In general, farmers receive lower prices compared to international prices, while consumers sometimes pay higher prices.

MAFAP analysis of key commodities in the period from 2005 to 2010 highlighted that:

- weak market infrastructure and rapid changes in trade policy decisions are the main sources of disincentives for both producers and consumers;
- policies aimed at supporting producers, such as fertilizer subsidies, are not providing the expected benefits. This is especially true for farmers in remote areas, who are penalized by the lack of infrastructure and difficulty in accessing markets;
- taxes on exported products have a negative impact on producers, especially in the cocoa sector; and
- producers of commodities important for food security suffer most from the absence of policies targeting root crops – the most important crops for food security in terms of volume.

An in-depth analysis of public expenditure based on the MAFAP's classification methodology is currently being conducted. Its findings will show to what extent public spending is improving access to markets for smallholder producers and processors.
Price incentives

Domestic prices are converging with international prices. However, ad hoc policies and poorly functioning markets are a significant burden for producers and consumers.

Except for producers of commonly imported commodities, farmers receive prices that are lower than international prices due to ad hoc policies, e.g. the sudden suspension of import duties, weak infrastructure and poor access to markets (see Figure 1). However, there is a slow, but steady, tendency of domestic prices to converge with international prices because of improved price transmission for some of the commodities analysed.

The results varied significantly between years and commodity groups. Producers of commodities for which Ghana is a net importer (rice and palm oil) benefited from increasing prices relative to international prices in 2008 to 2010. This was due to restrictive trade policies and input subsidies. However, these products became more expensive for consumers. The situation for exported commodities is dramatically different: producers are adversely affected by policies, exporters’ excessive market power and weak infrastructure.

![Figure 1. Average deviation of producers’ prices from world prices, by major commodity groups (2005 - 2010)](image)

Note. The bars measure the percentage deviation of producers’ prices from the prices in world markets (reference price). Imports include rice and palm oil; Exports include cocoa and yam; Commodities important for food security include maize, rice, cassava, yam, palm oil and sorghum.

MAFAP PARTNERS

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MAFAP PRODUCTS

Nine technical notes analyzing market incentives and disincentives for maize, rice, cassava, yam, cocoa, groundnuts, palm oil, beans and sorghum.

One technical note analysing public expenditure to support agriculture and rural development.

A comprehensive country report.

A database with all indicators and supporting information used for their calculation.

Information about capacity development activities on the MAFAP methodology for public expenditure analysis and for market incentives and disincentives.

All reports and publications are available at: www.fao.org/mafap

Our Vision for the Future

MAFAP indicators are expected to become part of the regular policy monitoring and evaluation system in Ghana. They will help track progress in implementing major policy strategic documents such as the Food and Agriculture Sector Development Policy (FASDEP II) and the Medium Term Agricultural Sector Investment Plan (METASIP). In this regard, MAFAP will also contribute to monitoring progress under regional initiatives such as CAADP and the G8 New Alliance for Food Security and Nutrition.

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