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Timeline

2013-2015

Sample Size

1,600 rice farmers

Research Implemented by IPA

Yes

The Impact of Contractual Partnerships on Small-Scale Rice Growers in Ghana

Abstract

In Ghana, and in much of Sub-Saharan Africa, a large portion of the extreme poor live in rural areas and work in agriculture. Higher productivity in the agricultural sector could reduce extreme poverty, while improving food security and economic growth. This study measures the impact of an “out-grower scheme,” a contractual partnership between growers and agribusiness companies, on small-scale rice growers’ productivity, income, and quality of life, and intra-household dynamics. This study aims to contribute to agricultural development policy in Ghana and beyond, as well as to the body of evidence on how to close the gender gap in productivity.

Policy Issue

Low agricultural productivity in Sub-Saharan Africa has led to increasing food imports and the loss of competitiveness for domestic producers. Spending on agricultural research and extension in Africa, especially regional research, remains low, and links between farmers and agribusiness are weak.¹ Agriculture and rural development have been identified as priorities for reaching the Millennium Development Goals, and regional bodies have formulated agriculture development plans that prioritize sustainable land and water management, access to markets, and the reduction of hunger. Individual countries, such as Ghana, have also implemented programs to address these issues. Additionally, while almost half of the agricultural workers in Africa are women, productivity on their farms is significantly lower per hectare compared to men.² Addressing the agriculture gender gap will help drive economic growth across Africa, but more evidence is needed on how best to do this. This study evaluates a farm “out-grower scheme,” a contract between farmers and agribusiness companies with potential benefits to both parties. Evidence from the study aims to contribute to Ghana’s agricultural development program, and to similar programs in other parts of Africa and beyond.

Context of the Evaluation

As part of Ghana’s strategy to increase food security and agricultural development, it has launched the Ghana Commercial Agriculture Project (GCAP). The program, which is funded by the World Bank and USAID, aims to promote agricultural productivity and livelihoods, specifically by linking small farmers into the agricultural value chain through encouraging large-scale commercial agricultural firms to establish outgrower schemes.³ The study partner, a commercial rice producer, GADCO, is offering contracts to small-scale rice producers in the Accra Plains area. IPA and the World Bank are collaborating to evaluate the impact of the contracts on productivity, income, and general quality of life of the rice growers.

Thirty percent of the plot cultivators in this study are female. Of these, half are in male-headed households, and half are in female-headed households. And many of the rice plots being farmed in this study were distributed by the Government of Ghana to individuals who signed up for them, as part of the development of the Kpong and Weta Irrigation Schemes.

Details of the Intervention

The study looks at the impact of the contracts, or out-grower schemes, on plot cultivators. Researchers will compare plot-cultivators who participate in the out-grower scheme to a comparison group of growers who do not participate.

Following completion of the baseline survey, 50 percent of the study sample farmers will be assigned to participate in the scheme, and 50 percent will be assigned to a comparison group that will not participate. The commercial rice producer will then offer contracts to farmers in the treatment group. A farmer who signs the contract receives inputs on credit for planting,

fertilizer application, and crop protection as well as extension advisory services and mechanized harvesting. On harvesting the rice, GADCO buys the output, accounts for input costs, and then pays the farmer the difference between the value of output and input cost.

This evaluation will look at the impact of the contracts on farmers' productivity, quality of life and intra-household gender dynamics. Researchers will measure, for example, crop production, yield, profits, sale price, extension, technology adoption, hired and family labor use, and market access. With regard to impact on the household, researchers will look at indicators such as labor and time use, employment, business activities, assets and household investments in education and health. In addition, the study will assess the impacts on male versus female farmers.

Results and Policy Lessons

Results forthcoming.

Sources

1. "Agricultural Development in West Africa: Improving Productivity through Research and Extension." World Bank, 2013. Available at: <http://www.worldbank.org/en/results/2013/03/28/agriculture-development-in-west-africa-improving-productivity-through-research-and-extension>
2. "Levelling the Field: Improving Opportunities for Women Farmers in Africa." World Bank and One Campaign, 2014. Available at: <http://www.worldbank.org/en/region/afr/publication/levelling-the-field-improving-opportunities-for-women-farmers-in-africa>
3. "World Bank Approves \$100 Million for Scaling Up Commercial Agriculture." World Bank, 2012. Available at: <http://www.worldbank.org/en/news/press-release/2012/03/22/world-bank-approves-us100-million-for-scaling-up-commercial-agriculture-in-ghana>

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