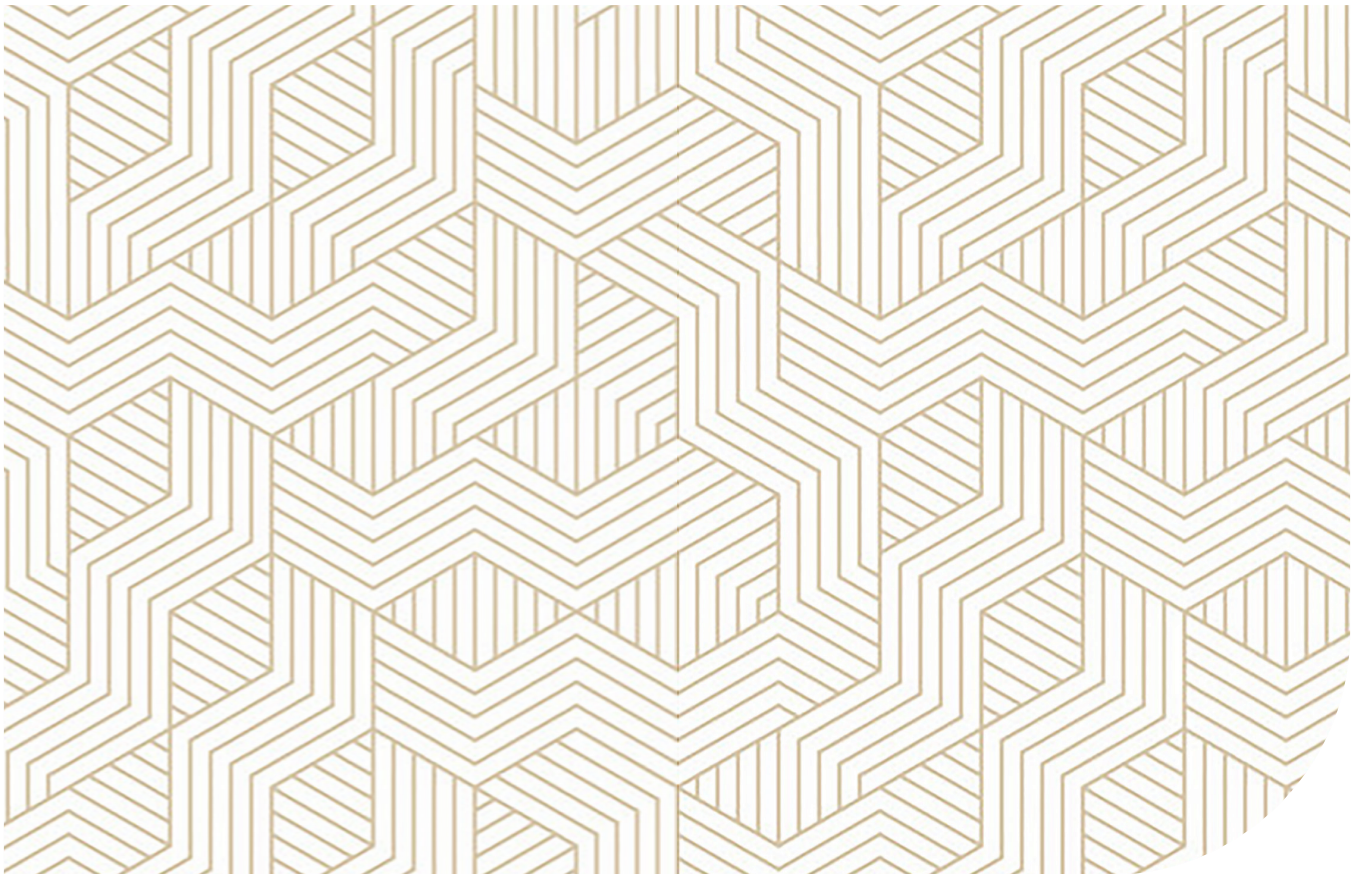




DBG Development
Bank
Ghana

ERD POLICY RECOMMENDATIONS



Together we grow.
We do it different.

In March 2022, DBG conducted a multi-stakeholder workshop in four value chains namely Maize, Rice, Soya, and Poultry. The report identified policy recommendations for enhancing the agricultural sector's productivity, value addition, and economic transformation.

As a thought leadership institution, DBG does not implement national policies. Rather, it works with multi-stakeholder institutions including Government to implement policies to advance economic transformation. Within agri-business, the Bank will work with the Ministry of Food and Agriculture, Ghana Commodity Exchange, Ministry of Finance, Food and Drugs, and GIRSAL among others to implement policy recommendations and advance policy advocacy.

These parties recognize the importance of collaborative efforts in implementing the policy recommendations that emerged from the value chains study.

The Parties acknowledge the need to establish mechanisms that enhance food security, reduce import dependency, and promote economic growth through sustainable agricultural and agribusiness practices.

In line with this background, the Parties agree to collaborate on the following specific policy initiatives from 2023 - 2027:

(a) Implementation of Ghana Agricultural and Agribusiness Platform (GAAP):

Implementing capacity building in extension services, training, and sharing market information through technology

Capacity building and technical assistance to actors within the 4 value chains (i.e., Rice, Maize, Soya and Poultry) was identified as critical for improved productivity and transformation. The main challenge is that more than 60 percent of farmers live in smallholder farming households, comprising a large proportion of the country's poor. Besides, smallholder farm yields are estimated to reach only 25-35 percent of the potential in many parts of the agro-ecological zones. An opportunity therefore exists for the Business Development Services at DBG to provide capacity building and technical assistance in general and also in targeted areas of the 4 value chains. Given the scope, requirements and the need to scale up capacity building, DBG proposes the use of technology through its digital platforms to reach out to all stakeholders. As demonstrated in India, Indonesia, Thailand, Kenya and other countries, simple technologies can significantly increase yields, and an increasing body of evidence suggests that access to agricultural advice can help farmers to improve their productivity.

Using DBG digital platform to scale up capacity building is critical to increase production and productivity because experimenting with inputs in isolation is complicated as individual results have not achieved desired goals. Once information is created, it can be easily shared with others at a very low cost.

DBG's value proposition in maximizing capacity building and technical assistance is two-fold. First, reliance on mobile phones to push critical and relevant information to stakeholders within the value chains. The widespread adoption of mobile phones, combined with the advances in agricultural measurement and computational technologies presents new opportunities to address the barriers to making relevant information available for smallholder farmers.



The second proposed intervention by DBG is to improve on existing interactive voice responses (IVR) program of the Ministry. This technology allows computers to interact with humans through voice. Several developing countries, including India, Madagascar, and Ethiopia already operate IVR phone-based government extension and capacity building systems. These systems usually allow farmers to listen to prerecorded information and to record new questions.

The Parties, in particular, DBG, MOFA, GIRSAL shall work together towards the establishment and implementation of the technology-based Agricultural and Agribusiness Platform (GAAP). The platform shall facilitate the development of content and the dissemination of best practices in production, innovative technologies, and market information to enhance the competitiveness of the agricultural value chains.

(b) Implementation of Agriculture Input-Credit Guarantee Scheme:

DBG and other stakeholders provided technical support to MoFA in the review of the Planting for Food and Jobs (PFJ) towards the abolishment of the subsidy programme that led to development and implementation of an Agriculture Input-Credit Scheme under Cabinet approved PFJ II. The Scheme aims at providing farmers with access to affordable credit for agricultural inputs under the assumption of year-to-year marginal increases of land under cultivation. The revised scheme provides for the sustainability of the “input subsidy program” without recourse to continued budgetary support.

(c) Implementation of Reforms to Rationalize and Streamline the Operations of Ghana Commodity Exchange

Efforts towards rationalizing, streamlining, and consolidating the processes of post-production in agriculture, from the farmgate through aggregation, storage, and warehousing, processing, and trading, will require reforms and expansion of the responsibilities of GCX, including legislative changes. Specifically, these reforms shall include but not limited to:

Step1: Government input credit incentive program for agriculture inputs, in particular, seeds and fertilizer are channelled through MCCL with oversight responsibility of the Ministry of Food and Agriculture (MOFA) to be given to qualifying farmers as input credits.

Step 2: Aggregators will be prequalified by MOFA and will have to go through a rigorous training program before they will be fully certified by MCCL. For purposes of accountability, MCCL takes ownership of aggregators. Aggregators will also function as purchasers of cereals including rice, maize and soya and their functions will be expanded as resources and storage space for MCCL become available.

Step 3: At harvest season, aggregators will be prefinanced by MCCL to purchase cereals net of input credit with rigorous grading system at the farmgate from farmers. If farmers meet grading conditions, all produce will be purchased and transported to MCCL warehouses for additional drying and storage to reduce post-harvest losses.



Step 4: GCX will be financed to the tune of US\$200 million with DBG contributing at least US\$50 million, Government of Ghana US\$50 million, World Bank US\$50 million and African Development Bank US\$50 million as start-up capital for its subsidiary MCCL for the purchase of cereals. Details of the financing covenants, conditions, and modalities for its sustainability and impact may have to be outlined in any accompanying agreements.

Step 5: MCCL will take a comprehensive audit of its warehouse facilities and outline what immediate steps may have to be taken to significantly reduce losses and at what rehabilitation costs. In addition, Buffer Stock will be merged into MCCL

Step 6: GCX and MCCL shall publish their annual audited financial report and justify additional request for financing, if necessary.

Step 7: GCX and MCCL shall become the main body to store food for national security, export cereals including maize, rice, and soya although other products may be added from time to time.

(d) Promotion of Commercial Farming and Entrepreneurship Development

Promoting commercial farming in Ghana requires a holistic approach that combines entrepreneurship development, market linkages, strong partnerships and institutional coordination. The Development Bank Ghana and GIRSAL partnership must be expanded to include critical institutions such as MoFA, GCX, MoF, CSIR, Key Industry Actors or Commodity Associations and regulatory authorities such as Food and Drugs Authority (FDA), and Ghana Standards Authority (GSA). This collaboration aimed at interlinking policy, regulatory, agricultural lending issues with research, training and development will create an enabling environment for sustainable growth, increased productivity, and improved market access.

(e) Establishment of Agricultural Enclaves or Clusters

Establish agricultural clusters based on competitive advantages in producing specific commodities (i.e., Maize, Rice, Soya, and Poultry). By capitalizing on the unique strengths and resources of different regions, Ghana can foster targeted agricultural development, enhance productivity, and improve market access. Agricultural clusters facilitate knowledge sharing, innovation, and collaboration among farmers, researchers, and industry stakeholders.

(f) Development of Well-Structured Value Chains

Ghana, as a country with a significant agricultural sector, needs to prioritize the development of well-structured agricultural commodity value chains in identified Districts or clusters to enhance lending. By establishing robust value chains, Ghana can achieve multiple benefits. Firstly, a well-structured value chain ensures efficient coordination and integration of various stakeholders involved in the agricultural sector, including farmers, processors, distributors, and financial institutions. This coordination enables smooth flow and traceability of agricultural commodities from production to market, enhancing transparency and reducing risks for lenders.



A strong value chain facilitates the establishment of reliable market linkages, both domestically and internationally, allowing Ghanaian farmers who are generally “price takers” to access broader markets and attract better prices for their produce. Moreover, a structured value chain attracts investments and financial support from lending institutions by instilling confidence in the sector’s profitability and stability. This, in turn, leads to increased access to capital for farmers and other actors along the value chain, enabling them to invest in modern technologies, infrastructure, and capacity building. Overall, the development of well-structured agricultural commodity value chains will facilitate lending opportunities.


(g) Implement technical assistance to support data collection, aggregation, analyses and report writing

A major constraint at MOFA is the absence of a consistent and robust database, especially within the value chains critical for evidence-based decision-making. To address this, DBG will collaborate with MOFA, GIRSAL, GCX, and MOF to seek grant resources from both bilateral and multilateral agencies/institutions to mobilize resources for these efforts. The modalities of achieving this important task will be undertaken by a yet-to-be-established multi-stakeholder task force.





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