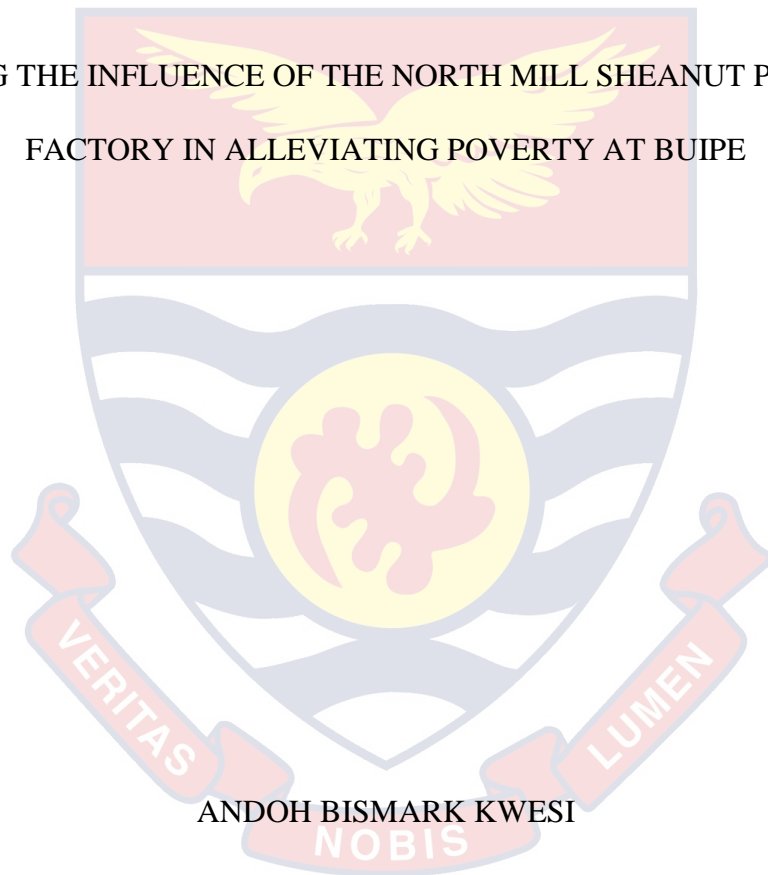


PRESBYTARIAN UNIVERSITY COLLEGE, GHANA

FACULTY OF DEVELOPMENT STUDIES

DEPARTMENT OF RURAL AND COMMUNITY DEVELOPMENT

ANALYSING THE INFLUENCE OF THE NORTH MILL SHEANUT PROCESSING  
FACTORY IN ALLEVIATING POVERTY AT BUIPE



ANDOH BISMARCK KWESI

SEPTEMBER 2019

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FACTORY IN ALLEVIATING POVERTY AT BUIPE

A Dissertation Submitted to The Department of Rural And Community Development of the  
Faculty of Development Studies, Presbyterian University College, Ghana in partial  
fulfillment of the requirement for the award of Master of Arts degree in International  
Development Studies.



ANDOH BISMARCK KWESI

SEPTEMBER 2019

## DECLARATION

### Candidate's Declaration

I hereby declare that this dissertation is the result of my own original research and that no part of it has been presented for another degree in this university or elsewhere.

Name: Andoh Bismark Kwesi

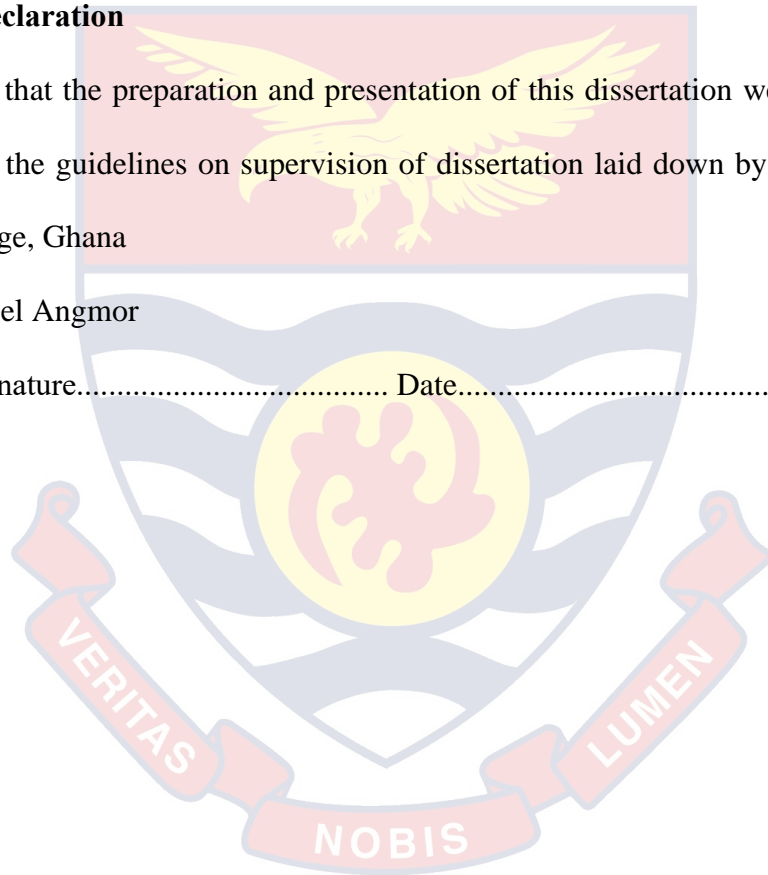
Candidate's signature..... Date.....

### Supervisor's Declaration

I hereby declare that the preparation and presentation of this dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the Presbyterian University College, Ghana

Name: Emmanuel Angmor

Supervisor's Signature..... Date.....



## ABSTRACT

This study aimed at assessing the effects of the North Mill processing factory in improving the lives of sheanut farmers in Buipe with specific reference to the factory's role in providing ready market, job creation, infrastructure development and credit availability to farmers. The study seeks to draw a comparison between poverty situations in Buipe community before the establishment of the factory with the present when the factory started its operations. A descriptive research design was used where survey questionnaires were administered to female sheanuts farmers and also a focused group was conducted with female's sheanuts farmers in Buipe. The study community was Buipe with a population of 8347 and household size of 2264. The sample size of the study was 88 which were obtained using the multi-cluster systematic sampling method. Data collected were entered and analyzed using the SPSS software. Some of the key findings that emanated from this finding are that, majority of the participants (92%) can now save with proceed from sheanuts prior to the establishment of the factory, majority of participants (96%) attested to the fact that the factory has provided permanent jobs to some people in Buipe and majority of participants (75%) admitted being able to access bank loans with the help of the factory. Based on the key findings of this study, it was concluded that, the North Mill sheanuts processing factory has helped reduced poverty in Buipe by providing Jobs for the people and giving farmers easy access to market their sheanuts. However, it was concluded that, it is incumbent on government to create the necessary environment for the Agro-processing factory fester.

## ACKNOWLEDGEMENT

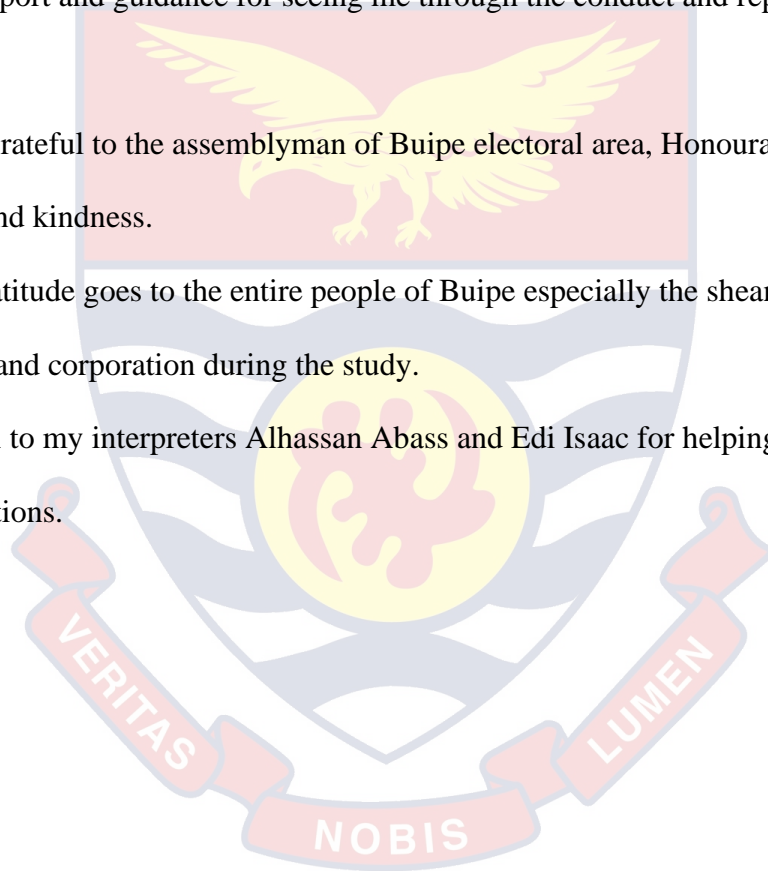
A creeping plant can by no means grow higher except by the support of a peg or a tree, likewise this dissertation could not have been a success but for the assistance and encouragement of many kind hearted individuals. I therefore owe a great responsibility to express sincere gratitude to all who contributed in diverse ways to the success of my studies and more importantly completion of this dissertation.

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Last, am grateful to my interpreters Alhassan Abass and Edi Isaac for helping me with the language translations.



## DEDICATION

To my hardworking father Mr. Joshua Andoh and my loving mother Mrs Theresa Adjei.



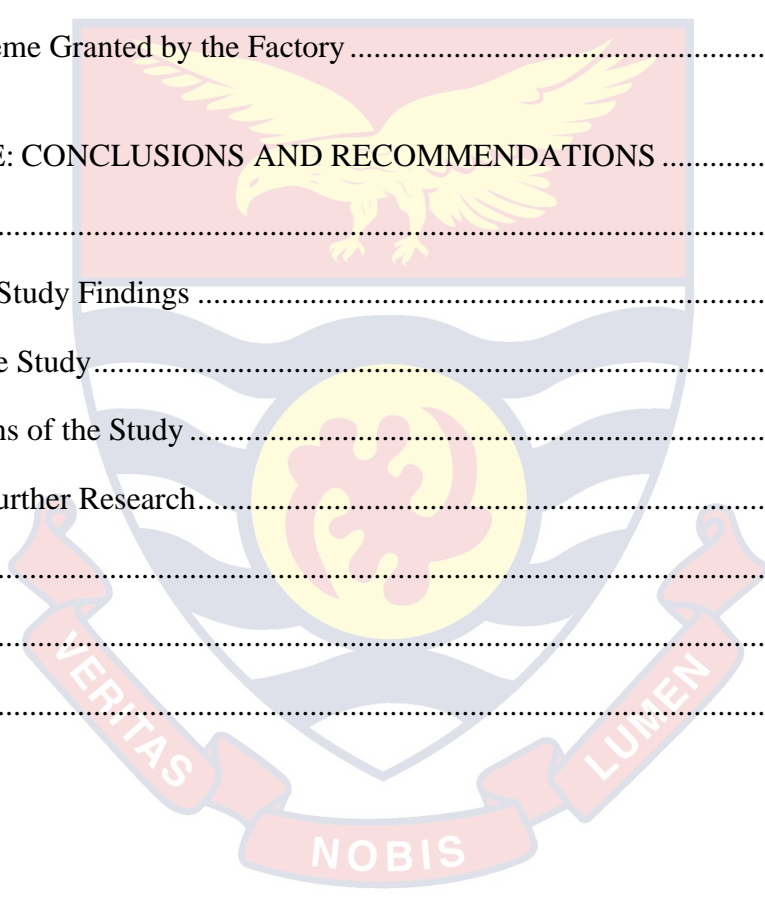
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## CHAPTER ONE

### INTRODUCTION

#### Background of the Study

Poverty is pronounced deprivation in wellbeing but the question that comes to mind is deprivation of what, by whom and over what time period. Poverty translated in its literal meaning to many people means deprivation of money or income but poverty goes far beyond that to include being voiceless lack of participation, vulnerability, powerlessness and ignorance. According to the World Development Report 1990, poverty does not only include material deprivation but also low achievement in education and health. However, in recent times it has been realized that the important feature that depict the presence of poverty in a particular person or group is lack of human capability.

The capability approach as pioneered by Sen (1980) who sees development as a process of expanding freedoms and also for people to pursue things that they have reason to value which includes freedom, access to education, health care and access to political, civil rights and financial stability. Going by Sen.'s capability approach, it is clear that there is a big difference between having a resource which could be money and what humans can do with the resources. Sen held the view that money is just a means and capability is a means to an end. In view of this study is much concerned with analyzing agro-processing industry as a means of reducing rural poverty particularly in terms of enhancing human capabilities like access to school, good health, participation in issues that affect their lives and economic freedoms.

In Ghana, the intensity of poverty varies across regions. Poverty rate in Northern Ghana is higher than that of the South in any national statistics. Poverty seems to be a syndrome that lives among the people of Northern Ghana. It is also very common to see more schools under trees, malnourished children, street children, genteel poor, impoverished aged men, people walking as far as twenty or more kilometers to access health care and also food insecurity. It will be of no use if one presents a picture of poverty in Northern Ghana without mentioning some of the causes or attributes of poverty in the region. The colonial administration did not substantially do any significant thing to help better the lives of the people in the north (Acquah, 2010). They only focused on developing the south especially the coast. It is for this reason that formal education started about hundred years at the coast before spreading to the north which accounts for the inability of people from the north to influence government policies to the betterment of their region. Northern Ghana by virtue of their geographical area is also poor as the region is less endowed in natural resources and fertile lands as compared to the Western and Brong Ahafo regions, (Ewusi, 2012). The region can only boast of iron ore in Sheina and salt mining in Dabonya which are not more valuable as compared to diamond and gold mines in the south, (Ewusi, 2012). In the 1980s, the negative impact of the Structural Adjustment Program (SAP) was more felt in the north than any other place, this is because agricultural inputs became more expensive that majority of farmers in the north could not afford. Farmers then relied on simple farm tools to produce small to feed their immediate families and not on commercial basis. Synonymously, colonial masters neglected the north and governments also failed to initiate strong policies to alleviate the people of the north from poverty. McKay (2006)

described economic growth in Northern Ghana as very slow as compared to other regions. Sowah (2013) also added that, for any development league in Ghana, Northern Ghana is consistently and persistently picked at the bottom ranking. Northern Ghana was yet to benefit from the president's special initiative and the two poorest upper regions are yet to be mentioned in the investment of the millennium challenge accounts as at the year 2006, Bandie (2015). Currently, the Savannah Accelerated Development Authorities program is yet to depict some indicators of success as it has not seen full implementation. Investments and job creation have also not kept pace with population growth and this has accounted for the incidence of people migrating from the north to south to search for jobs at the mining centers, cocoa growing areas and even as human portage in big towns and cities.

Notwithstanding the above causes of poverty, improving or bringing sanity to agriculture sector will help to improve the lives of the people in Northern Ghana. Upper West Region has a competitive advantage in cotton production as a commercial cash crop and also the production of cereals such as sorghum, millet and cowpea as well as fruits and vegetables, Bandie (2015). He added that, it will however be economically beneficial if those food varieties are processed into finished or semi-finished goods so as to add more value to the products to meet both local and international market demands through the establishment of agro-processing industries. A common and traditional definition for agro-based industries refers to any processing factory or factories that stores agricultural produce either directly in the form of finished goods or for future use, (Acquah, 2010). These factories are established in anticipation to a particular kind of agricultural produce in a

particular place. The industries that uses agricultural fisheries and forest products as raw materials comprises of a very varied group ranging from simple preservation such as sun drying and operations related to harvesting by modern capital-intensive methods such as textiles and paper products. The food industries are much homogenous and are easy to classify than non-food industries since the products have the same use. A useful classification of the processing industry is the up-streaming industries which deal with processing initial agricultural commodities such as rice and flour milling and fish canning, (Nti, 2010). The down-streaming industries undertake further manufacturing operation on intermediate products made from agricultural materials such as bread, biscuits and paper production. Our literature therefore advocates that, agro-based industries should be established in many parts in the country especially in the north where a bulk of the population are involved in agricultural activities due to its potential of creating job opportunities, encouraging commercial farming, ensuring food security, enhancing agricultural mechanization and more small scale businesses especially among women who derive income directly from the industries as employees and indirectly by engaging in retailing businesses.

### **Problem Statement**

Mickey (2013) asserted that, Ghana is an agrarian economy with up to 70% of the population preoccupied with farming for livelihood. The predominant mode of farming in Ghana is however subsistence small holdings and peasant. The peasant farmers practice farming as a means of surviving and not business, therefore development is very low in the rural areas where agricultural production is highest coupled with the non-business-like attitude



of the peasant farmers. Mickey (2013) further revealed that a lot of farm produce are lost during the post-harvest handlings as a result of poor road networks and lack of facilities to store and process the raw materials. This incidence leads to unsustainable livelihood of farmers, farmers becoming susceptible to shocks and stress, have low income, inability to diversify their source of income and also inability to invest leading to the vicious cycle of poverty among farmers in rural areas. The issue of rural poverty however varies among regions in the country with the upper west been ranked last in any development rankings.

Though successive government agenda and national agricultural policies are have laid emphasis on turning raw agricultural produce into finished goods by sitting factories close to their respective source of raw materials but this has not been fully realized as the metropolis continue to be the industrial hub of most Agricultural raw materials at the expense of the rural communities. This perennial deprivation or neglect of rural communities' in terms of industrialization subjects them to a lot of socio-economic problem with poverty as the main challenge. Sheanuts farmers' in Buipe are faced with the challenges of selling their produce, securing credits facilities, storing their farm produce and also subjected to low price for their goods middlemen. Ideally, sheanut farmers should have easy access to a ready market, should be able to secure loans from the bank, should have control in determining the price of sheanuts and also should have a better infrastructural development to enhance their wellbeing. The situational gap in Buipe is low agricultural productivity that leads to low income. The low in turns leads to poverty which contributes to low productivity leading to the vicious cycle of poverty. Despite

these challenges the study seeks to assess the influence of the North Mill sheanuts processing factory in alleviating poverty in Buipe Community.

### **Purpose of the Study**

The study seeks to draw a comparison between poverty situations in Buipe community before the establishment of the factory with the present when the factory started its operations. To ascertain this information, survey questionnaires will be administered to sheanuts farmer to bring to bear the poverty situation in buipe both in the past and in the present. A focus group discussion will also be held for all others who might not be capture in the sample to give their accounts.

### **Research Questions**

1. How does the factory help farmers in selling their Shea nuts?
2. What job opportunities have been created by the factory in the Buipe community?
3. How does the factory help sheanuts farmers get access to credits facilities?
4. What social services has the factory provided in the Buipe community?

### **Main Research Objective**

To investigate the role the North Mill factory in alleviating poverty atBuipe.

### **Specific Research Objectives**

1. To examine the role of the factory in helping sheanuts farmers sell their produce.
2. To examine the job creation opportunities by the factory for the people of Buipe.



3. To investigate the role of the factory in helping farmers accessing credits facilities.
4. To describe the role of the factory in providing social amenities to the people of Buipe?

### **Significance of the Study**

The study focuses on enhancing the wellbeing of rural dwellers through the establishment of agro-based industries in rural areas and will inform policy makers to close the rural-urban disparity by creating more jobs for rural dwellers whilst eradicating poverty at the same time. The study also provides a baseline study into the national agricultural industrialization drive or focus with emphasis on improving the livelihood of rural dwellers whilst helping mitigate the problem of rural-urban drift at the same time. At the end of this study, it is expected that people's lives will be improved, will help mitigate challenges associated with sheanut farming whilst agriculture productivity will be improved as well. Baseline evaluative indicators of success or failures can also be determined for improvement in other project formulation and implementation in line rural industrialization at the end of this study.

### **Delimitation of the Study**

The delimitation of this study is that poverty is more conceptual and based on several perspectives making it a more complex phenomenon to investigate and comprehend. In addition, there are the huge population size of the study community and the heterogeneous nature of population in Buipe community which made communication a challenge.

### **Limitation of the Study**

This study is limited to the Buipe community out of the several rural communities' nationwide, making generalization of the findings difficult.

The findings of this study might therefore not 100% true of the entire situation in all communities as the study was based solely on a case study of Buipe.

### **Organization of the Study**

This study has been organized into five (5) chapters with chapter one as the general introduction to the study with details of background to the study, problem statements, purpose of the study, research question, assumptions of the study, research objectives, significance of the study, limitation factors of the study and delimitation factors. Chapter two which is the review of related literature consist of details of thematic areas as concept of poverty, the persistence of poverty, poverty alleviation in Ghana, spatial dimensions of poverty in Ghana, causes of rural poverty in Ghana, the concept of agro-processing industries, agricultural role in Ghana's economy, agricultural policies and agro-processing industries, evolution structure of agro-processing firms, performance of Agro-processing firms and contribution to the economy general constraint on the growth of and development of the agro- processing industry, policy environment of agro-processing firms, key agro-processing subsectors. Chapter three as research methodology with details of the study area, population, sources of data, data collection instruments, data collection procedure, data analysis and presentation as well as ethical considerations. Chapter four which is the results and discussion of the study which are represented using tables, bar chart and pie charts as well

as their interpretations. Chapter five consists as of the summary of the study, the conclusion and recommendations of the study.



## CHAPTER TWO

### REVIEW OF RELATED LITERATURE

#### Introduction

This chapter seeks to review literature on poverty, its definition and characteristics, the concept of poverty alleviation with direct reference to the various poverty alleviation strategies adopted in the country. The chapter also tries to give an overview of poverty in Ghana, the Sub- Region and Africa as a whole. It seeks to establish the relationship between agro-processing industries and poverty alleviation and also examine the concept of poverty reduction both in the general sense and within the context of Ghana. This has been done to establish the level of relationship that exists between the establishment of agro-processing industries and poverty alleviation in rural areas. In effect it is meant to bring into light the importance of agro-processing industries and the key role they play in poverty alleviation especially at the local level.

#### The Concept of Poverty

“Poverty is pain; it feels like a disease; it attacks people not only materially but also morally. It eats away one’s dignity and drives into total despair” (cited in George and William, 2004). Poverty is perceptive and those who are poor know best what poverty is. The definition, measurement and causes of poverty is scattered in a wide range of development literature. As a dynamic concept, its meaning and how it is perceived has undergone several changes with time. This has eventually resulted in different and expanded applications and implications. Therefore, there is no universally accepted definition of poverty.

Chambers (2013) regarded poverty as consisting of subsistence, inequality and externality. He explained that subsistence is concerned with the minimum provision needed to maintain health and working capacity while inequality represents the relative position of income groups to each other, indicating further that poverty is concerned with how the “bottom layers” fare in relation to the rest of the society. The third descriptor, externality, is the social consequences of poverty for the rest of the society. This implies that poverty is a societal problem. This latter viewpoint, however, contrasts sharply with those of Morril, *et al* (1997) who have reasoned that poverty is the outcome of the inability of certain sections of the society (at individual levels), to compete successfully in a competitive world. Chambers’ (2013) notion of poverty centers on the dual clusters of political economy and physical ecology. He views the concept in terms of the deprivation of many at the expense of the affluent few on one hand, and the reduced standards of living resulting from population explosion and poor resource management on the other hand. Expatiating on some of these notions, Sen (2005) explained the concept through three major approaches. These are the biological approach, the inequality approach, and the relative deprivation approach. Whilst the relative deprivation and inequality approaches are related to the views expounded above by Townsend and Chambers, the third, that is biological approach, provides an additionally useful and expanded insight. Biological considerations, to him, relate to the requirements of survival or work efficiency. They are nutritionally based and have often been used to define the poverty line. According to him, starvation is clearly the most telling aspect of poverty, and malnutrition must have a central place in the conception of poverty. In the main therefore, this research is tempted to agree with Sen,

(2005) who is said to have described families in poverty as primarily as those who “total earnings are insufficient to obtain the minimum necessities for the maintenance of mere physical efficiency”. This view is supported by the fact that income is prominent in almost all definitions on the level and extent of poverty. The World Bank (2002) defines poverty as hunger and lack of shelter. Poverty is being sick and not being able to see a doctor. Poverty is not being able to go to school and not knowing how to read. Poverty is not having a job, is fear for the future, living one day at a time. Poverty is losing a child to illness brought about by unclean water. Poverty is powerlessness, lack of representation and freedom. The World Bank sees poverty as the inability to attain a minimum standard of living, and produced a universal poverty line, which was consumption-based and comprised of two elements: “the expenditure necessary to buy a minimum standard of nutrition and other basic necessities and a further amount that varies from country to country, reflecting the cost of participating in everyday life of society” (DuyKheet. *al.*, 2003). The World Bank uses this definition largely for inter-country comparisons, and is not necessarily depicting what happens in households. Amartya Sen (1999, cited in Bloom, 2003, & Simonen, 2005) has characterized poverty as a “capability deprivation”, where a person lacks the “subsistence freedoms” he/she needs to lead the kind of life he or she has reason to value. They further assert that this freedom has two faces: opportunity and security. Opportunity requires education and a range of political and economic freedoms. Security is viewed as a consequence of effective utilization of the opportunities provided to a person and/or the household. The above definition implies that poverty is not only a state of existence but also a process with multiple dimensions and complexities. It is usually characterized by deprivation, vulnerability (low



capacity to cope with risks), and powerlessness (Verner&Alda, 2004). These characteristics combined impair people's sense of well-being. Deleecket *al* (1992, cited in Bloom & Canning, 2003, Simonen, 2005)) defines poverty as a relative, multi-dimensional and dynamic phenomenon. Following the gender debate in measuring poverty, Elich (2005) asserts that poverty is also a gendered phenomenon. This is because women's causes of poverty are to be found in a peculiar combination of risk factors in labor markets, in domestic circumstances and in welfare systems.

Traditional research methodologies that seek to measure poverty have been largely incapable of fully revealing the true picture of female poverty in modern society (Elich, 2005). The author further argues that what is needed is the elucidation of the different processes by which both women and men fall into, experience and escape poverty, as opposed to the paradigm we have now, which is an analysis of the way in which households experience poverty. The above definitions show that at the heart of poverty is an idea of basic needs. Typically, a person is considered poor if he/she does not have the capabilities to meet the basic needs. Poverty is not a paucity of income only, but goes beyond that to consider the social context in which the person lives, that determines the extent of poverty a person or family experience. Poverty can be chronic and transient, but transient poverty, if acute can trap succeeding generations. The poor adopt all kinds of strategies to mitigate and cope with poverty, hence to understand poverty, it is essential to examine the social and economic context of the households (Verner&Alda, 2004). Differences in the measurements of poverty have also generated a lot of attention. Attempts at measuring it in terms of stratification along income lines lead to regarding poverty as an issue of inequality. In this regard, the concept of poverty line,

which denotes the extent to which the basic necessities of life, for example, the maintenance of physical health, housing, clothing, can easily and adequately be met (Addo, et.al, 1983), has assumed prominence. However, this approach has been subjected to criticism. Sen (2005), for instance, has underscored the fact that inequality is fundamentally a different issue from poverty and neither concept subsumes the other. Another approach at measuring poverty utilizes the concept of relative deprivation.

Poverty illustrates deprivation and the recent shift in focus from absolute to relative deprivation has provided a useful framework of analysis. Other indices for assessing poverty have been based on thoughts such as the concept of nutritional adequacy, the lack of power and the deprivations in the consumption of certain social services. The above account gives a fair idea of the divergent notions and interpretations that have been associated with the concept of poverty over the years. In fact, the use of the concept has broadened over the years, away from the narrow considerations on income related indicators, to encompass wider societal economic, social, and other concerns, including those on the environment, gender and empowerment. The consequences of poverty are equally complex as it is often reinforced by the interrelatedness of its causes, thereby exacerbating the problem (World Bank, 1992). In a very elaborate study, the World Bank in 1992 noted that for Africa, the basic causes of poverty are the lack of access to services and opportunities and inadequate endowments. The World Bank, in that report saw poverty as having many faces, changing from place to place and across time. Most often, poverty is a situation people want to escape. So poverty is a call to action -- for the poor and the wealthy alike -- a call to change the world so that many more may have enough to eat, adequate shelter, access to education and



health, protection from violence, and a voice in what happens in their communities.

### **Incidence of Poverty and Poverty Alleviation in Ghana**

Poverty alleviation is now a global agenda. During the 1980s and 1990s when structural adjustment was in vogue, there was the general belief that if one could endure the short-run social costs the long-run benefits would be enormous. Never was it reckoned that the long run referred to was a ‘Keynes’ “long-run”, when all may be dead! Nevertheless, the call for putting a “human face” Mickey (2013) on adjustment by some non-governmental organizations and some United Nations agencies was finally heeded to when towards the close of the 1990s consensus was reached between the donor community, the United Nations and the developing countries on the Millennium Development Goals (MDG). The principal objective of the MDG is to reduce by half the proportion of people living in extreme poverty by 2015 (Sowa, 2002). Ghana was one of the first countries to attempt to put a “human face” to structural adjustment. In 1987, on realizing the social costs that the structural adjustment program was inflicting on the general populace, the Government of Ghana introduced the Program of Action to Mitigate the Social Cost of Adjustment (PAMSCAD). Since then, a number of programs and policies targeted at poverty reduction have been introduced; some with a limited mandate targeted at a specific vulnerable group. The Structural Adjustment Program (SAP) itself was supposed to lead to economic stabilization and growth with a consequent positive impact on poverty reduction. Data from various Living Standard Surveys, Demographic and Health Surveys, Core Welfare Indices Questionnaires (CWIQ) and other

limited quantitative and qualitative surveys confirm the pervasiveness of poverty in Ghana (Boateng & Ewusi 1990). Unfortunately, data inadequacies and definitional and methodological problems prevent comparison of data over time, even within a particular survey class. Nevertheless, the latest Ghana Living Standard Survey (GLSS, 1999) places 39.5 percent of Ghanaians below the poverty line compared to about 51.7 percent in the 1992 survey. The continued pervasiveness of poverty in Ghana raises the question of whether the structural adjustment program and other direct and indirect poverty intervention program and policies have had the desired impact.

### **Spatial Dimension of Poverty in Ghana**

Poverty in Ghana is predominantly rural. Seventy percent of the country's poor people live in rural areas where they have limited access to basic social services, safe water, all-year roads, electricity and telephone services (IFAD, 2006b). While poverty has a firm grip on the north, overall there has been a substantial decline in poverty. The disparity has widened the income gap between people in the south, where there are two growing seasons, and those in the drought-prone northern plains, where rainfall amount and duration is low resulting in only one growing season.

### **Location of Ghana's Rural Poor**

The poorest areas of Ghana are the savannah regions of the north, where many rural poor people face chronic food insecurity. In the northern part of Ghana, poverty often has a hold on entire rural communities, Sowah (2002). Livelihoods are more vulnerable in those regions, and all the members of the community suffer because of food insecurity for most part of the year. The three poorest regions, the North, Upper East and Upper West,

occupy the parts of Ghana bordering on Côte d'Ivoire, Burkina Faso and Togo. In the Upper East region almost nine out of ten people live in poverty. More than eight out of ten people in the Upper West region are poor. In the Northern region, poverty affects seven out of ten people, and slightly less than half the population of the Central region is poor (GPRS I, 2003). The Upper East and Upper West regions are covered by Sahel savannah in the north-east and grassland savannah in the north-west. There is one short rainy season, followed by a long period of dry weather influenced by the dry harmattan wind from the Sahara Desert. Farmers live generally at the subsistence level, and farming is confined mainly to the short rainy season. In the dry season farmers can cultivate land only under irrigation. Most farmers are idle during this period, and many able-bodied young people migrate to other parts of the country to earn an income (IFAD, 2006). Throughout Ghana, rural people cope with poverty in various ways, finding individual solutions to the problem. Men take off-farm employment, women carry on small-scale trading, and families reduce cash spending, which may mean taking children out of school.

### **Causes of Rural Poverty in Ghana**

Among the causes of rural poverty, according to the Government's Poverty Reduction Strategy (2003) are low productivity and poorly functioning markets for agricultural outputs. Small-scale farmers rely on rudimentary methods and technology and they lack the skills and inputs such as fertilizer and improved seeds that would increase yields. Because of erosion and shorter fallow periods, soil loses its fertility, posing a long-term threat to farmers' livelihoods and incomes. Increasing population pressure leads to

continuous cultivation in the densely inhabited Upper East region and a shorter fallow period in the Upper West region, causing further deterioration of the land.

A negligible number of farms (only about 6,000 out of several million) have access to irrigation. Land ownership and land security are regulated by complex systems that may vary widely. Animals are of insufficiently productive genetic stock. Poor farmers are without market and rural infrastructure they desperately need for storing, processing and marketing their products. One of the major policies of the Government of Ghana (GOG) at independence in 1980 was “Growth with Equity” aimed at eliminating previous economic and social disparities which existed along the racial divide, Ayeetey (2012). Although considerable effort has been made towards social and economic stabilization over the years, limited progress has been made in achieving equitable distribution and growth in agro-industrial development. Though the new local farmers are currently battling to raise production amid lack of funding, agricultural inputs and commercial farming skills, given enough time there should be an increase in productivity.

Research has established that productivity increases exponentially with decrease in farm size in all-natural regions of Ghana (Elich, 2005). As increased agricultural production is envisaged, there is need to have proportionate improvement in the agro-processing industry. Agro-processing industries refer to those activities that transform agricultural commodities into different forms that add value to the product. Agro-processing industries, especially food manufacturing, tobacco and textile processing dominate the commercial industrial sector of Ghana. These are mainly owned by

multinational conglomerate companies with interest in farm produce supplied by large-scale commercial farmers (Acquah, 2010). Small-scale farming in Ghana rarely provides sufficient means of survival in many rural areas. It is therefore imperative to explore alternative income generating opportunities to support poor families who can no longer fend for themselves from the land-based activities alone. Recent research demonstrates that rural households depend on a diverse portfolio of activities and income sources. Some households are looking towards activities such as food processing as a means to enhance the livelihood they can achieve from a limited area of land (Ayeetey, 2012).

Small-scale food processing activities represent a potential source of livelihood for many poor people in Sub-Saharan Africa. The overall potential of agro-processing is huge as it can increase the value of crops of poor farmers and thus yield higher returns, expand marketing opportunities, improve livelihoods of people, enhance food security and empower women who are often involved in agro-processing.

In Sub-Saharan Africa, it is estimated that 60% of the labor force find part of its work in small-scale food processing enterprises and the majority are women (ITDG, 2005). The greatest potential growth in small-scale agro-industries is in fruit and vegetable processing as many horticultural producers experience problems in marketing of fresh produce such as lack of readily available marketing information and lack of market integration, lack of data on supply and demand trends and prices, reliance on spot or road-side markets, transport constraints and spoilage (Sowah, 2002). However, research has shown that a number of factors may constrain the ability of small- and

medium-scale agro-based enterprises to effectively manufacture and market processed food products. On a macro level, many policies implemented by governments have served to hinder the development of small-scale industries (Dawson, 1994). At the firm level, limited access to credit, limited access to foreign currency (Rodrik, 2012); lack of appropriate technologies (Kpentey 2012); lack of management skills (Nti, 2015); poor product quality control (Chambers, 2013); and poor markets, amongst other things, have constrained the development of small-scale industries. These problems apply to many developing countries and are particularly applicable to Ghana. The purpose of the current study is to develop and present a detailed but clear picture of what the present agro-processing systems (small, medium and large with emphasis on the medium-scale) require to effectively manufacture and market processed food products. The main areas of interest included considering the service provision, linkages with research and extension, demand-led services, agro-processing technologies, farmer empowerment, policy implementation, gender issues and government vision.

### **Agro-processing Definitions**

Agro-processing activities comprise two major categories; primary and secondary operations. Primary processing operations involve activities such as crop drying, shelling/threshing, cleaning, grading, and packaging, Quartey (2012). These activities are mainly carried out at the farm and only transform the commodity into a slightly different form prior to storage, marketing or further processing. Secondary processing operations entail increasing nutritional or market value of the commodity and the physical form or appearance of the commodity is often totally changed from the original. Some



examples of secondary processing are milling grain into flour, grinding groundnuts into peanut butter, pressing oil out of vegetable seeds, pressing juice out of fruit, making cheese out of milk and manufacturing of mincemeat. Depending on type of commodity, equipment needed for primary processing is completely different from that used in secondary processing or major adjustments/modifications need to be done to suit either. The agricultural sector plays a critical role in the overall economic growth of the Ghanaian economy. Indeed, agriculture is expected to lead to a significant transformation of the economy through improvements in the sector's productivity. The sector is divided into a number of subsectors: crops, cocoa, livestock, forestry, and fisheries. The crop subsector contributes about 66.2 per cent to the sector, with a large percentage of its products undergoing some form of processing; Okorley (2000). The major products include cocoa, cashew, sunflower, oil palm, groundnut, fruits, and vegetables, among others. The most common item that is processed is maize, followed by other commodities such as nuts and oils, fish, and grains such as millet, sorghum, and guinea corn.

Food processing is an important activity related to the agricultural sector and is dominated by predominantly small- and medium-scale firms which operate in the informal sector of Ghana. Indeed, the agro-processing sector may be classified into two groups: domestic processing and factory processing (Quartey & Darkwah 2015). Domestic processing activities are dominated by female workers who are predominantly illiterate and have no formal training. Skills in food processing are acquired mostly through apprenticeship and a large amount of family labour is employed. This

domestic processing often leads to processed outputs of variable quality. Nonetheless, these small-scale units are able to create employment opportunities and make use of local resources. Factory processing activities, on the other hand, are mostly foreign-owned (e.g. Nestle and Cadbury) or state-owned (e.g. Fan Milk), UNIDO (2011). These factories can process large quantities of raw materials and can contribute significantly to the economy through export activities. Agro-processing is important for a number of reasons, chief of which is a reduction in post-harvest losses. Post-harvest losses in maize, cassava, rice, and yam amounted to about 35 per cent, 34.06 per cent, 6.9 per cent and 24.4 per cent in 2007, as a result of, among others, ineffective food-processing technologies. According to the Ministry of Food and Agriculture (2012), only 5 per cent of food products harvested in Ghana are processed. Therefore, from a health and nutrition perspective, agro-processing has the potential to increase nutritional value and also increase food security, through a reduction in food spoilage and wastage. Processed foods also enjoy greater price stability on the world market and may therefore increase market opportunities for exports, contributing to income securities particularly in rural communities, which are mostly engaged in farming.

The development of the agro-processing industry may also promote employment generation; contribute to enterprise development, diversification of rural economies, import substitution, among others. Quartey and Darkwah (2015) believe agro-processing is the most important sub-sector of the manufacturing sector, with food and beverages representing the largest component of processed commodities. There are a lot of opportunities to add value to agricultural commodities export of processed horticultural products



(i.e. fruit and beverages), for instance, has become increasingly significant in the Ghanaian economy, and particularly given the presence of a knowledgeable private sector. Indeed, export of produce from the agro-processing sector in Ghana is dominated by horticultural products (fruit and beverages), in addition to vegetables, roots and tubers, and palm oil. Pineapples, bananas, mangoes, and flowers were among the top non-traditional export commodities in Ghana in 2012. Notable horticultural processing firms include Blue Skies (processes pineapples and other fruits into juice for local and international markets); Pinora (processes pineapples and oranges into frozen concentrates for export).

Presently, the agro-processing industry in Ghana is not well-advanced and there is a relatively low degree of value-addition to agricultural commodities, and few linkages with marketing and financial services, partly due to the small firm sizes and under-developed processes which lead to many of these firms operating below-capacity using inefficient technologies. According to Afful-Koomson et al. (2014) 85 per cent of all agro-processing firms in Ghana are micro-enterprises, 7 per cent are very small firms, 5 per cent are small firms and only 3 per cent are medium agro-processing firms. An implication of the limited scale of production of agro-processing firms in the country is that they are faced with greater bureaucratic, legal, and administrative challenges, compared to larger firms. Typically, policy directives and initiatives are less tailored to the needs of SMEs within the country and therefore these firms are more often faced with overbearing regulations, delays, etc.

## **Agriculture's Role in the Ghanaian Economy**

The agricultural sector has traditionally been the largest contributor to Ghana's GDP and has been the cornerstone of the economy since the country's independence in 1957. Between 2000 and 2008 for example, the average sectoral share in GDP for this sector was 38.7 per cent, compared to 26.1 per cent and 31.3 per cent for the Industry and Services sectors, respectively (GSS 2008). Additionally, the sector employed about 55 per cent of Ghana's population between 2000–7 (ISSER&SGER, 2008). By 2010 however, there had been a change in the landscape with regards to the economic contributions of the various sectors—the services sector became the largest contributor to the country's GDP and growth in the agricultural sector began to stagnate. The services sector continued to drive the economy and accounted for approximately 50 per cent of total production during 2012–14, while the agricultural and industry sectors contributed about 23 per cent and 27 per cent, respectively (Ghana Budget Statement, 2015). There are a number of factors that may explain the deteriorating performance of the agricultural sector over time. First, the economic reforms of 1983, which led to the removal of agricultural subsidies, led to a slow-down in the performance of the food crop, fishing, and livestock sub-sectors, (Sowah 2015). Additionally, inadequate access to markets and storage facilities and the resultant post-harvest losses may also explain the reduced performance of the agricultural sector. Other factors include the rapid loss of forest cover as a result of bushfires and logging activities, in addition to inadequate irrigation facilities and poor extension services. More recently, the discovery of oil deposits in the country has also been attributed to the declined performance of the agricultural sector, through the Dutch Disease phenomenon, (Quartey, 2012). This phenomenon

refers to the adverse effects of a significant increase in a country's wealth. Here, a boom in a natural resource sector of an economy, such as the oil sector in Ghana, leads to the shrinkage of other non-resource sectors. This may lead to the country specializing in the resource sectors, which makes the economy more vulnerable to resource-specific shocks. Despite the increased significance of the services sector to the country's total production, this sector may not easily be properly positioned to bring about the necessary structural transformation of the Ghanaian economy. This is because, in the strictest sense, transformation involves not only the reallocation of economic activity across the three sectors (i.e. agriculture, manufacturing, and services), but the increase of new and more productive activities and a shift away from older, less productive, traditional activities. This increase of new and productive activities is what is expected to drive the economy forward while the shift from older, less productive activities is what is expected to diffuse the gains of productivity throughout the economy (Rodrik 2012). In Ghana, however, the dominance of the informal activities in the services sector and the prevalence of low-productivity activities, in addition to the reduced significance and performance of the manufacturing sector make recent changes in sectoral contributions more indicative of a structural shift, as opposed to a structural transformation

Interestingly, although the services sector records the largest contribution to GDP, the agricultural sector is the only sector that maintained its rising growth trend over 2013–14. While the industry and services sectors recorded declines in growth during 2012–14, the agricultural sector has been able to maintain its contribution to the economy, with the food and crops sub-sector accounting for about 75 per cent per cent of the total agricultural production within the

period. Generally, Ghana may have a very strong competitive advantage within its agricultural sector for a number of reasons. First, over two-thirds of the total land is fertile and requires little fertilizer to produce farm commodities. Second, the government has demonstrated significant interest in agribusiness and a commitment to support increased investment in this area. Third, there is a large unemployed youth population that may provide the much-needed labour supply for the agricultural sector.

### **Agricultural Policies and the Agro-Processing Industry**

Generally, the role of government in the formulation and enactment of economy-wide policies that provide an enabling environment for the growth of economic activities is expected to be crucial. These policies are meant to engender enabling environments for private sector development through the provision of stable macroeconomic conditions such as low inflation, stable exchange rates and limited budget deficits.

The economic reform of the 1980s, which mandated the promotion of free markets and trade liberalization have played an important role in encouraging exports of goods, in addition to the growth of the agro-processing industry. Efficient financial systems, good legal and regulatory environments, a reliable judicial system are other factors that contribute to a favorable general economic climate to foster the activities of the agricultural sector. Historically, agricultural policies in Ghana have generally favored the production of raw materials and primary products. After independence, continued emphasis was placed on primary agricultural production in an attempt to provide the requisite raw materials for the manufacturing sector, under the dominant import-substitution strategy, (Chambers, 2013). It is

important to note that this period marks one of the earliest known attempts to promote agro-processing within the country. The main difference between the colonial and post-colonial era was the focus on the modernization of agriculture in the latter era, through emphasis on large-scale state-led production. Chambrs (2013) posits between 1966 and the early 1980s, there were changes in government, which led to alternating socialist and capitalist policies on agricultural promotion and by the early 1980s, the agricultural sector began to decline. Although various agricultural policies over time have included sections that focus on the development of the agro-processing industry in Ghana, Ghana may still from an integrated and strategic national plan that takes into account specific characteristics and challenges faced by small- and medium-scale firms in the informal sector of the country, who are largely engaged in agro-processing activities. Such a national policy plan may also facilitate important linkages between the agro-processing industry and other relevant sectors.



### **Evolution and Structure of Agro-Processing Firms**

According to Okorley and Kwateng (2000), agro-processing in Ghana can be traced back to the colonial period, where these activities were performed on a small scale and consumed locally. After independence in 1957, the industrialization drive embarked on by the new government resulted in a number of state-owned processing factories which were directly linked to the country's agricultural products. These agro-processing factories were strategically located to use the primary agricultural products produced by the various regions. For example, the sugar factories located in Komenda and Asutuare in the central and Eastern regions, respectively, were meant to use

the raw sugar canes produced in these regions as raw materials. Also, the Pwalugu tomato factory was located in the region to make use of the abundant supply of good quality tomatoes in Pwalugu and its surrounding areas. Others included the Bolgatanga meat processing factory and the Nsawam Fruit Cannery. About two decades after their establishment, after the overthrow of Kwame Nkrumah, most of these state-owned processing plants experienced declines in their production performance due to administrative and managerial challenges. As a result, some of these processing plants were either sold/privatized or left to run down. In recent times, apart from cocoa which is processed on a large scale, the agro-processing industry in Ghana has been described as in its nascent stages according to Sutton and Kpentey (2012). The industry in Ghana is characterized by a large number of micro, small-, and medium-scale processing enterprises that are involved in activities such as gari processing, fish smoking, flour making, nut and palm oil processing, as well as fruit and juice processing. These artisanal processing activities have relied mainly on very simple and locally-manufactured technology in their processing activities. Over the years, processing of these products has moved from completely traditional methods of processing to semi- mechanized and then to fully mechanized methods.

### **Performance of Agro-Processing Firms and Contribution to the Economy**

Although the agro-processing industry in Ghana is dominated by small- and medium-scale players, it continues to play a significant role in the Ghanaian economy. According to the Ghana Export Promotion Authority, the industry grew at an average rate of 14.93 per cent in 2008–13 (GEPA 2014). A report from the United Nations Industrial Development Organization

(UNIDO 2011) shows that within the manufacturing sector in Ghana, the agro-industry represents more than half (54.6 per cent) of total manufacturing value added. Specifically, the food and beverages subsector of the agro-processing industry accounted for about 32.5 per cent of total manufacturing value added in 2003 (World Bank 2009). Da Silva et al. (2009) argue that the agro-processing industry is an important source of employment and income generation globally.

In addition, FAO (1997) reports that the highest shares of employment in the agro-processing industries are found in Africa. In spite of the lack of national level data on employment in the industry, Amapadu-Ameyaw and Omari (2015) demonstrate that in Ghana the agro-processing industry is an important source of employment for the rural people, and especially for women given that the sector is dominated by women. In a survey of 272 small- and medium-scale agro-processing enterprises in Ghana, Afful-Koomson et al. (2014) found that Brong Ahafo, Western, and Northern regions employ the majority of the labour force in the industry. By firm size, the study also showed that micro agro-processing firms employ about 48 per cent of the total agro-processing labour force. This is therefore reflective of the importance of the industry for employment, income, and inclusive growth for the country. The contribution of the agro-processing industry to total export earnings in Ghana cannot be overestimated. Export earnings from the agro-processing industry have increased from US\$181.1 million in 2004 to about US\$902.5 million in 2011, representing a growth of 398 per cent for that period (Oduro & Offei 2014). In 2004, the industry accounted for about 7.4 per cent of total export earnings even though this dropped significantly to about 4.9 per cent in 2011. In addition, processed and semi-processed agricultural

products accounted for about 86.31 per cent of the country's non-traditional exports, contributing US\$2.16 billion in export earnings in 2014 compared to the US\$2.11 billion in 2013 (GEPA 2014). With respect to sector productivity, findings from Amapdu-Ameyaw and Omari (2015) and Afful-Koomson et al. (2014) have found that the indigenous technology adopted among the firms in the industry has resulted in reduced efficiency and productivity, compared to the multinational agro-processing firms who are able to rely on modern and more efficient technology in their operations. The labour intensive and time-consuming features of the indigenous technology often hinder the opportunity to scale up operations, creating a scope for policy in this area.



### **General Constraints on the Growth and Development of the Agro-Processing Industry**

Despite general and specific policies put in place by the Government of Ghana and aimed at promoting the agro-processing industry in the country, Ghana produces a little over 30 per cent of the raw materials needed by agro-based industries (Rodrick, 2012). Almost all the food products sold to local markets have very limited value addition. Cereals and grain legumes are often just threshed, while roots and tubers and plantains are sold predominantly in their raw form. Recent attempts to produce cassava, plantain, and yam flour are yielding results but, at present, markets for these are not yet fully established. Low income levels are also a source of restrained demand for well-packaged cassava, plantain, and yam flour. It is important to note that there are hardly any statistics on the output of the agro-processing industry in the country.



A critical element of the modernization of the agriculture sector is value addition to primary produce. However, the lack of reliable statistics on the supply of and demand for processed agricultural products, constrains the effectiveness of this sector (MoFA, 2010). A number of reasons may be proposed to explain the low uptake in agro-processing in the country. These include the lack of agro-processing facilities and modern equipment, which often results in significant agricultural yields going to waste; the high cost of equipment is another factor. Agro-processors also often receive limited information from extension officers, in addition to low access to adequate packaging materials. There is also a lack of marketing skills on the part of agro-processors. Attention to hygiene and basic food safety procedures is found, at times, to be limited among informal enterprises, including agro-processors (FAO, 2014). Knowledge of specific regulations and legislation governing food safety and hygiene issues is only evident among those processors who market their product through formal outlets. Other reasons are the irregular supply of energy, low youth interest in farming, agro-processing, and agribusiness, in general, due to low profitability. Additionally, the greater perceived gains in the mining sector also attracts youth away from the agricultural sector.

### **Policy Environment of Agro-Processing Firms**

Ghana's agricultural policies have aimed at the promotion of the agro-processing industry, through the creation of strong linkages between the agricultural and industrial sectors, (Ayeetey, 2012). Indeed, one of the key goals of the Ghana Shared Growth and Development Agenda (GSGDA) is the strengthening of the agro-processing sector. The focus on agro processing is

important, given the rapidly expanding urban sector, and also due to the sector's potential to bring about a critical structural transformation of the economy. Although Ghana's agricultural sector continues to contribute positively to the country's GDP, there remains a weak linkage between agriculture and industry. There have been policies formulated and implemented by Ghana's government (through the Ministry of Food and Agriculture and the Ministry of Trade and Industry) that have had positive impacts on the agro-processing sector. The fruit and juice processing subsector, for instance, has benefitted from a number of incentives, including zero input duties on inputs, zero value-added tax (VAT) and national health insurance levy (NHIL) on inputs, low level corporate income tax, zero VAT and NHIL on imported packaging material, zero import duties on farm machinery, among others. The creation of the Export Development Agriculture and Investment Fund (EDAIF) in 2000 to promote non-traditional exports also plays a positive role in the agro-processing industry, through the provision of financial resources for export activities. The fertilizer subsidy program, initiated in 2008, involves the absorption of approximately a third of the cost of certain categories of fertilizers. This policy leads to a reduction in the costs of production of raw materials for agro-processing firms. Despite the fact that agro-processing has been encouraged since the time of independence, with a policy of industrialization through import substitution, Ghana's current agro-processing industry may be described as having low-value addition, with low technology at the cottage industry level, and few large-scale industries (Quartey & Darkwah, 2015). There has not been an entire absence of technological innovations. For example, development projects such as the Village Infrastructure Project support the introduction of technologies such as

shea processing equipment in the northern region of Ghana. Development projects have also supported capacity-building through knowledge transfer and training of small and medium firms (Owusu-Kwarteng 2014). Nonetheless, it is doubtful that these technologies can support large-scale production, particularly by medium-scale firms. In Ghana, over 70 per cent of agro-processing occurs informally, posing challenges for technical innovations and knowledge transfer, in addition to quality control. With respect to local technology development and adaptation, there appears to be an apparent disconnect between local product development and uptake by local agro-processing firms, which further reduces technology adoptions in the agro-processing sector. Agricultural research could play a critical role in enhancing agro-industry competitiveness. However, policy makers may need to focus on better ways of facilitating the flow of agricultural technology from public discovery to private use, taking into account key barriers (cost- and non-cost-related) to technology transfer between public research institutions and private seed companies, and the role of the policy in impeding or accelerating technology development and transfer. It is argued that the growth and development of small-scale food processing industries in West African countries has been limited as a result of inefficient and inappropriate technologies, poor management, and inadequate working capital, limited access to financial institutions, high interest rates, and low profit margins (Aworh 2008). Indeed, in Ghana, the presence of recent utility tariff increases and a high interest rate pose a major challenge to the survival and growth of small agro-processing firms in the country. Additionally, the recent income tax regime appears to be unfavorable. In past periods, agro-processing firms enjoyed a five-year tax holidays; under the new regime, businesses will be

charged a 1 per cent rate during the five-year period, and subsequently, the standard corporate tax of 25 percent. (Quartey, 2012).



## CHAPTER THREE

### METHODOLOGY

#### Introduction

This chapter presents the design of this study as well as description of the population, sample and sampling procedure. It further describes the research instrument used for data collection. It is followed by the data collection procedures and ethical issues.

#### Study Area

The study was conducted in Buipe a community in the Central Gonja District of the Northern Region. Buipe is bordered on the North by Mpaha Area Council, West Gonja District in the West, Kintampo North District in the South and also Mpaha Area Council in the East. The rainfall pattern in this town is seasonal and is characterized by single maximum rainfall. It starts in May and ends in October. The mean annual rainfall is about 1144mm (GMA, 2010). August generally record the highest rainfall and also the greatest number of rainy days. In August rains also fall with very high intensity of up to 300mm per hour causing flash floods and erosion on the unprotected loose top soil, (GMA, 2010). Buipe happens to be the capital of the Central Gonja District and was selected for the study because of its huge endowment in sheanuts trees and the number of farmers engaged in the sheanuts industry makes the community suitable for this study. Maximum temperatures are experienced during the dry season, with March and April being the peak of very high temperatures while minimum temperatures are recorded during the Harmattan months of December to February. The area experiences the North East Trade Winds popularly known as the Harmattan Winds from the months

of December-February which are characterized with cold nights and dry winds during the day time. The mean monthly temperature is 27°C, (GMA, 2010). Again, the area is situated in an old geological area. The rocks are mainly of the Voltaian formation with isolated Cambrian rocks which contain valuable minerals such as gold and diamond. The natural vegetation is guinea savannah. The major plant species which contribute to household sustenance especially because of their increasing commercial importance are Shea nuts tree and dawadawa. The land form of the district is low lying but gently undulating at altitudes ranging between 150m to 300m above sea level. The main economic activity in the study area is agriculture. About 85% of the labor force is engaged in the agriculture sector, making the sector the main source of household income, Rodrick (2012). Gonja is the predominant tribe in the community. Other minor tribes include Dagombas, Hausas, Mamprusis and Dagaabaa. The predominant religion practice by the people includes Christianity, Islam and African Traditional Religion, (DPCU, 2010). Agriculture and fishing are the main economic activities in the study areas.

### **Research Design**

The framework of technique employed in this study is the descriptive research design where data were collected using semi structured questionnaires to collect quantitative data and also a focus group discussion in collecting qualitative data. The reason why this study employed the use of questionnaire and a focus group discussion was to provide a better understanding of the research problem than either of each alone. The mixed method research design helps to validate the results obtained from different methods. The study was however based on the assessment of a social

intervention program to ascertain the degree to which the program achieves its intended objectives. Women from selected households were purposively selected and given questionnaires to answer because of their rich experience in the sheanut industry.

### **Population**

Buipe has a population of about 8,347 people with a total number of households in Buipe as 2,264 (Census, 2000). The participants for this study were both male inhabitants and female sheanut farmers. The survey questionnaires were administered to the eldest female sheanut farmers of household in Buipe and also a focus group discussion was held for adult males and females spontaneously.

### **Sources of Data**

Data for this study were collected from both secondary sources and primary sources. Primary source of data was obtained using structured questionnaires and also through a focus group discussion with sheanut farmers in Buipe. Secondary source of data for this study were obtained from the central Gonja District assembly specifically from the statistical service department and planning office.

### **Data collection Instruments**

The instruments used in obtaining data for this study were survey questionnaires and focus group discussion.



## Questionnaire

Questionnaires were used for selected households. The questionnaires were divided into sections which included socio-demographic characteristics of respondents, the effect of the factory on the wellbeing of the people of Buipe in terms of market availability, credit facility accessibility, better pricing, social services and transportation services. I employed two field assistants to help in administering of the questionnaires. The field assistants were trained to be able to handle both respondents and the questionnaires. They were also asked to put the respondents at ease. The field assistants were people who had completed tertiary institutions and could speak Gonja, Hausa and Twi so as to be able to translate the questions into the local dialects for the respondents. Seven days was used to administer the questionnaires. This was from 10<sup>th</sup> June 2018 to the 17<sup>th</sup> June, 2017. Administering of the questionnaires were done in the morning and evening. This made it easy for us to meet most of the household heads.

## Focus group discussions

Focus group discussions (FGD) were used for community members. Both women and men were of different ethnic groups and had stayed in the community for more than 10 years.

## Data Collection Procedure

Data for the study were obtained through the use of questionnaire and focus group discussion and also from the district Assembly. Focus group discussions were used to provide more information on poverty situation and how the factory can help them out. The discussions were used to generate data on poverty and mitigation strategies targeting on one of the main livelihood

activity which is sheanuts farming their FGD are not usually representative. This is because of the selection process. The data generated was therefore used to supplement information that was gathered from the household interviews. I had two different discussions at Buipe. The discussions were carried on the 14th of June, 2019 but at different times for both men and women. The focus group constituted 15 people (7 men and 8 women). The discussions lasted for about 138 minutes (65 minutes for men and 73 minutes for women). A discussion guide was used to carry out the FGD. This was used to help control and guide the discussion and also served as the focus group outline. A discussion guide includes written introductory comments informing the group about the focus group purpose and rules, and then outlines topics or questions to be addressed in the group,

### **Sample and Sampling Procedure**

Buipe community has four neighborhoods namely Buipe Bridge, Yipala, Goroase and Worontu. Each suburb was considered a cluster. Using the fish bowl method, numbers were written on pieces of papers, numbered one to four, each number represented a suburb. Worontu was randomly chosen. The total population of Worontu was about 3250 with 850 households. Using Krejcie and morgan (2002) probability sampling table, woaruntu with a household size of 850 will have a sample size of 265. Using the multi-stage sampling, the procedure for selecting households was systematic. To ensure validity of inferences as well as avoiding bias, the starting point for the selection of units was selected randomly. The random number picked was three (3). The study started with the randomly selected numbers and at a sampling interval of three (3), the study continued sampling until it got to the

265 which gave 88 participants. In the study area, some of the houses were compound houses that contained more than one household. Where there were more than one household in a house only one head of household was interviewed. This was based on the assumption that all members in the household shared the same socio-demographic characteristics.

### **Ethical Considerations**

It was made clear to participants that the study was used for academic purpose only and that any information given shall be treated confidentially. Response sheets were going to be burnt after analyzing their inputs and that they do not risk been exposed for any information given.

### **Pilot Testing**

Samples of the questionnaires were drafted and sent to the study area to ascertain their applicability and the level of understanding of the participants to the deigned questions. Minor errors were cleared after the pilot texting.

### **Data Analysis and Presentation**

Data collected from the field were analyzed using the Statistical Package for Social Scientist software (SPSS) version sixteen (16) and results presented using tables and interpreted.

## CHAPTER FOUR

### PRESENTATION OF RESULTS AND DISCUSSIONS

#### INTRODUCTION:

This study aims at evaluating the effect of the north mill sheanuts processing factory in alleviating poverty in Buipe community with emphasis on the following thematic areas: market accessibility, job creation, accessibility to credit facilities specifically bank loans and social infrastructural development. The analysis and discussion of results obtained from the collected with respect to the research objective are presented using tables and then followed by the interpretation. Inputs from the focus group discussion (qualitative data) will also be used to validate the results which were obtained from the quantitative data.

#### **Demographic Characteristics of Participants**

##### **Age Distribution of Participants**

The Ages of people in a particular industry has a direct relation with the level of production. It is expected that a youthful working population will have greater level of production than an aged population.

Table shows the response of participants when they were asked of their ages. From the table, more than half of the populations (58%) are aged 50 years and above, the number of participants aged between 30-49 years is 18%, ten percent of the participants are aged between 16-20 years. Moreover seven percent of participants are aged between 26-29 years, equally seven percent of the population fall between the ages of 21-25 years. The higher number of the

participants (58) aged above 50 is an indication that most households in Buipe have elderly women as mothers who are engaged in sheanuts farming.

**Table 1: Age Distribution of Participant**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
<b>16-20 years</b>	10	10
<b>21-25 years</b>	7	7
<b>26-29 years</b>	7	7
<b>30-49 years</b>	18	18
<b>50 Plus</b>	46	58
<b>Total</b>	88	100

Source: fieldwork, 2019.

#### **Educational Level of Participants**

A highly educated workforce is expected to do better than a working force with low level of educational attainment. Table below 2 depicts the responses of participants about their educational status. From the above table, more than half 61% of the participants have had primary school education, twenty five percent of the participants are junior high school graduate, and two percent of them are senior high school graduate whilst twelve percent of them have never had any formal education. Also, none of the participant has had any form of tertiary education. Using the above information, it means the adult literacy rate of Buipe 76.8 is just slightly ahead of the national adult literacy rate which is 76.6 according to the Ghana Statistical Service Department in 2015.

**Table 2: Educational Status of Participants**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
<b>Primary</b>	49	61
<b>Junior High</b>	24	25
<b>Senior High</b>	2	2
<b>None</b>	13	12
<b>Total</b>	88	100

Source: fieldwork, 2019.

### **Marital Status of Participants**

Table 3 represents the response of participant of their marital status. From the table, a huge number of the participants (82%) of them are married. Only six percent of them are widowed, five percent of the participants are single and none of them is divorced. The socio-cultural significance attached to marriage as an institution in Buipe motivated women to get married as a measure in curbing sexual promiscuity and more importantly for procreation.

A huge pride is also attached to marriage in Buipe.

**Table 3: Marital Statuses of Participants**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
<b>Married</b>	77	89
<b>Single</b>	5	5
<b>Widowed</b>	6	6
<b>Total</b>	88	100

Source: fieldwork September 2019.

### Farmers Experience as Sheanuts Farmers

Table 4 shows the results of participants about how long they have been working as sheanuts farmers. More than half ( 66%) of the participants have been sheanuts farmers for 20 years or more, seven percent has been sheanuts farmers between 11-19 years, eleven percent has been sheanut farmers between 6-10 years, six percent of them have been sheanut farmers between 2-5 years whilst ten percent of them have been in the sheanut business between 0-1 year. This implies that mostly people start the sheanuts business even at their infancy as indicated by Mikcay (2010) that people born into where a natural resource is found naturally learn from adults in accessing or utilizing such resource. To validate this claim is a report by a participant during the focus group discussion: *“we always followed our parents to pick sheanuts because it’s our source of livelihood; we had to wake up at dawn to the farm pick enough of it so we can get money from it. Woman aged 41, focus group discussion 14<sup>TH</sup> June 2019”*.

**Table 4: Number of years Participants has been sheanuts Farmers**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
<b>0-1Years</b>	10	10
<b>2-5 Years</b>	6	6
<b>6-10 years</b>	11	11
<b>11-19 Years</b>	7	7
<b>20+ Years</b>	54	66
<b>Total</b>	88	100

Source: fieldwork, 2019.

### Availability of Market to Farmers



The market arrangement available to farmers to sell produce also affects their level of satisfaction and ease in trading off their farm produce. Farmers cost of transporting their produce reduces significantly where there are market closer to them. Table 5 shows that, more than half thus (68%) of the participants use to sell their sheanuts in their farms, homes and roadside. Twenty two percent use to sell only at their homes and roadside whilst ten percent sold at their farms and roadside. The implication of this that people had no convenient place in selling their sheanuts as they usually bore the cost of bringing sheanuts to the door step of middlemen to buy them at a cheaper price without considering the cost and labour incurred by sheanuts farmers in transporting sheanuts to their homes and roadside. Below is an attestation given during the focus group discussion *“we use to carry the sheanuts on our head for long distance to bring it to a place convenient to the buyers before they buy our nuts. Sometimes when the nuts are plenty, we go three to five times from the farm to the roadside or even our homes and sell them at cheap prices. Selling sheanuts during that era was very stressful. Sometimes our children would have to absent themselves from school to help us carry the nuts. There were no tractors to carry the nuts like we have today: Woman aged 54, focus group discussion 14<sup>th</sup> June 2019”*. This finding agrees with Ampadu-Ameyaw and Omari (2015) findings that the absence of modern technology reduce productivity and efficiency among small scale farmers and hence a reduction in their income levels. This study is of the view that the additional time used in carrying nuts could have been used in other productive ventures.

**Table 5: Where Farmers sold their Sheanuts**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
<b>Homes and Roadside</b>	21	22
<b>Farms and Roadside</b>	9	10
<b>Farms, Homes and Roadside</b>	57	68
<b>Total</b>	88	100

Source: fieldwork, 2019

### **Participants Satisfaction of where they sold their Shea nuts.**

The level of participant's satisfaction of where they ply their trade depends on the availability of customers to buy their produce. Table 6 shows the participant's level of satisfaction or dissatisfaction about where they sold their nuts. From the table, only nine eight percent of the participants were content with where they sold their nuts, more than half of the participants (61%) of the population were not content with where they sold whereas twenty eight percent of the participants express an extreme discomfort about where they sold their nuts. This implies that at least seventy-nine percent of the participants were generally not happy about where they use to sell. To validate this was evidence from the focus group discussion: *"we spent days to carry nuts to buyers only to get a small amount of money. We use to trek in the scotching sun sometimes with our babies on our back. We eventually end up falling sick and our babies are no exemption. Sometimes we allow some of the nuts to spoil if we unable to convey them. Thank God the government brought us this factory to save us from our woes. Woman aged 49, focus group discussion 14<sup>th</sup> June 2019Buipe"*. This finding is also in consonance with the findings of MOFA (2010) that lack of agro-processing and storage facilities

are some of the reasons why agricultural yields go wasted. The study agrees to this and believes that sheanuts farmers would have been better off if they could conveniently convey the nuts or store it for future use.

**Table 6: Farmers’ Satisfaction of where they sold their Sheanuts**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
<b>Agree</b>	8	9
<b>Disagree</b>	51	63
<b>Strongly Disagree</b>	29	28
<b>Total</b>	88	100

Source: fieldwork, 2019

### **Sheanuts Price Control1**

Table 7 shows that more than half (55%) of the participants strongly believe the price of sheanuts is controlled by the middlemen. On the same tangent forty one percent agree to the assertion whereas four percent do not know who controlled the price of sheanuts. This means that a huge proportion (96%) of the participants believes that middlemen had the power to increase, decrease or maintain the prices of sheanuts as they deem fit. Below is a report given during by a participant during the focus group discussion: *“we had virtually nothing to say in determining the price of sheanuts. Everything was in the hands of the middlemen buyers; they bought it a price they like, sometimes on credit and sometimes on part payment. When you confront them for an increment, they will threaten not to buy your nuts. Because we had no option, we would give in to their demand. They will usually reduce the prices during the bumper harvest and increase it substantially when it becomes scarce. We could hardly get a fair negotiation but thank God the factory now gives us*

comparatively good price. Woman aged 59, focus group discussion 14<sup>th</sup> June 2019 Buipe”. This revelation resonates with the findings of FAO (2014) that a lot of farmers in the hinterlands are exploited by middlemen due to the farmers’ inability to transport their farm produce to where there are available markets. The study finds prices control dominated by middlemen as a form of farmer’s exploitation leading to low profitability and also a disincentive for the youth to venture into sheanuts farming.

**Table 7 Price Controls of Sheanuts**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
<b>Strongly Agree</b>	44	55
<b>Agree</b>	41	41
<b>Don’t know</b>	3	4
<b>Total</b>	88	100

Source fieldwork, 2019

**Rejection of Sheanuts by Middlemen**

Table 8 depicts the response of participants about nuts rejection. More than half (67%) of the participants strongly agree to the fact that their nuts have been rejected before, on the same breath, twenty nine percentage agree that their nuts have been rejected certain point in time whilst three percent thinks their nuts have never been rejected. At least (96%) of the participants attesting to the fact that middlemen sometimes reject their nuts is an indication of inefficiency in the utilization of farm produce. To add more is a report from a participant at the focus group discussion: *“we used to gather our nuts and wait for middlemen to come and buy but sometimes they won’t show up on time and before they come, the nuts had gone bad. When they eventually come, they will*

*refuse to buy any rotten nuts. This was one of our greatest challenges because we were not able to store our nuts or process the entire nut we fetched. But now the factory has helped us overcome this challenge by buying our nuts instantly. They move from farm to farm with their tractor and buy them on our farmlands. We now gather more nuts than before. Woman aged 35, focus group discussion 14<sup>th</sup> June 2019 Buipe*". This revelation resonates with Babu (2000) finding that point out to the fact that farmers are more motivated when agro-processing industries are sighted close to them as they save time in looking for buyers and prevent post-harvest losses. This study found out that farmers in Buipe are generally comfortable with how the North mill factory buy their nut.

**Table 8 Instances where Farmers sheanuts have been rejected.**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
<b>Strongly Agree</b>	56	67
<b>Agree</b>	29	29
<b>Disagree</b>	3	4
<b>Total</b>	88	100

Source: fieldwork, 2019.

### **Sheanuts Farmers and their Savings before the Factory**

Table 9 shows, a simple majority of the participants thus (71%) disagree that they were able to save, on the same breath, twenty two percent of the participants strongly disagree that they were able to save whilst seven percent admit they were able to save. Majority (89%) of the participants disagreeing to the fact that they were able to save give a clear indication of low savings among sheanut farmers in Buipe prior to the establishment of the factory.

Below is a narrative given during the focus group discussion: *“in the past we could hardly get value for our nuts, we had virtually nothing to depend on. We could not keep any money for future use because proceed from the sale of the nuts were so small. Usually during the months of September where most of our children were supposed to go senior high schools and tertiary institution, we had to fall on our relative elsewhere for loans. There are instances where some of our wards had to stop schooling because of financial constraint. Woman aged 41, focus group discussion 14<sup>th</sup> June 2019Buipe”*. This revelation of low savings among sheanut farmers also resonate with the findings of IFAD (2006) findings that throughout Ghana small scale farmers cope with poverty in so many ways and one of such ways is to reduce household spending by taking their children out of school. This study found out that a lot of participants had their wards redrawn from school because parent’s inability to pay their school fees.

**Table 9 Participants Savings from Sheanuts**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
<b>Strongly Agree</b>	6	7
<b>Disagree</b>	59	71
<b>Strongly Disagree</b>	23	22
<b>Total</b>	88	100

Source: fieldwork, 2019.

### **Farmers Current Savings**

Table 10 depicts that majority (92%) of the participants admitted that they are able to save whereas only eight percent were unable to save. This is an indication that savings among sheanuts farmers in Buipehas improved



drastically. To validate this is a report by a participant from the focus group discussion: *“Things have changed for the better these days. I am better today than some years ago when I was selling to middlemen buyers. If the factory had come earlier many of our children wouldn’t have drop from school. Many have entered into early marriages. I can say I am happy now. Woman aged 37, focus group discussion 14<sup>th</sup> June 2019 Buipe”*.

**Table 10 Participants Current Saving**

Responses	Frequency	Percent
Yes	81	92
No	7	8
Total	88	100

Source: fieldwork September 2019.

**Where Farmers Sell their Sheanuts Currently**

Table 11 shows that absolute (96%) of the participants admitted selling all their nuts to the factory whilst only a smaller percentage four percent do not sell all their nut to the factory. This study finds a high patronage of the service of the factory by the sheanuts farmers in Buipe. To reaffirm this claim is a report given by a participant during the focus group discussion: *“we now find it more comfortable selling our nuts to the factory, they treat us very well and we get good prices for our nuts and they have relieved us of the burden of carrying nuts for long distance. I can say that we sell almost all our nut to the factory. However there just a few of us who use the indigenous way of sheanuts processing to process nuts into better for medicinal purposes. Woman aged 35, focus group discussion 14<sup>th</sup> June 2019 Buipe”*. The finding that a chunk of farmers sells all their nuts to the factory resonates with the findings of FAO (2015) findings of what they termed “backward and forward



linkages”. Backward arise when local producers are able to satisfy their demand for raw materials from local suppliers ‘whereasforward linkages arise when industries are able to create additional opportunities in the local economy such as employment. In the case of Buipe, this study is of the view that, the sheanut farmers are able to feed the factory with sheanuts whilst the factory also create satisfaction by prompt purchase and high price which boost the local economy.

**Table 11 Farmers Who Sell All their Nuts to the Factory**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
<b>Yes</b>	85	96
<b>No</b>	3	4
<b>Total</b>	88	100

Source: fieldwork, 2019.

### **Permanent Jobs Created by the Factory**

Factories operating in rural communities are expected to provide some form of job opportunities to the people living in the community within which it operates. Table 12 shows that, a greater percentage of the participants (90%) strongly agree to the fact that permanent jobs have been created; on the same tangentsix percent also agree to the assertion whilst four percent disagree to the assertion that permanent jobs have been created. The study finds out that a vast majority of the people admitted to the fact that some permanent jobs have been created. To validate this claim is an attestation given during the focus group discussion *“My junior brother use to work with a road construction company as driver but was laid and became jobless for some years thereafter but thank God he has been employed by the factory as driver again. He has been with the factory for the past two years. He has also invested some money*

into MTN mobile money ventures and has in turn employed a vendor: Managed 55, focus group discussion 14<sup>th</sup> June 2019 Buipe”. This study agrees FAO (2015), fact finding that local communities where agro-processing industries are sited benefit in the forward linkage through the creation of opportunities by the factory. Conspicuously from the survey and the focus group discussion, it is evident that the factory is doing well in terms of job creation for the people of Buipe.

**Table 12 Creation of Permanent jobs by the Factory.**

Responses	Frequency	Percent
Strongly Agree	78	90
Agree	7	6
Disagree	3	4
<b>Total</b>	<b>88</b>	<b>100</b>

Source: fieldwork September 2019.

### Indirect Jobs Created by the Factory

Table 13 depicts that majority (85%) of the population strongly agree that some indirect jobs have been created, on the same tangent, five percent of the participant agree to the assertion whereas ten percent of the participant disagree to the fact that indirect jobs have been created. From the table, the vast majority of the people (90%) agree to the assertion gives an indication of the factory providing some people with some source of livelihood in Buipe.

Below is a report given by a participant during the focus group discussion:

*“some people especially young ladies have taken advantage of the presence of the factory to engage in trading at the premises of the factory and beyond. They go there to sell food, drinks, water and credit cards. Our young men also*

use their tricycles and taxis to convey products such as shea butter and oil at the factory for retailers at a fee. People make good sales over there: Man aged 35, focus group discussion 14<sup>th</sup> June 2019 Buipe”. The study believes the creation of indirect jobs by the agro-processing factories to locals of Buipe resonate with the view point of Da Silva et al (2009) that agro-processing industry is an important source of employment both direct and indirect, locally and at the national level. This study envisages that an expansion of the factory or an establishment of another agro-based industry will have the potential of reducing unemployment in Buipe to the barest minimum.

**Table 13: Indirect Jobs Created by the Factory.**

Responses	Frequency	Percent
<b>Strongly Agree</b>	73	85
<b>Agree</b>	5	5
<b>Disagree</b>	10	10
<b>Total</b>	88	100

Source: fieldwork September 2019.

#### **Alternative Livelihood Program introduced by the Factory**

Table 14 shows that majority of the participants (86%) have been introduced to the pomade making, five percent have been introduced to batik and tie and dye whilst nine percent have been introduced to soap making. This study finds out that majority of the participants participated in the pomade making exercise because of their experience in indigenous sheabutter extraction. Moreover, it was introduced earlier than the other program which is soap making. Below is narrative from a participant during the focus group discussion: “when the factory started operating, we only sold nuts to them but

*some two years later, they told us they wanted us to get other source of livelihood so they first introduced the pomade making exercise. Later they brought the soap making and currently have declared their intension to train people in batik and tie and dye. A lot us participated in their program at no cost. Their training has been very helpful to us. Some women make pomade and soap in large quantities for sale whilst others make them for household use.* Woman aged 50, focus group discussion 14<sup>th</sup> June 2019 Buipe” This study finds the situation where local sheanuts farmers willingly availing themselves for other livelihood programs and making gains out of it somewhat contradictory with the views of Boye et al (2009) view of likening local farmers attitude of” peasantry” associated with apathy towards livelihood diversification and combination.

**Table 14: Alternative Livelihood program by the Factory**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
<b>Batik and Tie and Dye</b>	5	5
<b>Pomade Making</b>	74	86
<b>Soap Making</b>	9	9
<b>Total</b>	88	100

Source: Fieldwork, 2019.

**Sheanuts Farmers and Cooperative Formation.**

When farmers are in cooperative groups, they find it easy to access loan to credits from financial institutions because their activities become more formalized. Table 15 shows that (94%)of the participants confirmed that they were not into any cooperative group before the factory was established whilst six percent of them admitted beingin cooperative. This study also finds out that little did sheanuts farmers knew about the importance of organizing

themselves into cooperative group. To validate this claim is a report by a participant during the focus group discussion: *“we never had any idea of coming together to form cooperative group, we saw each other as competitors in picking nuts from the farm and making profit, because we didn’t trust each other by then. We did things our separate ways. We depended on the help from our children and in some rare instances our husbands. However, the factory has helped us to form cooperative group and we know have our female leaders. Almost every one of us belongs to a cooperative group for now. Woman aged 32, focus group discussion 14<sup>th</sup> June 2019 Buipe.”* This finding that vast majority of farmers not being in cooperative groups agrees with Quartey and Darkwa (2015) findings that in most cases, farmers lack the ability to organize themselves into cooperative to protect their own interest unless there is an external agent such as NGOs or government agencies. They attributed the farmer’s inability to form cooperative to lack of managerial or leadership skills and lack of trust among themselves.

**Table 15: Farmers and Cooperative Formation**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
<b>Yes</b>	6	6
<b>No</b>	82	94
<b>Total</b>	88	100

Source: fieldwork, 2019.

### **Farmers Ease in Accessing Loans**

Table 11 shows that vast majority of the participants (89%) strongly disagreed that it was easy for them to get loans from the bank, on the same tangent, four percent of them also disagreed, whilst seven percent of them agreed that they had ease in getting loans. This study found out that majority

of the sheanuts farmers were not able to access loans from the bank due to lack of knowledge in loan acquisition procedure, lack of collaterals, fear of default payment and lack of guarantors. A report giving by a woman during the focus group discussion gives a clear explanation to this finding: *“Getting a loan from the bank was not easy at all. We knew nothing about how to start the whole process. There was also a rumor that if your contract a loan and unable to sell you will be arrested and that brought fears to some of us. Sometimes the bankers will also ask you a collateral security and a guarantor which most of us don’t have. Now the management of the factory has saved from all this trouble by taking loans for us through our cooperative groups. Woman aged 45, focus group discussion 14<sup>th</sup> June 2019 Buipe.* The inability of farmers to contract loans in the past without the factory and the cooperative groups is in line with the findings owusu-kwarteng (2014) view that local farmers are not able to fully mechanized and expand their production due to difficulties they face in getting credits facilities like tractors, plough, and bank loans.

**Table 16: Farmers Ease in Accessing Loans**

<b>Response</b>	<b>Frequency</b>	<b>Percent</b>
<b>Agree</b>	6	7
<b>Disagree</b>	5	4
<b>Strongly Disagree</b>	77	89
<b>Total</b>	88	100

Source: fieldwork, 2019.



### **Social Amenities that has been provided by the Factory**

Factories operating in rural communities have the core responsibility of providing jobs to the people in their immediate environment. Table 18 shows that (91%) of the participants' agreed that the factory has provided social amenities to the community. On the same breath, five percent strongly agree to the assertion whereas only four percent of the participants disagree that the factory has provided social amenity. The vast majority of the participants agree to the assertion and narratives emanating from the focus group discussion prove that the factory has able to provide the Buipe community with a lot of social amenities. Below is an account given by a participant during the focus group discussion: *“water use to be a great challenge to us in the past, we only had few bore-holes and we exerted a lot of pressure on them an often break them down. When this happened, we had to go to the far away Volta River to fetch some water mainly for washing and bathing. The water from the river is not drinkable so had to spend a lot of money on sachet water for drinking and cooking. When the factory came in, the constructed about six mechanized bore-holes in Buipe for us, they also provided us with a land fill site to dispose our waste. The clinic we have here was initiated and built by the factory. They constructed some gutters in town and linked them to the Volta River. In the past because of the flat nature of our community, we experienced a lot of flooding during the rainy season. Currently a three-unit classroom block is under construction by the factory to serve us. In addition, electricity was also extended to the new site where the factory is located and the nearby houses also benefited. Man, aged 45, focus group discussion 14<sup>th</sup> June 2019 Buipe”*. The study found out that the provision of some social amenities by the North mill sheanuts processing factory contradicts the Aworh (2012)



view that most agro-based industries have failed to help local communities where they are established in the area of technology transfer, empowerment and capacity building and provision of social welfare service. Aworh view agro-based industries as profit seeking organization concerned with high level of production and distribution to enjoy economies of scale. However, this study agrees with Addaquaye (2014) finding that local communities within which agro-based industries are located also benefits from some amenities that must be provided as a precondition necessary for the operation of the factories. He cited water and electricity as some of the fundamental amenities local communities benefit from and this is true of the case of Buipe.

**Table 17: Social Amenities Provided by the Factory**

	Frequency	Percent
Strongly Agree	6	5
Agree	79	91
Disagree	3	4
Total	88	100

Source: fieldwork, 2019.

#### **Scholarship Scheme Granted by the Factory**

Table 19 shows that, majority of the participants (80%) responded yes that the factory provides scholarship to their wards. Twelve percent of the participants think otherwise whilst eight percent of them were not too sure whether the factory provides scholarship or not. The study found out that the people of Buipe were very pleased with the factory in the area of scholarship provision as it has relieved some parents of their burden in paying their children school fees. An account given by a participant during the focus group explains it vividly: *“Paying our children school fees was a huge burden on us, especially those of us who have our children in the senior high school level*

*and tertiary level. We had to rely on relatives for help and sometimes when that fails our wards have to drop out of school. The management of the factory has been very helpful to us from the last three years. They have provided three scholarship schemes to the Buipe community. The first is the basic school scholarship which is granted to brilliant but needy children; the senior high school scholarship scheme only lasted for a year due to the free senior high school policy and lastly the tertiary scholarship scheme which a student becomes an automatic beneficiary once you qualify to the tertiary institution”.*

*Man aged 45, focus group discussion 14<sup>th</sup> June 2019 Buipe.* The provision of scholarship by the factory to the people resonate with the findings of Addaquaye (2014) which explains the impact of agro-based industries on the local communities as being positive and one which enhance the wellbeing of local communities.

**Table 18: Scholarship Scheme Granted by the Factory**

<b>Responses</b>	<b>Frequency</b>	<b>Percent</b>
<b>Yes</b>	68	80
<b>No</b>	13	12
<b>Not Sure</b>	7	8
<b>Total</b>	88	100

Source: Fieldwork, 2019.

## CHAPTER FIVE

### CONCLUSIONS AND RECOMMENDATIONS

#### Introduction

This chapter presents the summary, conclusion and recommendation of the study. It highlights the key issues emanating from the study in the form of major findings and also brings to bear the position of this study as to whether the findings confirm or disconfirm the research questions in the study. It also presents current issues or concept pertaining to this study and gives recommendation for policy making and practice as well as suggestions for further research.

#### Summary of the Study Findings

A lot of findings emanated from this study but key among them have been stated under their respective objective. In the area of providing market to farmers by the factory, it was revealed ninety one percent (91%) of the farmers were generally not happy about selling their sheanuts on their farms, roadside and homes prior to the establishment of the north mill sheanuts processing factory. Ninety-six (96%) of the farmers agreed that the price of sheanuts were determined and controlled by middlemen buyers who cheated them prior to the existence of the factory. Majority of the farmers of the farmers eighty nine percent (89%) of the farmers were unable to save when they were selling sheanuts to middlemen due to bad prices. However, ninety two percent (92%) are currently able to save as they sell sheanuts to the north mill factory. Eventually ninety six percent (96%) sell all their nuts to the factory.

In the area of job creation by the North mill factory, ninety six percent (96%) of the farmers attested that the factory has provided permanent jobs to some people in Buipe. Similarly, ninety percent (90%) of the farmers agreed that the factory has also created some indirect jobs in the Buipe community. With regards to the role of the factory in helping farmers' access loan facility; it was revealed that ninety three percent (93%) of the farmers could not access bank loans prior to the establishment of the factory. Currently every farmer (100%) has access to loans by virtue of belonging to a cooperative group. In terms of the provision of social amenities by the factory, it was revealed that, ninety six percent (96%) of the farmers agreed that the factory has provided some social amenities. On the other hand, ninety two percent (92%) agreed that the factory provides scholarship scheme to students in Buipe.

### **Conclusion of the Study**

Based on the key findings of the study, it is concluded that the North Mill agro-processing factory has had a very positive effect on the wellbeing of the people of Buipe. It is glaring that the factory is doing tremendously well in alleviating poverty in Buipe. The provision of ready market by the factory to sheanuts farmers and prompt payment by the factory serves as a measure against post-harvest losses. As narrated during the focus group discussion, a chunk of the nuts was lost when middlemen buyers refuse to show up on time purchase them or when farmers themselves are unable to carry them to convenient places for buyers. Another eminent area where the factory is helping alleviate poverty is the offering of good prices for sheanuts comparative to what middlemen buyers. This has served as a preventive measure against exploitation of farmers by middlemen buyers who used to buy

nuts at any price of their convenience without giving any room for negotiation. Majority of farmers however expressed satisfaction about the value they get when they sell their nuts to the factory. Equally an important area where the factory has and is helping alleviate poverty is the creation of permanent jobs to some people of the Buipe community. It was revealed from the results of the survey questionnaire and the focus group discussion that the factory has provided permanent jobs to some people who were unemployed prior to the coming of the factory. In this regard, the factory contributes to the improvement of other areas of the employees and their immediate family's lives such health and education because their income earned is expected to cater for these. The provision of indirect jobs to food vendors, credit card vendors and other petty traders also had boosted the local economy of Buipe whilst providing jobs at the same time. The formation of farmer's cooperative by aided the management of the factory is now helping farmers to acquire bank loans to expand their production and also to invest in small enterprise which in turn create jobs. The formation of co-operative by farmers has also helped formalized the activities of sheanuts farmers and is helping them in the area of record keeping, accountability and for their welfare. The provision of social amenities by to the people of Buipe by the factory has helped mitigate the challenge of water shortage and prevented water borne diseases such bilharzias and typhoid fever associated with the use of the Volta river for household chores. Paramount some the intervention by the factory that has helped in poverty alleviation is the granting of scholarship to school going children. As recounted, many school children in the past drop out of school due to parents' inability to cater for them. The granting of scholarships to school children has reduced the burden of parents in fulling funding their

wards education and that amount of money parents would have spent on their wards either go into savings or investments.

### **Recommendations of the Study**

On the basis of the key findings and conclusion of this study, the following recommendations were made:

1. Government should provide the local sheanuts farmers in Buipe with a pension scheme as measure to mitigate over dependency among people in Buipe.
2. A quota in terms of employment must be reserved for local communities to also directly benefit from the factory.
3. The west Gonja District Assembly must access and articulate the needs of sheanuts for to Government and donor agencies for support.
4. It is also incumbent on government to create the necessary environment for the North mill agro-process factory to expand and create more jobs.

### **Suggestion for Further Research**

Notwithstanding the eminent role of agro-processing in alleviating poverty in Buipe, it is suggested that further studies should be conducted on the impact or effect of the agro-processing factory on the environment of the community so as to help address issues of environmental sustainability which is a major global concern.



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APPENDIX 1.

**TOPIC: EVALUATING THE IMPACT OF THE NORTH MILL  
SHANUTS PROCESS FACTORY AT ALLEVIATING POVERTY AT  
BUIPE.**

**SECTION (ONE) DEMOGRAPHY**

**“Please tick the appropriate option in your view”**

1. Sex

A. Male

B. Female

2. Age

A.16-20

B.21-25

C.26-30

D.30+

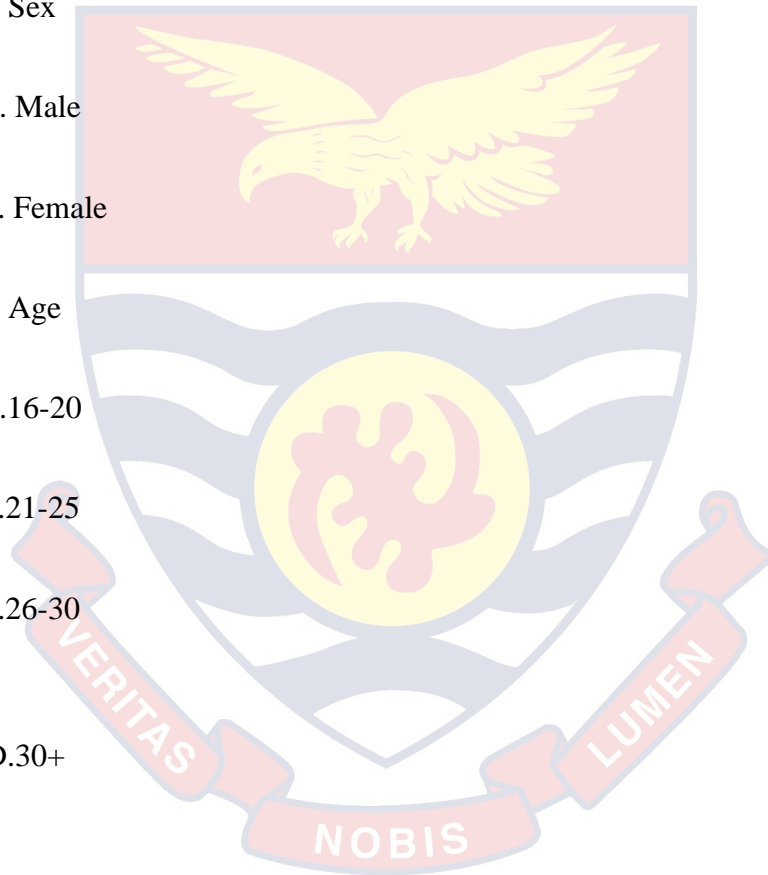
3. Main Occupation

A. Fishing

B. Farming

C. Petty Trading

4. Marital Status





A. Married

B. Single

C. Divorced

D. Widow

E. Widower

5. Educational status

A. Primary

B. JHS

C. Secondary

D. Tertiary

**Section Two: (Investigating the Role of the Factory In Providing Ready Market For Farmers)**

**“Please tick the appropriate option in your view”**

6. For how long have you been engaged in Sheanuts farming?

A. 0-1 Years

B. 2-5 Years

C. 6-10 Years

D. 11-19 Years

E. 20 Years +

7. Where were you selling your Shea nut before the factory?

- A. Homes and market
- B. Farms and road side
- C. Market and on the roadside
- D. Market, road side and farms

8. You were content with where you sell your produce?

A. Agree

B. Disagree

C. Strongly agrees

9. Who controlled the price of sheanut before the establishment of factory?

A. Farmers

B. Government

C. Middlemen

D. Factory

10. Would you agree that you were content with the price determination of shea nuts before the establishment of the factory?

A. yes

B. No

11. Who did you prefer to have determined the price of sheanut

A. Farmers

B. Government

C. Middlemen

D. The Factory

12. How often was the price of sheanut increased before the coming of the factory?

A. Weekly

B. Monthly basis

C. Yearly basis

D. Not sure

14. There were instances where your nuts were rejected by buyers?

A. Strongly Agree

B. Agree

C. Disagree

D. Strongly Disagree

15. Were you able to save at the end of the months with proceeds from shea nuts before the factory?

A. Yes

B. No

16. If yes how much?

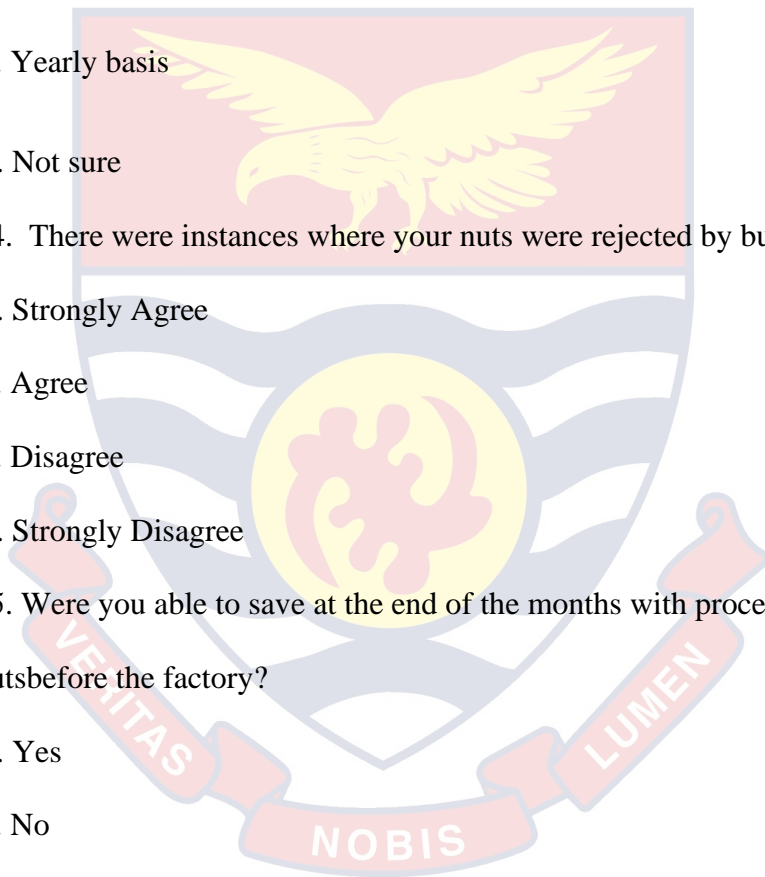
A. 100 -900 cedis

B. 1000-2000 cedis

C. 2100- 3000 cedis

D. Above 3000 cedis

17. You were contents with the prices of the sheanuts before the factory?



- A. Strongly Agree
- B. Agree
- C. Disagree
- D. Strongly Disagree

18. You sell all your nuts to currently?

A. yes

B. No

15. If yes, why?

A. Because it's mandatory

B. Because they are friends

C. Because they purchase every nuts

D. Because they offer good prices.

19. Would you like to continue selling your nuts to the factory?

A. Yes

B. No

20. If yes, which of these factors motivate you the most to do so?

A. I always like their customer relation

B. They are reliable

C. They are trustworthy

D. Because I get value for shea nuts.

21. Would you recommend to government to establish more shea nuts

processing factories?

A. Yes

B. No

22. If yes why do you think so?

.....

### Section 2 (Role of the Factory in Job Creation)

**“Please tick the appropriate option in your view”**

23. The factory has provided permanent jobs for some people from Buipe?

A. Agree

B. Disagree

C. Not sure of any

24. The factory provides temporal jobs for some people in Buipe?

A. Agree

B. Disagree

C. Not sure of any

25. Which economic activity has been boosted most by the presence of the factory in your view?

A. Food vendoring and Transport

B. petty trading

C. Not sure of any?

26. What other business do you expect to improve at Buipe as a result of the factory?

A. Food vending

B. Petty trading

C. Transport

27. You would like the factory to invest in other activities to create jobs outside the Sheanut business?

A. Strongly Agree

B. Agree

C. Disagree

D. Strongly Disagree

28. Which other area would you prefer the factory to invest in?

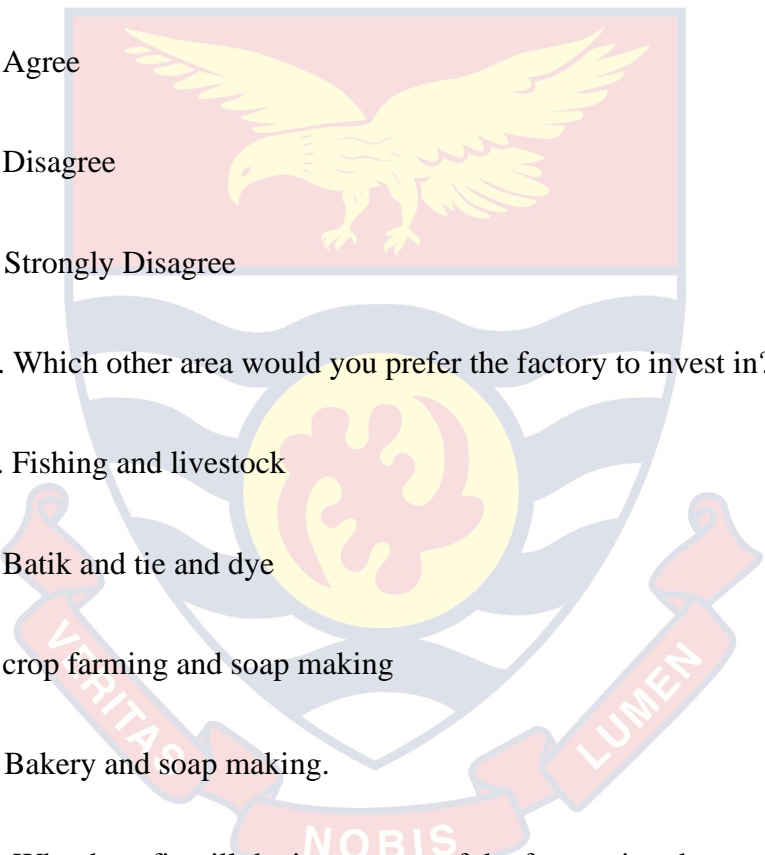
A. Fishing and livestock

C. Batik and tie and dye

C. crop farming and soap making

D. Bakery and soap making.

29. What benefit will the investment of the factory in other sector be to you?.....



**Section Three (The Role of the Factory in Helping Farmers Get Access to Credit Facilities)**

**“Please tick the appropriate option in your view”**

30. Were you in a cooperative group before the factory?

A. Yes

B. No

31. You had ease in securing loans from the bank?

A. Agree

B. Disagree

C. Strongly Disagree

32. What difficulty do you encountered in accessing loans from the banks?

A. Delay in Access

B. lack of collateral

C. High interest Rate

D. Non-Availability of Guarantors

33. The factory now helps you to secure loans from financial institutions?

A. Strongly Agree

B. Agree

C. Disagree

D. Strongly disagrees.



**Section Four (Provision of Social Services)**

**“Please tick the appropriate option in your view”**

34. The factory has provided social amenities to the community?

A. Yes

B. No

35. If yes, what type of amenity and how is it helping the community?

.....

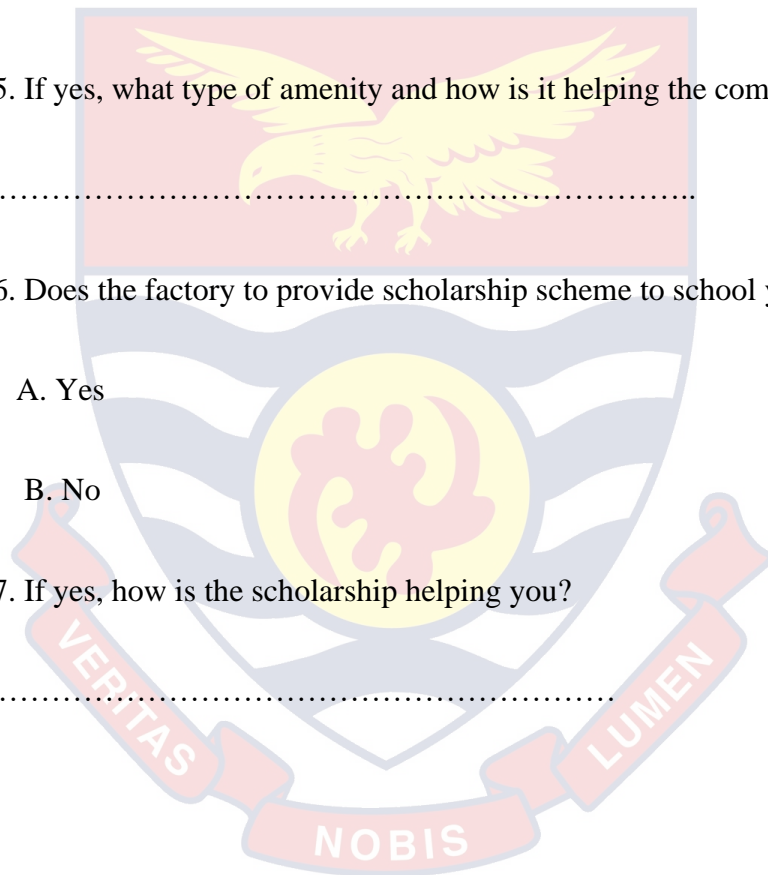
36. Does the factory to provide scholarship scheme to school your ward?

A. Yes

B. No

37. If yes, how is the scholarship helping you?

.....



## APPENDIX 2

### QUESTIONS FOR DISCUSSION IN THE FOCUS GROUP

1. Can someone tell me more about the Sheanut farming in Buipe?
2. What were the difficulties you encounter in selling your Sheanut previously?
3. What are the challenges you encounter in selling your Shea nuts currently?
4. Are there instances when middlemen refuse to buy your Sheanut?
5. Are there instances the factory refuses to buy your Shea nuts?
6. Were you cheated by middlemen?
7. What was the unemployment situation in Buipe before the factory?
8. What is the current unemployment situation in Buipe?
9. What do you do during the off-farm season?
10. What businesses are springing up as a result of the factory's presence?
11. Are you now able to save money at the end of the year?
12. What problems did you encountered in the past accessing bank loan?
13. What role does the factory play in helping you have access to loans?
14. Which social amenity has the factory provided for the community?
15. Does the factory organize any capacity building workshop for some group of farmers in the community?
16. Does the factory grant scholarship scheme for your children?
17. Have you noticed some improvement in any of the following sectors:  
education, health, transport and commerce?