

Analysis of the impact of alternative enterprise interventions on poverty and livelihoods in rural Ghana

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Abstract

Despite the spate of urbanisation fuelled among other factors by rural-urban migration across the African region, majority of people continue to reside in rural communities with greater burden of poverty and livelihood vulnerabilities. Ghana's case has not been different. However, in response to the high incidence of rural poverty, the seasonal nature of agricultural livelihoods and the attendant increase of unemployed youth engaged in rural-urban drift, successive governments of Ghana introduced and supported the Rural Enterprise Programme (REP) to promote livelihood diversification and restructuring of the rural economy. The REP phases I (1995-2002) and II (2003-2011) sought to contribute to the development of competitive rural medium and small-scale enterprises (MSEs) in beneficiary districts backed by good quality, relevant, sustainable and market-driven business development support services. For almost two decades of implementation, the REP has run on policy assumption that, focusing on direct agricultural activities alone cannot produce substantial rural poverty reduction and support the actualisation of the sustainable development goals (SDGs) in rural Ghana. However, performance of the REP on its assumption requires verification. Following mixed research techniques, this paper uses the experiences of selected beneficiary communities from the Ajumako-Enyan-Essiam District to examine how the alternative livelihood development interventions of the REP have impacted rural livelihoods and poverty. The extent to which rural enterprise development interventions have engendered

livelihood diversification and affected the asset-base of rural households, and how the interventions have produced positive livelihood outcomes and poverty reduction in the intervention area studied are discussed in this paper.

Keywords: Rural Development; Poverty; Livelihoods; Micro-enterprise Development; Ghana

1. Introduction

In the last two decades or so, interest in poverty reduction, livelihood sustainability and rural development has grown tremendously. This sustained interest and drive for poverty reduction and rural development globally in recent past is not difficult to comprehend. On the global scale, the largest segment of the world's poor includes some 800 million women, children and men who live in the countryside (UNDP, 2006; Donovan, 2013). In most rural communities particularly in developing countries, poverty remains a scourge and a social canker. High incidence of rural poverty and vulnerabilities are often associated with failures of governments' urban-biased public policies and ill-designed programmes and projects to deliver perceived trickle down effects to the peripheral regions, which often serve to impoverish rural communities (World Bank, 2003).

In some sub-Saharan African regions, trade and fiscal policies discriminate against agriculture which remains the backbone of the rural economy and the primary source of livelihood among the rural people (World Bank, 2003). Significantly too, recent adverse climate change effects and the rise of the problem of land grabbing and conservative 'rurality' continue to exacerbate agricultural productivity, households' incomes and wellbeing of rural inhabitants. These conditions have often had grave implications on the rural society which partly explain the high incidence of rural poverty and vulnerability in sub-Saharan Africa. Thus, rural-urban development disparities in terms of incomes and employment opportunities, access to means of production and livelihood assets, health and education facilities, water, housing and livelihood vulnerabilities (Crook, 2001), have in the last decade of the 21st Century attracted global attention. The emphasis on poverty reduction and rural development in global development initiatives has been necessitated by the realisation and response to the reality of the growing incidence of poverty and vulnerabilities of rural farmers to climate change threats amidst so-called economic growth in the last few decades (WHO, 2009; World Bank, 2009; Chen and Ravallion, 2008).

Besides, non-governmental organisations (NGOs), governmental institutions of many developing countries and donors to these countries are increasingly recognising the value of poverty reduction and rural development initiatives in ensuring progress towards the actualisation of the Sustainable Development Goals (SDGs) by 2030 and beyond.

Thus, many governments in sub-Saharan Africa have embraced poverty reduction and rural development programmes beyond policy rhetoric, and through some commitments are setting agenda and pursuing actions to bring improvements in the lives of the majority of rural residents. Such countries as Ghana, Uganda, Kenya, Nigeria and Burkina Faso have all adopted poverty reduction strategies. In addition, since 2000, following the United Nations' millennium declaration which committed developing countries to a new partnership against poverty and promotion of human development, significant donor fund inflows into developing countries has aimed at supporting the attack on rural poverty to ameliorate rural-urban disparities, out migrations from the rural areas and sustain rural livelihoods.

In pursuit of their rural development agenda, there is a growing recognition in developing countries that, granting the rural poor access to human, natural, financial, social and physical livelihood assets to actively engage in productive activities is necessary. This is contrary to their hitherto passive engagement in productive activities granted in the basic needs approach to rural development. More significantly, it is assumed that, even with transformative agricultural practices, focusing on agricultural production activities alone cannot engender substantial rural poverty reduction due among other things to climate change menace and its consequences on agricultural productivity. Thus, diversifying livelihoods in the rural areas beyond agriculture is becoming increasingly necessary for a sustainable rural economy. This recognition keeps drawing the attention of governments and NGOs to medium and small scale rural non-farm activities. Alternative enterprise development interventions in the form of medium and small scale manufacturing and service activities are gaining much prominence in developing countries. Their prominence came into the limelight due to their presumed potential to adapt flexibly to the unprecedented foreign exchange constraints and also provide a viable alternative to direct agricultural livelihoods and the large scale industries which are so dependent on foreign exchange. The contribution of medium and small scale enterprises (MSEs) to the national economy could be potentially very large as seen in their contribution to the Gross Domestic Product (GDP) (Basu et al., 2004).

In Ghana for example, agriculture remains the mainstay of the rural economy; however, most people in rural areas are engaged in medium and small scale enterprises to complement their farming activities. These non-farm activities add value to farm produce and serve as alternative livelihood sources during the off farm and long dry seasons (Kayanula and Quartey, 2000). Most women, young people and vulnerable male adults, who cannot engage in physically demanding farm work, take up medium and small scale enterprises to sustain themselves and their families. Medium and small scale enterprises also serve as a vehicle for promoting many traditional and cultural crafts such as beads making, kente weaving, wood carving, blacksmithing, pottery among others. Hence, successive governments of Ghana with their development partners have since the 1990s pursued rural diversification and restructuring policies and programmes underpinned by the theories of human development and livelihood sustainability. One of such medium and small scale enterprise development interventions is the Rural Enterprise Programme (REP).

The REP phases I (1995-2002) and II (2003-2011) were designed to create competitive rural medium and small-scale enterprises (MSEs) in beneficiary districts backed by good quality, relevant, sustainable and market-driven business development support services. For almost two decades of implementation, the REP has followed the policy assumption that, focusing on direct agricultural activities alone cannot produce substantial rural poverty reduction and support the actualisation of the sustainable development goals (SDGs) in rural Ghana. However, performance of the REP on its assumption requires empirical verification. Following mixed research techniques using the experiences from selected beneficiary communities in the Ajumako-Enyan-Essiam District, this paper discusses how the alternative livelihood development interventions of the REP have impacted rural livelihoods and poverty. The extent to which rural enterprise development interventions have engendered livelihood diversification and affected the asset-base of rural households, and how the interventions have produced positive livelihood outcomes and poverty reduction are the central focus of this paper.

2. The REP and poverty reduction in a conceptual and theoretical context

2.1. The REP and poverty reduction in theoretical context

The meaning, determinants and understanding of poverty is crucial in framing rural development and poverty reduction strategies. Conventionally, poverty was conceptualised in economic terms and often measured using economic indicators. The World Bank defines poverty as ‘the inability to attain a minimum standard of living’ and has produced a ‘universal poverty line’, which is ‘consumption-based’ and comprises two elements: ‘the expenditure necessary to buy a minimum standard of nutrition and other basic necessities’ (cited in Duy Khe et al., 2003). This definition is often used for inter-country comparisons, and does not necessarily depict what happens at community and household levels. From the income perspective, a person is considered to be living in ‘extreme poverty’ if his income fell below US\$ 1.25 a day (Deaton, 2010). The definition of poverty from the economic perspective has received considerable criticisms in the poverty scholarship (Adjei and Kyei, 2011, Nayaran, 2005; Bloom and Canning, 2003) as it largely fails to take into account the holistic and humanistic perspectives.

The World Bank’s work on the *voices of the poor* together with Amartya Sen’s philosophical works on capability and development as freedom (Sen, 1999) have in recent times broadened understanding of what poverty connotes, and what poverty reduction interventions ought to focus on to produce desirable outcomes. In line with these new perspectives, poverty is now conceptualised in terms of inadequate human development opportunities, vulnerability, insecurity, social norms, lack of participation and political voice, economic and social asset as well as freedom (Nayaran, 2005). Bloom and Canning (2003) argue that poverty is characterised as a ‘capability deprivation’, where a person lacks the ‘subsistence freedom.’ They further assert that, this freedom has two facets: opportunity and security. Opportunity requires education and a range of political and economic freedom, whereas security is viewed as a consequence of effective utilisation of the opportunities provided to a person and or the household. Thus, poverty is not only a state of existence but also a process with multiple dimensions and complexities characterised by deprivation, vulnerability (low capacity to cope with risks), and powerlessness (Verner and Alda, 2004). In effect, poverty is not a paucity of income only.

It is now well and adequately documented that the definition and measurements of poverty must take into consideration its multidimensional attribute including

issues of the social and cultural context in which people live and work (Bili, 2005; Velma and Alda, 2004). Hence, the success of rural development interventions such as the REP is dependent on their inherent abilities to promote multidimensional poverty reduction and human wellbeing on sustainable basis in the rural milieu. Further, these abilities to address multidimensional poverty of rural communities is also dependent on the extent to which the rural development agenda is holistic and humanistic, the actors are all-inclusive, with the rural poor defining poverty and participating in the entire reduction process; and the extent to which the actions and strategies are integrated and transformative (Adjei et. el., 2014).

Over the past half century or so, substantial amount of resources has been committed to the course of reducing poverty which is now the primary overriding goal of the international development community. However, much of the global efforts towards achieving poverty reduction have largely been expressed through the neoliberal orientation driven by market reforms and the move towards promoting and enhancing the economic competitiveness of the supply side of the economy (Raco, 2005). The economic thinking and paradigm embedded in the neoliberal discourse are deeply rooted in classical economics of utilitarianism which view less productivity and low economic growth as the most structural cause of poverty. Thus, in line with the neoliberal thinking, market based strategies such as the structural adjustment packages of the 1980s and the subsequent Poverty Reduction Strategy Programmes in the early 2000s have largely been the policy preferences in relation to achieving poverty reduction and eliminating social inequality. Proponents argue that the adoption and implementation of these policy strategies over the years have resulted in reducing the number of people who live in poverty. In a study by Dollar and Kraay (2000), it was reported that these growth enhancing policies such as liberalisation, macroeconomic stability and privatisation benefit the poor and the entire population in the less developed and developed world (Dollar and Kraay, 2000). Recent *studies* by Maxim Pinkovskiy and Sala-i-Martin (2009) also showed that the number of the poor fell from 403 million in 1970 to 152 million by 2006.

While these policy strategies have made some modest strides in relation to economic growth, the increasing evidence of the growing levels of poverty and inequality especially in countries that adopted these strategies cannot be overemphasized. For instance, the World Bank (2000) has shown that

the number of people who find themselves in the grips of poverty in Africa rose from 227 million to 314 million between 1990 and 2001 as a result of the implementation of SAPs. This figure was expected to increase from 314 million in 2001 to 366 million by 2015. In some Latin American countries such as Argentina, unemployment rate increased from 6.5 per cent to over 17 per cent while at the same time the number of people living in conditions of income poverty soared from 22 per cent to over 27 per cent between 1991 and 1995 due to the implementation of stabilization and adjustment policies of the World Bank and IMF (Bosworth and Collins, 2003). Although developing countries have made tremendous progress in improving living standards; globally, an estimated 1.2 billion people live in extreme poverty and more than 850 million are undernourished (IFAD, 2001).

In effect, the market based strategies have done little in reducing poverty as it tends to mostly reward the rich and leave behind the weak and the poor who are predominantly found in rural areas. Thus, high levels of social inequality and vulnerability especially in rural areas occur. For instance, the Ghana Living Standard Survey report IV shows that about 85.7 per cent of all poor people in Ghana live in the rural areas (GSS, 2000). Years of mismanagement, corruption and macro-economic instability have undermined Ghana's efforts to significantly reduce multidimensional poverty particularly in rural areas to the desired level (Daily Graphic, 09/08/01). Women are among the worst affected, more than half of women who are heads of household in rural areas are among the poorest 20 per cent of the population (the poorest of the poor). As a result of the failure of the market based strategies of trade liberalisation, privatisation and reduction in government expenditure in reducing poverty, there has been increasing calls for more direct social policy initiatives and human development interventions that address inequality and poverty especially in rural areas, where majority of the poor and marginalised reside.

In the Ghanaian context, attempt to eradicate poverty in rural areas has been part of the development agenda of past governments since independence. However, it is in the last few decades that moving policies into pragmatic rural development actions by providing alternative sources of livelihood has given birth to the implementation of a number of policies and programmes including the Rural Enterprises Programme (REP) (Poku-Antwi, 2011). The REP is a social policy initiative by the International Fund for Agricultural Development (IFAD) in partnership with the government of Ghana to improve the livelihoods, incomes and wellbeing of the rural poor. Its intent is to enhance

the beneficiaries' capabilities to engage in medium and small scale non-farm enterprises to generate profits, growth and employment opportunities. Years after the implementation of the REP, not much systematic research has been conducted to ascertain whether the programme is impacting positively on rural poverty while at the same time achieving its other interrelated objectives of creating wealth and improving livelihoods. This study sought to address the identified knowledge gap. The next section of the paper discusses the conceptual and institutional framework, strategies and stated goals through which poverty reduction is to be achieved with the REP implementation.

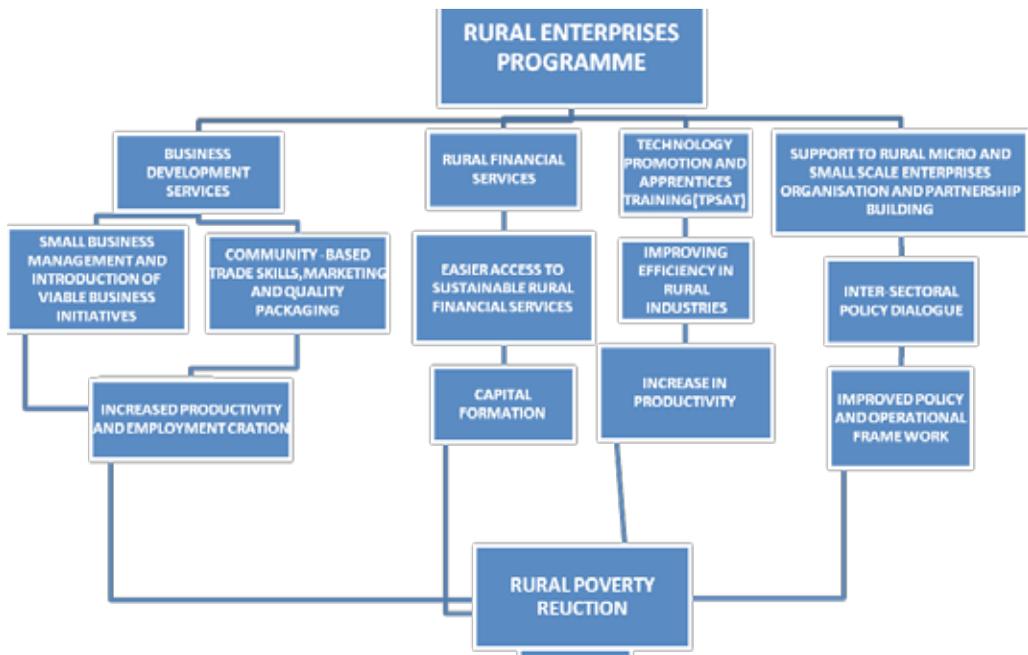
2.2. Institutional and conceptual framework of the REP

The Rural Enterprises Programme (REP) phases I and II were meant primarily to diversify sources of rural livelihoods and root out poverty from rural communities in Ghana. The project was identified in October 1992, and approved by the IFAD Executive Board in December 1993. Phase I was implemented in 13 districts in the Ashanti and Brong Ahafo Regions from 1995-2002. From 2003 to 2011, the phase II of the REP was implemented in 53 districts in all regions nationwide (REP, 2010; REP, 2011). Implementation coordination was done by a Project Coordination and Monitoring Unit based in Kumasi, the capital of the Ashanti Region. The Ghana Regional Appropriate Technology Industrial Service (GRATIS), the National Board for Small Scale Industries (NBSSI), the Department of Feeder Roads, Bank of Ghana, Association of Rural Banks and fifteen participating rural banks worked together as implementing agencies for the programme. The REP was part of the development programme of the Government of Ghana to create wealth and reduce poverty. It sought to contribute directly to achieving the broad themes of the Ghana Poverty Reduction Strategy (GPRS I) and the Growth and Poverty Reduction Strategy (GPRS II) of the Ghana government. The programme was funded by the African Development Bank (AfDB), IFAD, the Government of Ghana (with resources directly from central budget as well as from District Administrative budgets, ARB Apex Bank and NBSSI), and by the private sector comprising Project Clients and Participating Financial Institutions.

The activities of REP II are mainstreamed into the decentralised administrative system. At the district level, the District Assemblies, the National Board for Small Scale Industries (NBSSI) and the GRATIS Foundation implemented the programme through a partnership arrangement. The two key field units at the district level for the REP implementation are the Business Advisory Centers

(BACs) and Rural Technology Facilities (RTFs). Services rendered through the REP include training of beneficiaries in employable skills for medium and small business creation, apprentice training, technology transfer, rural financial services including credit delivery and savings mobilisation in the rural areas. Others were support to local business associations, support to inter-sectors policy dialogue, and partnership building on medium and small scale enterprise (MSE) promotion. The Project had four main technical components which were Business Development Services (BDS); Technology Promotion and Support to Apprentices Training (TPSAT); Rural Financial Services (RFS) and Support to Rural Medium and Small Scale Enterprises Organisations and Partnership Building (SMSEOPB) as shown in figure 1.

FIGURE 1: CONCEPTUAL FRAMEWORK OF REP AND RURAL POVERTY REDUCTION LINKAGES



As shown in Figure 1, the REP I and II were designed to contribute to the reduction of poverty and improvement in the living conditions of the rural poor, and especially increase the incomes of women and vulnerable groups through increased self and wage employment. The development objective was to increase the number of rural MSEs that generate growth and employment. It was perceived that, non-farm activities constitute alternative effective means

of reducing poverty especially in rural Ghana. In view of this, the programme focused on equipping young people especially women with entrepreneurial skills that will offer them the opportunity to diversify their livelihood sources. These were to be achieved by facilitating access to new technology and business advice; promoting easier access to financial services; improving the efficiency of existing small rural enterprises, supporting the creation of new enterprises, and removing communication constraints through feeder road rehabilitation. The project was designed to build on the Government of Ghana's economic reforms and to encourage individuals and other private sector actors in rural areas to take advantage of opportunities created by the opening up of the economy. At the design stage, it was estimated that direct benefits of the programme would accrue to over 16,000 families or about 100,000 people in the target group. The design gave special attention to the most vulnerable households, socially disadvantaged women, unemployed youth and those who have been apprenticed to a trade but lack the capital or experience to start a business (IFAD, 2002).

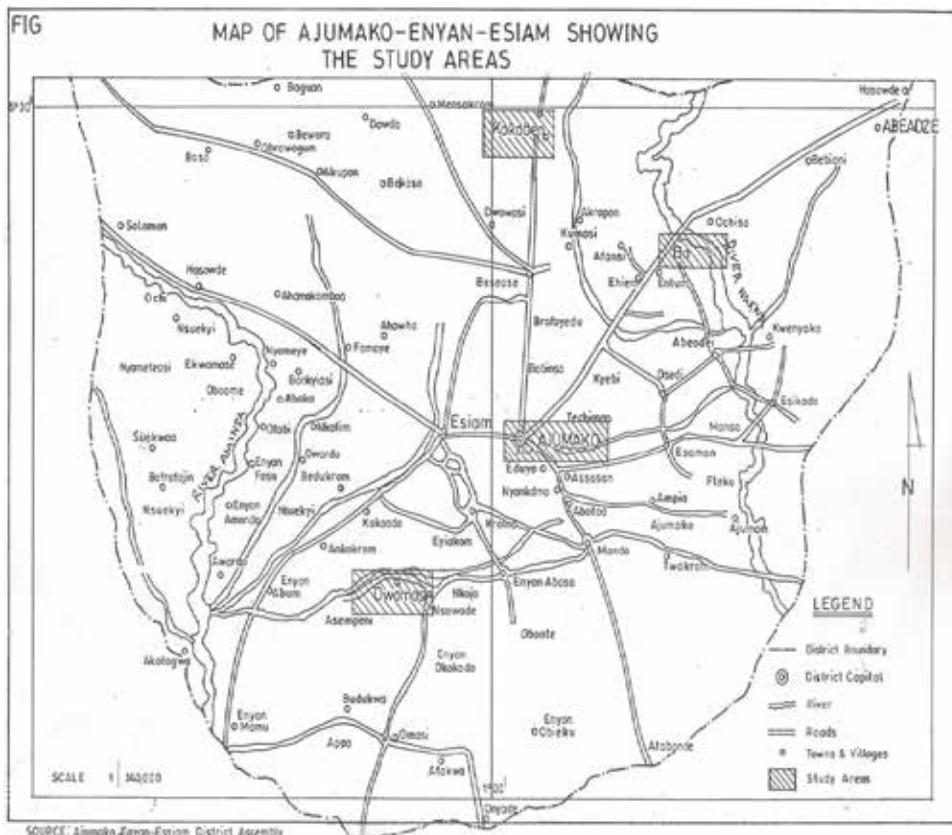
In the following section, the research techniques and results from the study on how the anticipated poverty reduction and livelihood diversification objectives of the REP have been delivered in practice in the selected study communities from the Ajumako-Enyan-Essiam district of Ghana have been discussed.

3. Site description and research methods

This paper is based on a case study research involving a sample of 160 REP beneficiaries drawn from the Ajumako-Enyan-Essiam district of the Central Region which is predominantly rural by its geographical attributes. The sample frame comprised four beneficiary communities in the district. In addition, 20 REP officials and local authorities were interviewed to complement the views of the beneficiary respondents. As indicated in figure 2, in the Ajumako-Enyan-Essiam district, respondents were selected from four communities namely: Owomase, Ba, Kokoben and Ajumako as a case for examining the impact of REP Phase II (2003-2011) on rural livelihoods and poverty reduction. The study followed a multi-staged sampling process by combining three different sampling techniques - stratified, purposive and simple random sampling techniques which were employed at different stages of the sampling process. First, the study district and communities were purposively sampled to ensure that beneficiary communities of the REP were selected and studied. The beneficiaries were put

into three strata using three trade categories namely: agro-processing, service enterprise and primary fabrication and repairs. This was necessary to ensure that beneficiaries belonging to each of these categories were captured in the study sample. From the identified strata, simple random technique was used to select the respondents. Questionnaires, unstructured interviews with interview schedule, field observations and documentary review were means for collecting data. Data collection was done from January to June, 2014. With the help of the statistical product for service solution (version 16), data gathered were analysed using both quantitative and qualitative techniques including descriptive statistics and transcription of interview data. Figure 2 represents the map of the Ajumako-Enyan-Essiam district showing the four communities chosen for this study.

FIGURE 2: AJUMAKO-ENYAN-ESSIAM DISTRICT SHOWING STUDY COMMUNITIES



4. Results and discussion

The results from the study are presented under three thematic areas - background of beneficiaries in the district, REP interventions and how they affect enterprise growth and development, and finally how implementation of the REP interventions has influenced livelihoods and beneficiaries' quality of life.

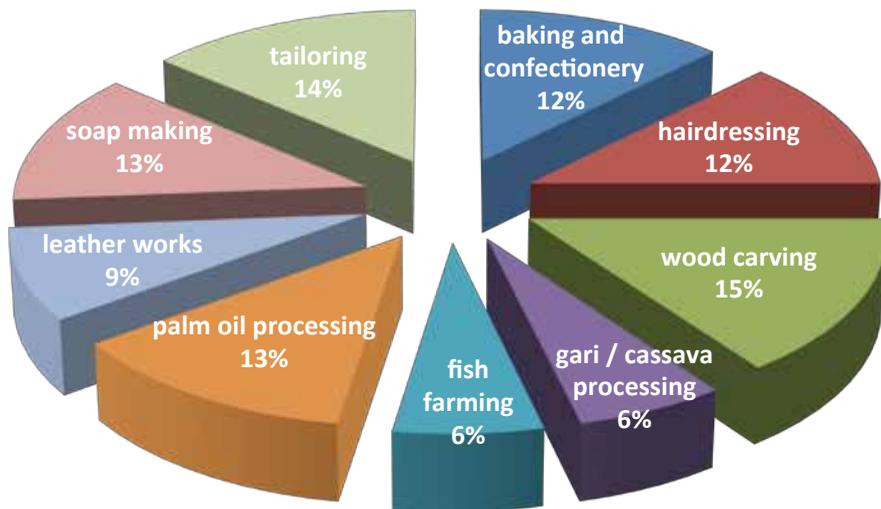
4.1 Background of respondents

Out of the total sample of 160 respondents, women represented the greater percentage of beneficiaries; 56.2 per cent was females. About 73 per cent of the beneficiary respondents had very low levels of formal education (different levels of basic schooling) including about 30 per cent having no form of formal education. About 65 per cent of the sample was aged between 18 and 39. Only 16.5 per cent of the aggregated sample was unemployed. The rest of the respondents were engaged in an assortment of medium and small scale enterprises prior to their involvement in the REP interventions as shown in figure 3.

The background of the respondents gives evidence of the target category of people for whom the REP is designed and on whom it is focused. The intervention largely targets rural inhabitants who are more likely to be vulnerable, poor and disadvantaged in terms of sex, age, education, access to productive assets and participation in socio-cultural and politico-economic decision making that affect communities and households' livelihoods and wellbeing. These include the rural poor women, self employed and the youth with low levels of formal education. Aside being a rural phenomenon, poverty is known to have a 'woman's face' in rural Ghana in particular and Africa in general (Adjei, et. al. 2012b). The incidence and severity of poverty is high amongst women than men due largely to their limited access to productive assets, formal education and varied form of exclusion in some socio-cultural contexts and politico-economic decisions. Further, formal education serves as important means of overcoming poverty, increasing income, improving nutrition and health, reducing family size and not the least important, raising people's self-confidence and enriching quality of their lives (Ostergaard 1999 cited in Adjei et. al. 2014). Hence, the low levels of education of the REP target beneficiaries could be a chief contributing factor of persistent poverty, poor health, inferiority, exclusion from decision making and poor quality of life. Thus, women who are likely to be excluded from decision making and denied access to productive assets; the uneducated and unemployed youth in rural areas who are likely to migrate to cities for non-existing jobs,

and the self employed in the rural milieu who are likely to be denied credit and support by commercial financial institutions to grow and sustain their livelihood enterprises constitute greater percentage of the REP beneficiaries in the Ajumako-Enyan-Essiam district. In this regard, the REP gains the heart and support of the rural communities as a programme targeting the extremely poor and vulnerable.

FIGURE 3: LIVELIHOOD ENTERPRISES OF BENEFICIARY RESPONDENTS



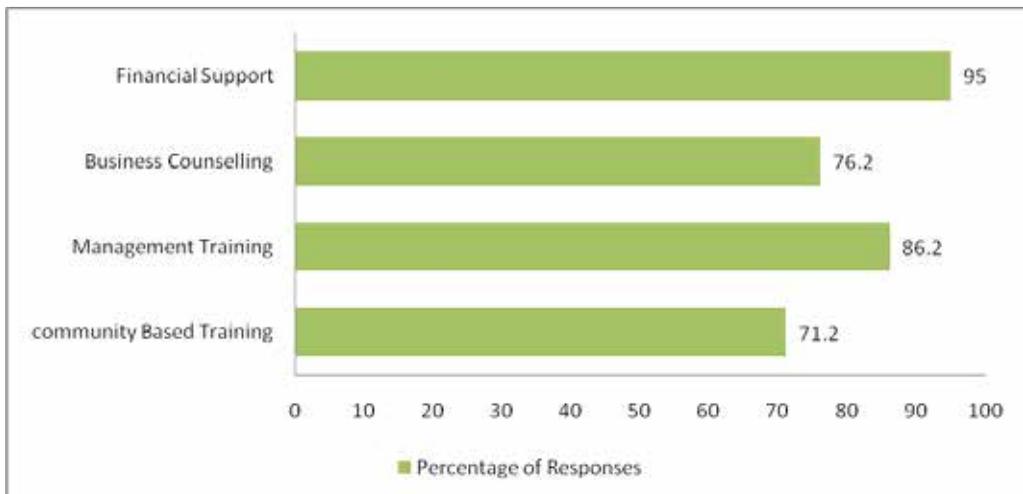
4.2 REP interventions and enterprise development in the study communities

By their predominantly rural characteristics, the Ajumako-Enyan-Essiam district remains largely agrarian with majority of the population engaged in subsistence agriculture. However, alternative medium and small scale rural enterprises have seen tremendous growth in the district in the last decade, employing close to 40 per cent of the district's population on the average. This probably may be as a result of low agricultural productivity, decreasing direct agricultural-based incomes and even significantly, the implementation of government's clean energy rural electrification programme under the National Electrification Scheme (NES) nationwide, granting access of many rural inhabitants to electricity. The non-farm activities comprising agro and wood processing (oil palm extraction, herbal medicines, soap making, basketry and carpentry), textiles and fashion (hair-dressing, tie and dye manufacturing, dress making), construction (including stone quarrying, pottery and masonry), baking and confectionery, leather and metal works as well as transport and communication

services are increasingly becoming important alternative livelihood portfolios aside agriculture within the rural economy, which serve as either main or auxiliary income and livelihood sources. However, their potentials for creating and supporting resilient rural economy through job and wealth creation and improved wellbeing without undermining agricultural development require proper planning and policy actions. How have the REP interventions supported alternative rural enterprise development in the rural communities? And how have those support services affected livelihoods and poverty reduction among the beneficiaries?

In support of the development of the rural non-farm enterprises in the Ajumako-Enyan-Essiam district, the REP is implemented to enhance the human, social, physical and financial asset base of its beneficiaries. This takes diverse forms of community-based and business management capacity building trainings and transfers. In a multiple response approach to investigate how beneficiary respondents are supported through the REP implementation, the results shown in figure 4 were obtained.

FIGURE 4: REP INTERVENTIONS FOR NON-FARM ENTERPRISE DEVELOPMENT IN THE STUDY AREAS BASED ON MULTIPLE RESPONSES



As indicated in figure 4, beneficiaries received multiple support services from the various components of the REP intervention. These were however demand-driven based on the needs of beneficiaries and their ability to co-finance their training cost. In all the cases, it was noted that, beneficiaries contributed about 50% of the cost of the capacity building training offered through the REP.

With regard to the alternative enterprise development services, counseling and/or training in customer care, records keeping and entrepreneurial skills in enterprises such as hair dressing, dressmaking, oil palm processing, gari and cassava processing, fish farming, baking and bee keeping are provided. Others confirmed receiving support from the rural financial services (RFS) component of the REP in the forms of credit management, banking culture, funds from the Participating Financial Institutions (PFIs) as loan packages. The community-based training is delivered through the MSE organisations and Partnership Building component of the REP intervention. Training of MSE associations is often directed towards strengthening and sustaining medium and small scale enterprise associations to promote group dynamics with local business networking, collective bargaining powers necessary for resilient, diversified and transformative rural economy. Following a multiple response approach, from the beneficiaries' perspectives, the impacts that the REP interventions have had on beneficiaries' enterprises in the last five years are shown in Table 1:

TABLE 1: SUMMARY OF REP BENEFICIARIES' REPORT ON GROWTH OF THEIR NON-FARM ENTERPRISES (MULTIPLE RESPONSES APPLIED)

Percentage of new and expanding enterprise growth and development	Respondents reporting expansion of their non-farm enterprise introduced due to REP	75 %
	Respondents introducing new enterprises (main/auxiliary non-farm activity)	35 %
Percentage responses of new employees engaged	1-3 new employees	76.2 %
	4+ new employees	23.4 %
Type of workers engaged in the last five years	Unpaid workers (family workers and apprentice)	57.4 %
	Paid workers (full and part-time)	42.6 %
Acquisition of physical assets in the last five years	Fixed assets	63 %
	Other assets	92 %
Percentage of responses about Productivity and Sales	Increased productivity and sales	79.8 %
	No change or worsening productivity and sales	20.2 %
Registration of enterprise after REP interventions	Registered (either with District Assembly, local business association or Registrar General's dept.	67.5 %
	Respondents' with non-registered enterprises	33.5 %
Percentage of Respondents operating active bank accounts	Before the REP's Interventions	32 %
	After the REP's interventions	96.2 %

In various ways, majority of the REP beneficiaries affirmed seeing significant improvements in their enterprises in the last few years. Generally, the kind of improvements in business growth and development being experienced in the non-farm sector by the respondents is linked to the interventions provided through the implementation of the various components of the REP. The improvements are associated with proper records keeping and customer care, introduction of financial discipline, application of entrepreneurial skills and proper accounting techniques, improved personal and environmental hygiene at workplaces, punctuality and application of appropriate and improved means of production. One of the female respondents affirmed;

Before associating with the REP, I was using an old-fashioned oven to bake but after acquiring the REP training, I was given a mechanised oven which can bake adequate quantity of bread within a short period of time and with an increase in the number of my workers, I am able to supply all my customers with bread and this has also improved my sales and revenue. I sell almost all the bread I produce in a day which was not the case before my participation in the REP.

A respondent from Kokoben in the Ajumako-Enyan-Essiam also asserted;

I am a tailor by profession, however, due to the REP training received, I have also acquired some skills in soap making and so I have established a soap making enterprise which is being managed by one of my employees and supported by an apprentice.

Local authorities including the district assembly members, project supervisors and chiefs further affirmed the positive outcomes of the REP interventions in the growth of the non-farm sector in their localities. The REP intervention has enhanced the quality, design and packaging of the goods and services rural MSEs produce, increased access to working capital and introduced environmentally friendly production techniques. Further, trade associations and client organisations are strengthened, thus increasing their participation in decision making within the rural political economy. Thus, through the provision of sustainable support services and transfer of entrepreneurial skills in appropriate production and service delivery techniques, the REP has supported the growth of resilient and competitive rural MSEs that create alternative and sustainable incomes and livelihood sources for reducing poverty and enhancing wellbeing amongst significant number of rural households in the Ajumako-Enyan-Essiam district of Ghana. However, even though participation of the local people in the design of interventions that affect them is crucial for its sustainability and success (Leeuwis, 2000), the nature and extent of participation of majority of the target group of the REP intervention is generally limited to information giving,

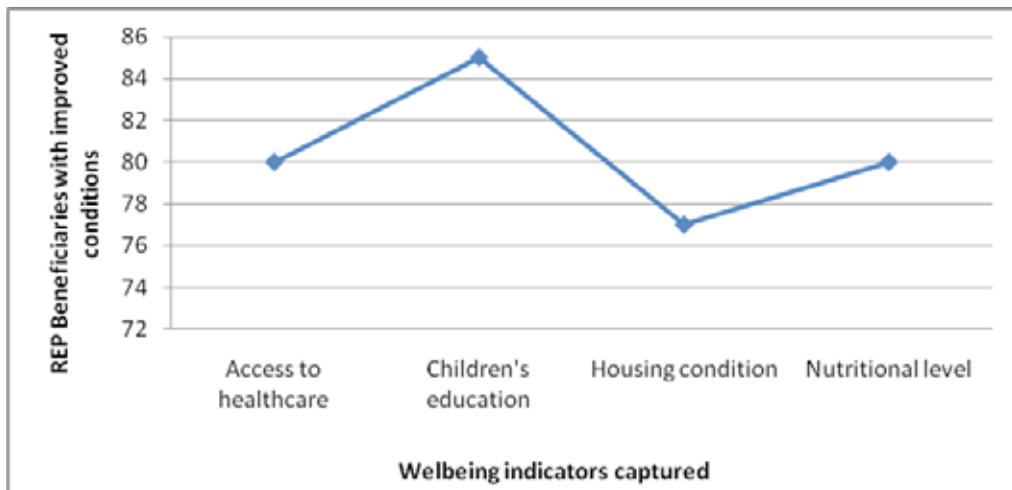
selection of preferred REP package and making financial contribution for the implementation of the intervention. This was the position of about 67 per cent of the beneficiaries who had no idea about who and how the decisions to introduce the specific components of the REP intervention in the communities were made. Generally, the local communities are not actively involved in decision making, planning processes, monitoring and evaluation of the programme.

1.3 The REP, livelihood sustainability and poverty reduction

Poverty and vulnerability have strong linkage with people's livelihood sustainability (Adjei et. al., 2012a). Due to the variety of forms that livelihoods may take, their sustainability may mean different things to different people. Chambers and Conway (1992) for example define a livelihood to comprise the capabilities, assets (stores, resources, claims and access) and activities required for a means of living. A livelihood is considered sustainable when it has the ability to cope with and recover from stress and shocks, maintain or enhance its capabilities and assets, provide sustainable livelihood opportunities for the next generation and contribute net benefits to other livelihoods at the local and global levels in the long and short terms (Adjei et. al., 2012a; Majale, 2002). How the REP has impacted livelihoods, rural poverty and wellbeing is positioned in the context of the sustainable livelihood framework adapted from the Institute of Development Studies (Scoones, 1998). Addressing the livelihood assets received and the outcomes achieved through the REP implementation at the household level was necessary given the context of rural vulnerabilities to climate and spatial dynamics. Following beneficiaries' involvement in the REP intervention, poverty perceived by the respondents as inadequate incomes and access to basic needs, limited access to productive assets, lack of employable skills and employment opportunities and exclusion from collective social activities and decision making has reduced amongst a significant number of the rural households in the intervention areas. Results from the study indicate that, in the intervention areas studied, poverty reduction and sustainable livelihoods are achieved through the opportunities the REP creates for the rural inhabitants to have access to a range of livelihood resources (financial, human, physical and social capital) which are combined in the pursuit of different livelihood strategies (diverse non-farm medium and small scale enterprises) (refer to figures 1 & 4; Table 1). By equipping them with the appropriate livelihood assets through the REP, the rural inhabitants become empowered to diversify their income sources which ultimately have the tendencies of improving their access to basic needs including health care, educational facilities, adequate and suitable housing and

nutrition. In the Ajumako-Enyan-Essiam district of Ghana, majority of those receiving support from the REP are enabled to create, diversify and develop their livelihood activities to enhance their wellbeing. Beneficiaries' perspectives on how the REP has enhanced their quality of lives are shown in figure 5.

FIGURE 5: REP BENEFICIARY HOUSEHOLDS AND THEIR WELLBEING



The International Labour Organisation (2003) has argued that, poverty elimination is impossible unless the economy generates opportunities for investment, entrepreneurship, job creation and sustainable livelihoods. Thus, the principal route out of poverty is work. This paper almost certainly supports the ILO's assertion on poverty reduction; however, experiences from the REP studies prove that job provision cannot entirely do the magic of eradicating multidimensional poverty if the capabilities of the poor to work are not enhanced. The paper supports the capability development approach to multidimensional rural poverty reduction. This can be achieved through the transfer of the right amount of livelihood assets (natural, human, social, financial and physical) needed by the rural people to work and live well. Livelihood assets acquired in their correct amount help to overcome diverse forms of vulnerabilities and create opportunities for engaging in productive activities or strategies that will engender improvements in living conditions and general wellbeing. Thus, the principal routes out of rural poverty are the provision of requisite livelihood assets and jobs. In the case of the REP, its inception has led to a significant growth of the rural non-farm sector for local economic development. Majority of

rural households in the intervention areas now derive incomes and other benefits from the non-farm sector on sustainable basis. In related studies (e.g. Barrett et. al., 2001; Ferreira and Lanjouw, 2001 cited in Warren, 2002) it is confirmed that, in different geographical settings, farmers capable of combining conventional farming activities with innovative rural enterprises enjoy higher income and safer livelihoods than farmers deriving their income from conventional farming alone or from a combination of conventional farming and wage labour. Also the possibility of MSEs becoming viable means of creating and sustaining rural livelihoods and enhancing wellbeing depends on key factors including access to a reasonable start-up capital – (natural, human, financial, physical and social assets); some degree of protection against shocks and negative trends such as social welfare and insurance schemes. It also depends on developing supportive structures and processes including rural enterprise enabling policies, business development services, credits, transport and communication infrastructure (Escobal, 2001 cited in Warren, 2002). In this regard, it could be argued that, with continued stakeholders' support and commitments, the REP has the potential of promoting a viable diversification of rural livelihood assets, strategies and outcomes towards reducing rural poverty, transforming and sustaining the rural economy of Ghana (cf. Boeh-Ocansey et. al., 2009).

5. Conclusion and policy recommendation

Rural development and poverty reduction conceived as the extension of the benefits of development to the poor majority residing in rural areas, could be subverted if the emerging non-farm sector within the rural milieu is neglected in favour of agricultural growth. Undeniably, the kind of dynamics characterising the rural ecosystem in Ghana supports the view that, focusing on agricultural activities alone cannot engender substantial rural poverty reduction. Hence, developing mechanisms for diversifying livelihoods through strategic integration of farm and non-farm activities is necessary for a viable and sustainable rural economy. In Ghana's case, it could be argued that the success of the REP lies in its adequate targeting of the poor categories in rural Ghana. Hence, sustaining stakeholders' momentum behind the REP implementation and other alternative livelihood interventions is crucial to ensure that the non-farm sector delivers substantial poverty reduction and rural development. It is recommended that, policy direction that allows the poor and vulnerable rural inhabitants who are the target beneficiaries of the REP to actively engage with project designers and

other supporting agents from the design to evaluation stages of the REP must be considered. In that way, beneficiary households and the entire rural society would maximize benefits derived from the REP intervention.

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