Kpando Woodcarvers and Potters

A BASELINE STUDY AND VALUE CHAIN ANALYSIS OF CRAFT ARTISANS IN KPANDO DISTRICT IN GHANA

Agnes Dokter

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ABSTRACT

In this thesis, the social and economic characteristics of craft artisans, in particular woodcarvers and potters, and their households in Kpando district in Ghana are studied, as well as the organizational structure of the local craft sector and the position of the artisans in the value chain of crafts. Through an analysis of their position in the chain, opportunities have been identified in order to improve the economic benefit for the artisans. A baseline study and a value chain analysis have been the methods used for this research. The research shows that craft making in both groups is the main source of income at household level, however that subsistence agriculture and other rural activities are needed to sustain the livelihoods. One of the main challenges is the clustering of the artisans in effective and efficient producer groups. Improved coordination in the producer bases can lead to scale benefits, as well as to an upgrade of their position in the value chain. At the end of the research, a number of recommendations have been provided on how to improve the different constraining aspects for Kpando's craft artisans.

ACKNOWLEDGEMENTS

From an interest in sustainable tourism development to a concern for the wider developmental context I arrived in Ghana for a four month field research in bounds of my International Development Studies. The research has enabled me to combine my knowledge of both fields of interest and put it into practice for the benefit of those subject to this study. This thesis is the result not only of the research conducted but also of a personal learning trajectory.

I would like to acknowledge the support from the numerous individuals, institutions and communities who generated information on the craft sector of Kpando and more specific on woodcarving and pottery. Gratitude needs to be expressed to the Kpando District Assembly, the traditional authority of Kpando Traditional Area, the Centre for National Culture, the Ghana Tourist Board, the National Board of Small Scale Industries and the craft communities that have been visited in Kpando district.

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Agnes Dokter

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EXECUTIVE SUMMARY

Craft making is increasingly considered a rural nonfarm livelihood activity for many people in developing countries. The craft sector in general finds itself on a crossroads with a number of economic sectors, which serve as an opportunity for marginalized craft making communities. Ghana has an abundance of craft communities being known for a specialized craft, such as kente weaving, bead making, and different styles of pottery and woodcarving. However, many small craft producers lack the lucrative markets, preferably abroad, that can boost their sales considerably and sustain their livelihoods. A general low in demand makes many people fall back on subsistence farming and other activities in order to make a living. Low sales with no profits means very little income and no room for investment in the craft enterprises.

This research investigates *the social and economic characteristics of the craft artisans and their households in Kpando district in Ghana in order to identify opportunities to improve the economic benefit for craft artisans in the value chain of crafts.*

Theoretical context of the research

Understanding the rural nonfarm economy is increasingly important as the other end in the continuum with agriculture. Agriculture offers less opportunities, though still remains the mainstay of the rural economy in most developing regions. Increasing competition from the global market has made it more difficult for farmers. Therefore diversification in the livelihood occurred as a result of ex ante risk management or ex post coping strategies. It is argued (Barret et al., 2001; Reardon, 1997) that those people less favorable positioned in the society are often also less able to access nonfarm activities, due to being unable to make the necessary investments, despite the low barrier of entry into many nonfarm activities.

Besides the rural nonfarm economy, the research topic of this thesis is rather strongly connected to two major approaches. The first approach is the sustainable livelihood approach, which is an important framework centered on the activities of individual households. As such, it seeks to understand the various assets available to the household to form a means of living, also known as the livelihood strategy (Chambers, 1995; Ellis, 1998; Bebbington, 1999; Sherbinin et al., 2008). The livelihood framework thus is helpful in understanding the local context, however, in order to recognize these same households as part of an economic system it is necessary to also look at the value chain, through which households are part of as a result of entrepreneurial activities. Value chain – the process of input supply, production, trade and consumption of a product – needs to be explained here in order to understand the workings of economic organization (Bolwig et al., 2008a: 9; Gereffi et al., 2005: 79; Sturgeon, 2001: 6). The performance of a value chain will determine to what extent business activities of individuals will result in successful livelihood strategies.

It is argued that the micro-enterprise sector contributes substantially to the growth of employment and output growth in many countries (Mead and Liedholm, 1998; McDade and Spring, 2005: 20; Nichter and Goldmark, 2009: 3; Robson et al.; 2009: 332). But a great share of this employment will reside in informality, which leaves many with almost no job security, low incomes, no social protection and less access to training and education, thereby constraining decent work

opportunities. Accordingly, the discussion on the contributions of micro entrepreneurial development to macro economic growth and to income improvement on micro level connects the two approaches of the livelihood and the value chain, which should be seen as complementary to each other and not as separates or opposites.

Research setting

The research takes place in Ghana, West Africa, which has for many years been an example of economic and political progress within Sub-Saharan Africa. On a national level, agriculture is the mainstay of the economy, with almost 60 percent of the population active in it. Tourism is the fourth important foreign exchange earner and is becoming more significant as an economic sector. Concerning micro enterprises in Ghana, in rural areas almost 60 percent of the population works on its own account. The majority of these reside in informality. Besides the primary activities and the service/sales sector, craft and related trade is an apparent occupational category. According the literature (Ahenkan and Boon, 2010; Tropenbos, 2009; SNV, 2008; Riisgaard et a;, 2008) many small producers in developing countries are often dealing with a number of constraints concerning their position in the value chain. Only few are able to make decent profits and therefore the contribution of their activities to the livelihood is often uncertain.

The research district is Kpando district, which is centrally located in the Volta Region, the most South-Eastern region in Ghana, bordered by Togo on the right and the Volta Lake on the left. Kpando, located 70 km from the regional capital Ho, is doing reasonable well compared with other districts in the Volta Region. It is well-endowed with natural and mineral resources, as well as with social and technological infrastructures. Its physical features, its hilly nature, degrades the possibilities for commercial farming. Poverty incidence (44 percent) in the district is higher than the national average (29 percent). Here too many people are self-employed, especially in the informal private sector. Tourism offers a range of opportunities on the long term since the district is bordered by the Volta Lake on the left side but currently investment is lacking even though the local authorities have recognized its potential.

SNV Netherlands Development Organisation is the commissioner of the research. The research on craft artisans falls within the PIE (production, income and employment) impact area with tourism as its main heading. SNV's core business is the support to local actors and increase their capacities to achieve their development aims. As it is currently facilitating a platform on regional tourism development in the Volta Region, the development of craft communities in the region is high on the agenda.

Research methods

To achieve the research objective, the field research consists of two phases: a baseline study and a value chain analysis. On basis of a survey covering a multitude of social but mostly economic topics, baseline information on the craft artisans and their households has been generated. In total 52 craft artisans have participated in the research, of which 39 woodcarvers and 13 potters. A large number of interviews with value chain actors as well as actors from the enabling environment has been hold to provide information on the structure and dynamics of the value chains of both woodcarving and pottery.

Baseline findings

The baseline survey provided a socio-economic profile of the craft artisans in Kpando and their households. The socio-economic characteristics of the households vary considerably. Household sizes vary from a minimum of one to 45 members in extreme situations. Education levels are generally high, compared to national standards. Incomes vary considerable as well, with some craft artisans barely above the poverty line and others far above it. With the research of two craft subsectors, the outcomes lend themselves well for a comparison of woodcarving and pottery.

Concerning the differences, first, the women have a higher age in general which indicates an extensive skill-base regarding pottery, but at the same time a low input from young women. Secondly, their educational level is lower than that of the men, suggesting that they might have had less opportunities in their youth. Thirdly, the income of a carver is approximately five times higher than that of the potters, giving them more saving opportunities. As concerned housing, overall, only few have the poorest category of housing, but if so, these are primarily the women's households.
The working conditions are quite similar for both subsectors, with some working in groups and some working individual at their houses. Women invest less time in their craft activity, most likely as a result of their remaining household activities. This might also be a reason for the lower income. Both show a high dependence on the proceeds of craft making.

The production of crafts is often being done in workplaces that are quite detrimental to the general labor conditions of the artisans, with little concern for health and/or safety issues. The absence of a fixed roof or electricity limits the artisans' production capacity. Many are lacking the financial means necessary to invest in their business. In addition, the artisans themselves do not have the technology, resources, access to credit, contacts or skills to develop their businesses beyond what they currently are. Despite half of the artisans having organized themselves into associations, organizational skills are lacking to effectively create collective benefits. Their low level of efficient and effective organization leads to a weak bargaining power on individual level, which could significantly be improved when working together.

Value chain findings

The value chain analyses have brought forward a map of flows on how crafts from Kpando move through several stages before reaching its customer. Carvers depend for a great deal on middlemen to sell their products, as well as they travel themselves to the Arts Centre in Accra to sell to retailers. The women do less travelling, which might also be a consequence of their additional household tasks, and rely more on the small flow of visitors to Kpando and surroundings. As concerned the relations in the value chain between the different actors, most transactions are volatile in nature, which results in instable and fluctuating prices and often low profits due to a low level of bargaining power on the side of the craft artisans. Considering the nature of the product which highly appeals to tourists, both crafts sell eventually predominantly to the popular tourist market, however traders and incidentally a domestic or international visitor make their way to Kpando to buy directly from the artisans.

Overall the craft artisans are dealing with a number of constraints that are not unfamiliar to small-scale producers from a developing context in value chains. These constraints limit the artisans in realizing their full potential and have implications for the distribution of the value of their products,

as the artisans receive the smaller part of it. In general, the lack of demand and the high need for 'quick cash' often results in the artisans selling their produce for a market price that is below the costs of production. A limited flow of information on the market, prices and standards constrains the artisans from establishing a high quality product. Due to an absence of innovation the crafts are becoming less distinctive, nonetheless the potential is there and consequently their positioning needs some considerable thought. Despite a good reputation for Kpando as a craft centre, woodcarvings end up in bulk in Accra and the visitor is not familiar with Kpando or its crafts. This leads to more reason to be distinctive and distinguish oneself from the competition. With enhanced attention to the craft sector, Kpando could exploits its good reputation as a craft centre and attract visitors, in addition to buyers such as middlemen and even exporters.

Nevertheless there are opportunities within the scope of the district. One of them being the presence of international volunteers in Kpando, which as a market channel is of interest to the craftsmen and women, however as such is not large enough to result in a sustainable flow of sales. An increase in the flow of sales could be boosted by increased visitation to Kpando. Kpando as a district, bordered by the Volta Lake and strategically located in a pleasant natural environment, has potential to develop more tourism and attract visitors. And even though this has been a priority on paper, the district thus far has not succeeded in giving tourism development sufficient attention to set in motion the necessary change. As it is, tourism and the craft sector could mutually enhance each other and subsequently the craft sector could be given a central focus within the district plans on tourism development. This way, in the long term those households that are involved in craft making would be able to benefit and improve their situation, as well as those that had left the sector due to low demand and ideally new and young craftsmen that enter the craft sector. In addition, there are a number of industries and service providers linked to the craft sector and to tourism, which would indicate possibilities for a spillover to these as a result from an increase in tourism development.

Recommendations and conclusion

Founded on the theories on value chain upgrading and based on the findings from the baseline study and the value chain analysis, a number of recommendations have been provided on how to improve the different constraining aspects for Kpando's craft artisans. These have been divided into product, process, functional and inter-chain upgrading. The main recommendations are: to improve standard and design of the crafts; improvement of production technologies; an enhancement of the organizational capabilities among the producer base; branding and marketing of Kpando crafts; and, the development of local tourism.

In general, the craft artisans in Kpando are not among the poorest in the society, based on the findings from the baseline study, but have indeed managed to secure a living for themselves, albeit marginal, especially in the case of the potters. A well-developed skill base and a flexibility as concerns the work, as well as the invested time are positive assets of the craft community. Its strengths should be maintained and thus Kpando should build on its reputation thereby expanding its name among the public. The weaknesses should, where possible, changed and remedied. This might pose great challenges considering the nature of the constraints however, it is not impossible as these are problems experienced by many small producers in value chains and therefore there is a wealth of experience to extract from.

TABLE OF CONTENTS

LIST OF ABBREVIATIONS

ATAG	NGO Aid to Artisans Ghana
ASSI	Association for Small Scale Industries
BAC	Business Advisory Centre
CNC	Centre for National Culture
DA	District Assembly
DFID	Britain Department for International Development
DMT	Destination Management Team
GCC	Global Commodity Chain
GDP	Gross Domestic Product
GPRS	Growth and Poverty Reduction Strategy Paper
GSS	Ghana Statistical Service
GTB	Ghana Tourist Board
GVC	Global Value Chain
MSE	Micro and Small Enterprises
MSME	Micro-, Small- and Medium Enterprises
MTDP	Medium Term District Plan
NBSSI	National Board for Small Scale Industries
NDPC	National Development Planning Commission
NGO	Non-Governmental Organizatin
ODI	Overseas Development Institute
RNFE	Rural NonFarm Economy
SLF	Sustainable Livelihood Framework
SNV	Netherlands Development Organisation
SWOT	Strengths, Weaknesses, Opportunities and Threats
UNCTAD	United Nations Conference on Trade and Development
UNWTO	United Nations World Tourism Organisation

LIST OF MAPS

LIST OF FIGURES

LIST OF TABLES

LIST OF BOXES

CHAPTER 1: INTRODUCTION

Craft making is often typified as a livelihood activity for the poor, especially when agriculture offers few opportunities. Besides being a low-skill nonfarm activity, handcraft production offers distinct advantages, such as a minimal start-up capital, flexible work hours, the ability to work at home, local skills, use of natural resources and the freedom to manage one's own business (Hnatow 2009; Haggblade 2002; Jamison, 2000: 56). However, craft making by itself is often not enough to empower the livelihoods against hardship. Therefore activities such as subsistence farming and selling food and non-foodstuffs remain necessary adjacent to craft making.

With decreasing opportunities in agriculture in some developing regions, the rural nonfarm economy is expanding and has transformed from a relatively minor, often part-time based and subsistence-oriented sector to a key contributor to economic growth (Haggblade et al., 2002). Nonfarm activities become a major source of income and employment for an increasing number of people. Poor rural households frequently seek economic refuge through distress diversification into low-skill nonfarm activities, among which, craft making (Haggblade et al., 2002).

Craft making is a market-oriented activity, which means it is interlinked with a number of economic sectors. It has potential for export abroad, but just as well may appeal to domestic markets of home decoration. In addition, craft shopping is an essential part of tourism. However, in many countries the synergy between these sectors is far from its full potential. A limited flow of information on markets, prices and standards constrains many craft artisans from establishing a high quality product and to market it well. As a result, they are dealing with low demand, low profits and unstable incomes.

Within SNV, Netherlands Development Organisation, one of its strategies within its impact area of production, income and employment (PIE) is tourism. They strive for an expansion of economic possibilities for the marginalized poor in local communities. Enterprise development and improvement of craft making activities are part of the objective. The World Tourism Organisation (UNWTO) has also underlined the strong relation between tourism and the craft sector, however also recognizes a number of challenges that hinder its development. Quality and design of the crafts is one of these challenges, finding the appropriate marketing channels is another, as well as the massive incorporation of locally produced handicrafts into tourism establishments (UNWTO, 2006).

An important tool within SNV's intervention logic is the *value chain approach*, which is used to analyze how to improve participation and inclusion of marginalized people within the economy. By analyzing a value chain, the productive activities from input supply and production to trade and consumption are being examined. Doing that helps to identify market-based solutions to improve the opportunities and earnings for the poor. Value chain development is directed at 'enhancing the inclusion of small scale producers and entrepreneurs in regional or global value chains', which should subsequently result in an increase in production, income and employment opportunities for the poor' (SNV, 2010). In value chain analysis, the concept of upgrading is used to identify possibilities for producers to 'move up the value chain', either by shifting to more rewarding functional positions, or

by making products that withhold more value-added and provide better returns to the producers (Bolwig et al., 2008: 17). Upgrading thus refers to a vertical element of analysis. Assessing how knowledge and information flow from 'lead firms' to their suppliers is essential for the upgrading process (Gereffi, 1999). Upgrading is about acquiring capabilities and accessing new market segments through participating in particular chains (Humphrey and Schmitz, 2002).

Whereas the artisan is at the centre of the study, the research not only looks at the position of the artisans and its possibilities for (vertical) upgrading, as it will also consider the household situation and examine to what extent these artisan's households are experiencing poverty. Thus it is necessary to integrate poverty considerations in the value chain analysis, in order to analyze the various kinds of resources upon which individuals and households draw on for their livelihoods (Bolwig et al., 2008: 18). An ideal way to do such a assessment is a *baseline study*, which is another frequently used tool within the development field. A baseline study generates information of a given population on selected topics in a specific geographic area. It serves well for monitoring and evaluation of changes in time, as well as it lends itself well for a comparison of similar case studies. Incorporating aspects of the livelihood analysis in the baseline study – the range of economic activities a household is involved in, as well as the assets it is endowed with – add to an understanding of the poverty situation of the artisans. Understanding the implications for poverty, vulnerability and inequality of integration or repositioning within value chains thus requires us not only to look at the power relations that exist within the value chain itself, but also at the local systems and networks within which individuals concerned and the groups they are part of are situated (Bolwig et al., 2008: 19).

In bounds of this thesis, Kpando district in the Volta Region in Ghana has been selected by the Eastern Portfolio of SNV Ghana for a research on craft artisans and their households and how the position of the artisans in the value chain of crafts could be enhanced. It is assumed that craft making as a livelihood activity does not empower the artisans and their households against hardship. The reason for the selection of Kpando is that it is inherent to a long-established craft sector, with many people involved in a range of craft making activities in different communities in the district. For generations people have been woodcarving, weaving or doing pottery. There is a large labor supply, however, due to a weakened demand on the market, the number of artisans actively producing crafts has reduced considerably. Consequently many people, who's actual job would be craft making, have reverted to activities such as subsistence farming and trading.

The scope of analysis suggest three levels of assessment for this research. The first is the level of the individual, here the woodcarvers and potters. The research is concerned with understanding their involvement in the value chain, what the terms of incorporation are and how the value chain affects their income, vulnerability and exposure to risk (Bolwig et al., 2008). The second level is that of the artisan's household. Households are a fundamental way in which people are integrated into society, as it may enable the individual to claim for resources, support and care. Though a range of complex factors determine whether people benefit from such as membership of a household. A third level is that of the wider sectoral setting, which in fact can be divided in two levels. The craft sector on district level and the sectoral environment that goes beyond the local boundaries and can be extended to national or even international level. The first one receives priority in the scope of this research and the latter will only lightly be touched upon.

1.1 Study objective

This thesis presents the findings of a field research conducted in Ghana from February till May in 2010. The objective of this study is to gain insight into the craft sector, in particular the woodcarving and pottery subsectors, in Kpando district in Ghana and identify ways to improve the situation of the artisans and their households. The research is based on the assumption that these artisans have a low income and are unable to empower themselves against hardship in their livelihood. Additionally, by seeking market-based solutions it is postulated that their situation can improve.

The main research objective is: *to gain insight in the social and economic characteristics of the craft artisans and their households in Kpando district in Ghana. And subsequently to analyze the position of the artisans in the value chain in order to identify opportunities to improve the economic benefit for craft artisans.*

In order to reach this objective three sub-objectives have been formulated:

A. To produce a baseline study of the social and economic characteristics of the artisans and their households in order to assess the necessity for an intervention.
B. To produce a value chain analysis of the selected crafts from Kpando district in order to identify opportunities for craft artisans that can enhance their economic benefits.
C. Recommendations as input for a pro-poor intervention directed to artisans in the Volta region.

Overall this thesis has an economic outlook with an emphasis on the situation of the craft artisans and how their position in the value chain could be improved. In addition to the individual perspective it is essential to investigate the household situation. This is necessary in order to examine the extent of poverty the artisans are experiencing.

The thesis starts with a review of the available literature on the topic of this thesis in chapter two This includes discussing the theoretical concepts that lay the foundation for the findings of the research. This chapter will be followed by discussing the setting of the research thereby giving the larger context on topics such as economic development, rural poverty and microenterprise development on national and local level. Additionally, information on the commissioner of this study SNV Netherlands Development Organisation will be provided here. Chapter four deals with the research methodologies, after which the empirical findings of the baseline study will be provided in chapter five. This includes a socio-economic profile of the artisan and their households, as well as information on the dynamic of the craft sector in Kpando. Subsequently, the findings of the value chain analyses will be in chapter six, in which the constraints and opportunities hampering the artisans in the value chain will be brought forward. Based on this, chapter seven holds recommendations on upgrading strategies for the artisans. Then, in chapter eight, the findings will be discussed in the light of the literature provided earlier in chapter two and three, as well as a small reflection on the research, before coming to a conclusion in chapter 9.

CHAPTER 2: THEORETICAL FRAMEWORK

The research topic of this paper is rather strongly connected to two major approaches, which both have a wide range of literature supporting them. The first approach to be dealt with here is the sustainable livelihood approach, which is an important framework centered on the activities of individual households. As such, it seeks to understand the various assets available to the household to form a means of living, also known as the livelihood strategy. The livelihood framework thus is helpful in understanding the local context, however, in order to recognize these same households as part of an economic system it is necessary to also look at the value chain, through which households are part of as a result of entrepreneurial activities. Global value chains, previously also named global commodity chains or production networks, need to be explained here in order to understand the workings of the economic organization. The performance of a value chain will determine to what extent business activities of individuals will result in successful livelihood strategies. Hence, the discussion on the contributions of micro entrepreneurial development to macro economic growth and to income improvement on micro level connects the two approaches, which should be seen as complementary to each other and not as separates or opposites.

The first section in this chapter deals with the rural nonfarm economy, before the livelihood approach will be introduced in section two. The livelihood approach is important in understanding the realities of the poor's livelihoods, therefore in this thesis it will be employed as such, though, in the field research its implementation is bounded by the economic perspective in general and the individual artisan's outlook in particular. Section three will cover the literature on micro enterprise development in developing countries, which will be followed by the theories on value chain development.

2.1 The rural nonfarm economy

The image of rural Africa is still one with the majority of the people living from subsistence farming, meaning all produce is being consumed by the farm family itself. But the aggregate productivity of the agricultural sector is not in comparison with the number of people active in it. Besides the agricultural sector still being the mainstay of most rural economies, there is an increase in the rural nonfarm economy. The rural nonfarm economy (RNFE) in developing countries has transformed from a relatively minor sector, often largely part-time and subsistence-oriented in the early stages of development, to a key contributor to economic growth (Barrett et al., 2001; Haggblade et al., 2002). And literature shows

Box 1: The rural nonfarm economy

The rural nonfarm economy (RNFE) includes all rural economic activity outside of agriculture. It includes self-employment, wage employment, full-time, part-time, formal, informal, seasonal, and episodic nonfarm production. Nonfarm activity may take place at home, in factories or by itinerant traders. It includes small and large scale activities of widely varying technological sophistication (Haggblade et al., 2002).

that nonfarm earnings constitute a considerable share of farm household income in rural Africa (Reardon et al., 1998; Niehof, 2004).

Why farm households diversify

A rational question is then why households diversify? In the case of farm households, these often diversify into nonfarm activities as a result of diminishing returns to labor or land, from market failures or frictions, or from ex ante risk management or ex post coping with adverse shocks (Niehof, 2004: 320). This topic will be returned to in the next section on livelihood diversification. Growing worldwide competition in the production of agricultural goods is one of the reasons why income opportunities for small scale producers from agricultural production have decreased. This process induced modernization, which required access to capital and skilled management. However, these assets are often lacking in rural developing regions. Thus the global marketplace, in an increasingly commercial world, has penetrated the economies of rural regions in the developing countries and widened the scope of competition. Rural communities can no longer rely on governments to provide subsidies for agricultural goods and services (Hawkins, 2009). The liberalization in the 1990s has created new opportunities but also ensued threats and consequently has brought the poor in deprived situations (Hawkins, 2009; Haggblade et al., 2002). There is a variety of reasons why farmers diversify into nonfarm activities, varying from decreasing returns to labor or land to market failures or frictions and from ex ante risk management to ex post coping with adverse shocks. Also factors such as seasonality may induce a differentiation of activities in households. Diversification may be understood as a form of self-insurance and decreasing the dependence on one or few activities (Niehof, 2004; Barrett et al., 2001). Rural microenterprises play a supporting role in the household economy, with the profits used to meet immediate household needs.

Determinants for entry into nonfarm activity

Barrett et al. (2001) argue that those with the least agricultural assets and income are less able to enter into nonfarm activity due to being unable to meet necessary investments. Consequently, incomes in rural Africa are experiencing a regressive and unequal distribution. According to Reardon (1997), a strong positive relation between the nonfarm income share and total household income exists. Another feature of the entry to nonfarm activity mentioned by Barrett et al. (2001 is social networks, which enhance the possibility for generating nonfarm opportunities. Hence, the poor, uneducated, women and recent immigrants to a community, those lacking social ties, have less access to such remunerative opportunities. The level of education attained also greatly determines the entry into nonfarm earnings and thus serves as an entry barrier to high-paying nonfarm employment or self-employment (Ibid., 2001). In general, the endowment of public services such as education, communication and transport infrastructure, as well as the physical access to markets, matter greatly for the participation in nonfarm activities. On the other hand, taking the example of craft making, it is argued by Hnatow (2009) that it requires minimal start-up capital, has flexible work hours, provides the ability to work at home, and freedom to manage one's own business. As a result it has a low barrier of entry for those producers who have limited employment options. Nevertheless, there rests a number of challenges to making nonfarm opportunities accessible to the marginalized rural poor. This is crucial to the reduction of poverty, food insecurity, as well as for economic growth.

Relevance of nonfarm earnings to household

On the relevance of nonfarm earnings to farm households the following can be said. Based on the results of numerous case studies in African countries, Reardon (1997: 737) found that the share of income earned from nonfarm activities ranges from 22 to 93 percent of total rural household income, with a average of 45 percent. As most rural households have a member engaged in a nonfarm activity, Reardon (1997: 738) concludes that most of the African farm families unite to work together on the farm, but then split up to work separately off-farm. Seasonality of the farming season also determines the extent of nonfarm activity in a household, since it affects the productivity in the nonfarm sector. Reardon posits a number of reasons why rural nonfarm activity tends to take place in the dry season, after harvest and before the nest farm production season (Ibid., 1997: 739). But as cropping season usually demands 'all hands on deck' in a household, at some situations it also allows for the allocation of labor to nonfarm activities if it pays better. E.g. some products may show an increase in price due to lower supply as everyone working in a particular sector (weaving e.g.) retreats to the farm. Also, in the case of more than one rainy season, 'rural nonfarm activity is less compartmentalized into the dry season' (Ibid., 197: 739).

2.2 Sustainable livelihood approach

> *"A livelihood comprises the capabilities, assets and activities required for a means of living. A livelihood is sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base"* (Chambers and Conway, 1991).

The term 'sustainable livelihood' was first used as a development concept in the early 1990s by Chambers and Conway. These two set out to explore the concept in reaction to the then existing analysis on livelihoods which was lacking depth, local insight and was overly pessimistic. Professionals and economists from the North were discussing poverty in a narrow and technical definition, one that was measurable and comparable. Poverty was thus defined as low income and low consumption: income-poverty. To a certain extent it is comprehensible why income-poverty is a widely used concept and measurement, as it allows for an unproblematic poverty assessment. An economists view has for long served the development discourse. However, poverty encompasses a whole spectrum of deprivation and ill-being, however with many of them being less measurable it is only 'a short step to treating what has not been measured as not really 'real' (Chambers, 1995: 180). Participatory research methods have illustrated that the poor's perception of ill-being and deprivation do at large not correspond with low income (Jodha, 1988 in Chambers, 1995). An analysis of poverty thus not only entails measuring the income level, but also longevity, access to health and education, security in consumption levels from extreme shocks.

Besides income-poverty, another deep-rooted reductionist concept is employment, which is derived from urban industrial experience in the North and applied to the rural and agricultural South. Livelihood has been proposed as a better word than employment to capture the complex and diverse reality of the poor (Chambers, 1995). It is a more universal concept and implies so much more than only a job. Households in developing regions pursue a number of different activities in order to make a living, this is being referred to as a 'livelihood strategy' (Sherbinin et al., 2008; Bebbington, 1999; Ellis, 1998; Chambers, 1995). Households are the basic units of production and reproduction and also the site where decision-making process concerning the livelihood takes place. But then how are

livelihoods determined or measured? Labor intensive growth is often an objective designed to increase employment and reduce poverty. But that is not the same as sustainable livelihood intensity where livelihoods depend on a multiplicity of activities and resources (Chambers, 1995: 184).

2.2.1 Livelihood diversification

A multiplicity of activities indicates a diversification of the livelihood, which can be defined as "the process by which rural families construct a diverse portfolio of activities and social support capabilities in their struggle for survival and in order to improve their standards of living" (Ellis, 1998: 4). Thereby livelihood diversification is not necessarily synonymous with income diversification, but also includes social institutions (kin, family, compound, village and so on), gender relations, and property rights to support and to sustain a given standard of living (Ellis, 1998: 4). Income diversification merely refers to a diversity of income generating activities on a certain instant of time, whereas livelihood diversification is more concerned with the engagement in activities over time (Ellis, 1998: 5). Reasons for diversification run apart from diversification as a matter for survival, born of desperation to diversification as a matter of choice and opportunity (Ellis, 1998: 7). The difference is diversification for 'bad' reasons and diversification for 'good reasons' as concluded by the International Food Policy Research Institute in a research on the relationship between income diversification, rural poverty and malnutrition (1991 in Niehof, 2004: 326). The latter involves a proactive household attitude towards improving its livelihood strategy and the former is often related to ex-post coping mechanisms when livelihoods have been impacted with disasters, but also a lack of assets leads to diversification.

In terms of livelihood assets, Bebbington (1999: 2022) has identified five types of capitals that households can mobilize and contribute to the livelihood. These are:

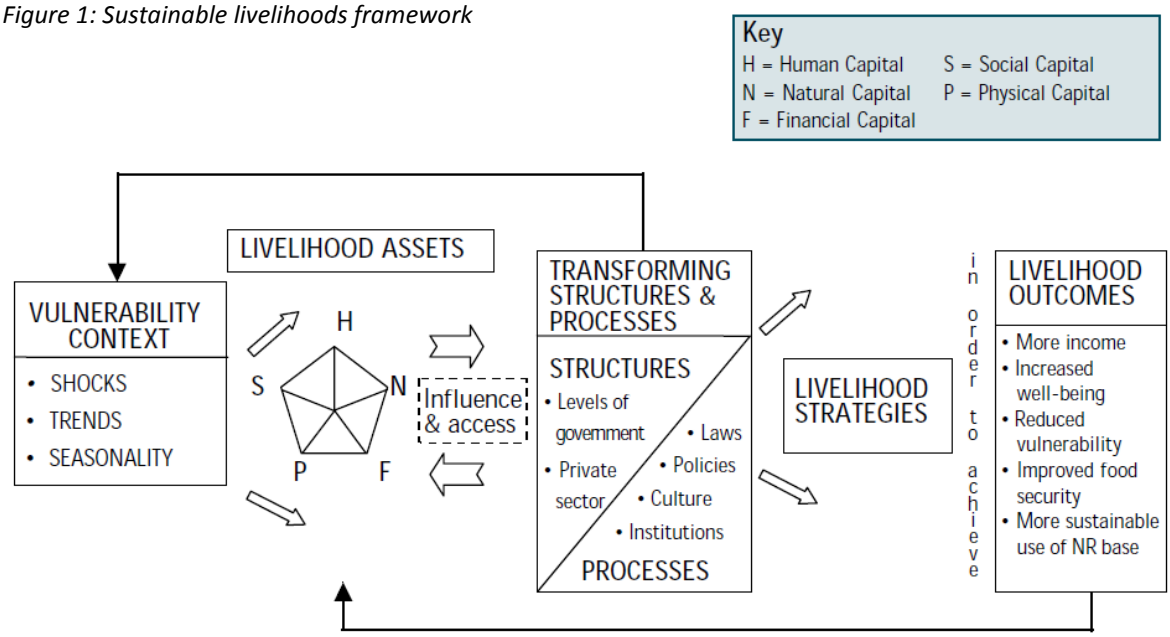
Natural capital:	the natural resource base, or local environment endowment;
Physical capital:	productive assets hold by the household as well as communal assets to which they have access;
Human capital:	formal and informal education, local knowledge, the ability to work and good health;
Social capital:	social resources such as interpersonal networks, membership in groups, relationships of trust, access to societal institutions;
Financial capital:	cash savings, credit supplies, remittances etc.

These capitals give: (a) *meaning* to a person's world and; (b) give a person the *capability* to be and to act. Recognition of these assets as capabilities of the poor has become a hallmark of the livelihood approach. The development of a livelihood framework, comprised of assets, results in a better understanding of poverty. The ability of a household to make use of these assets is mediated by the contextual environment in which it is embedded. The larger contextual environment includes institutional factors, cultural factors, social and economic factors and global changes that all have an effect on the local environment (Sherbinin et al., 2008; Bebbington, 1999). Households may not have access to all of the assets, but they combine them to the best of their ability to generate a decent level of wealth.

In different approaches different assets are being stressed as the most significant. E.g. Sen (1997) with his capability approach emphasizes the relevance of human capital as a possession. Human capital will enable people to produce more, to be more efficient but principally gives them the "capability to engage more fruitfully and meaningfully with the world" (Sen 1997 in Bebbington, 1999). Above it has been mentioned that social institutions too are included in a livelihood. As such, not only social institutions however social networks fulfill an important role as well. In fact, according to Bebbington, social capital is the most critical asset to rural people as it enables access – either to people or to resources – which can make a living more meaningful (1999). But an opponent of this view, Porter (1998: 2 in Niehof, 2004: 328), argues that social capital not always remedies major social problems. Social capital is sometimes used as if it would be a panacea for all problems, but the point is that can affect the opportunities for diversification (Niehof, 2004: 328).

The sustainable livelihood framework (SLF) in figure 1, of which the one designed by the Britain Department for International Development (DFID) is most widely used, is helpful in understanding the contribution of existing activities to the livelihood sustainability. It has its origin in the beginning of the 1990s and has overtime evolved into what is shown below. Note however, that there are more SL frameworks, with different emphasizes but often share principles. Sustainability is reached when a livelihood can cope with and recover from stress and shocks, when it can maintain and build on its capabilities and assets and when the natural resource base is not being weakened. The arrows in the framework indicate the direction of the relation and a possible level of influence. A further explanation of the different components in the SLF can be found in appendix 1.

Figure 1: Sustainable livelihoods framework



Source: Ashley and Carney, 1999

The pentagon with the five capitals, or assets, is embedded in the larger environment in which people live, in the framework referred to as the vulnerability context. 'People's livelihoods and the wider availability of assets are fundamentally affected by critical trends as well as by shocks and seasonality - over which they have limited or no control' (Ashley and Carney, 1999). If a household is able to cope with and recover from stress, while maintaining or even enhancing the status-quo of its

capabilities and assets than it is sustainable. According Ellis (2000: 15), diversification is often considered an important strategy for decreasing livelihood vulnerability. Through the different activities, livelihoods are part of processes by which it is being influenced, as well as it is being affected by a range of structures in the society.

The livelihood approach also has received a number of critical notes. One weakness, as argued by Zoomers (1998) is that poverty is romanticized and the approach assumes that there is always a way out of it as a result of people's flexibility to cope with crisis situations. Also, a major limitation is the relative neglect of structural limitations. Success or the lack of success may be related less to strategic actions than to structural limitations (Zoomers, 1998). However, besides being it an outdated approach, it still allows for a defined understanding of 'the realities of rural life and the dynamics of rural livelihoods' (Zoomers, 2008: 148).

2.3 Micro entrepreneurial development in developing countries

Concerning micro-entrepreneurialism, most literature deals with the role it has in the national development of a country. The importance of small and medium- sized enterprises (SMEs) in contributing to job creation and output growth is widely accepted in both developed and developing countries (UNCTAD, 2001). Following is the extent informality constrains the contribution to development due to its precarious nature, or whether the informal sector actually serves as an essential provider of employment for the poor that are normally excluded in the formal sector. There exists a perspective in the academic literature which emphasizes the advantages of micro-entrepreneurial dynamism, voluntary entry, and job satisfaction for developing countries (Mandelman and Montes-Rojas, 2009).

Central at the development agenda is the alleviation of poverty, well-expressed in the Millennium Development Goals and programs of donor agencies and NGOs. The majority of the poor is still living in rural areas. As a result micro enterprise development receives considerable attention by policymakers and development institutions. It has the potential to serve as a source of economic diversification among poor households. Though there is some consideration necessary to this topic as there are barriers to the growth of micro enterprises. This section generates a holistic account of micro-entrepreneurship in developing countries and discusses the barriers to growth for MSEs. This account will have a multi-level approach with the entrepreneur, the firm and the macro-level environment.

2.3.1 Contributions of micro entrepreneurialism to economic growth

Micro and small enterprises (MSE) are often simultaneously referred to, with the definition of 'small' starting at ten and going up to a size of fifty workers, however the majority are micro-enterprises that consist of one to three employees (McDade and Spring, 2005: 19). This section deals solely with the dynamics of micro enterprises in developing countries.

Micro-enterprises contribute to the reduction of poverty and vulnerability of the poor by enabling them to break the vicious cycle of poverty. Additionally, it enables them to enhance self

empowerment. It allows poor people to enhance their income, accumulate assets, and enter into mainstream society. Moreover, the benefits of starting micro-enterprises go beyond an individual and a household as it influences the macroeconomic level as well. It is argued that the micro-enterprise sector contributes substantially to the growth of employment and output growth in many countries (Mead and Liedholm, 1998; McDade and Spring, 2005: 20; Nichter and Goldmark, 2009: 3; Robson et al.; 2009: 332). In developing countries in particular the share of overall employment tends to be higher (Tybout, 2000 in Nichter and Goldmark, 2009), with the creation of jobs being twice as high by MSEs compared to large-scale enterprises and the public sector (Mead and Liedholm, 1998). Subsequently, many developing countries emphasize the development of this sector as an instrument to alleviate poverty, generate employment and promote national economic development (Robson et al., 2009: 331). Nevertheless the contribution of the MSE sector to economic output varies considerably across countries, with 31 percent of overall Gross Domestic Product (GDP) in the Dominican Republic, 13 percent in Kenya, and 11 percent in Pakistan (Mead and Liedholm, 1998). These percentages might even be higher as the official statistics usually do not include those enterprises that reside in informality.

In both developing and developed countries, the vast majority of firms are MSEs. A percentage of at least 62 of all MSEs are one-person enterprises, based on a large scale survey under 28.000 MSEs in Botswana, Kenya, Lesotho, Malawi, Swaziland, Zimbabwe, South Africa and the Dominican Republic and almost 70 percent is located in rural areas (Mead and Liedholm, 1998: 63). Hence, self-employment is a common phenomenon and a central concept in these economies. Most micro-enterprises are engaged in non-primary activities and mostly in the informal sector. According the survey in Africa and Latin America, a percentage of at least 17(-27) of the economic active population is employed in MSEs (Mead and Liedholm, 1998: 62). However, despite the large numbers of MSEs, evidence suggests that only a small minority of these firms has potential to experience substantial growth. This same survey of over 28.000 MSEs reveals that only less than three percent expands by four or more employees after startup (Mead and Liedhom, 1998:).

Mead and Liedholm (1998) try to explain the creation of employment in MSEs by the state of the national economy. There are two ways through which employment can be created: through new micro-enterprise start-ups; and through the expansion of existing enterprises. The former often happens at times when the economy is experiencing a period of stagnation, leading to hardship for MSEs and possible layoffs. However, simultaneously as new people are entering the labor force there is an increased pressure for people to start new businesses, even if this results in substantially lower returns. In the case of a growing and well-performing economy, MSEs thrive well too and may hire additional employees. Or, may move to more rewarding activities e.g. start a new business or add value to the existing enterprise through upgrading of the product or in the production process.

2.3.2 Informal self-employment: survival strategy or entrepreneurship

Opposing the argument of MSEs contributing to the national economy is the presence of large informal markets in developing countries (IILS, 2008 in ILO, 2009). A large informal economy hinders the potential for developing countries to fully benefit from integration into the world economy.

Before continuing on this topic it is necessary to give a definition here of what the informal sector exactly consists of. The latest definition by the International Labour Office (2009) on informal employment is that it:

> *"includes all remunerative work – both self-employment and wage employment – that is not recognized, regulated or protected by existing legal or regulatory frameworks and non remunerative work undertaken in an income-producing enterprise".*

This contains all individuals who work in small unregistered enterprises, both employers and employees, as well as self-employed persons who work in their own or family businesses, belong to the informal sector (ILO, 2009). They typically operate at a low level of organization, with little or no division between labor and capital as factors of production and on a small scale. Despite numerous studies on the remarkable growth of the informal economy, there is no general agreement yet regarding the causes and impacts of labor informality. Subsequently this results in neither having an appropriate public policy to deal with the problems and challenges it creates.

Informality leaves thousands of workers with almost no job security, low incomes, no social protection and less access to training and education, thereby constraining decent work opportunities. However, despite the large informality among micro enterprises it is estimated by Charmes (1999 in McDade and Spring, 2005: 19) that the informal sector contributes 20 to 40 percent of total GDP, and 40 to 60 percent of non-agricultural GDP, in several African countries. The share of employment for women in the informal sector is high with an estimated 60 to 80 percent, of which most are micro in nature (Temkin, 2009; Ruffer and Knight, 2007; McDade and Spring, 2005). Besides the generation of employment, the informal sector serves as an essential provider of goods and services for domestic markets (McDade and Spring, 2005). Governments and NGOs have recognized this role and respond to this by the provision of a range of services from access to credit, training and the allocation of a work space.

The informal sector and formal sector make up a continuum, both affected by the state of the economy. Economic stagnation, as argued by Mead and Liedholm (1998) may lead to the start-up of new (informal) micro-enterprises. This corresponds with Temkin's survivalist strategy, as it reflects the 'inability of a perhaps destitute worker to find a satisfactory regular job as an employee' (2009: 139), with activities and income little different from the unemployed. This attitude is driven by purely survival and thus maintaining the status quo. The informal sector here functions as a 'residual sponge', absorbing 'that part of the growing labor force that cannot be employed in the more productive and remunerative formal sector', thereby signifying economic failure (Ruffer and Knight, 2007). Ruffer and Knight (2007) perceive 'the informal sector as a state between formal employment with social protection and open unemployment'. In the case of economic growth, the entrepreneur may exploit new opportunities, invent or improve products, production processes and search for new ways of distribution (Earle and Zakova 1998 in Temkin, 2009: 139). Such behavior comes forth from an entrepreneurial attitude, one which is driven by the objective of growth and expansion. Here the informal sector is perceived as a dynamic sector of entrepreneurship, with its growth a sign of economic success (Ruffer and Knight, 2007). This divide reflects an involuntary imposition on one side as opposed to a voluntary course of action on the other side, which runs align with Ellis (1998)

his argumentation in section 2.2 on diversification of the livelihood as a matter of survival or as a matter of choice and opportunity.

Concerning integration into the world economy, a large informal sector prevents a country from developing a sizable and diversified export base, as the capacity of companies to grow is constrained (ILO, 2009). Thus whereas MSE growth enhances economic growth in many layers of society, informality of these enterprises may reduce the growth potential and serve as an constraint for economic growth and trade expansion.

2.3.3 An entrepreneur's profile

This section will elaborate on some general characteristics of MSE' entrepreneurs and the effects thereof on the growth potential of the enterprise. With most MSEs being run as one-person undertakings in rural areas, the labor force characterizes itself by a large category of proprietors (Mead and Liedholm, 1998: 62). A second category might be unpaid or little paid family members working in the so-called family firm. Apprentices and trainees represent a third category.

Education

Somewhat in contrast with Barrett's et.al. (2001, section 2.1) argument that the level of education may serve as a barrier to self-employment, developing-country MSE entrepreneurs are predominantly characterized by low levels of education. In the context of Africa, a reason for this might be found in the completion rate of 55 percent of primary education in Sub-Saharan Africa, as this has only recently started to increase (Nichter and Goldmark, 2009: 6). Also MSE owners and workers tend to have had less education compared to employees of larger firms. This is in contrast to the developed world, where the higher-educated are more likely to be self-employed (Nichter and Goldmark, 2009). However, it corresponds with the tendency of the poor to start micro-enterprises when they run out of alternative employment opportunities and thus are born in a survival-oriented process.

Work experience

Learning on the job is very common in micro-enterprises. Work experience may add to (faster) MSE growth (Nichter and Goldmark, 2009: 7) in two ways: through the expansion of skills and capabilities and; through the expansion of the entrepreneur's social network. Parker (1995 in Nichter and Goldmark, 2009) found in a study on Kenyan entrepreneurs that a threshold of at least seven years of work experience significantly increases the chance to expand the firm in contrast to those without such experience. Prior work experience might be a helpful asset too in terms of skills and social contacts, though developing countries are often lacking opportunities to gain such experience.

Gender

It has already been mentioned that when it comes to gender, women own the majority of micro-enterprises, which might be because of the ease of entry and their limited access to alternatives (Rubio 1991 in N and G, 2009: 8). Evidenced in the literature (McDade and Spring, 2005; Mead and Liedholm, 1998; Downing and Daniels, 1992), women in contrast to men face asymmetrical rights and obligations that hinder them in their mobility and burdens them with disproportionate household responsibilities. As a result women's MSEs show less growth than those owned by men.

Though it also argued by Downing and Daniels (1992) that women show more tendency to diversify into additional micro enterprises, instead of specializing and expanding in size. Also the nature of the sector influences the potential for growth, as women may find themselves more often in slow-growing sectors (Nichter and Goldmark, 2009: 9). Location too matters and women's enterprises are often physically based within the household for the same reasons as just mentioned above.

Household

By a research of Downing and Daniels (1992 in Nichter and Goldmark, 2009: 9) it was concluded that women play an essential role in increasing and diversifying household incomes. As many women's enterprises are based within the household, household enterprises are often smaller and less likely to grow, according Mead and Liedholm (1998).

2.3.4 Success factors and constraints to micro-enterprise growth

Obviously the performance of an enterprise is related to the characteristics of the entrepreneur. In addition, some firm characteristics can make or break the lifecycle of a business. Only few micro-entrepreneurs succeed in developing stable enterprises or expanding their businesses.

Firm age

According Nichter and Goldmark (2009: 10) there is a relationship between firm age and firm growth, however it is a complex one. Some studies show that young enterprises have more chance on high growth rates compared to those longer in existence (Parker 1995 in N and G, 2009; Mead and Liedholm, 1998). Other studies (Burki and Terrel 1998 in Nichter and Goldmark, 2009: 11) suggest that firms over time may have less productivity resulting in slower growth rate, however this may be counter-argued. Loss in productivity may not necessarily mean less growth, just that the enterprise reaches its optimal size (of production) after a certain amount of time (Nichter and Goldmark, 2009). Decreasing productivity may also be a result of failure to invest due to lack of financial capital.

Firm growth in general is something which has been extensively discussed in the past and frameworks have been developed to capture the lifecycle growth of firms. One such framework is that of Churchill and Lewis (1983) which divides the continuum of growth into 'stages of development', with each stage – existence, survival, success, take off and resource maturity – being characterized by different factors. But obviously the progression of growth is not always a linear process and not all, in fact the majority of all micro-enterprises in developing countries, expand beyond the stage of survival.

Location

It has already been made clear that location is identified as a determinant of MSE growth and/or expansion. Urban MSEs have an advantage compared to those located in rural towns and villages, and the latter are less likely to grow (Mead and Liedholm, 1998). More specific, those located in commercial districts, or even alongside the road, show a stronger tendency to expand than those operating at home. Women's enterprises are often based at home which gives them a disadvantage as these are being less visible than those along the road.

Firm activities

Commerce, consisting of vending and small trading, make up the majority of the enterprises in some developing countries. However, small manufacturing activities is also common, in particular in rural areas (Mead and Leadholm, 1998: 64). The three types that can be identified among the latter and comprise approximately 90 percent in rural areas, are: textiles and wearing apparel, food and beverages, and wood and forest products (Ibid., 1998). Yet, this varies highly among countries. It can reflect in a difference in raw material endowment, as well as a difference in taste and consumer preferences (Ibid., 1998). Survival rates varies too by sector, where retail trading risks higher chances on closure compared to wholesale trading, wood processing and textiles (McPherson 1992 in Mead and Liedholm, 1998).

Formality or informality

Whether a business resides in informality or not has an effect on the growth of that business. A reason to remain informal might be to get around government regulations and taxation. Though this might act as disincentive for growth and to expand beyond a certain size as to remain invisible (Snodgrass and Biggs, 1996 in Nichter and Goldmark, 2009: 12). But informality may also constrain (micro-)enterprises in obtaining access to (formal) credit agencies. Therefore, the status of formality for a business may positively affect its growth. McPherson and Liedholm (1996 in Nichter and Goldmark, 2009: 13) found that the likelihood of registration is smaller for certain types of MSEs. These are the one-person enterprises, rural, women-owned, home-based, or active in certain sectors.

Efficiency

Mead and Liedholm (1998: 64) in their study argue that efficiency determines part of the enterprise dynamics. They bring forth data that suggests that one-person enterprises have the lowest returns and that even a small enlargement in size may result in a substantial increase in economic efficiency. Subsequently they conclude that such an increase could positively affect the levels of income for those working in the enterprise.

Access to finance

MSEs are often started by use of own resources and savings, or those of family and friends (Nichter and Goldmark, 2009: 14). Being small (or even micro) and being young as an enterprise, results in a lack of collateral when it comes to access to credit. Obviously, having access to financial means limits the ability of an entrepreneur to invest in the business. As a result, not being able to maintain or improve the level of technology may lead to a limited productivity and subsequently hinder potential growth of the enterprise.

Social networks

An important asset for doing business is having a social network, which is part of an entrepreneur's social capital. Social networks comprise relationships between individuals, which can greatly enhance an entrepreneur's access to information or resources (Nichter and Goldmark, 2009: 15), and subsequently enhance a business' productivity and growth. These relationships are often based on trust and reciprocity and can be working relationships or customer friendships, but also based on pre-existing networks, such as church communities or ethnic group, or based on the intervention of an intermediary (Lyon, 2000). Literature points out that social networks can help entrepreneurs to

overcome obstacles related to transaction costs, contract enforcement and regulation (Nichter and Goldmark, 2009: 15; Fafchamps, 2000; Barr, 1998). However, downsides are known as well, such as being too expensive, being inaccessible for the poorest entrepreneurs and even the systematical exclusion for the marginalized, such as women entrepreneurs (Nichter and Goldmark, 2009: 15).

As such, many new and very small MSEs that do not expand in terms of employment are primarily survival-type activities and thus are particularly appropriate target groups for those concerned with poverty alleviation. These enterprises can be extremely important in helping a number of very poor people become a little less poor (Mead and Liedholm, 1998: 70). For those that do have ambitions to grow face some of the following obstacles mentioned by McDade and Spring (2005: 19). First they have difficulty in attracting investment capital and gaining access to markets; second they are often isolated and lack productive linkages; thirdly, a lack of business training and expertise limits them in their organizational and entrepreneurial skills; fourthly, severe competition; and lastly, their customers' low incomes.

2.4 Value Chain Approach

Global value chain (GVC) analysis has emerged since the early 1990s as a methodological approach for understanding the dynamics of economic globalization and international trade (Bolwig, et al., 2008a: 9; Gibbon et al., 2008: 330). The changing nature of international trade is one that is increasingly crossing borders and thereby linking economies in different parts of the world through a chain of value-added activities. As such, GVC analysis aims at making visible the structured connections that organize the global economy (Bair, 2005: 359). In addition it is of great interest to international agencies and organizations occupied with firm-level competitiveness, industrial upgrading and poverty alleviation, particularly in developing countries (Gibbon et al., 316). There is a large amount of literature available, and growing, on GVC analysis. However, before highlighting the different perspectives, it might be worthwhile to explain the concept of a value chain and where it derived from.

2.4.1 The origins of the global value chain concept

The term value chain has first been popularized in 1985 by Michael Porter and has been derived as a concept from business management. A value chain is, shortly said, a chain of productive activities (Sturgeon, 2001: 6) or, more extensive, the process of input supply, production, trade and consumption of a product, which are explicitly or coherently linked to each other (Bolwig et al., 2008a: 9). It is the process whereby "technology is combined with material and labor inputs, and then processed inputs are assembled, marketed, and distributed" (Gereffi et al., 2005: 79). The word 'global' obviously refers to movements across borders. Furthermore, in each of the activities 'value' is being added to the process of production of goods or services (Dicken, 2007). The chain metaphor suggests a focus on 'vertical' relationships between buyers and suppliers and the movement of a good or service from producer to consumer. GVC analysis entails an analysis centered on flows of material resources, finance, knowledge and information between buyers and suppliers (Bolwig et al., 2008a: 9).

Value chain in itself is still a relatively new concept, however it has been derived from a number of related theoretical frameworks, such as the global commodity chain (GCC) concept. The GCC was brought to the fore by Gereffi in the early 1990s in a reaction to the current restructuring of the world-economy under global capitalism. Gereffi, in turn, constructed his ideas on the original commodity chain concept coined by Hopkins and Wallerstein , who addressed the question ''whether and to what extent a capitalist world-economy was an organizing force and structural reality'' (1986: 159). They attempted to explain the changes taking place in the structure of commodity chains by the expansion and contraction of long-wave cycles, the so-called Kondratieff cycles. In addition, Wallerstein (2008, in Bair, 2005: 347) argued that political power also shapes the geography and organization of the commodity chain, thus implying that it is the "true unit of analysis in world-systems research".
Gereffi describes the global commodity chains as 'functionally integrated, but geographically dispersed systems of production', which characterize the post-Second World War international economy (1996 in Bair, 2005: 348). In contrast to Wallerstein's more macro and holistic approach of world structures, Gereffi is more concerned with the organizational field of contemporary global industries. In particular he directs his attention to powerful economic actors that are capable of shaping the configuration of the chains they are part of. This is related to the governance structure, one of the three key dimensions in Gereffi's original GCC framework (1994 in Bair, 2005: 348).

Consequently, returning to the GVC analysis, it underscores the role played by powerful companies and how this is the result of the impact of regulation on the way that lead firms organize international production networks (Gibbon et al., 2008: 316). Gereffi (1994, in Gibbon et al., 2008:320) has defined governance as the 'authority and power relationships that determine how financial, material and human resources are allocated and flow within a chain'. In his GCC framework he also distinguishes two globalized coordination systems, namely producer-driven and buyer-driven commodity chains (1996 in Bair, 2005: 348). Producer-led chains are more distinctive for capital-intensive industries, such as automobiles and computers in which powerful manufacturers control and often own several tiers of vertically organized suppliers, while the latter refers to more labor-intensive industries such as footwear and clothing where the organizational structure is top-down and lead firms have non-equity ties with first-tier suppliers (Gereffi et al., 2005).

2.4.2 From theoretical framework to methodological tool for pro-poor development

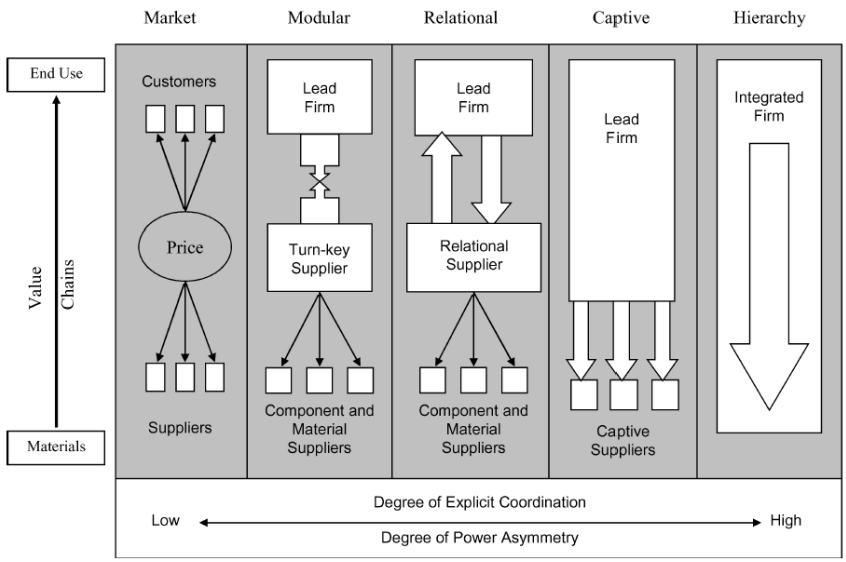
Another contribution to the literature on value chains was given by Kaplinsky, who's focus was on the distribution of overall returns along a given chain between lead firms and suppliers (Kaplinsky and Morris, 2001). Subsequently this made it more attractive for development practitioners to conduct GVC research, in order to find out what share of value is being attributed to developing-country suppliers and how they might improve their ability to generate greater rents and extract more value from the chain (Gibbon et al., 2008: 331). Besides theoretical frameworks around GVCs, the concept evolved into a methodological tool to be used by development practitioners in the field. Value chain analysis appeals to development practitioners because it offers a methodology for enhancing the inclusion of small firms in developing countries (Nichter and Goldmark, 2008). As such, it supports pro-poor development by evaluating how local producers or communities are linked to,

and economically interdependent on, their wider environment and subsequently identify opportunities for improvement of their position. In general, most of the returns are skewed towards the latter stages in the chain. Hence, those involved in the production or extraction activities are deprived from sustainable profits. In fact, many developing countries in Africa often depend on the production or extraction of commodities for a sizable share of their GDPs and for their export earnings. A value chain analysis contributes to identifying available growth opportunities for micro and small enterprises. The enhanced inclusion in value chains is one way to increase production, income and employment opportunities for the poor. However, as practice has shown, pro-poor development is not an automatic outcome of such inclusion, as it may leave local producers less empowered as they become subject to forces beyond their control (SNV, 2008).

2.4.3 Chain governance and forms of coordination

One of Gereffi's analytical dimensions of his commodity chain – and which has received the most attention in the literature – is the governance structure. According to Gereffi, 'governance is essential for the coordination and dynamics of global commodity chains' and 'it determines the flows and allocations of resources within the chain' (1994 in Fold and Larsen, 2008: 27). However, over time Gereffi's producer- and buyer driven dichotomy appeared too simplistic and as such Gereffi et al. (2005) have further developed this organizational dichotomy into an analytical framework that generates possible governance classifications. Variables used for indicating value chain governance are; (1) the complexity of transactions; (2) the ability to codify these transactions and; (3) the capabilities of the supply base. Through reflection on the nature of the different combinations of these variables, the framework recognizes five probable categories of governance which are displayed in the figure below (Ibid., 2005).

Figure 2: Five global value chain governance types



Source: Gereffi et al., 2005

This typification of governance types will create a better understanding of the organization of the contemporary world economy. The governance types developed can be used to illustrate how power operates in global value chains (Gereffi et al., 2005). In addition, it refers to inter-firm relationships (Nichter and Goldmark, 2009: 17). Captive global value chains are characterized by power and control exerted directly by lead firms on suppliers. Such direct control suggests a high degree of explicit coordination and a large measure of power asymmetry. Relational global value chains show a more balanced power between firms, given that

both contribute key competences. Here, explicit coordination is achieved through a close dialogue between more or less equal partners, as opposed to the more unidirectional flow of information and control between unequal partners as in the captive and hierarchical global value chains. In modular global value chains, as well as in markets, switching customers and suppliers is relatively easy and the power asymmetries remain relatively low due to the fact that both suppliers and buyers work with multiple partners.

Riisgaard et al. (2008), distinguishes three forms of coordination between chain actors in Gereffi's framework. These are: (1) market (spot or repeated market-type inter-firm links); (2) hierarchy (vertical integration) and; (3) contractualization (encompassing 'modular', 'relational' and 'captive'). The latter takes together those three forms that involve a certain extent of contractualization. Chain governance is not necessarily monolithic as different firms in different segments of the chain can play a leading role (Fold and Larsen, 2008: 31). Hence, there may be a market-type of coordination at one stage in the chain, while elsewhere up- or downstream it may be more contractualized.

2.4.4 Value chain upgrading

Lead firms thus have a powerful position compared to producers downstream in the chain. A concept provided by the GVC approach is 'upgrading'. For producers to 'move up the value chain', there are a number of possibilities known under the concept of upgrading. However, first it developed as a change in government policies to 'move up' at a national level and into the global economy (Fold and Larsen, 2008: 35). After which four categories were made that tried to integrate technological and organizational processes at company and industry levels, while at the same time taking into account the geographical and input-output elements of the chain. This broad conceptualization was lacking analytical rigidity and therefore it developed into a typology that focused more on the organizational dimension at the company level. According Bolwig et al. (2008), upgrading refers to either shifting to more rewarding functional positions, or by making products that have more value-added invested in them and/or can provide better returns to producers. It is about 'acquiring capabilities and accessing new market segments' and Humphrey and Schmitz (2002) have consequently developed a typology of upgrading based on four categories.

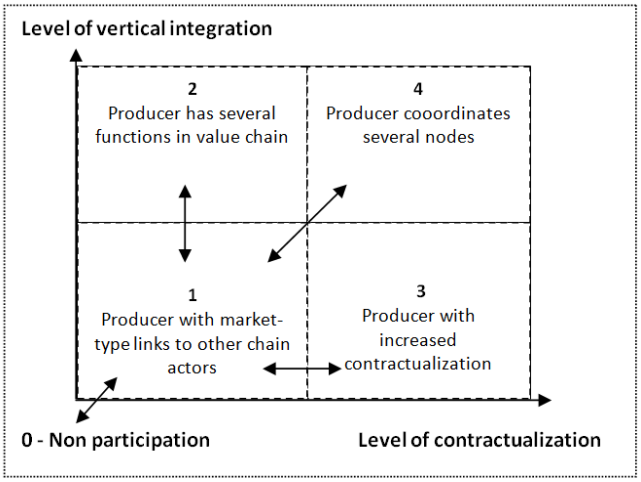
a. *Process* upgrading; achieving a more efficient transformation of inputs into outputs through the reorganization of productive activities;
b. *Product* upgrading; moving into more sophisticated products with increased unit value;
c. *Functional* upgrading; acquiring new functions (or abandoning old ones) that increase the skill content of activities; and,
d. *Inter-chain* upgrading; applying competences acquired in one function of a chain and using them in a different sector/chain.

Riisgaard et al. (2008) have developed in their strategic framework, that explicitly regards small producers, two dimensions of upgrading strategies: *forms of coordination* and *forms of upgrading,* both in the production node. The first form is concerned with value chain coordination around the production node. This can involve moves from a 'market' form of coordination towards vertical integration or increased contractualization. Figure 3 illustrates the possible positions of small

producers with respect to forms of value chain coordination. Most small producers start out being positioned in the first quadrant (or even outside the chain) (Riisgaard et al., 2008).

The second form of upgrading includes those categorized by Humphrey and Schmitz (2002). The most common include improving product quality, improving efficiency of production efficiency, increasing volume, improving timing of supply, complying with standards, and inter-chain upgrading (Riisgaard et al., 2008). Forms of upgrading can often be combined, also with forms of coordination. Strategies usually focus on increasing the productivity of existing production activities or increasing rewards of reducing production risks. Because most upgrading strategies will significantly affect the economic risks and small producers generally have few assets to withstand these, risk is an important concern when considering upgrading. Accordingly, reducing the loss of critical livelihood assets is as important as increasing rewards through chain participation.

Figure 3: Strategies for strengthening value chain coordination around the production node



Source: Riisgaard et al., 2008

2.5 Relationship between tourism and the craft sector

Another theme relevant to the research is the relation of tourism and handicrafts. Both have different value chains but share a transversal and thus have the potential to reinforce each other. Therefore it is necessary to explain and understand this relation.

Tourism and economic opportunities for the poor

Tourism represents a strong economic opportunity for many developing countries. According the World Tourism Organisation (UNWTO) (2006), tourism is in a very good position to contribute to the UN Millennium Development Goals, especially the first one regarding poverty reduction, as stated in the Declaration "Harnessing Tourism for the Millennium Development Goals". Poverty can be addressed through tourism by a number of mechanisms, which all emphasize a strong relation between tourism and other economic activities, among which handicraft production (UNWTO, 2006; SNV, 2009). These are: (a) supply of goods and services to tourism enterprises by the poor or by enterprises employing the poor, e.g. hotels buying their supplies locally; (b) direct sales of goods and services to visitors by the poor, e.g. selling handicrafts (informal economy) and; (c) establishment and running of tourism-related enterprises by the poor – e.g. micro, small and medium sized enterprises (MSMEs), or community based enterprises (formal economy). Hence, tourism allows the establishment of many linkages with the local handicraft producers and sellers. However, there is still a great potential left to be explored in this synergy. As a fact, most people involved in the production and sales of handicrafts in developing countries are poor and by strengthening these linkages opportunities for these people could be widened and their poverty situation could be alleviated. In a study on the link between MSMEs and the tourism economy in South Africa by Kirsten and Rogerson

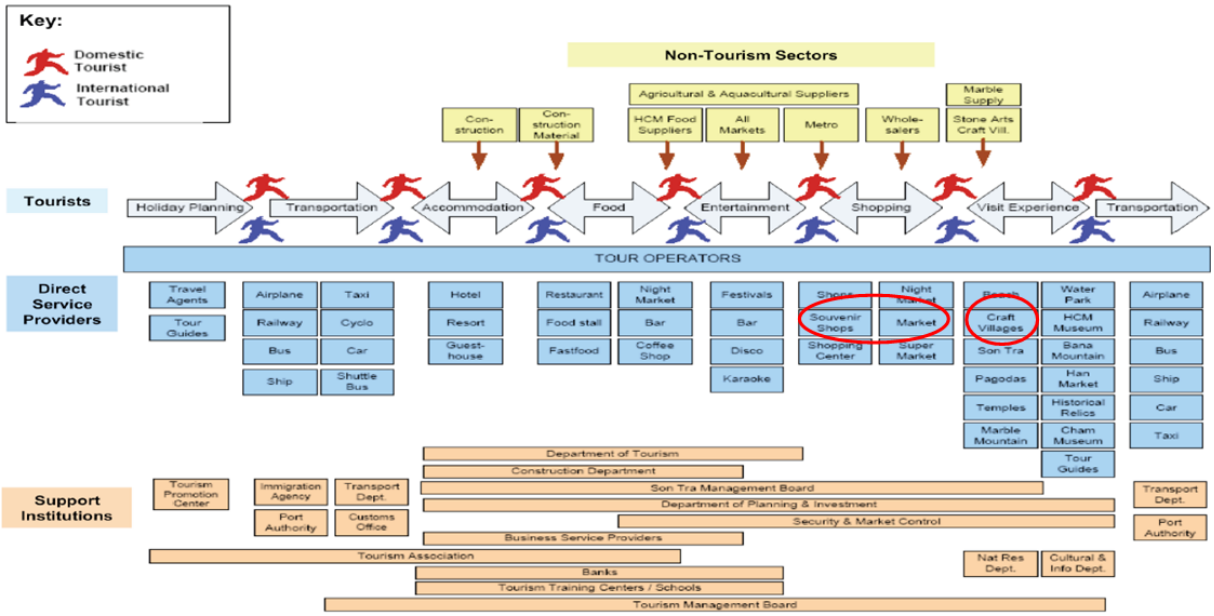
(2002: 32) it is argued that 'the sellers or suppliers of handicraft goods, street guides .. are marginal to, but simultaneously dependent on, the dominant or larger tourism enterprises' (see Britton, 1982; Wahnschafft, 1982; Crick, 1992; Timothy and Wall, 1997; Dahles, 1998). Growth prospects for these enterprises are often very limited, though that does not make the activities less critical for the improvement of livelihoods.

Tourism value chain

The value chain approach in tourism is still relatively novel and is part of a wider shift in thinking. It shares objectives for sustainable poverty reduction and goes beyond the conventional supply chain analysis (of a single firm and its relationships) by taking an entire sector as the unit of analysis, including external institutions and a diversity of firms and strands (ODI, 2009).

The following figure comprises many service providers that all together make up a tourism value chain. Tourism includes all services that a tourists needs in order to make the holiday happen. Transportation, hotels and restaurants, shopping facilities, the visiting of sights and entertainment.

Figure 4: Tourism Value Chain



Source: ODI; Mitchell, J. and Le Chi (2007)

As tourism is not a simple industry, its value chain is not straightforward either. As can be seen the craft sector interlinks twice with tourism, as part of the tourist shopping and as part of the experience.

According to the Overseas Development Institute (2009), the craft chain is a major beneficiary of tourists' out-of-pocket spending, which is generally more pro-poor than the large ticket items, such as hotels and transportation.

Box 2: Example of well-developed craft chain in Luang Prabang.
Luang Prabang in Laos is a good example of a well-developed craft chain. "Craft spending per tourist is high (33 USD per visitor) because the quality is high. Over 50 percent of this reaches the poor, because crafts are traditionally made by ethnic minority women, often sold by producers or small traders, and draw heavily on local raw materials (silk, cloth, paper, and silver). In contrast, craft spending in Siem Reap (Cambodia) is a less effective channel for PPI. Spending per tourist is lower and only 5 percent reaches the poor, because of imports, and kickbacks demanded by tour operators from retailers"(ODI, 2009).

Cultural commodification
Also, traveling not only generates an economic benefit for local producers that have access to the tourist markets, there are also benefits to the preservation of cultural heritage. This sounds like a justification for the cultural commodification however destinations risk the chance of being standardized to please the international visitor. Moreover, this is an ongoing process of intervention [by multinational corporations] and commodification [through market-based mechanisms] which continues as (mass) tourism ventures explore new destinations in the South (Mowforth and Munt, 2003).

2.6 Conclusion: from poor livelihoods to enriched participation in value chains

Now an understanding of the economic market system has been generated, as well as different upgrading strategies for small producers participating in (global) value chains. Together with an understanding of rural livelihoods and local nonfarm environments these theories can contribute to identifying opportunities for enterprising individuals. In addition the link between tourism and the craft sector has been explained here to show how the craft sector relates to tourism and how tourism therefore can play a role in enhancing the opportunities for local artisans.

CHAPTER 3:
THE SETTING OF THE STUDY

This chapter will present the setting of the study and thereby provide background information on the (development of) certain topics on national and regional level. Moreover an overview of the study area will be given. The topics covered here will relate to the research topic and therefore will have a predominant economic character, such as rural development, development of micro-and small enterprises, craft development and tourism. These are all important for understanding the contextual environment, however social and, at times, cultural aspects will be taken into account as well.

The country where the research takes place is Ghana, which is a country with a population of almost 24 million people in an area slightly smaller than the United Kingdom. That certainly makes it not an over-populated country, but growth rates are at a high of almost two percent a year (GSS, 2008). The majority of the people live in the Accra – Kumasi – Takoradi triangle, which is conveniently also the most industrialized area of Ghana. Approximately 80 percent of the population lives in the Southern half of Ghana, whereas the Northern, Upper West and Upper East Region jointly locate twenty percent (GSS, 2007). The North, characterized by dry savannah landscape, is also where the highest incidences of poverty are.

Map 1: Ghana

MacMillan, 2008

Ghana is now at the end of its second Growth and Poverty Reduction Strategy (GPRS) in which its overall objective was attaining middle income status (with a per capita income of at least USD 1.000) by the year 2015 within a decentralized, democratic environment (NDPC, 2005). Its thematic priorities were: macroeconomic stability; private sector competitiveness; human resource development; good governance and civic responsibility. Within Sub-Saharan Africa, Ghana can be considered as being ahead of many African nations in terms of peace, democracy, poverty reduction and socio-economic development. However, Ghana is still considered a poor country, with approximately 30 to 35 percent living below the poverty line (UNDP, 2007: 25).

3.1 Ghana national development

3.1.1 Economic development

As mentioned, Ghana is renowned for being a leading country in economic development in and beyond West-Africa, though it has come from afar. It has been more than five decades that Ghana became independent from British rule in 1957. As it has experienced periods of poor economic performance and military coup d'états, it has also known exceptional economic and political development processes since the early 1990s and is now considered a peaceful multi-party democracy (ODI, 2009a). The macro-economic situation improved through a number of reforms such as trade liberalization and exchange rate reforms (Oduro and Osei-Akoto, 2008: 94) and in addition high commodity prices throw off its benefits as well in terms of financial inflows. This resulted in a strong economic performance, with an average GDP growth rate of five percent in the last 20 years and almost six percent over the years 2003-2007 (ODI, 2009a). The success of the reform program increased opportunities for the Ghanaian economy to integrate into the world economy. However, Ghana remains dependent on international aid, trade, foreign investments and other financial flows (UNCTAD, 2009: 44). As recently as 2007-2008 Ghana was dealing with high food and fuel prices which raised the country's current account deficits to worrisome levels and inflation as a result of increased production costs (ODI, 2009a: 2). These crises combined intensified the anxiety among the poor due to lack of coping strategies. As a result, the financial crisis that has hit the global economy in the past two years appears to cloud over Ghana's unprecedented growth and exacerbate the vulnerable situation they find themselves in.

Parallel to economic growth is a decline in poverty rates, which has been experienced in almost all administrative regions (UNDP, 2007: 25). In Ghana, the national poverty rates have been falling over the last two decades from 52 to 29 percent (GSS, 2007). According to the World Bank, Ghana's growth and poverty reduction rates are probably the best achievements in all of Sub-Saharan Africa over the past 15 years, which might enable them as one of the only countries in this region to succeed in the accomplishment of the first Millennium Development Goal, reducing the population that is living in poverty by half.

The services and industrial sectors account for the increase in the overall growth rate, however, the agricultural sector has continued to be the mainstay of the Ghanaian economy, contributing over one-third of GDP, over three-quarters of total export revenue and over half of employment (ODI, 2009a: 18; Robson et. al., 2009: 339). Agriculture includes the cocoa and timber industry which are main export products for Ghana, as well as gold, which is part of the industrial sector. These three commodities account for approx 40 percent of GDP and since independence still account for the largest share (70 percent) of total commodity exports (ODI, 2009a: 19). This leads to the conclusion that Ghana has done little over time to diversify its export base and as result remains vulnerable to shocks in commodity prices (ODI, 2009a: 19; Ndulu and O'Connell, 2008 in ODI, 2009a). The industrial sector contributes around one quarter(25.3) to GDP and services fluctuates around 30 percent (Robson et al., 2009: 339). According the IMF, Ghana has one of lowest proportions of exporting manufacturing firms in Sub-Saharan Africa with less than 20 percent. And indeed the Ghanaian government admits that 'locally manufactured products have become increasingly uncompetitive,

both in terms of quality and price' (NDPC, 2005: 16). As concerns the service sector, which as a whole offers less scope for export led economic growth, the government identified the wholesale and retail of crafts, tourism, the music and film industry and ICT sectors as potential sources of export revenues (NDPC, 2005).

Concerning tourism, the former Minister of Tourism stated that 'the sector is the fourth highest foreign exchange earner for Ghana, and the country earned a total of USD 1.3 billion in 2008 (in Ghana Business News, 2010). International tourism receipts attribute 20 percent of total exports and are an important source of revenue for the government (ODI, 2009a: 10-11). Argued by the Overseas Development Institute (2009a), tourism has the potential to become an economic engine for wealth creation, employment generation and poverty reduction, that is, with strong support from the government. International tourist arrivals are on the increase, with 16 percent between 2007 and 2008 (ODI, 2009a).

Comparative advantages are historical, cultural and archaeological sites, but Ghana also has potential for the development of ecotourism. The craft industry can easily link into these different assets. The Government has recognized the importance of the tourism sector, including the constraints to overcome, such as the lack of infrastructure, marketing and other aspects. Realizing the tourism potentials was among the objectives in the Growth and Poverty Reduction Strategy Paper of 2006-2009. The promotion of the crafts industry for tourist trade and export is one the set strategies, thereby 'providing opportunities and technical assistance for micro-enterprises of rural and urban crafts procurers and improve the quality and marketing of their products for the tourist industry and export' (NDPC, 2005: 39).

3.1.2 Rural poverty in Ghana

The percentage of the population that is considered poor fell from 51.7 percent in 1991/92 to 39.5 percent in 1998/99 and further to 28.5 in 2005/06 (GSS, 2007: 7). Despite a substantial decline, poverty is still all around in rural areas, with the North – having a very dry savannah climate – harder stricken than the greener and more tropical South. As a result the North also suffers more from food insecurity.

The rural population constitutes approximately 51 percent. Poverty in Ghana remains a disproportionately rural phenomenon with 86 percent, of the total population living below the poverty line in Ghana, living in rural areas (GSS, 2007: 8). Living in rural areas in general means limited access to basic social services, safe water and all-weather roads. Among the rural poor, food crop farmers are the hardest hit with 46 percent living in poverty (GSS, 2007: 14). According the government's poverty reduction strategy paper reasons for this are a low productivity and poorly functioning markets for agricultural outputs (NDPC, 2005). A lack of skills and a lack of the right inputs in combination with the reliance on rudimentary technology constrains small-scale farmers in generating higher yields. When farming, 55 to 60 percent of the production is done by women which bear high and heavy responsibilities.

The rural economy is primarily agricultural, however in spite of this, some trading, small-scale production and food processing, collection and processing of non-timber forest products (NTFPs) and services take place (Abane, 2009). Besides a high incidence of poverty among food crop farmers , incidence is also high among export crop farmers (24 percent), followed by private informal wage employees (17 percent) and non-farm self-employed (17 percent) (GSS, 2007: 14).

Concerning household income, the average annual household income in Ghana is about 1.217 GH, with an average per capita income of almost 400 GH. Based on the exchange rate of June 2006 this comes to USD 1.327 and USD 433 respectively. The lowest quintile of the population lives on less than 728 GH and the highest level of annual household income is 1.544 GH.

3.1.3 MSE development in Ghana

In size of firms, there is a polarization between a small number of large corporations and a large volume of micro and small enterprises, also in Ghana (Robson et al., 2009: 339; McDade and Spring, 2005).

In Ghana 55 percent of the economically active population works on its own account, meaning it is self-employed. In rural areas this percentage is even higher with 59.4 percent self-employed, with 64.3 for men and 55 percent for women (GSS, 2008: 36). This is a remarkable difference with the self-employed in urban areas (47.2 percent), where women make up 60.3 percent, which is almost twice as much as the self-employed men (33.8 percent). Almost 67 (66.7 percent) works in the private sector, of which 47.8 percent resides in informality. The latter is even higher in rural areas with 52.2 percent, of which 60.2 percent of the women and 49.8 percent of the men work in the informal private sector (GSS, 2008: 37).

Concerning the occupational categories, agriculture and fishery obviously are the number one economic activities with 55.1 percent, of which 70.2 percent in rural areas and only 18.6 percent in urban areas. Craft and related trades workers with 13.4 percent and service/sales workers with 13 percent are the other two main categories. Craft and related trade is more apparent in urban areas with 21.7 percent and only 9.1 percent of the rural people being active in craft related activities. Moreover, males in urban areas have relatively higher proportions compared to their female counterparts, whereas in rural areas it is the reverse with more women being involved in craft related activities (GSS, 2008: 38).

3.2 million households, almost half of all Ghanaian households (46 percent) operate non-farm enterprises. 72 percent of these are run by women and almost half involve trading and the remainder perform some kind of manufacturing. Main sources of capital are household savings and support from relatives or friends. Interesting to note and in correspondence with the literature is, that more skilled than unskilled are involved in non-farm enterprising (GSS, 2008).

Where households engage in micro and small enterprising activities, this might significantly contribute to a sustainable livelihood, since a diversified portfolio may reduce risks. In two studies that are concerned with the development of (informal) small enterprises in the forest sector, that of Tropenbos International Ghana (2009: 4) and Ahenkan and Boon (2010), it is argued that at the moment there is no optimal contribution of the engagement in small forest enterprises to people's livelihoods. Lack of organization, registration, association, information and legality and tenure issues are mentioned as main constraining aspects.

3.2 Socio-economic profile Volta Region – Kpando district

The Volta Region is one of ten administrative regions in Ghana and located in the very South-East, bordered by Togo on the right and the Volta Lake on the left. The region has 18 districts and the regional capital, Ho in the municipal of the same name, is situated about 70 km (one hour driving) from the research district Kpando. The information in this section is based on that from Ghana Statistical Service and the research district.

Rural/Urban split

Kpando district is situated in the centre of the Volta Region, along the Volta lake. The district's capital is Kpando with an estimated population of 20.000 in 2009, making it the only urban settlement. A percentage of 76 of the population lives in rural areas therefore classifying Kpando as a rural district. It has 132 communities, of which 70.4 percent are settlements with a population of less than 500, representing 17.1 percent of the population.

Physical features

The Volta Region experiences two rain seasons which gives it a comparative advantage in food production and food security. This way, farmers have the opportunity to have two cropping seasons and as a result increase their annual income. However, Kpando's topography is characterized by a hilly nature, which has an attractive aesthetic effect, but negative consequences for the road conditions, as well as the agricultural productivity. Having less (large scale) cultivable land available partly explains the high level of subsistence farming. As concerns vegetation, the district boost a mix of guinea savannah woodland and semi-deciduous forest. Though still present, large forest areas have been lost over time as a result of overexploitation for fuel wood production and excessive lumbering. The district is also relatively well endowed with mineral resources though lacks the technology and financial resources to go into economic exploitation and processing. Meanwhile the large deposits of clay are being used for different industries, among which pottery and ceramics. Lastly, the Volta Lake offers potential for the development of proper irrigation schemes, water supply schemes, tourism and fishing. If only harnessed well such developments could improve the livelihoods of many households in the long term.

Economic activity

On a regional level 92.5 percent of the economically active population is employed. Kpando has the lowest score with 88.9 percent, which accordingly has the highest unemployment in the region with 11.1 percent. Agriculture, animal husbandry, fishing and hunting constitute the largest occupational groups in all districts. In Kpando the main economic activities are agro processing, fishing, farming, trading and craft making. According the district, 62 percent of the population is engaged in crop farming, with cassava, okro, garden egg, yam and maize and plantain being the main crops grown in the district.

According the District Medium Term Development Plan 2006-2009 Kpando witnessed a significant increase in the number of small and medium scale enterprises, particularly in the informal private sector. Handicrafts has been among these enterprises. The private informal sector engages eight out of every ten working people, while the private sector, as a whole, employs nine out of ten people in every district. With four out of five, the majority of the working people in the region is self-employed. In Kpando there are 77.5 percent self-employed without employees and 2.9 percent with employees,

both are a little below the regional average, whereas the percentage of apprentices with 2.6 percent is a little higher.

Poverty

The incidence of poverty in the Volta region has declined from 57 percent in 1991-92 to 38 percent in 1998-99 to 31 percent in 2005-06. Which is higher than the national average of 29 percent and indeed follows after the three northern regions that still score significantly higher with poverty incidences between 52 and 88 percent (GSS, 2007: 13) (National Development Planning Commission 2008). In Kpando the overall incidence of poverty is 44 percent, with the rural incidence 51 percent and the urban incidence 21 percent. Here too, poverty is highest among food crop farmers and with women most affected. According data from GSS (2008: 107), annual household income in the Volta region is 913 GH, with 272 GH per capita. Only Upper East and Upper West have lower scores.

Tourism

The Volta Region has a wealth of natural and cultural resources that could be employed for the sustainable development of tourism. Recognized as powerful tool for development and for the conservation of natural and cultural heritage. Despite that, visitor numbers are still lacking behind. For the 2007, fourteen regional tourist attractions have collectively received a little over 47.000 visitors. The majority (58 percent) of these were Ghanaians. To support the development a Destination Management Team has been established, which for now is being facilitated by SNV, however eventually will serve independent.

3.3 SNV Netherlands Development Organisation

The research on craft artisans in Kpando district is being commissioned by SNV. SNV, Netherlands Development Organisation, is an organization with over more than 40 years of experience in the field of development cooperation. As such, it has established quite a name and is currently working in 34 countries with approximately 750 advisors. It started out in 1965 as Stichting Nederlandse Vrijwilligers (SNV) and concentrated on posting young Dutch volunteers to share knowhow with groups in the South and to help develop middle management skills in those countries. In their dedication to alleviating poverty today their emphasis is on strengthening the capacity of local organizations. Their motto of Connecting People's Capacities is to illustrate this. By establishing their support to local actors as their core business – with as aim to increase their capacities to solve their problems, pursue their development goals and contribute to the reduction of poverty and the promotion of good governance – SNV has positioned itself in a distinctive niche, both within the Dutch context and internationally.

SNV's activities in the field can be placed in two broad impact areas, known as: (1) Access to basic services (BASE) and; (2) Income, production and employment (PIE). Countries and regions themselves make specific positioning choices that are in coherence with national or regional targets, however within the first impact area BASE, these will be related to: Education; Water and Sanitation; Health and; Renewable Energy. For the second impact area PIE, countries and regions identify the specific competitive value chains for selected commodities, products and services that have development impact potential in their context.

In their strategy SNV is linking its activities in the field to multiple actors, such as the private sector, NGO and civic organizations and the public sector. Through establishing partnerships it is trying to bridge the divide between the macro and micro level, meanwhile emphasizing local sustainability and
development of local capacity. One of its most essential partnerships is with DGIS from the Ministry of Foreign Affairs which is the core funding agency of SNV. However, SNV is increasingly searching to diversify and broaden its funding base and thus has commenced on a program called Partnership Resource Mobilization (PRM), which entails the exploration of fruitful partnerships with organizations and institutions that can be of importance to widening the financial means of SNV.

3.3.1 SNV Ghana Eastern Portfolio

SNV Ghana's Eastern Portfolio is located in Ho, the regional capital of the Volta Region, and is responsible for the activities of SNV in the Volta and Eastern Region. Similar as for SNV corporate, the portfolios are also devoted to strengthening the capacities of local government institutions and NGOs so that these can perform their roles better. A significant area has become revenue mobilization in which SNV has actively been supporting local organizations. Moreover, the search for external funding has also reached the portfolios. In fact, the Eastern Portfolio is facing significant challenges as the intention within SNV Ghana is to downscale its activities in the Volta region. Indeed, upon leaving Ghana at the end of research period, the Eastern Portfolio almost entirely closed. With the exception of its tourism activities, all would fall under the supervision of the country office in Accra.

Within the corporate impact areas, the strategy choices of the Eastern Portfolio are Education and Health within BASE and Fruits, Honey and Tourism within PIE. Value chain analysis has become an important approach in the work of SNV, since the improved inclusion of small scale producers and entrepreneurs in (global) value chains is one strategy to increase production, income and employment opportunities for the poor. As concerns tourism, SNV has recently introduced a Destination Management Approach (DMA) that serves as a multi-stakeholder platform in selected tourism destination within the Volta region. The DMA is under coordination of the Ghana Tourism Board and SNV fulfills a supporting and facilitating role to this. Tourism is increasingly being considered as a key sector for the regional economy, however there is not a great deal on policies and plans regarding tourism, let alone the implementation thereof. The DMA is therefore increasingly searching to cooperate with the District Assemblies.

CHAPTER 4: RESEARCH METHODOLOGY

In this chapter an overview will be provided of the different research methods used in this study on craft artisans from Kpando and their position in the value chain of crafts. First, the overall objective and the main research will be given, before discussing the selection of the area and the research population. This is followed by the conceptual model which combines the different concepts used in this study and will be explained in detail. Then the methodological instruments will be discussed followed by research limitations at the end of this chapter.

4.1 Research objective and research questions

Main research objective
to gain insight in the social and economic characteristics of the craft artisans and their households in Kpando district in Ghana. And subsequently to analyze the position of the artisans in the value chain in order to identify opportunities to improve the economic benefit for craft artisans.

Sub-objective

D. To produce a baseline study of the social and economic characteristics of the households of craft artisans in order to assess necessity for an intervention.
E. To produce a value chain analysis of the selected crafts from Kpando district in order to identify opportunities for craft artisans that can enhance their economic benefits.
F. Recommendations as input for a pro-poor intervention directed to artisans in the Volta region.

Main research question
What are the social and economic characteristics of craft artisans and their households in Kpando district in Ghana and how can the artisan's position in the value chain be improved?

Research questions

1. What are the social and economic characteristics of the households of craft artisans in Kpando district?
2. What is the economic significance of craft making for the household of the artisans and in the district economy?
3. How is the craft sector organized in Kpando district? And what are the working conditions of the craft artisans?
4. What is the structure of the different craft value chains? And how can the underlying relations in the chain be explained?
5. What are the most important factors impeding craft artisans? And how are these factors related to the existing craft chain structure?
6. How can access to the craft chain be improved in favor of the households of the craft artisans of Kpando district?
7. What is the difference between the situation of the woodcarvers and potters?

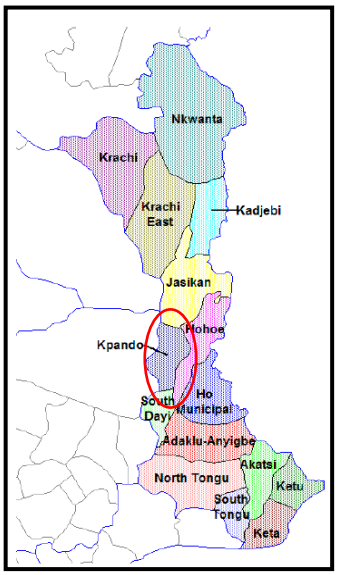
4.2 Area selection and research population

4.2.1 Research area selection

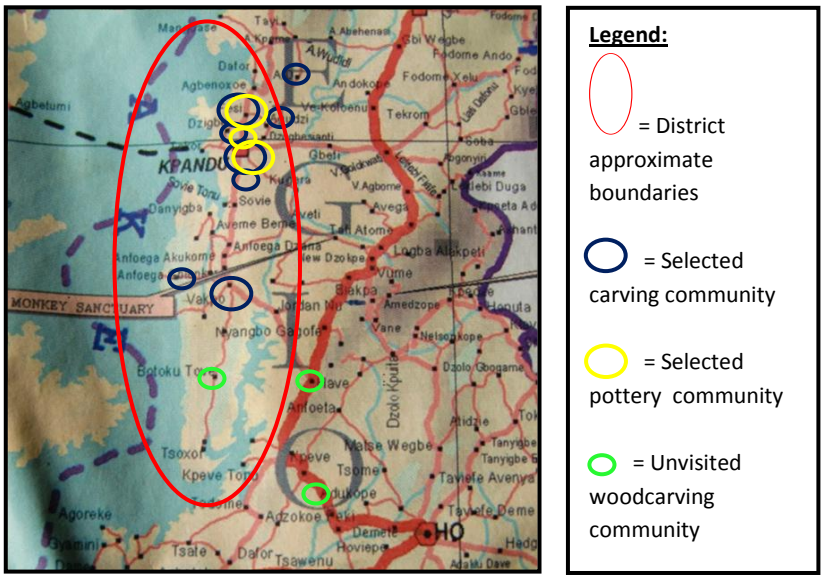
Parallel to the aspiration of the Centre for National Culture (CNC) to establish a regional craft market, bringing together the different crafts and artifacts from the Volta region, SNV has performed a primary inventory of ongoing issues in the Volta Region as concerned tourism and the impact of tourism on the livelihoods of the poor. Tourism is considered an important vehicle for poverty reduction by SNV. Kpando district came to the fore as one of two districts with potential for enhanced tourism interest and subsequent intervention

In Kpando district it can be assumed that in the majority of the communities there will be (or has been in the past) some craft making activity, for the research it has been decided to select those where craft making is reasonable present in size and numbers. In collaboration with the Cultural District Officer seven communities have been visited that boost an active and lively craft making community. Pottery used to be reasonable concentrated in two communities, being Kpando-Fesi and Kpando-Aloye, however, at this moment the potters of Aloye are more scattered due to a number of reasons. As woodcarving is the predominant craft activity in the district, more communities are engaged in it and seven have been selected for participation in the research.

Map 2: Volta Region



Map 3: Kpando District with selected communities



4.2.2 Research population

The research population about which generalizations are to be made in this study contains all craft artisans in Kpando district that are involved in woodcarving or pottery. These particular craft making activities have been selected on the basis of their predominant presence, as well as their geographical spread throughout the district. A precise number of the total number of artisans cannot be given due to the fact that many craft enterprises reside in the informal sector and are therefore not registered at the district or at any other level for that matter. Nevertheless, an assumption can

be made based on observation and inquiries with the National Board of Small Scale Industries (NBSSI) and CNC. An estimate would be that there are 150 active woodcarvers and 35 active potters, totaling 185 artisans for this study. Though, this number can be presumed to be higher as many artisans, due to lack of business opportunities, reside momentarily in other rural activities. The total number of woodcarvers and potters could therefore easily be around 300 or 400, however it is difficult to give a more precise estimation.

4.2.3 Sampling method

Due to absence of a sampling frame, sampling has been done through a combination of non-probability sampling methods. One is by judgment of the researcher to obtain wide geographical representation and a variety of age groups. The second sampling method is snowball sampling, by asking respondents to direct the researcher to additional craft communities or artisans. And lastly, convenience sampling has been applied, as such interviewing whoever happens to be around in the community, including everyone at times. Before the start of the survey the target was to have 50 artisans as response, which would correspond with more than 25 percent of the active research population. For the reason that all artisans that have been approached have been included in the survey, the sample size here is akin to the response rate.
Non-probability samples are less suitable to generalize from and may generate bias, however in small case studies it can be appropriate. The total number of artisans that will be made inferences about here, is relatively small, however the baseline findings can be hold accountable for the larger research population of woodcarvers and potters in Kpando. A number of 52 artisans, of which 39 woodcarvers and 13 potters, have participated in the baseline survey. This means that an approximate 26 percent of all active woodcarvers and 37 percent of all active potters. And in total 28 percent of the craft population.

4.3 Operationalization of main concepts

Livelihood
The concept of livelihood has extensively been discussed in chapter 2, section 2.1, to the extent of its definition, the dynamics and the sustainable livelihoods framework (SLF) that is derived from its theories. Using the livelihood approach as an understanding framework for the (poverty) situation of local livelihoods is not a straightforward task and most likely leads to a simplification of the concept. For the objective of this thesis, it includes an examination of all capitals: human, physical, natural, social and financial capital. And whereas some of these capitals are comprised of tangible assets, such as physical assets, others are vague and intangible and therefore difficult to 'measure', such as the participation in social networks. In addition to the examination of the capitals, using the approach also includes an examination of the vulnerability context of the livelihoods and the processes and structures it is affected by. Given the time and resources to do the research it seems understandable that not all elements of the approach have been equally well-covered. Considering the vulnerability context and the structures and processes affecting a livelihood, these are dealt with more in respect of the craft artisan and less the livelihood as a whole. Nevertheless, information has been retrieved to say something on all capitals, if not sustained with the hard-data than it is in some

cases backed up by soft data. The following capitals will be researched based on the additional issues mentioned every capital:

- Human capital: *education, skills, health*
- Physical capital: *physical assets, quality of housing*
- Natural capital: *land, livestock*
- Social capital: *membership to social groupings/networks, trust*
- Financial capital: *income of the artisan, household income, savings*

For the operationalization the survey is comprised of a number of pre-coded questions that cover most of the relevant research topics as well as generate specific information on the livelihood capitals. After execution of the survey this information will be processed into a statistical program (SPSS), from where by use of descriptives and frequencies an overview will be provided.

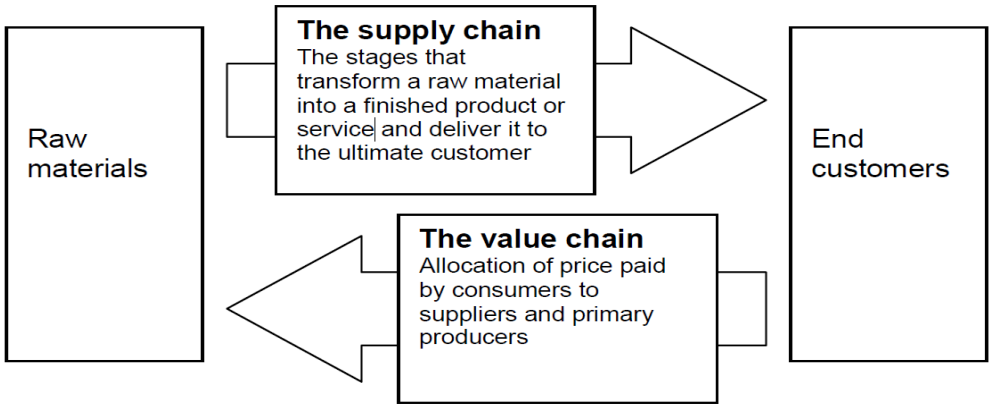
Household

The household is a dynamic concept and various definitions exist in contemporary literature or are being applied in practice. In Ghana, the Statistical Service department holds a definition which it uses for longitudinal surveys in the country. According to GSS a household is *"a person or a group of persons, who live together in the same dwelling, share the same house-keeping arrangements and are catered for as one unit" (GSS, 2010).* For the reason of comparing the findings of the case of the craft artisans in this study with future case studies that will be done within Ghana or within SNV Ghana, it is sensible to apply the GSS's definition also in this research. However, it is rather formal definition that may require a more practical understanding. As it is a dynamic concept, and the situation may change over time, the findings have to be taken with wide interpretation. It may not necessarily refer to one nuclear family as more families can live together in one dwelling. It may also be possible that the household is extended with family members and relatives. And as there are different units in the household, these may also bear the responsibility for their own income and expenditures. Though, they might as well collectively consume their meals. Thus, concerning the research here, a household will be the total number of people living in the house at the particular moment, including some element of primary need provision and joint resource management. Subsequently it does not imply that resources are always pooled and benefits and power equally distributed (Niehof, 2004: 323). A household should not be considered a unitary or homogenous unit but as a 'small open system' (Bolwig et al., 2008).

Value chain

The value chain is often mistaken with the supply chain, though, as they are no substitutes, these two can complement each other. Where a supply chain emphasizes the different stages through which a raw material transforms into a finished product or service for the ultimate consumer, a value chain emphasizes the allocation of the price paid by the consumers to the suppliers and primary producers (Cox, 2002: 17). A figure that illustrates the supply chain versus the value chain is the following:

Figure 5: Supply chain vs. value chain.



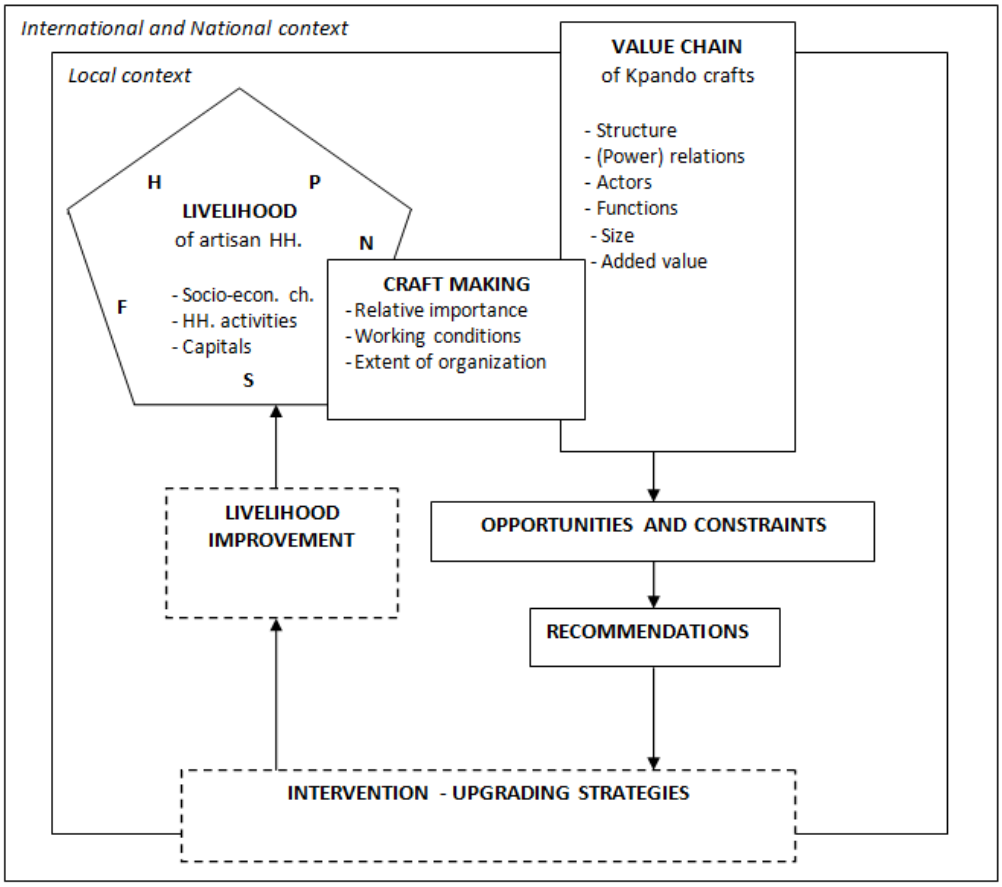
Source: Cox, 2002: 17

In this study, the stages that the crafts from Kpando move through, from input supply to consumption, are extensively dealt with and explained prior to the examination of the value distribution along the chain. There are a number of variables that may steer the findings of the value chain analysis. These are: *the different type of actors involved; the activities performed by these actors; the size of the different stages; the relations between the different actors; type of chain governance; level of contractualization; level of trust,* and*; the added value per segment.*

4.4 Conceptual model

The following conceptual model gives a visual overview of the different concepts that are central to this study. The model will generate a better understanding of how these concepts stand in relation to each other and are embedded in their environment.

Figure 6: Conceptual model



Source: Dokter, 2010

Central to the first research phase is the situation of craft artisans and the relevance of their craft making activity to their livelihood. Through generating an overview of their socio-economic characteristics, their portfolio of economic activities, as well as elaborating on the presence of different household assets, an indication of the incidence of poverty among the research population is to be provided.

As concerned their engagement in craft making it is necessary to assess the physical working conditions and to what extent these are constraining their productive capacities. In addition, the extent of organization among the artisans is assessed. The livelihood and craft making element in the model are within the local context.

Subsequently as the contemporary situation of the artisans has become clear, it is of interest to see what their position is in the craft value chain. By investigating the relationships between the different actors it should become clear why the artisans are where they are. By analyzing the chain – not only the internal relationships but also its external environment – it is possible to identify the constraints hampering the artisans as well as opportunities on how to improve their business and position in the value chain. The value chain therefore extends beyond the local context, in contrast to the local livelihood and the craft making activity.

From the identification of the opportunities and constraints that come forward from the value chain analysis, recommendations are made on upgrading strategies towards those that can be of support to the sector. When it comes to an intervention it is essential to know the position of the artisans, and what prevents them from a favorable change for the better. An intervention should be within the capacity of the poor to adopt and not expose to further risks (SNV, 2008: 10).

SNV's activities here are bound around providing capacity development services to local organizations in the three main components of the value chain, which are the primary value chain process, business services and/or the enabling environment. These services include: (a) leveraging linkages within the primary value chain; (b) strengthening supporting services and; (c) enhancing the enabling environment. A number of upgrading strategies are possible for small producers connected to value chains, which are related to changes in the coordination or production node in the chain. By assessing these strategies and mitigating the risks that come with each of these, a strategy can be chosen that reduces the loss of livelihood assets to a minimum and generates increased benefits through chain participation. In case of an intervention it will most likely go beyond the local context of artisan's livelihoods, just as upgrading strategies are likely to influence the sectoral environment beyond the local context. The results then should lead to an increased livelihood, meaning a better quality of life, including improved inclusion in the value chain, improved market access and increased economic rewards.

As concerning the research on the craft artisans, the execution will go no further than providing the recommendations. This means that, though the intervention/upgrading strategies and livelihood improvement have been included in the conceptual model, due to a restricted timeline and other resources these are elements of a following research or project.

4.5 Methodological instruments for data collection

The research methods used for this study are a combination of quantitative and qualitative methods, complemented with secondary research beforehand and after the field research. The field research consists of two main phases both descriptive and exploratory, the first directed to generating an overview of the craft sector in Kpando, including the provision of the social and economic characteristics of the households of craft artisans and measuring the incidence of poverty among craft artisans. This will subsequently serve as an input for the second phase, which is devoted to providing the structure of the value chain of the craft sector in Kpando and an examination of the value distribution along the chain. By using an integrated research methodology it is attempted to draw upon the strengths of the different methods.

4.5.1 Secondary research

In the preparatory period towards the field work, secondary research has been done on theories and concepts related to the research topic. The two main theoretical concepts in this study are livelihoods (Bebbington, 1999; Ellis, 1998; Chambers and Conway, 1991 & 1995;) and value chains (Nichter and Goldmark, 2009; Bolwig et al., 2008; Riisgaard et al., 2008; Gibbon et al., 2008; Gereffi et al., 2005; Bair, 2005; Humphrey and Schmitz, 2002) and these have both been studied in order to

understand the larger framework in which the topic of this research can be placed. In addition to these, an understanding has been created on the position of micro and small enterprises (Mead and Liedholm, 1998; McDade and Spring, 2005; Nichter and Goldmark, 2009) in the development of a region. Also, literature and case studies on the link between tourism and handicrafts has been researched.

4.5.2 Baseline survey

A baseline study is, according the Food and Agriculture Organization (2004), 'a descriptive cross-sectional survey that mostly provides quantitative information on the current status of a particular situation – on whatever study topic – in a given population'. It aims at quantifying the distribution of certain variables in a study population at one point in time. It involves the systematic collection and presentation of data to give a clear picture of a particular situation (FAO, 2004).

The first phase of the research thus has a quantitative character with the execution of 52 individual interviews with artisans, making use of a structured questionnaire (see appendix B). The questionnaire covered various aspects such as information on the social and economic characteristics of the artisans, their craft making activity, supply of input, sales and household information. Before execution it has been tested on two cases, one men and one woman in Kpando. The difficulties that came forward from this have been dealt with and subsequently some adaptations have been made to the survey. E.g. some questions had to be altered in order to be understood. During the execution of the ultimate survey, questions were eliminated from the questionnaire when no new information was being produced. Avoiding an extensive and time-intensive survey, a selection had to be done on which elements to include and which would be left out, while keeping in mind the research objective.

4.5.3 Interviews with value chain actors

The second phase is based on qualitative research methods, involving a series of individual interviews with key micro entrepreneurs at different levels of the value chain. To measure how the craft artisans from a poor background participate at the value chain it is necessary to get the overall picture of the value chain of crafts. Value chain analysis emphasizes the 'how' and 'where' rural poor can integrate into global economic processes and how these processes can be understood in order to make them more 'pro-poor' (ODI, 2009: 46). Since this requires a holistic understanding of complex realities and processes, this part of the research has a qualitative character. It entails in-depth interviews with different informants/actors from the value chain, such as middlemen and retailers. The research is explanatory to the extent that it elaborates on the relationships between the different actors in the chain. Also leaders from associations have been interviewed to hear their views on their situation.
In addition, representatives from governmental and non-governmental support and facilitation organizations have been interviewed to outline the institutional environment of the value chain. This is helpful in understanding the wider contextual environment of the local craft sector.

4.5.4 Focus group sessions

To add a participatory element to the research and validate the information brought forward from the baseline survey and the value chain analysis, two focus group sessions with two craft communities (Kpando and Wusuta) have been held. In order to cross-check some of the information, some lively group discussions have helped to clarify or explain certain issues. In addition, some more qualitative interviews have been held with key informants, as well as with leaders of associations to generate more in-depth information about the organization of the craft sector and the working environment of the artisans.

4.6 Data analysis

The collected quantitative and qualitative data and information through the baseline survey will demonstrate the quality of life of the artisan households, the production capacity of their craft enterprises, working conditions, raw material usage and availability, current and potential product development, access to markets and overall the significance of craft production to the livelihood of the artisans and to the district's economy. In general these sort of micro-level studies adopt a qualitative methodology that provides in-depth information about the background of the research subjects, the relationships and attitudes and only seldom allows to draw generalizations or develop reliable statistical inferences (Temkin, 2009). Therefore here too the final sample is not large enough to conduct statistical analyses with. However, on the basis of this data a poverty assessment will be executed on which it will be able to assess whether an intervention will be justified. All the data has been processed into the statistical program SPSS and by use of descriptives and frequencies it has been able to provide a profile on the craft artisans. The data and information derived from the value chain analysis will help to identify a number of opportunities for craft artisans through which to improve their socio-economic situation. This data will be translated into recommendations at the end of the research.

4.7 Time frame

For the entire field research a period of 14 weeks was reserved, from the second week of February till the start of June in 2010. Approximately, the first six weeks were dedicated to becoming familiar with the research area and the execution of the baseline survey, including the design of the questionnaire and the processing of the data. In the second half, attention was directed to the value chain analysis and hence, execution of interviews with value chain actors and actors from the institutional environment. The last four weeks have been dominated by writing the research report and subsequently the presentations of the research findings to the district, to the craft artisans and to SNV and the Destination Management Team of the Volta Region. In addition to the presentations in the last week, two workshops for the artisans have been prepared and held in Kpando and Vakpo.

4.8 Research limitations

Dependency level

Doing a field research in a developing context that a researcher is unfamiliar with creates difficulties no matter what. It often creates dependencies on people that are important in terms of getting access to certain information, or getting access to the right people. In this case, there was a high dependence on interpreters. During the execution of the survey, four different interpreters have been used. Whereas surely they have learned a great deal, it sometimes limited the quality of information retrieved from the respondents, due to lack of proper training or an absence of motivation. One interpreter has been used for the majority of the interviews. Having her skipping questions, going into discussions for the benefit of her own agenda, telling the artisans to register at CNC and giving answers to the researcher without posing the question to the respondent has certainly made it a challenging experience.

Financial illiteracy

There was a great deal of inability of the respondents to generate an answer on income-related questions. Monthly income, costs related to the business, profit and let alone the annual household income all created difficulties among the respondents. This resulted in a decreased reliability of some of the answers. Moreover, it lead to the assumption that a large number of the respondents suffers from financial illiteracy. Not only was it experienced among the producers but the traders too had difficulty distinguishing between income, profit, costs and stating the right amount.

Convenience sampling

Rather than choosing households at random throughout the district, any participant that was available at a particular place at a particular time has been interviewed. Next to the small research population, this also leads to limitations in analyzing the results since the respondents have not been chosen at random and findings are not necessarily true for other artisan households. In addition, there is no even spread of respondents from the villages due to convenience sampling. At times, an appointment was made for the next day, but then more people would turn up than agreed upon. Feeling obligated to include them, this has resulted in an uneven spread of the communities in the sample. At other times, it appeared that it was more common for the older artisans to participate in the survey than the younger. The older artisans also were more eager to do so but at times the younger ones were not even considered by the group.

Outdated data

In Ghana they make use of very extensive surveys, the so-called 'Ghana Living Standard Survey', which is being performed once in ten years. The last one dated back to 2000, meaning a new survey was to be started with. Meaning for this research data had to be retrieved from the 2000 census.

Some documents were obtained at a very late stage of the research or have not been received at all, which could have been helpful when designing the survey.

Only towards the end of the research period a number of documents were received from regional and local institutions that could have been more helpful at the start of the research, such as the previous and current District Medium Term Development Plan and the Regional Development Statistics. These documents e.g. provided information on how to classify the different housing types

in Ghana, but also gave insight into the use of certain concepts and definitions. Knowing this would have helped to design the questionnaire in a way that would be more familiar with the respondents. In the end, some documents have not been received at all.

Operationalization of certain aspects or assets.
As has been said, the operationalization of livelihood capitals can be a complicated task and some intangible assets such as social networks or human capital in terms of confidence or self-esteem might fail in the examination that would be necessary to make sustained conclusions on the findings. Nevertheless the survey enables the researcher to provide some input for all livelihood capitals.
Limited topics: time changes in livelihood, migration
Due to the length of the survey some topics have not been included, such as whether households are familiar with migration or what changes have taken places over time in the livelihood strategies. These could have provided insights into the history of the livelihood activities, but have failed to be covered in the research. An explanation is that choices had to be made and that concerning the survey those topics most related to the research topic were included.

Two value chains
The study on the craft artisans of Kpando included the analyses of two value chains: woodcarving and pottery. While woodcarving has received the majority of the attention with 39 of the 52 respondents being a carver and it being the main activity within the craft sector, the pottery subsector suffered from this. The four months available for research is relatively short to extensively cover the analysis of two subsectors. Time and resources had to be divided and as a result the findings may be of less quality than if all resources would have been devoted to one value chain analysis. A reason for directing more attention to woodcarving is that pottery already (has) received attention by other parties as well. Despite the 'burden' of conducting two value chain analyses, it was possible to a compare the two subsectors and subsequently the research has brought forward valuable information.

Value chain but not just one product
The execution of a value chain analysis includes the analysis of the price distribution of a product along the chain. Normally a value chain covers one product, e.g. mangos, however in the case of Kpando crafts, many different products are being distributed along the same chain. This complicates the analysis of the price distribution as it is impossible to do it separately for all products. Remarkable to see in existing value chain analyses that often the 'value' part is often left aside and only an extensive supply chain or subsector analysis is provided. In this study, an attempt has been made to determine the price distribution on some woodcarving products, though it has its own limitations that are explained at the section concerned.

Reliability of answers in survey
Due to a combination of factors some of the answers in the survey are not reliable. Lack of clarity in the questions, the intervention of the interpreter and the interpretation of the respondents may have lead in some cases to answers that cannot be used for further interpretation, let alone generalizations.

CHAPTER 5: BASELINE FINDINGS ON ARTISAN HOUSEHOLDS AND CRAFT SECTOR IN KPANDO

The next two chapters constitute the most essential part of this thesis. It provides the empirical findings resulting from the baseline study and the value chain analysis. This particular chapter will offer a socio-economic profile of the artisans and their households that participated in the research as well as an overview of the dynamics of the craft sector in Kpando district. As such, the findings will provide answers to the research questions and subsequently can be used as a baseline situation in case of monitoring any changes and improvements in the future.

The main research method here to generate the necessary information was a survey that has been executed on an individual basis with the woodcarvers and potters in Kpando district. The questions mainly covered the topics from the first five research questions, being: *the social and economic characteristics of the artisans and their households; the working conditions; the economic significance of craft production to the livelihood and to the district's economy* and*; the organization of the craft sector*. In addition to the survey, more qualitative interviews have been held with key members of the craft sector, to provide more in-depth information. For the reason that two subsectors of the craft sector are being dealt with in this study, one research questions concerns the difference between the woodcarvers and potters, or likewise between the men and the women.

5.1 Baseline situation of the woodcarvers and potters in Kpando district

The following information is based on the findings of the survey . An aggregate number of 52 craft artisans from Kpando district have participated, of which 39 woodcarvers and 13 potters. The situation of the artisans is central to the research' objective, however, information concerning their households will be provided in order to gain insight into their livelihood situation. As the currency in Ghana is the New Ghana Cedi, all amounts will be provided in Ghana Cedis (GH). To convert to Euros, the amount should be divided by 2 after which 10 percent should be added. In some sections this has already been done.

5.1.1 General characteristics of the artisans

Table 1: General characteristics of the artisans

	Woodcarvers	Potters
Age (average)	40	55
Educational level: (%)		
Never attended school	0	7.7
Completed primary	10.3	23.1
Completed junior high	59	46.1
Completed senior high	17.9	7.7
Income	248 GH (EUR 142)	52 GH (EUR 30)

Gender

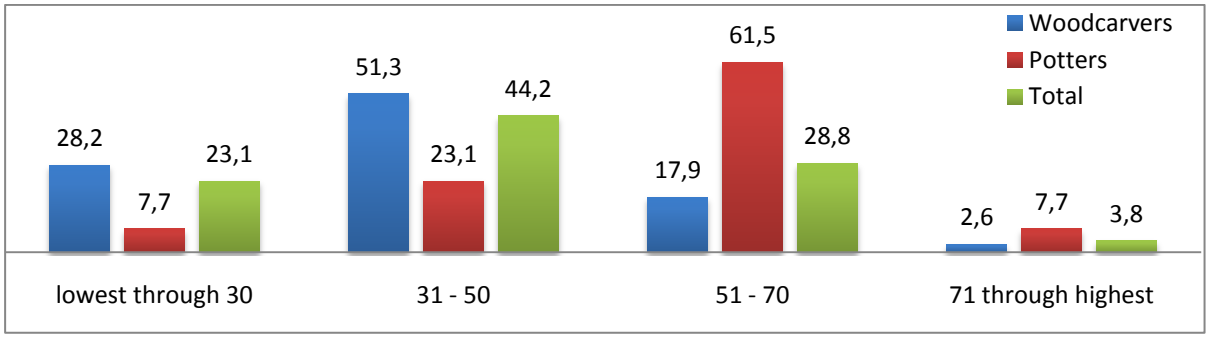
Woodcarving is traditionally done by men, and pottery typically by women. No exceptions have been found in the case of Kpando, except for one male artisan who was involved with ceramics, a different kind of pottery, which is not included in the research.

Age structure

The average age for the artisans participating in the baseline study is 44 years, with the youngest being 22 and the oldest being 81. For the woodcarvers, which are all men, the average age is 40 with a range between 22 and 72. As for the women, their average age is remarkably higher with 55 years, ranging from 30 to 81. More than 50 percent of the carvers is in the age group between 31 and 50, whereas the majority of the women (61.5 percent) is between 51 and 70 years.

Though the difference in age structure between carvers and potters is quite remarkable, age by itself does not provide a great deal of insights in to the characteristics of the artisans. However figure 7 below does show that in general there is an even distribution, with a little less than a quarter of the artisans below 30 years, almost half between the age of 30 and 50 and a little more than 30 percent above the age of 50.

Figure 7: Demographic age structure among craft artisans, in percentages

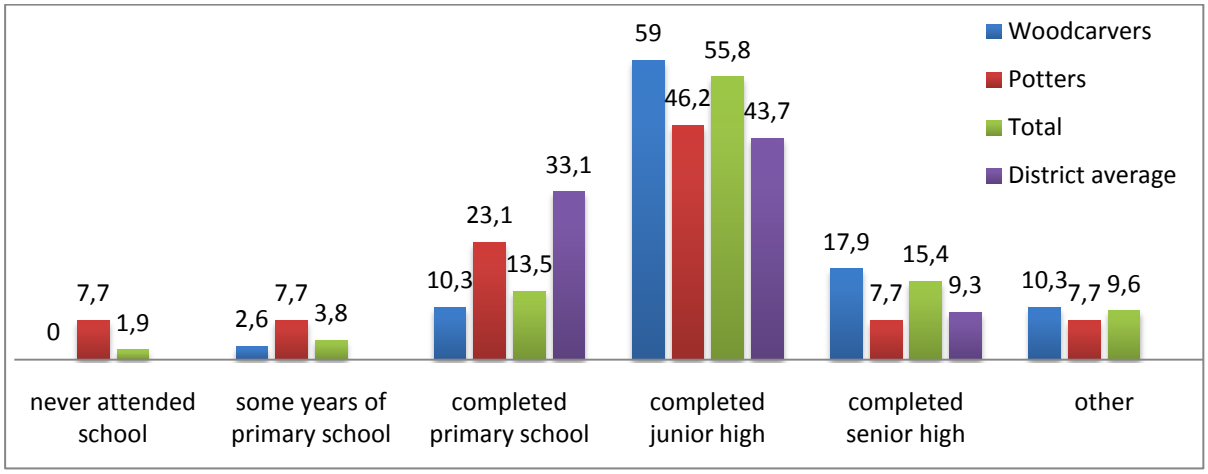


Source: Baseline study craft artisans Kpando, 2010

Educational background

The general level of education is reasonable high with almost 56 percent of the respondents having completed junior high and 15 percent also having completed senior high (=secondary school). Only one person never attended school, two persons did not finish primary school and 13.5 percent did not continue schooling after primary education. For the potters, the average education level is slightly lower compared to that of the carvers with 46 percent having finished junior high and only 7.7 percent having completed the entire secondary school. Comparing these outcomes with national data from the Ghana Statistical Service (2008: 39) on educational attainment of craft and related trade workers, for males it diverts only 2.2 percent on the completion of middle form (=junior high). Of females active in the craft industry on average 31.3 percent finishes middle form, thus indicating a 15 percent difference. Even though Kpando district belongs to those districts in the Volta region that are better endowed with educational facilities, it should be noted that the outcome of the education attainment level from the survey is quite higher than the district average, which is remarkable. There can be two reasons for this. One is that there might have been a tendency for the respondents to give a social desirable answer and say they had completed a higher level. Second, there might have been a lack of clarity between answers such as 'attended some years of..' and 'completed ..'.

Figure 8: Educational level among craft artisans, in percentages

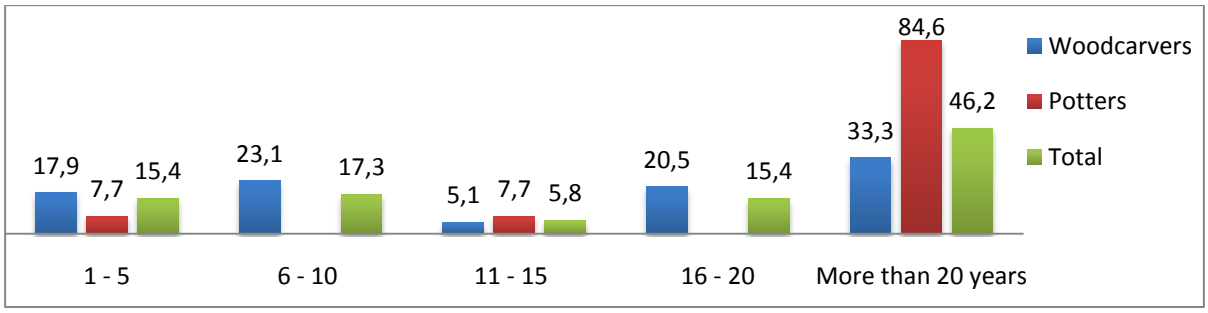


Source: Baseline study craft artisans Kpando, 2010

Years of experience

On average the artisans have 21.4 years of experience in either woodcarving or pottery. Indeed, as can be concluded from figure 9 below, 46.2 percent have more than 20 years of experience. For the carvers this is 33.3 percent and the potters 84.6, which is 11 out of 13 women that have more than 20 years of experience. In contrast, 15.4 percent (17.9 for carvers, 7.7 for potters) are relatively new to craft making as their experience is less than 5 years These findings indicate that: (a) in general craft making has been a well-established activity in the research district; (b) there is an extensive base of skills and knowledge among the older generation and; (c) the influx of young labor is relatively limited.

Figure 9: Years of experience



Source: Baseline study craft artisans Kpando, 2010

Note: For twelve cases years of experience was missing, therefore age of starting craft making has been estimated and subsequently established at 25.

A higher than average educational level and an extensive skill base points to a reasonable extent of human capital among the artisans. Human capital is an essential asset, one that cannot easily be lost. Another aspect that contributes to the development of human capital is health. Without a good health people might be unable to fulfill their duties. The craft artisans have been asked whether they have a health insurance. In total 11 out of 38 respondents has health insurance, which accounts for a little over 20 percent[1].

[1] The question on health insurance has been added to the questionnaire on a later stage, only 38 respondents have had the question.

5.1.2 Household characteristics

Household size

The average household size for all artisans that participated in the study is ten, however leaving out the two extremes of 26 and 45 as a household size the average may be reduced to a household size of nine. For potters 10,15 and for woodcarvers 8,73 (without extremes, otherwise ten). This indicates that the definition of a household has been interpreted broadly and it therefore needs a flexible approach in its understanding. It is possible that more households share one house, as well as it is possible that different persons from one household are responsible for their own income and consumption, however are collectively catered for.

Table 2 shows the ratio adults versus children, as well as the number of people actively contributing to the household (including children that assist with farming activities). Children here accounts for youngsters up to an age of fifteen.

Table 2: Household numbers

	N	Min.	Max.	Mean
Total household size	50	1	21	9.10
No. of adults in household	50	1	14	4.58
No. of children in household	50	0	13	4.46
No. of people active	41	1	12	3.68

Source: Baseline study craft artisans Kpando, 2010

Housing

In order to gain insight on the housing conditions of the artisans, the survey collected information on type of house the household was living in, access to tap-water, electricity and whether they own their house or not. Most households (61.5 percent) live in houses constructed of clay blocks with sheet roofing, which can be considered as reasonable housing conditions. Almost 29 percent has a house made of concrete blocks with sheet roofing, which is more than reasonable. And less than ten percent (four cases) has poorer housing, which here includes walls made of mud and sticks and/or thatched roofing. Interesting to observe is that out of the four households that have houses made of mud and sticks, three of these are from pottery households. All houses in the area are single story buildings. Overall, the housing conditions for the potters are slightly below those of the woodcarvers

Table 3: Housing conditions

House made of …	**Frequency**	**Perc.**	**Cum. Perc.**
mud, sticks w/sheet roof	4	7.7	7.7
clay blocks w/thatched roof	1	1.9	9.6
clay blocks w/sheet roof	32	61.5	71.2
concrete blocks w/sheet roof	15	28.8	100.0
Total	**52**	**100.0**	

Source: Baseline study craft artisans Kpando, 2010

Concerning access to potable water, most people have access to a water pump within walking distance of their house, in their community. None of the potters and only ten percent of the carvers has access to water within the house through a pipe system. Housing with electricity is more common with 77 percent of the potters and 69 percent of the carvers having it. Many communities

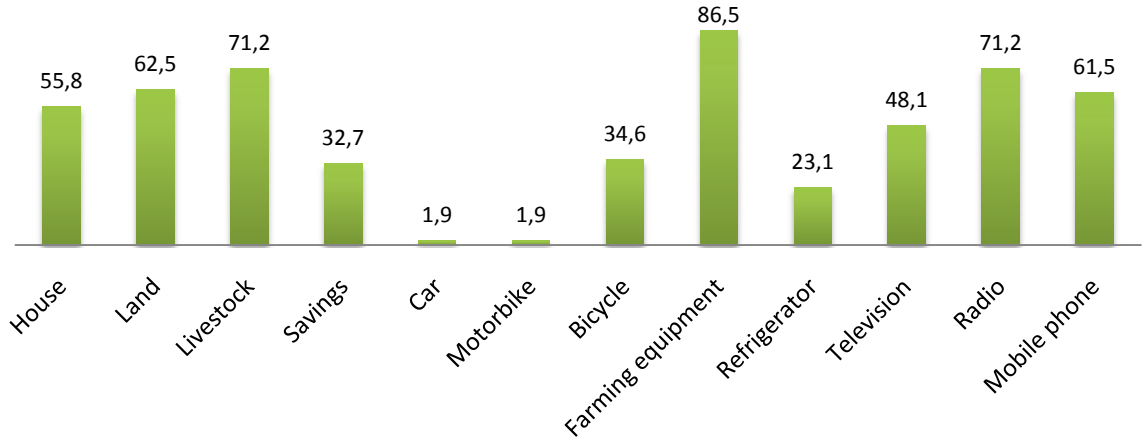
along the main road in the district, such as Kpando and Vakpo, have developed quite well in terms of having facilities and proper infrastructure. Subsequently those communities further away, such as Alavanyo, Dzoanti and Wusuta, are characterized by having less facilities and being less developed in that way.

Home ownership can be considered a household's physical capital. As concerns ownership of the house by the artisans' households, not everyone owns it, however in many cases it often belonged to a close family member. A percentage of 55.8 indicated that they do own the house. Actual ownership of the house was often taken rather literally by the respondents of the survey, therefore the percentage might not present the correct outcome and can be higher. In addition to the quality of the housing conditions and the facilities it has, whether households own their house may give an indication of their level of wealth.

Physical capital and natural capital

As poverty is a multidimensional phenomenon there are several ways of determining the incidence of poverty. One can look at the household ownership of durable goods, which is a rather material way of looking at it. This method lends itself well for measuring change over a certain period of time, and thereby in this study it serves as a sole indication of the contemporary situation of the households and as a basis for further monitoring on a later stage.

Figure 10: Ownership of household assets



Source: Baseline study craft artisans Kpando, 2010

Figure 10 depicts the percentage of households that possess the different assets, including house ownership, which has already been mentioned. Similar to housing, land too could belong to a (late) family member with as a consequence that people would state they do not own it, though it would be 'in' the family. As craft making is often combined with farming, the majority of the households (62.5 percent) possess a piece of land, though it is assumed these are not large in size considering the topographic nature of the area. In cases where they did not own land, it could belong to an individual landowner, or a relative to whom they would pay for use or pay in-kind with produce from the land. Land is a natural capital and having access to land for that matter enables a household to give added value to the livelihood. It is often the only natural capital that rural households have access to, in terms of ownership. Though besides owning such assets, it is also relevant to what extent households have access to and can make use of their surrounding natural environment. In the case of Kpando's

woodcarvers, their households are dependent on the supply of wood from the forests to perform their craft making activity. And in the case of the potters, they rely on Kpando's soil resources. Overall, Kpando's local environment is well-endowed with natural resources, but forests are increasingly suffering from depletion and the clay is not of sufficient quality to for pottery.

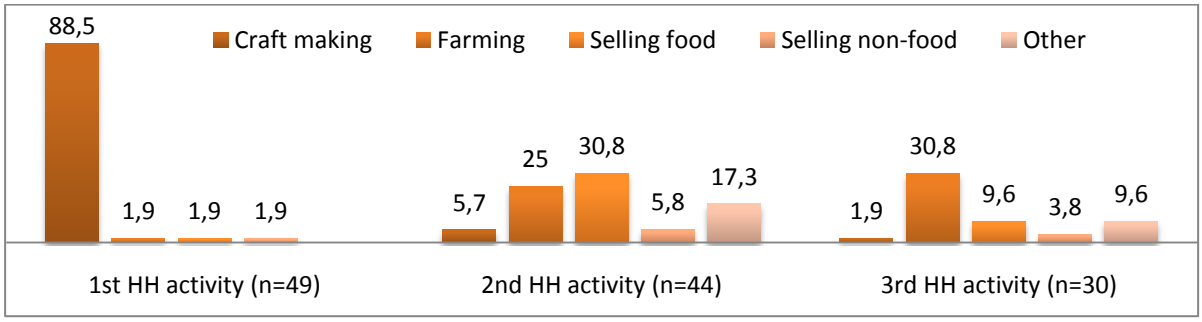
Other assets related to farming activities are livestock and farming equipment. A high percentage of 71 owns livestock, of which chicken and goats are most common. For farming, simple equipment as cutlers and sizzlers were common to possess, but heavy machinery was practically non-existent. Related to mobility, many distances can be covered by feet, however 34.6 percent of the households owns a bicycle and only one person has a car. These modes of transport have the ability to make life considerably less problematic if large distances have to be overcome at a daily basis, however are not necessarily needed by everyone.

As concerns consumer durables almost half (48.1 percent) of the respondents has a television and almost a quarter (23.1) has a refrigerator. This means that the possession of these luxury goods is not an uncommon sight and have made its way into the (artisan's) livelihoods of Kpando. 71.2 percent of the households owns a radio and 61.5 percent of the artisans have a mobile phone. As such, there is a variety of channels through which households can obtain information from the outside world. For the artisans, having a mobile phone, may be an important tool to get in touch with middlemen, retailer or fellow-artisans, to obtain information on the market and prices.
A remarkable comparison with national data from GSS indicates that the percentages of ownership on these consumer goods among artisans in Kpando is considerable higher than the rural average in Ghana (GSS, 2008: 117).

5.1.3 Income situation of the artisans and their households

Household activity
Households often are involved in a range of activities to make a living. Therefore the respondents have been asked which activity is the most important, in terms of monetary contribution to the household. For the majority (88.5 percent) of the households, woodcarving or pottery is the most important economic activity. Which indicates a high dependence on the proceeds hereof. This is followed by selling food (30.8 percent) and farming (25 percent). It be should be noted that not all participants were able to rank the different activities in order of economic importance to their household. Almost everyone (n=49) was able to give the first household activity, 44 respondents indicated a second household activity, however only 30 gave an answer by third household activity. Farming is not much done on a commercial basis due to unfavorable topographic conditions in the district and thus mostly done on a subsistence basis to feed the household. Consequently farming scores high as second and third most important household activity. The excess of the food crop production will be marketed by most women. Other activities mentioned, in order of importance were selling non-food products, tailoring and driving.

Figure 11: Household activities, in order of importance



Source: Baseline study craft artisans Kpando, 2010

Household income

One straightforward way of evaluating the incidence of poverty is through household income and household consumption expenditure. However, since the concept of a household is very vague, variable and non-uniform, the findings here should be interpreted with a certain consideration.

Average income from carving holds up around 248 GH (EUR 142) per month and the annual net household income for this group is around 2.300 GH (EUR 1314). This means that they may not necessarily be considered as the poorest of the community. Among the carvers the incomes are highly variable with the lowest monthly income being 20 GH (EUR 11) and the highest 700 GH (EUR 400).

In contrast, the income derived from the sales of pottery with an average of 52 GH (EUR 30) per month is rather low and also less variable with income ranging from 20 to 80 GH (EUR 11 to 46)[2].

The variation in income between carvers might be a result of a difference in production levels as influenced by the effort expended, the presence of apprentices, type of products made and additional sources of income that can be reinvested in their carving businesses. Whereas the women are often bound by additional household responsibilities and therefore spend less time on the pottery. Additionally there may be more people in the household that contribute to the household income. Note that only 32 percent of

Box 3: Sales of a woodcarver

Date	Product	Q	Price p/p	Total
20/03	Grazing antelope	42	6	250
01/04	Paper knife	100	0.5	50
08/04	Feeding antelope	10	7	70
12/04	Key holder	100	0.5	50
Two month income				**420 GH (EUR 240)**

Box 4: Sales of a potter

Date	Product	Q.	Tot. Price GH
4/3	Fish tray	1	1
6/3	Fish tray	1	3
9/3	Elephant, fish	3	12
15/3	Bowl set	4	40
1/4	Bird	2	6
4/4	Eleph., rabbit	2	9
9/4	Tray, 2 bowls	3	9
17/4	Fish	3	3
24/4	Fish tray	1	2
30/4	Variety	13	50
Total income for two months			**135 GH (EUR 77)**

[2] Only two potters had information on annual household income with 1.000 GH and 2.500 GH, 1750 GH on average. However, if the monthly income of 52 would be multiplied by 12, the average annual income for potters would be much lower at 625 GH. This finding might illustrate that pottery is only a minor activity in the household but based on one respondent's answer this cannot be concluded.

the respondents has been able to give an estimation of their annual household incomes. Moreover, those answers that have been received were not always realistic.

Financial capital

Regarding access to financial capital, through whichever way, the following can be said based on the findings of the baseline study. The majority with almost 85 percent says they have no access to credit, also not through family or friends. From those that do have access only four declare that this is through a bank, three through family and/or friends and two through other ways. Nonetheless, 65 percent is setting money aside, of which 21 percent through a bank account and 44 percent at home. As it appeared from the survey, more men set aside money (82 percent) than women of which only 15 percent (=2 persons) sets money aside. However, the carvers' incomes are on average five times higher as those of the potters, meaning there may be more opportunity for saving. Saving is mostly done for reasons related to the livelihood, such as feeding, housing or education or related to the business.

From those who have access to a loan, six were able to specify their payment of interest. Remarkable to note that those who would lend money from family, friends or master pay a higher interest (30, 17 and 20 percent) than those who lend through a bank (10 percent).

Relevance of craft income to household

In general there is a high dependence on the proceeds of craft making, be it woodcarving or pottery. For almost all artisans it is their ultimate means of a livelihood and as a result all are working fulltime, except when it is farming season. As a result, the economic contribution of the craft activity to the livelihood of the artisans cannot be over-emphasized.

A percentage of 67 of the research respondents were able to give an estimation of the monetary contribution from craft making to the total household income, however it remained a difficult task. For all artisans the monetary contribution amounted to 69 percent with 64 percent for the carvers and a high 83 percent for the potters. This confirms a high dependence of the households on the proceeds of craft making. In addition, it indicates that households pursue different activities in order to generate an income for the household and foresee in basic needs.

Social capital

Social capital is the most daunting capital to examine in the livelihood approach for reasons that it is intangible and complex. Nevertheless, information on it has been generated from the survey and an attempt will be made here to interpret it.

Most people have social capital, which includes' trust, norms and networks and facilitate cooperation and coordination in an individual's environment and as society as a whole' (Lyon, 2000). As came forward from the baseline study, access to formal credit institutions by the local craftsmen and women is limited and restrict their livelihoods and business activities. Besides this, their poor access to profitable markets, which is suffering from a low demand tightens their business situation – and subsequently the livelihood – even more.

There were only few people that could fall back on family or friends in case of sickness or unforeseen emergencies related to the business. This seems odd though as almost all will have an inner close network which generally serves as a safety network. The majority stated that in case of sickness or emergency their businesses would face collapse. Despite that, in case of starting over, the majority

would turn to their family first or close friends for financial support. In exceptional cases an artisan would turn to its master (in case of an apprentice) or to a customer for support.

5.2 Craft sector dynamics

Kpando has a long-established craft sector, comprised of a range of different craft making activities. Woodcarving holds the largest number of men, followed by pottery which is a women activity. The majority of these craftsmen and women are part of the informal private sector and are often hidden from a visitor's view. The sector consists of a dispersed group of individuals, that all try make the most out of their living without too much support from external institutions. The emphasis here is on the artisan, but this time more in relation to the craft making activities, as well as the structure and dynamics of the craft sector.

5.2.1 Organization of producer groups in Kpando

Enterprise registration

Registration among the craftsmen is seldom, unless they are member of an association which is registered by the District Assembly (DA). Only one out of the 52 respondents (but two more who are not included in the baseline) is self-employed *with* personnel (carver), two indicated to be part of a family enterprise (one carver, one potter) and the rest (94.2 percent) is self-employed without personnel. Moreover, there are two woodcarvers that have a small shop in Kpando and these are the only two that are registered at the District. One of these is the self-employed carver with personnel. As such, more than 96 percent resides in the informal sector. The high level of self-employment among artisans coincides with the regional observation that in all districts, over two-thirds of the economically active population is self-employed without employees (GSS, 2000: 54). A high incidence of informal self-employment without personnel may pose economic and social problems for the district such as tax mobilization, the uninsured social security of workers and leaves little room for reinvestment because of low turnover (GSS, 2000: 55).

Extent of organization

Many artisans work individually, even if they work in groups at fixed locations. Every artisan buys his or her own materials individually and the majority of them also sell individually to customers. Despite this, there are four associations in the research district, two pottery associations and two woodcarver associations. These are registered with the DA as well as with the Association of Small Scale Industries (ASSI). From the respondents 23.1 percent has stated to be a member of an association.

There is one woodcarving association in Kpando and one in Vakpo. Vakpo has been organizing its woodcarvers since 1988, first covering a larger area (including Kpando and Have, which goes beyond the boundaries of Kpando district) but subsequently have separated themselves into several associations. Now Vakpo has approximately 26 members, of which 10 work in a shed along the roadside. As an association they have been able to have more access to assistance, gain better recognition and as a result have been able to generate more orders. Recently they have seen a store build near their work shed along the main road. Kpando woodcarvers association, on the other hand, is suffering from neglected organization of the group. The carvers are scattered and there has been no successful effort from the association in more than two years. Alavanyo, Abanu, Dzoanti and Fesi

have not organized themselves to the extent of an association, however, some are in the process of getting informed on this issue. It is possible that not all are aware of the advantages, however Dzoanti and part of Fesi are starting an initiative and are receiving support from the National Board of Small Scale Industries. Fesi woodcarvers are part of a plain stock association, which has enabled them to apply for a loan however the application has been rejected for unknown reasons.

As for the potters, there are two associations as well. One in Fesi where a group of 15 women are working in a shed, which has been build with assistance from an international NGO some ten years ago. The Fesi Potters are much more known and recognized than the Akpini potters, which are more scattered in villages around Kpando. The latter are suffering from a loss of workplace due to a fire some years ago and as a result are working individually at their own houses. In addition they are lacking leadership, which increases the individuality among the group. They number approximately 18 active potters.

Previously the number of artisans has been higher, though, due to a lack of or decreasing business opportunities, many former artisans have reverted to subsistence activities. This is more the case for the women, where a low demand for their pottery products has pushed them out of their actual occupation.

Social capital

A large proportion of the carvers have relations with their suppliers, traders and retailers with whom they perform regular business transactions. Some of these relations go back a long history of twenty years or more. This is the case where craft making has been a long established family tradition. There is hardly any evidence on sound agreements or contracts and most transactions have to be negotiated, despite long relations. A general low in demand restricts the power to bargain on the side of the artisans. Payments by traders and retailers are sometimes done in installments. In case of orders, traders and/or retailers provide the artisan with (part of the) capital or supply of material in order to do the job.

Both the carvers and the potters have little information on the market. For this, they depend on their customers, being the traders and/or retailers. These people can provide the artisans with information on changes in the market as well as provide input for new designs and product improvement. Many traders are from the local area and sometimes from the craft communities. As a result, they know from each other where they live which might enhance trust in each other and reduces the risk that traders cheat with supposed market prices. Retailers in Accra rank Kpando as one of the better places for quality woodcarvings, which gives the Kpando artisans an advantage.

Box 5: Relationship woodcarver with retailer.

In one case it was found that despite a twenty year relationship between an artisan and a craft retailer in Accra, the retailer owed to an amount of 500 GHS to the artisan, though he had trust that it will be repaid in better

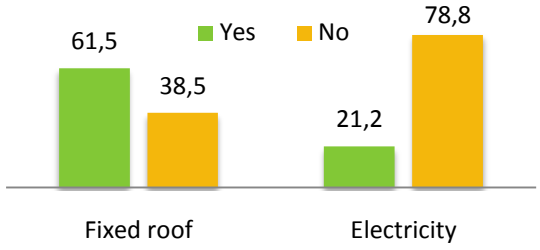
5.2.2 Working conditions of the artisans

In general, labor standards in the informal sector do not comply with those applicable to the formal sector. Informal sector workers often lack social security, economic support and legal protection from the local authorities.

Workplace

A percentage of 54 of all artisans are doing the work at their house instead of at a designated workplace. Almost 60 percent of the carvers are doing the work at often dilapidated work benches close to the house or in the bush. Half of these people have to discontinue working when it starts raining as 46 percent has no fixed roof at their workplace and in addition 74 percent has no electricity for lighting. The potters are slightly better off however this outcome is tilted by the majority of the respondents being Fesi potters, who have a workshed to work at, but they too are awaiting electricity. Many potters outside of Fesi are working in similar conditions as many of the carvers. The aggregated findings on the workplace conditions for the carvers and potters together can be read from figure 12.

Figure 12: Workplace characteristics



Source: Baseline survey craft artisans, 2010

The working space of many carvers that hinders a proper working environment and in most cases lacks healthy and safe working conditions. All are working outside and many lack the presence of a fixed roof as they are producing under a tree or under a thatched roof. This makes them vulnerable for weather changes which are daily subject to the climate in the rain season. Same accounts for the storage of wood, frequent rainfall will reduce the quality of the wood. Some do not have a proper work bench and consequently are doing their work on the ground.

Tools

All work is generally being done manually or with use of manual tools that are often in such a state that they limit the productivity and efficiency of the carving process. Even the felling of trees and the cutting of the logs is often being done by use of axes, whereas a chainsaw machine would surely speed up this process. A lack of modern tools for carving and machines to cut the material hinders the craftsmen in making efficient use of their time and resources. It affects the quality of their work as well as the quantity of carvings they are able to produce in a given amount of time. Consequently a limitation in the productivity of individual carvers limits the income that can be earned from carving.

Work sheds

Some communities have a collective workshed, such as Alavanyo and Vakpo and the women of the pottery in Fesi. Each of these places is being used by on average ten people. In the latter two cases these worksheds have been set up with assistance from development organizations. Those who work in a group have the benefit of learning from each other and support in case of emergencies, which is a remarkable finding considering their assumed lack of support in case of business collapse earlier. Although despite working together physically, all of them state they are working as individuals. Moreover, in case of sickness and loss of tools or workplace through fire, heavy rainfall or theft almost all state that their business will collapse and that there is not much direct support in such cases.

Working hours

Regarding the amount of time invested in their business, all woodcarvers work an average of six days a week with almost eleven hours a day. Its distinctive to see that the potters make less hours a day on average with less than nine as well as less days a week with on average five days, which might be related to their remaining household responsibilities. The amount of time invested is high to such an extent that it seems unrealistic at times, especially when combining different household activities. Field observations have shown that often the artisans were not at their workplace but out farming instead or selling at the market. Therefore the time could be interpreted as the available time in case of high demand and not necessarily the actual time of being productive.

Despite working fulltime and being flexible in determining the working hours, working at full capacity is often hindered by heavy rainfall in the rain season as well as the scarcity of resources might sometimes limit the production. For the input of material, large distances have to be travelled at times, which comes at a price as transportation can be expensive and adds to costs of production. Moreover, prices of input are not fixed and artisans, and especially the carvers, have to negotiate for prices every time they buy input. The district area has an abundance of resources, namely wood as well as clay, however the forests are increasingly experiencing depletion of certain wood types and the quality of clay is not sufficient for the making of good quality pottery products.

5.2.3 Economic relevance of the craft sector to the district

Total earnings

Craft making in the economic sense of generating revenue for the District is relatively limited. Most enterprises are in the informal private sector and therefore no taxes are being collected. Also in terms of people engaged in the craft sector it is assumed that it upholds a subordinate position compared to sectors as agriculture, fishing and trading. However, the economic relevance extends further than only the production base through linkages with other actors and demand for services related to craft making. Input suppliers benefit from the purchases done by craftsmen, as well as the demand in services from transportation providers, chainsaw operators and sawmills is being positively affected. Consequently a growth in the craft sector can have a spillover effect on related sectors in terms of revenue and employment.

For an estimation of the annual earnings on the sales of woodcarvings and pottery in the district, the following calculation has been made based on the average incomes of the artisans. Due to the

relative small number of cases, these calculations should not be taken as a serious outcome but as a sole indication. The incomes are based on the findings of the baseline survey. They are not stable and show high variations over a period of one year.
An estimated 150 active woodcarvers with an average income of 248 GH (EUR 142) per month totals at 37.200 GH (EUR 21.257) per month, times 12 is 446.000 GH (EUR 254.857) turnover per annum on woodcarvings. For pottery 35 potters times 52 GH (30) per month totals at a monthly 1.820 GH (EUR 1.040), times 12 is 21.840 GH (EUR 12.840) annual turnover on pottery. This totals at **467.840 GHS** (**EUR 153.052**) of annual earnings on woodcarving and pottery. To be sure, this does not account as revenue for the local government, but represents the amount of money coming in from sales as a result from production of crafts.

According the Medium Term Development Plan (MTDP), the economically active share of the population is 52.1 percent, which on a total population of 74.595 in the year 2000 holds up at 38.864. This means that with an approximate 300 craft artisans, craft making by itself makes up less than 1 percent of the economic active population (300/38.864 *100).

5.3 Conclusion: a comparison of two craft subsectors

This chapter has provided a socio-economic profile of the woodcarvers and potters in Kpando and their households. With woodcarving being done by men and pottery by women, some differences occurred in the findings, of which some were based on gender.
First, the women have a higher age in general which indicates an extensive skill-base, but at the same time a low input from young women. Secondly, their educational level is lower than that of the men, suggesting that they might have had less chances in their youth. Thirdly, the income of a carver is approximately five times higher than that of the potters, giving them more saving opportunities. As concerned housing, overall only few have the poorest category of housing but these are primarily the women's households.
The working conditions are quite similar for both subsectors, with some working in groups and some working individual at their houses. Women invest less time in their craft activity, most likely as a result of their remaining household activities. This might also be a reason for the lower income. Though, remarkably, the potters show a higher dependence on the proceeds of craft making than the carvers do.
In terms of organization, the subsector show some similarities again with the main underlying reason for this being their inability to organize effectively as a group and construct a long-term vision. Leadership is weak as a result of a high level of individuality in combination with a low level of trust among the artisans.
In general, the craft artisans in Kpando are not among the poorest in the society but have indeed managed to secure a living for themselves, albeit marginal, especially in the case of the potters. A well-developed skill base and a flexibility as concerns the workplace and the invested time are positive assets of the craft community.

CHAPTER 6: VALUE CHAIN ANALYSIS OF WOODCARVING AND POTTERY

In this chapter, the craft chains of which Kpando's craft artisans are part of will be analyzed using the value chain approach that has been discussed in chapter 3. A value chain normally consists of the following levels: input supply, production, trade, retail and lastly consumption. These are the levels that a product passes before reaching the market where the customer determines the final value. In the value chains in this study the production base is solely made up of deprived craft making artisans. Interesting then is to see how much of the final value of their products reaches these poor producers of crafts by tracing the distributional value of a product.

The combination of quantitative and qualitative research methods has revealed important information about the structure of the different handicraft value chains. Detailed information will be given on the main actors in the chain: the producers, the traders and the retailers. Not only has it become clear how the crafts move from producer to consumer, but also light has been shed on the relationships between the different actors in the value chain and the nature of the enterprises on the producer side. By ways of analyzing the value chain an attempt has been made to identify opportunities for craft artisans on how to improve their position in the value chain.

The research questions that are to be answered here are: '*What is the structure of the different craft value chains?*' With sub questions as: '*Who are the main actors involved?*' and '*How can the underlying relations in the chain be explained?*' Accordingly, the answers on these questions should lead to the identification of constraints and opportunities for the artisans in the value chain. Thus, '*What are the most important factors impeding craft artisans? 'How are these factors related to the existing craft chain structure?'* and '*How can access to the craft chain be improved in favor of the households of the craft artisans of Kpando district?'*. These will be dealt with in section 6.5 at the end of this chapter. For each of the crafts, woodcarvings and pottery, a separate value chain is being displayed and explained. However, due to time and resource limitations, only for the woodcarving value chain has there been made an analysis on the value distribution in the chain.

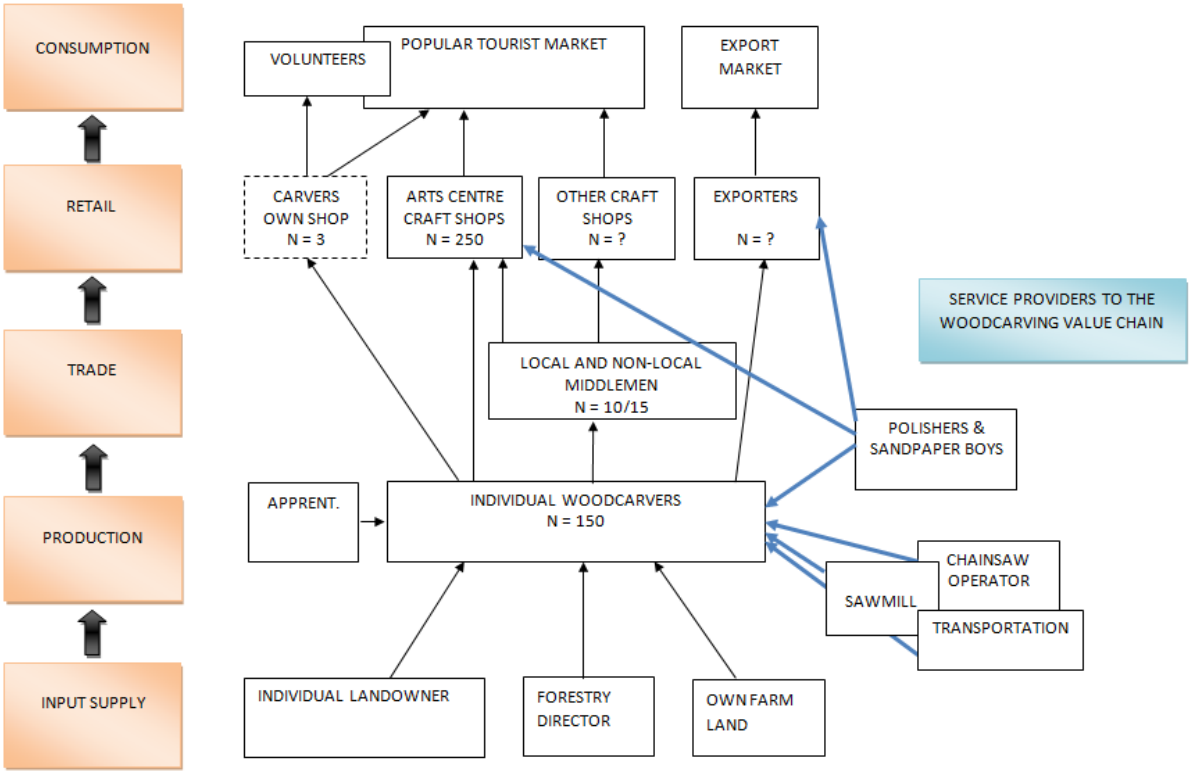
6.1 Kpando woodcarving value chain

The Kpando woodcarving value chain characterizes itself by the predominance of microenterprises. Not only the woodcarvers in the production base, but also the middlemen in the intermediary level are all self-employed without employees. Moreover, the retailers in Accra can also be classified as microenterprises. First a simplified overview of the value chain will be given in a map, which shows the different stages from input and production to consumption, before information will be provided on the different levels in the chain.

Box 6: Ebony

Woodcarvings from the Volta Region stand out in terms of quality when it comes to type of wood being used. Ebony is a common Blackwood used by carvers in Kpando district, however nowadays many travel as far as the Afram Plains (the other side of the Volta Lake) to buy the wood. Other types of wood used are Teak, Rosewood, Mahogany, Redwood and Whitewood.

Map 4: Kpando Woodcarving Value Chain



6.1.1 Value chain stages

Input supply

Wood is being obtained through three different channels: individual landowners, forestry directors and own farm land. The price of wood has to be negotiated every time, which indicates the market type of relationship that is characteristic for transactions on this level but also for the entire chain. In order to fell trees they need the service of chainsaw operators and some carvers will have their logs cut at the sawmill, therefore these can all be accounted as service providers to the chain of woodcarving. In addition, transportation too is a service provision to the production level. Those carvers that are felling trees themselves need a permit from the Forestry Service Division (FSD) to do so and even for felling trees on the own land a token has to be paid to the FSD. Many are felling trees without a permit and are therefore involved in illegal practices which carries a risk of getting fined. Often the labor from a chainsaw operator is necessary, who in their turn should have a permit. Accordingly, related to buying the input, chainsaw operations and sawmill are two large expenses, as well as the transportation, especially when wood is being conveyed from faraway places. Almost 90 percent of the respondents stated to experience problems with buying input.

Box 7: Problems woodcarvers related to input

The majority of the problems regarding input are related to the expenses (18 percent) and transportation (14 percent) of the input. Basically, their lack of capital is hindering them in anything related to buying. Remarkably, also the quality of the wood has received a large number of complaints, in fact the largest number with almost 22 percent. Some are related to permission from the forestry necessary for cutting trees.

Box 8: Expenses of a woodcarver

Variable input expenses:		**Fixed costs:**	
2 logs of wood	50 GH	Registration DA	5 GH p/y
Transportation	10 GH	Internal revenue	9 GH p/y
Sawmill 2 pc	10 GH	Land fee	60 GH p/y
Chainsaw operator	10 GH	*(Most carvers do not have fixed costs related business)*	

Box 9: Illegal sources of wood.

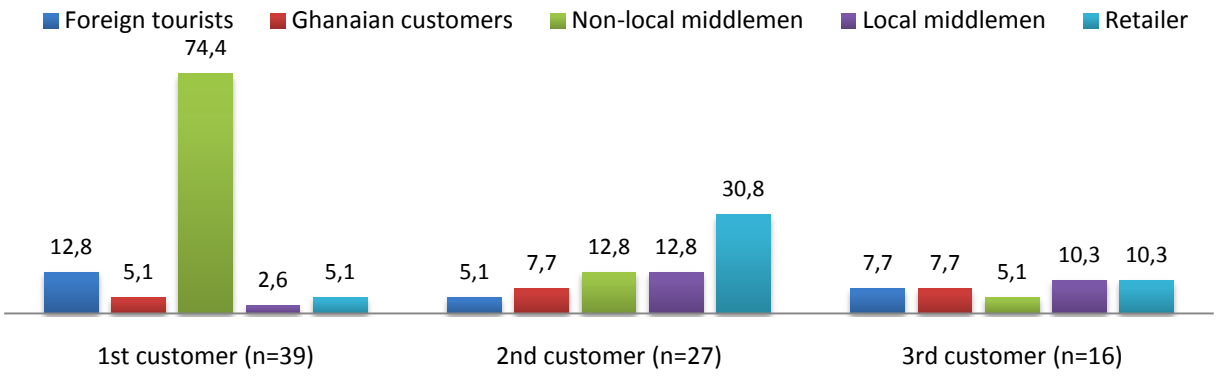
From a study by Tropenbos International (TBI) on the wood sector of Ghana it was found that a majority of Wood Forest Products enterprises, this includes woodcarvings, depend on illegal sources (chain-sawn lumber) for their raw material supply (Nketiah 2005 in TBI, 2009). Supposedly formal sawmills refuse to comply with a legislative provision to supply the domestic wood market with 20 percent of their lumber production. However it is unclear to what extent this is the case in Kpando district.

Producer level

Virtually all woodcarvers work individually in microenterprises. Not businesslike, though some work together physically at a designated workplace. It is not uncommon to work with apprentices, but upon completion of the apprenticeship many apprentices lack the necessary logistics and capital to set up their own businesses (MTDP, 2002). Most carvers are specialized in a certain type of carving, be it human figures, animal figures, practical applicable designs etc. and thus have a limited portfolio of products. The products are subsequently being sold in an unfinished state to middlemen and retailers at the Arts Centre in Accra. The reason for selling unfinished products is that, according the woodcarvers, finishing the products – sandpapering and polishing – involves too many costs that are not being translated to a higher price when selling the finished products. Those carvers that have a shop in Kpando do engage in finishing, for obvious reasons. However at times, these activities may also be outsourced to polishers and sandpaper boys.

The main buyers of the Kpando woodcarvings are non-local middlemen with 74.4 percent, followed by retailers and local middlemen as second most important customers with 30.8 percent and 12.8 percent respectively. This indicates that direct contact with the end-costumers of the product is very limited for the producers.

Figure 13: Customers in order of importance, woodcarvers



Source: Baseline study craft artisans Kpando, 2010

Trade level

The intermediary level is made up of a number of local and non-local traders, often referred to as middlemen. Field research has shown that the local interpretations of middlemen and retailer somewhat overlap. This has made it difficult to distinguish in importance of both channels.

The traders can be men and women and act as traders of the woodcarvings, buying it from the carvers and selling it to retailers of craft shops, mostly in Accra. They too are mainly self-employed individuals and reside in informality. Usually they travel to Accra once or twice a month, bringing one or two large bags full with unfinished carvings. Then depending on how long it takes to sell all, they may spend up to four days in Accra. Few travel to Aburi, which is another large woodcarving centre and one that is certainly better marketed and known by the popular tourist market than Kpando. Kumasi is too far to travel and costs of travel do not outweigh the price of selling there.

Besides fulfilling the role of trader, the middlemen perform another role which is that of transmitting market information, including information on design and quality standards. The traders are in closer proximity to the market and therefore are more aware of supply and demand. They provide a link between the carvers that are unaware of market condition and the retailers that are unaware of the skilled craftsmen. The middlemen pay instant cash to the woodcarvers or they buy on credit, which means they pay after having returned from selling the crafts in Accra. In addition, some local middlemen provide their suppliers with wood for doing the work, often in case of an order. Or else he will pay them in advance so that the carvers can buy input. It was observed that not all communities where woodcarving is being done are being approached by middlemen and that there is a bias towards those more centrally located in the district along the trunk road.

The observed perspective that woodcarvers have towards the middlemen was not overly optimistic. It was assumed that the middlemen sell for much higher prices and that their profits are excessive in contrast to the meager profits the producers make. On the other hand, the middlemen too were complaining about a general low in demand which deprived them from a better income. Indeed, the incomes of the middlemen that have been interviewed, were sometimes little higher than that of some carvers.

Retail level

There are two carvers in Kpando who have their own shop through which they try to sell directly to the popular market, however weeks without sales is no exception as Kpando is still an infrequently visited tourism destination. Though, Kpando boosts a number of international volunteers who often feel involved with local entrepreneurs and in particular the craftsmen. These volunteers buy their local memories here and at times also devote attention to craftsmen and assist in further development of the business.

In Vakpo there is one retailer who buys from a number of carvers in the Vakpo area, also here weeks without sales is no exception, which subsequently results in less to no buying from the carvers. This particular retailer combines the craft shop with a hardware shop and turnover of one the businesses may be invested in the other, meanwhile giving him more flexibility in his livelihood.

At the Arts Centre in Accra there are approximately 200 to 250 craft shops that sell woodcarvings, mainly to tourists. All shops are microenterprises of which some family enterprises and others run with a small number of staff. Most, if not all, are registered with the municipal authority making it formal businesses. Through observation and inquiries it is assumed that about 90 percent of these shops sell, among others, woodcarvings from Kpando, Volta Region. They buy from those carvers that travel to Accra to sell, from the middlemen or in some cases they themselves travel to rural areas to buy. In the latter case, such a visit might sometimes be confused by the carvers with that of a middlemen. Also, despite long relationships between carvers and some of its buyers, in some cases it was often difficult for the former to come up with names, let alone contact details of their customers. This might indicate a somewhat impersonal relationship between the two actors. Some shop owners do the sandpapering and polishing themselves, however more often this is being outsourced to other people, thereby creating an income for a third party, often young men that are relatively new to the craft sector.

Obviously the retailers have a high level of bargaining power here with the artisans. Knowing that they have to sell and that they are numerous, they can bargain the prices down to opportunistic levels. Despite that, concerning income for the retailers, this is a very variable and unstable factor as well, influenced by the seasonality of the tourism industry. On average the income holds up around 300 GHS a month, but can have lows of 35 GHS and high of 1000 GHS and often more people are dependent on this amount. Even here weeks without sales are not uncommon. Thirty one percent of the carvers have indicated that retailers are their number one customer, in most cases referring to the craft shops at the Arts Centre.

Consumption level

The value chain shows two main markets that are being sold to. The primary channel is the popular tourist market and the second market channel is through exporters to buyers abroad, the export market. Woodcarvings are predominantly of interest to foreigners visiting Ghana or for the export market, but not so much for the domestic market. There is no direct line from the carvers to the popular tourist market, except for those that have a shop. In Kpando there is a reasonable number of international volunteers and therefore they make up a part of the market as well. Though as such their numbers are not large enough to foresee a sustainable flow of sales for the local craftsmen.

They can be taken together with foreign tourists who buy carvings on their holiday in Ghana, as to a certain extent most volunteers will travel as tourists at one point of their stay and buy a carving as souvenir to remember their stay by.

6.1.2 General problems for the woodcarvers

During the baseline study an inventory has been made of general problems experienced by the carvers. These problems have been listed in table 4. Approximately 31 percent of the problems are related to the market, or more specifically the lack of having one, including the lack of proper marketing and the case of getting too low prices and thus being 'cheated' by middlemen. Following the problems with the marker, 22 percent of the problems is related to buying input, the costs involved, the transport and the distance to travel to get wood. Another 20 percent of the problems deals with the bad condition or the lack of proper tools and machines to do the work or cut the material. Sole lack of financial resources is indicated as a problem in general as well, followed by workplace related constraints and other.

Table 4: General problems woodcarvers

Problems related to	Frequency	Percentage
Marketing/market/profit	24	30,8
Buying material – expenses, transport, distance	17	21,8
Tools and machines	16	20,5
Lack of money	10	12,8
Workplace	5	6,4
Other	6	7,7
Total	**78**	**100**

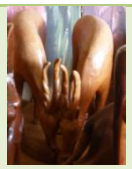
Source: Baseline study craft artisans Kpando, 2010

6.1.3 Value distribution in the chain

There are different methods within value chain analysis to calculate the distribution of the gains or added value in the different stages of the chain. Generally, a value chain analysis deals with the chain of one single product. However, in the case of this study, woodcarvings and potters entail the processing of a large variety of different products. This leads to implications when it comes to calculating, or estimating for that matter, the added value for an entire level or a unit value of profit, as there are different products that deal with different prices and profit margins. As a result, and due to a lack of relevance of it to the objective of this study, it will not be viable to give a complete calculation of the value distribution. Additionally, it is important to recognize that the figures should not be aggregated and used for conclusions on poverty levels. However, despite the large margin of error in the data presented here it is interesting to indicate the relative price distributions of different products. The following table, on the next page, shows the value distribution of four different woodcarvings in a simple overview.

Interesting to see is that the change in prices from the producer level to consumption varies greatly. The added value can be calculated through the relative value that each actor adds to the product throughout the chain. However, where some products only double in value, others more than increase fourfold. Price margins thus vary a great deal, as do the percentages of the value that reaches the producers. It should also be taken into consideration that at all levels of the chain the prices are not fixed but highly negotiable for that matter. E.g. whereas the consumer price of a paperknife here is at a low of 3 GH, it has been observed that some retailers start off as high as 10 GH for this product. This implicates calculating the total value for each of the levels. The numbers may also be misleading as it is sometimes argued that the higher the mark-up on sales (profit), the higher the profitability. Then again it is ambiguous because the value of the profit also depends on the volume of sales.

Table 5: Price distribution of woodcarvings

PRODUCT / **AMOUNT RECEIVED IN GH, BY:**	 **Small hippo 6 in.**		 **Small elephant 6 in.**		 **Paperknife**		 **15-20 inch set of antelopes**	
RETAILER	15-18	*100 %*	15-17	*100 %*	3-5	*100 %*	50-65	*100 %*
MIDDLEMEN					1,5	*50 %*	35	*61 %*
POLISHER			2	*12,5 %*			8	*14 %*
ARTISAN (FROM MM.)					0,5	*17 %*	15	*26 %*
ARTISAN (FROM RET.)	8	*48 %*	8	*50 %*				

Source: Field research, 2010

The percentages in table 5 show that when a product passes through more levels, the producers will be left with less value, which is not difficult to understand why. The table indicates that in case of selling through a middleman, the producer will hold 17 to 26 percent of the value, whereas when selling is being done directly to the retailer than a producer may hold 50 percent of the end-value of the product. This is a sensible finding and understandable that when a product passes through more stages, less value will remain with the producer. However, these are just incidences of value distribution. Hence, these numbers cannot be employed for further use or generalizing and making conclusions, however serve as a sole illustration of the price distribution in the woodcarving value chain of some products from Kpando.

Another indicator of the value distribution in the chain is income. From the findings of the baseline survey it was concluded that the average income of the woodcarvers is approximately 250 GH, with large differences among the men. A percentage of 12,8 have an income from craft making that is higher than 500 GH, of which one person even stated 700 GH. However, from the interviews with middlemen and retailers it became clear that these groups of people as well are not having a high income. In fact, the average income for a retailer at the Arts Centre holds up at little more than 300 GH (based on the inputs from seven retailers). This is an average with good months of 6/700 GH and months of no sales. The income from middlemen is a little higher at approximately 500 GH, however this number is merely based on the input of two cases. Costs have not been taken into account here

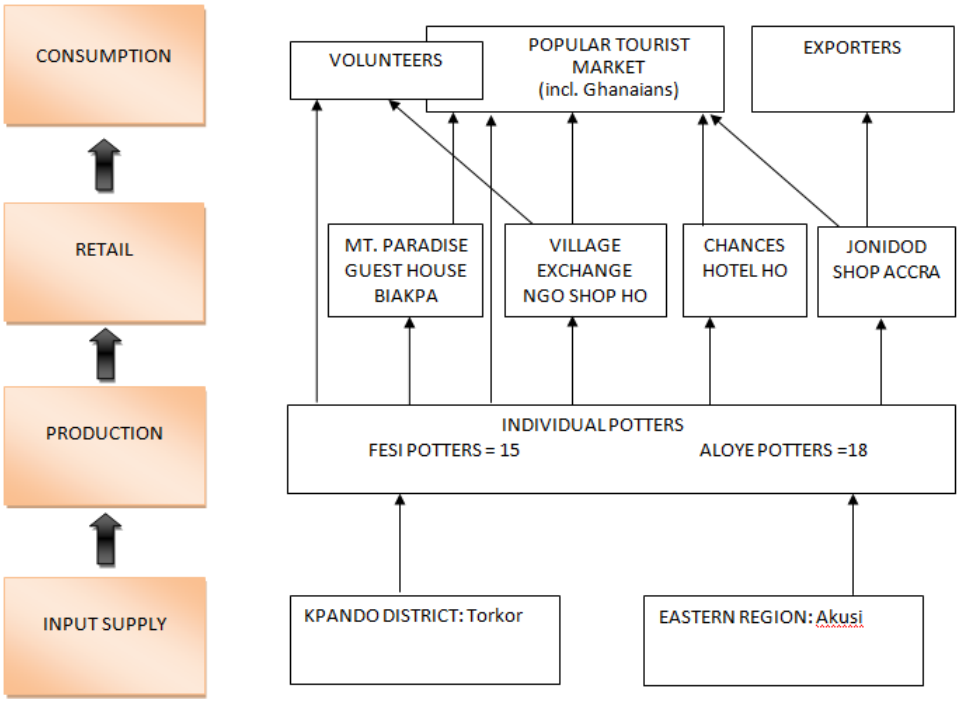
yet. Experience showed that many respondents had difficulty distinguishing between income and profit, therefore the data here too leaves room for inaccuracy and needs a flexible interpretation.

6.2 Kpando pottery value chain

6.2.1 Value chain stages

The Kpando pottery value chain is more simplistic due to absence of the intermediary level of trade. Hence, the potters have more direct sales to the end consumer. Here too, the popular tourist market and volunteer community in Kpando are important. In contrast with woodcarvings, Ghanaians are slowly starting to show more interest in pottery for art décor. Through the pottery coordinator's craft shop in Accra, the group receives a small number of export orders.

Map 5: Kpando Pottery Value Chain



Input supply

Despite that Kpando is rich in clay, good quality pottery clay has to come from Akusi, (close to) Eastern Region. The coordinator of the group, alias the managing director of the Pottery Craft Shop in Accra, has been providing the women with clay from Akusi. Since this improvement in clay less products break, which is an important factor when exporting such fragile goods as pottery. The fragility of the products is a major constraint for pottery. It can easily break and especially when exporting this is a major setback. Obtaining clay from further away means an increase in the costs, due to transportation. Thereby the women are dependent on a vehicle for this journey. Nevertheless, to some extent Kpando clay is still being used for the pottery. For fuel wood used for the oven to bake the pottery, the women turn to their local surroundings or buy wood at the market or roadside stalls.

Box 10: Problems potters related to input.
Regarding the supply of clay, 77 percent (ten out of thirteen) indicated to experience problems. The women's largest concerns were about the expenses related to clay and transportation. Because the new better quality clay they use, transportation costs are much higher, considering the distance. The clay around Kpando is not sufficient enough to deliver a good quality product.

Producer level

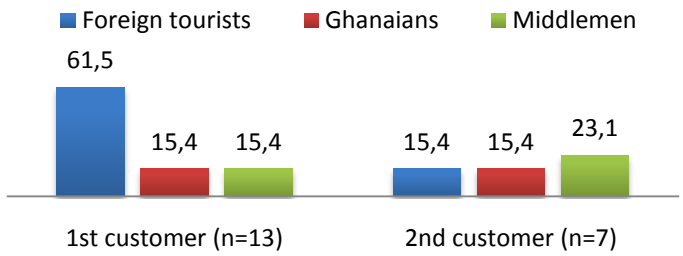
As said in the previous chapter, there are two pottery associations, of which one gets the lion share of attention in terms of assistance as well as market demand. Only a third of the actual number of potters in Kpando are actively doing pottery today, due to lack of demand. The Fesi pottery is being advertised in the Bradt Travel Guide and together with the small volunteer community in Kpando this results in a small flow of foreign visitors to their shop. In contrast to the carvers, potters do finish most of their own products. For the past year they have been receiving on average 17 visitors a month with a high of 29 and 34 visitors in July and August respectively and a low of six in October. Due to inconsistent bookkeeping though it is unclear to what extent this results in sales, however an estimate would be that around 80 to 90 percent of these visitors buy something from the shop. The Akpini Pottery Association are more scattered in Aloe, Akpini, Gabi and Tsakpe, all neighborhoods of Kpando, and are less known as a group. Both groups have been assisted for a number of years when the coordinator from Aid to Artisans Ghana used to be stationed in Kpando. Due to lack of funding he had to back out and he now has his own pottery shop in Accra. The coordinator has been helping with design and production methods that have resulted in the products being more original and distinctive. Though without continued supervision the quality level is not stable and consequently not always sufficient for sales or export. A number of women, as such not all, obtain orders from the coordinator in Accra. Due to that most women specialize at one or two products and that the demand for these products differ some are able to benefit more from these orders than others. Also, those who are better skilled seem to get a preferential treatment by the coordinator.

Box 11: How to make clay?
Molding mud into pottery is an ancient tradition with a traditional way of preparing the clay, with grog and water. The clay taken from the earth along Ghana's famed Lake Volta, is pounded to a fine powder and then grog – fired clay pounded into small stone – and water are added to form the base of clay. No modern technologies are being used in this process.

Retail level

Eight out of thirteen respondents (61.5 percent) have indicated that foreigners are their most important customers. Hence, the small flow of tourist visitors is one market they directly serve. Second most important customer was only being given by seven women of which three stated that it was a non-local middlemen, which could be a reference to the coordinator or someone send by the coordinator. Through thorough observation and inquiries it was found that

Figure 14: Customers in order of importance, potters



Source: Baseline survey craft artisans Kpando, 2010

the Fesi potters have three more selling outlets in the Volta Region besides their own shop. One is at a popular guesthouse between Kpando and Ho of which the Ghanaian owner on a frequent basis of three or four times a year buys a large quantity of products. The other two are relatively new and are both in Ho, a shop of the NGO Village Exchange Ghana and an outlet at Chances Hotel. For these three selling outlets the sales of pottery is only a side activity. Both have been introduced through the initiative of a peace corps volunteer who is working with the women on a number of business related aspects. An expansion of outlets will expose more potential buyers to Kpando pottery and help to generate more demand.

Lastly there is the shop in Accra which has a variety on pottery from both Kpando groups, though sales can be extremely slow at times. The owner, previously an ATAG-field advisor, sells to exporters mostly through fairs and exhibitions, and to the expat community in Accra. According to him the Ghanaian market is slowly catching up. The coordinator, as well as the women themselves however to a lesser extent, attend fairs and exhibitions to meet with potential buyers. However these fairs are capital intensive without getting a guaranteed benefit from it in terms of sales or orders. Therefore the women have limited enthusiasm for this kind of activity. The coordinator attends about four or five fairs a year, including international ones in Canada, France and South Africa and has a clientele of at least four exporters. He keeps records of sales however has never calculated the total income of a certain period. In 2009 he has received one order to the amount of 1.000 GHS. The year 2010 looks more promising with one order of 1.200 GHS in February and one forthcoming maybe in May.

Consumption level

Similar to the woodcarving, the pottery value chain shows two market channels. The popular tourist market is their primary channel they sell to and the second is the export channel. The first is served directly and indirect through a number of retail outlets in the Volta Region, whereas the latter is predominantly being served through their coordinator. Ghanaians are said to show an increasing interest however to this point they are taken together with the popular tourist market.

From here on, the woodcarving and pottery subsector will be dealt with again at once but where necessary a differentiation will be made.

6.2.2 General problems for the potters

An inventory of the general problems has also been made for the potters. It is rather similar to the problems of the carvers. Here too 32 percent of the problems are related to not having a market, marketing and low prices, followed by 23 percent of input-related problems. Regarding the workplace, the potters mentioned the lack of electricity, and the spoiling of products during rain. Some additional problems are related to baking the pottery. The Fesi potters have no

Table 6: General problems for potters

Problems related to	Frequency	Percentage
Market/marketing	7	31.8
Getting clay: expenses, transportation	5	22.7
Workplace	3	13.6
Production process: baking, palming clay	2	9.1
Financial problem	2	9.1
Firewood	2	9.1
Other	1	4.5
Total	**22**	**100**

Source: Baseline study craft artisans Kpando, 2010

money to get a new one, so they made one themselves, which is not as sufficient as the one the one that broke down.
The women proposed solutions in more advertisement, establishing a market and participation in trade fairs. Also, an expansion or improvement of the workplace was mentioned. Remarkably, those potters not working at the shed in Fesi did not mention any problem concerning their workplaces. Results can be found in table 6

6.3 Chain governance and forms of coordination

A competitive value chain tends to be based on relationships that are commercially and mutually reliant. However, these relationships can vary to the extent that they can have different impacts on the communities that participate in the chain. To analyze the relationships between the different chain actors one should look at the strength and objective of the linkages. Aspects such as the dependency, incentives and the level of trust can determine the strength. And whether the relationship is solely based on the exchange of payment or also on the exchange of information or services gives an indication on the objective of the relation. A chain consists of several linkages and these different linkages may entail different types of governance which subsequently affect the distribution of the gains.

As for the craft value chains they are predominantly characterized by repeated market-type transactions with price being the only coordination mechanism. In particular the woodcarvings value chain has a high market character, with a large number of individuals buying and selling products to one another with little interaction beyond the exchange of the goods. The governance mechanism is price, which in this particular case has to be negotiated every time an exchange takes place. It happens at all levels of the woodcarving value chain, meaning producers negotiate prices for the input they need and for the products they sell. The middlemen also negotiate, as well as the retailers and even the consumer in this sector will negotiate for a good price. In the case of the potters, their negotiations with customers are also based on price. Hence, the linkages in the chains are therefore thin and relatively straightforward because of the type of information and knowledge that is being exchanged.

However, in the case of export crafts, which though in Kpando is only being done on a relatively small scale and without any binding contracts between exporters and producers, one could speak of more captive-like relationships. Meaning that producers can become dependent on dominant buyers which often perform a high degree of monitoring, raising the switching costs and leading to an asymmetric power relationship. A small number of woodcarvers have export contacts and some potters deal with the coordinator in case of export orders. The local artisans have no ready access to market information, complicating the selling of crafts to actors/customers upstream. When the pottery-coordinator places (export) orders, the women are being directed in the process of design, production as well as finishing. Design and finishing may even done by the coordinator himself. Thus a high degree of control is present in this node, indicating a high degree of coordination and treating the supply base (the women) as having low capabilities, which gives the coordinator more power.

Though, at times relationships involve in more than only exchange of payment. It has been observed that some middlemen in the carving industry engage in buying the input for their producers. In

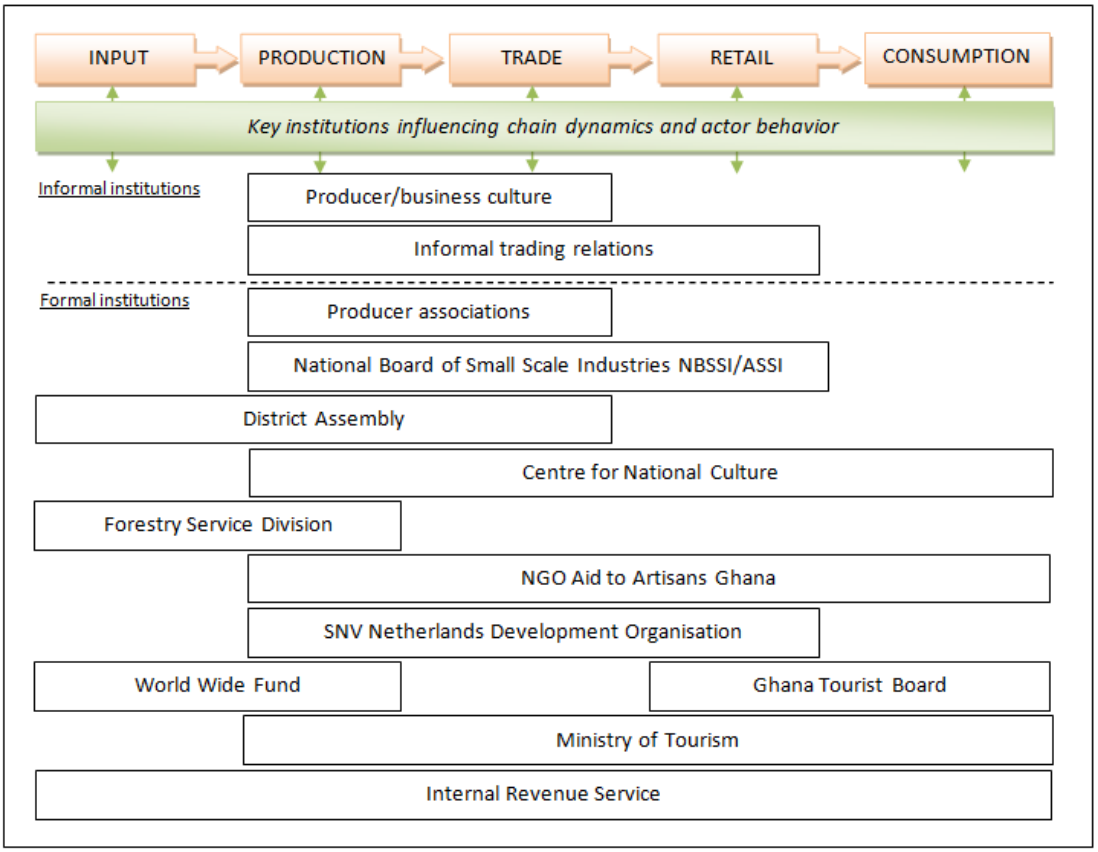
addition, the pottery coordinator also sometimes supplies the potters with clay. In these cases, the relationship between the different actors stretches further than solely payment, however it may increase the dependency on such an actor.

6.4 Institutional environment of the craft value chains

A market is never alone shaped by the interaction between a buyer and the consumer but involves a range of drivers that can set change in motion. These drivers will be referred to as institutions and make up part of the enabling environment of the business. Institutions are constructed by societies and can be understood as 'the rules by which people interact with each other', to make an ordered social life possible (Vermeulen et al., 2008: 31). To enhance the opportunities for the craft artisans in the modern market it is necessary to understand the main institutional factors that affect them in any way. This section will elaborate on the role of those institutions that are of relevance to the craft sector in Kpando.

Figure 15 illustrates what the key institutions are that have an influence on the Kpando crafts' value chains. In addition it shows at which level of the chain it has an impact. The impact can be on more than one level. E.g. the producer culture which hinders the artisans to make full use of their capacities is also an aspect that traders and retailers might experience. Moreover, high individuality and low level of trust is a cultural aspect observed all over Ghana. Another example of an institution is that of the Ministry of Tourism (MOT), that when they will devote time and resources to promote the development of craft villages in Ghana, naturally craft artisans in Kpando may benefit. Especially when Kpando will be of one those selected craft villages.

Figure 15: Institutional map of Kpando Crafts' value chains



6.4.1 Informal institutions

Informal institutions are those activities, customs and values related to one's culture or beliefs that they are embedded in one's way of life and can thus easily be taken for granted, despite the power they entail to transform social, economic and political life (Vermeulen et al., 2008). Two informal institutions most relevant at this place are the *producer culture*, rooted in Ghanaian culture and *informal trading relations*.

A perceived institution in the mentality of Ghanaians and thus also among the research respondents, is the low level of capability to cooperate with fellow craft producers. This can be observed from the little effectiveness the producer organizations have had so far, as well as the individually set mindsets of the people. Individuality is high and as a result uniting is hard. In addition, many are specializing in one or few products, making them dependent on the demand for that particular product. Overall it has been observed that there is a general tendency to sacrifice the long term need for a short term gain, such as the selling for low prices to obtain direct cash. Though short term thinking might also be caused by a deprived livelihood situation. Lack of proactive attitude has been confirmed in an interview with ATAG, who e.g. urges their artisans to be proactive but experiences an absence of this among the Kpando potters.

Informal trading relations
From interviews with key informants from different levels in the chain it has become clear that there are few fixed agreements between the producers and their customers, be it with middlemen or retailers. Only in the case of large orders, usually placed by an exporter, an agreement is made. However this has no consequences for any future orders. Through the mere absence of set agreements, let alone contracts for regular acquisition, the craft sector is highly typified by a low level of contractualization. This has implications on the overall coordination in the value chain and enhancing this can have an effect on the competiveness of the chain with benefits for the small producers.

6.4.2 Formal institutions

Formal institutions are those rules and agreements that are formally institutionalized. They comprise laws and regulations, public policies but also public and private services or the organizations they are derived from (Vermeulen et al., 2008). Decisions concerning individuals and organizations often have to be taken within the context of different and sometimes conflicting institutional influences. Not all institutions listed in figure 15 will be explained in detail, however the most relevant will be discussed here (see appendix 2 for more details).

The district's business advisory centre (BAC) from the NBSSI frequently has skill trainings or workshops intended to improve upon the entrepreneurial capabilities of the artisans and the quality of goods and services they provide. The District Assembly supports these activities and is also important in terms of registration and obtaining access to such training and workshops from NBSSI. CNC often collaborates with the NBSSI and together these institutions visit fairs and exhibitions to promote the local craft sector, sometimes accompanied by local artisans. CNC actively promotes

local culture, including art and crafts. Within the Volta Region CNC is interested in setting up craft markets and with facilitation of SNV a platform has been organized to create synergy among the different stakeholders. One of these stakeholders is the Ghana Tourist Board, which is the implementing agency of the Ministry of Tourism and is engaged in the national and regional promotion of tourism. It presently holds craft development at a high priority as well. The NGO Aid to Artisans Ghana (ATAG) works with artisans to develop products that can compete successfully in local and global markets by offering advice and training in product development, production decision-making, business practices and marketing. Currently, ATAG is doing research, in collaboration with Ghana Tourist Board (GTB), on craft villages in Ghana. Kpando is among the potential listed villages for craft development.

All of the above, except for ATAG are united in the Destination Management Team (DMT) of the Volta Region. The issue of craft development is on the agenda and with enhanced attention from them, as well as the DAs, the craft sector in Kpando could face flourishing times.

However, without a market to sell to there will be no boost in sales or income. ATAG often assists artisans or producer groups by finding a foreign market, therefore getting them on board of the DMT would significantly enhance opportunities for the artisans. Unfortunately ATAG does not have regional representatives.

6.5 Constraints and opportunities for craft artisans in the value chain

Overall the sound that is being obtained from those engaged in the craft sector in Kpando is that they are experiencing hardship. Not only in terms of business profits, but also concerning their livelihood situation. This section will elaborate on the general constraints and opportunities related to the participation of the craft artisans in the value chains.

6.5.1 SWOT-analysis

A useful way to assess the constraints and opportunities is to make use of a SWOT-analysis. It will provide the strengths and weaknesses that are internal to the craft sector of Kpando. They relate to the resources it has (or lacks). The opportunities and constraints are found in the external environment and either provide the possibilities for expansion or are those factors that limit the ability to grow.

Table 7: SWOT craft sector Kpando

	Internal		
Positive	- Strong reputation of good quality crafts - Distinctive pottery - Use of Blackwood Ebony - Well-skilled producer base	- Indistinctive woodcarvings - No control on end-quality - Quality standards - Lack of market information - Low level of organization - Low level of trust - High level of individuality - Low level of business skills/ professionalism - Short term mindset - Low profits - Low level of productivity - Lack of capital	Negative
	- Surplus labor for craft making - Policy on craft development - Development of tourism - Access to credit - Tap into new markets - Dedicated District Assembly - Opening of Kpando Art Gallery - Support from ATAG in finding market	- Ageing of the producer base - Low inflow of youth artisans - Low or unreliable demand - Fluctuating prices - Insufficient available credit - Future plans Arts Centre turned into hotel/shopping complex	
	External		

Strengths

Kpando's craft sector has a number of strengths, however every it seems as if every strength has a drawback to it. Among craft and related trade workers throughout Ghana, Kpando has a strong reputation as a craft sector, in particular woodcarving stands out in name. The disadvantage is that

all crafts (woodcarvings) end up in Accra and are being sold in bulk. As a result the potential buyer, the tourist, will not know about Kpando and its reputation, let alone its products.
The woodcarvings stand out because of many carvers make use of the Blackwood Ebony. This wood gives the woodcarvings a higher quality due to the weight of the wood, but also the color black is often highly appreciated on the market. The use of Ebony however has decreased, as it is less available in the direct surroundings, it is a slow growing tree species and it is more expensive than other types of wood. Subsequently carvings made of whitewood are being polished black.
Pottery is less known to come from Kpando, even so the products that are made here stand out and are distinctive compared to other pottery. The drawback here is the quality of the products. It is understandable that pottery is fragile, therefore the best quality clay should be used for the work, even if that involves traveling further to obtain it, whereas Kpando is rich in clay.
Overall, the craft sector has a well-skilled producer base with an average over 20 years of experience. Which means there are many people to learn from, however on the other hand there is a relative small inflow of young people. The issue here is to make it more attractive for younger people to get engaged with craft making. Moreover, many young people are unable to continue their craft business due to lack of finances.

Weaknesses
Concerning weaknesses inherent to the craft sector, this list is considerably longer. Some are closely connected or reinforce each other. Related to the crafts, whereas pottery stands out, the woodcarvings are rather indistinctive. The designs are often not inherent to the region, there is little innovation and the products are not being finished here but sold in unfinished state to the traders. This way there is no control on the end-quality of the products and makes it even harder to distinguish oneself from competition. As such, there is also no standards for quality and only feedback from middlemen or contact with the retailer will set a carver to change.
Then related to the artisans, there is many drawbacks to their productive capacity. First of all, a low level of business acumen and collective organization results in a conglomerate of small independent workshops. Combining their capacities would seriously enhance the effective productivity. However, secondly, their low level of trust and high level of individuality will trouble the organization of the artisans in effective producer groups. Thirdly, their deprived livelihood situation makes the artisans often sell their products for prices that are below cost price, which hinders them in making any profit. Lastly, related to that is that they lack the capital to invest in their businesses.
In order to turn the tide in Kpando's craft sector, these weaknesses should be remedied, changed or stopped. Considering the nature of these weaknesses, related to the artisans, this will require a long term process.

Opportunities
There are some opportunities external to the sector. The first is that there is a surplus of labor in the district, youth and unemployed, of which a share could get involved in craft making. New input could after some years replace the older generation and that way prevent the sector from dying out. Secondly, finding a financial institution that could generate the artisans access to (micro)credit would create more room for investments and collective activities. Note that this has more chance when artisans are well-organized in association(s). A third opportunity is the finishing and opening of the Art Gallery in Kpando. It is there, however it is not in use yet, whereas it would create an opportunity for the artisans to display their crafts 'at home' instead of only selling it unfinished to the Arts Centre

in Accra. Together with the development of tourism in the region, a fourth opportunity, this could seriously enhance the out-of-pocket spending of tourists. But besides waiting for tourists to come to Kpandoit is also important to find new (foreign) markets. A few lucrative cont(r)acts with exporters could boost sales considerable, that is, if the artisans are able to take on the capacity of such orders.
Perhaps getting back in touch with ATAG could be of support in the search for new markets. On a national level there is some lobbying for a national policy on craft development and the development of craft villages. Kpando has potential to become such a craft village and therefore a policy could steer more support and attention to the sector. And lastly, Kpando's District Assembly, as well as the traditional authorities in the area show are dedicated and show commitment to the their local craft sector. Moreover these different authorities get along well which is essential when working towards change.

Threats
Then lastly, there are some threats that cloud the future of craft development in Kpando. Already mentioned but the ageing of the producer bases combined with the low input of youth artisans can result in the slowly dying out of the sector. Secondly, the low and unreliable demand combined with the unstable prices that have to be negotiated make it very hard for the artisans to make a decent living out of craft making. Third, the unavailability of access to credit constrains the artisans in investing in their business. And, still rather vague however, as the woodcarvers their main channel to sell is through the Arts Centre it is rather troubling to hear that the management of the Arts Centre has plans to turn that very location into a large hotel and shopping complex. A place will be reserved for the artisans though this will most likely be at a much smaller extent, which means many craft retailers will either move to a new undefined place somewhere else in the city, or they will be pushed out of business, which means many artisans, among which those from Kpando, will lose a great share of their market.

To conclude, strengths should be maintained and thus Kpando should build on its reputation thereby expanding its name among the public. The weaknesses should, where possible, changed and remedied. This might pose great challenges considering the nature however, it is not impossible as these are problems experienced by many small producers in value chains and therefore there is a wealth of experience to extract from. The opportunities should be taken into account and optimized, whereas the threats should be preferably minimized but at least managed.

CHAPTER 7: RECOMMENDATIONS ON UPGRADING

This chapter consists of a number of recommendations on upgrading strategies for the craft artisans in Kpando, directed to those who are interested in getting engaged with the craft sector of Kpando. The recommendations follow on the SWOT-analysis and thus are based on the findings from the research. Both internal and external constraints and opportunities have been taken into consideration. The recommendations are presented as upgrading strategies, which refers to 'moving up the value chain' and enhancing the participation of producers, which should subsequently result in increased rewards and/or reduced risks for these producers. Upgrading involves an 'innovation that increases the value-added in the chain' (Bolwig, 2008; Pietrobelli & Saliola, 2007; Kaplinsky & Morris, 2001). The four categories are product upgrading, process upgrading, functional upgrading and inter-chain upgrading. Upgrading strategies may entail a combination of different types of upgrading, as well as that it may involve institutional building and capacity building. In addition, the role tourism can play in the enhancement of the craft sector in Kpando is being explained.

7.1 Recommendations for improving benefits to woodcarvers

Product upgrading

Product upgrading involves a qualitative improvement in the product that makes it more desirable to consumers and results in a higher quality product that commands a higher unit price.

- *Finishing their own products*; if Kpando manages to attract more visitors in the longer term then it will be necessary for the carvers to finish their own products or have some additional people within the community employed to do these activities. It will also generate more control on the end-quality of their own products.
- *Setting quality standards*; in order to maintain the good name of Kpando or Volta Region carvings, based on the type of wood use although many have a diversified use of wood types, it might be interesting to set some quality standards to ensure a continuation of the good name. Observations in the field have shown that there is some room for improvement in both the carving and the finishing.
- *Developing new designs;* due to changing consumer preferences a market as woodcarvings which has a high appeal to the popular tourist market cannot remain unchanged in terms of design. According to ATAG, it is necessary to develop new designs in order to keep pace with changing consumer demands. In addition, in design Kpando carvers not necessarily have a unique selling point as woodcarving is being done in many places in Ghana, or in many African countries for that matter. And some of these places are better marketed than Kpando.

Process upgrading

An increase in production efficiency, resulting in either, a) greater output for the same level of inputs or b) the same level of output for fewer inputs. Process upgrading reduces the costs of production and may involve improved organization of the production process or use of a new or improved technology.

- *Improved production technologies resulting in greater production efficiencies;* the possibility to reduce part of the handwork by the use of simple machinery would possibly lead to significant increases of productivity. The traditional carving obviously should continue to be done by hand, however in the preparatory face of cutting the wood time is lost by lack of simple machinery.
- *The creation of a safe workplace*; a workplace with a fixed roof and electricity will enable the carvers to extend their hours of production and thus enhance their flexibility in respect to weather limitations.
- *To establish one coordinating producer organization*; that takes upon the responsibility of coordinated purchase of input and coordinated sales of products, hereby enhancing the production efficiency while lowering the production costs. In addition, the organization of producers can lead to sharing of orders to produce more quickly and enhance the productivity. However, due to highly competitive environment individual producers are not keen on working together.

Functional upgrading

The entry of a firm into a new, higher value-added level in the value chain; functional upgrading moves the firm closer to the final consumer and positions it to receive a higher unit price for the product.

- *To establish one coordinating producer organization*; an organization that unites all carvers in the district, which can take upon the role of intermediary between the producers and retailers. As an organization the producers can agree on setting a price, or at least a bottom price to which to negotiate with buyers. Currently, the producers are competitors of each other.
- *To put the woodcarvers when possible or otherwise the local middlemen in touch with Ghanaian export agents*; to seek out additional markets and where possible shorten the steps between producer and consumer.

7.2 Recommendations for improving benefits to potters

Product upgrading

- *Developing new designs*; having the women become familiar with international consumer preferences and the changing tastes will enable them to develop new designs by themselves. Currently, input for new designs has to come from outside, e.g. the coordinator or international volunteers.

- *Improving the quality of the product by use of different clay with different substance of grog*; this opportunity is one which involves a change in the production process and as such will be dealt with here below.

Process upgrading

- *Searching for a new technology that can crush the grog*; crushing the grog into finer substance might help to increase the quality of the local clay, avoiding the burden of high transportation costs of buying the clay from further away.
- Hence, it would advisable to *explore the possibilities for a new and different kiln*. An oven that will enable to bake the pottery with a higher temperature could result in better quality pottery. Meaning, less breaking of the pottery that could result in an increase in the production efficiency. Note that the Peace Corps volunteer is already investigating this.

Functional upgrading

- *To establish one coordinating producer organization*; an organization that unites all potters in the district, which can take upon the role of intermediary between the producers and retailers. As an organization the producers can agree on setting a price, or at least a bottom price to which to negotiate with buyers. Currently, the producers are competitors of each other.
- *To put the potters where possible in direct contact with Ghanaian export agents*; to seek out additional markets and where possible shorten the steps between producer and consumer.

7.3 Recommendations for both woodcarvers and potters on marketing

Inter-chain upgrading

The entry of a firm into a new and more lucrative marketing channel in the value chain (Dunn and Villeda, 2005).

The majority of the Kpando craftsmen and women lack the opportunity to sell at a local display facility. There is no craft shop in the district that represents crafts of all artisans, however there are two carvers who have their own small shop and there is also one retailer who buys from carvers in his village and then there is the shop of the Fesi potters. Having a shop though does not immediately resolve the problem of not having a market. The underlying problem of having no market is perhaps related to a lack of marketing of Kpando crafts. A thorough marketing strategy or advertising will have the potential to add significant value to a product. It should lead to a flow of buyers to Kpando, which enables the craftsmen and women to negotiate better prices and receive higher income for their work.

- *Branding of Kpando crafts;* turning Kpando into a brand will help to put the crafts from Kpando on the map. Kpando Woodcarvings, Kpando Pottery, Kpando Crafts etc. A branding campaign promoting the quality, the abundance of craftsmanship in the district, as well as the long-standing historical significance of craft making to a great number of people might be a successful strategy for creating an effective market. It would require some cooperation

among different value chain participants and the development of a certain level of branding expertise in the district but could eventually result in enhanced competitiveness of the value chain.

- *Marketing*; there are many different channels for marketing. All of which have not been investigated in the scope of this study however remain open for further research. Through the internet, travel guides, advertisements, posters etc. a larger market could be targeted.
- *Opening of the Art Gallery*; the opening of the already established Art Gallery will provide the artisans, both woodcarvers and potters, with space for display of their crafts. And by setting up workplaces around it, the place can serve as an attraction to the district.

7.4 The role of tourism in improving market access for the craft artisans

As in general, tourism and the craft sector are highly interlinked, the future of Kpando crafts is also linked to the development of tourism in Kpando. The popular and tourist market proves for both woodcarvers and potters as the most important end-customer of their products. Nevertheless the flow of income derived from this is far from steady due to a high seasonal character of the tourism industry.

Nevertheless Ghana's tourist arrivals have been increasing for years now which generates opportunities to see if a benefit from this can be derived. As Kpando is strategically located in the Volta Region, it could serve well as a destination for craft shopping to those visitors involved in the cross-border flow with neighboring countries Togo and Benin. In the case where Kpando as such is not part of the travel itinerary than it would be wise to have more selling outlets in the Volta Region selling crafts from Kpando. An increase in the number of selling outlets could easily enhance the out-of-pocket spending by visitors to the region and could in fact be seen as a missed opportunity at this moment. It would also add to the spread of the name of Kpando's crafts.

Not only can the increase of visitor inflow boost craft sales, the abundance of local craftsmanship and the cultural characteristics it has can be used to promote increased tourism alongside other features. It does involve an improved organization of the display of the variety of crafts and the finishing of the Art Gallery is one step in the right direction. In addition, those shops already existing in Kpando are hardly noticed upon passing through town and too dispersed for that matter.

In relation to the steady flow and presence of volunteers in Kpando it might be interesting to develop a number of workshops for those visitors interested to learn the craft making of their interest. It needs further investigation to see whether there are craftsmen and women interested in being involved in this and capable of doing such a workshop in small groups. It could generate additional income and cover for periods of low sales.

CHAPTER 8: DISCUSSION

The research findings in this thesis consist of the results of a baseline study of craft artisans and a value chain analysis of their crafts. The case study on the craft artisans in Kpando is an explorative research to identify opportunities in the value chain that can improve the economic benefit for the artisans and their households. Moreover it has looked at the socio-economic profile of the artisans and households. This chapter will evaluate the process of preparation and implementation of the research by revisiting the theoretical framework and a critical evaluation of the outcomes.

8.1 The contribution of the findings

Since this research consists of a case study, there is only a limited capacity to empirically generalize the findings on a wider population than that engaged with the research. However considering the given time for such a research, it would have been difficult to have made the research more extensive. The findings from the baseline have provided an insight of the role of crafts in sustainable livelihoods at household level in Kpando district. It became clear that even though some artisan households are living in deprived situations, overall these artisans and their households should not be perceived as living at the bottom of society. They are managing a livelihood, albeit marginal at times, based on woodcarving or pottery as their main income activity. Farming on subsistence level and selling food stuffs remain prominent activities on the side.

Other studies on artisans

Case studies on artisans or craft enterprises are limited (Dunn and Villeda, 2005; Mutua, 2004; Wolff, 2004; Johnson, 1999; McDade, 1998) but all support the importance of the role of craft making in the economic development of rural regions. However, where the literature gives evidence of an increase of craft making as a livelihood activity, the case study in Kpando Ghana rather shows a decrease in the number of people actively producing crafts, mainly due to a lack of demand. Although the reasons for this limited demand were outside the focus of this case study, possible causes could be a lack of innovativeness in new designs, a lack of selling outlets and the geographical distance from the market. Commonalities that were found between this case study and others are: the lack of organizational capabilities and business skills in the producer base; poor access to credit facilities; dependence on traders; lack of (insight in) market opportunities; and, low return per unit.

Return to conceptual framework of research

A return to the conceptual model (section 4.4), shows how the relations between the different concepts were proposed before the start of the research, which rather fits accordingly with the reality. The baseline study has provided a profile of the craft artisans and their households in Kpando district in Ghana and indicated the relevance of craft making to the livelihood. Moreover, the analysis of the value chain has shed light on the marginal position of the artisans in the craft chain. With the identification of constraints and opportunities for these artisans, a solution or strategy for improvement can now be determined, in order to improve the economic benefits and the artisan's livelihood.

The livelihood assets in respect to the craft enterprises

Comparing some findings of the baseline with National data in Ghana (GSS, 2008) confirms the outcome of a higher educational level than average among craft and related trade workers, which is remarkable as craft making is often argued (Hnatow, 2009; Haggblade et al., 2002) a low-skill activity and easy to access by rural poor. Note however, that those self-employed in a developing context are often lower educated compared to employees of larger firms (Nichter and Goldmark, 2009). It might be possible that a lack of employment, combined with a lack of business perspective pushes people into the craft sector, but on the other hand there's a large number of families that have traditionally been involved in craft making for generations and now, due to unfavorable prospects in the business, have retreated to order rural activities. According to Sen (1997), education, skills and health strengthen human capital which contributes to the productivity of a household or individual.

The level of physical assets of craft artisans in Kpando is above average of rural Ghana, whereas accessibility to natural assets is rather limited. People are dealing with small land plots, a limited livestock and a degrading environment as concerns forests. In additional studies on livelihoods it has become clear that farm land these days is often primarily used for providing provisions and not necessarily income generation (Zoomers, 2008: 149). This clearly shows in Kpando, where agricultural opportunities are somewhat limited.

Households have a lack of financial capital and are making minimal use of saving opportunities or services offered by financial institutions. However their income level is generally relatively high, in particular the carvers have incomes far above the international poverty level of 1.25 USD per day. Even the potters almost earn twice the international poverty level. It depends of course on the number of people that are dependent on this income. Also, the poverty line provides only an absolute minimum and people above it can still find themselves in dire straits. Nevertheless, a study by McDade (1998: 212) confirms that artisans (weavers in this study) in Ghana may earn incomes considerably higher than other economic sectors, though with a clear underdog position for the rural counterpart. This points to the reality that most (craft related) business is being done in urban areas (Accra), where more demand is and the prices are higher. Common to see in value chains is that regarding profits the producers, who often reside in the rural areas, lose out to the traders and retailers, who are doing their business mainly in the cities. This is also a reason why a large number of artisans decided to migrate to the city, and continue their work there, however if given the choice they would prefer to work at home.

Subsequently, despite the above average incomes and because of low profits, there is no room for investment in the craft making enterprises. Having savings may not necessarily create immediate access to a credit market, however may add to the building up of collateral over time. As a result of the low level of investment in the sector, productivity may decrease and constrain the growth of a micro enterprise, according Nichter and Goldmark (2009). There is not much innovation, the artisans work with old and simple tools in dilapidated workplaces that limit their flexibility. As can be noted the lack of capital among the producers is a result of the deprived livelihood situation, but also caused by a low demand in the craft market. Incomes are unstable as a result of a low demand and, in the case of the potters, also an unstable flow of visitors, which leads to uncertainty in the households. Therefore many artisans sell their art work for low prices for the reason they need to cover costs for food and education for their children. Diversity in asset choice is necessary for a livelihood in order to manage periods of stress (Aryeetey, 2004). This is definitely applicable to the

craftsmen and women as they often experience stressful periods of no sales, low sales, or sales without profits.

Diversification in the livelihoods of the artisans shows elements of both survival and choice. According the literature craft making has a low barrier of entry, though in order to start with it an extensive training is needed. None are doing exceptionally well which points to a lack of business skills. Meanwhile, Ghana shows a great deal of entrepreneurialism – many people start businesses – however the artisans in Kpando are clearly lacking an entrepreneurial attitude. This can be observed from the lack of innovation among the artisans, but also their high level of individuality as they rather work alone than bundle their capacities and strive for growth. According Robson et al., (2009: 332) innovativeness in the SME sector is argued a key element in the development of a national economy as it generates employment and creates a healthy competitive environment that stimulates efficient productivity. In addition, most artisans lack the necessary skills, such as cost price calculation, bookkeeping and marketing, to run a successful business.

A comparison of woodcarvers and potters

Comparing the carvers with the potters, the former are better off concerning education, housing conditions and income. Literature on a woman's role in the household brings evidence that women often face asymmetric right and obligations, due to additional household responsibilities, and subsequently growth opportunities in their businesses are limited (Nichter and Goldmark, 2009; McDade and Spring, 2005; Mead and Liedholm, 1998). In Kpando this translates to the potters traveling less to sell their produce, more often having their work close to home and having less hours available to work. Instead of traveling to sell their pottery the women are practically waiting for buyers to come to them. Thereby the carvers are more mobile and seem to have a better hold of their position in the chain. Both male and female artisans show a high dependence on the proceeds of craft making, however with the lower income for the women, these portray a larger necessity to diversify and add additional activities to their livelihood. This finds a reflection in the literature by Mead and Liedholm (1998), who argue that there is a larger tendency for women to diversify into additional income-generating activities. However the woodcarvers' households show a similar pattern of diversification. Thereby the ambition to grow is somewhat limited among the women, perhaps constrained by their lower level of mobility, as well as their sense to avoid more risk full situations and rather invest in the household and a child's education, instead of the business.

There are some difference also between the two subsectors in the structure of the value chains. The carvers depend for a large extent on middlemen whom they do not trust a great deal. But, in fact, the traders fulfill an essential role as intermediary between a large number of producers who are unfamiliar with markets and the retailers that are unaware of thriving craft communities. Awareness on this may be lacking among the artisans as they just assume that the traders make large profits at their costs. The potters have more direct contact with buyers, volunteers and foreign tourists, although it only results in a small flow of sales. As mentioned, the women travel less, whereas the men frequently travel to Accra to sell, only few women travel to Ho to sell. Women have a somewhat captive relationship with their coordinator who generates export orders sometimes. Overall, they prefer to stay at home or at the shed and receive buyers there, which does not portray a proactive attitude, but the gender issue ought to be taken in consideration here.

Rather to rely on your own skills than to evolve a competitive and efficient craft sector

The craft sector in Kpando is almost entirely made up self-employed individuals, which is in coherence with the regional average of self-employment. Their businesses remain small and largely invisible for others for a number of possible reasons. The first reason is that informality may act as a incentive for remaining small and invisible, as is argued by Nichter and Goldmark (2009). The second reason is that although it is common to work with apprentices, as soon as these finish they have the ambition to start their own operations at home, despite financial start-up difficulties and meanwhile contributing to a dispersed environment of many micro enterprise operations. Previous studies (Kennedy, 1980; Steel and Webster 1991, Garlick 1971 in McDade, 1998) have elaborated on this topic and argued that in general Africans are not fond of working for others, or even *with* others. In case where expansion of business *is* observed in Kpando, this is mostly by ways of employing family or friends.

Concerning the organization of the sector, both subsectors have two associations on paper, of which the potters are more organized than the carvers, but all are lacking effectiveness and professionalism in reality. The low level of cooperation between fellow-artisans is due to a low level of trust and high individuality among the producers and constrains them on many areas, such as efficiency, productivity, organization, recognition and so on. A transformation herein will certainly be a long term process, but might be a necessary change in order to enhance the competitiveness of the sector. Similar findings occurred from a case study on woodcarvers in a community in the Ashanti region. Here, artisans failed to form a producer association that would represent the group and instead remained a conglomerate of independent workshops (Wolff, 2004: 128). In addition, they too lacked the individual business acumen. Kpando already serves a good name and further recognition of Kpando as an important craft centre may be an asset in that it eases it for outsiders to do trade here, 'less costly and less risky and subsequently may provide the artisans with better access to markets and give them more bargaining power' (Lyon, 2000: 677).

Value chain constraints

The findings from the value chain analyses are not isolated and indeed can be extended to other sectors. Overall the craft artisans are dealing with a number of constraints that are not unfamiliar to small-scale producers from a developing context in value chains. As such, the findings are backed up by a considerable range of case studies on small producers in value chains (Riisgaard, 2008; SNV, 2008; Dunn and Villeda, 2005; Wolff, 2004). Typical constraints are unreliable demand, lack of information on markets and prices, unfavorable quality, low level of organization, insufficient available credit, low level of trust. As a consequence, interventions directed to improving the position of small producers in value chains are most often at the areas of strengthening productive linkages, enhancing the enabling environment and developing a high quality product.

Not much ambition has been observed to grow beyond the current state of operations, though obviously the artisans would like to see their income rise through increased demand. There are exceptions among both craft subsectors and these people take on more action to sell their produce and cooperate with others. It is assumed that the artisans remain in informality because they are not aware of the benefits of registering. As mentioned, this may withhold them from growth. The informality question also means they are not building up any collateral for future access to credit or other support mechanisms. Additionally argued by Mead and Liedholm (1998) is that one-man

enterprises have a very low economic efficiency and that only a small increase in size would result in higher yields. Their combined productivity can enable them to take on larger order, enhance efficiency, reduce costs and see their incomes improved.

Power relations in the chain

Both value chains have market-type and contractualization as forms of coordination in the chain. Whereas most transactions in the chain are based on the market-type coordination with price being the sole mechanism, some of the relationships are characterized by power and control over the producer base, which according to Gereffi et al. (2005) refers to captivity, with a low capability of the supply base. A captive relationship may result in the exclusion of some producers. As observed at the women from the pottery, orders from the coordinator usually are being received by only a few women and as such not all are able to benefit from this, which points to a level of exclusion. Another case of some exclusion is of those woodcarving communities that are not located on the main road, as these are only seldom approached by traders. This is also evidenced in the literature where Mead and Liedholm (1998) argue that location matters greatly, especially for those who are small, rural and often home-based and therefore invisible for any buyer. Thus, the traders fulfill some kind of gatekeeping role and have power and influence on an artisan's access to the chain. The power asymmetry can be lowered when the craft artisans would see an expansion in the market channels. This would widen their choice and diminish their dependence on just one channel.

A large number of recommendations have come forward from the analysis of the value chain. To understand these, they have been applied according the concept of value chain upgrading which has been explained by Humphrey and Schmitz (2002) in chapter two. As such, different strategies to improve the position of the artisans have come forward directed to improving the product, the process of production, the functions and the marketing. This will generate input for the next step in the conceptual model of this research, which will be an intervention. Subsequently the intervention is directed at improving the livelihood of the artisans in Kpando district, by ways of improving the position of the artisans in the value chain.

8.2 Reflection on the research

An academic piece of work may not be complete without a critical reflection of the work done. The period of conducting the field research has been challenging but valuable at the least. In a limited time of barely four months an extensive research has been done. The research had a wide scope of assessing different levels, including that of an individual, the household and an economic sector on district level. The value chain analyses required a vertical element of analysis, whereas the baseline involved a horizontal analysis. Indeed, two value chains have been subject to the research, which logically has lead to a comparison of the two, however this was not part of the research scope before the start of the field research. Nevertheless the findings brought forward represent a maximum that could be achieved of an applied research in such a short period.

Besides the limited time and the extent of the research objective, a few more difficulties exposed themselves to the researcher and these have to some extent affected the value of the findings. Regarding the questionnaire that was being conducted as part of the baseline survey, it was found that often the answers received from the respondents related little to the intended question. It is

possible that through the position of the researcher as a non-member of the community their answers have been influenced. Being young, being female, being white obviously raised thoughts that not always matched with reality. What has been perceived as one of the main difficulties in doing the research was the raise of expectations, related to the researcher's skin color but especially to researcher's connection to an international NGO. That might have lead to people answering questions with having in mind that if they would be able to sketch a poor situation as such, assistance would follow soon. Therefore, a frequently heard start-of-the-sentence was 'If you people..', often followed by '..could give us some money', '..could buy us new tools' or '..build us a work shed'. Other cross-cultural issues may have had some affect as well on the answering of questions.

A more social issue that affected the reliability of answers was the inability of many artisans to estimate their monthly incomes, profits, costs, let alone the annual household incomes. Pressured perhaps by cultural obligation to answer, however a few questions later 'trapped' by giving a different answer, made it sometimes very difficult to interpret the answers. It lead, despite the reasonable education levels (which also might be lower in reality due to social desired responses), to the assumption that the level of financial literacy among these people is low. Which is odd considering their business activities which involves a lot of trading.

The interpreter/research assistant has in the case of this research also affected some of the findings. Whereas her position in the communities was different, it was not always for the better. Skipping questions, going into discussions for the benefit of her own agenda, telling the artisans to register at the Centre for National Culture and giving answers to the researcher without posing the question to the respondent has certainly made it a challenging experience. Through her behavior she would sometimes fulfill the role of a gatekeeper, limiting the flow of information for me, meanwhile enhancing it for her. At least this research has also contributed to the activities of CNC in Kpando, making an inventory of all active artisans and making the artisans more aware of CNC's activities.

Overall, this research has been an extremely valuable experience, one that I would like to multiply by many. Would I be given the chance to this research again or do something similar I would know what to do different. Even most of the above described difficulties experienced in the field, had been read about in the preparation period prior to research, but what applies here is 'learning by doing'.

I learned, I would do it again, but I would do it different, better for that matter!

CHAPTER 9: CONCLUSIONS

In this chapter conclusions are drawn from the research findings. The main research objective was to gain insight in the social and economic characteristics of the craft artisans and their households in Kpando district in Ghana, in order to identify opportunities to improve the economic benefit for artisans in the value chain of crafts. The case study on the craft artisans has brought the researcher from craft communities in Kpando district in the Volta Region to the capital of Ghana in Accra, meanwhile investigating the different stages included in the value chain of crafts. More than fifty artisans, woodcarvers and potters, have participated in the research and an additional 25 persons have been consulted. The conclusions will be drawn based on the research questions. Following the conclusions, recommendations for further research are provided.

9.1 Conclusion

From the findings of the baseline study and the value chain analysis, overall it can be concluded that craft making is a significant rural livelihood strategy as far as basic needs are concerned but incapable of empowering the craft artisans economically against hardship. Accordingly, subsistence farming and selling food and non-food products in Kpando remain essential activities adjacent to craft making in order to sustain the livelihood. Decisions made related to the craft business are often made within the context of the overall household economic portfolio and the subsistence level of these activities. This means that long term needs are sometimes sacrificed for short term gains. However, based on the findings from the survey it can be concluded that the craft artisans in Kpando are not among the poorest of the society. They have a reasonable level of human capital, have reasonable housing conditions, hold ownership over consumer durables that many others in rural Ghana do not and have incomes that are above the international poverty line.

There are a few differences in the socio-economic profile between the carvers and the potters, which may be related to gender. The women are in general older in age, have had less education, live in houses of poor quality and have a considerable lower income from their pottery. The group of potters is more homogenous than the carvers where large differences exist within the group concerning age, education, income, housing and productivity levels. Overall, the potters show a higher incidence of poverty than the carvers.

This research has used the livelihood capitals to look at some aspects of the livelihoods of artisans and to what extent they can make use of their assets. Although some of the indicators from the baseline point to a reasonable situation, many artisans are lacking the financial means necessary to invest in their business. Besides that, the artisans also do not have the technology, resources, access to credit, contacts or skills to develop their businesses beyond what they currently are. Additionally, their social capital is weak and limited by a low level of trust. Naturally, people have strong social ties within their family, but outside of that there is little aspiration among the artisans to coordinate their activities. As a result, associations exist on paper but often lack effectiveness in reality. Few people

are member of an association because there is little awareness on potential benefits and therefore do not want to invest time or money.

The value chain analyses of both woodcarvings and pottery from Kpando, have brought forward a map of flows on how crafts from Kpando move through several stages before reaching its customer. Since the research involves the analysis of two subsectors, the findings lend themselves for a comparison between woodcarvers and potters. The main difference is that carvers depend for a great deal on middlemen to sell their products, as well as they travel themselves to the Arts Centre in Accra to sell to retailers, whereas the women from the pottery do less travelling and rely more on the small flow of visitors to Kpando and surroundings. Concerning constraints and opportunities these are rather similar to each other.

Following the lack of effective associations, one of the main challenges that is being dealt with is the organization of the artisans into an effective association. The conglomerate of independent workshops in the district allows for few collective benefits. Through enhanced organization into effective producer groups, a multitude of economic benefits can be found in increased productivity, decreased input costs, more bargaining power and increased access to credit. A key to successful organization however is the degree to which individuals are able to work together as a group. This is particularly important for the most marginalized artisans, who have the least opportunities to develop their business by their own means. At present, social ties between the artisans are weak and do not allow for an effective organization.

As concerned the relations in the value chain between the different actors, most transactions are market-type and are of a volatile nature. This results in fluctuating prices and instable incomes, in addition to the disability to make decent profits due to a low level of bargaining power on the side of the craft producers. However not only the artisans are suffering as similar sounds are being received from the traders and retailers due to a general decline in the market for crafts. Since the lack of demand is being felt through the entire chain it is a matter that goes beyond the scope of Kpando's stakeholders.

Overall the craft artisans are dealing with a number of constraints that are not unfamiliar to small-scale producers from a developing context in value chains. These constraints limit the artisans in realizing their full potential and have implications for the distribution of the value of their products, as the artisans receive the smaller part of it. In general, the lack of demand and the high need for 'quick cash' often results in the artisans selling their produce for a price that is below the costs of production. A limited flow of information on the market, prices and standards constrains the artisans from establishing a high quality product. Due to an absence of innovation the crafts are becoming less distinctive, nonetheless the potential is there and consequently their positioning needs some considerable reflection. Despite a good reputation for Kpando as a craft centre, woodcarvings end up in bulk in Accra and the visitor is not familiar with Kpando or its crafts. This leads to more reason to be distinctive and distinguish oneself from the competition. With enhanced attention to the craft sector, Kpando could exploits its good reputation as a craft centre and attract visitors, in addition to buyers such as middlemen and even exporters. Other craft subsectors that are less abundant could flourish on such a development as well.

Nevertheless there are opportunities within the scope of the district. One of them being the presence of international volunteers in Kpando, which as a market channel is of interest to the craftsmen and women, however as such is not large enough to result in a sustainable flow of sales. An increase in the flow of sales could be boosted by increased visitation to Kpando. Kpando as a district, bordered by the Volta Lake and strategically located in a pleasant natural environment, has potential to develop more tourism and attract visitors. And even though this has been a priority on paper, the district thus far has not succeeded in giving tourism development sufficient attention to set in motion the necessary change. As it is, tourism and the craft sector could mutually enhance each other and subsequently the craft sector could be given a central focus within the district plans on tourism development. This way, in the long term those households that are involved in craft making would be able to benefit and improve their situation, as well as those that had left the sector due to low demand and ideally new and young craftsmen that enter the craft sector. In addition, there are a number of industries and service providers linked to the craft sector and to tourism, which would indicate possibilities for a spillover to these as a result from an increase in tourism development.

An additional opportunity is more collaboration among the institutions that make up the enabling environment of the craft sector. Not only in the local context, but the district could approach national or even international organizations with an outspoken interest in craft development for support in any kind. This could result in enhanced competitiveness of the entire chain as well as it reduces the chance of having existing initiatives parallel to each other.

Based on the findings from the baseline study and the value chain analysis, a number of recommendations have been provided on how to improve the different constraining aspects for Kpando's craft artisans. These have been divided into product, process, functional and inter-chain upgrading. The main recommendations are: to improve standard and design of the crafts; improvement of production technologies; an enhancement of the organizational capabilities among the producer base; branding and marketing of Kpando crafts; and, the development of local tourism.

9.2 Recommendations for further research

The research that has been done here lends itself well as a foundation for further research in the nearby future. A baseline has been provided on the socio-economic characteristics of the craft artisans in Kpando, meaning that improvements in their situation in the future can be monitored and evaluated on basis of the baseline findings. The value chain analysis has brought forward a number of constraints and opportunities with the purpose of prompting an intervention directed to improving the situation of the craft artisans. As such, opportunities for further research are:

- Market and marketing research, to investigate which markets to target, where they are and what the consumers preferences are, what they want and need and how to reach these markets. It may also include an element of branding of Kpando crafts, be it the craft sector as a whole (KpandoCrafts, VoltArt), or as separate subsectors (Kpando Woodcarving, Kpando Pottery etc.).
- Feasibility study of the upgrading strategies, to investigate to what extent implementation of the recommended upgrading strategies is possible.

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Appendix A:
Components of the Sustainable Livelihoods Framework DFID

- **Livelihood Assets**

Livelihood assets serve as the basis for people's livelihoods. There are five types of asset that together enable people to pursue sustainable livelihoods:

human - knowledge, skills, ability to labour and good health
social - the resources people can draw upon in pursuit of their livelihood
objectives, including social networks and relationships of trust and reciprocity
natural - the natural resources available
physical - basic infrastructure and producer goods available
financial - the financial resources people have available

- **Policies, Institutions and Processes**

The institutions, organisations, policies and legislation that shape livelihoods, both positively and negatively. These structures and processes:
operate at all levels from domestic to international
operate in all spheres, from the most private to the most public
determine a household's livelihood strategy, given its livelihood assets

- **Livelihood Strategies**

These are the range and combination of activities and choices that people make/undertake in order to achieve their livelihood goals. Livelihood strategies encompass productive activities, investment strategies and reproductive choices, among other things.

- **Livelihood Outcomes**

Livelihood outcomes are the achievements of livelihood strategies. Individuals and households will usually try to achieve multiple outcomes, which may include:

- more income;
- increased well-being;
- reduced vulnerability;
- improved food security; and
- more sustainable use of natural resources

Livelihood outcomes feedback into household assets, with for example more cash income increasing a household's financial capital.

- **Vulnerability Context**

This describes the environment in which people live. People's livelihoods and the wider availability of assets are fundamentally affected by critical trends as well as by shocks and seasonality - over which they have limited or no control. Shocks can be the result of human health, natural events, economic uncertainty, conflict and crop/livestock health. Transforming structures and processes influence the vulnerability context. The vulnerability context in turn affects a household's assets.

Appendix B:
Baseline Survey Craft Artisan Kpando District Ghana

The purpose of this questionnaire is to gather information on craft production and the conditions of the craft artisans. This information will be used to assess the need for a local craft market and will serve as input for recommendations for opportunities to improve the position of artisans and increase their benefits. This research will be done on behalf of the Eastern Portfolio of SNV Netherlands Development Organisation in Ho in collaboration with the Centre of National Culture. This information will strictly be used for internal purposes and anonymity will be guaranteed. Your cooperation is very much appreciated and I would therefore like to thank you.

GENERAL INFORMATION

Name:	
Age:	Gender:
Name of village/town:	Date:

1. **How long have you been making crafts?**
   Please choose one of the following options.

	0-5 years		16-20 years
	6-10 years		21-25 years
	11-15 years		26 years or longer

2. **What is your education level?**
   Please choose one of the following options.

	Never attended school		Completed secondary school
	Completed some years of primary school		Completed some years of vocational training
	Completed primary school		Completed other training
	Attended some years of secondary school		If yes what other training:

QUESTIONS RELATED TO CRAFT MAKING

3. **Type of enterprise:**
   a) **Which situation is most applicable to you as an artisan?**
   Read the options to the respondent and choose which one is most applicable.

	Self-employed without personnel		Working under master(s)
	Self-employed with personnel		Other:
	Family enterprise		

   b) **Are you as an artisan registered at an organization?**

	Yes		No

   If not, proceed to question 4.

   c) **If yes, indicate where? And as what?**

Where		As what	
	Center for National Culture (CNC)		Individual
	District Assembly (DA)		Association

	Registrar of Companies		Community Based Organization (CBO)
			Non-Governmental Organization (NGO)

d) What are the registration costs? _____

4. a) Are you a member of an association?

	Yes		No

If not, proceed to question 5.

b) If yes, which association? And what is the membership fee per month?

_____

c) What benefits do you get as a result of this membership?

_____

5. Where do you produce your crafts?

Please also indicate whether a fixed roof and electricity applies. Encircle yes or no.

	At the house	Fixed roof: yes/no	Electricity: yes/no
	At a designated workplace	Fixed roof: yes/no	Electricity: yes/no

6. a) Do you work alone?

	Yes		No

If yes, proceed to question 7.

b) If no, with how many people do you work? _____

c) What is their relation to you?

Please indicate below, more options are possible.

	Family		Colleagues
	Relatives		Apprentice
	Friends		Master(s)

d) How many of these people work fulltime? _____

e) What are the benefits of working together?

Please explain your answer

_____

7. a) What happens to your business if you fall ill?

_____

b) What happens when you lose your workplace through fire or rain or you lose your equipment?

_____

QUESTIONS RELATED TO INPUT/RAW MATERIALS & PRODUCTION

	Yes		No

8. a) **Do you buy your own raw materials/input?**
If no, proceed to question 9.
b) **If yes, from whom do you buy your raw materials/input?**
Please specify the type of input supplier and provide the method of payment and frequency of buying the input.

Input supplier	Where	Method of payment	Transportation costs	Frequency

9. a) **Do you experience problems with the availability of raw materials/input?**
If not, proceed to question 10.

	Yes		No

b) **What kind of problems do you experience?** *(Availability, increased prices, distance, etc)*
Please indicate the kind of problem that is being experienced.

_____

10. **Can you specify the different types of input for a product?**
Please specify the different costs related to the inputs for making a craft.

Type of product	Type of input	Costs of input p/q	Where
	1. 2. 3. 4.		

11. a) **Do you have months that you are not producing?**

	Yes		No

If no, proceed to question 11c.
b) **If yes, what is the reason for not producing?**

_____

c) **What do you do when there is no demand for your products?**

_____

QUESTIONS RELATES TO SALES OF CRAFTS

12. a) **What is the average selling price of the final product?**
Please verify costs and structure of price per product by filling in the following table.

Type of product	Selling price
Small	
Medium-sized	
Large	

	Yes		No

b) **Do you consider this a fair price?**

If no, can you explain your answer?

_____

c) **Do you ever sell your products below the cost price?** | | Yes | | No |

13. a) Do you keep records of your sales? | | Yes | | No |

b) **Can you give an estimation of how much income you have from craft making in an average month?**

_____

14. How many products do you have in stock? _____

15. a) What are the best months for selling crafts? _____

b) **What are the worst months for selling crafts** _____

16. To whom do you sell your products?

Please verify for each client if respondent is selling to them, then rank these in order of importance. Where possible indicate location of client and specify the method of payment.

	Clients	**Ranking** (1=most important and 3=least important)	**Where are these clients**	**Method of payment** (1=advance payment, 2=payment on delivery and 3=installments)
	Ghanaian customers			
	Foreign tourists			
	Local middleman			
	Non-local middleman			
	Local retailer			
	Other retailer			
	Association			

17. a) Which are the two most important problems you have experienced as an artisan?

1. _____

2. _____

b) **What are possible solutions to this problem?**

_____

_____

QUESTIONS RELATED TO THE FUTURE OF CRAFTS

18. What are your future plans related to craft making?

_____

19. a) There are some ideas on setting up local craft markets in the Volta Region, what is your opinion on this?

_____

b) Would you make use of such a craft market?

	Yes		No

QUESTIONS RELATED TO THE HOUSEHOLD OF THE ARTISAN

For now, a household is group of people that live together under one roof, eat from the same pot and share an income.

20. How many persons are living in your house?
Please specify the number of adults and children.

Adults (16 >)	
Children (< 15)	

21. a) How many persons in your household are involved with an economic activity? _____

b) What sources of income does your household have?
Please rank in order of economic importance the activities that the household is engaged in.

	Economic activities	**Ranking** (1=most important and 3=least important)	**No. of household members involved in activity**
	Farming		
	Selling labor		
	Fishing		
	Wood carving		
	Pottery		
	Selling food products		
	Selling non-food products		
	Driving		
	Other:		

22. a) What share of the household income comes from craft making? _____

b) Give an estimation of the amount of money that comes into the household in one year?

_____

23. How much time do you spend on craft making on average in one week?

No. of days:	No. of hours per day:

24. What assets does the household own?

Please indicate the assets possessed by household.

	House		Car		Refrigerator
	Land		Motorbike		Television
	Livestock		Bicycle		Radio
	Savings		Farming equipment		Mobile phone

25. a) What type of house do you live in?

	House made of clay and sticks and thatched roof
	House made of clay and sticks with sheet roof
	House made of clay blocks with thatched roof
	House made of clay blocks with sheet roof
	House made of concrete blocks with thatched roof
	House made of concrete blocks with sheet roof

b) Do you have electricity at your house?

	Yes		No

c) Do you have running water in your house?

	Yes		No

26. Do you have health insurance?

	Yes		No

27. a) Do you have access to loans through a bank, family, friends, neighbors or other people?

	Yes		No

If no, proceed to question 27.

b) If yes, please specify how you have access to loans?

Please choose out of the following options, more options are possible.

	Through bank		Through family		Through friends		Through neighbors

c) Do you pay interest? Can you specify how much? _____

28. a) Do you set money aside?

	Yes		No

If no, the interview finishes here.

b) If yes, please indicate how money is set aside.

	Through a bank account		At home		Through rotation system

c) For what do you set money aside?

_____

Appendix C: Formal institutions

- **District Assembly**

The District Assembly is the governmental administrative and development decision-making council on district level. Based on the Ghana Poverty Reduction Strategies and within the boundaries of the National Development Planning Commission' guidelines, every four years the DA prepares a District Medium Term Development Plan (MTDP). The inputs for this MTDP comes from communities and Area Councils and if fully implemented will meet the need of the districts' population. Thus the DA has two functions, it practices control over its population as well as it is responsible for the provision of a number of services, functions and products.

- **Existing initiatives**

  The DA facilitated the marketing of some of the products of the entrepreneurs through sponsorship at Trade Fairs at regional level. Interesting here is that the DA states that through these efforts 'some of the people.. are now in good business'. With the majority of these people being the potters at Fesi and woodcarvers at Vakpo and Abanu. In the MTDP 2006-2009 it is also stated that, despite an increase in informal sector activity, there has been no attempt by the District to integrate these into mainstream economic development.

  One existing project that is waiting for a continuation by the DA is the Kpando Art Gallery. Kpando's artisans are lacking a collective display facility from where they can sell to visitors, middlemen, exporters and others. And because the area is rich in craftsmanship the DA, in collaboration with the Ministry of Tourism, has made an effort in putting up a structure which is being referred to as the Art Gallery. This place should function as the selling outlet for all Kpando artisans and the majority, if not all, have expressed their desire to start making use of this facility. Though the fact is that it needs a follow up by the district in terms of finishing. There is no light or electricity available yet. Also a board committee is to be set up, one that can manage the flow of crafts and enable artisans a payment for the products they put up for display. As it is now, only few artisans have a stock of products as they continuously sell to middlemen and the retailers of the Arts Centre in order to get money for direct basic needs. Therefore few are willing to display products without getting paid and consequently this is where the District or some other party could come in.

- **National Board of Small Scale Industries**

The National Board of Small Scale Industries (NBSSI), established in 1981 to promote the development of small-scale enterprises and business associations, should be seen as a bridge between the government and the private businesses. NBSSI facilitates its clients with registration and gaining access to business services. All regions have a Regional Secretariat and on the ground at district level Business Advisory Centers (BAC) have been established. These Business Advisory Centers directly deal with the development of enterprises through the facilitation of access to business development services, provision of advisory and counseling services, promotion of group formation and strengthening MSE associations and the facilitation of the improvement of the overall business environment for small-scale businesses. Thus through their recurring action, the provision of their services, they can induce change among the micro entrepreneurial businesses.

- **Past experiences**
  Initiated by the District Assembly in Kpando NBSSI has supported skill training initiatives that were intended to improve upon the quality of goods and services provided by some of the small scale industries, including handicrafts. Both the woodcarvers and the potters have received training in entrepreneurial-related matters.

- **Internal Revenue Service**

The Internal Revenue Service (IRS) is the institution who's responsibility it is to collect the direct taxes of incomes, thus clearly inhabiting a control function as the implementing agency of taxation laws. The amounts collected are directed to the national government, which is using the money for national development plans. The informal sector is a problematic area for the IRS for a number of reasons. A large number of individuals start a business without going through the formal registration procedures. Consequently it is difficult to trace them, as they have no bank accounts or official papers, as well as they keep no records. Nevertheless IRS manages to trace some and also register them, although this is not yet considered formal registration. It tries to group the different businesses in subsectors and have leaders of associations assist them in tracing the enterprises. Those businesses who are registered but still resides in the informal sector get quarterly tax stamps, which range from 3 GH and 5 GH to 10 GH and 15 GH, depending on the size of the business. Formal registration with IRS for micro enterprises is at a low of 5 GH, which since 2005 is a onetime payment instead of an annual fee.

- **Field experiences**
  With the exception of one or two all woodcarvers in Kpando have no formal registration and are therefore not paying any taxes. The same can be assumed for the self-employed middlemen. The craft shop retailers in Accra however are more familiar with the taxation laws. Most retailers pay tax through the quarterly tax stamps, as well as they pay fees to the Accra Municipal Assembly. The potters too are not registered with IRS.

- **Centre for National Culture**

The Centre for National Culture (CNC) is the implementing agency for the National Commission on Culture which falls under the Ministry of Chieftaincy and Culture. Its mission is to harness the artistic resources for the promotion of the regional culture. Each district has a cultural district officer (CDO) that is responsible for the implementation of the activities that are core to CNC.

- **Field experiences**
  In Kpando the CDO is actively encouraging the craft artisans to bring part of their products to the CNC so that through this channel they will gain more exposure to potential buyers. Hence, to some extent CNC can be considered a small retail outlet. The CDO is also engaged in organizing input from local (craft) artisans in local, regional and national trade fairs and exhibitions. At times this is being done in collaboration with the NBSSI.

- **Forestry Service Division**

The role of the forestry department is obviously related to the supply of input as concerns the carvers. The carvers, as well as the chainsaw operators, need a permit when felling trees however many do not have one. Through the non-payment of permit fees and taxes, illegal and unstable operations of some micro enterprises the forestry department may be experiencing a revenue loss. Accordingly there is no optimal contribution of this specific sub-sector to the people's livelihoods.

- **Producer organizations**

Some groups of artisans have united themselves, or have made an attempt to do so, in associations. There are two woodcarver associations and two pottery associations that are registered with the Association of Small Scale Industries (ASSI). Registration with ASSI is voluntary, whereas with the DA this is obligatory.

- **Field experience**

  The contemporary situation of the producer organizations have been described in the 3.4. The effectiveness leaves room for improvement.

- **Aid to Artisans Ghana/Ghana Tourist Board**

As an offshoot of the US NGO Aid to Artisans, Aid to Artisans Ghana (ATAG) works with artisans to develop products that can compete successfully in local and global markets by offering advice and training in product development, production decision-making, business practices and marketing. Formerly ATAG was financed by USAID, though since 2004 USAID has directed its funds to the West African Trade Hub (WATH). As a result ATAG is currently low on funds and has therefore stopped many of its activities in the communities. Nevertheless the Ghana Tourist Board (GTB) is strongly supporting the activities of ATAG.

- **Existing initiatives**

  ATAG had a field advisor based in Kpando till 2004 who's task was to work with the different artisan groups, mainly the two pottery groups. At the shop at ATAG in Accra there are few products from Kpando potters. ATAG suggested that the artisans are rather hesitant in coming to Accra to display their products for export.

  Currently, ATAG is doing research, in collaboration with GTB, on potential craft villages in Ghana, of which six will be chosen – based on the outcomes of the research – and subsequently GTB will invest for the development of these craft villages.

Appendix D: List of Interviews

No.	Date	Name or place	Title
2	23-02-2010	Kpando -Akpini Abanu	1 Potter 1 Woodcarver
8	25-02-2010	Abanu	6 Woodcarvers
13	26-02-2010	Fesi	5 Potters
20	01-03-2010	Fesi Abanu	6 Potters 1 Woodcarver
26	02-03-2010	Vakpo Kpando	3 Woodcarvers 3 Woodcarvers
36	03-03-2010	Fesi Kpando-Akpini	9 Woodcarvers 1 Potter
40	04-03-2010	Dzoanti	4 Woodcarvers
41	10-03-2010	Wusuta	1 Woodcarver
42	10-03-2010	Comfort Ohene	Cultural District Officer CNC
50	11-03-2010	Wusuta	8 Woodcarvers
55	12-03-2010	Alavanyo	5 Woodcarvers
56	21-03-2010	Tony Fiakpui, Biakpa	Owner Mt. Paradise Lodge
58	24-03-2010	Retail shop, Vakpo	2 employees
59	24-03-2010	Ben Avao, Vakpo	Secretary Vapo Woodcarvers Ass.
60	24-03-2010	Frank Ganjah	Owner of Frank Nero & LW Company Ltd. Carving furniture and youth training centre
61	25-03-2010	Fesi	Plainstock Association
62	25-03-2010	Fesi	Kpando Potters Association
63	25-03-2010	Seth Klutse	District Head NBSSI Business Advisory Centre (BAC)
64	30-03-2010	Kate Korleki Kumi	ATAG – Financial Controller
65	30-03-2010	Ernestina	ATAG – secretary
66	07-04-2010	Jospeh Nii Noi Dowuona	Kpando Pottery coordinator/shop owner in Accra
71	08-04-2010	Arts Centre Accra	5 craft shop retailers
72	08-04-2010	Arts Centre Accra	National Director CNC
73	14-04-2010	Amadu Sulemana	Ghana Tourist Board
74	22-04-2010		Regional Director Internal Revenue System
76	23-04-2010		ASSI – Regional Director
77	23-04-2010	Emmanual Yao Nyaku Ransford Kani	NBSSI – Regional Directer
78	26-04-2010	Fred Akitty	District Planning Officer
79	26-04-2010	Francis Tsakpe	Woodcarver, shop owner
80	26-04-2010	Vakpo	Middleman
87	27-04-2010	Abanu	Middleman
88	29-04-2010	Arts Centre Accra	7 craft shop retailers
89	07-05-2010	Amber	Peace Corps Volunteer