are relatively poor and therefore unable to acquire land titles, which are very expensive.

The nature of tenancy interestingly revealed that whereas nearly half (24) of the sampled households in Akuapem North own the houses they reside in, most of the respondents in Dangme West are tenants that rent their houses. It was also noted that all 13 houses that are made of cement blocks with cement plaster in Akuapem North are rented properties. Likewise, 21 out of the 27 households in Dangme West who rent their properties live in houses constructed with the same materials (cement blocks with cement plaster). This means that the majority of the sampled households living in improved houses are tenants rather than home owners (Table 8.11).

8.6 Diversification and Wealth Disparity

The position of diversification literature on whether diversification reduces or increases disparity between rich and poor households is ambivalent.

Table 8.12: Diversification and the disparity between the rich and poor households

Perception of disparity	Akuapem North	Dangme West	Total
Increases disparity quickly	8	6	14
Increases disparity slowly	33	7	40
Decreases disparity quickly	8	10	18
Decreases disparity slowly	1	27	28
Total	50	50	100
P= 0.000			

The study in South-eastern Ghana attempted to unravel this grey area by understanding the nature of the relationship and if any disparity exists in order to understand the rate at which such disparity is occurring. Ellis (2003a) suggests that diversification enables the poor in the community to afford items that they would not have been able to acquire and considers diversification as being able to bridge the gap between the rich and poor.

The survey in South-eastern Ghana provides evidence which suggests a divergence in the views from the two sampled districts is on this subject. Table 8.12 shows that whereas over half (27) of the respondents in Dangme West perceive that diversification rather reduces the disparity between the rich and poor but at a very slow rate, the Akuapems consider diversification to slowly widen the disparity between the rich and poor households. This position is reached as the largest category of the sampled households (40) conceded that diversification slowly increases the disparity between the rich and poor.

The responses in Akuapem North imply that diversification favours the rich and that it makes the rich richer but the impact of this divergence would only be felt over a long period of time. The reason underlying this position is embedded in the two ethnic communities settling in this district and the diverse socio-cultural practices regarding land tenure and housing, which discriminate against the minority non-ethnic population. The minority Ewe group consider their diversification to produce slow returns, in comparison to the wealthy majority *Akan* endogenous population. The household interviews revealed a typical example where owners of farmland have observed a shift from food crops to the cultivation of cassava, which is destined for gari production, and have therefore increased their tenure charges and rates respectively. This means that the landlords for cassava producers will claim higher rents compared to other food crop producers thus eroding a large proportion of the anticipated profits of the gari producer. The challenges of production and the subtle move to raise land rent are often against them, as they largely depend on cassava cultivation and the processing of gari.

The majority of the respondents in Dangme West district desire to improve their social status which is easily enhanced by diversification (migration, wage labour and non-farm enterprises). The household interviews indicated that although they might not be *better off* in terms of income, diversification has given them more exposure and helps them to generate some additional income that has enhanced their social status. Although this process is inevitable, the respondents perceive it as slow in bridging the gap between the rich and poor households.

8.7 Effects of Diversification on Household Deprivation and Vulnerability

An analysis of how the study participants perceive diversification is important because it provides an internal measure of impact compared to external deduction of what might be happening (Chambers, 1983). This section of the study also allowed the participants to give their objective view of diversification and how it has impacted on specific areas of their economy. This comparison is based on how the selected segments of their economies and well being has been influenced by diversification, compared to what their experiences were before diversifying their income activities. Such a comparison of opinions between the two districts also offers the study the opportunity to ascertain how the effectiveness of government intervention programs (external support) weigh against community group initiatives (internal support) towards the attainment of household economic stability and well being sustainability.

8.7.1 Impact of diversification on household food security

This section evaluates the impact of diversification on household food security in an attempt to ascertain the perception of the households regarding diversification and its influence on household capacity and ability to secure food and feed its members consistently.

Table 8.13: Impact of diversification on household food security

The introduction of new food items on your family menu

	Akuapem North	Dangme West	Total
Very Small Extent	30	17	47
Small extent	14	28	42
Large extent	5	3	8
Not affected	1	2	3
Total	50	50	100
P = 0.028			

Household's ability to consume food all year round

	Akuapem North	Dangme West	Total
High	43	29	72
Moderate	3	17	20
Low	4	4	8
Total	50	50	100
P =0.002			

Ability to consume the desired quantity of food all year			
	Akuapem North	Dangme West	Total
Low	5	9	14
Moderate	12	22	34
High	33	19	52
Total	50	50	100
P = 0.02			

Diversification and the achievement of food security			
	Akuapem North	Dangme West	Total
Moderate	40	31	71
High	10	19	29
Total	50	50	100
P = 0.025			

Table 8.13 presents the findings on how diversification has impacted on household food security. The study was informed that diversification has had very little positive impact on the household's menu. The majority (89) of the sampled households explained that the extent to which income from diversification has assisted in the introduction of new food items on the household's menu is small or very small. The analysis produced a significant variation between the views of the two groups (*Pearson Chi squared p-value = 0.028*).

On the issue of being able to consume food all year round, the majority of the households (72) indicated that the impact of diversification has been high. Most of the households in Akuapem North (43) share this view (Table 8.13). They explained that diversification has helped them to store more food as well as obtain other food items even when the barns and stores run out. Although twenty-nine households in Dangme West perceive that the effect of diversification on their household food supply is high, seventeen households rather referred to the effect as moderate. These households consider moderate effect as a more realistic picture because the situation is still far from the ideal, although there has been improvement with the inflow of income from diversification.

A household's ability to afford and consume the desired quantity of food all year is a subject of critical concern in rural Ghana (Hunger Project, 1997). Most of the sampled households in Akuapem North are of the view that the extent to which diversification has enhanced their ability to consume their desired quantity of food all year is high. By

contrast, the majority of the households in Dangme West district consider the impact as moderate. The respondents in Dangme West believe that their feeding and food consumption pattern is poor and would like their diversified enterprises to influence it a lot more than it is at the moment.

When asked to evaluate the impact of diversification on household food security, most of the sampled households (71) said the impact is moderate (Table 8.13). They argued that although a large proportion of their income from diversification is used to meet household food needs, the effect has not yielded the transformation that is expected to alleviate their recurrent seasonal hunger. The respondents explained that several households cannot afford to eat what they desire or buy food that will be sufficient to feed all of its members.

8.7.2 Impact on agricultural production and wage employment

The ability to reinvest into farm livelihood activity and the pattern of reinvestment to a large extent indicates the degree of disposability and economic value of such activities to the household as well as an indicator of well being.

Table 8.14: Impact of diversification on reinvestment, agricultural production and wage employment

How has your diversification influenced your ability to reinvest into your farm livelihood			
	Akuapem North	Dangme West	Total
Very low	32	22	54
Low	12	24	36
High	6	4	10
Do you have access to jobs other than farming within the rural area			
	Akuapem North	Dangme West	Total
Yes	4	6	10
Rarely	21	9	30
No	25	35	60
Total	50	50	100
P = 0.032			

Will members of your household prefer to engage in jobs other than farming?			
	Akuapem North	Dangme West	Total
No	3	1	4
Combine farm with non-farm	14	24	38
Yes	33	25	58
Total P = 0.889	50	50	100

Ability to generate waged income			
	Akuapem North	Dangme West	Total
Low	10	12	22
Moderate	17	16	33
High	23	22	45
Total	50	50	100

The survey (Table 8.14) revealed that the majority of the sampled households consider their ability to reinvest their farm livelihoods to be very low (54) or low (36). Over half (32) of the households in Akaupem North indicated that diversification has a very low impact on their ability to reinvest into their farm livelihood and virtually half of the sample from Dangme West said the impact is low. Only a tenth of the total study sample is of the view that their diversified enterprises have had a positive impact on their ability to reinvest in their agricultural livelihood. The reason for the poor reinvestments of the study sample could be due to the reported poor productivity to investment ratio which could have discouraged the investment of non-farm income into farming activities.

The study further revealed that it is very difficult to gain access to other forms of employment in the rural communities and districts. The survey showed that majority of the members of the households (60) could not find or rarely find non-farm employment (Table 8.14). Only ten households indicated that their members have found employment opportunities in the rural areas. The ratio of 1:9 implies that diversification has not been able to reverse rural unemployment or create the adequate alternative employment. A male household head explained that:

our sons are keen on obtaining non-farm income and are desperate to gain other forms of employment. But at the moment, the diversified activities

being operated out here only offer temporary and mostly seasonal wage labour.

The above pattern shows that the non-farm activities currently being operated by the study sample do not offer permanent or large scale employment. The failure of the district assemblies to create rural cottage industries could also be blamed for the lack of alternative forms of employment. The lack of choice in an individual's economy and way of life is considered to limit their well being and development (Todaro 1989).

Following the above findings, the study then proceeded to inquire whether household members would prefer to be engaged in waged employment other than farming. It can be observed from Table 8.14 that two-thirds of the sample from Akuapem North and half of the sample from Dangme West, a total of fifty-eight households, said that members of their household would rather engage in activities other than farming. The other half of the sample from Dangme West indicated that they would prefer to combine farm and non-farm activities. This is because farming provides food for the household and the non-farm activities provide cash income needed to augment the household economy. They also argued that the high cost of food items on the market makes it such that it is often cheaper to depend on the households own farm produce. One of the female household head in Danbge West stated:

I prefer combing my non-farm activities with my farming activities. This is because we can always have food at home. It is good to earn some cash, but we do not earn enough cash to cater for all our consumption needs. Hence, it is safer when we farm as a back up.

The revelation that not all the households would like to abandon farming totally is very important because it gives policy makers and development workers an additional insight into the economic priorities of the rural small farm household. The notion of food items being expensive was confirmed by the District Economic Planning Officers of both districts, who also stated that total diversification out of farming, could increase the vulnerability of many households to food shortages and seasonal hunger.

It became evident that diversification has opened a window of hope for waged employment income even though this form of employment is small, as discussed earlier. The survey reports that 45 households within the sample consider the extent to which diversification has influenced the opportunity to generate waged income as high because there are people benefiting from wage income as a result of recent diversified enterprises (Table 8.14). Others are of the view that the influence is moderate because the avenue is still very small and only a handful of people have benefited.

8.7.3 Impact on resource control and management

The sampled households also consider the ability to control their resources as it is very critical to their well being. This is because the subsistence nature of the agricultural economy in rural Ghana means that very little money is available for the household's budget, therefore the ability to have control of the household income and expenditure is vital to the survival of members.

Table 8.15: Impact of diversification on control of resources and savings

How has your diversification influenced your ability to control your own resources?			
	Akuapem North	Dangme West	Total
Very Low	15	28	43
Low	25	15	40
High	10	7	17
Total	50	50	100
P = 0.031			
To what extent are you dependant on your non-farm income compared to your farm income			
	Akuapem North	Dangme West	Total
Very small extent	2	1	3
Small extent	18	22	40
Large extent	30	27	57
Total	50	50	100
P = 0.640			
How has your diversification influenced your ability to save?			
	Akuapem North	Dangme West	Total
Low	37	40	77
High	10	2	12
Not affected	3	8	11
Total	50	50	100
P = 0.040			

The majority (43) of the households perceive that the extent to which their diversified enterprises have helped to control their resources is very low; twenty-eight of these households are from Dangme West (Table 8.15). They concede that diversification has not had much impact on the resource control processes of their household, especially when there is little left to be used to expand their assets and reduce levels of indebtedness. However, half of the sampled households in Akuapem North and fifteen from Dangme West said diversification has had a low impact on their ability to control their resources. Seventeen households, ten from Akuapem North, explained that diversification has had a high level of impact on their ability to control their resources. The analysis indicated a significant variation in the opinions of the two groups which suggests that diversification has not been able to bridge the resource control gap that exists within and between the sampled households.

Furthermore, the study looked at the relationship between the utilisation of non-farm and farm incomes of the households (Table 8.15). It was identified that 57 of the sampled households depend on their non-farm income to a large extent compared to their farm income. Forty households depend on their non-farm income to a small extent. Income from diversification plays a vital role in the economy of small farm households. Non-farm income is gradually becoming more important than farm income for the small farmer. If small food crop farmers substitute food production with non-farm enterprises, then there will be a possibility of the whole country experiencing food shortages in the long-term, since the majority of food producers in sub-Saharan Africa and Ghana in particular are small holder farmers who operate small household farms (Toulmin and Gueyè 2005; MOFA 2001). If these patterns of income-dependency continue, then de-agrarianisation would be the inevitable outcome because more households would rather diversify away from food crop production since income from their non-farm enterprises bears the largest proportion of their household expenditure burden. This evidence is theoretically very significant because it provides empirical evidence to show that there exists the possibility that all the sampled households presently being predominantly subsistence food crops producers could become primarily non-farm entrepreneurs in the near future.

In the light of the above findings, the study looked at the issue of household savings and how these have been influenced by diversification. The outcome of this analysis

is disturbing as the majority of the households (77) indicated that the effect of diversification on their savings is very low (Table 8.15). However, ten out of twelve households who consider the impact to be high are from Akuapem North. Eleven households, eight of which are from Dangme West, mentioned that their savings have not been influenced by diversification. This advances the argument that diversification has a divergent impact on household savings.

Table 8.16: Impact of diversification on the ability of household to buy new clothes

Ability of household to buy new clothes	Akuapem North	Dangme West	Total
Low	35	23	58
Moderate	14	23	37
Not affected	1	4	5
Total	50	50	100
P = 0.013			

The household interviews revealed that buying new clothes is one of the difficulties for rural farm households in Southern-Ghana. During the fieldwork, most of households interviewed and those who participated in the focus group discussion lamented that they rarely buy new clothes for their household members because they are too expensive. The majority of the participants in the focus groups in both districts expressed their desire to buy new textiles and clothing from their non-farm income.

However, households are only able to do this to a very limited extent. Most of the sampled households (58) indicated that their ability to buy new clothes from their non-farm income is low at present, (Table 8.16). Those involved in migration however, explained that they sometimes buy clothing with their *migration income* before they return home. There is a limit to what can be bought especially when migration often generates very small profits which are mainly used to buy raw material for their farm and non-farm enterprises. This explains why some households (37) consider the impact as moderate (Table 8.16). The basis of this view is that although they are able to acquire some clothing from their diversified activities, most households are not able to satisfy the clothing requirements of their household members as they would have wished. Most household heads mentioned that they could not buy textiles, footwear and jewellery for their household members and themselves from the previous season's income.

Table 8.17: Diversification and the ability to acquire and maintain new assets

Ability to acquire and maintain new assets	Akuapem North	Dangme West	Total
Low	37	46	93
High	3	4	7
Total P = 0.799	50	50	100

Furthermore, the study revealed that acquisition and maintenance of assets through diversification is very low as indicated by majority (93) of the sampled households (Table 8.17). This is because the need to meet other household needs makes it difficult to acquire electronic and other physical assets. Most of the assets recently acquired by most of the sampled households have been through remittances and seasonal migration. It also became evident that maintenance of assets is very difficult because the level of debt within the households encourages asset smoothing, and therefore the loss of valuable assets.

8.7.4 Impact of diversification on social status

The social status of the sampled households is an important measure of well being in the study districts. Most households indicated their desire to improve their status from diversification. The study therefore attempted to understand the changes, if any, that might have taken place as a result of their adoption of diversified activities.

Table 8.18: Impact of diversification on the social status of a household

Impact of Diversification social status	Akuapem North	Dangme West	Total
Large extent	3	25	28
Small extent	28	21	49
Not affected	19	4	23
Total P = 0.000	50	50	100

Unlike Akuapem North, half of the households in Dangme West stated that diversification has improved their social status to a large extent. Conversely, more households in Akuapem North believe diversification has improved their social status but only to a small extent. However, almost a quarter of the total sample indicated that diversification has not affected their social status within the community (Table 8.18).

It is important to note that the improvement of social status is a major reason for diversification in Dangme West District as mentioned earlier. Thus, these households have been able to achieve a key objective from diversification. It also implies that diversification is able to improve the social status of rural small farm households to a small extent in the wider context.

Table 8.19: How has diversification influenced your propensity to continue or quit farming?

Propensity to continue or quit farming	Akuapem North	Dangme West	Total
Considering quitting farming if agricultural situation fails to improve in the future	20	12	22
Will quit farming when my/ non-farm income grows	30	38	68
Total	50	50	100
P = 0.002			

When asked about the future of their farming activities in relation to diversification (Table 8.19), the majority of the sampled households (68) said they will quit farming as soon as their non-farm activities and the associated income become adequate in taking care of the household budget. Although this may seem very ambitious, it suggests that the future of farming will diminish. The remaining twenty-two households, the majority from the Akuapem North, mentioned that they would cease farming if the prevailing trend in rural agriculture fails to improve.

These assertions describe the level of frustration being experienced by the sampled households and the general rural community of small farmers. Diversification has therefore become a means out of poverty and also farming.

8.8 Diversification and Affordability of Services

With the introduction of user charges for medical care and education, it has become critical for rural households to be able to raise required amount of money to access these facilities. The study therefore sought to see if diversified households are able to afford education fees or access medical care under the Ghana Health Services by virtue of additional income (Tables 8.20 and 8.21).

Table 8.20: Ability to afford present medical bills

Ability to afford medical bills	Akuapem North	Dangme West	Total
No	6	17	23
Unable to pay most times	32	27	59
Yes	12	6	18
Total	50	50	100

Table 8.21: Ability to afford school fees after diversification

Ability to pay fees	Akuapem North	Dangme West	Total
No	21	35	56
Unable to pay most times	21	11	32
Yes	8	4	12
Total	50	50	100
P = 0.019			

8.8.1 Ability to afford medical services

An issue of serious importance identified by the study is that most of the respondents (59) are not able to pay for their medical care most of the time whilst 23 is not able to pay at all (Table 8.20). The household interviews showed that most households still struggle to pay for the medical care of their members. Some respondents explained their diversification has still not yielded enough income to allow them to conveniently accommodate their medical expenses. This is quite disappointing because one would expect that earning additional income from diversification would make it possible for most of the households, if not all, to overcome such an important barrier. It suggests that although there is the need to make medical facilities available and accessible by virtue of their location, the ability to afford and to use them is more important. A household head explained by saying:

my household has to use traditional herbal clinics, for no other reason than that they are far less expensive than the orthodox medical treatment.

In response, some households explained that they have to rely on remittances to pay for their hospital bills. The basic implication of this pattern is that the increased cost of medical care is excluding some rural households from accessing medical care. This type of social exclusion directly deprives the household of their dignity which pushes them further into deprivation.

However, the majority of the respondents from Akuapem North lamented that they are not able to visit the Tetteh Quarshie Memorial Hospital, situated in the district and considered as one of the best equipped government hospitals in the country. This hospital is rated to have the capacity to cater for 13 percent of all the health needs of the country (Statistical Service of Ghana, 2001). However, the Ghana Core Welfare Indicator Questionnaire Survey (2001) also shows that only 26 percent of all ill or injured people who required medical care (four weeks before the survey) did consult a physician. It is ironic that the Eastern Region, where Akuapem North is located, boasts of excellent medical centres, but the majority of its population cannot afford to use them. This phenomenon is even more serious in Dangme West where there are no high quality medical facilities. Medical personnel in the two districts confirmed the reported poor patronage and attributed this pattern to the high cost of medical care.

8.8.2 Ability to afford school fees

The payment of school fees in secondary and tertiary institutions is a great drain on the resources of parents, especially those from small farm household. Table 8.21 shows that over half of the respondents are not able to pay their children's school fees (56), with 32 household heads saying they are not able to pay most of the time. From this pattern of affordability, it is disappointing that households are unable to pay the school fees. The obvious implication is that many rural children will be excluded from school for most of the academic year. The reported poor fees payment patterns were confirmed by staff of Ministry of Education in both districts. This is consistent with the findings of Norton *et al.* (1995, p.ix) on school attendance and reasons for rising drop-out rates in communities in Southern Ghana. This could also account for the noticeable effects on the educational system, where serious concern has been expressed over falling standards, in the rural areas especially, and it is not uncommon to find junior secondary school graduates unable to spell their own names (www.Ghana.com). Considering that several households in Dangme West (35) and in Akuapem North (21) (Table 8.21), hoped their diversified activities could increase their incomes and therefore be able to pay for children's school fees make their inability to meet this objective lamentable.

8.9 Impact of Diversification on Household Expenditure

The understanding of the variation associated with the income of the sampled households and the patterns of utilisation or expenditure enabled the study to first understand the impact of diversification and also, how the sampled households

prioritise their expenditure with respect to their pursuit of household well being. The household survey of this research collected data with respect to income and expenditure of the sampled households, which would be analysed and discussed, by this section of the chapter.

8.9.1 Food consumption and household needs

In Ghana, expenditure on household food consumption is considered as an important determinant of well being and wealth. The GLSS (2000) reported that several households spend the largest proportion of their household income on food consumption.

Table 8.22: Total household expenditure on food consumption

Total household expenditure on food consumption			
Measures of Central	Akuapem North	Dangme West District	Total sample
Tendency	(million ₵)	(million ₵)	(million ₵)
Sum	60.40	41.70	102.10
Mean	1.21	0.83	1.0210
Std. Deviation	0.72	0.38	0.60
Maximum	4.80	2.00	4.80
Minimum	0.50	0.50	50
Range	4.30	1.50	4.30
Per capita	0.164577	0.012239	0.135652
Total (N)	50	50	100

Table 8.23: Total expenditure on other household material needs

Total expenditure on other household material needs			
Measures of Central	Akuapem North	Dangme West District	Total sample
Tendency	(million ₵)	(million ₵)	(million ₵)
Sum	15.80	15.85	31.65
Mean	0.316	0.317	0.3265
Std. Deviation	0.17	.022	0.195
Maximum	0.60	1.50	1.50
Minimum	0.10	0.10	0.10
Range	0.050	1.40	1.40
Per capita	0.043051	0.041276	0.0421438
Total (N)	50	50	100

The study revealed that households in Akuapem North spent more on food than any other expenditure area of their economy. The mean expenditure for food in Akuapem North is ₵1.21 million compared to ₵0.83 million for Dangme West (Table 8.22). The high expenditure on food in Akuapem North is consistent with the GLSS (2000) for the rural forest zone of southern Ghana. It explains the extensive improvement in household food supply and the reduced limited occurrence of nutritional problems at

Akuapem North compared to Dangme West. This confirms the notion that a household's ability to expand its budgetary allocation for food could improve its food availability and security as well as reduce nutrition related illness (The Hunger Project, 1997).

Also, Table 8.23 suggests that the Dangmes spend slightly more on other households needs (clothing, migration fees, bride price, and kerosene) compared to Akuapem North. This is because the social and cultural norms in Dangme West put more emphasis on social status and inclusion by virtue of ones background and wealth display, as discussed earlier. Hence, poor households invest in these areas in order to break their exclusion and become more socially acceptable. However, this is not so in Akuapem North where improvement in status and community acceptance is based and participation in kinship activities, ethnicity and commitment towards development of the family and community activities.

8.9.2 Education and health expenditure

The study observed from the expenditure analysis presented in Tables 8.24 and 8.25, that the sampled households from both districts spend more on healthcare (¢48.70 million) compared to education (¢27.87 million). This is due to the rise in the cost of healthcare as a result of the cash-and-carry package introduced as part of Ghana's structural adjustment program.

Table 8.24: Total expenditure on education

Measures of Central	Akuapem North	Dangme West District	Total sample
Tendency	(million ¢)	(million ¢)	(million ¢)
Sum	16.52	11.35	27.87
Mean	0.33	0.22	0.2787
Std. Deviation	0.18	0.16	0.18
Maximum	1.00	1.00	1.00
Minimum	0.10	0.10	0.10
Range	0.90	0.90	0.90
Total (N)	50	50	100

Table 8.25: Total expenditure on health

Measures of Central	Akuapem North	Dangme West District	Total sample
Tendency	(million ¢)	(million ¢)	(million ¢)
Sum	27.10	21.60	48.70
Mean	0.5420	0.4320	0.4870
Std. Deviation	0.33	0.22	0.28450
Maximum	2.00	1.50	2.00
Minimum	0.20	0.10	0.10
Range	1.80	1.40	1.90
Per capita	0.073841	0.05625	0.064846
Total (N)	50	50	100

The sampled households in Akuapem North spend more on education than Dangme West. The household interviews revealed that the minority non-native ethnic households in Akuapem North tend to invest more into education, as a strategy to ensure that their dependants attain better qualifications and gain employment outside farming. This was confirmed by the comments of a non-native household head which was found to run through most of the responses from the interviews. She said:

we moved here as migrants' labourers and life has not been easy because of all the land problems and the poor incomes from farming lately. My husband and I have therefore decided to do our best to educate our children so that they do not end up as tenant farmers. The economic conditions in the country and in the rural are such that the more educated one seems to be better off compared to we the illiterates.

Secondly, easy access to migration labour, the high level of employment opportunities for out-migrants and the availability of casual labour in nearby towns and cities like Tema, for residents in Dangme West, makes education less attractive in Dangme West compared to Akuapem North (Ghana Core Welfare Indicator Survey, 2001).

8.9.3 Farm and non-farm expenditure

Expenditure towards farm and non-farm enterprises are of great importance to this study because it would enhance further understanding of how diversified households prioritise their investment pattern towards these two important segments of their economy.

Table 8.26: Expenditure on farm activities

Measures of Central Tendency	Akuapem North (million ₵)	Dangme West District (million ₵)	Total sample (million ₵)
Sum	18.50	17.20	35.70
Mean	0.3700	0.3440	0.3570
Std. Deviation	0.18	0.15	0.16712
Maximum	1.0	1.00	1.00
Minimum	0.10	0.10	0.10
Range	0.90	0.90	0.90
Total (N)	50	50	100

Table 8.27: Total expenditure on non-farm activities

Measures of Central	Akuapem North	Dangme West District	Total sample
Tendency	(million ₵)	(million ₵)	(million ₵)
Sum	58.36	51.50	109.86
Mean	1.1672	1.0300	1.0986
Std. Deviation	0.61	0.58	0.59762
Maximum	2.50	3.00	3.00
Minimum	0.50	0.50	0.50
Range	2.00	2.50	2.50
Total (N)	50	50	100

The study noted that, the amount of money expended on non-farm enterprises (₵109.86 million) by the sampled households is over three times more than the amount spent on farming activities (₵35.7million) (Tables 8.26 and 8.27). This pattern of expenditure suggests that more emphasis is placed on production within non-farm enterprises compared to farming.

Another important variation between the two samples is that the mean household non-farm expenditure of Akuapem North (₵1.16 million) is greater than that of Dangme West (₵1.03million) (Table 8.27). Although the observed difference is small, the significance of this finding is that in spite of the formal intervention received by the households in Dangme West, their counterparts in Akuapem North still invest more in their non-farm activities. In Akuapem North this sector receives the second largest amount of investment after food consumption whereas in Dangme West the non-farm sector receives the largest overall expenditure amount (₵51.5 million), compared to the other sectors of their economy. Also the maximum expenditure for non-farm enterprises per annum in Dangme West (₵3.0 million) is higher compared to the amount spent in Akuapem North where the maximum expenditure is ₵2.5 million (Table 8.27). This sector is could therefore be considered as the most important within the Dangme West economy and implies that the average household would rather invest in non-farm activity than buy food for the household as it is in Akuapem North. It is therefore not surprising that the district reports higher nutritional disease and poorer feeding patterns than Akuapem North.

8.9.4 Savings and investments verses credit and borrowing

The study also reveals in Tables 8.28 and 8.29, that the total expenditure on borrowing and repayments of credit by the sampled households (₵46.02 million) is more than the amount they expended on savings and investments (₵30.60 million).

Although this is consistent with the findings of the GLSS (2000), it suggests that diversification and the associated intervention has not been able to reverse this pattern resulting in continuous indebtedness associated with the sample.

Table 8.28: Total expenditure on household savings and investments

Measures of Central	Akuapem North	Dangme West District	Total sample
Tendency	(million ₵)	(million ₵)	(million ₵)
Sum	18.70	11.90	30.60
Mean	0.3740	0.2380	0.3060
Std. Deviation	0.17	0.15	0.17164
Maximum	0.80	1.00	1.00
Minimum	0.10	0.10	0.10
Per capita	0.050953	0.030989	0.040745
Total (N)	50	50	100

Table 8.29: Monetary value of debt (all cash and items obtained on credit)

Measures of Central	Akuapem North	Dangme West District	Total sample
Tendency	(million ₵)	(million ₵)	(million ₵)
Sum	21.72	24.30	46.02
Mean	0.4344	0.4860	0.4602
Std. Deviation	0.18	0.24	0.21
Maximum	1.00	1.50	1.50
Minimum	0.20	0.20	0.20
Range	0.80	1.30	1.30
Total (N)	50	50	100

An important finding made by the study regarding the level of indebtedness of the two study districts is the significant difference between the average amount of money borrowed per household in Akuapem North (₵0.4344 million) compared to that of Dangme West (₵0.4860 million) and the total amount of money borrowed by the sample in Dangme West (₵24.30 million) which is significantly larger than the amount borrowed by the sample in Akuapem North (₵21.72 million). This demonstrates that the poverty reduction program and for that matter diversification has not been able to erase the phenomenal deprivation prevalent amongst households in Dangme West.

Again, it is also noted that the average savings and investments per household in Akuapem North is significantly larger than that of Dangme West. This does not only indicate that the diversified households in Akuapem North are more likely to sustain their economy and enterprises in the face of credit constraint compared to those in Dangme West but it also shows the extent of vulnerability of the sample in Dangme

West (Shafer 1988) (Table 8.28). The per capita savings and investment for Akuapem North (¢509, 530) is also significantly higher than that recorded for Dangme West (¢309, 890) as presented by Table 8.28. This proposition is confirmed by the larger savings-debts deficit per annum of Dangme West (¢ 12.4 million) which is more than three times that of Akuapem North (¢3.02 million) (Table 8.29). This is calculated by subtracting total amount of debt from total amount of savings and investments (Tables 8.28 and 8.29) (Devereux 2003). It could be deduced from the pattern of expenditure on savings and debt that the security entitlement per person in Akuapem North is better than Dangme West (Sen 1981). Devereux argues that such patterns denote abject deprivation and lessen ability to cope with risks and elements which diversification is perceived to eliminate or reduce. Generally, the low level of savings and investments associated with both study groups gives cause for concern as life devoid of extreme poverty and its reduction seem more and more remote.

Box 8.3: Madam Asimaniwaa and husband are involved in diversification in Akuapem North district

We diversified from full-time farming to a combination of farming and non-farm activities. The non-farm activities we undertake as a household are: trading, oil extraction and fuel wood production. Our expectation prior to diversifying was to earn more money and save a greater part of it. Our objective of diversifying is to accumulate and be able to raise money for our eldest son's senior secondary school education in Accra.

However, all the money goes into buying raw materials and household consumption. We hardly save enough for the intended objective for diversifying! We are actually surviving. I am not sure if any of the households in this village is accumulating from their activities. I know this because we always work together and discuss the economic pressures. Our farming income is even worse. Most of us have to borrow money to buy farm inputs. The policies have changed a lot of things and made it more difficult to live as a farmer these days. We have to buy all the inputs we use now. This is a huge drain. It is really tough! I think I will describe the life my household leads as peasantry, one of abject survival!

The comments made above in Box 8.3 suggest that coping with the present expenditure and debt accumulation is making life more difficult for residents of both districts. The implication for such a high deficit will be continuous indebtedness, scarcity and dismal capital outlay. These will obviously result in a weak economic base, poor household well being and rising levels of poverty in spite of diversification.

8.9.5 Pattern of overall expenditure

From the above analysis of expenditure, the study summarised the order in which the sample from the two study districts prioritise their spending. The prioritisation of expenditure put the economies of the two groups into clear perspective regarding their areas of pressing wants and needs.

Table 8.30 Order of expenditure prioritisation/ pattern

District	<i>Order of prioritisation of expenditure</i>							
	1st	2nd	3rd	4 th	5th	6th	7th	8th
Akuapem North	Food	Non-Farm	Health	Debts & Credits	Savings & investment	Farm activities	Education	Material Needs
Dangme West	Non-Farm	Food	Debts & credits	Health	Farm activities	Material Needs	Savings & investment	Education

Table 8.30 provides a summary of the expenditure pattern of the sampled districts. The study shows that whereas the Akuapems spend most on food, non-farm activities and health the Dangmes rather invest the largest proportion of their income in non-farm activities, food consumption and debt repayment. The high rate of borrowing and the low investment in education and savings makes Dangme West exhibit less secure well being compared to Akuapem in the long term. In fact for education to be the least area of expenditure in any particular household either means that most of the household members of school going age, are in basic education institutions which are free of charge or are not in secondary and tertiary institutions where fee payments are high. If the latter is true, then it would imply that the majority of the future generation of economic active members of the sampled households and the district, would not be able to engage in economic activities which require extensive education and formal training and could therefore fall in the lower income bracket of the population.

8.10 Decentralisation and Diversification

A major political change within development and political economy is the recent expansion of the decentralised system of governance in Ghana. The Local Government Law 1988 also known as the PNDC Law 207 led to the creation of new districts and the introduction of district assemblies in every district in Ghana. The new District Assemblies and administration came into operation in 1992 after the presidential elections. According to Haroun and Oduro (2002), the concept of decentralisation and district assemblies is to transfer functions, power and competence

to the district level from the central government and ministries. The District Assemblies are financed from a Common Fund and internal taxes at the district level.

8.10.1 District Assemblies and livelihood development

It is anticipated that the District Assemblies would enhance and improve access to essential resources and, increase community participation and economic development. This is because the distribution of resources in an agrarian society is mainly influenced by the extent to which the household members within the society are able to gain access to these essential resources, which are regulated by public institutions, markets and social networks (Pelling 1998, p. 469). Pelling argues that the inability of individuals to access these resources results in economic poverty, political marginalisation and social isolation. This will eventually reduce the capacity and potential of such individuals to diversify or embark on sustainable livelihood activities, as observed in South-eastern Ghana.

The study therefore proceeded to investigate the type of assistance, if any, that the study communities have received from the District Assemblies and whether such assistance is able to significantly influence diversification (Table 8.31).

Table 8.31: Receipt of assistance and type of assistance

Reception of Assistance			
	Akuapem North	Dangme West	Total
Regular assistance	3	10	13
Occasionally	22	31	53
Rarely	25	9	34
Total P = 0.002	50	50	100
Type of assistance received from the district assembly			
	Akuapem North	Dangme West	Total
Primary School & Nurseries only	18	2	20
Electricity & primary school	0	36	36
Potable water & school	10	9	19
No formal assistance since 1996	22	3	25
Total P = 0.000	50	50	100

With regards to the extent to which they have received assistance from the assembly, only thirteen households have received regular assistance. However, the rest of the sampled households (87) reported that the assemblies scarcely or occasionally assist them (Table 8.31). Most of the respondents from Akuapem North said they scarcely receive assistance from the assembly, whilst those in Dangme West said the assistance is occasional. This is a contradiction with reference to the diversification policy strategy which suggests that all districts will use 20 percent of their District Assembly Common Fund (DACF) budget to support poverty reduction activities undertaken by communities and households (Oduro 2004, p.105).

The assemblies in both districts were reported to have assisted communities with the provision of primary schools and nurseries, electricity and potable water. These capital investments are expected to make it possible for households involved in non-farm enterprises to access electricity and decent water supplies to run their businesses. Twenty respondents mentioned that their communities have benefited from the assemblies nursery and primary school program. Thirty-six said they have received electricity and primary school assistance whilst nineteen respondents said they have received help relating to potable water and schools. Again, the majority of the respondents from Akaupem North indicated that they had not received any form of assistance from the assembly since 1996 (Table 8.31).

Nevertheless, it was reported by key informants in both districts that most households do not have the financial means to connect the electricity supply that runs through their respective communities into their houses. Likewise, most households, especially those in Akuapem North, do not have pipe-born water nor are the community water supplies directed into individual households. These prevailing conditions and many others seem to restrain rural households from successfully establishing and managing agro-based or non-farm enterprises. In the cases where school buildings have been constructed, the communities are often required to furnish the buildings and provide teaching materials for the staff and pupils. Such responsibilities are considered as ridiculous and too expensive for poor communities. In many cases, the study was informed that communities have to provide accommodation for teachers. These assertions make rural communities question the role of the District Assembly Common Fund and the Assembly's development responsibilities towards its residents.

Some respondents in Dangme West explained that although they have received some useful assistance from the Assembly at some point, most of the assistance offered is not what they consider as priority projects which could either facilitate their diversification or enhance their income. Some accused the Assembly of introducing *blanket projects*. Some key informants explained that although communities may receive such projects, it does not mean that such projects are their priority needs. According to Oduro (2004), it is commonly reported by rural communities in Ghana that community development projects and programmes are designed and implemented by District Assemblies without taking the views, needs and constraints facing beneficiaries into account and therefore failed to achieve the intended impact. This view is shared by most of the sampled communities and was considered as the major reason for the observed lack of sustainable development initiatives.

The study sample listed a range of limitations observed with their district assemblies which effectively limit the extent to which individuals are either able to diversify or expand income sources. These are discussed below.

Lack of investment and credit support for sustainable livelihood activities

District Assemblies in Ghana are considered to be able to reduce the problems of administration and governance which impede local and national development. It is also thought to be a means of improving performance in poverty reduction initiatives (Crook and Sverrisson 2001, Blair 2000, and Manor 1999). This study revealed that the District Assemblies are not able to support diversification initiatives and activities as anticipated thus confirming the suspicion of Haroun and Oduro (2002). In comparing the two District Assemblies, Dangme West appears to be more resourced mainly due to the introduction of the poverty reduction program. The District Economic Development Officer has no means of transport to coordinate activities and no specialised budget to support diversification activities initiated by individual households or communities (Masakure and Henson 2005).

The situation is even more critical in Akuapem North District because the households have not received any intervention and not likely to receive such in the foreseeable future. The district is not in the position to allocate any of the common fund resources designated for poverty reduction through diversification to any of the

communities, even though the residents through the respective assemblymen have channelled several requests to the assemblies. When asked why, the Officials of the District Assembly explained that they are following a set of prioritised projects and are yet to develop modalities to support individuals and groups. This explanation is not totally acceptable because every district is supposed to have such modalities and frameworks clearly outlined to merit fund from the central government. This is an important subject which requires detailed future research.

Credit failure

The study discovered that most of the household heads and their members (especially those in Akuapem North) have neither heard of the District Assembly Common Fund (DACF) nor received any support from the fund. Meanwhile they are engaged in activities which qualify them for support from the fund. The diversified households sincerely desire credit to finance their enterprises. They were hopeful that the District Assembly would have been in the position to assist. However, interviews with staff at the assembly suggest that there is no means to provide such support. The situation is similar in both districts and it would have been expected that the National Poverty Reduction Program and the District Assembly Common Fund (DACF) would have a credit system, which could operate through the District Assembly so that the appropriate households who genuinely need the support will have the needed assistance.

Lack of empowerment and the absence of human development initiatives

James and Frances (2003) suggest that decentralisation has the accompanying benefits of service provision, more appropriate services, and better governance and the empowerment of local citizens. However, the study in Ghana observed that there is limited provision of basic services such as electricity and safe drinking water in Akuapem North. These services are essential for non-farm diversification in the area of food processing and post-harvest loss reduction and management.

In addition, the assemblies do not have any direct empowerment activities for the communities, but the agricultural extension staff are actively involved with the training of the farmers in integrated pest management in Dangme West. In Akuapem North, the Ministry of Agriculture's Cassava Gem Program has introduced improved

variety of cassava that is suitable for the production of gari. This program has contributed to the rise in the volume of cassava produced in the district (chapter 5).

Lack of manpower and staff

Both assemblies lack the staff required to make any significant impact on the community's diversification activities (Oduro 2004, p.105). The extension officer to farmer ratio in Akuapem North is so high that the extension officers are not able to cope with the required visits and the associated training and report writing. This is consistent with the findings of Legge (1994), who reported the frustration of Agricultural Extension Staff in the Ashanti Region of Ghana and their inability to sufficiently reach most of the farmers in the respective zones of operation. This negatively influences diversification, as households involved in various farm and non-farm activities are left on their own with no professional advice as regards production management and supervision. There is clearly very little motivation for the staff, most of whom will prefer to work as autonomous bodies under the Ministry of Agriculture than work through the District Assembly. They consider the former departmental system of operation more efficient than the unified agricultural services system and the integrated service delivery structure of the assembly. This is because under the old system each department prepares its budget and pursue set targets and goals without the current bureaucracy which serves as a constraint to the performance of the different agencies. Whilst households in the districts are actively being encouraged to engage in diversification from the national level of governance, the district administrations do not have any specified unit in charge of the diversification programs that already exists. The Dangme West district has an economic Development Planning Officer overseeing the groups which were formed during the implementation of the National Poverty Reduction Programs, but is not able to identify, recruit or monitor diversified activities being undertaken by recent entrants in the arena of diversification. The comments by Oduro (2004, p.104) directly reflects the observations in the study districts and gives cause for serious concern as most of the sampled households are living in very harsh economic conditions. According to her:

there exist persistent inadequate financial and human resources at the district level. If the responsibilities of the district far exceed the resources (financial and human) allocated to it from central government, the ability to

effectively tackle poverty reduction will be severely constrained. District level spending is not adequately targeted at the poor. The identified weaknesses of the District Assemblies need to be addressed.

These conditions can be transformed with the needed credits, social and institutional support as prescribed by law governing the disbursement of the District Assembly Common Fund (Oduro, 2000, p.105).

8.10.2 District Assembly investments into community services

As part of the investigation regarding the District Assembly's relationship with the communities and the provision of infrastructure and services, the study sought to identify the essential services that the participants of the study and their households would wish their respective assemblies could offer their communities. The responses to this question suggested that there is a great need for facilities that would enhance the present diversified activities of the households. Tsekpo (2004, p.113) provides evidence from developing countries which shows effective social spending is the key to poverty reduction. He argues that Ghana's local government spending on social services (education, health, water and sanitation, employment and enterprises) has remained small. The absence of potable water in some of the study communities seriously hinders their capacity to expand their non-farm activities to incorporate enterprises which require the use of clean water. Likewise, not being connected to the national electricity grid limits mechanisation and automation.

8.10.3 Effect of poor social services on livelihood diversification

During the household interviews at Akuapem North and Dangme West, most of the communities in Akuapem North mentioned the lack of markets, schools and clinics as services that have an adverse effect on their diversified enterprises. They explained that the absence of markets in local communities requires travelling long distances to other markets, which costs both time and money. They explained that they could escape the tyranny and restrictions encountered with the middlemen and market queens if they set up their own markets.

Table 8.32: Effect of the absence of social services on household economy and livelihood

Effects	Akuapem North	Dangme West	Total
Low production & poor sales	6	19	25
Poor health & unable to sell farm and non-farm product	10	28	38
Unable to expand production & increase profit	34	3	37
Total	50	50	100
P = 0.027			

An important revelation made by the study (Table 8.32) is that, the consequences of the absence of these needed services include the inability to expand production and increase profits (37). Some respondents (38) also mentioned poor health and their inability to sell their farm and non-farm products. Others (25) said low production and poor sales are direct consequences of the lack of social services. Whilst majority of the sample from Akuapem North mentioned their inability to expand production and increase profit as the effect of the absence of key social services. A corresponding number in Dangme West indicated that the absence of hospitals and clinics exacerbate their health problems which is largely attributed to their diversified enterprises as well as reducing the market potential or avenues for the products. Although there is a divergence in the expression of the effects of limited social services, these point out the fact that social investment should be diverse and must be tailored at the needs of the communities. The interviews also established a strong relationship between the diversified activities of a particular district and the social investment requirement. It also emphasises the need for consultation prior to project implementation.

Interestingly, the study discovered that community leaders and household heads are often those who contend with the assemblymen of their respective communities, and put extra pressure on the District Assembly to address the needs of the communities. It was observed in South-eastern Ghana that the district assemblies are weak and not very resourceful in the area of institutional support and assistance, which are critical to successful diversification. For example, the absence of a corn mill in some communities in Akuapem North means they cannot effectively engage in gari processing even though they have the skill and raw materials to pursue such an enterprise. In spite of the introduction of the District Assembly Common Fund, the

District Assembly has failed to install a mill that will create rural employment for the mill operators. According to some key informants in Akuapem North, mill operators are usually young people, and the installation of a mill will prevent the migration of male youths. It would also offer a service that will result in the creation of extra income and enhanced household food security.

Moreover, it was observed during the fieldwork that there is a strong positive and supportive attitude from community level leadership, the majority of whom have diversified into non-farm activities. Instead of collecting gratitude from community members, as reported by Ellis (2003) in the case of Uganda, most community leaders in the study districts in Ghana complained about the high levies and market tolls and other bad treatment given to the community members by civil authority, which demotivates them. This is confirmed by Lyon and Porter (2005), who reported complaints of farmers about staff of the district decentralised assembly and transport unions in the Brong Ahafo region of Ghana and commended the awareness and support of leaders of community groups and their members in this regard. These assertions confirm the relationship between the unavailability of efficient social services and the inability of rural small farm households to improve their well being and income strategies. The persistence of such patterns will limit their capacity to construct pathways out of poverty.

8.11 Strategies for Improving Household Income Security

From the foregoing, it can be seen that diversification has not been able to make significant impact on the livelihood and well being of households in the study districts. In addition, it has also not facilitated, to a large extent, the ability of the sampled households to afford essential social services or reorganize their expenditure priorities in the context that will enhance future economic development and social equity.

Table 8.33: Improving Household Income Security

	Akuapem North	Dangme West	Total Frequency
Further non-farm diversification with improved marketing	2	18	42
Combination of farm & non farm diversification	6	2	8
Non-farm diversification with formal credit and improved social services & Marketing opportunities	42	30	72
Total	50	50	100

Table 8.33 shows that the majority of the sampled households (72), mostly from Akuapem North (42) from Akaupem North, consider further diversification with appropriate local government support (credits, training, supervision and marketing) as an ideal means of improving income security. It is argued that better market opportunities for the output from their diversified enterprises would, for example, help improve income security and reduce risks associated with marketing barriers, delays in disposing of produce and low pricing. The high levels of deprivation presently observed within the study households and the lack of confidence in the District Assembly system has increased the level of vulnerability amongst the sample rather than reducing it. This therefore makes it imperative for the decentralised system of governance and the poverty reduction program to accelerate mechanisms which will facilitate the attainment of the development goals of the sampled communities and households.

8.12 Conclusion

Diversification has had a moderate but important impact on food security for most of the sampled households in both districts, but the present state is far from ideal. This is because there are reported cases of nutrition problems especially in Dangme West district that has poor food consumption. This pattern is consistent with the findings of Smith et al. (2005), as they studied patterns of malnutrition in rural and urban areas in developing countries. The fish and meat intake of the households is seriously deficient and generates a state of poor health. Although there has been a rise in livestock rearing, the associated tendency of the households towards the sale of livestock rather than its consumption has stifled the realisation of the expected improvement in household meat consumption. Secondly, the inability of most households to afford veterinary services has consequently resulted in high mortality rate for livestock, thus making investment in livestock production not worthwhile.

Asset disposal is still prevalent amongst the sampled households, with many households smoothing assets to meet consumption needs. This contradicts de Waal's (1989) claim that farming households would rather preserve assets during hardship than meeting food needs. The absence of any significant growth in household assets, smoothing of assets and the inability to improve or maintain personal assets, contradicts theoretical underpinning of poverty reduction through diversification.

There is an evident difference between the two study districts with regards to how diversification influences wealth disparity between the rich and poor. It can be argued that the outcome of diversification has effects which are entrenched in the diverse socio-cultural orientation, socio-economic aspirations and social capital attainment of the two samples.

Brock (2000) argues that there is a major gap between national and district levels in relation to development policy processes and implementation. This assertion is evident in the study districts in Ghana. The noted low-level performance and assistance from District Assemblies has its roots in the gap between policy formulation, implementation and expectations regarding the required investment needed to achieve expected goals within the districts. This study in South-eastern

Ghana thus reveals the dismal and apathetic attitude of the District Assemblies in both districts with regards to the nature and extent of support given to the communities and motivation provided towards the attainment of sustainable livelihoods. It is obvious that the District Assemblies are far from the anticipated potent rural development institution on which the rural households can depend for their economic regeneration through diversification. The present challenges and limitations being experienced by the sampled District Assemblies, with reference to diversification, show the inability of the present decentralised system of governance and development policy framework to deal with the challenges of diversification.

This study shows that the rural economy of Ghana (and particularly the study communities) lives in a state of economic insecurity. The implication of household debt being more than their investments and savings perpetuates scarcity and a vicious cycle of impoverishment in which what it earns might only be enough to help feed the household members and allow them to perform their social obligations but not enough to engage in an economic transition towards sustained progressive well being. The present state of the economy of the sampled households as reported by the selected indicators consistently identifies vulnerability of livelihoods. The influence of diversification, although not negligible, has not been able to inject any significant improvement which can yet be perceived as sustainable over the long term.

Diversification through formal government intervention as in the case of Dangme West exhibits the lack of sustainability which is made more fragile within an environment of poor social capital. For sustainable gains to be made the intervention programs aimed at reducing poverty and improving household well being must be tuned accordingly. It must be emphasised that such dispossession could be associated with the geographical diversity, socio-cultural complexity and socio-economic deprivation peculiar to a particular community or district.

CHAPTER NINE

The Nature of Rural Livelihood Diversification

9.1 Introduction

The study was set out to explore the concept of Sustainable Livelihoods and has identified the nature and form of livelihood diversification in Ghana, the reasons and motivation for diversification, the type, the extent, resources required for diversification and the role and impact of intervention on the household economy and well-being. The study has also sought to know whether livelihood diversification can result in effective poverty reduction, particularly in small farm households. The study attempted to answer the following research questions:

1. Do rural households diversify for survival or accumulation?
2. Is livelihood diversification self-induced or externally induced?
3. Does rural livelihood diversification reduce economic risk effectively?
4. Does diversification enhance agrarianisation or deagrarianisation and what are the implications for present and future economic conditions in rural households and communities?
5. What are the implications of out-migration, the remittance culture and migration returns on rural household characteristics and on the ebb and flow of human and social capital within rural households and communities?

9.2 Empirical Findings

This study has used empirical findings from two districts in South-eastern Ghana to answer the research questions regarding the nature of livelihood diversification within small rural farm households in South-eastern Ghana. The main empirical findings of the thesis are chapter specific, and were summarised within the respective empirical chapters: changes on the farm; non-farm diversification; migration and remittances and diversification and household well being. This section will synthesize the empirical findings to answer the study's five research questions.

9.2.1 Do rural households diversify for survival or accumulation?

The present study offers empirical evidence that largely identified diversification as a strategy for *survival*. The study revealed in Chapter 8 of this thesis that diversification enhances the ability of households to survive, and can serve as a source of insurance (in the negative sense) against indebtedness and borrowing. Although both study groups

attempt to save part of income generated from their non-farm enterprise, the amounts saved are, however, observed to be small (Chapter 6). These sums of money only serve as sources of reinvestment capital for non-farm activities and consumption. Again, the discussion in chapter 8 of this thesis points to the fact that investment of non-farm profits into farming activities is infrequent, and where it is recorded the amounts invested are insignificant with most households not able to easily invest substantial amounts into their farming activities. The majority of households covered by the present study highlighted the lack of security as a factor that caused them to diversify (Chapter 6), and argued that they still do not enjoy income security in spite of their diversification.

The seasonal nature of many of the activities operated by the sample as presented in Chapters Six and Seven, places household diversification in the survival category. It was found that most households in both study districts use the returns from diversification to meet basic consumption needs: personal effects, pay school fees and hospital or medical bills. The evidence in Chapter Six suggests that non-farm enterprises receive the largest share in investment from the returns of non-farm activities. However, borrowing, asset smoothing and indebtedness are noted to be rampant within the sample, with 66% of the sample indicating that they borrow regularly or occasionally. Furthermore, the limited capital outlay of the households in the study population supports the observed pattern of survival. The involvement of children in non-farm enterprises (Chapter Six) is another indication of survival.

9.2.2 Livelihood diversification: self-induced or externally induced?

Although there are no conclusive reasons as to why households diversify, the debate on whether diversification is self-induced or externally induced has not received much attention (Chapter Two). The key question is whether diversification is policy-driven (external) or self-driven (internal).

The study revealed that the majority of the households in Dangme West obtained their diversified skills through training programmes by NGOs. The sample explained that some households had basic skills but received further training and motivation from the NGOs. Most of the households in Akuapem North district, by contrast, gained their skills through family, friends and schools (for a small minority). The present study

observed that, unlike Dangme West district where the transition into diversification was noted to be relatively swift and project oriented, Akuapem North has followed slow and systematic pattern. The households emphasised that the need to improve their well-being and household economies has been the major reason for their diversification.

The study sought to understand how a domestic skill becomes a commercial practice or activity. The answers given to this question in both districts pointed to changes in recent economic conditions and policies, which necessitated an overhaul of the household economy in order to be able to survive. The majority of the sample moved into diversification (after 1995) and some subsequently changed their main income activities from farming to non-farm. This pattern occurred in both districts. It could be noted that harsh economic conditions and policies and the desire of the households to innovate and survive, results in the transformation of already-existing skills and potentials into new forms of income-generating activities. These patterns suggest a link between policy implementation at the national level and diversification at the rural household level.

9.2.3 Does rural household diversification reduce risk effectively?

Diversification is perceived to offer a risk reduction potential and a means of insurance against the risks confronting rural households in their economic activities. Nevertheless, this study observed both patterns of risk aversion and the introduction of new risks, as well as failure to remove some already existing risks, are associated with diversification strategies in both districts, particularly in Dangme West (Chapter Six).

One major advantage offered by diversification, as observed in the field, is the fact that it enables households to produce other products. Such products are observed to command better prices and therefore enhance the households' well-being. The production of new products and/or more output of already existing products encounter the challenge of marketing. There are reports of difficulties associated with marketing at the major markets and its concomitant risks.

Chapter Six presented evidence to support the prevalence of income risk in several of the enterprises studied in South-eastern Ghana. This is in view of the high likelihood that most or some of the goods will either not sell at all, or will not be sold at the target price, which results in losses in income. One consequence of poor sales is the

possibility of running into credit crisis if the individual obtains a form of credit before or during the production/cultivation process (Ellis 2003b). A few households manage to raise some form of credit from friends and family, and from other network groups such as *susu* groups for the diversification activities. Most households borrow in order to finance their diversified enterprises and end up in financial crisis. They argue that diversification is not able to provide risk-free and assured incomes. Again, diversification activities are noted to exert excess strain on the health of individuals particularly in Dangme West.

9.2.4 Diversification: agrarianisation or de-agrarianisation?

The empirical evidence discussed in Chapters Five and Seven of this study suggests the presence of factors associated with de-agrarianisation after diversification: systematic reduction in farm sizes, fall in farm output and income (staple crops-except cassava and vegetables), rise in cost of farm labour, and a significant fall in the availability of farm labour (both household and community levels) as well as a shift in preference of non-farm income as a result of dwindling returns and high investment requirements. The reduction in the proportion of farm income as a percentage of total household income in both study districts is another indicator of de-agrarianisation in the two study districts in Ghana (Chapter Five). The study also revealed changes in traditional land tenure institutions and systems. Also improved education levels amongst non-ethnic members of the rural community have resulted in a phenomenon whereby more educated youth in the rural communities prefer not to engage in farming.

The thesis reports a reduction in the total land area cultivated by the respondents after diversification in both districts and observed that new farming strategies (export and market orientation) might also lead to the formation of food gaps in the household economies. Such gaps will have to be filled by purchasing food using incomes that are already small or non-existent. In other words, the strategy of diversification that was supposed to alleviate household circumstances might actually remove the traditional food security of such households and prejudice the income that was to be generated by such diversification.

The widespread shift in labour-seeking patterns from farming to non-farming activities coupled with new patterns of labour emigration within the districts has made it equally

difficult to acquire free labour through the traditional community networks such as communal labour, labour sharing and exchange activities, as compared to previous years. The respondents perceived the existence of an association between the recent reductions in the pool of farm labour and the rise in the unit rate charged by waged farm-labourers. Chapter Five identified a recent pattern which involves the renting-out of farm lands and plots as a form of diversification activity. There is evidence from the present study to indicate that households are altering the traditional daily patterns of their agricultural habits, practices and activities in favour of those that release time for them to engage other non-farm income activities.

9.2.5 What are the implications of out-migration, the remittance culture and migration returns on diversification within the rural household?

Migration is noted to have divergent impact on rural households and their economies. The discussion in Chapter Seven of this study revealed both positive and negative impacts of migration coupled with new patterns of labour emigration within the districts.

The study revealed that migration allows those involved in non-farm activities to sell some of their products in the urban areas where there is a higher demand for them compared to the rural communities. Compared to the present rural unemployment and underemployment, migration, offers wage and manual labour employment opportunities, although this does not often compensate for the sacrifice and risks endured by migrants. Return migration also opens the rural economy to new livelihood activities which were previously absent. This is rather oriented towards non-farm enterprises. The study found evidence of a dramatic change in employment patterns of economically active household members with a shift from involvement in farming activities to non-farming activities such as artisans, lorry driving, food processing, dressmakers, construction and carpentry trainees in urban towns and cities after migration.

The study provided convincing evidence for the argument that the study sample rely on remittances to a large extent. However, the remittances received are small, unreliable and used mainly for consumption and meeting household needs. Although, some amount of remittances are invested into diversification, these investments are

significantly small and do not have the desired impacts on the enterprises of the sample. This pattern is largely the case in both study districts although the Akuapems tend to receive larger remittances than the Dangmes.

A negative impact of migration on livelihood development is the lack of sustainability regarding migrant's income and skill acquisition. The virtual absence of formal employment and the limited in-formal employment sources creates underemployment and the participation in wage labour.

In conclusion, it should be noted from the above discussion that diversification activities undertaken by the sample primarily provide a means to survive and not to accumulate. Although many households planned to accumulate wealth through their diversified activities, most of them fell short of achieving their goals.

9.3 Theoretical Contribution: Does Diversification Work for the Poor?

In her review of the impact of neo-liberal policies on the agrarian economies in sub-Saharan African countries, Bryceson (2004) points out the frustration regarding new fashionable theories directed at rural districts of countries in this region. Reform in agricultural input supply which aimed at freeing the local markets from government regulation and restrictions and the associated liberalisation has rather resulted in declining agricultural production and productivity. This study provided evidence to confirm falling farm outputs and limited market outlays for locally produced food crops. This phenomenon is in contrast with the theoretical propositions of adjustment and liberalisation policies presented by Ahmed and Lipton (1997) in relation to and the benefit of liberalisation to the rural farm household. The theoretical cases for diversification therefore needs to be revisited in order further understand the livelihood dynamics of the rural poor and how it can be made more sustainable.

- **Diversification offers survival rather than accumulation**

The sustainable framework suggests the achievement of accumulation from diversification within the rural economy (Carney 1998). It is however, noted from this study that such a benefit is not likely for most rural households with the obvious alternative of survival being the more probable outcome of diversification. It is important to note that although diversification introduces additional financial income and food resources to the household, the members of the household still experience

extreme forms of scarcity which is evident by small savings, low capital outlay, indebtedness, persistent borrowing and the smoothing of assets. This pattern is consistent with that presented by Carswell (2000) but contradicts that of Whitehead and Kabeer (2001). Diversification therefore does not necessarily offer pathways out of poverty as suggested by Reardon (1997). Unlike Dercon's (2000) positive description of asset smoothing which involves asset adjustment, smoothing in this thesis has a negative connotation and involves the irreversible disposal of valuable tangible assets in exchange of cash as a result of extreme economic hardships.

- **Diversification could create gender differentiation but open economic pathways**

Livelihood diversification in this study seems to exacerbate gender and social differentiation. The socio-cultural values of the particular district or location offers a significant source of variation as regards the type of activity or diversified enterprise that the different genders within a household could undertake. Although this notion has been reported by development anthropologists (see Wilks 1989), this study has also noted a pattern of variation with respect to gender roles and limitation to participation based on cultural values and social differentiation. Cultural values, norms and belief systems in study communities sometimes debar the different genders from engagement in specified activities. More importantly, the extent of participation of a particular gender and benefits to be derived from such non-farm activities could be suppressed as a result of existing gender differentiating norms. The benefits of diversification can therefore not be generalised in theory as suggested by Ellis (2003 a). Conversely, it could favour one gender more than the other within the different cultures. Nonetheless, diversification also creates new livelihood paths that transcend existing gender barriers, thus allowing females to engage in hitherto male dominated economic activities like farm wage labour.

- **Non-uniformity of outcomes of diversification**

This thesis also posits that diversification is associated with outcomes which vary with geographical locations. It is noted that the outcomes of diversification are not uniform with respect to derived benefits and effects of the benefits on the household as projected by (Scoones 1998). Rather than improving well-being and reducing poverty unilaterally as suggested by the sustainable livelihood framework, this thesis argues that the outcomes from diversification varies from one geographical area to the other,

and from one district to another as argued by Reardon and Taylor (1996). It is therefore possible to have households in one district benefiting from diversification whilst the other district does not. In fact, for districts that are located next to each other, as it is for this study, it is still possible to observe such varied outcomes of diversification in households. This therefore implies that the geographical location does not only have an influence on the type of activities to be undertaken during diversification but also on the outcome of diversification, effect and impact as it was in the case of Akuapem North and Dangme West Districts.

- **Wage labour production**

Although some households are involved in non-farm enterprises as a result of the diversification, it could be posited that diversification creates the ambient environment for the participation in wage labour activities as suggested by Bryceson (2004). Even though this form of employment has its own merits as it is better than nothing, it is to a large extent neither sustainable nor dependable. Thus, although diversifying into such forms of employment activities still provide the needed cash income; this is short-lived and makes little or no impact on household well being in the long term. The proliferation in wage labour according to this study is in favour of non-farm income activities and consistent with findings of Tiffen (2003) for Northern Nigeria and those of Awonyo (2001) for the Brong Ahafo Region of Ghana.

- **Food insecurity**

Food crop production in the study communities is reducing systematically with rising participation in on-farm diversification with the likelihood of farmers producing crops that are not household consumption. This pattern has a direct consequence of causing eminent and untold food insecurity in the rural areas. The high cost of food during off-season periods and low income associated with non-farm activities therefore make income generated from diversification insufficient or unable to compensate for the food deficits with the rural farm household. This view is in contrast to those of da Silver and Del Grossi (2001) who found positive patterns of agricultural growth associated with diversification as a result of the production non-conventional export crops. This points out that the outcomes of diversification can not be generalised in theory.

- **Rising risks and increasing economic vulnerability**

A noted risk elements within the rural economy has been inconsistent rainfall and poor soils and poor access to markets have now extended to cover other elements of risk. Diversification can introduce further risks and does not eliminate most risks experienced by the household. This view on diversification suggests that it does not reduce or eliminate the vulnerability of diversified farm households or increase their resilience beyond the point where household economies might not be prone to such vulnerabilities. This view contradicts sections of arguments made by Dercon (2000) discussion on income *Risks, Coping Strategies and Safety Nets*. Rural households are likely to generate coping levels with regards to risks but are not able to develop mechanisms that will help deal with such risks on a more permanent basis. With the emergence of further risks with diversification and the absence of safety nets, risk management becomes very hard if not impossible.

- **Environmental and health consequences**

The Sustainable Livelihood Framework suggests that the application of the livelihood strategies described within the framework leads to a sustainable use of the natural resources within a locality (Scoones 1998). This study has a divergent view which considers diversification and accompanied strategies within the rural economy to be associated with the degradation of the rural environment and the health conditions of participating households. The destruction of the forest resource associated with carving, the destruction caused to farmlands through the indiscriminate removal of the topsoil's and stones in quarrying all results in the devastation of the natural environment which could have dreadful implications to farming and sustainable natural resource management.

- **Wealth disparity**

There is rising wealth disparities in the rural districts as a result of diversification. This disparity is not a result of possible income gaps between those who diversify and those who do not as conceived by theoretical literature (Ellis 2003). This study takes the argument further to provide evidence of disparity between households who have diversified. The observed disparity could be caused by several factors but an important source of such disparity is due to differential access to local resources because of ethnic backgrounds. This introduces an important component of ethnicity into the diversification equation which has hitherto been limited to discussions on land tenure

institutions (Maxwell and Wiebe (1999). It is noted that one's ability to successfully diversify does not necessarily depend on household's capacity and capabilities of its members as argued by Chambers and Conway (1992), but could depend on its ethnicity.

- **Marginal and compulsive alternatives**

Diversification and associated enterprises are generally being operated as the least *bad* alternatives (in the sense that households often have to stretch their limited resources and or take extreme social and economic risks to diversify). This contradicts views of Hussein and Nelson (1998). While this does not necessarily create the impression that diversification is generally *bad*, it does however represent marginal and compulsive alternatives or complementary activities operated by most households to improve their economies and dwindling well-being.

- **Thrives on social capital**

Diversification within small farm households as it was the case of this thesis is noted to thrive more on social capital than on human and financial capital. This position goes beyond thoughts by Carney (1998) on the Sustainable Livelihood Framework, and provides further insight into the understanding of the nature and type of capital that is crucial to the success of diversified enterprises in the face of perpetual credit constraints as outlined by the Livelihood Cycle. Those without any formal support and coordination have been able to develop their diversified enterprises upon strong social networks and production group systems. This suggests that diversification could accelerate in areas with strong socio-cultural bonding and networks as identified by Silvey and Elmhirst (2003). Such networking patterns which attract individuals based on their personal lack and the need to collaborate with each other to produce specified products is noted to have facilitated the diversification activities in areas without any formal government support.

- **Improving social status**

Another important objective for diversification, which is rarely discussed in detail in contemporary literature on diversification, is the need to improve social status. Diversification is considered to facilitate the attainment of better social status and therefore shows that not all households diversify for income generation reasons. This

view opens new doors to the strategy and motive for the implementation of formal intervention programs so that this objective amongst others would be realised. However, the risk of indebtedness as a result of diversification brings shame and social exclusion/isolation or stigmatisation and reduced confidence which could lead to further plummet in status.

9.4 Policy implications and recommendations: Making Diversification Work for the Poor

One particular policy program with extended theoretical underpinnings was the Structural Adjustment Program of which Ghana has been hailed as an icon of success by the World Bank (Horton *et al.* 1994). However, evidence from several studies, including Bryceson (2000, 2002, 2004) and this thesis, seems to point to the fact that rural communities have still not recovered from the negative shocks of adjustment. The introduction of national Poverty Reduction Strategy frameworks by the World Bank as a follow-up on SAP, the Poverty Reduction Programs funded by the UNDP and the DfID Rural Sustainable Livelihood Programs have used the Sustainable Livelihood Approach to revive both national and rural economies in many countries including Ghana. This study has used empirical findings to show that the current Poverty Reduction Policy is not making the anticipated impact. The theoretical arguments for this justification suggest the need for policy review which will enable diversification to work for the poor and more especially the rural household economy (Kinsey 2002).

- **More structured formal intervention**

The absence of formal intervention in some districts of the country, in spite of the availability of the District Assembly Common Fund (DACF), shows the wide gap between policy and practice. Most rural entrepreneurs have not even heard of this fund. There is the need to make the disbursement of the fund structured, transparent and coordinated by an independent unit in each District Assembly. The District Assemblies can use the DACF to construct new rural roads, resurface existing roads and service graders and earth moving equipments so as to facilitate movement and enhance access to markets and improve trade. This strategy will to a large extent improve marketing networks, reduce cost of travel and the drudgery associated with the disposal of rural farm and non-farm products.

- **Strengthen existing social capital/ network with sustainable credit schemes**

Attempts should be made to strengthen the informal *susu* systems with both training and financial capital which will be used in the establishment of diversified enterprises. The community groups and networks should be given grants and supported to manage such grants towards their production and marketing using the *susu* system. This will provide the credit link that is missing in these groups, particularly in Akuapem North where there is no formal intervention program. This is seen as the bedrock of the success cases recorded by this study. The role and effectiveness of the *susu* groups is an important strategy which needs to be emulated by the policy sector.

- **Reverse abandonment**

There is a systematic abandonment of the rural economy and the associated agrarian culture within the rural economy of Ghana. There is therefore the need to introduce enterprise development programs with credits which will focus on employment creation so that thriving non-farm enterprises can employ the both the idle and frustrated unemployed members of the different communities. Since income generation is a major reason for the present out-migration from the rural areas, the creation of and expansion of existing non-farm enterprises for the selected rural population will help reduce the reported rate of abandonment. This also points to the fact that the concept of giving money to individuals in the rural community as a credit motivation for diversification will always attract other members of the community who are not involved in diversification at all, and who will take such financial hand-outs as gifts and use them on other expenses. It is therefore important to redesign the intervention strategies to incorporate more structured systems of selection, monitoring and continuity.

- **Affordability of social services**

As a result of tight fiscal policies of countries like Ghana implementing SAP in Africa, access by the poor to social services has been reduced because of user fees which have introduced further disparities of economies amongst the poor and between the rich and the poor. Higher user fees for education are preventing the participation of individual students from poor households from enrolling in secondary education at the senior secondary school levels. Although basic education up to the Junior Secondary School level is supposed to be free in Ghana, most parents complain of hidden charges which they are not able to afford (Chapter 8). Should such patterns continue, the present

abandonment of the rural and the development of illiterate and semi-illiterate within the rural economy will grow at the costly expense of the economic gains that would have been made in other sectors of the national economy. This will have its toll on the availability of competent manpower to supply the middle level manpower (target set by the *Ghana Agenda 2020 Policy Framework*) required to improve the diversified enterprise in the rural communities.

Again, such precluding policy conditions are preventing households from being able to seek medical care and become dependant on traditional medicines, which have their limitations. The lack of access to health care has a direct consequence of elevating the levels of risk associated with the present diversification activities and undermines their sustainability. There is the need to develop targeting programs to allow easy and cheaper access to health care and education with the rural economy, a strategy which can be easily monitored by the district government.

- **Marketing**

It is assumed that products from the diversified enterprises will head for the market and be sold. Most of the diversified products have no sales outlets and marketing structures as proposed by the proponents of diversification. The Assemblies can again use part of the DACF to construct rural markets close to centres of diversification. This will not only reduce the distance covered by rural dwellers as they attempt to sell their produce but will also catalyse the creation of new enterprises in view of available market within close proximity. In this regard, entrepreneurs will be able to generate the needed returns from the little they produce and thereby be able to sustain their production systems.

- **Food insecurity**

This thesis provides evidence to suggest mounting fear of food insecurity with the growth of non-farm diversification. It is therefore important to reconsider the possibility of poverty targeted support for food crop growers as well as the provision of farm inputs which will possibly reduce the present level of credit requirements, a condition which has forced several farm households out of primary food production.

- **Task force to run district livelihoods development projects**

It is evident from this study that the District Assemblies are not capable of managing and facilitating the creation of rural enterprises and post harvest management processes.

The employment of young graduates to run livelihood projects through short term contracts using the DACF can provide a tremendous boost. This policy strategy will reverse the manpower shortage, provide requisite man power, facilitate skills development for both graduates and rural proprietors and also improve monitoring and close evaluation. This program can operate under the Departments for Livelihood Development, which will monitor, organise and coordinate diversification programs and support those who require the appropriate assistance using the DACF. In this regard, the use of the DACF will not be based on the discretion of the District Coordinating Director or the District Chief Executive, as it is in many of the rural districts at the moment. Such a unit will be able to assess the market needs, training requirements and the capacity building processes which are presently lacking within most households enterprises. Younger individuals can also be granted scholarships to attend food processing courses and technical training so that they can form a supporting unit that will supervise the technological component of diversification since this is presently absent. Such a scheme can operate like the National Service program which assigns graduates to different parts of the country to provide needed manpower in shortage areas. Such a strategy will therefore help to reduce the rising levels of graduate unemployment in Ghana.

9.5 Future Research

The study has raised and addressed five research questions regarding rural livelihood diversification within southern Ghana. The issue of diversification is an international subject that has engaged most international development organisations, research institutions and governments of countries where rural households and their livelihood are considered to be in precarious conditions. The scale of this debate is therefore extensive and multifaceted even at the local level. To generate achievable policy strategies and development targets with regards to diversification, there is need for more case studies at the local level to allow further assessment of local dimensions of the subject. Exploring the following as future research strategies can facilitate the attainment of this goal:

- There is the need to compare non-diversified households with those engaged in diversification and understand the socio-economic impact, if any, introduced as a result of diversification and the reasons for the non-diversification of rural households.

- There is also the need to understand how local and state interact and intervene in cases where communities are undertaking self-induced diversified activities.
- It is critical to study how local government support systems can be restructured to benefit innovative enterprises of poor households that can induce sustainable employment and generate income at both the household and community levels.
- It is therefore imperative to conduct further local empirical case studies in the different districts and ecological zones of Ghana to understand the patterns of rural livelihood diversification and the motivation to diversify, in order to generate pragmatic views and policy strategies required to meet local-specific support needs.

9.6 Livelihood Cycle and the Oscillating Cycle of Impoverishment

The livelihood cycle framework has been used to illustrate that livelihood diversification, as researched in Southern Ghana, is a systematic mechanism that leads households into an oscillating cycle of impoverishment (survival) with few possible accumulators. Policy programs and frameworks of the central government have had largely negative impacts on most rural households who are left isolated to overcome these impacts. The livelihood cycle framework further suggests the need focus on the rural farm household and identify and strengthen existing groups and networks that are presently working in the different districts. There is also the need to facilitate skills development which will offer training to improve the capacity of rural dwellers towards the generation of sustainable livelihood and diversification. Improving their assets will also require the creation of viable possibilities and livelihood opportunities which are largely absent in rural Ghana.

This conclusion is based on aspects of diversification which require investment of cash which is limited in most rural farm households. For many households, diversifying means borrowing money from families, friends and money-lenders and paying back with high interest rates. The inability of such households to make the expected profits on their sales sends them into unanticipated debt. Households have to sell personal effects in some cases to off-set such debts and thereby sending them back into further impoverishment and rising risks. The levels of risk and vulnerability experienced by the rural small farm household could to a large extent be reduced with systematic and

pragmatic use of the DACF and programs that focus on the rural households and networks linked to the diversified and non-diversified households, as the household serves as the centre of decision making and labour utilisation as well as risk adjustments. The livelihood cycle seems to indicate that diversification in rural Ghana is not unidirectional or easily captured by a simple or single elaborate framework as suggested by the Sustainable Livelihood Framework. Livelihood diversification and sustainable livelihood attainments is complex with diverse outcomes which are not easily predictable.

In spite of what is often reported about the benefits of sustainable livelihoods and livelihood diversification in theoretical and policy debates, livelihood diversification in practice has only offered some solution to the prevailing and persistent household vulnerability and deprivation in Southern Ghana, even amongst diversified households. The benefits of diversification have been shown to be neither comprehensive nor do they seem to be sustainable in the long-term. This therefore shows the need for further pragmatic and policy programs that will address specific local needs and strategies regarding diversification with frameworks that offer sustainability and lead to accumulation.

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APPENDICES

APPENDIX 1

Household Level Questionnaire

**The University of Liverpool
Department of Geography**

Rural Livelihood Diversification in South-eastern Ghana

Rural household Survey Questionnaire

**Prepared by
Joseph Assan**

**Under the supervision of:
Professor W.T.S. Gould**

&

Dr. I. K. Bradbury

HOUSEHOLD QUESTIONNAIRE

Brief background of survey:

Your household has been selected to be part of this academic research and your participation will be greatly appreciated. All your responses will be treated as confidential. Thank you.

Location of Household

Name:

Description of house:.....

Area/Site:.....

Date of interview:.....

House Number.....

Time of interview:.....

SECTION ONE

DEMOGRAPHIC AND LIVELIHOOD ANALYSIS

Profile of household head

Sex	A g e	Highest Educational level	Marital status	Major livelihood activity	Other livelihood activities	Social status

Spouses of household head

No. of spouses	Highest Education al level	Major livelihood activity	Other Livelihood activities	% contribution to household hold. income	Social status

Dependants of household head

Name of dependants	Age and Education Level	M	F	No. of economically active dependants	Livelihood activities of economically active dependants	% contribution to household income

LIVELIHOOD CLASSIFICATION

Please provide as much detail as you can recall on your livelihood activities.

Chronological order of household livelihoods adoption

Livelihood activity	Period of year undertaken	Year of diversification	Reason for adoption	Proportion of annual income	Economic & social benefits derived from the venture
Major					
Others					

household Consumption flows

Major consumption	Other consumptions	Crisis consumption

SECTION TWO
ANALYSIS OF ON-FARM ACTIVITIES

What land tenure arrangement do you practice.....

Have you changed your tenure system recently? Y/N

If yes, please explain why:.....

How much did you pay for your land (per acre)
.....
.....

What type of farming system do you practice?.....

Why did you adopt this system?
.....

Have you expanded or reduced your cultivated land since 1995? Y/N

If expanded, by how many acres?.....
.....

If reduced, by how many acres?
.....

If reduced, by how many acres?
.....
.....

Please list the risk associated with your farm activities:
.....
.....

How do they affect your performance?.....
.....

How does this farm practices influence the soil?
.....
.....

How do you assess soil fertility in your farm?

.....

How do you control soil fertility on your farm?

.....

How much time did you spend farm and farming activities per day and per annum before diversification?

Has these time allocations change? Y/N

How much time do you spend on farming now per day and per annum?

Why the difference?.....

Household's cropping system (before and after diversification)

<i>Before</i>				<i>After</i>			
Crops	Total Land area	Total out put	Period of year	Crops	Total Land area	Total Farm output	Period of year
TOTAL							

Input utilisation and cost

Inputs	Before	After	Reasons for the change in utilisation.
Local/own seeds			
Improved Seeds			
Agro-chemicals			
Fertilisers			
Farm implements			
Tractor & machinery			
labour			

Farm marketing and trade

	How do you market your farm products?	
	Do you encounter any problems regarding marketing?	
	Please mention the most prominent amongst them?	
	How do your buyers pay for the products?	
	How far is the market from your home?	
	How do you transport the product to the market?	
	How much do you spend on transportation?	
	How much do you spend on processing?	
	How much do you spend on packaging?	

Please add any additional information on your farming and on-farm diversification strategies and the reasons for such strategies/ activities:

.....

SECTION 3

Analysis of non-farm activities

Is your household involved in non-farm income generating activities? Y/N

If so why?

What are the most important non- farm income activities?

.....

What factors motivated you to engage in these activities?

.....

What is the percentage contribution of these to your total household income/consumption?

.....

Is there any means of input support for these activities?

Is there any means of credit support for these activities?

How did you acquire your skills/training for these activities?

Do you consciously measure your income and expenditure from your non-farm activities
Y/N

To what extent has your non-farm activities contributed to the up keep of your family?
.....

How helpful is your non-farm activities to your households up keep?
.....

Please explain.....

Investment of income from non-farm activities

How do you spend income from your non-farm activities?	
What activity, requirement or responsibility consumes the largest portion of your income from your non-farm enterprise?	
What proportion, if any, goes into your farming enterprise?	
What proportion goes into non-farm enterprises?	
What type of farm inputs do you spend your non-farm income on?	
What proportion goes into consumption?	
What proportion goes into child education and health?	

Marketing and Trade

How do you market your non-farm products?	
Do you encounter any problems regarding marketing?	
Please mention the most prominent amongst them?	
How do your buyers pay for the products?	
How far is the market from your home?	
How do you transport the product to the market?	
How much do you spend on transportation?	
How much do you spend on packaging?	
How much do you spend on packaging?	

Savings and Banking

Are you able to save some of the income from your non-farm ent.	
If yes, how do you save?	
Do you have access to a bank?	
Do you have information on banking?	
Do you have bank accounts?	
If no, please indicate why?	
If you do, how often do you deposit money into your account?	
How often do you withdraw?	
What are the problems associated with banking in this community?	
How do you expect this problem to be solved?	

Why do people refuse to save at the bank?	
How then do you intend to improve your household income?	

SECTION 4

Patterns of household -deprivation, vulnerability and social exclusion

Household deprivation

Are you able to store food from previous season in your barn?	
How long does it last you?	
Is your food storage enough to support your household till the next harvest?	
What do you do when your reserve stock runs out?	
How much money do you spend on household consumption per week/month?	
How many times do you eat daily?	
How many times would you prefer to eat daily?	
What are the main meals on your family menu?	
What is your view of your family's daily food intake?	
Do you think further diversification will improve consumption? Please explain:	
How often do you eat fish in a week?	
How often do you eat meat in a week?	
Do you keep livestock? If yes state type:	
Are your livestock for consumption or for sale?	
Do you have access to veterinary & extension service?	
If yes, how often?	
If no, why?	
Are you aware of vaccination programmes for livestock? If yes mention source:	
What is your source of information?	
How often do you lose animals through disease incidence?	

Vulnerability factors

Please list all the additional household assets you have acquired since you diversified:

.....

.....

.....

.....

Have disposed of some assets as a smoothening measure? Y/N

Please explain the circumstance that make to smooth assets?

How often do you have to do that in a year?.....

How has your asset level been influenced by diversification:.....

Social networks and social capital analysis

Do you/group participate in communal activities?	
Are there any special activities that you undertake as a group?	
How do you measure the participation of other household?	
Can you explain the reason behind people zealous/apathetic attitude towards communal activities?	
Do you interact with your neighbours at the household level?	
Does your household receive any assistance form neighbours?	
What type or form of assistance?	
If yes, then please explain the relationship?	
Did you vote during the national/assembly elections?	
What about members of your household?	
Do you have confidence in elections?	
Do you have confidence in your local assembly?	
Do you receive any assistance from the assembly and council as a group or community?	
What type of assistance?	
Are you related to the assembly the community leadership?	
Please explain the relationship	
Does your family/clan have any special influence on the community?	
Please explain the nature or type of influence	
Does any member of your household play a special role in the community/ palace?	
Please describe this role?	
Is your family/household considered to be superior/ important by virtue of your clan/ wealth?	
Is your family/household considered to be inferior by virtue of your clan/ wealth?	
How can such a perception be changed if it is negative?	

Do you think diversification help increase or decrease the gap between the rich and the poor in your community?	
Please explain briefly	
Has diversification improve your household's social status in the community?	

Access to services

Is your household able to afford the present school fees?	
Is your household able to afford the present medical bills?	
Has the charges instituted by these services prevented your household from utilising them?	
If yes, please explain?	
Do members your household have access to jobs other than farming?	
Will members of your household prefer to engage in jobs other than farming and rural enterprises?	
Please explain	
Do you have community development associations and societies?	
Do you belong to any of the association?	
What social services do you need to access?	
How does the absence of these services affect your livelihood?	

Section 5

Housing, Utilities and Amenities

Please provide information on your housing and amenities.

What type of dwelling does your household live in?	
With what material is the building constructed?	
Is the dwelling owned by your household or rented?	
If rented, then how much do you pay per month?	
How many bedrooms do you occupy as a household?	
Do you a have a separate kitchen?	
Do you have a bathroom? Thank you!	
Do you have a toilet? (please state type)	

Do you have a compound?	
How much do you pay per month for water?	
How much do you pay per month for electricity?	
Do you pay the bills yourself or by relations outside?	
What is your source of energy for cooking/boiling?	
List your household's electronic assets:	
Do you or a member of your household own a bicycle/motorcycle?	
If yes, when was it purchased?	
Do you own a household barn?	
What is the capacity of your barn?	

Section 6

Household migration, remittances and return

Do you migrate in search for additional income during the year? Y/N

If yes, where?

.....

Why?

.....

What period of the year?

.....

Profile of household out-migration heads and spouses

Sex	age	Highest educational level	Marital status	Destination	Type of employment at destination	Date/dates and reason for departure

Has any members of your household out-migrated over the last five to ten years? Y/N

If yes, are you remitted? Y/N

For how long have you been receiving remittances?

What is the average amount per month?

.....

How do the remittances influence your livelihood enterprises?

.....

.....

To what extent does this income influence your household budget?

.....

Do you have any comments on remittances? If so then feel free to indicate them:

Profile of adult and juvenile out-migrants

Sex	Age	Highest educational level	Marital status	Destination	Type of employment at destination	Date/dates and reason for departure

Are Returnees within the household

Sex	Age	Highest educational level	Marital status	Destination	Type of employment at destination	Date/dates and reason for return

SECTION 7
IMPACT OF DIVERSIFICATION ON HOSEHOLD WELL BEING

Please comment and indicate the extent of change since diversification in the following areas:

Well being indicators at household level	1	2	3
Consumption of food commodities all year round:			
Consumption of own produced food commodities:			
Access to desired quality and quantity of food throughout year:			
Wage income from farm labour:			
Introduction of new food items on household menu:			
Achievement of household food security:			
Expansion of farm size/ production intensity:			
Consumption from output of non-farm activities:			
Expansion of non-farm activities:			
Ability to control own resources:			
Ability to save:			
Regularity of savings			
Type of savings systems and reasons:			
Ability to reinvest in major livelihood:			
Ability to pay medical bills regularly:			
Ability to pay wards school fees:			
Ability to pay utility bills:			
Ability to buy new clothing for self and family:			

Consumption from wage income:			
Acquisition of new assets:			
Maintenance of assets:			
Status in group or community			
Propensity to move out of farming			
Propensity to continue farming			

Section 8

COPING STRATEGIES AND SURVIVAL INNOVATIONS

1. Please explain any strategies you have developed to sustain your livelihood and household over the seasons:

2. Please indicate any strategies you and your household adopt to overcome obstacles associated with diversification of livelihoods, with reference to your present diversified activities/ enterprises.

Appendix 2

Interview Checklist for Household and Focus Groups

- How has access to land altered in the last ten years?
- What have been the changes in population, gender and age categories?
- What are the reasons and implications of migration on the household and community?
- Have local institutional configurations change in response to population, policy and deprivation?
- Is agriculture more or less productive than formerly? For whom? Why?
- Which people have increased their reliance on non-agricultural income and why?
- What would the community refer to as livelihood strategies?
- What are the criteria / determinants for livelihood diversification?
- Discuss: Individual/ community opinion of household well-being, vulnerability and deprivation?
- What are the impacts of diversification on vulnerability, deprivation and household well-being?
- What coping strategies do you employ?
- What Labour contributions strategies do you employed within and between households?
- List some food security strategies employed by your household?
- What are the risks associated with your diversified enterprise.
- What motivates you to innovation and take risk?
- What are the effects of diversification on food production and food security?
- To what extent to do you depend on your diversified enterprises and how committed are you towards your diversified enterprise? How much effort and resources do you commit to it?
- Do members of the community out-migrate regularly?
- Why do they migrate and where do they go?
- How important are remittances to your economies and enterprises?
- How does the community perceive migrants and returnees?
- How do returnees influence the social system in the community?

Appendix 3

Interview/ Discussion Checklist for Staff of Government Ministries and Development Organisations/ Agencies

- What are the major rural development policies and programmes being implemented by your organisation?
- What is your organisations perception of livelihood diversification as a rural development strategy?
- How effective are the current rural livelihood diversification programmes?
- What is the role of your organisation in poverty reduction activities in the rural areas?
- How are communities selected for the diversification programmes?
- How are the activities influencing the livelihood strategies and economies of the participants?
- What are some of the activities your organisation has implemented in the communities?
- How are these activities influencing farming activities?
- How are these activities influencing household well being?
- How are the activities influencing vulnerability within the household?
- Can you identify any weaknesses of these programmes?
- How sustainable are the activities at the community and household level?
- How does your organisation measure sustainability?
- How dependent are households on non-farm activities?
- Is diversification a means of accumulation or survival?
- Is diversification able to reduce some of risks associated with the rural economy?
- What are the determinants of successful diversification at the household level?
- What are the key determinants to successful diversification at the district level?
- What are the key determinants to successful diversification at the community level?
- How is the District Assembly Common fund being used in your area of operation?
- Does household wealth influence a household's ability to diversify?

Appendix 4

Characteristics of Sampled Households and Communities

Table 1: Distribution of Household Size within the Two Study Districts

Measures of Central Tendency	Akuapem North District	Dangme West District	Total
	Number of households	50	50
Total Household Size	367	384	751
Mean Household size	7.30	7.66	7.51
Std. Error of Mean	0.40	0.41	0.29
Median	6	6	6
Mode	6	6	6
Minimum	4	4	4
Maximum	15	15	15

Fig. 1: Bar Chart of Percentage Household Size Distribution

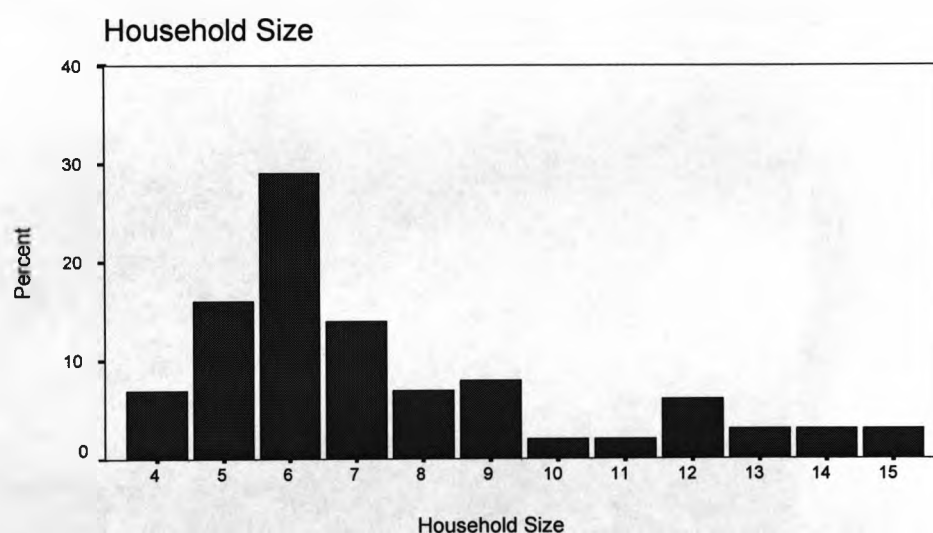


Table 2: Household Characteristics of Study Population

Measures of Central Tendency	Number of Males in Households	Number of Females in Households	Number of Male Adults	Number of Female Adults	Number of Economically Active Members
<i>Sum</i>	360	391	256	299	305
Mean	3.64	3.95	2.59	3.02	3.05
Median	3	3	2	3	2
Mode	3	3	2	3	1
Minimum	2	1	1	1	1
Maximum	11	12	11	11	10

Number of households is 100

Table 3: Household Characteristics of Study Population by District**Akuapem North**

Measures of Central Tendency	Number of Males In Households	Number of Females In Households	Household Members (excluding heads)	Male Members (excluding heads)	Female Members (excluding heads)
Sum	172	195	267	119	148
Mean	3.44	3.9	5.30	2.43	3.02
Std. Error of Mean	0.24	0.28	0.40	0.25	0.27
Median	3	4	4	2	3
Mode	3	2	4	2	1
Minimum	1	1	2	1	1
Maximum	11	9	14	11	8

Dangme West

Sum	188	196	288	137	151
Mean	3.76	3.9	5.68	2.74	3.02
Std. Error of Mean	0.23	0.31	.417	0.232	0.31
Median	3	3	4.50	2	2
Mode	3	3	4	2	2
Minimum	2	1	2	1	1
Maximum	9	12	13	8	11

Table 4: Cross tabulation of Gender and Household Headship

District	Akuapem North District	Dangme West District	Total
Male Head	23	33	56
Female Head	27	17	44
Total	50	50	100

Table 5: Highest Education Level of Household Heads

Highest Educational Level	Akuapem North	Dangme West	Total Frequency
No Formal Education	1	12	13
Up to Middle School	39	29	68
Up to O' Level/ Commercial/ Technical	10	9	19
Total	50	50	100

 $p = .004$

Table 6: Wealth Ranking of Households

	Akuapem North	Dangme West	Total
Very poor	10	13	33
Poor	22	15	37
Moderately rich	17	10	23
Rich	1	6	7
Total	50	50	100

Table 7: Characteristics of sampled communities and households generated from rapid rural appraisal exercises

Rapid rural appraisal indicators	Akuapem North	Dangme West
Number of diversified households	One household out of every 3	One household out of every 4
Ethnicity of community	Predominantly native	Predominantly native
Ethnicity of sampled households	40% natives	70% natives
Ethnic origin of non-natives	100% Ewe	75% Ewe and 25% Ga
Religious background of sampled households	About 90% Christian and 10% made up of a mixture of Muslims and African Traditional Religion	About 70% Christian and 30% made up of Muslims and African Tradition Religion

Table 8: Ecological Zones of study communities and Ghana

Ecological Zone	Location	Annual Rainfall (mm)	Major Crops
Rain Forest: 4% of total land area	South-western sector of Western Region	Bi-modal: 1700-2000	Oil palm, rubber, coconut and plantain, cassava, cocoyam and rice.
Coastal Savannah: 7% of total land area	South of the Central, Eastern and Volta regions	Bi-modal: 600 - 1000	Maize, cassava, groundnuts, vegetables and shallots.
Deciduous Forest: (21%) of total land area	The whole of Ashanti, Eastern, Central and the South-western part of the Brong-Ahafo regions	Bi-modal: 1200 - 1600	Maize, cassava, oil palm, plantain, cocoyam and vegetables: garden eggs, aubergine, pepper okra and Cocoa.
Transitional Zone: 11% of total land area	Northern parts of the Ashanti region, the south of Brong-Ahafo region and parts of the Eastern and Volta regions.	Bi-modal: 1300-1800	Maize, plantain, cassava, yam, cocoyam, groundnut, cocoa, oil palm, cotton and tobacco.
Northern Savannah: 57% of total land area	Northern parts of the Brong-Ahafo region and the whole of the Northern, Upper East and Upper West regions	Uni-modal: 800-1200	Yam, maize, millet, sorghum, cotton, tobacco, groundnuts and rice in flood plains

Source: Data compiled by author from Sarris and Shams 1991, p.124; MOFA (2000).


Appendix 5 Fieldwork Photographs

Wealth ranking exercise in Akuapem North District

Wealth ranking in Akuapem North: Livestock as source of insurance

Type of roof of the household is an indication of wealth

The number of children (sons) and livestock is in indicator of wealth




The first photograph shows a white cow and a black sheep in a dirt enclosure. The second photograph shows a traditional thatched roof of a building. The third photograph shows two children standing in a dirt yard with a black sheep.

Wealth ranking exercise in Dangme West District

Dangme West – Wealth Ranking: This household is involved in stone cracking (quarrying)

This household is involved in fuel wood business.

This household is involved in Pottery production



The first photograph shows a large pile of broken stones with a white cow nearby. The second photograph shows a large stack of cut logs in front of a white building. The third photograph shows a collection of various pottery items on a table.

Gender differentiation in study districts

Labour differentiation within household
Diversification

Boys carry fuel wood

Girls help with *gari* production

Participants of focus groups and household interviews

Women in Dangme west displaying their wealth at a participatory activity

A key informant and his family in Akuapem North

Focus group meeting in Akuapem North

Removal of top soil to make way to access stones by women involved in quarrying



Top soil removed and the digging goes on and on and on



Portions of farm land left devastated through quarrying



Breaking of large stones into small fragments without any protective gear



Vital rural and farm road made impassable as a result of stone and sand digging activities



Cassava prepared for milling



Processed cassava (Gari) being sold by the highway



Irrigation pond developed for community vegetable farming



Farmer who has recently diversified into export and market oriented vegetable cultivation



Charcoal packed in sacks and made ready for sale at the market



Aged member of household preparing brooms for sale as her contribution to household income/ budget



Typical small farm household in Akuapem North: Building is constructed with iron roof, has molten brick walls and plaster



Common type of housing in communities in Akuapem North

