



EXPANDING THE HORIZONTAL ELEMENTS OF VALUE CHAIN  
ANALYSIS: WHAT CAN THE WEAVERS OF EWE KENTE TEACH US?

Kristine Ocon  
October 2010

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**EXPANDING THE HORIZONTAL ELEMENTS OF VALUE CHAIN ANALYSIS:  
WHAT CAN THE WEAVERS OF EWE KENTE TEACH US?**

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Master thesis

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Kristine Ocon

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## Executive summary

As a product with a rich history and strong cultural value kente is unique to Ghana, however the market has expanded internationally into West Africa and the United States. Nevertheless, the producers of kente are living in rather impoverished areas with few opportunities to strengthen their livelihoods. Therefore most kente weavers engage in subsistence farming on a part time basis to make ends meet. To date the mode of production is still as it was five generations ago, however the kente industry itself has evolved into a nearly modern value chain since more and more actors are being involved in the buying and selling of kente. So far, not much is known about how the producers of kente are currently integrated in this value chain. Therefore this research aims at understanding the dynamics of the industry and seeking opportunities to possibly improve market access and economic benefits for weavers. In doing so it is important to understand the nature of the relationships between actors of the chain. Additionally other factors such as household dynamics and socio-economic characteristics of weavers and their households have been explored, in order to understand the constraints and potential opportunities for improvement of the micro enterprises. All these components have been combined into the following main research question.

*What are the social and economic conditions of the kente weavers in the Volta Region in Ghana and how can these conditions be improved through the enhancement of the kente value chain?*

### Theoretical framework

The value chain analysis approach has been chosen for its ability to systematically explore chain structure and governance and the effects it has on the stakeholders within the chain. However, it lacks a holistic perspective, because it pays less attention to concepts as sustainable livelihoods, institutions, social capital and trust. In order to understand the implications for poverty value chain integration or upgrading requires, on the one hand analysis of the power relations that exist within the chain itself and on the other hand the power and inequality in the local systems within which chain actors and their communities are situated (du Toit, 2004b in Bolwig et al., 2010).

The lives of the rural poor tend to be complex, in that different households pursue different strategies in order to make ends meet. The livelihood approach provides a useful framework for analysis of these complex livelihoods. It offers a checklist of issues and aspects that affect the livelihoods, such as the assets a household possesses; the vulnerability context that analyses the shocks, trends and seasonality; the policies, institutions and processes that in turn affect the vulnerability context and household assets. Households can be either reactive or proactive in their strategy to cope with these circumstances, which in turn leads to a certain livelihood outcome.

The livelihoods approach has been criticized for its strong focus on the ability of the poor to cope with crisis and overlooking the embeddedness of structural power relations. Whereas the value chain analysis approach has been criticized for its shortcomings in the analysis of the local circumstances that can hamper upgrading possibilities. Thus the critique suggests that the drawbacks of each of the approaches can be supplemented by each other. In an attempt to overcome the disadvantages of the different theories a combination is made of the most suitable indicators from both approaches. By combining these two approaches this study attempts to take into account a wide scope of influences that impact on the weavers' lives. By integrating the livelihoods approach and the value chain approach the conceptual framework will cover both the 'vertical' and 'horizontal' aspects of value chains that affect poverty and sustainability.

### **Research setting**

Due to the poor conditions of the kente weavers SNV, The Netherlands Development Organisation, commissioned this research to receive a baseline study that identifies the extent of poverty and that identifies areas in which intervention can be useful. This is also in line with increased local and regional interest in the development of craft villages and local craft markets. The geographical scope of this research was on the most Southeastern region in Ghana, the Volta Region. The district in which this research took place is the Adaklu-Anyigbe district, Southeast of the regional capital, Ho. In 2006 the Adaklu-Anyigbe district was carved out of the then Ho Municipality. It is quite a large rural district, covering 1060 km<sup>2</sup> bordered by Togo to the East. It has a population of nearly 53,000 people. Within the district three traditional areas are present, namely Agotime, Adaklu and Ziophe, each having its own paramount chief and system of sub-chiefs. The Agotime Traditional Area is especially known for its longstanding tradition of kente weaving with Ewe patterns and designs.

Research is based on a combination of quantitative and qualitative data collected in Ghana between February and May of 2010. During the first phase of this research a sample of 50 individual weavers was approached to conduct in-depth interviews, a total of 22 communities were visited. The second phase was geared at gathering information on the other actors in the value chain. Also three focus group sessions were held with weavers to receive feedback on the preliminary findings. Lastly, the third phase aimed at identifying constraints that are negatively affecting the business conduct and the livelihoods of the weavers and where possible opportunities are identified for the improvement of their situation. The main findings are presented next.

### **Main findings**

The actors in the value chain each have a different influence on the chain itself. Retailers and brokers have a significant role in the changes of the structure of the value chain. Whereas the market for kente used to be dispersed throughout the country it is now increasingly being centralized at two main markets, Kumasi and Accra. Consequently, retailers and brokers are influencing the function of production, as they are attracting weavers to their establishment with short- and mid-term contract, thus luring them from their hometown. By developing a typology of the different types of weavers differences and similarities among them in the way they organize their businesses were discovered. It also became clear that for each type different social structures are apparent, such as the ones that are increasingly dependent on brokers while others have a growing relational network that their business is built on. There is a link between the typology of the weavers' enterprises and their livelihood strategies and thus their opportunities for upgrading. Those weavers that are marginalized and struggle to cope with the circumstances by spreading risk and gathering income from several (unpredictable) sources, tend to have fewer opportunities in terms of upgrading. On the other hand those weavers that have a more 'structural' way of selling and receiving orders generally choose specialization as a livelihood strategy. Consequently both types have different opportunities for upgrading. Hence, there is a third factor that determines the opportunities for upgrading, namely the livelihood strategies. In other words, this means that those weavers' households that have less vulnerable livelihoods are expected to have better chances of exploiting potential opportunities. However, this can perpetuate the already hazardous position of the poorest households of weaving enterprises.

The type of governance structure depends on the market channel within the value chain. However, the type of coordination among the largest part of the actors accounts for market relations. Also relational market channels can be found, typified by complex interactions between buyers and sellers, characterized by frequent face-to-face interaction. This type of governance structure can be found where weavers interact with a broker or directly with retailers, especially when short contracts are involved.

Some of the main characteristics of household of kente weavers are that there is a great diversity in livelihood strategies. Depending on their livelihood assets they generally choose between three types of strategies, diversification, straddling or specialization. The vulnerability context of the households of kente weavers is caused by increasing competition from other weavers. In response to this trend the majority of the households have chosen a strategy of diversification, meaning that the total household income comes from several economic activities. There are only few households that have chosen to specialize in weaving, these households depend almost entirely on the income from weaving. Still other have chosen the strategy of straddling, in that some members of the household migrate to other places to weave for better prices and more constant flow of orders.

Other household characteristics are the generally high average number of people living under one roof. Families tend to have several children of their own but also allow other family members and extended family member to live with them. Also apprentices of the master weavers are incorporated into the household and participate in the day-to-day household demeanor. In terms of livelihood assets the households generally lack financial capital, this in turn has influence on the dependency on other capitals. As there is a high fluctuation of income from weaving there is an increased need for subsistence farming. Still, for the majority of the households of kente weavers the main source of income is from weaving, contributing between 50-70 percent of the total household income.

In terms of economic significance of weaving for the districts it can be considered significant. At the district level weaving has been estimated to bring earnings of GH 175,000 per month and GH 2,100,000 per year for the entire district. However, almost the entire value chain of Ewe kente exists in the informal sector and consequently there is a great lack of formal contracts and agreements. Overall, there is a lack of organized production. A reason being the lack of trust in leaders of weaving associations, but also the perceived lack of benefits derived from it. Another reason is the high degree of protection of their designs.

The constraints that are affecting the daily business of kente weavers are a lack of 'money in the system' resulting in slow payment from clients and low production capacity. However, collective production is not practiced on a large scale. Another constraint is the increasing price of input supplies which dampens the profit margin of the weavers. Also there is inconsistency in the availability of colors of yarn as well as the intensity of the color itself. Furthermore, retailers/brokers are increasingly having problems with the trustworthiness of weavers, therefore they are moving away from the system of advanced payments. However, some weavers are so deprived of private capital that they cannot start production without advanced payment. Lastly, generally weavers have a lack of marketing skills and knowledge of the market, they are also deficient in client orientation and providing service to their clients.

### **Recommendations**

Several recommendations for further action are based on the combination of constraints and opportunities presented that have been previously identified.

Recommendations for process upgrading:

- *Improve organization of weavers.* In general weavers suffer from a lack of organization among themselves but also at a higher level there is a lack of supporting organizations. To ensure that the weavers needs, in terms of labor conditions, prices and institutional support, an umbrella organization can be useful. At the grassroots level it is important for weavers to organize themselves for increased trustworthiness, production capacity, access to credit and collective buying of supplies.

- *Capacity building of weavers.* Many weavers lack basic business skills and understanding of the perspective of their customers. Capacity building in this respect can therefore increase the level of professionalism.

Recommendations for product upgrading:

- *Keep the quality of kente high.* Some weavers are economizing on thread, however, the quality of the cloths, in general are declining because of this. This is very unfortunate because Agotime has the name of high quality kente, but currently this is being damaged. Therefore the strategy of quality improvement must be combined with finding the right market. This may be a high-end market, through specialized retailers or those that are involved in export.

Recommendations for functional upgrading:

- *Look into opportunities for the establishment of a local craft market.* This can bring the market closer to the producer, thereby decreasing transportation and marketing costs. It also provides the weaver with direct signals for diversification and quality requirements.
- *Internalize the function of trade.* This has been the strategy of some micro/small enterprises with personnel. They no longer work with brokers but deal directly with clients or retailers (both domestic and abroad). Also the semi-employed weavers have situated themselves in a place that bypasses the broker.

Recommendations for inter-chain upgrading:

- *Look into market research.* Tapping into high-end market channels (or others that are more suitable) may be more lucrative than the current market channels. However, it must be taken into account the there several constraints for accessing more lucrative market channels is the marginalized environment that some weavers are situated in.
- *Increase weavers' knowledge of market preferences.* The next step is then to disseminate the information from the market research to the weavers.

Recommendations for inter-sectoral upgrading:

- *Look into ways to increase out-of-pocket spending of tourists.* The development of products suitable to the tourist market can help to tap into new markets.

#### **Other recommendations**

- *Storage of kente/weaving during rain season.* Either of the two can enhance the bargaining position of weavers. During rain season most weavers discontinue weaving, therefore kente becomes a scarce good, this positively affects the selling price.
- *Getting into dialogue with existing initiatives.* It is advisable to have open dialogue between all parties because it may enhance the development of each of the initiatives.

## Table of content

<b>Executive summary</b>	<b>4</b>
<b>Table of content</b>	<b>8</b>
<b>List of abbreviations</b>	<b>10</b>
<b>List of maps</b>	<b>11</b>
<b>List of pictures</b>	<b>11</b>
<b>List of figures</b>	<b>11</b>
<b>List of tables</b>	<b>11</b>
<b>List of boxes</b>	<b>11</b>
<b>1. Introduction</b>	<b>12</b>
1.1 <i>Background</i>	12
1.2 <i>Study purpose</i>	13
1.3 <i>Outline of the thesis</i>	13
<b>LEARNING FROM THEORY: THEORY AND APPROACHES RELATED TO THIS RESEARCH</b>	<b>15</b>
<b>Chapter 2: Learning from theory</b>	<b>16</b>
2.1 <i>Craft production in developing countries</i>	16
2.1.1 Constraints	16
2.1.2 Opportunities	17
2.2 <i>Value chain analysis</i>	19
2.2.1 Evolution of value chain analysis	19
2.2.2 The value chain analysis (VCA) approach	21
2.2.3 Governance	22
2.2.4 Upgrading	24
2.3 <i>The role of institutions</i>	26
2.3.1 Definition	27
2.3.2 Rules and habits	28
2.3.3 Application	28
2.4 <i>Livelihoods approach</i>	30
2.4.1 Evolution of the livelihoods approach	30
2.4.2 Assets and capitals	32
2.4.3 Vulnerability	33
2.4.4 Sustainable livelihoods framework	34
2.4.5 Livelihood strategies	35
2.4.6 Conclusion: Expanding the horizontal elements of value chain analysis	36
2.5 <i>Conceptual framework</i>	37
2.5.1 Vertical analysis	37
2.5.2 Horizontal analysis	38
<b>RESEARCH METHODOLOGY</b>	<b>39</b>
<b>3. Research Methodology</b>	<b>39</b>
3.1 <i>Main research question and objectives</i>	40
3.2 <i>Sub-questions</i>	40
3.3 <i>Operationalization</i>	41
3.4 <i>Research methods</i>	43
3.5 <i>Limitations and risks</i>	45
3.6 <i>SNV as the host organization</i>	45

<b>LEARNING FROM THE WEAVERS OF EWE KENTE: WEAVING TO MAKE ENDS MEET</b>	<b>47</b>
<b>4. National, regional and local context</b>	<b>48</b>
4.1 <i>National context</i>	48
4.2 Volta Region	53
4.3 Adaklu-Anyigbe district	54
<b>5. Value chain analysis</b>	<b>57</b>
5.1 <i>Overview of the functions</i>	57
5.1.1 Input	58
5.1.2 Production	58
5.1.3 Trade	59
5.1.4 Retail	60
5.1.5 Consumption	62
5.1.6 Additional relationships of the value chain	62
5.2 <i>Value addition along the chain</i>	63
5.3 <i>Conclusion</i>	64
<b>6. Linking livelihoods and VCA: The enterprises of kente weavers</b>	<b>66</b>
6.1 <i>Economic significance of weaving for the district</i>	66
6.2 <i>Typology of weavers</i>	67
6.3 <i>Work conditions</i>	69
6.4 <i>Distance to market</i>	70
6.5 <i>Access to information</i>	70
6.6 <i>Organization of weaving</i>	71
6.7 <i>Institutional context</i>	72
6.8 <i>Conclusion</i>	75
<b>7. Socio-economic livelihoods of weavers' households</b>	<b>76</b>
7.1 <i>Household characteristics</i>	76
7.2 <i>Livelihood assets</i>	76
7.3 <i>Vulnerability context</i>	83
7.4 <i>Livelihood strategies</i>	84
7.5 <i>Conclusion</i>	85
7.6 <i>Constraints in the value chain</i>	87
7.7 <i>Opportunities for improvement of the value chain of Ewe kente</i>	89
<b>CONCLUSIONS AND DISCUSSION: LESSONS LEARNED</b>	<b>91</b>
<b>8. Conclusions</b>	<b>92</b>
8.1 <i>Value chain analysis</i>	92
8.2 <i>The enterprises of kente weavers</i>	94
8.3 <i>Socio-economic livelihoods of weavers households</i>	95
8.4 <i>Value chain improvement in favor of the livelihoods of weavers</i>	96
<i>Other recommendations</i>	98
<b>9. Discussion</b>	<b>99</b>
<b>References</b>	<b>105</b>
<b>Appendix A: SNV Baseline Survey Kente Weaver Adaklu-Anyigbe District</b>	<b>110</b>
<b>Appendix B: Existing efforts related to weaving</b>	<b>116</b>

## List of abbreviations

ASSI	Association for Small Scale Industries
ATL	Akosombo Textile Ltd.
BASE	Access to Basic Services
CBI	Centre for the promotion of imports from developing countries
CEPS	Ghana Customs, Excise & Preventive Service
CNC	Center for National Culture
GCC	Global Commodity Chain
GDP	Gross Domestic Product
GLSS	Ghana Living Standards Survey
GPRS	Growth and Poverty Reduction Strategy
GSS	Ghana Statistical Service
GTP	Ghana Textiles Printing
GVC	Global Value Chain
HIPC	Highly Indebted Poor Country
IRS	Internal Revenue Service
LEAP	Livelihood Empowerment Against Poverty
MDG	Millennium Development Goals
MSE	Micro and Small Enterprises
MTDP	Medium-Term Development Plan
NBSSI	National Board for Small Scale Industries
NCRC	Nature Conservation Research Center
NGO	Non Governmental Organization
NIE	New Institutional Economics
ODI	Overseas Development Institute
PIE	Production, Income & Employment
RNFE	Rural Non-Farm Economy
SAP	Structural Adjustment Programme
SLF	Sustainable Livelihoods Framework
SNV	SNV The Netherlands Development Organisation
VCA	Value Chain Analysis

## List of maps

Map 1: Ghana.....	48
Map 2: Volta Region.....	53
Map 3: Agotime in Ghana and Togo.....	55

## List of pictures

Picture 1: Dzissah Factory.....	57
Picture 2: Kente weaver.....	58
Picture 3: Retailer at Kejetia Market in Kumasi.....	59
Picture 4: Comparison work conditions.....	69
Picture 5: Apprentice agreement.....	78
Picture 6: Female kente weaver.....	80

## List of figures

Figure 1: Gereffi's five types of governance.....	24
Figure 2: Sustainable livelihoods framework.....	34
Figure 3: Conceptual model.....	38
Figure 4: Value chain of Ewe kente.....	57
Figure 5: Governance continuum.....	63
Figure 6: Institutional context.....	74
Figure 7: Main economic activities of the research sample.....	80
Figure 8: Household assets ownership percentage.....	83
Figure 9: Initially perceived correlation between weavers and opportunities for upgrading.....	93
Figure 10: Renewed correlation between weavers and opportunities for upgrading.....	94

## List of tables

Table 1: Main steps in Value Chain Analysis.....	22
Table 2: Examples of trends, shocks and seasonality.....	33
Table 3: Summary of indicators and definitions of phase 1.....	41
Table 4: Summary of indicators and definitions of phase 2.....	42
Table 5: Indicators of the Ibrahim Index of Ghana, 2009.....	49
Table 6: Ghana's key economic and social indicators.....	50
Table 7: Value added of a men's cloth with complicated design.....	64
Table 8: Estimation of earnings of weavers in the Adaklu-Anyigbe district.....	66
Table 9: Sub-division of the types of enterprises.....	67
Table 10: Main clients of 'self-employed without personnel'.....	68
Table 11: Main clients of 'family enterprise'.....	68
Table 12: Main clients 'micro/small enterprise with personnel'.....	69
Table 13: Enterprise facilities.....	69
Table 14: List of associations.....	72
Table 15: Education level of the research sample.....	77
Table 16: Access to credit.....	80
Table 17: Income from weaving as percentage of total household income.....	81

## List of boxes

Box 1: Meanings of Ewe kente.....	12
Box 2: Chieftaincy in Ghana.....	52
Box 3: The life of kente weavers today.....	56
Box 4: The story of an orphan who built his livelihood through weaving.....	85
Box 5: CBI market trend information.....	90

## 1. Introduction

### 1.1 Background

**A** hunter called 'Se' observed a spider spinning its web when he was on a hunting expedition. The spider was much more skilful than he was and he felt humbled. He was so impressed by the intricacy of its art that he was determined to try and do the same. By imitating the natural art of the spider, using sisal and raffia to weave, he produced the first textile made by human's as told by the myth of the spider-web (Ahiagble, 2004).

Unfortunately much knowledge has been lost about the origin of Ewe kente weaving. Kente weaving is a skill that is mostly passed down through families. The main remembrance of the origin of Ewe kente, remembered by Ewe weavers in the Volta Region in Ghana, is that in its current form it dates back four or five generations (Ahiagble, 2004). In the course of history specific kente designs have been woven for special social and religious occasions. Within Ewe culture kente has thus become a visual presentation of history, oral literature, philosophy, moral principles, religious beliefs and rules of social conduct (Ahiagble, 2004).

The Ewe's are a tribe that migrated through many countries and finally descended to the current Volta region in Ghana and Eastern Togo, some created the Agotime Traditional Area, a rural area close to the Togolese border. Kente is a Ghanaian textile traditionally closely linked with royalty, especially among the Ewe and Ashanti people (Ahiagble, 2004). Kente is woven in strips which are then sewn together to form larger pieces of cloth used by men and women. Both the Ewe and Ashanti weavers claim to have developed kente weaving. Although the Ewe produce their own kind of woven cloth and the Ashanti produce theirs, the two types of kente have much in common (Ahiagble, 2004). The designs have traditional meanings and different uses in the different communities. Characteristically, the Ashanti kente has geometric shapes woven in bright colors along the entire length of the strip, whereas the Ewe kente often creates a tweed effect by plying together different colored threads. Another very specific feature of the Ewe kente is the use of particular symbols that represent human beings, animals and ordinary household objects such as combs, chairs and tables. The dominant colors of Ewe kente can best be described as 'calm', whereas the Ashanti kente can be characterized as bright and 'cheerful' (Ahiagble, 2004).

As a product with a rich history and strong cultural value kente is unique to Ghana, however the market has expanded internationally into West Africa and the United States. For wealthy families it is a much-desired product to own as it prizes the owner with increased status. Nevertheless, the producers of kente are much less fortunate as many weavers are living in rather impoverished areas with few opportunities. Most of the present generation of weavers in the Volta Region do not earn much from their business and therefore experience economic hardship (Ahiagble, 2004). For that reason most kente weavers engage in subsistence farming on a part time basis to make ends meet, even though all

#### **Box 1: Meanings of Ewe kente**

*Kente is used not only for its beauty but also for its symbolic significance. As with other traditional textiles, the different designs of Ewe kente cloths have different meanings. All the motifs woven into kente cloth can be grouped into three types. The first are the geometric motifs. A pattern is created with different geometric forms, each in a different color, with the pattern repeated throughout the strip of cloth. Next there are simple representational shapes, the older form of representational motif. Lastly, there are more modern, more realistic representational symbols. When they are finished, the strips of cloth are combined according to the colors of the warp and to the arrangement of the motifs in order to create the best effect.*

*(Ahiagble, 2004)*

the weavers are working hard to preserve the art of Ewe kente (Ahiagble, 2004). To date the mode of production is still as it was five generations ago, however the kente industry itself has evolved into a nearly modern value chain since more and more actors are being involved in the buying and selling of kente. Thus the question arises of what position the producers of kente currently have within the value chain. Hence, this research aims at understanding the dynamics of the industry and seeking opportunities to possibly improve market access and economic benefits for weavers.

## 1.2 Study purpose

Due to the poor conditions of the kente weavers SNV, The Netherlands Development Organisation, has commissioned this research and is keen to have a baseline study that identifies the extent of poverty and that identifies areas in which intervention can be useful. SNV is therefore dedicated to find out if it can contribute its efforts to help preserve the art of Ewe kente and has therefore commissioned a baseline research on the dynamics of this production process. In line with increased local and regional interest in the development of craft villages and local craft markets this research provides insight in the socio-economic characteristics of the kente weavers and the value chain of the kente cloth.

This study focuses on the socio-economic characteristics of weavers' households, on the (micro) enterprises that operate in the kente industry and the nature of the relationships between them. Research is based on a combination of quantitative and qualitative data collected in Ghana between February and May of 2010. The objectives of the field study were to explore the socio-economic conditions of the kente weavers and describe the value chain in detail, with an emphasis on the role of self-employed weavers and micro to small enterprises from the Adaklu-Anyigbe district, their relationships to other actors in the value chain and the way they respond to the market. This research was conducted to provide SNV with a baseline study of the *producers* and a value chain analysis of the *kente industry*. In short, the first issue to be addressed is; who are the main stakeholders and which roles do they have within the value chain? Secondly, a profound understanding of the current problems can be derived from analysing the chain structure and types of governance that are accompanied by it, and finally this research aims to articulate upgrading strategies that could help to improve chain performance and the general livelihoods of kente weavers. The findings of this research can be used to inform policy debates at regional and local level that seek to enhance cultural heritage and development in the craft sector. Furthermore, stakeholders, such as NGOs, private sector and others can use the findings in their activities within craft development and sustainable livelihoods.

In addition this study also has another purpose, this study combines two approaches that are commonly used separately; the livelihoods approach and value chain analysis. The livelihoods approach has been criticized for its strong focus on the ability of the poor to cope with crisis and overlooking the embeddedness of structural power relations. Whereas the value chain analysis approach has been criticized for its shortcomings in the analysis of the local circumstances that can hamper upgrading possibilities. Thus the critique suggests that the drawbacks of each of the approaches can be supplemented by each other. Therefore the additional purpose of this study is to analyze if these two approaches can indeed supplement each other. In other words, if it is useful to combine these two separate approaches, by identifying the advantages and disadvantages of this combination.

## 1.3 Outline of the thesis

The thesis is divided into five main chapters; the present chapter introduces the subject of the thesis and explains the purpose of the research. The second chapter deals with the underlying theories that shape the research approach, presenting the conceptual framework.

The third chapter continues with the main research question and the objectives followed by the more specific sub-questions. It also describes the chosen research methods and the host organization. The fourth chapter presents the findings of the research and is divided into three sections. The first section analyzes the value chain, the second section presents empirical data specifically on the microenterprises of kente weavers and the third section elaborates on the socio-economic baseline findings. Finally the fifth chapter summarizes the conclusions of the findings thereby answering the research questions, followed by recommendations for strategic intervention. Also in the discussion the relation between empirical findings and theory is elaborated on, ending with the reflection on the combination of the two main approaches in this research and if they have actually supplemented each other or not.

## **LEARNING FROM THEORY: THEORY AND APPROACHES RELATED TO THIS RESEARCH**



## Chapter 2: Learning from theory

In this chapter relevant theories and studies will be discussed in order to understand the theoretical background that underlies this research. A range of insights from economics, social sciences and development geography have made interesting contributions, such as the renewed understanding of the dynamics of poverty and the way micro enterprises are integrated in (global) value chains. Livelihoods and value chain analysis are the two main approaches that give structure to this research that examines weaving as a local economic activity and its performance. This is done through analysis of the dynamics in the value chain and the local institutional structures that shape the local kente industry and the analysis of the dynamics of the households of kente weavers. However, first the different theories and approaches will be explained, starting with outlining the craft industry in developing countries, followed by theory on value chain analysis and the role of institutions and finally concluding with the livelihoods approach.

### 2.1 Craft production in developing countries

The entrepreneurial setting in Africa ranges from a vast number of micro-enterprises that offer marginal employment for individuals to a few large firms with hundreds of employees (McDade & Spring, 2005). According to McDade & Spring (1998), only 2 percent of all African businesses have more than ten employees. The majority of the enterprises can be characterized as micro and small-scale enterprises (MSEs), consisting of one to three employees. A great portion of these enterprises resides in the informal sector (McDade & Spring, 2005). According to estimations by Charmes (1999 in McDade & Spring, 2005) the informal sector contributes 20 to 40 percent of total GDP in several African countries, and 40 to 60 percent of non-agricultural GDP. Thus the rural non-farm economy is generally quite sizeable. It has shifted from a minor sector, often largely part-time and subsistence-oriented, to a key contributor to economic growth (Barrett et al., 2001, Haggblade et al., 2002). It is often associated with income and wealth in rural Africa, thus offering a way out of poverty if opportunities can be utilized (Barrett et al., 2001).

Rural households are frequently involved in low-skill nonfarm activities such as basket making, weaving, pottery, small-scale retailing and seasonal labor migration (Haggblade et al., 2002). Craft making is often typified as a livelihood activity especially when farming offers few opportunities. Several studies have suggested that artisans in developing countries have income levels that are above the national average (Pye, 1988 in McDade, 1998). Also craft making is an activity with a low entry barrier, with minimal start-up capital and easy access to skill development, together this makes it an attractive activity for large numbers of rural people that have few alternatives. Research has shown that there are several constraints that can hamper rural craft artisans from upgrading in the value chain. Generally the obstacles include difficulty in attracting investment capital and gaining access to markets; isolation and lack of productive linkages with other businesses; lack of business training and expertise; severe competition; and their customers' low incomes (McDade & Spring, 2005). However, only few studies focus specifically on craft production in developing countries, some examples will be elaborated here in order to learn from the constraints and opportunities that have already been identified in previous research.

#### 2.1.1 Constraints

USAID has recently been interested in the value chains of handicrafts in developing countries, such as Haiti (2006) and Guatemala (2007). Several issues were found in these studies that characterize the constraints hampering upgrading possibilities of local craft artisans.

One main constraint that was found particularly in the case of Haiti is that the stability, or rather instability, of the political environment affects chain actors negatively.

A lack of trust in the political stability of the country is a reason for market actors to invest less in the industry, also partly due to the prevailing corruption (USAID, 2006). Examples of the negative effects include:

- Unwillingness by craft factories to make major investments in, for example, raw material stocks, production facilities and marketing campaigns;
- Reduction of tourists and visitors who are a steady source of customers for craft workshops;
- Reluctance of buyers to visit Haiti or conduct business with local producers, especially for large orders.

Also craft factories and craft workshops tend to lack the capacity to identify and establish relations with buyers in various international market channels (USAID, 2006). For craft workshops, this constraint results in fairly irregular and low production volumes and correspondingly poor sales revenues. It was also found that craft factories and workshops lacked access to affordable and readily available services for new product design and development, but also lacked access to the market information on more marketable designs and products. In addition, only a small share of the craft artisans has knowledge of end market conditions or access to international markets (USAID, 2007). For craft workshops, this constraint is seen as the primary cause of stagnant product designs that do not keep up with market trends and new opportunities, slowly losing appeal and resulting in fewer sales (USAID, 2006).

From the findings of these studies it was also found that market actors lacked access to regular and affordable supplies of raw materials. Craft workshops paid steep retail prices and could not always find the colors or materials they needed. In addition the craft workshops generally have little means of controlling material costs because materials are bought at retail prices. They also have no access to financing with which to make bulk purchases (USAID, 2006). It was found that some workshop operators acknowledged that there is an opportunity for collective purchasing of raw materials. However, it was noted that collective purchasing is an unlikely prospect because multiple workshops rarely received orders requiring the same materials at the same time; and workshops are unable to purchase materials without first having an advance payment for an order (USAID, 2006). The result of these constraints is that craft workshops have difficulty meeting delivery dates at moments when certain materials are unavailable or in short supply; have lower profit margins when the cost of materials rises unexpectedly and have difficulty making accurate price quotes when prices fluctuate or when a workshop incurs extra transportation costs to retrieve the required materials.

### **2.1.2 Opportunities**

In line with some of the constraints mentioned above both USAID reports have provided insight in opportunities to overcome issues such as lack of access to information, lack of access to financial services, lack of capacity to produce large orders, higher earnings, etc.

One of the main opportunities that were identified was the formation of producer groups. Generally producer groups arise in an attempt to eliminate the role of the intermediary; therefore it offers producers the chance to engage in functional upgrading (Dunn and Villeda, 2005). Horizontal relationships, such as formal and informal producer groups, provide a means to improve the capacity of the micro enterprises and reduce transaction costs. These relationships can be strengthened through improved group governance and market knowledge. Participation in these groups can bring several potential benefits, such as cost-effective information, the ability to accept larger orders, representation by leaders with high levels of human capital (literacy, record-keeping skills, etc.), access to better communication infrastructure, the ability to solicit and receive training, technical assistance and other services from donors and NGOs and the potential to establish a brand

(Dunn and Villeda, 2005). However, as the study in Guatemala has shown participation in such groups remains limited.

This study reveals a high occurrence of fraudulent and opportunistic behavior on the part of group leaders, which has the potential to erode trust and hamper collaborative action (USAID, 2007). Nevertheless, several organizational innovations appear to counter these problems, including directly electing the group leaders, maintaining written records, and having a paid manager. Further, greater market knowledge on the part of group members significantly reduces the likelihood that group leaders engage in fraudulent behavior (USAID, 2007).

Also strong vertical relationships can improve MSE capacity, which can be enhanced through increased personal communication and greater information to producers (USAID, 2007). In the study of the Guatemalan handicraft value chain vertical relationships, relationships between different types of actors along the chain, were concentrated meaning that large portions of crafts artisan's products are sold to one buyer. Generally these relationships were characterized by trust, the study identified two factors that are associated with improved trust, namely personal communication between buyer and producer and market knowledge for craft producers (USAID, 2007). A majority of the buyers in the study reported that it was less costly to do business with producers than with intermediaries. These findings highlight the willingness of buyers to conduct business directly with MSEs when transaction costs are lower than the alternative (USAID, 2007).

Knowledge of the market and its preferences is strongly related to the designs and the products they make. Craft producers have an incentive to earn more from their creative designs and new products that closely resemble a global style that has a growing market in developed countries (USAID, 2007). Generally designers/producers have limited production capacity, however this is not necessarily a problem if their operations are geared to producing unique, high-value items. As such, they only sell limited numbers, albeit to high-end retailers. Therefore upgrading can be facilitated by increasing the availability of risk-offsetting opportunities, improving producers' information about costs and benefits throughout the value chain, increasing knowledge of market preferences, fostering effective horizontal relationships among MSE producers, and encouraging strong vertical linkages to buyers. However, the studies demonstrated that there is still a general lack of knowledge among producers about the benefits of upgrading. In relation to this research it is interesting to find out if the constraints that have been highlighted here are also evident in the case of kente weavers, therefore this will return in the final section of conclusions and discussion.

## 2.2 Value chain analysis

In the light of the above mentioned constraints and opportunities in the craft sector in developing countries the background of the value chain analysis approach will be explained here. This approach will be used to explain the concepts of governance and upgrading, however first the evolution of the approach and its application will be elaborated upon.

### 2.2.1 Evolution of value chain analysis

Since the 1980s there has been a growing interest in global value chain (GVC) analysis as a methodology for studying global economic governance. It has been widely adopted by sociologists and geographers, economists and historians analyzing the international organization of industries ranging from clothing, electronics to commodities (Gibbon et al., 2008; Bair, 2005). Particularly in developing countries policy makers at international agencies and organizations interested in private sector development, industrial upgrading and poverty alleviation have embraced GVC analysis (Gibbon et al., 2008).

Two major global trends that have indirectly caused the development of value chain analysis, one of which is uneven globalization and the other being increased levels of specialization and differentiation (Gibbon et al., 2008). Economic globalization is known to be highly uneven, both geographically and sectorally. When the global division of labor changed dramatically during the second half of the twentieth century, many developing countries became important sites for basic manufacturing (Gibbon et al., 2008). As a result, different types of labor are now divided over different parts of the globe. The internationalization of production has advanced most rapidly in labor-intensive sectors, while more capital-intensive sectors remain largely concentrated in developed economies (Gibbon et al., 2008). This global division of labor increases levels of specialization and differentiation, both in developed and developing countries, but simultaneously amplifies uneven economic globalization. Therefore mapping this changing geography of activities across different countries has been pivotal in GVC analysis (Gibbon et al., 2008).

According to Kaplinsky & Morris (2001) the definition of a value chain is the following: "*The value chain describes the full range of activities which are required to bring a product or service from conception, through the different phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final consumers, and final disposal after use.*" However, there are several terms that are commonly used interchangeably that refer to value chain analysis. The terms 'supply chain', 'fillieres', 'international production networks', 'global commodity chains' and 'global value chains' all refer to the flow of product movement from producer to consumer. However, each of these terms is somewhat distinct to one another.

The term 'supply chain' is a generic label for input-output structure of value added activities, starting with raw materials and ending with finished products (Mayoux, 2003). Also the French 'fillieres' used the idea of a chain or activities as a method to study mainly agricultural export commodities. It emerged in the 1960s and was developed by French researchers at the Institut National de la Recherche Agronomique (INRA) and the Centre Internationale en Recherche Agronomique pour le Developpement (CIRAD) as an analytical tool for empirical agricultural research. It is a technique applied to analyzing existing marketing chains for agricultural commodities (Raikes et al., 2000). One of the key concerns within the filliere tradition is the concern for how public institutions affect local production systems (Mayoux, 2003). However, no attempt was made to develop a unified theoretical approach (Raikes et al., 2000).

The term 'international production networks' refers to the studies on the international production networks of multinational corporations that act as global networks (Borrus et al., 2000).

However, perhaps the most widely known is the term 'global commodity chain' (GCC), developed by Gary Gereffi among others. Prior to the development of GCC the term 'commodity chain' was introduced in 1977 by Hopkins and Wallerstein (Bair, 2005). Wallerstein, a strong advocate of the world-systems theory that claims historical events have shaped the world to be unevenly developed through unequal power relations, further developed the concept. Therefore GCC analysis has its roots in the analysis of the political economy of development of underdevelopment. Thus commodity chains were used as a means to reveal inequalities in power that have effect on the ways in which integration takes place, and who benefits (Bair, 2005). It was coined as a useful point of departure for analyzing '*the operation of global capitalism beyond the territorial confines of the national economy*' (Bair, 2005: 156). The global commodity chain emphasizes the internal governance structure of the chain with emphasis on the role of lead firms in setting up global production and sourcing systems (Gereffi and Korzeniewicz, 1994).

Gereffi took the commodity chain approach one step further and made the actual path-breaking contribution to the development of the GCC framework in 1994, in his book '*Commodity chains and global capitalism*'. Gereffi (1994, 1995) identifies four dimensions of the GCC framework:

- The input-output structure of the chain;
- The geographical territory it covers;
- The governance structures that affect barriers of entry and coordination within the chain;
- The local, national and international institutional framework which shape the conditions under which key agents incorporate subordinate agents through their control of market access and information.

Within the GCC framework Gereffi (1994) made a distinction between producer-driven and buyer-driven GCCs. Producer-driven GCCs are characterized by high barriers of entry because of the need for large-scale high-technology investment and economies of scale (Bair, 2005). According to Kaplinsky and Morris (2001) the lead firms utilize these high entry barriers to create different kinds of rents for themselves. Consequently, these chains are structured in a way that allows low profit activities to be outsourced to networks of suppliers, who are bound by contracts to produce according to tightly specified conditions (Mayoux, 2003). As apposed to producer-driven GCCs buyer-driven GCCs have low barriers of entry and are mainly found in labor-intensive sectors such as agriculture, garments, footwear, etc. Here producers are inferior to the key agents controlling design and marketing, who are mainly located in headquarters of major brands in Western countries, for example Nike. However, these actors do not own the production facilities in contrast to the producer-driven chain. Again, production is increasingly outsourced to a competitive system of subcontractors, mainly located in developing countries. The GCC analysis attempts to develop a unified theoretical framework that can help to formulate appropriate production and marketing strategies and leverage points for upgrading firms in order to change existing power relations within the chain (Bair, 2005).

Recent application has focused on globalization in order to understand why many of the potential benefits of globalization fail to reach the very poor (Mayoux, 2003). The term 'global value chains' (GVC) reflects the latest shift in value chain research. The GVC approach distinguishes itself from the GCC approach in that it focuses on the international business literature and the analysis of global production networks, whereas the GCC approach has a more sociological interest (Bair, 2005). Nevertheless, according to Bair (2005) the GVC approach focuses on finding ways to use the insight from research done with the GCC approach into effective policy interventions to help local firms improve their positions within the value chain, termed upgrading. Even though the GCC and the GVC approaches seem similar some differences can also be found in its roots or the initial reason that research on value/commodity chain is chosen as a tool for analysis.

This is where two lines of thought can be separated, one on commodity chains from the world-systems approach led by Hopkins and Wallerstein and the other more firm oriented approach developed by Gereffi and others. Though both lines of argumentation agree that commodity chains are useful for analyzing the consequences of international division of labor resulting from capitalist production, Jennifer Bair (2005: 156) sheds light on the differences within the lines of thought among value chain literature. She claims that:

*'A key difference between the world-systems and GCC camps of commodity chain research is rooted in this debate regarding whether globalization is better understood as a contemporary phenomenon enabled by increasingly integrated production systems, or as a process beginning with the emergence of capitalism in the long sixteenth century.'*

Another difference is the unit of analysis, as from the world-systems perspective *'there is no such thing as national development'* (Wallerstein, 1974) the correct unit of analysis must be the world-system. On the other hand from the GCC perspective individual countries and networks of firms are the main focus. In other words, GCC has evolved as a network-based organizational approach to studying the dynamics of global industries (Raikes et al., 2000). Also, the GCC camp has made more progress in terms of the conceptual methodology as it provides a grounded framework to study and operationalize the global-local nexus.

Recently the variety of terms referring to the research of value/commodity chains has led to a general agreement among scholars that a single terminology would benefit the research network. Finally the term value chain was favored *'because it was perceived as being the most inclusive to the full range of possible chain activities and end products'* (Gereffi et al., 2001). It is also favored for the purpose of this research as it intends to inform development practitioners and policy makers to help upgrade the value chain (Bair, 2005). More specifically it allows for more practical analysis at the local and regional level of firms and sectors as opposed to the GCC approach with its macro and holistic perspective. According to UNECA (2009) an opportunity that is often neglected in the value chain debate is the creation of local and regional markets emphasizing the role of regional value chains, rather than global value chains. In line with this argumentation this research emphasizes the regional value chain of Ewe kente. Therefore the global element of GVC will be ignored and therefore from here on it will be called value chain analysis (VCA).

### **2.2.2 The value chain analysis (VCA) approach**

The approach of value chain analysis conceptualizes enterprises, not as discrete entities, but as part of a system of different but linked production and exchange activities. At its core, VCA plots the flow of goods, services, finance, knowledge and information between buyers and suppliers; where 'upstream' signals flows towards production, and 'downstream' in the direction of consumption (Bolwig et al., 2010: 175). Advances in VCA have focused on three primary aspects, namely understanding where value addition occurs in a chain; understanding the power dynamics of relationships between actors in a chain and understanding the nature of power dynamics across the entire chain (De Ruijter - De Wildt, et al., 2006).

The context within which VCA is increasingly being used is concerned with poverty alleviation. Consequently, frameworks are emerging that specifically pose the question where the poor are located within a value chain and seek to identify pro-poor opportunities (De Ruijter - De Wildt, et al., 2006). Thus, VCA is increasingly being used for more micro-level interventions rather than macro-level policy change. Another shift in the emphasis of VCA is that it is moving away from only concentrating on vertical linkages towards understanding how value chains fit within the wider national economy (De Ruijter - De Wildt, et al., 2006).

Even though VCA is increasingly being used as a guide for intervention, it merely defines the objective of upgrading which can be widely interpreted.

However it says nothing about how to approach upgrading, therefore this can lead to inappropriate intervention practices (ibid.). Lastly, in contrast to earlier thinking, value chains now appear to be regarded as a collection of market channels (as per subsector analysis) rather than as synonymous with one market channel (De Ruijter - De Wildt, et al., 2006). To summarize, the main steps of VCA are listed in the box below.

**Table 1: Main steps in Value Chain Analysis**

<ul style="list-style-type: none"> <li>▪ Map the chains of interlinked production and exchange activities in particular sectors or subsectors</li> <li>▪ Map the geographic spread of linkages over international, national and local areas</li> <li>▪ Identify key stakeholders at different levels and locations of the chain, and in relation to different opportunities and constraints</li> <li>▪ Measure the relative value accruing to different levels, locations and stakeholders of the chain</li> </ul>	<ul style="list-style-type: none"> <li>▪ Identify the governance structures affecting the distribution of value between activities and geographical areas</li> <li>▪ Identify the interventions directly targeting different levels of the chain</li> <li>▪ Clarify the likely direct and indirect impacts at these different levels</li> <li>▪ Explore the different alternative levels of intervention or strategy</li> </ul>
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Source: De Ruijter - De Wildt, et al., 2006

### 2.2.3 Governance

In addition to the descriptive elements of territoriality and input-output structure, much VCA discussion is about two analytical issues, namely how value chains are governed and how upgrading takes place along these value chains (Bolwig et al., 2010). The former will be explained here, however the latter will be dealt with in the next section.

*'Governance is the process by which so-called 'lead firms' organize activities with the purpose of achieving a certain function division of labor along a value chain, resulting in specific allocations of resources and distribution of gains. It involves setting the terms of chain membership, the related incorporation/exclusion of other actors, and the reallocation of value-adding activities (Gereffi, 1994; Kaplinsky, 2000; Gibbon and Ponte, 2005). Lead firms are seen not only as dictating the terms of participation to their immediate suppliers, but also as capable of transmitting these demands upstream, often all the way to the primary producers' (Bolwig et al., 2010).*

In other words, governance refers to the process of exercising control along the chain through the specification of what type of product needs to be supplied, by whom, in what quantity and when, how it should be produced, and at what price (Bolwig et al., 2010). When a group of firms in a particular functional position in a value chain is able to exercise control, they are termed 'lead firms'. However, there may be different forms of co-ordination in different segments of the same chain, therefore a distinction can be made between overall forms of governance and forms of co-ordination between actors in different positions in a value chain (Bolwig et al., 2010). As opposed to governance where lead firms possess control over the chain co-ordination is defined as '*effort or measures designed to make players within a market system act in a common or complementary way or toward a common goal*' (Bolwig et al., 2010).

Value chains are not closed systems, but are part of larger institutional frameworks, therefore the issue of the governance of value chains is crucial (Laven, 2010). Authority and power relations among buyers, processors and producers determine how incomes and other benefits are distributed, but also the conditions of entry for small producers. Thus, power relations determine whether value chains will have an impact in terms of poverty reduction (Laven, 2010). Gereffi et al. (2005) identify five basic types of value chain governance.

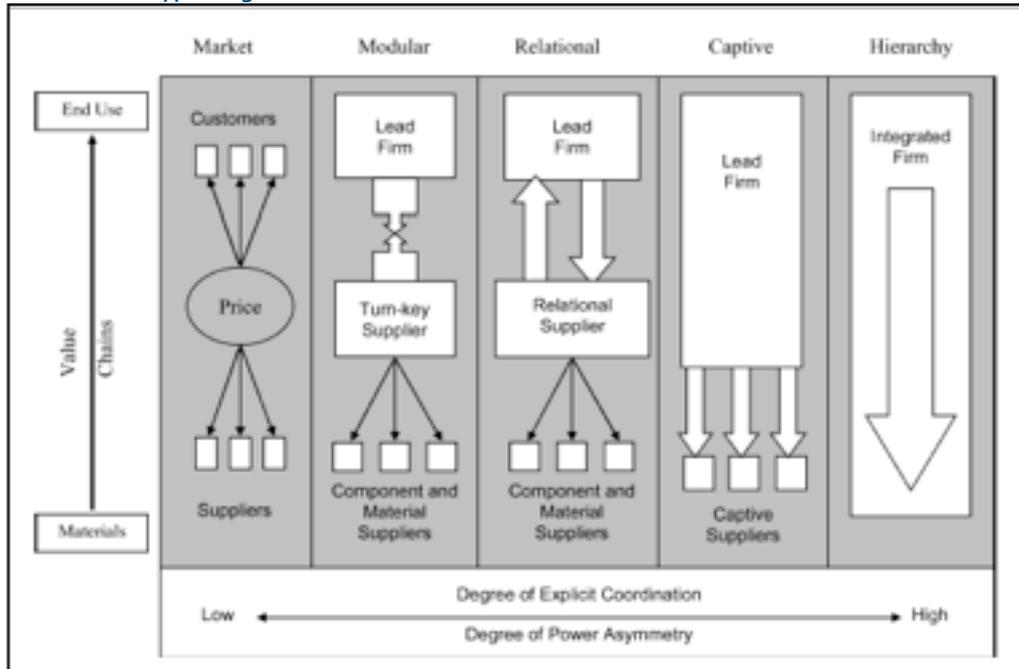
Though keeping in mind that this has been developed based of the global commodity chain analysis, most of the types of governance are related to value chains that span across the globe, therefore not specifically focused on the microenterprise context.

However, some types do capture the type of relationships that reside in smaller value chains.

Adapted from Sturgeon (2001) who identified three main types of governance, Gereffi et al. (2005) have added two more types, amounting to the following five types of governance:

1. *Markets*. Market relationships are characterized by arms-length transactions and little information exchange among firms (Dunn & Villeda, 2005). This type of chain reflects a classical form of foreign trade; in which supply and demand determine the price. The essential point is that the costs of switching to new partners are low for both parties.
2. *Modular value chains*. Typically, suppliers in modular value chains make products to a customer's specifications, which may be more or less detailed. However, when providing 'turn-key services' suppliers take full responsibility for competencies surrounding process technology, use generic machinery that limits transaction-specific investments, and make capital outlays for components and materials on behalf of customers (Gereffi et al., 2005).
3. *Relational value chains*. In these networks there are complex interactions between buyers and sellers, characterized by frequent face-to-face interaction, which often creates mutual dependence. Buyers and sellers develop mutually dependent relationships based on trust that may derive from reputation, family, social and ethnic ties or spatial proximity (Dunn & Villeda, 2005). Both buyers and sellers find it costly to change relationships because of the time it takes to build trust and to develop the ability to exchange complex information (Dunn & Villeda, 2005).
4. *Captive value chains*. In these networks, small suppliers are transactionally dependent on much larger buyers. Suppliers face significant switching costs and are, therefore, 'captive'. Such networks are frequently characterized by a high degree of monitoring and control by lead firms (Gereffi et al., 2005).
5. *Hierarchy*. This governance form is characterized by vertical integration, integrating all processes into one firm meaning that all steps of the chain are in the hands of one firm. The dominant form of governance is managerial control, flowing from managers to subordinates, or from headquarters to subsidiaries and affiliates (Gereffi et al., 2005).

Figure 1: Gereffi's five types of governance



Source: Gereffi et al., 2005

Returning to the distinction between a 'producer-driven' and a 'buyer-driven' type of governance structure made by Gereffi in the 1990s shows that the development of VCA has been developed further into a more nuanced view of value chains. This leaves the earlier distinction of Gereffi unsuitable for smaller value chains. Therefore the above-mentioned five types of governance structures will be used as a more appropriate typology of governance.

#### 2.2.4 Upgrading

The purpose of the analysis of value chains is defined in the concept of upgrading. When analyzing the opportunities for upgrading it is important to understand 'the different types of upgrading (*what?*), the process of upgrading (*how?*), the main driving forces (*by whom?*) and the outcomes for producers (*for whom?*)' (cf. Laven, 2010). Analysis of upgrading from a value chain perspective pays attention to the ways in which value chain linkages facilitate or obstruct upgrading (De Ruijter - De Wildt, et al., 2006). Again, power relations play a part in determining what opportunities for upgrading are available, and to whom (Laven, 2010). In other words, the gatekeepers of knowledge and the channels through which this knowledge is disseminated determines the potential for upgrading (Laven, 2010). Thus, for weaker actors within the chain upgrading does not happen automatically, but can be enabled or hindered by more powerful players, including governments, and by existing social structures (Laven, 2010).

In GVC analysis the concept of upgrading is used to identify the possibilities for producers to 'move up the value chain', either by shifting to more rewarding functional positions, or by making products with high value that provide better returns (Bolwig et al., 2010). In short, the aim is to improve the performance of the value chain by reducing losses, by reducing marketing and other transaction costs, improving the quality and delivery of the product and improving the position of chain actors (Bammann, 2007). Nevertheless, all types of upgrading require improved access to information and knowledge (Humphrey & Schmitz, 2001; Gereffi, 1999).

According to Gereffi (1999) the upgrading process is examined through the lenses of how knowledge and information flow within value chains. Upgrading is about acquiring capabilities and accessing new market segments through participation in particular chains (ibid.). Humphrey and Schmitz (2001) have developed the following typology:

- *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 be caused by improved organization of the production process or by an improved technology.
- *Product upgrading*. A qualitative improvement in the product that makes it more desirable to consumers; the higher quality product commands a higher unit price.
- *Functional upgrading*. The entry of a firm into a new, higher value-added level in the value chain; functional up-grading moves the firm closer to the final consumer and positions it to receive a higher unit price for the product.
- *Inter-chain upgrading*. The entry of a firm into a new and more lucrative marketing channel in the value chain; typically, this would involve moving from the domestic to the export market for the same product.
- *Inter-sectoral upgrading*. The entry of a firm into a new value chain (subsector) involving a completely different product or service. Often applying newly acquired competences to move into the new sector.

Despite this being a useful classification of the different opportunities for upgrading there has been some critique. Meyer-Stamer (2002) comments on the fact that the term upgrading implies that 'up' is inherently better. However, it is also possible that for a certain firm downgrading may be more suitable, hence upgrading might not always be an improvement.

Several studies (Fitter and Kaplinsky, 2001; Gibbon, 2001; Schrank, 2004; Schurman, 2001) have put forward that succeed in intra-chain or process upgrading have not been rewarded with the perceived benefits. In recent literature it has been emphasized that other forms of upgrading can be equally important, and may combine some of the categories above, or even go beyond them, such as delivering larger volumes (even of lower quality), matching standards and certifications, delivering on logistics and lead times, getting better paid for the same product (for example, fair trade) (Bolwig et al., 2010; Gibbon, 2001; Gibbon and Ponte, 2005; Ponte, 2009). There has also been some critique on the forms of upgrading, in that the gains resulting from upgrading strategies are often unequally distributed (Laven, 2010). Also many development initiatives have attempted to benefit smaller producers by shortening or reconfiguring value chains, however this can result in the exclusion of middlemen, thus making it more difficult for them to find alternative employment (Laven, 2010). Moreover, generally farmers' organizations or associations often fail to fill in the gap of the role of these middlemen. Therefore in the end the weakest actors in a chain often have little potential for upgrading opportunities and consequently can ultimately be excluded from the chain altogether (Laven, 2010).

## 2.3 The role of institutions

Both livelihoods and value chains can also be influenced by social structures such as the social class individuals belongs to, the level of organization of producers and/or traditional hierarchical relations. These institutional frameworks are important as they can either provide effective channels through which value chains can be strengthened, or upgraded, but they can also create barriers that block exchanges between actors in the chain that in turn can affect the livelihoods negatively (Laven, 2010). Culture, government laws and regulations, business practices, and many different organizations interact to shape the way a market works. Informal institutions are the rules by which people interact with each other to make ordered social life possible which are constructed by societies. However, also formal institutions shape the way business is conducted, they generally aim to facilitate ease of doing business. Markets and the functioning of value chains depend on economic win-win situations and trust (Vermeulen et. al., 2008). Trust is either established informally between (business) people, or by formalized contracts endorsed in law (ibid.).

Due to the discussion on upgrading and its increasing commitment to development, the institutional approach has gained awareness (Laven, 2010; Daviron and Ponte, 2005; Gibbon, 2001). The use of the term institutions has recently become widespread in the social sciences due to the growth of a theoretical discussion on institutional economics, but it has also increased in several other disciplines, such as philosophy, sociology, politics and geography (Hodgson, 2006). Douglas North, in his famous book, *'Institutions, institutional change and economic performance'*, is regarded as a founding work for the new institutional economics (NIE). He successfully revitalized the thinking of institutions by stating that institutions are the *'rules of the game; in a society that structure human interaction, whether political, social, or economic'* (North, 1990: 3). Additionally, insights from studies on clusters have generated understanding on how geographical proximity of economic actors can influence economic performance (van Helvoirt, 2006). Thus the recent 'institutional turn' has offered a new approach to analyze regional economic development (van Helvoirt, 2006). It focuses less on the quantitative (economic) data and geographical factors and more on the 'software' of regional development, influenced by a range of institutions that affect the way in which economic activity operates (Andriessse and van Westen, 2006 in van Helvoirt, 2006).

According to van Helvoirt (2006: 33) one of the key elements of the 'institutional turn' is *'the recognition that the form and evolution of the economic landscape cannot be fully understood without paying attention to the various social structures on which economic activity depends and through which it is shaped'*. Thus, the behavior of economic actors is influenced by the socio-cultural context they are embedded in. However, locational factors referring to accessibility and natural resources are also regarded as explaining factors of underdevelopment (van Helvoirt, 2006). Thus, institutional economics tries to explain regional differences in economic performance through the internal characteristics rather than seeking explanation in external factors that determine (van Helvoirt, 2009).

With reference to the value chain approach Laven (2010) claims that it is essential to include the institutional framework in because it recognizes that chains are not closed systems. As this study intends to explain both the 'hard' and 'soft' aspects that are affecting the business conduct of the kente weavers in the Adaklu-Anyigbe district, therefore it is necessary to create further insight into the definition and application of the concept of institutions and how it can affect local economic development. In order to do so, the following section provides an overview of the key thoughts of institutional economics.

### 2.3.1 Definition

NIE opposes the idea of universally free market equilibrium and argues that there are multiple equilibriums. This assumes that economic actors do not have complete access to market information and therefore do not always make the same decisions (van Helvoirt, 2006). Due to the incomplete access to market information NIE states that there are thus additional transaction costs, such as bargaining and policing, search and information, and enforcement costs, occurring within the market (van Helvoirt, 2006). Williamson (1985 in van Helvoirt, 2006: 35) argues that the lower these transaction costs are for economic actors, the better this economy functions.

North makes a distinction between formal and informal institutions, where formal institutions refer to rules and informal institutions to constraints (Hodgson, 2006). According to North (1990), there is a strong connection and interaction between formal and informal institutional arrangements, claiming that the formal 'rules of the game' underlie informal institutions and that economic behavior and relations are structured by formal rules (van Helvoirt, 2006). However, according to Hodgson (2006) the idea that there is a dividing line between institutions that are entirely 'formal' on one hand and entirely 'informal' on the other is erroneous, because 'formal' institutions always depend on non-legal rules and inexplicit norms in order to operate. He argues that if 'formal' laws are not embodied in an individual's habit or nature, and therefore the rules or laws are not obeyed, it has insignificant effect. In that case laws become mere declarations, rather than effective social rules (Hodgson, 2006). In other words, legal or 'formal' institutions that do not have strong 'informal' support are unsupported legal declarations rather than real institutions (Hodgson, 2006). This does not mean that legal rules are unimportant, but that they only become important when they are incorporated in custom and habit (ibid.). Thus if change in behavior is desired it must first be embedded in society before it can be reinforced by laws or regulations that sanction negative behavior.

Hodgson (2006) prefers a broader conception of institutions that accommodates the informal basis of all structured and durable behavior. He continues to define institutions '*as durable systems of established and embedded social rules that structure social interactions, rather than rules as such*' (Hodgson, 2006: 10). Put differently, institutions are social rule-systems, not simply separate rules. In addition, he states that '*generally, institutions enable ordered thought, expectation, and action by imposing form and consistency on human activities. They depend upon the thoughts and activities of individuals but are not reducible to them. Institutions both constrain and enable behavior*' (Hodgson, 2006). In other words, Hodgson does not agree with North that formal institutions are the same as rules and informal ones the same as constraints. Therefore, Hodgson cautions for the use of the terms formal and informal with regard to institutions and rules and suggests that these words should either be abandoned or used with extreme care and alternatively recommends to use more precise terms such as legal, non-legal, and explicit instead.

Other authors have also put forwards their own interpretation of institutions, one of whom is Alan Well (1970 in Hodgson, 2006: 2), stating that '*social institutions form an element in a more general concept known as social structure*'. The original institutional economists understood institutions as a special type of social structure with the potential to change agents, including changes to their purposes or preferences (Hodgson, 2006). On the other hand some institutionalists have misinterpreted the meaning of institutions to be merely 'prescribed patterns of correlated behavior' (Fagg Foster, 1981). According to Hodgson (2006), defining institutions as behavior would be misleading, because it assumes that institutions would no longer exist if their associated behaviors were disrupted. Lastly Portes and Smith (2008) emphasize the distinction between organizations and the institutions that govern them. According to them institutions '*represent the symbolic blueprint for organizations, they are the set of rules, written or informal, governing relationships among role occupants in organizations like the family, the schools, and the other major areas of social life*:'

*the polity, the economy, religion, communications and information, and leisure'* (Portes and Smith, 2008: 106). This definition provides a basis for understanding how social and economic life is interactive and connected. Yet the question remains, how does this behavior develop and becomes embedded in society? The next section attempts to answer this complex question.

### 2.3.2 Rules and habits

Rules are meant in the broadest sense of the word, including norms of behavior and social conventions as well as legal rules (Hodgson, 2006). Such rules are potentially codifiable as members of the society share clear knowledge of these rules. Codifiability is important because it means that breaches of the rule can be identified explicitly and can be sanctioned as such. The level of codifiability, and thus the sanctions, determines to a certain extent the incentives and constraints for individual behavior. For example, societal norms are unwritten rules that have certain consequences when normative behavior is 'breached'. As people generally prefer to conform to societal norms they will develop a set of habits that corresponds with this expected behavior. This behavior is then replicated by other members of the society and therefore further developed and reinforced among the population. Hence the rule structure helps to create habits and preferences that are consistent with its reproduction (Hodgson, 2006). In other words, habits and informal rules partly establish culture and the reinforcement of embedded social structures. Also, the more habits and rules are reinforced the more it is embedded in society. Strong systems of conformism and normative agreement are created through the reproduction of shared habits (Hodgson, 2006). However, in order to establish a habit repeated behavior is important, but habit and behavior are not the same (Hodgson, 2006). A habit is '*a disposition to engage in previously adopted or acquired behavior or thoughts, triggered by an appropriate stimulus or context'*' (Hodgson, 2006). Behavior is the actual social interaction that is either conform or not conform to the social norm, while habits are unconscious repetitions of these behaviors.

By structuring, constraining, and enabling individual behaviors with the use of rules, institutions can shape the capacities and behavior of individuals in fundamental ways, as such it has the capacity to alter ambitions instead of merely enabling or constraining them (Hodgson, 2006). Even though individuals and institutional structure are distinct they are connected by mutual interaction and interdependence (Hodgson, 2006).

### 2.3.3 Application

The discipline of institutional economics is interested in two aspects of the economy, the institutional framework and the organizations, and especially the interaction between them (van Helvoirt, 2006). The interaction works in a two-way direction: (1) the types of economic organization that are formed and how they function and evolve are fundamentally influenced the institutional framework; and (2) equally, in turn, organizations not only reproduce but also modify the institutional environment (ibid.).

The importance of informal rules for the performance of economic systems has recently given rise to an alternative institutional approach. With its foundations in social sciences, this approach focuses more on the less tangible 'social' side of economics (van Helvoirt, 2006). In accordance with the ideas of the social network theory and building on the work of Bordieu (1985) and Coleman (1988), Putnam (1995, 2000) writes on the importance of social capital, which has led to the development of an alternative approach that argues that economic actors can lower transactions costs using their relational networks. According to Putnam '*the enhancement of cooperative undertakings via trust-based relationships stimulates the sharing of knowledge, encourages joint innovations and hence improves productivity and competitiveness of an economy'*' (Putnam in van Helvoirt, 2006). Consequently, based on this understanding NGOs have focused their efforts on building cooperatives and strong relational networks for the improvement of small business development.

Institutional economics offers interesting ideas and concepts on how institutions shape economic systems, providing insight in the way cultural rules and habits can influence economic activity either positively or negatively. However, it is weak in offering suitable analytical tools for empirical analysis (Portes and Smith, 2008; van Helvoirt, 2006). Despite the strong emphasis on the intangible side of economics still many empirical studies have focused on formal institutions. This is partly due to the economic angle and their reliance on qualitative data and mathematical models for analyses (Joskow, 2003). Additionally, institutional economics is biased towards the nation-state as the main level for institutional analysis (van Helvoirt, 2006), which therefore makes it unsuitable for an analysis of local institutional arrangements as this study aims to do. However, despite these imperfections the principle of institutional economics shows that the importance of institutions must not be overlooked and thus should be incorporated in any study questioning (local) economic development.

## 2.4 Livelihoods approach

According to Lipton & Maxwell (1992) a livelihood is more than just income (In Ellis, 1998). A livelihood consists of income and social institutions, in which income may be cash or in-kind. Also social institutions, such as kinship networks, are important for facilitating and sustaining diverse income portfolios (Ellis, 1998). When an individual or household finds it necessary it can make claims on the income and social institutions, therefore these can be called livelihood assets. Thus the livelihoods approach emphasizes the idea that people are agents that actively shape their own future, focusing not on what the poor lack, but rather on what they have (their capitals) and on their capability (Sen, 1981; Chambers & Conway, 1991). The livelihood approach is a multidisciplinary view of poverty, *'acknowledging that poverty is not an economic problem, but that it involves political, cultural, social and ecological aspects as well'* (Kaag et al., 2004 in Zoomers, 2008). These ideas have been put into a framework called the 'sustainable livelihoods framework', it is a tool to help improve the understanding of livelihoods, predominantly the livelihoods of the poor (DFID, 1999).

The livelihoods approach is not only focuses on the household, the individual and social sustainability, but also on the sustainability of the wider environment (Chambers & Conway, 1991). With the sustainability of the wider environment it is meant that a livelihood should not degrade its own or others natural environment on which it depends now and in the future, whereas social sustainability refers human unit being able to gain and maintain an adequate and decent livelihood (ibid.). Creating a sustainable livelihood can be done through either a reactive or a proactive strategy. The reactive strategy is involved in coping with stress and shocks, while the proactive strategy tries to enhance and exercising capabilities in adapting to, exploiting and creating change, and in assuring continuity (Chambers & Conway, 1991).

Due to this view of the poor being agents in their own development rather than passive recipients of development cooperation the livelihoods approach has transformed the development debate. Shifting from the rigid 'structural adjustment program' (SAP) paradigm towards a more flexible approach to poverty alleviation. But where and how did this transformation take place? This is a question that is answered in the next section.

### 2.4.1 Evolution of the livelihoods approach

Since the 1990s the livelihoods approach has developed into a key tool for analyzing the constraints and opportunities of the (rural) poor. However, according to Scoones (2009) livelihoods thinking dates back to some 50 years ago. The widespread use of the livelihoods approach was slow to attract general attention, as theories of modernization strongly influenced the development paradigm led by advice by professional economists (Scoones, 2009). Consequently local perspectives were pushed aside. However, the environment and development movement of the 1980s and 1990s brought attention to the fact that poverty needed to be reduced in order to create both social and environmental sustainability. During this time it was the Brundtland report of 1987 that coined the term 'sustainability' giving rise to the sustainable development agenda emphasizing concerns for the livelihoods and priorities of local people. There was also growing apprehension of the effectiveness of development practices, the SAP's of the World Bank were not reaching the desired goals of poverty alleviation (Ashley and Carney, 1999). In development studies there was a shift from the structural perspective of dependencia and neo-Marxism of the 1970s and 1980s towards a more productive actor-oriented perspective in the 1990s (de Haan & Zoomers, 2005). The new actor-oriented perspective was mostly interested in the micro-level of individuals, households, family and community (Scoones, 1998). In studies of households of the poor attention was paid to household strategies in order to understand the behavior of the poor (de Haan & Zoomers, 2005).

Household studies were regarded as a move away from the structuralist view of society, however ironically it was also found that *'household decisions are often made within the confines of limiting structural constraints'* (Humphries, 1982, cited in de Haan & Zoomers, 2005: 29). In the early 1990s a new generation of optimistic household studies appeared that took a livelihoods perspective and thus showed how people are able to survive by their own means (de Haan & Zoomers, 2005). Consequently implying that the poor can be agents of their own development, in that they can utilize their own capabilities.

The development of the livelihoods approach has helped to gain a better understanding of rural livelihoods and to bring rural development strategies more in line with the aspirations and priorities of rural people (Appendini, 2001 in Zoomers, 2008). Robert Chambers and Gordon Conway, who drew from insights from preceding research on food security and agro-ecological sustainability, are acknowledged for having put livelihoods at the center of attention (Scoones, 2009; de Haan & Zoomers, 2005). Their interpretation of a livelihood refers to the means of gaining a living, including livelihood capabilities, tangible assets, such as stores and resources, and intangible assets, such as claims and access (Chambers and Conway, 1991: 9-12). They developed the following definition of a sustainable livelihood, which is a definition that is still widely used and little contested.

*"A livelihoods comprises the capabilities, assets (including both material and social resources) 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)."*

In the development of the livelihoods approach important insights were gained from the study of environmental entitlements, focusing on access and institutions, which was translated directly into the sustainable rural livelihoods framework, as can be seen in figure 1 (Leach et al., 1999; Scoones, 1998). Other substantial contributions came from the Overseas Development Institute (ODI), on natural resources (Carney, 1999; Farrington et al., 1999), and from the Overseas Development Group of the University of East Anglia, on the diversification of livelihood activities (Ellis, 1998). In addition Blaikie et al. (1994) elaborated an access-to-resources model, which proved useful in explaining poor people's livelihoods and their coping mechanisms in periods of crisis. Also Sen's (1981) concept of entitlements, provided a broader scope for analysis in understanding poverty and famine, thus showing that livelihoods does not only entail material wellbeing, but that it also includes non-material wellbeing (de Haan & Zoomers, 2005). Bebbington (1999) sums this up nicely:

*"... a person's assets, such as land, are not merely means with which he or she makes a living: they also give meaning to that person's world. Assets are not simply resources that people use in building livelihoods; they are assets that give them the capability to be and act. Assets should not be understood only as things that allow survival, adaptation and poverty alleviation, that are also the basis on agent's power to act and to reproduce, challenge or change the rules that govern the control, use and transformation of resources."*

Overall the livelihoods approach has brought positive contributions in terms of renewed insight in local circumstances; nevertheless there is also criticism on this approach. According to Carney (1999) the actual strength of the livelihoods approach – namely its holistic perspective – is simultaneously its weakness in that it is over ambitious and offers insufficient practical guidance on the way forward. Some say that a weakness of the livelihood approach is that poverty is sometimes 'romanticized', focusing on the ability, or flexibility, of people to cope with crisis (Zoomers, 2008) thereby overlooking the social, political and economic environment they are embedded in (Scoones, 2009). De Haan and Zoomers (2005) claim that the poor are still bound by property relations and configurations of power that play such a major role in inducing poverty in the first place.

Moreover, the framework is centered on people's assets and capabilities, and by speaking about capitals, assuming that people have access to assets, however underlying structural limitations may hamper this access (Zoomers, 2008). Furthermore de Haan & Zoomers (2005) claim that even though transforming structures, mediating processes, institutions and organizations are present in all livelihood frameworks, there is a tendency within livelihoods studies to downplay these structural features and to focus on capitals and activities and consequently authors often do not know how to go beyond material motives and aims when studying the trade-offs of capitals (de Haan & Zoomers, 2005: 31). Thus the relative neglect of structural limitations is another important drawback of the livelihood approach (ibid.). Lastly, Zoomers (2008) says that often the emphasis is placed on whether or not the poor are able to keep their position rather than on the possibility of social upward mobility and finding a way out of poverty. It is the inherent complexity of the livelihoods approach that causes many difficulties in the gathering of empirical data for those that conduct livelihood studies.

In short, the livelihoods approach can be seen as an umbrella for many interlinked concepts that can influence a persons' or households' livelihood. However, despite the fact that the framework itself is holistic in the sense that it includes many of these interlinked concepts, the implementation of the livelihoods approach and its complexity often hampers the ability to analyze the entire livelihood. Thus the strength of this holistic approach is lost in its translation to practice. Nevertheless it is important to understand the approach in order to identify useful elements for the analysis of the households of kente weavers.

#### 2.4.2 Assets and capitals

The livelihoods approach is built around the fact that people's livelihoods are dependent on the opportunities to access capitals that form the basis of their livelihood strategies. These capitals are human capital (skills, education), social capital (networks), financial capital (money), natural capital (land, water, minerals) and physical capital (houses, livestock, machinery) and sometimes a cultural capital is also added (Chambers & Conway, 1991; Zoomers, 2008). According to Bebbington (1999), social capital is the most critical asset to rural people because it allows people to widen their access to resources and actors, *'to make living meaningful and to modify power structures and rules'*. Livelihoods are based on flexible combinations and trade-off between capitals, where a positive increase in access to one capital can mean a decrease in access to another capital (Bebbington, 1999). Assets combine in a multitude of different ways to generate positive livelihood outcomes, each of the different types of assets is explained next.

**Human capital:** Human capital represents the skills, knowledge, ability to labor and good health that together enable people to pursue different livelihood strategies and achieve their livelihood objectives (Scoones, 1998; DFID, 1999).

**Social capital:** In the context of the sustainable livelihoods framework social capital means the social resources upon which people draw to achieve their livelihood objectives (Scoones, 1998). These are developed through (DFID, 1999):

- Networks and connectedness, either vertical (patron/client) or horizontal (between individuals with shared interests) that increase people's trust and ability to work together and expand their access to wider institutions, such as political or civic bodies;
- Membership of more formalized groups which often entails adherence to mutually-agreed or commonly accepted rules, norms and sanctions; and
- Relationships of trust, reciprocity and exchanges that facilitate co-operation, reduce transaction costs and may provide the basis for informal safety nets amongst the poor.

The above are all inter-related, for example, membership of groups and associations can provide access to certain institutions and in turn influence these institutions (DFID, 1999). Similarly trust develops between people who are connected through kinship relations or other networks.

**Financial capital:** Financial capital is the financial resource that people use to pursue their livelihood objectives (DFID, 1999). The definition includes flows as well as stocks, hence contributing to consumption as well as production. It is the availability of cash or equivalent, that enables people to adopt different livelihood strategies. There are two main sources of financial capital (DFID, 1999).

- Available stocks: Savings are the preferred type of financial capital because they do not have liabilities attached and usually do not cause reliance on others. They can be held in several forms: cash, bank deposits or liquid assets such as livestock and jewelry. Financial resources can also be obtained through credit-providing institutions.
- Regular inflows of money: Excluding earned income, the most common types of inflows are pensions, or other transfers from the state, and remittances. In order to make a positive contribution to financial capital these inflows must be consistent; a one-off payment is not enough to establish this.

**Natural capital:** Natural capital is the term used for the natural resource stocks from which resource flows that are useful for livelihoods (Carney, 1998; Scoones, 1998). The rural poor generally lack access to private assets, therefore the natural resources on which they depend may be common pool resources (Rakodi, 1999). Natural capital also includes intangible public goods such as the atmosphere and biodiversity as well as assets used directly for production such as trees, land, etc. (DFID, 1999).

**Physical capital:** Physical capital comprises the basic infrastructure and producer goods needed to support livelihoods. Important types of physical capital are infrastructure and producer goods. Infrastructure consists of changes to the physical environment that help people to meet their basic needs and to be more productive. Producer goods are the tools and equipment that people use to function more productively (DFID, 1999). The elements of infrastructure that are necessary for sustainable livelihoods are: affordable transport; secure shelter and buildings; adequate water supply and sanitation; clean, affordable energy; and access to information (communications) (DFID, 1999).

### 2.4.3 Vulnerability

The term 'vulnerability' is key in the livelihoods approach. The vulnerability context frames the external environment in which people exist (DFID, 1999). It assesses the resilience of a livelihood's ability to cope with and recover from external stresses and shock, which in turn results in certain strategy in terms of adaptation and coping mechanisms (Davies, 1996).

**Table 2: Examples of trends, shocks and seasonality**

Trends	Shocks	Seasonality
Population trends	Human health shocks	Of prices
Resource trends	Economic shocks	Of production
National/international economic trends	Conflict	Of health
Trends in governance	Crop/livestock health shocks	Of employment opportunities
Technological trends		

In the livelihoods approach vulnerability has two aspects, the external stresses and shocks and the internal capacity to cope (Chambers & Conway, 1991). Stresses are pressures that are typically continuous, cumulative and predictable, whereas shocks are impacts that are more sudden, unpredictable and traumatic (ibid.). The trends, shocks and seasonality examples provided in table 1 can have direct impact on people's assets and the options that are open to them in pursuit of sustainable livelihoods.

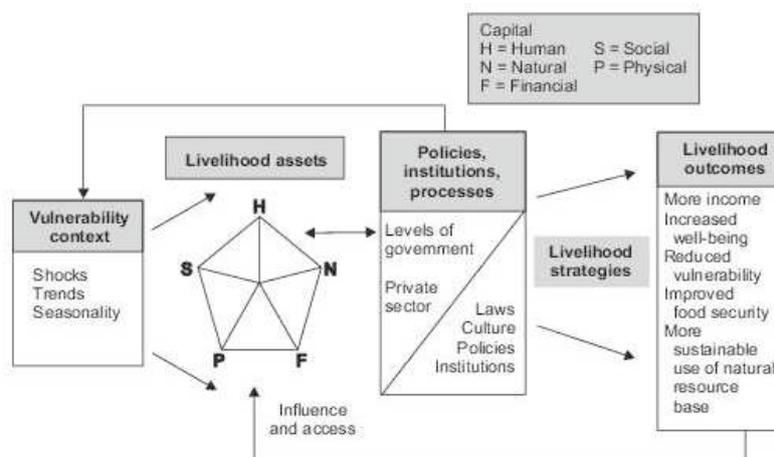
Shocks can destroy assets directly (in the case of floods, storms, civil conflict, etc.), they can also force people to abandon their homes and dispose of assets (such as land) prematurely as part of coping strategies (DFID, 1999). Trends, on the other hand, are more predictable, but nevertheless difficult to influence and cope with. Finally, the seasonal shifts in prices, employment opportunities and food availability continue to be one of the greatest and most enduring sources of hardship for poor people in developing countries (DFID, 1999).

Households' portfolio of tangible and intangible assets can be understood as partly chosen to 'reduce vulnerability and to enable the household to survive stress and shocks with minimum risk of threat to the future livelihood' (Chambers & Conway, 1991). A livelihood strategy therefore refers to the way that people use assets and combine them to meet their needs and secure themselves during tough times (Meikle et al., 2001). It is often the inherent vulnerability of the livelihoods of the poor that makes them unable to cope with stresses, whether predictable or not (DFID, 1999). In turn, this makes it even more difficult to manipulate or influence their environment to reduce those stresses, consequently becoming increasingly vulnerable and finding themselves in a viscous spiral of impoverishment (Rakodi, 1999). Even when trends move in the right direction, the poorest are often unable to benefit because they lack assets and strong institutions working in their favor (DFID, 1999).

#### 2.4.4 Sustainable livelihoods framework

The sustainable livelihoods framework (SLF) provides a checklist of important issues and sketches the way these are linked to each other. It draws attention to core influences and processes and emphasizes the multiple interactions between the various factors that affect livelihoods (DFID, 1999). The SLF revolves around the livelihood assets of the household, called capitals (human, natural, social, physical and financial). The livelihood outcome depends on the policies, institutions and processes that in part influence the vulnerability context, this in turn can be felt by the households as shocks and/or stresses, for example changing market forces or natural hazard. The vulnerability context defines the vulnerability of the household and the ability to cope with these shocks and stresses. Finally the response of the household to its environment forms the livelihood strategy that can lead to more income, increased well-being, reduced vulnerability, improved food security, more sustainable use of natural resources, etc. The model below depicts the dynamics of the livelihoods approach.

Figure 2: Sustainable livelihoods framework



Source: DFID, 2003

### 2.4.5 Livelihood strategies

Households have many different ways of designing their livelihood in such a way that it can cope with stresses and shocks. The way households cope with unfavorable conditions can be called livelihood strategies, they form the security of the livelihood. Though not all households are equal in their ability to establish a sustainable livelihood. From a livelihoods perspective, the broad goal of poverty alleviation is to develop individual, family and community capacities to improve their livelihood systems (Singh & Gilman, 2000). To understand these systems, people's coping and adaptive strategies are important entry points for analysis (ibid.).

The combination of activities that are pursued are called livelihood portfolios, where some portfolios may be highly specialized other can be rather diverse (Scoones, 1998). Livelihood studies have discovered that many people in rural areas have opted for a strategy of multitasking and income diversification (Bryceson et al., 2000). There is a tendency towards livelihood diversification, which is '*a process by which households construct an increasingly diverse portfolio of activities and assets in order to survive and to improve their standard of living*' (Ellis, 2000). However the 'strategy' of diversification is not always pursued as such, but rather as a reaction to certain circumstances. This type of livelihoods diversification increasingly involves commuting from the countryside to urban centers, the rural poor are increasingly engaging in both urban and rural life to spread economic risk (Zoomers, 2008). Therefore the rural poor are no longer rooted in one place, they are increasingly attached to other places while maintaining relations with their home communities (Zoomers, 2008).

A distinction can be made between income diversification and livelihood diversification; Ellis (1998) claims that it is not the same. The term income diversification refers to the composition of household income at one point in time, whereas livelihood diversification can be interpreted as an active social process in which households employ an increasingly complex portfolio of activities over time (Ellis, 1998).

There are also other livelihood strategies to be found, Zoomers (1999) distinguishes four categories of strategies in her study of rural livelihoods in the Andes, namely accumulation, consolidation, compensatory and security. Zoomers stresses that any given strategy should be conceived as a stage rather than a structural category. Starting with *accumulation strategies*, it requires establishing a minimum resource base and preparation for future expansion (Zoomers, 1999). The goal is to obtain the minimum maneuvering space required for upward social mobility. According to Zoomers (1999) accumulation is usually guided by a long-term strategic view of future income resources, strategies include migration, land acquisition and labor recruitment. After achieving a level of prosperity followed by a period of upward mobility, wealthier households apply the *strategy of consolidation*, which involves investments to stabilize the household's well being and improve its quality in the short-term; in this case households have additional assets to invest (Zoomers, 1999). Third, *compensatory strategies* exist among households dealing with a sudden shock, such as crop failure or loss of labor (Zoomers, 1999). In this case they experience downward social mobility and struggle to survive, to find a way up (again), through migration, economizing, selling capitals, borrowing and reliance on family social security (ibid.). Finally, *security strategies* include diversification by multi-tasking, exploring non-agricultural opportunities and stockpiling (Zoomers, 1999). Zoomers has clearly defined that there is a certain sequence in the strategies or coping reactions of rural livelihoods. This shows that livelihoods strategies change over time and are adaptable to different circumstances, this is important to acknowledge as it is sometime forgotten that once a strategy is put into motion it is possible that it might change over time.

#### **2.4.6 Conclusion: Expanding the horizontal elements of value chain analysis**

As an expansion of the horizontal elements of value chain analysis, the livelihoods approach provides a holistic picture of a household dynamics that are indirectly affected by chain dynamics. It helps to analyze the importance of craft making for the livelihoods of kente weavers and how it is incorporated in their lives. This approach is therefore very suitable for this research because it provides a framework that guides the researcher to understand the interconnectedness of the different capitals. Also the livelihoods approach is strongly related to income and work and therefore combines well with research on kente weavers and their working conditions and helps to understand the underlying aspects from the household perspective that can hamper or enhance the position of the weavers within the industry. Thus, it is important to emphasize the institutional context that is embedded in the livelihoods of the households of kente weavers.

## 2.5 Conceptual framework

The value chain analysis approach has been chosen for its ability to systematically investigate chain structure and governance and the effects it has on the stakeholders within the chain. However, it lacks a holistic perspective, because it pays less attention to concepts as sustainable livelihoods, institutions, social capital and trust. According to Bolwig et al. (2010) little attention has been paid so far to integrating 'horizontal' and 'vertical' in the analysis of impacts of value chain activities, *'resulting in the failure to account properly for how the local workings and impacts of value chain analysis are mediated by factors relating to social relation, local history and environment'* (Bolwig et al., 2010: 172). The integration of poverty considerations in value chain analysis expands the range of issues that need to be studied. In addition to a detailed analysis of the nature of people's access to the different resources and assets on which they rely for their livelihoods, there is a need for a methodology that can mediate between different levels of social process, for example linking household-level analyses with global and national processes (Murray, 2002 in Bolwig et al., 2010). Attention should be paid both to the vertical links – the value chains that link local livelihoods upstream and downstream to networks of production and exchange (Kaplinsky, 2000; du Toit, 2002) – and to the horizontal ones – the ways in which globalized systems impact on local livelihoods (Goodman and Watts, 1994).

Thus in order to understand the implications for poverty, value chain integration or upgrading requires, on the one hand analysis of the power relations that exist within the chain itself and on the other the power and inequality in the local systems within which chain actors and their communities are situated (du Toit, 2004b in Bolwig et al., 2010). As has been outlined in the theoretical framework, each of the approaches has its advantages and disadvantages. In an attempt to overcome the disadvantages of the different theories a combination will be made of the most suitable indicators from both approaches. The conceptual framework combines key concepts from the value chain literature with socio-economic concepts related to household level livelihood strategies and decision-making. The latter highlights the capitals the households have access to and shed light on the effects of changes in the weaving activities. On the other hand the value chain side of the conceptual framework identifies the markets in which the weavers operate and the structure of relationships between firms within the value chain. By combining these two approaches this study will attempt to take into account a wide scope of influences that impact on the weavers' lives. By examining business opportunities on the one hand and household opportunities on the other this will provide a comprehensive analysis of the current conditions and future opportunities. By integrating the livelihoods approach and the value chain approach the conceptual framework will cover both the 'vertical' and 'horizontal' aspects of value chains that affect poverty and sustainability. This framework guides the research to increase understanding of the detailed and locally nuanced understanding of internal structures and composition of livelihoods with the broader political economy within which they are embedded.

### 2.5.1 Vertical analysis

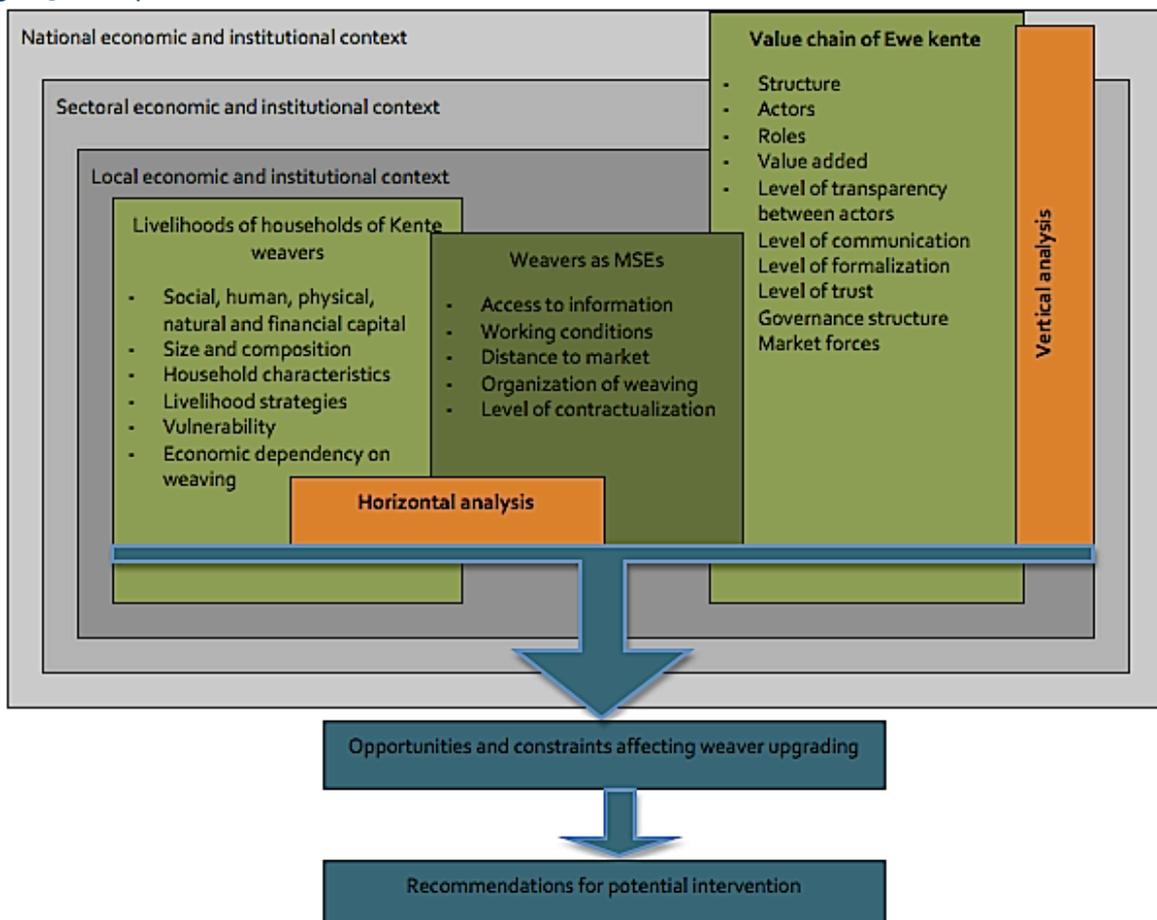
The vertical analysis is an analysis of the value chain of Ewe kente. It aims at identifying opportunities that can strengthen the position and economic benefits of the producers. Therefore all actors involved in the value chain will be identified as well as their role and relative position to the kente weavers (producers) and other enterprises in the chain. Furthermore, also other influences that affect producers such as market fluctuations, changing consumer demands, increased supply costs, transportation costs, availability and access to information and other incentives and disincentives are identified (Dunn & Villeda, 2005). These other forces are called 'market forces'. It is also useful to identify the different market and retail channels, and their geographical locations. Besides mapping the tangible aspects of the chain of Ewe kente, the underlying structure, or intangibles, is very important to understand.

These include the level of transparency and the level of trust between actors, the availability of essential information and level of accessibility and the underlying institutional context.

### 2.5.2 Horizontal analysis

The horizontal analysis refers to the households of weavers and the self-employed weavers, at which poverty dimensions and labor issues stand central. The conceptual framework that will help to understand the household level is rooted in the livelihoods approach. However, this holistic approach to understanding household dynamics will be viewed from the perspective of weaving and how it affects the household economically, in other words the economic significance of weaving within the household. Institutions can also influence household dynamics. The term 'institutions' is meant in the broadest sense of the word as outlined in the theoretical framework. This includes social conduct within society (e.g. gendered patterns and hierarchical authority), physical institutions that enable/disable ease of living (i.e. banks, churches, schools) and overarching governmental institutions such as municipalities. In the conceptual model this has not been highlighted separately, but exists in the local, sectoral and national context. Together the aforementioned assets and institutions affect the households' ability to cope with shocks and respond to opportunities and constraints. The household responses are livelihoods strategies that try to deal with local and regional circumstances.

Figure 3: Conceptual model



## RESEARCH METHODOLOGY



## 3. Research Methodology

### 3.1 Main research question and objectives

The focus of this research will be on the characteristics of micro enterprises of weavers, their position in the value chain as a whole and what their relationships are with other actors in the chain. In order to understand these socio-economic conditions of weavers and their position in the value chain the following objectives and research questions have been formulated.

**Research objective:** To gain insight in the social and economic characteristics of the kente weavers in the Adaklu-Anyigbe district in Ghana in order to identify opportunities to improve the economic benefits for producers of kente in the value chain.

**Sub-objectives:**

1. Produce a value chain analysis in order to identify opportunities to enhance benefits for the weavers of kente.
2. Produce a baseline study of the socio-economic characteristics in order to assess the necessity for an intervention by SNV, based on criteria of impact on poverty alleviation.
3. Provide recommendations for a strategic intervention.
4. Review the advantages and disadvantages of combining the livelihoods approach and value chain analysis approach.

**Main research question:** *What are the social and economic conditions of the kente weavers in the Volta Region in Ghana and how can these conditions be improved through the enhancement of the kente value chain?*

### 3.2 Sub-questions

In order to understand the socio-economic conditions of weavers and their position in the value chain the following sub-questions have been formulated.

**Phase 1: Value chain analysis**

1. How is the value chain of Ewe kente structured? Who are the actors involved and what is their influence on the value chain?
2. How in the value chain of Ewe kente is value addition distributed and who benefits the most?
3. What are the governance structures within the kente value chain, and how do these relate to prospects of upgrading?

**Phase 2: Socio-economic conditions of weavers and their households**

4. What are the social and economic characteristics of the households of kente weavers?
5. How is weaving production organized in the Adaklu-Anyigbe district? And what are the work conditions of the weavers of kente?
6. What is the economic significance of weaving for the local economy and the livelihoods of the producers?

**Phase 3: Identifying constraints and opportunities.**

7. What are the different constraints for upgrading for weavers in the value chain of Ewe kente?

8. How can the value chain be improved, in favor of the livelihoods of the weavers and their households?

### 3.3 Operationalization

This study can be divided into three phases, accordingly there are three research objectives. First, in order to understand how the position of the weavers in the value chain relates to their livelihood it is important to ask 'How is the value chain of kente structured and how does it affect the weavers' livelihoods?' Second, in order to understand the livelihoods of the households of kente weavers the following question must be asked: 'What are the social and economic characteristics of the kente weavers?' Finally, the third question refers to what must happen in the future in order to reduce poverty, thus 'What are the constraints and opportunities that can improve the livelihoods of the weavers?' In order to structure the research accordingly differently, and the most suitable, research methods have been assigned to each of the phases. The first phase focuses on the value chain analysis and the second phase on establishing a baseline of the social and economic characteristics of the kente weavers and their households.

It was decided to use the livelihoods approach as a guideline to structure the second phase of this study, however it must be noted that this research will adapt the approach in such a way that it is most suitable. As the research is aimed at understanding the livelihoods of the households of weavers and the weavers' position within the value chain the application of the livelihoods approach will focus on the weavers themselves. This means that only weavers will be interviewed for the household survey and based on this information the general household situation will be sketched. Another adaptation in the application of the livelihoods approach is that this research intends to make a baseline study, implying that the focus will be on the current situation. Whereas the traditional application of the livelihoods approach is focused on the changes in the livelihoods of the poor this study intends to create a baseline for SNV in order for it to measure change after a possible intervention.

Lastly, the third phase focuses on understanding the dynamics between the livelihoods of the weavers and their position in the value chain. The eight sub-questions identified previously are 'stepping stones' towards answering the main research question. Going into further detail, the terms, concepts and variables that will be used to analyze the data will be explained here, called the operationalization.

#### Phase 1: Value chain analysis

In accordance with the approach of value chain analysis that has been discussed in the theoretical chapter, both the 'tangible' and 'intangible' aspects of the value chain will be examined. In general, the focus of the research questions will be on the characteristics of micro enterprises of weavers, their position in the value chain as a whole and what their relationships are with other actors in the chain. In order to determine where, along the value chain, the value is added it should be determined at which stages how much value is added compared to the amount of work that is executed. Lastly, as discussed in the theoretical chapter, value chain analysis is not limited to the mapping of the actors involved in the chain. Gereffi's five types of governance are taken as a reference to determine the type of governance structure that exists within the chain. Also the consequences of this governance structure are analyzed to determine constraints within the chain that hamper the development of the production base of kente.

**Table 3: Summary of indicators and definitions of phase 1**

Value chain	Describes the full range of activities required to bring a product from its conception to its end use
Actors	The firms/people/associations/NGOs that are involved in the value chain for whichever reason
Roles	The level of influence and power each actor has within the value chain
Upgrading	Categorized by five types: process, product, functional, inter-chain and inter-sectoral upgrading
Value added	The economic value that it added to the product at each element in the value chain
Level of formalization	The amount of formalized enterprises, the amount of formal contracts between actors in the value chain
Level of trust	The extent to which actors in the value chain trust other actors
Governance structure	Categorized by five types: market relations, modular, relational, captive value chains and hierarchical structures
Market forces	Market fluctuations, changing consumer demands, increased supply costs, transportation costs, availability and access to information and other incentives and disincentives

### Phase 2: Socio-economic conditions of weavers and their households

A household in Ghana is a rather complex concept. The working definition used by the Ghana Statistical Service (GSS) 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, 2008). Some elements in this definition leave room for interpretation; therefore it was chosen to define a more simple and straightforward description for the purpose of this research, namely 'all persons that live together under one roof'. According to the Ghana Living Standards Survey (GLSS) (2008: 5) the household size in rural localities are generally larger than those in urban localities. It can also be explained by the notion of extended family; families and extended-family members take care of one another in times of difficulties. Households can be enlarged by the inclusion of extended family members often due to difficult personal circumstances. The GLS survey results show that large household sizes are common in the rural areas; a combination of factors determines the composition of households (GLSS 5, 2008). While the desire for large families exists in some traditional homes, especially in the rural areas, extended family systems sometimes lean on the more privileged members of the society in the urban centers to take care of their less fortunate relatives from rural areas (GLSS 5, 2008). The national annual average household income in Ghana is GH 1217 (€ 695), with the average per capita income is almost GH 400 (€ 228). Given this background information on the national averages and general standard of a Ghanaian household it is interesting to see if households of kente weavers can be considered 'normal' compared to the national standard.

In order to do this the strength of livelihoods of the households of kente weavers will be assessed, a livelihood is a combination of activities and capitals the together form a living. Five types of capitals will be explored: social, human, physical, natural and financial capital. Furthermore, not only does the household situation have influence on the business conduct of the micro enterprises of the kente weavers, but also the conditions under which they are working. To conclude the first phase of the research the third question refers to the scope of the industry within the Adaklu-Anyigbe district. This is in terms of the number of people working as kente weavers and what is the economic significance for each of them and for the district as a whole. A list of the indicators and definitions that will be used in the first phase is summarized below.

**Table 4: Summary of indicators and definitions of phase 2**

Social capital	Networks and relations individuals have with others, on which they make claims
Financial capital	Income activities, access to credit and savings
Human capital	Highest completed formal education, training and skills
Natural capital	Access to land, access to natural resources
Household	A number of people who live together in one house
Household characteristics	Household composition, size
Economic dependency on weaving	The relative income from Kente compared to other household income activities
Vulnerability	The number of influences that negatively affect the strength of the livelihood of the households of weavers
Livelihood strategies	Income diversification, specialization, making claims
Access to information	The amount of information that weavers in the value chain have access to
Working conditions	Electricity and shelter from the rain at the workplace
Distance to market	The relative and absolute distance between the weaver and its market, including suppliers and retailers
Organization of weaving	The number of weaving associations and the number of individual weavers
Level of contractualization	The number of weavers that work based on a contract
Economic significance	Percentage of people that weave in the Adaklu-Anyigbe district

### Phase 3: Identifying constraints and opportunities.

Finally, arriving at the final phase of this research the aim is to bring the first two phases together to see the entire scope of the findings from the livelihoods approach and the value chain analysis. These findings should be able to provide insight in aspects that are making it difficult for the micro enterprises of kente weavers to perform well or better.

In order to expand the horizontal elements of value chain analysis the link is made between the livelihoods of the households of kente weavers and their position within the value chain. So far the previous questions have tried to identify the constraints that the livelihoods, the working conditions and the dynamics of the chain have on the weavers themselves. However, it is important to take it one step further and analyze how these constraints can either be turned into opportunities or how they can be avoided. Therefore this phase looks into the future to identify opportunities for improvement for the benefit of the weavers and their livelihoods.

## 3.4 Research methods

### 3.4.1 Research area

The geographical scope of this research will be one district in the most Southeastern region in Ghana, the Volta Region. The district in this region that has been chosen to conduct this research is the Adaklu-Anyigbe district, Southeast of the regional capital, Ho. In 2006 the Adaklu-Anyigbe district was carved out of the then Ho Municipality. It is quite a large rural district, covering 1060 km<sup>2</sup> bordered by Togo to the East. It has a population of nearly 53,000 people.

Within the district three traditional areas are present, namely Agotime, Adaklu and Ziope, each having its own paramount chief and system of sub-chiefs. The Agotime Traditional Area is especially known for its longstanding tradition of kente weaving with Ewe patterns and designs. Only later have other Traditional Areas started to increase their activity in this business. Consequently most weavers are concentrated in the Agotime Traditional Area, therefore this research is focused on Agotime rather the other two areas.

### 3.4.2 Data collection

In order to achieve the objectives of this research both qualitative and quantitative research methods have been combined. However, before conducting field research secondary research was done by means of academic literature on topics related to the livelihoods approach, value chain analysis and institutions. This laid the basis for the conceptual framework, which gives shape to the research methodology. After defining the boundaries and the most important concepts and indicators of the research the actual field research could start.

During the fieldwork a sample of 50 individual weavers were approached to conduct in-depth interviews (of approximately one hour per interview). The in-depth interviews were guided by a structured questionnaire. As Agotime inhabits most weavers relative to the other areas it was chosen to start from the capital of Agotime, Kpetoe, clustering the interviewees according to small communities. Thus, the sample of weavers was drawn based on cluster sampling.

However, the communities that were visited were chosen based on convenience sampling, in that it depended on the translator (who was also a weaver) who knew where most weavers were located. Once in the community it was decided that depending on its size between 2 and 4 weavers would be interviewed, in the end and number of 22 communities were visited. In addition to the survey the information was crosschecked with others that are familiar with the context.

The second phase was geared at gathering information on the other actors in the value chain. For this part of the research the value chain of Ewe kente was examined. Basically, value chain analysis involved (Mayoux, 2003):

- **Mapping** the chain involved in a particular production sector, identifying what the different types of activities are, their geographical location and the actors involved and what their roles are at different levels.
- Investigating the **relative distribution** of 'values' and the reasons for inequalities and/or inefficiencies and blockages in the chain.
- Identification of **potential 'leverage' points** for upgrading the chain as a whole and/or redistributing values in favor of those at the bottom.

To make a map of the value chain several sources of information must be consulted to create a holistic picture of the chain. This was less structured than the first phase, however it was exploratory research and therefore inherently more ad hoc. The input from the survey at production level was used to identify the actors upstream and downstream in the value chain. Interviews with other actors in the chain were guided by semi-structured interviews in order to provide room for discussion and additional information. Also additional data about economic activity and background information about the district was gathered from the Adaklu-Anyigbe District Assembly and Ghana Statistical Services. Finally, after gathering the greatest part of the information three focus group sessions were held with weavers to receive feedback on the preliminary findings. This provided additional insights in the dynamics of the household as well as that of the value chain.

Lastly, the third phase of this research is aimed at identifying constraints that are negatively affecting the business conduct and the livelihoods of the weavers and where possible opportunities are identified for the improvement of the situation of the weavers. In order to do this analysis of the data gathered in the first two phases is required. Data analysis for the quantitative data must answer the question 'how much is happening to how many people', while the qualitative data must answer the question 'what is the depth of the issue'. Together the analysis of the first two phases must answer the question 'what are possible solutions to the issues'.

### 3.5 Limitations and risks

There are several limitations related to conducting this research and data collection. First of all, as a foreigner it is difficult to communicate with respondents in the localities, therefore a translator is needed and in any translation part of the real meaning may get lost. Also, there are many occasions for misunderstandings. On my own account, especially in the beginning I was not familiar with the Ghanaian culture. Another limitation related to data collection is the fact that the Adaklu-Anyigbe district was carved out of the Ho municipal in 2004. This has a great effect on the availability of demographic information as well as information on economic activity in the district. Also the timeframe in which this research has been conducted was limited. It allows only for a basic understanding of the situation, whereas a longer period of time would provide more insight in the intangible aspects of the society. Furthermore, as the research was mainly focused on the production level of the value chain less effort was put into gathering more quantitative data from other actors in the chain. Within the available time it was attempted to visit as many communities and weavers as possible.

In total a number of 22 communities were visited and 50 respondents were interviewed. However, this is only a small portion of the total number of weavers in the Adaklu-Anyigbe district therefore this must be taken into consideration when reading the findings of this report.

In term of risks it is important that none of the parties involved experience damage as a result of this research. In this research there are three parties involved, namely SNV as the commissioner, the researcher and the respondents. Therefore the following measures have been taken into account in order to protect each of the party's interests:

- The respondents will be asked to cooperate on a voluntary basis, no misrepresentations will be told about the research.
- The collected data will be processed anonymously and the outcomes will not have a negative effect on the respondent.
- The researcher will conduct the research in a transparent and objective manner, and will not provide the research outcomes to third parties without permission from SNV.
- SNV has all the rights of the research outcomes.

In consideration of gender issues within the local context and in reference to weaving, there are certain roles that are embedded in society. However, despite academic concern for empowerment of women, I feel that it is important to respect these gender roles and be realistic about any recommendations of changing these.

### 3.6 SNV as the host organization

SNV Netherlands Development Organization is a Dutch international development organization with over 40 years of experience, it was formally established in 1965. SNV currently works in 34 countries in Africa, Asia, Latin America and the Balkans, with an increasing presence of national advisors in these countries. SNV supports national and local actors within government, civil society and the private sector 'to find and implement local solutions to social and economic development challenges' (SNV, 2009).

#### History

SNV was born out of the Jongeren Vrijwilligers Programma (JVP), or Young People's Voluntary Programme, which was set up in 1963. In 1965, the Stichting Nederlandse Vrijwilligers (SNV) or Foundation of Netherlands Volunteers was founded (SNV, 2009). It concentrated on posting young Dutch volunteers to share know-how with groups in the South and to help develop middle management skills in those countries (ibid.). Since the 1990s the Foundation of Netherlands

Volunteers changed its name to SNV Netherlands Development Organisation. Also the emphasis of SNV's work has shifted from technical assistance to advisory services. The advice is primarily directed at arming local people in their fight against poverty. Since January 2002 SNV has been separated from the Ministry of Foreign Affairs and the new relationship between the Ministry and SNV is now one of subsidizer and subsidy recipient (SNV, 2009). From this position SNV aims to be a main supplier of capacity-building support to meso-level organizations (ibid.). In 2006 the Ministry and SNV signed a long-term agreement for intensive cooperation in the period up to 2015. SNV will use its unique position and outreach potential to strengthen its complementarity with other international players and with DGIS in particular (SNV, 2009). In 2007 a new SNV Corporate Strategy was approved for the years up to and including 2015. A fundamental change in the new strategy is that it focuses activities on two main impact areas, namely basic services and production, income and employment.

### **Mission**

The mission of SNV (2009) states: *"SNV is dedicated to a society in which all people enjoy the freedom to pursue their own sustainable development. SNV contributes to this by strengthening the capacity of local organizations. The motto is, 'Connecting People's Capacities', reflecting the focus on the empowerment of people and local organizations in the fight against poverty."*

### **Strategy**

The approach to poverty alleviation is reflected in the central elements of SNV's corporate strategy. SNV's main aim is to contribute to poverty reduction by developing capacity of local actors. From this main aim two main focuses are derived, namely 'production, income and employment' (PIE) and 'access to basic services' (BASE), under which five global sectors are targeted. These are tourism, water and sanitation, renewable energy, agriculture and education. These global sectors cut across all countries and are relevant for each region. In addition, there are also non-global sectors that are more region-specific. In the strategy paper of 2007-2015 SNV's objective is to reduce the 'weight' of its presence in the target countries. It has defined itself as a 'matchmaker', by using a multi-actor approach SNV tries to connect the actors working at micro and macro levels with each other. These actors can be from the private sector, civil society and from the public sector, SNV strives to create new and lasting partnerships between them.

### **Ghana's Eastern Portfolio**

The Eastern Portfolio has most of its activities focused in the Volta Region. It has been operating since 2002 and helps to strengthen the capacities of local government institutions and NGOs (SNV, 2009). Currently the Eastern Portfolio is working in the impact areas BASE and PIE, where strategic choices have been made to work in education, health, fruits, honey and tourism.

## LEARNING FROM THE WEAVERS OF EWE KENTE: WEAVING TO MAKE ENDS MEET



## 4. National, regional and local context

### 4.1 National context

#### Introduction to Ghana

Ghana is a country with several 'firsts', it was the first place in Sub-Saharan Africa where Europeans appeared to trade, also the first Sub-Saharan African nation to attain independence from colonial rule and the first black African nation to have a multi-party democracy (BBC, 2010). However, before independence in 1957, Ghana was known as the Gold Coast. The country was formed by a merger between the Gold Coast and British Togoland by a by a United Nations sponsored plebiscite in 1956 (Ghana Districts, 2006). In 1957 Ghana became the first sub-Saharan African country to gain its independence (ibid.). Kwame Nkrumah was the first Prime Minister and then President of the modern Ghanaian state, he became the most outspoken proponent of a continental African strategy for pan-Africanism (Asante, 2007). He had a dream of a united Africa that would not drift into neo-colonialism. Ghana's current principles of freedom and justice, equity and free

education for all, regardless of ethnic background, religion or creed, borrow from Nkrumah's implementation of Pan-Africanism (Ghana Districts, 2006). Despite the fact that African unity was never realized Nkrumah played an instrumental part in the founding of the Organisation of African Unity, now know as the African Union since 2002.

It is generally accepted that Ghana is a well-administered country by regional standards, it is often seen as a model for political and economic reform in Africa (BBC, 2010). According to the Ibrahim Index Ghana scored 66.0 out of 100 in 2007/08, and was ranked seventh out of 53 African countries. The Ibrahim Index measures 'the delivery of public goods and services to citizens by government and non-state actors across 84 indicators of governance' (Ibrahim Foundation, 2009). The four overall categories are Safety and Security, Participation and Human Rights, Sustainable Economic Opportunity and Human Development. Within the West African region consisting of 16 countries, Ghana ranked second with a score of 51.7 (Ibrahim Foundation, 2009). However, Ghana scored rather poorly in the category of Sustainable Economic Opportunity compared to the other categories. As can be seen from table 5 Ghana scores high on rural financial services development, however apparently this has not translated into access to credit for the private sector s it scores only 16.7 percent. Also in terms of infrastructure Ghana is slacking, especially with the reliability of electricity supply. Computer and internet usage is low as well, however Ghana has a relatively high percentage of mobile phone subscribers. The index also reveals that there is a higher rate of rural corruption relative to the national average, moreover it scores lower than the regional average.

Map 1: Ghana



Source: Oxford Cartographers, n.d.

Table 5: Indicators of the Ibrahim Index of Ghana, 2009

Topic	National average (%)	Regional average (West Africa) (%)
<b><u>Safety and rule of law</u></b>	<b>71.3</b>	<b>58.2</b>
• personal safety	51.5	52.6
• rule of law	78.0	51.6
• accountability and corruption	59.3	42.5
- accountability, transparency and corruption in rural areas	38.2	41.5
• national security	96.2	85.9
<b><u>Participation and human rights</u></b>	<b>75.2</b>	<b>54.0</b>
• participation	86.2	59.8
• rights	80.5	57.1
• gender	59.0	44.4
<b><u>Sustainable economic opportunity</u></b>	<b>49.7</b>	<b>43.8</b>
• economic management	51.1	53.1
• private sector	58.4	49.6
- access to credit	16.7	14.6
• infrastructure	22.8	20.9
- reliability of electricity supply	0.0	15.6
- mobile phone subscribers	47.9	33.4
- computer usage	2.3	9.3
- internet usage	11.0	12.7
• environment and rural sector	66.4	51.8
- rural financial services development	93.8	64.0
<b><u>Human development</u></b>	<b>67.7</b>	<b>51.0</b>
• education	77.8	60.7
	57.6	41.3

Source: Ibrahim Index of Ghana, 2009

### Ghanaian economy

Ghana has approximately two times the per capita output of the poorest countries in West Africa (CIA The World Factbook, 2010). However, it still remains heavily dependent on international financial and technical assistance (ibid.). One of Ghana's main export products is cocoa, making it the second-largest producer in the world (BBC, 2010). Also gold and individual remittances are major sources of foreign exchange. But there are also increasing expectations of an economic boost, due to the discovery of major offshore oil reserves 2007. It is expected that oil production can begin in late 2010 or early 2011 (CIA The World Factbook, 2010). However, so far the domestic economy has continued to depend on agriculture, which employs more than half of the work force, mainly small landholders, and accounts for more than a third of GDP and (IFAD, 2010; CIA The World Factbook, 2010).

During the last decade Ghana's economy has grown significantly. Ghana's GDP increased by 5.4 percent annually and per capita GDP grew at 3 percent per annum between 2001 and 2007 (UNECA, 2010). By 2008 there was a growth of 7.3 percent of GDP (IFAD, 2010). Compared tot the preceding decade (1991-2000), when GDP grew at only 4.3 percent and GDP per capita at 1.6 percent on average per year, this is an improvement (UNECA, 2010). ). However, the major sector in terms of employment reached only meager growth rates of 3.8 percent between 2001-2007 compared to 7.2 and 6.2 percent for the industry and services, respectively (UNECA, 2010). The growth in the industry and services sectors was attributed to the reforms undertaken after 1983 under the Structural Adjustment Programme (SAP) supported by the IMF and the World Bank (UNECA, 2010).

However, due to the slower growth of the agricultural sector Ghana signed a Millennium Challenge Corporation (MCC) Compact in 2006, aimed at transforming the agricultural sector.

During the difficult times of the economic crisis Ghana was able to maintain GDP growth in 2008 and 2009 due to high prices for gold and cocoa (BBC, 2010; CIA The World Factbook, 2010). However, in the midst of concerns of the impact that the recession would have on developing countries Ghana secured a 600 million dollar three-year loan from the International Monetary Fund (IMF). However, despite all the efforts Ghana's economy was seriously affected by the economic crisis. The GDP growth rate has decreased to 4.5 percent in 2009 down from 6.7 percent in 2008. Consequently decreasing domestic revenue and grants, increased inflation, and high current account deficits are threatening the accomplishments of the last two decades (UNECA, 2010). In table 6 some key figures are presented.

**Table 6: Ghana's key economic and social indicators**

	1983	1984	1992	1999	2006	2007	2008*	2009**
GDP per capita (current \$US)	277	301	434	405	681	698	714	719
GDP growth (%)	-4.6	8.6	3.9	4.4	6.4	6.3	6.2	4.5
Inflation (%)	123	41.1	10.3	12.4	10.9	19.4	16.5	17.5
Poverty headcounts (%)			50.0	39.5	28.5			
Unemployment (%)		2.8	4.7	10.4	5.8			

Source: UNECA, 2010; \* Provisional, \*\* Estimate

### Political environment

Even though Ghana is rich in mineral resources, has a good education system and relatively efficient civil service and thus had the ingredients for economic growth, corruption and mismanagement prevailed soon after independence in 1957 (BBC, 2010). While Nkrumah was abroad 1966, the government was overthrown by the military. The first coup unleashed continuing instability, with a series of coups from 1966 to 1981. This period ended with the ascension to power of Jerry Rawlings in 1981. He suspended the constitution in 1981 and banned political parties. The economy suffered a severe decline soon after, and many Ghanaians migrated to other countries. Rawlings negotiated a structural adjustment plan with the International Monetary Fund and changed many old economic policies. The economy soon began to recover. In 1992 a new constitution was promoted that restored multi-party politics. Rawlings was elected as president then and again in 1996. As the Constitution of 1992 prohibited a third term, his party, the National Democratic Congress, chose his Vice President, John Atta Mills, to run against the opposition parties. In 2000, John Kufuor of the New Patriotic Party defeated Mills. Kufuor was sworn into office as President in January 2001. He was re-elected in 2004, also serving two terms as President. In 2009, John Atta Mills was elected to office as president with a majority of about 40,000 votes between his party, the National Democratic Congress, and the New Patriotic Party, marking the second time that power had been transferred from one legitimately elected leader to another. This secured Ghana's status as a stable democracy. This culmination into a relatively stable democracy has partly been caused by decentralization. Currently there are 138 district administrative set ups and assemblies. The districts are administered by assemblies of directly elected and appointed members. District Chief Executives (DCE's) who head the assemblies are appointed by the incumbent President and approved by the District Assembly (Ghana Districts, 2006).

### Rural poverty in Ghana

Recently Ghana is emerging as a leading country in the Western and Central Africa region, especially in terms of economic growth and political stability. Therefore it is regarded as able to meet the Millennium Development Goals (MDGs) before the 2015 deadline (IFAD, 2010).

According to IFAD (2010) '*Ghana's growth and poverty reduction rates are probably the best that have been achieved throughout sub-Saharan Africa in the past 15 years*'. So far Ghana has made significant progress towards achieving the first MDG (to halve poverty by 2015), this was made possible by the continued growth in per capita GDP (UNECA, 2010). Thus, rapid economic progress has so far halved national poverty rates, decreasing from around 50 percent in 1991 to 28.5 percent in 2006 (IFAD, 2010; UNDP, 2007). Also those described as extremely poor declined from 26.8 to 18.2 percent in the same period (UNDP, 2007). The largest decline in poverty was found in the Central and Eastern Regions. These regions enjoyed a concentration of programs executed under the President's Special Initiative on cassava, pineapples, and oil palm in the Central Region and export crops of pineapples and cocoa in the Eastern Region (UNDP, 2007). In Ghana there are two main sectors where poverty is particularly prevalent, namely agriculture and the informal sector, with agriculture being the worse affected. However, 29 percent of those involved in micro and small enterprises live below the poverty line (National Policy Group, 2005 in UNDP, 2007). General characteristics of the informal economy are ease of entry and exit, reliance on indigenous resources, small-scale operation, labor intensive, family ownership of most enterprises and an unregulated market (UNDP, 2007). The main activities that are performed in the informal economy in Ghana are agriculture, food processing, clothing metal fabrication and repairs, wood processing, handicraft construction, garage services, trade, restaurant ('chop bar') and transport (UNDP, 2007). In total, agriculture and the informal sector employs 91 percent of the economically active people in Ghana (UNDP, 2007).

Nevertheless, unemployment is still a major problem. Generally, unemployment occurred mostly in urban areas, however rural unemployment also increased during the 1990s (UNDP, 2007). Part of the reason for the high unemployment rate in urban areas is rural-urban migration, which is a result of the limited opportunities and prospects in rural areas. Moreover, once the rural population has found its way to the urban areas they are confronted with the limited job expansion there (UNDP, 2007). Nevertheless, poverty rates dropped in the last decade by 8.6 percent in urban areas and by 10.4 percent in rural areas (IFAD, 2010). More than 50 percent of Ghana's population lives in rural areas, however the poorest parts are the savannah regions of the north. Here people are struggling with chronic food insecurity, limited access to basic social services, safe water, roads that are accessible year round, and a lack of electricity and telephone services (IFAD, 2010). Thus even though there has been a substantial reduction of poverty in Ghana, rural areas are still affected by it (IFAD, 2010).

### **Rural poverty approaches, policies & strategies in Ghana**

Ghana designed the Livelihood Empowerment against Poverty (LEAP) strategy as a response to those negatively affected by the Structural Adjustment Programmes in the 1980s (UNECA, 2010). LEAP is based on Ghana's second Growth and Poverty Reduction Strategy (GPRS), which aims to reach 160,000 families living in extreme poverty. The priorities focus on enrolling and keeping all school-age children in school; a National Health Insurance Scheme for all family members; child registration and expanded immunization; and provisions for protecting all children in the family from child trafficking and child labor (UNECA, 2010). Thematic priorities under the first Growth and Poverty Reduction Strategy are macroeconomic stability; private sector competitiveness; human resource development; and good governance and civic responsibility (CIA The World Factbook, 2010). While the first GPRS focused on programs and projects to reduce poverty, the second concentrates on the implementation of activities that induce growth and have the potential to support the creation of wealth (UNECA, 2010). Thus, the objective is sustainable poverty reduction. However, according to UNECA (2010) Ghana's employment-generating policies lacked effective implementation caused by a scarcity of funds and low rankings in the priority listing of the government budget. Moreover, there was a lack of clear and quantifiable employment targets. Consequently policy-makers were not held accountable to demonstrate transparency (UNECA, 2010).

Other supporting policy documents that are relevant to the kente industry are the National Tourism Policy (2006), the National Culture Policy (2004) and the Policy on Craft Development. The National Tourism Policy aims to develop tourism products that focus on Ghana's strong points such as cultural and historical heritage (National Tourism Policy, 2006). The policy document supporting the tourism policy is the National Cultural Policy, which aims to '*enhance Ghanaian cultural life and develop cultural programs to contribute to the nation's human development and material progress through heritage preservation, conservation, promotion and the use of traditional modern arts and crafts to create wealth and alleviate poverty*' (National Culture Policy, 2004: 10). Thus, it is clear that there is a political foundation for the development of the craft sector, be it for tourism purposes or cultural preservation.

### **Box 2: Chieftaincy in Ghana**

Given the evolutionary nature of chieftaincy, and even the manner chiefs were imposed in some areas by colonial rulers, modernization theorists, in the 1950s and 1960s eagerly predicted and anticipated the withering away of chieftaincy in post-colonial states. The conviction was that chieftaincy would become outmoded and be discarded with its societal roles being replaced with modern institutions of governance. [...] Without doubt, modern political institutions embedded in local government and parliamentary structures undermined indigenous political institutions during decolonization. Nonetheless, "chiefly rulers still managed to retain political significance by projecting themselves as the custodian of cherished local values amidst rapid social change".

Traditionally, every stool is assumed to possess some assets in the form of land. But not all chiefs have this invaluable asset as land in Ghana is owned by powerful families (not necessarily the family of the chief) and elders of these families hold the land in trust for generations yet unborn, just as the chiefs who are lucky to have stool land hold the land in trust for the people. More importantly, since higher education has invariably become one of the qualifications for ascending to any stool in Ghana, many chiefs find it difficult to sit on their expertise in their palaces, especially where the stool has insufficient asset to cater for the well being of the chief and his family. [...] Given the demands of modern life, such chiefs also need to enjoy stable income as opposed to revenues obtained through court fines, royalties which are infrequent, and other dues normally levied on the poor villagers for the upkeep of the chief and his huge retinue.

It must be stressed that the 25 percent of the royalty that goes to the stool is for the chief to expend in order to expand the interests of the stool. These may include carrying out development or infrastructural projects in the town or village, refurbishing the palace and for the maintenance of the chief and his huge retinue. Apart from the stool, the traditional authority utilizes its share of the royalty for general development of the traditional area. [...] It is clear, therefore, that royalties are not used solely by the chief but utilized in the interest of the wider community.

Source: Boafo-Arthur, 2003

## 4.2 Volta Region

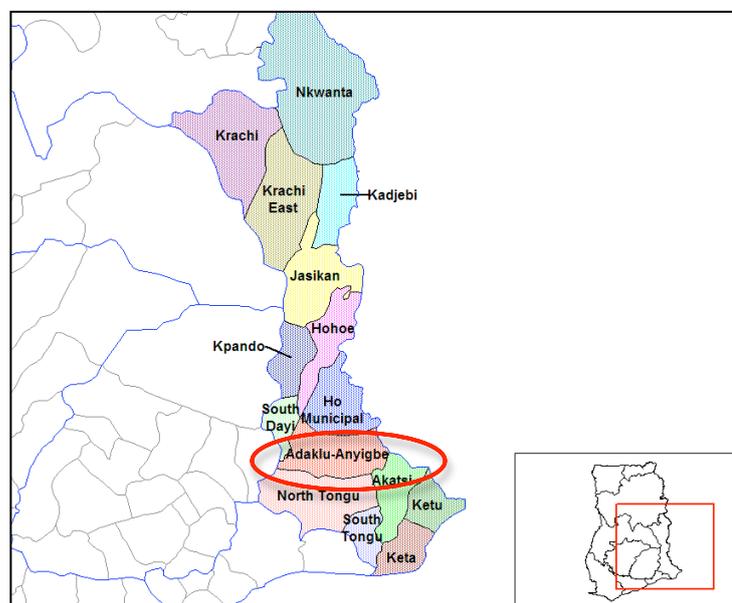
By the early nineteenth century, the British were the most important European power on the Gold Coast (LaVerle, 1995 in Kraamer, 2005). Thereafter, the British extended their control inland via treaties and warfare until by 1902 much of present-day Ghana was a British colony (ibid.). However during this time the German Togoland still included the present Volta Region, by then it was not yet part of the British ruled Gold Coast. Later in 1919 the League of Nations divided German Togoland between the French and the British (Kraamer, 2005). The latter annexed the Volta Region into its administration of the Gold Coast. Finally, Ghana's current borders were realized in 1956 when the Volta Region voted to join Ghana (LaVerle, 1995 in Kraamer, 2005). Of the ten regions that Ghana consists of the Volta Region was the only region that was later added to the former Gold Coast. The region is situated between the current border of Togo and the great Volta lake, therefore to this day the Volta Region is somewhat geographically separated from the main transport and information networks of the country. Some even say that the Volta Region is a subordinated region.

The region holds 8.8 percent of the population (1,612,299) (Population Census, 2000) and is home to the Ewe ethnic group (72.3 %). Other ethnicities in the region are the Guan with 11.9 percent and 6.9 percent Akan (Ghana living standards survey, 2008). The percentage of the population living in urban localities (population of 5,000 or more) in the region has increased from 20.5 percent in 1984 to 27.0 percent in 2000 (Ghana Districts, 2006).

In the Volta Region the majority of the population is self-employed (both with and without employees). According to Ghana Districts (2006) *'every eight out of 10 working people, in all the districts, are self-employed'*. More precisely, the private informal sector engages 82.9 percent while the private sector as a whole (i.e. both the formal and informal sectors), employs nine out of every 10 working people in every district (Ghana Districts, 2006). In addition, a significant number of children aged 7-14 years in the region

are engaged in gainful economic activities (Ghana Districts, 2006). In the region as a whole, 14.2 percent of children aged 7-14 years worked during the 2000 census period, however this proportion varied greatly from 39.1 percent in Nkwanta to 6.0 percent in Keta (Ghana Districts, 2006). This is of great concern of the district administrations that strive for basic education for every child. Other development issues in the Volta Region are mainly related to the lack of sound infrastructure, quickly deteriorating road networks, lack of tarmac roads, etc. Other challenges that need to be met are accessible financial services and other supporting business facilities before it can be considered a suitable business climate.

Map 2: Volta Region



Source: Rarelibra, 2006

### 4.3 Adaklu-Anyigbe district

The Volta region is further divided into 18 districts, of which the Adaklu-Anyigbe district has been chosen the most suitable to for field research. The Adaklu-Anyigbe district is situated 25 km to the South-West of Ho, where the Eastern Portfolio office of SNV is located. Also the Adaklu-Anyigbe district is home to the Ewe's. The Ewe's are a tribe that migrated through many countries and finally descended to the current Volta region in Ghana and Eastern Togo, some created the Agotime Traditional Area, a rural area close to the Togolese border. The largest part of Ewe speakers lives in the south of the Volta Region, however also a smaller portion lives in Togo (Kraamer, 2005). The Ewe's from the Agotime Traditional Area claimed to have brought the art of strip weaving, and that it has spread to other areas of the country subsequently. However, to this day this is a highly contested issue between Ewe's and Ashanti's (another tribe in Ghana, in the Ashanti Region), who also claim the origins of kente weaving. Nevertheless, the art of kente weaving has given character to this area ever since. Nowadays this area is called the Adaklu-Anyigbe district, which consists of three Traditional Areas, namely Agotime, Adaklu and Ziope. Kente weavers are present in each of these Traditional Areas, though the majority is still concentrated in Agotime.

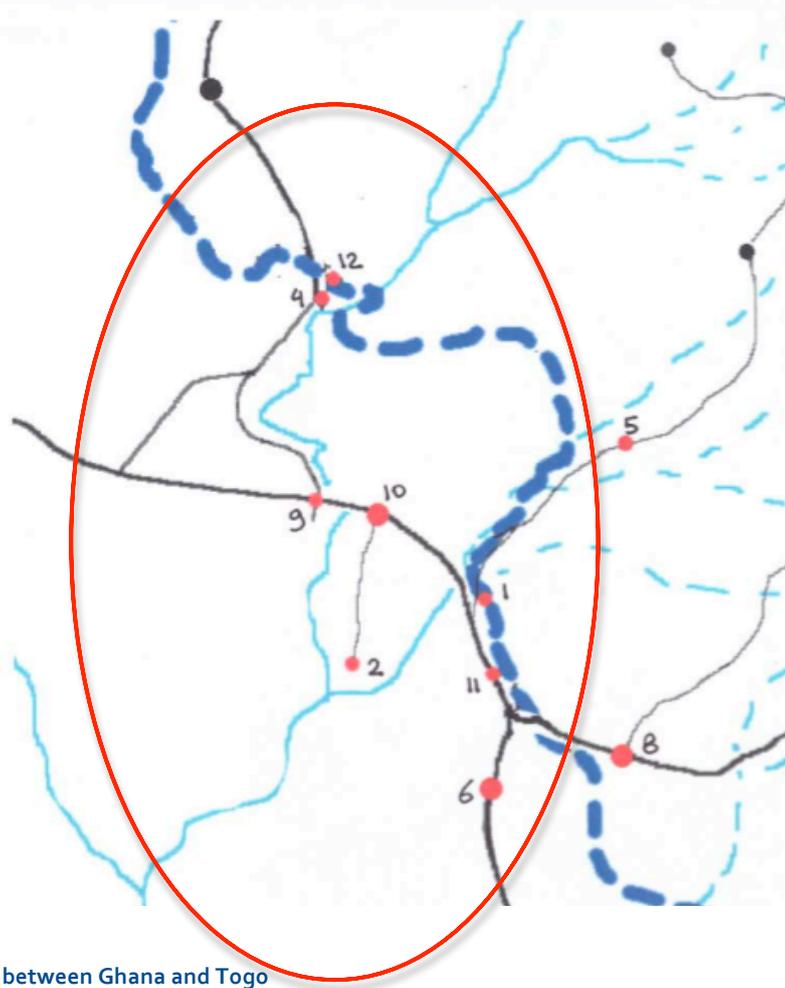
The Adaklu-Anyigbe district used to be included in the then Ho district (now Ho Municipal Assembly), but in 2004 it was separated. The capital of the district is Kpetoe, which is one of the most populated areas. Together the three Traditional Areas consists of about 120 communities. To date there is not much statistical information to be found specifically for this district as the last census was held in 2000, when the Adaklu-Anyigbe district was still part of Ho. Nevertheless the main source of information about the district was found in the Medium-Term Development Plan (2006) for the Adaklu-Anyigbe district. For example, the projected population of 2009 is 59,521 made up of 30,355 (51.3 %) females and 29,166 (48.7 %) males (MTDP, 2006). As the district is still young several development projects await implementation. Examples are the improvement of the road network (there is only one paved road of 41 km), improvement of the drainage system, lack of electricity in several rural communities and the lack of cartographic maps and statistical data on the district.

The most essential economic sector in the district is agriculture, employing about 70 percent of the labor force. Many farmers, including commercial farmers, practice mixed farming. The majority of farmers are small-scale with very few commercial farmers. Subsistence farming is common in the small communities; it is estimated that about 90 percent of the people in rural communities are predominantly involved in farming. However, of the 1200 square kilometers of agricultural land available in the district only 10 percent is used for crop cultivation.

Besides farming, the people of the Adaklu-Anyigbe district also practice kente weaving. Weaving was especially common in Agotime Traditional Area, however it has continued to spread to surrounding villages. Therefore nowadays the whole of the Adaklu-Anyigbe district is involved in kente weaving, though in differing intensities. Currently the development of cultural tourism (with kente as the main cultural trait) is high on the agenda. A visitor center has been built to accommodate tourists and to provide information on kente weaving. Also tours can be arranged from there, however this still awaits development. Nevertheless promotional signboards have been put up at strategic locations in the Volta Region. The Adaklu-Anyigbe district hopes to capitalize on its unique selling point, of being the home of Ewe kente.

Map 3: Agotime in Ghana and Togo

1. Abenyinase
2. Adedome
3. Adzakpa
4. Afegame
5. Aguduvu
6. Akpokofe
7. Amuzukofe
8. Batume
9. Be
10. Kpetoe
11. Wudome
12. Zukpe



Source: Kraamer, 2005

\*Blue dotted line is the border between Ghana and Togo

### **Box 3: The life of kente weavers today**

Weavers are spread throughout the area from the south to the middle of the Volta Region of Ghana, as well as parts of Togo. In Ghana, the population of weavers is denser north of the Anlo, Some and Keta areas, particularly in the Agotime Traditional Area. There is a loom or weaver in nearly every house in the towns and villages in the Agotime area and the Agbozume townships and surroundings. Most weavers (male and female alike) weave for a season, then engage in subsistence fishing or farming for a period and sell their cloth, either in the local markets like Agbozume or by going round to bigger towns, within the region or further afield, searching for buyers.

Today female weavers, liberated from most of the former restrictive taboos, are free to weave even during their menstrual periods without fear of offending any deity or muse. It is gratifying to note that nowadays only a negligible fraction of users of kente are worried about cloths woven by women. On the whole female weavers enjoy equal patronage with their male counterparts and the cloths the women weaver sell for as much as those woven by men.

The majority of the weavers in the Volta Region prefer to market their own products. There are few middlemen in the kente business because of the low profit margins. A few weavers weave on commission, and earn a good living. A small percentage of this category is employed by rich shopkeepers to weave for them and is paid agreed wages. However, most of the present generation of weavers in the Volta Region do not earn much from their business and therefore experience economic hardship. They suffer from the lack of a ready market for their cloth, as well as the high cost of yarn. Some weavers sell their cloth in local markets such as Agbozume or larger towns, but most go further afield to search for buyers in major commercial centers.

Kente merchandise is mainly sold to the tourist market, and is sometimes made to suit tourists tastes, but most towns in the Volta Region are not important enough tourist destinations, unlike Accra, Kumasi and Cape Coast. Within the Volta Region there are therefore very few foreign tourists who might buy kente. It is for these reasons that most kente weavers engage in subsistent farming or fishing on a part time basis to make ends meet, even though all the weavers are working hard to preserve the art of Ewe kente. A cross section of local buyers, users and traders in kente agree that the meanings of the names of the cloths do not influence their choices or the market potential of the cloth. The choice of cloth is influenced more by the color and the occasion when it will be worn than by traditional names and meanings.

(Ahiagble, 2004: 19-22)

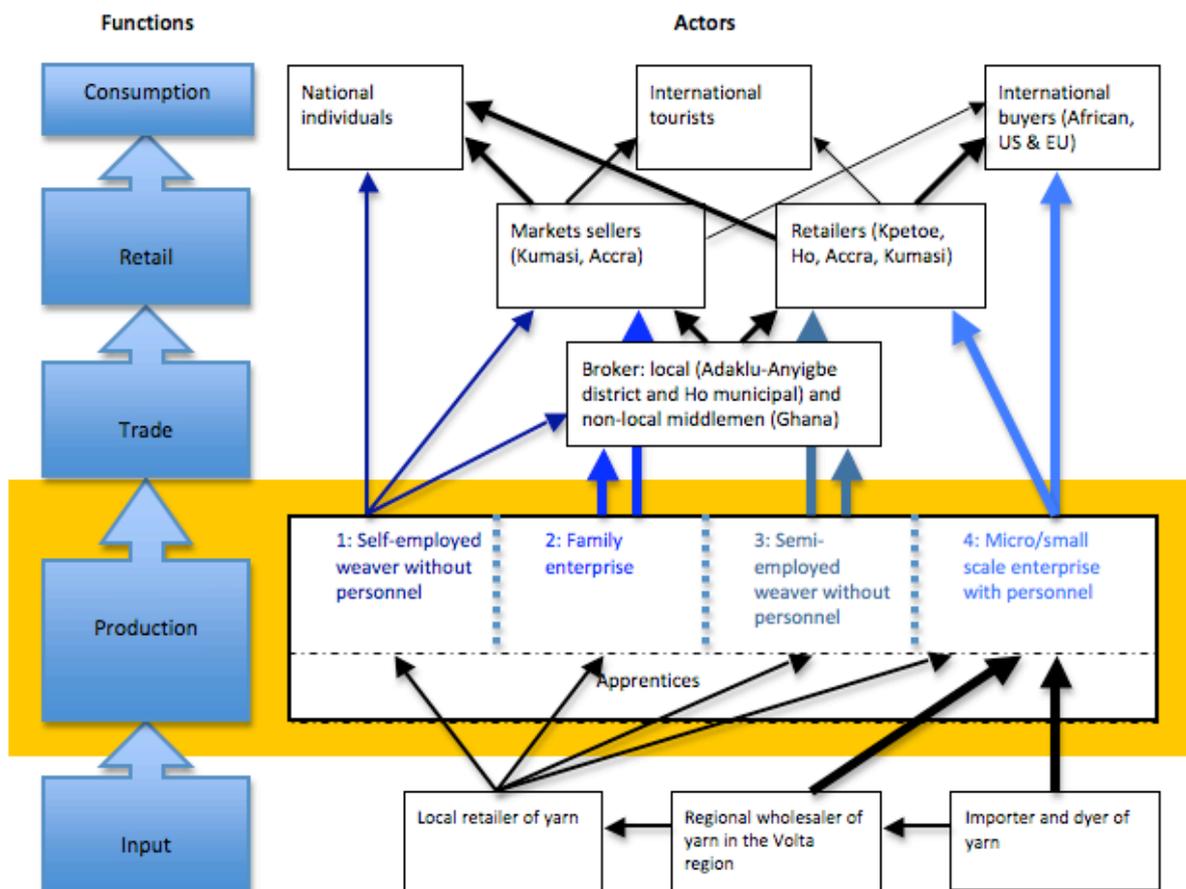
## 5. Value chain analysis

The information that was used to construct the value chain of Ewe kente, the actors involved in it and the relationships between them was provided by semi-structured interviews with different actors in the value chain. In describing the value chains, the greatest emphasis is placed on understanding the role of weavers in the Adaklu-Anyigbe district, the factors affecting their upgrading decisions and the relationships between the weavers and other actors in the value chain.

### 5.1 Overview of the functions

The value chain of Ewe kente consists of four basic functions, namely input, production, trade and retail. And the market for kente is divided into three main types, first the national individual, second international bulk buyers from West Africa, US and Europe, and third international tourists. The greater part of the value chain belongs to the informal sector and therefore has a very low level of formalization. In figure 4 below an overview is provided of the value chain, divided into functions and actors. The thickness of the arrows indicates the strength of the relationship between the actors.

Figure 4: Value chain of Ewe kente



### 5.1.1 Input

The main actors at the function of input are importers of yarn, regional wholesalers and local retailers of the yarn. Raw materials - such as un-dyed cotton and rayon, dyed acrylic, polyester and filament – are mainly imported from China and The Netherlands (E.g. Eurotex and Nijhorst factory) (Dzissah, 2010). The main factory in Accra, Trust Tex. (other factory is Trico Textile), dyes the cotton and rayon according to the color demand. The factory can produce any color, though only when ordered in a bigger amount. However, only large enterprises are able order large amounts of one color. As the majority of the weaving enterprises are small they are dependent on whatever color is sold to the local retailers. Therefore certain colors are scarce in the value chain of Ewe kente, consequently at the other end of the chain the market is flooded with only a few main colors, thereby hampering the bargaining power of the producers and brokers. The finished yarn is bought by regional wholesales that in turn sell it to local retailers. The local retailers are the main suppliers for individual weavers. The regional wholesalers for the Volta Region are located in Agbozume and Kpetoe. The local retailers are located near larger clusters of weavers, such as Kpetoe and Ziope, while some are also located in the smaller villages. In summary, the role of input suppliers and the availability of supplies very much affects the production in terms of use of colors and indirectly causing less uniqueness among cloths and thereby dampening diversification options for producers. Also, increasing supply costs are affecting the returns of the weavers, because despite increases in input supplies the selling price stays the same.

Picture 1: Dzissah Factory



### 5.1.2 Production

Actors in the function of production are weavers, apprentices and tailors. Apart from the local weavers there is also a large group of weavers from this district that temporarily work in Kumasi, estimations reach up to more than 1,000 weavers. As for the tailors, they do not play a major role in value chain, on the one hand because many weavers can join the strips themselves and on the other hand their profit margin is very low. However, weavers are pivotal in the (smooth) functioning of the value chain, in terms of production capacity, level of professionalism and even the work conditions have influence on the flow of production.

Concerning the purchase of input supplies, most weavers buy the amount of yarn that they need at that moment for a particular cloth. Generally the weavers without personnel buy their supplies from local retailers. Whereas the micro/small enterprise with personnel can either buy the supplies from the local retailer, the regional wholesaler and even directly from the factory.

In terms of formalization between 75-95 percent of the weavers belongs to the informal sector and most weavers do not attempt to formalize their enterprise. Also agreements among weavers and with other actors in the chain are not formalized through contracts. Both among the weavers and between other actors in the chain there is a very low level of transparency. Weavers are not aware at what price their cloths are sold from a broker to a retailer. The only information that is shared with the weavers is the specifics of the order from the buyer. Also the level of contractualization of this function is very low, almost all contacts between buyers and producers are informal. If a contract exists it is only short-term for a fixed amount of cloths. Also, outsourcing among weavers is not based on formalized contracts; generally agreements are verbal.

The barriers of entry, at this function of the chain, are very low. Because the cost of education of kente weaving is next to nothing it is easily accessible to anyone, especially to those that do not have enough money to send their children to formal education. A young weaver can become an apprentice of a master weaver after which he/she can start for him/herself. All that is needed is a loom and an order. The loom is easily self-made and through word of mouth an order can be obtained. Consequently many people in the Adaklu-Anyigbe district have decided to engage in weaving. Nowadays more and more people from outside the district are coming to learn the skill and produce kente. As the number of producers is increasing the level of competition is increasing, which in turn increases the bargaining power of the buyers. Currently kente is facing threat from substitution by printed patterns of kente. A major competitor is the printed version of kente by ATL (Akosombo Textile Ltd.) and GTP (Ghana Textiles Printing). These factories in Ghana are copying the designs of kente cloths and printing them on affordable cloths. This is increasing in popularity, as it is more affordable and easier to handle. Therefore the kente as we know it now is catering for an ageing market.

Picture 2: Kente weaver



### 5.1.3 Trade

The weavers have two main ways of selling their products. The first is based on direct orders from clients and the second is based on their own production for self-marketing. If the product was made based on an order the weaver will either bring the finished product to the client or the client will come to pick it up. However, when the weaver makes a product based on own production he/she must find a place to sell it. Unfortunately there are not many places locally where they can bring the finished product to sell. The nearest kente market is in Agbozume, which is 1,5 to 2 hours by minibus from Kpetoe. Despite the fact that Agotime Traditional Area is famous for its kente the actual buying market does not reside here. The highest demand for kente can be found in Kumasi and Accra, therefore many weavers go there to sell their products, eight and three hours from Kpetoe respectively. As many weavers only weave individually they each have to travel to these places individually to sell their products. The associations send one person to sell for the rest of the members of the association. But there are also local and non-local middlemen who buy from the weavers in the villages who then sell it in Accra and Kumasi. These brokers are important actors at this function of the value chain. They act as intermediaries between market sellers/retailers and the weavers. They have strong relations with the buyers and they therefore control quality and try to maintain certain standards. They play a key role in reducing retail transaction costs and coordinating the work of large numbers of dispersed weavers. But on the other hand they are also essential for market access of marginalized weavers, who otherwise do not have the time and money to self-market their products. Some brokers tend to have a fixed group of weavers that produce orders; generally these are local middlemen. Whereas some brokers, most often non-local middlemen from Kumasi and Accra, have very short relations with weavers as they visit different communities every time. These brokers tend to be looking for something specific, such as old Ewe cloths that (poor) people are willing to sell, after which they are sold in Accra against high prices. A broker usually takes a commission of GH 10 per cloth, and sells up to 60 cloths per week.

Generally, there is a lack of trust between retailers/traders and weavers, because it regularly happens that a weaver will walk away with the advanced payment for an order without weaving it. Consequently, retailers are moving away from providing advanced payments, thereby forcing the weavers to use their own capital to start production. Another development is that retailers are recruiting weavers to weave specifically for them and provide them with regular orders, so that there is less incentive to leave.

#### 5.1.4 Retail

From the function of trade the cloths end up in retail mainly located in Kumasi and secondly in Accra. The function of retail is divided into market sellers and retailers with small shops. The market sellers are mainly based in Accra at the Arts Centre with 500 stalls selling textiles. The retailers with small shops are more numerous in Kumasi at the Kejetia Market (or Central Market). At the Kejetia market as well as at the Arts Centre there is a specific section where kente retailers/market sellers are clustered. There are also some retailers in Kpetoe, however there are not many, approximately five small shops. They generally buy directly from the weavers in and around Kpetoe. Some retailers or weavers export the products themselves, there are six known companies dealing with export of kente in Ghana.

Retailers and middlemen prefer to work with groups of weavers for two reasons. First, there is peer pressure to do the job well and second it is easier to access them and less time consuming. Retailers buy most of their cloths from middlemen, or have a group of weavers with which they have (short-term) contracts for production specifically for that retailer. Most of these weavers are based in Kumasi, however estimates claim that up to 80 percent (derived from focus group sessions) of these weavers are from the Volta Region. Also, weavers from the Adaklu-Anyigbe district go to Kumasi and Accra to sell their cloths directly to retailers. The reason Kumasi and Accra have become the main markets is because they are the major cities in Ghana, with the most suitable business climate. However, not much attention is paid to marketing, it is just that everyone (including internationals) knows that you can find anything you need in Kumasi and Accra. As concerns quality standards, the retailers have almost internalized the function of production; therefore they can maintain quality standards by checking on the weavers regularly.

Picture 3: Retailer at Kejetia market in Kumasi



Picture 3: Market stall in Accra



Picture 5: Market stall at Arts Centre in Accra



### 5.1.5 Consumption

The market for kente cloths can be divided into three types of buyers. First, national individuals, typically they place orders directly to the weaver and pay a small advancement to buy materials, when the cloths is finished they pay the rest. Second, international tourists mostly buy from market sellers and small retailers; they rarely place orders directly to weavers. They only buy ready-made cloths directly from weavers if they are in a weaving community, either through a tour or on their own account. Third and last is the market for international buyers. With international buyers it is meant those from the US and Europe, but the largest market comes from West Africa. Roughly 40 percent of the kente produced in Ghana goes to export to neighboring countries and overseas. Leaving 60 percent for the other two markets, it is estimated that national individuals buy up to 50 percent the kente, whereas international tourists claim 10 percent of sales. However, these are only rough estimates as consumption was not the main focus of this research, besides there are not many statistics to be found on this matter.

Kente as a cloth for traditional wear is mainly popular at official events and worn by elders. The younger generation is gradually moving away from traditional wear and is trying to look more 'modern'. Also the change of government has been claimed to have affected the volume of sales negatively. The former government put effort in wearing kente as much as possible to public events, whereas the new government has not pursued this. Apparently this has contributed to the popularity of kente in contemporary fashion.

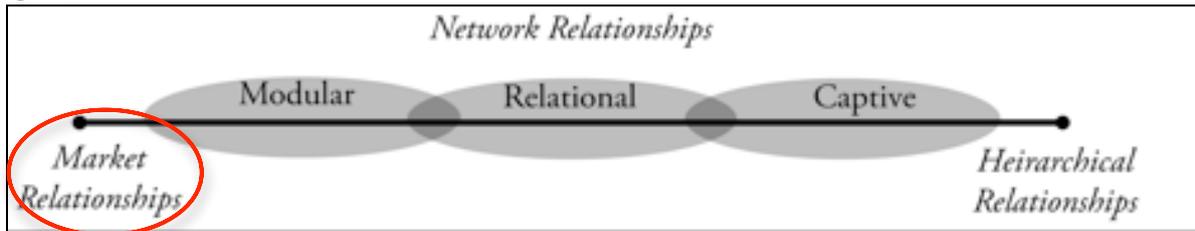
### 5.1.6 Additional relationships of the value chain

Indirectly, other actors that are involved in the promotion of Ewe kente are NCRC, CNC and potentially SNV. Other institutions that provide a supporting role to the weavers are NBSSI and ASSI. Lastly, institutions that are not directly involved with weavers though have an influence of the business conduct within the value chain are the IRS, the National Chamber of Commerce, the District Assembly and Ghana Customs (CEPS).

The type of coordination among actors in the value chain can be termed market relations. Typically individuals and enterprises buy and sell products to one another with little interaction beyond exchanging goods and service for money. In other words, the central governance mechanism is price. The linkages between the functions of the value chain are not very 'thick' because the information that needs to be exchanged is relatively straightforward (Global Value Chains Initiative, 2006). However, this is the general picture of the type of relations among actors in the value chain; a more nuanced view is that among different market channels there are different types of relations. For example, the marginalized self-employed weavers without personnel do not have the capacity and the capital to self-market their products, therefore they are confined to dealing with brokers. It is tempting to also characterize some market channels as captive, however this would be erroneous. Strictly according to the five types of governance structures provided by Sturgeon and Gereffi (2001, 2005) the value chains that are described are meant for value chains that involve a certain degree of financial investment. This investment is key in determining the type of governance structure, as for example an investment is made to manufacture a certain product for one buyer and thus could not be sold to any other buyers this can be termed captive. In the case of kente weavers no such investment is done and therefore, even though relations may seem to have a certain level of captivity, it cannot be termed as such. As most, the switching costs can be high in terms of trust, reputation and spatial proximity and can be referred to as relational governance structures.

In summary, the value chain of Ewe kente is dominated by market relationships. As can be seen from the figure 5, this is the end of the continuum of governance. Generally the middle of the continuum is most beneficial for both producers and buyers, because there is mutual dependency. In terms of profitability it is difficult to determine which functions of the value chain are the most lucrative, as there is a great lack of reliable statistical data.

Figure 5: Governance continuum



Source: Dunn & Villeda (2005)

## 5.2 Value addition along the chain

Calculating the value addition along the chain of kente, from raw material to the consumer has many obstacles. In the value chain of Ewe kente there is a high degree of financial illiteracy. Therefore there is a great lack of reliable data on financial transactions, also oral discussions about earnings and profit margins have proved to be difficult to determine. Secondary data is also not available on this topic. Despite the amount of quantitative data gathered from the survey on the average selling price and profit margin, there are wide varieties of answers meaning that the interpretation of, for example, a 'simple' design and a 'difficult' design is questionable. Moreover, the answers related to the average selling price most often refer to the selling price they would like to receive, rather than the actual selling price. This in turn also affects the level of profit margin, because the lower the price the weaver gets for the cloths through bargaining, the lower the profit margin.

### The calculation

Despite these constraints an attempt is made to calculate where, in the value chain, the greatest part of the value is added. There are two main approaches to determining value added. It can be determined by the income that actors receive per month or it can be calculated through the relative value that each actor adds to the product throughout the chain. However, the latter can be misleading. It is sometimes argued that the higher the mark-up on sales (profit), the higher the profitability. Then again it is misleading because the value of the profit depends on the volume of sales. For example, a weaver may have a profit margin of 20 percent on a product selling for GH 200; the profit is then GH 20. This is double the amount of the mark-up of a middleman, who adds GH 10 to each of the cloths for transport and sales elsewhere. But the middleman earns up to GH 2000 per month, whereas the weaver may only earn labor cost worth GH 100 and GH 20 worth of profit. Therefore the middleman earns 16 times the amount of the weaver, because he sells a greater volume. In other words, the value of the mark-up in itself says little about the rate of profit for the actual enterprise (Kaplinsky & Morris, 2001). Also the calculation of the income per month of the different actors only says something about the income distribution, but not about where in the chain the actual value (or price mark-up) is added to the product. For example, it is possible that the personnel at the dying factory earn higher wages than the weavers, even though only limited value is added to the final product.

In order to indicate the relative distribution of income and the value added to the final product a combination will be used of volume and price mark-up. The volume says something about the number of products the actor sells in an average month, while the price mark-up says something about the actual value added to the final product. The price mark-up will be listed in percentages, where the final selling price is 100 percent. To make it less complicated one type of cloth has been chosen, which is a men's cloth with a simple design that is made up of 18 strips, for which 42 cones of thread are used.

**Table 7: Value added of a men's cloth with complicated design**

Actor	Cost	Price	Price mark-up	Volume
Input supplier	GH 46,60 (42 cones x 1,11)	GH 54,60 (42 cones x 1,30)	18,3% (GH 55)	3-4 sea containers per month
Producer (self-employed without personnel)	GH 200 (Yarn, 55 + Labor, 145)	GH 240	61,7% (GH 185)	1 cloth per 3-4 weeks
Broker	GH 200 (GH 50 transport, 4x)	GH 10	3,3% (GH 10)	240 cloths per month
Retailer	GH 250	GH 300	16,7% (GH 50)	Not able to estimate
Consumer (national individual)	N.A.	N.A.	100% (GH 300)	N.A.

The above calculation is that of a typical sale using the market channel of a broker and a retailer to reach the final consumer. What can be seen from the column of 'price mark-up' is that the greatest part of the value added is attributed to the producer. In many other value chains that involve generally poor producers this is not the case (especially in the agro-food sector). However, the value chain of Ewe kente is different because the producer turns the raw material into a valuable product. The other actors downstream also add value by bring the products to the clients and promoting it.

On the other hand net income is a different story, the volume each actor sells per months is a better determinant for income because the price mark-up does not directly translate into higher profitability. In the example a self-employed weaver without personnel can only produce one full cloth in the course of one month, whereas the broker and the retailer sells many more in a single month. Therefore, despite the lower profit margin per unit the other actors benefit from higher returns due to sheer volume. In summary, the function of production is the least profitable in the chain. However, it is difficult to determine which actor enjoys the greatest benefit from the chain as not enough quantitative data was gathered on this matter.

### 5.3 Conclusion

Each actor has a different influence on the value chain. For example, the input suppliers determine the colors that are sold to weavers and therefore also determine the main colors of the cloths that are produced. Producers are pivotal in the chain, in that the number of producers influences the scarcity or abundance of kente in the market and therefore also has influence on the selling price. The role of the broker is key in determining the level of professionalism and market access of weavers. Some weavers are able to find their own market, however they are also complaining about getting low prices. But some weavers are so marginalized and deprived of basic business skills that it increases their dependency on brokers. However, also from the perspective of the retailer a broker is necessary because the weavers are so dispersed that it is difficult to retailers to come in contact with (marginalized) weavers.

The greatest part of value addition comes from the producers, with almost two thirds of the value being created by the weavers. However, the amount of value addition does not translate directly into a higher profitability. Also volume and costs should be taken into account.

In terms of a men's cloth, the volume of production for a weaver can be one per month, for a women's cloths this can be between two and three. However, when comparing this to other actors in the chain the profitability per month is the lowest. This is because the turnover of the other actors is far greater. The other actors also incur higher costs and take more risks. Still, the function of production is the least profitable in the chain.

In terms of governance structure, the general type of coordination among actors in the value chain can be termed market relations. However, among different market channels there are different types of relations. Thus, also relational governance structures can be found where there is increased contact between the weavers and retailer.

The constraints that are affecting the daily business of kente weavers are a lack of 'money in the system' resulting in slow payment from clients. Also the strip loom that is used for weavers generally has low production capacity, the only way to increase this is by increasing the number of weavers. Another constraint is the increasing price of input supplies which dampens the profit margin of the weavers. Also there is inconsistency in the availability of colors of yarn as well as the intensity of the color itself, negatively affecting the final selling price. Furthermore, retailers/brokers are increasingly having problems with the trustworthiness of weavers, therefore they are moving away from the system of advanced payments. However, some weavers are so deprived of private capital that they cannot start production without advanced payment. Lastly, generally weavers have a lack of marketing skills and knowledge of the market, they are also deficient in client orientation and providing service to their clients.

In general, the lack of demand and the need of many weavers to produce cash sometimes even results in a market price that is lower than the production costs, even when weavers reduce their raw material and labor costs as much as possible. However, because the barriers of entry are low at the production level – there is also a great base of surplus labor in the district - an increase in demand may lead to an increase in producers and therefore less likely that there will be an increase in the price. Also Ewe kente is becoming less distinctive, many weavers are producing according to the preferences of the Ashanti's therefore the number of weavers specialized in traditional Ewe kente is decreasing. It is gradually becoming more difficult to distinguish Ewe kente from Ashanti kente. In the end, those weavers that are more connected to the market already have an advantage over the more marginalized weavers in the most rural areas, therefore the former is likely to benefit more from any type of intervention.

## 6. Linking livelihoods and VCA: The enterprises of kente weavers

The micro enterprises of kente weavers are generally so intertwined with the household that it is necessary to take the household dynamics into account when analyzing the position of these enterprises within the value chain. On the one hand it is important to analyze the dynamics of the business within the context of the household and on the other hand it is also important to understand its position within the value chain.

### 6.1 Economic significance of weaving for the district

The economic significance of weaving for households of weavers in the Adaklu-Anyigbe district is generally substantial. 53.3 percent of the weavers, in the research sample claimed that weaving consisted of 50 percent or more of the total household monetary income. Only 4.4 percent said that income from weaving contributed maximum 25 percent of the total household income. However, the rural setting and the differences between the different types of weavers makes it difficult to indicate an average income. The income from weaving ranges from GH 2000 per month for a master weaver with 13 apprentices to GH 20 per month for an individual part-time weaver. But more generally, the modal income (as indicated in the survey) is between GH 50 and GH 150 per month, which is 50-60 percent of household income. Certainly a sample size of 50 is not enough to make generalizations for the entire district, but it does indicate the economic significance of weaving within the household.

Determining the economic significance of the kente industry for the Adaklu-Anyigbe district is more complicated, because it is hampered by the remarkable lack of data on economic activity. There are no figures on the number of weavers in the district, even estimation is difficult to make. Therefore without the total number of weavers a rough calculation of income cannot be more than an educated guess. First of all, weaving is mainly a male activity. The projected population of the Adaklu-Anyigbe district 2009 is 59,521 in total, of which 29,166 (48.7 %) are males (MTDP, 2006). Based on an estimation that 60 percent belongs to the working population the number of potential weavers is 17,500. At the lowest estimation the percentage of males that weave is 10 percent, however it is possible that the upper margin can be up to two to three times as much, so the number of weavers can be estimated between 2000 to 5000 thousand. Based on the above-mentioned estimates of income and the estimation of the number of weavers a rough calculation of *earnings* of weavers can be made.

**Table 8: Estimation of earnings of weavers in the Adaklu-Anyigbe district**

	Lower range of estimation	Upper range of estimation
Based on 2,000 weavers	GH 50 per month x 2,000 weavers GH 100,000 per month GH 1,200,000 per year	GH 150 per month x 2,000 weavers GH 300,000 per month GH 3,600,000 per year
Based on 5,000 weavers	GH 50 per month x 5,000 weavers GH 250,000 per month GH 3,000,000 per year	GH 150 per month x 5,000 weavers GH 750,000 per month GH 9,000,000 per year

As can be seen from the estimation above even the lowest range indicates that the earnings in the kente industry in the Adaklu-Anyigbe district are significant. However, also the forward and backward linkages with input suppliers and brokers and retailers should be taken into account. Therefore the kente industry can be considered as an important industry in the district. Also, it can be concluded that a significant number of the working population is involved in the kente industry, either as a weaver, a broker, a retailer or as an input supplier. Nevertheless, as indicated in the limitations of this research there is a minimal amount of data available on economic activities in the district, therefore it is difficult to say what the relative position of the weaving industry is compared to other economic activities.

## 6.2 Typology of weavers

In order to highlight the difference among the weavers of the Adaklu-Anyigbe district a typology is provided of the way they are organized. By making a typology of weavers a more nuanced view emerges of the differences and similarities in business conduct and market channels that they use. However, for the purpose of this typology it was decided to combine two types (see table 9), namely that of 'self-employed without personnel' and 'self-employed with apprentices'. This may seem as two distinct groups of weavers as apprentices assist the master weaver, however an apprentice cannot be seen as personnel. An apprentice does not receive a salary or any financial compensation for the work that he/she does. Therefore apart from the types mentioned in table 7 a more elaborate typology is provided below.

**Table 9: Sub-division of the types of enterprises**

Type of enterprise	Frequency	Percent
1. Self-employed without personnel	37	74.0
2. Family enterprise	9	18.0
3. Self-employed with personnel	3	6.0

### **Typology 1: Self-employed weaver without personnel**

According to the National Board of Small Scale Industries (NBSSI) this type of weaver is defined as a micro-enterprise. In general most weavers work for themselves and have no personnel, they typically weave near their house. In the sample taken during the fieldwork a little over half of the weavers had no personnel, therefore it can be said that the greater part of the weavers can be typified in this category. They generally produce for a mix of clients, such as individual Ghanaians who order directly from them either for themselves or for friends and relatives. Other clients are middlemen, who place orders and sometimes provide them with the necessary materials. Lastly, they also produce cloths that are not based on orders, they invest their own money in it and try to sell it either to local retailers, non-local retailers or middlemen. This type of selling involves heavy bargaining therefore often resulting in low prices, ending even below the cost price of the cloth. Generally, the relationships between the weavers and the clients are weak, because they do not have regular contact and are not committed to one another. Either of the two can easily switch without consequences. Therefore the weaver is never sure of an income, which is why weaving is often supplemented by other economic or subsistence activities.

**Table 10: Main clients of 'self-employed without personnel'**

	Ghanaian customers	Foreign tourists	Local middleman	Non-local middleman	Local retailer	Other retailer	Exporter	Association
1 <sup>st</sup> client	35.3	0	23.5	8.8	5.9	17.6	8.8	0
2 <sup>nd</sup> client	23.1	7.7	38.5	19.2	0	7.7	3.8	0
3 <sup>rd</sup> client	17.6	5.9	17.6	23.5	17.6	5.9	0	5.9

**Typology 2: Family enterprise**

The family enterprise is most often located at a family house. In the family enterprise the elders teach the children how to weave. Normally the men are the weavers, but women are also involved in the kente business. They sometimes go to the market to sell the cloths and provide the yarn in order for the men to have as much time as possible to weave. The distinction between the family business and the self-employed with personnel is that in the family enterprise not a single person has the final decision making power, decisions are made commonly and each family member helps each other.

**Table 11: Main clients of 'family enterprise'**

	Ghanaian customers	Foreign tourists	Local middleman	Non-local middleman	Local retailer	Other retailer	Exporter	Association
1 <sup>st</sup> client	33.3	11.1	33.3	11.1	0	0	11.1	0
2 <sup>nd</sup> client	28.6	0	57.1	0	0	14.3	0	0
3 <sup>rd</sup> client	20.0	0	20.0	20.0	20.0	0	0	20.0

**Typology 3: Semi-employed weaver without personnel**

This typology was discovered later after conducting interviews with other actors in the value chain. Typically, these weavers have more regular contact with clients or middlemen who provide them with orders. As one middleman explained, he has written contracts with weavers between three and six months duration. Also retailers have close relationships with weavers who provided them with orders and make an agreement on that particular order, this cannot be named a contract however it is either a written or oral agreement. These weavers do not have a typical place where they work, they can either work from their house or at a weaving center, but many are far from home and based in Kumasi. Compared to the first type the semi-employed weavers are ensured a more stable income. When the weaver performs well the retailer/middleman will gain trust and provide him/her with more work in the future. Most commonly the semi-employed weavers tend to be organized in groups either at a weaving center or clustered in the villages. This arrangement of weavers has developed due to a lack of trust between the retailers in Kumasi and weavers in the Volta Region. As mentioned before some weavers simply take the advanced payment and leave, therefore retailers that supply the order are losing money on the weavers. In order to provide them with an incentive to continue to work for them the retailers offer short-term contracts. For a weaver this means that he/she can count on an income and for the retailers it means he/she can count on the weavers.

**Typology 4: Micro/small enterprise with personnel**

This type of weavers is very different from the previous three types, in that it is a larger business that produces faster and the master weaver is mainly occupied by marketing and quality control rather than weaving itself. This type of weaver therefore belongs to the category 'small enterprise', which is an enterprise of 6 – 29 employees with capital less than USD 100,000 (excl. land and buildings) (NBSSI, 2010). Due to the size of the enterprise it can accept large orders, for which payment of personnel is mostly done per piece.

This type of enterprise has well-established contacts with buyers, communicating the specifics of the orders. Therefore there is mutual dependency between the weaving enterprise and the buyer.

**Table 12: Main clients 'micro/small enterprise with personnel'**

	Ghanaian customers	Foreign tourists	Local middleman	Non-local middleman	Local retailer	Other retailer	Exporter	Association
1 <sup>st</sup> client	33.3	0	33.3	0	0	0	0	33.3
2 <sup>nd</sup> client	0	0	33.3	0	33.3	33.3	0	0
3 <sup>rd</sup> client	66.7	0	0	0	0	0	33.3	0

However, dividing weavers into four types does not mean that a weaver will stay within this category throughout his/her kente weaving career, many weavers alternate between working for someone and producing for self-marketing. Hence, weavers are highly flexible in relation to other actors in the chain in the way they work and market their product.

### 6.3 Work conditions

In general, the work conditions of kente weavers in the Adaklu-Anyigbe district are very basic. Most of the weavers belong to the informal sector and are self-employed where formal agreements on work conditions are absent. Some weavers have their loom situated next to or close to the house, generally without a fixed structure to protect from the rain and often without electricity. Others have built a thatched structure, but there are also many weavers that are simply weaving under a tree or under a simple structure with palm leaves. The second type of weaver has access to a fixed structure to work at, where several other weavers work as well. In the district there are a few production halls where there are looms made by carpenters. This is often further away from where the weaver lives.

**Picture 4: Comparison of work conditions**



**Table 13: Enterprise facilities**

Enterprise facilities	Frequency	Percent
Weavers working under a fixed roof	15	30.0
Weavers that have electricity	12	24.0
Weavers using self-made looms	36	72.0
Weavers used newly bought looms	14	28.0

The constraints of the work conditions are 1) without a fixed structure production is prone to weather conditions and 2) the lack of electricity makes it difficult to weave when it is dark. Especially when there is a deadline for delivery weavers tend to work long hours to deliver on time. Working under a flashlight affects the quality of the weaving negatively. Working hours for weavers are flexible, they tend to combine weaving with farming. However, in the survey it was claimed weavers work approximately ten hours per day, between 6 a.m. and 6 p.m., though there are some peak moments in production as well as months of less production. 3) A self-made loom is not mobile; it is fixed in the ground and cannot be moved, whereas the loom made by carpenters can be moved inside or to a place that allows constant production.

As most weavers are individual entrepreneurs they are responsible for a safety net for themselves, this can be in the form of a savings account and formally written contracts with brokers and/or retailers. However, the majority of the weavers lack this safety net. Therefore when something is stolen it will be the weaver that pays. In the case of illness also most weavers will have to pay for treatment from their own pocket. Therefore weavers are either taking high risks or are not aware of the benefits of safety nets, the latter is most likely the case.

#### 6.4 Distance to market

The geographical spread between the producer and its market can be differentiated for different buyers. Potential buyers are local retailers, local individual clients who order directly with the producer, local middlemen, non-local market sellers, non-local retailers, non-local middlemen and exporters. With non-local it is meant those buyers that are not from the Adaklu-Anyigbe and Ho district. These are buyers that are mainly based in Kumasi and Accra, they can either come to the Volta Region to buy the cloths themselves or they function as intermediaries in and around the main markets.

When local and non-local middlemen buy in the localities of the weavers' households or cloths are sold locally the distance to the potential buyer is very small. However, the weavers of the Adaklu-Anyigbe district suffer from the lack of a ready market for their cloth. Some weavers sell their cloth in local markets or at larger towns, but most go further afield to search for buyers in major commercial centers such as Kumasi and Accra (Ahiagble, 2004). For those that choose to self-market their cloths in major commercial centers the distance to the market is very far. To exemplify, the distance in hours from Kpetoe (the capital of the Adaklu-Anyigbe district) to Kumasi is at least eight hours. Therefore it can take up to two to three days to reach the market and sell the cloths. Needless to say that this is not worth it for one or two cloths, therefore the middlemen that buy from the weavers are pivotal in the access to the market as most weavers do not have the capital to produce several cloths before selling them.

Kente merchandize is mainly sold to the tourist market, and is sometimes adapted to suit tourist tastes, but most towns in the Volta Region are not important tourist destinations, unlike Accra, Kumasi and Cape Coast (Ahiagble, 2004). Within the Volta Region there are therefore very few foreign tourists who might buy kente in its traditional form.

#### 6.5 Access to information

Depending on the distance to the market the weaver has more or less knowledge of market preferences. The larger the distance to the final consumer, the less first hand knowledge of consumer preferences.

*"The market moved because Kumasi people have more money, so they buy more kente. The Ashanti's also started exporting." (Narh, 2010)*

Especially the weavers that are dependent on middlemen for orders only produce what is asked from them and therefore do not have to consider what consumers are interested in. Thus the information flows are channeled through retailers and middlemen to the weavers.

*"The kente market is now in Kumasi, when people from the Arts Center in Accra need kente they buy it in Kumasi, because there they can get any color and any quantity."* (Narh, 2010)

As for the Ashanti's, they have been able to establish a ready market for kente. Also export is strong in Kumasi, generally the Ashanti's are closer to the market and therefore have more knowledge of consumer preferences and have thus been able to establish profitable businesses. On the other hand weavers in the Volta Region are less knowledgeable of international markets as well as international market not knowing the Volta Region as the main center for kente. In the Adaklu-Anyigbe district there is no access to internet therefore not many people are aware of opportunities the internet has to offer, in terms of marketing and sales. However, as a result of the lack of internet access and the low level of education only few weavers know how to use a computer, let alone the internet.

## 6.6 Organization of weaving

Most weavers work as self-employed without personnel or within a family enterprise and enjoy working in small groups near their house to stimulate competition that makes them weave faster. Others work at a fixed work shed away from their house. However, different types of organization of weaving can be identified. Generally there is an extremely low degree of business registration, unless a weaver is connected to an association through which he/she is formally registered. There are several associations in the Adaklu-Anyigbe district, of which seven have registered at the Center for National Culture (CNC) and eleven at the Association for Small Scale Industries (ASSI). However, in many cases the associations that are registered have not paid their dues for this year, and some do not actually function as an association. Together the associations represent 361 members, all the associations that are known from this research have been listed in table 14.

The functions of associations differ greatly. Generally, the associations do not provide the weavers with orders, but the strength of the associations is that the members can share the work and take on large orders and thus produce the cloths quickly. Surprisingly, only 18 percent of the research sample claimed to be a member of an association. Many weavers do not see the benefits of membership. Some associations have been initiated in order to be able to access funding, therefore it never grew from the principle of working together. In most cases these associations were not able to access loans, mainly because they exist only on paper. At the other end of the spectrum, there are also associations that allow members to buy on credit, buy cloths from members and that provide a platform for discussion. In summary, the majority of the weavers are not members of associations. Those that are members are not receiving the desired benefits, due to a lack of organization and funding, therefore there is not much incentive to become a member. Though some associations are well organized, generally the members have better market access and a higher production capacity.

**Table 14: List of associations**

<b>Association</b>	<b>Number of members</b>
Agbenenyo Kente Weavers Association	15
Annointed Dealers & Kente Association	34
Royal Kente Weavers Association	45
Akpokofe Weavers Association	150
Eveready Kente Weavers Association	15
Lorlorlonyo Weavers	11
Goodwill Kente Industry	13
Yortiga Weavers Association	9
Efiakorpe Weavers Association	5
Elikem Weaving Group	13
Norvisi Weaving Group	5
Agorhome Weavers Group A	11
Agorhome Weavers Group B	12
Midesor Weaving Group	10
Desiadenyo Kente Weaving Group	13
<b>Total</b>	<b>361</b>

## 6.7 Institutional context

As identified in the theoretical framework, one of the key elements of the institutional turn is the 'various social structures on which economic activity depends and through which it is shaped' (van Helvoirt, 2009). Therefore, the behavior of economic actors is influenced by the socio-cultural context they are active in. Here the socio-cultural context of the kente weaving industry will be explained in order to understand how it shapes the livelihoods of the kente weavers.

### Social capital and relational networks

In the first place social capital and relational networks are based on trust. In Ghana business is done when it is based on trust, for example a Ghanaian would rather do business or buy something from a friend of a relative than just any person in town, even though it might jeopardize the quality of the product. This is also due to the fact that the market itself is not transparent, especially 'good' weavers are not always easy to find. Consequently, the time spent on finding good suppliers does not weigh up to being advised on where to go. Thus switching costs are relatively high when the market is not transparent. Therefore social capital and relational networks are very important in Ghana, especially for self-employed entrepreneurs. This intangible business structure has grown to be the generally accepted norm because it can decrease transactions costs. As everyone struggles to earn a decent living many entrepreneurs will try to get the highest price from their customer, this is especially done when it is a new or unknown customer. However, when a client is introduced to an entrepreneur the third party can expect a favor in return, the client has more trust in the entrepreneur and the entrepreneur is pleased with the third party (often a relative) that he/she brought a new client. In other words, as there is a lack of money in the system (an issue that several interviewees raised) trust, favors and in-kind support becomes a strong incentive to help each other to reduce transaction costs.

However, as Putnam argued that 'the enhancement of cooperative undertakings via trust-based relationships stimulates the sharing of knowledge, encourages joint innovations and hence improves productivity and competitiveness of an economy' (Putnam in van Helvoirt, 2006) though this is not the case in the kente weaving industry. The entrepreneurs are rather individualistic when it comes to their business. Where joint innovations could improve productivity there are only few examples of this are present in the Adaklu-Anyigbe district.

In a society where trust is an important element in general business conduct, there is a striking lack of it among the weavers themselves. When an individual weaver accepts a large order he/she will have to hire other weavers to help finish the order on time. The hired weavers are paid half in advance, in order to buy the materials, and the other half when the product is finished. Though there have been many occasions when the hired weavers took the advanced payment and left without finishing the product they had agreed to make. Therefore more and more weavers prefer to work only for themselves and avoid hiring additional help. Finally, the beauty and the quality of the kente cloth very much depends on the skills and creativity of the weaver, therefore weavers are extremely cautious of their designs and their techniques. This only increases the incentive for individuality. It is thought that this is a trait that is specific to the industry of arts and craft making, as artisans are very protective of their designs.

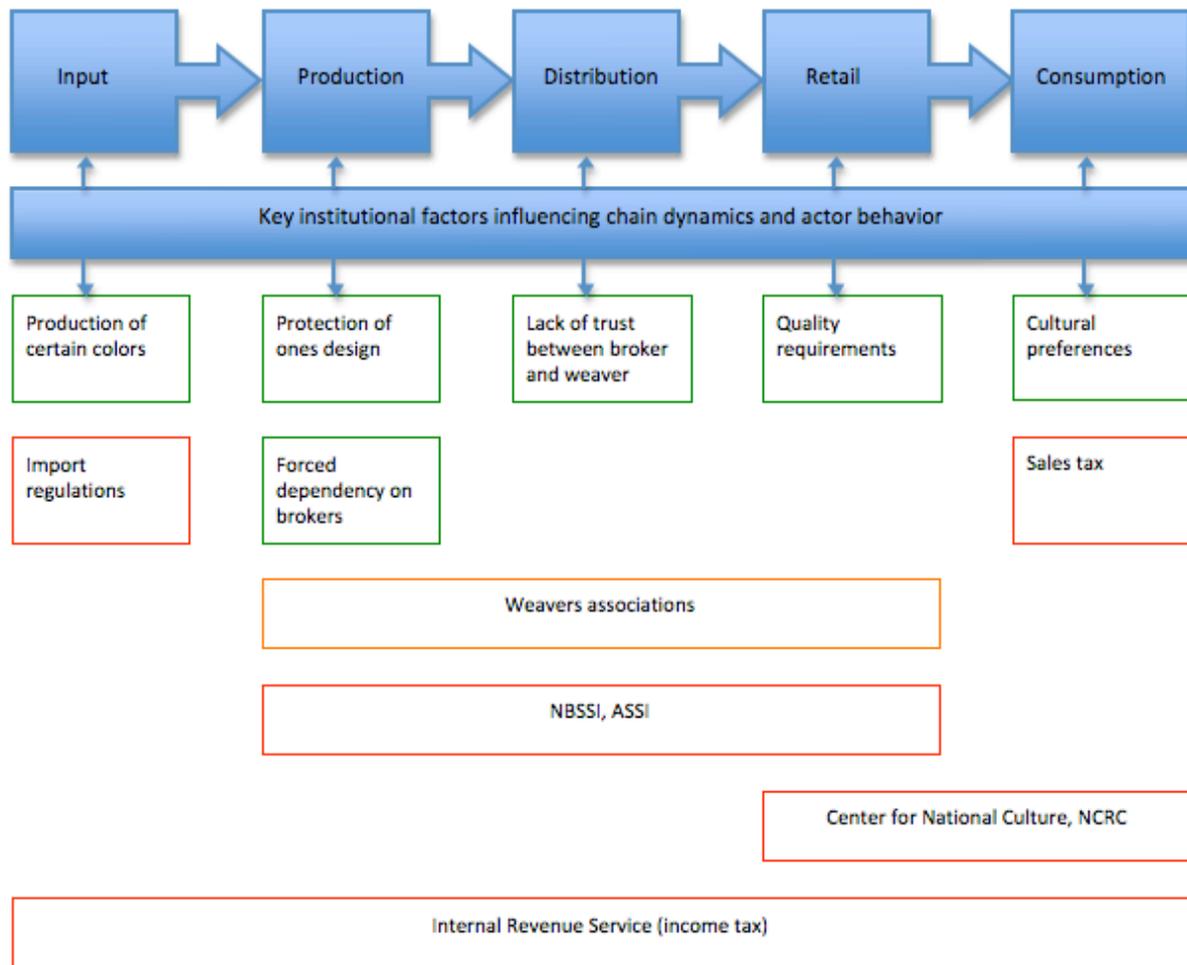
### **Organizations and the institutions that govern them**

There is a lack of formalized organizations supporting the weaving industry in the Adaklu-Anyigbe district. Apart from the Association for Small Scale Industries (ASSI) and some weaving associations the majority of the weavers are not formally connected to any organization. The National Board for Small Scale Industries (NBSSI) has not yet established a district office and therefore effort must currently come from the Ho office. However, not having a district office hampers the attention paid to the small-scale industries in the Adaklu-Anyigbe district. There is also the Center for National Culture (CNC), that does have an office in the district and which promotes its culture and heritage. As kente weaving is one of the main features, which has high cultural value and strong heritage, it can be promoted as a unique selling point of the district. However the CNC is currently focusing efforts on pottery because they feel so much attention is already being paid to kente. Consequently, not many weavers are aware of the benefits of membership of the CNC. Similarly, the efforts of the District Assembly are geared towards health, sanitation and education. Surprisingly, the kente industry was not mentioned once in the last Medium Term Development Plan as an economic activity. However, it was identified as a potential sector for youth training and employment.

In terms of informal social conduct among the weavers it has been observed that on the one hand weavers help each other, but on the other hand some are not willing to work together or accept advice from someone who is perceived to be wealthier. Then again, when it is perceived that an organization (e.g. SNV) is interested in helping they are not afraid to ask for financial support. An important hampering aspect is that once a group of weavers is organized it often occurs that there is distrust in the leaders of the organization. Sometimes the leaders misuse their position that causes weavers to prefer to work by themselves.

The most important organizations have been identified in figure 6. The green color represents informal organizations, the orange color represents semi-formal organizations while the red color stands for the formal organizations.

Figure 6: Institutional context



As can be seen from the figure above, there are several different types of organizations that affect the dynamics of the value chain and the livelihoods of the weavers. At the highest level there are formal organizations working for the promotion and improvement of the kente industry. The underlying policies are the National Tourism Policy and Plans (2006), the National Tourism Marketing Strategy, the National Culture Policy (2004) and the Policy on Craft Development. The Internal Revenue Service (IRS) is seen as a barrier for entry into the formal sector for many weavers. Even despite efforts made by the IRS to design a system especially for the informal sector with low tax rates. Other formal organizations are CNC and NCRC. NCRC has invested much time and effort to assist the community of Kpetoe to develop an eco-tourism product with kente weaving as the main attraction. The organization works intensely with the community, however it has so far not involved any other local organizations for the implementation of its plan. For example the CNC could become a useful partner for NCRC as the CNC is responsible for the promotion of local culture. However funds are lacking to carry out this task properly.

At the semi-formal level weavers associations stand in-between the formal and informal organizations. On the one hand it is a more formalized organization of weavers, and sometimes they are registered at different organizations (e.g. CNC, ASSI), but on the other hand some are not recognized by any formal organization, then it is more an informal cooperative among weavers. There are also many differences in the functions of these organizations. Some are used as a platform for discussion, whereas others are assisting weavers in buying yarn on credit and buying cloths from them, still others use the dues for the improvement of facilities in their community. However as stated before, the majority of the weavers is not connected to any association or other type of producer organization.

The fact that the greatest part of the weavers is not organized results in a low bulking capacity, consequently increasing the dependency on the brokers. As an informal social structure, the forced dependency on brokers with simultaneous distrust between the two parties hampers development of the production of kente. As brokers negotiate hard on prices to increase their own profit margin, weavers are not motivated to produce high quality kente. It was explained in a focus group session that brokers buy in bulk for a certain budget, therefore the person weaving the lower quality cloths gets the same price as the one weaver high quality. In other words, there is no incentive to keep standards high.

Lastly, the market consists of buyers with different cultural preferences. International buyers from the US and Europe are likely to use kente for interior decoration whereas national and international buyers from West Africa use kente for traditional wear and fashion purposes.

## 6.8 Conclusion

In summary, it can be said that at the household level weaving is a significant source of income. Many households of weavers greatly depend on this income, however due to increasing competition they are forced to supplement the income with other economic activities. As for the district level weaving has been estimated to bring earnings to at least 2.000 weavers (though this number can also be twice or three times as much), with an average income between GH 50 and GH 150. Therefore the kente industry can be considered as an important industry in the district. Also, besides earnings a significant number of the working population is involved in the kente industry, either as a weaver, a broker, a retailer or as an input supplier.

The working conditions of kente weavers are generally quite basic. Two typical situations are present. At the one end of the spectrum, the majority of the weavers work on self-made looms near their house under a palm-leave structure. At the other end there are weavers that work under a fixed structure with electricity at a designated place away from their house. It can be concluded that almost the entire value chain of Ewe kente exists in the informal sector and consequently there is a great lack of formal contracts and agreements. Transactions are based on oral agreements. Overall, there is a lack of organized production. The greatest part of the weavers works individually or with family or friends. A reason for this may be the lack of trust in leaders of weaving associations, but also the perceived lack of benefits derived from it.

## 7. Socio-economic livelihoods of weavers' households

As outlined in the theoretical framework the socio-economic characteristics of the households of the weavers will be fleshed out by making use of the livelihoods approach, thereby identifying the different household assets and how they tend to cope with hardship. However, as outlined in the methodology the livelihoods approach is merely used to analyze the socio-economic position of the weavers and their households. Therefore the household survey was geared only at the weavers as economic actors within the household, to gain information on the general household situation.

### 7.1 Household characteristics

The definition of 'a household' that was used in the household survey proved to have some flaws. For example, some 'households' had built almost an entire compound with one connecting roof, where several families live together. Another example that blurs the concept of the household, that is specific to the case of weavers, is the number of apprentices he/she has taken in. Once an apprentice has been appointed he/she is incorporated into the day-to-day life of the family, thus they '*share the same house-keeping arrangement and are catered for as one unit*'. In many cases a master weaver will have one or two apprentices at once, however there was one example where the master weaver was taking care of thirteen apprentices. His wife and himself already had five children of their own but also shared their house with thirteen others.

Where the GSS has used a similar definition of a household it has resulted in an average national household size of four, however the outcome of this research has indicated that the average household size is eight. Of course, with a smaller sample size outliers, such as the examples mentioned above, have greater influence on the average. Still, even when excluding the outliers of households with more than fifteen people, the average household size is six. However, it has been explained in the Ghana Living Standards Survey (GLSS) (2008) that the household size in rural localities is generally larger than those in urban localities. It can also be explained by the concept of extended family. Households can be enlarged by the inclusion of extended family members often due to difficult personal circumstances.

### 7.2 Livelihood assets

*'A person's assets, such as land, are not merely means with which he or she makes a living: they also give meaning to that person's world. Assets are not simply resources that people use in building livelihoods; they are assets that give them the capability to be and act.'*

(Bebbington, 1999: 2022 in Desai & Potter, 2008)

The livelihoods approach is built around the fact that peoples' livelihoods are dependent on the opportunities to access capitals that form the basis of their livelihood strategies. In the following section these assets will be elaborated on in terms of how the weavers' households use their assets to create their livelihood.

#### 7.2.1 Human capital

Human capital refers to the skills and abilities a person or household possesses, that can be used to strengthen their livelihood. One main indicator of this is the level of formal and informal education a person attained. Generally the formal education level among the sample of kente weavers is relatively low. As can be seen from table 15, the majority of the respondents (38 %) reached the level of junior high, which can be roughly translated to the age of 15 to 16 years.

However, after the greatest share of the respondents, who completed junior high, the second largest group merely finished primary school. Moreover, an accumulated 20 percent does not possess any educational certificates. However, compared to the national average of 31 percent of adults that have never attended school (GLSS 5, 2008: iv), only 10 percent in this survey is quite low.

**Table 15: Education level of the research sample**

Education level	Frequency	Percent
Never attended school	5	10.0
Completed some years of primary school	5	10.0
Completed primary school	14	28.0
Completed some years of junior high	2	4.0
Completed junior high	19	38.0
Completed senior high	3	6.0
Completed tertiary education	1	2.0
Other	1	2.0
Total	50	100.0

Obviously the most important skill or informal education that the households of kente weavers enjoy is that of weaving. For households with low income and marginalized access to formal education weaving is often one of the only options to learn a useful skill. It also decreases the burden of supporting young adolescents or children in the family as the youth is sent away to live with the master weaver for at least two years. The education is paid for with a fixed number of alcoholic beverages and cash (see picture 7). The apprentice, as the student weaver is called, is then incorporated into the family and will take part in it as a normal family member. After a minimum apprenticeship period of two years, the young weaver is free to leave and generally starts weaving individually. It is also possible to extend the apprenticeship with another two years to become a master weaver. Being a master weaver implies that he/she can take in apprentices who basically work for the master weaver while learning the skill. In other words, having apprentices is the 'cheapest' way to expand the business in terms of weaving capacity.

Generally the skill of weaving is developed at a young age, and due to a lack of other professional opportunities most people continue to weave the greatest part of their life. In the survey an accumulated 16 percent has more than 15 years of experience. On the other hand the largest part of the respondents is young and therefore gained between 0-10 years experience. This can mean two things, either there is a lack of other opportunities for young people or that the business of kente weaving still perceived to be a viable industry. However, it is most likely to be a combination of the two.

Several other skills also exist within the households, such as farming, tailoring, hairdressing, driving (car or motor), bicycle repair, food preparation, sewing, painting and teaching. These skills all contribute to the livelihood of the households, especially in a vulnerable context it is important for a household to have an economic activity to fall back on when the main activity is no longer lucrative or temporarily less profitable. Most commonly, the weavers' households combine weaving with farming and selling food products. Even to such an extent that the greater part of the weavers will stop the work almost entirely during farming season. Indirectly this also has to do with the fact that it rains more during the farming season and many weavers do not possess a fixed structure to work under, therefore they would be forced to stop anyway.

Picture 5: Apprentice agreement

**AGREEMENT RECEIPT**

Name of Apprentice: Elonwan Tsini  
 Tribe: Ewe Home Town: Wegbe Kpalime Religion: christian Marital Status: -  
 Permanent Address: Wegbe - Kpalime E.P. church

**SECTION A:** Starting requirements are:  
 An amount of ~~₵ 50,000~~ Bottles Schnapps: 2 Bottles Beer: 2

**SECTION B:** Apprentice will provide his or her own tools

**SECTION C:** Completing requirements are as follows: When apprentice is qualified parents will pay:  
 Amount Of ~~₵ 150,000~~ Bottles of Gin: 2  
 Bottles of Beer: 4 Bottles of Schnapps: 2 Bottles of Whisky: 2  
 Bottles of Mineral: 12

**REGULATIONS**

A Apprenticeship starts from 1999 November 1999 To 1999 November 2001  
 B Duration of the Tuition/Training will be 2 - 3 years  
 C If he absents himself without permission for 5 days he will be dismissed and be liable to pay all claims  
 D If an Apprentice is caught for stealing, he will be dismissed.  
 E He should work under instruction.  
 F Master will not be responsible for any theft or any criminal offence committed by the said Apprentice  
 G Apprentice should report for duty at 7.00 a. m. to keep the Workshop tidy before the arrival of the senior Apprentice and Master.  
 H Apprentice should not undertake any new work without the consent of the Master.  
 I Apprentice must be humble, respectful and should be prepared to assist the Master in all his undertakings.

After completing the period of apprenticeship successfully, he will weave 2 male cloth as thanksgiving, whiles the said Master will free the Apprentice and promote him as a Master with a beautiful testimonial.

**DECLARATION**

I, Mr/Madam: Mabel Ado Home Town: Wegbe - Kpalime  
 Have agreed to send my son/nephew/brother for training and have also agreed to be responsible when my son/nephew/brother goes against any of the above Regulations.

I also agree that my ward's training fees, etc. paid is not refundable under any circumstances and further promise to pay any Workshop equipment lost or damaged by my ward.

Parent/Guardian Sign: Umi Master Sign: Stephen O. Akalapo  
 Name: Mad. Mabel Ado Name: Stephen O. Akalapo  
 Witness Sign: Ado Witness Sign: Akalapo  
 Name: Mr. Elk Tsini Name: Mr. Jonathan Akalapo  
 Address of Witness: E.P. church Address of Witness: E.P. church of Ghana  
Wegbe - Kpalime P.O. Box 32, Kpelobe.

Source: Kraamer, 2005

### 7.2.2 Social capital

In the context of the sustainable livelihoods framework social capital refers to the social resources upon which people draw in pursuit of their livelihood objectives (DFID, 1999). These are developed through networks and connectedness, membership of formalized groups and relationships of trust. To structure the analysis of the concept of social capital Uphoff (1999) has provided a differentiation between cognitive and structural social capital. Where cognitive social capital can be measured by the level of trust within the society and structural social capital can be analyzed through the type of social relations, networks, formal and informal organizations a person is involved in.

Starting with cognitive social capital, it was found that the level of trust among weavers is very low, there is a strong competitive environment amid the weavers. On the one hand they like to work together because it stimulates them to work faster, but on the other hand they are very protective of their designs and afraid someone might 'steal' their idea. However, the level of trust increases with proof of family ties. Family is almost always trusted and not often questioned and friends that have strong and long-lasting relationships with family members are therefore also trusted. But for one weaver to trust another a long-standing and mutually beneficial relationship must be developed first. Therefore the main social institution of the households of kente weavers is the household itself.

As for structural social capital there is a low degree of formalized institutions, and even less organizations that ease the way of doing business. Thus, the existing formal institutions are of no assistance to the weavers' businesses and their households. However, some very strong informal social institutions exist that do benefit the weavers, such as the willingness to assist a family member when he/she is in need, without expecting anything in return directly. Indirectly it is expected that this person will do the same if others are in need. Thus, family achievements or good reputation can enhance a person's social capital as it increases the level of trust. Therefore status is a strong determinant of the level of social capital.

Concerning the type of social relationships and networks weavers are involved in, there is not much inter-class interaction unless it is family. With this it is meant that weavers interact mostly with other weavers and for example there is not much interaction with people who work for the district or the government. However, through inter-class social networking sales can be enhanced by direct sales. Thus, those that do have social relationships with others in different social classes tend to have more knowledge of their industry and achieve more stable business results.

### 7.2.3 Financial capital

Households in rural areas generally do not use a fixed system for 'household accounting', rather more flexible financial mechanisms are in place. This is also linked to the household structure, as households are not strictly the nuclear family accounting for costs is also more complicated. It is strongly dependent on who earned money, how much and the necessary expenditure. Generally, money comes in and goes out without much knowledge of exactly how much is flowing in and out. For this reason many weavers find it difficult to save money consistently. Many complain that they cannot even buy the materials to make a cloth which amount to something between GH 30 – 80 (approximately 15-40 Euro). However, many of them respond that they do save some money, to be able to expand the business. Though, the majority saves money inside the house (73.2 %) ('under the mattress'), generally this is not substantial amount of money. Nevertheless many households possess small livestock that can be seen as liquid assets, another liquid asset is the ownership of (old) kente cloths and the better the quality the more its worth. In case of cash deficit many households tend to sell their old kente cloths to traders that are specifically looking for these (most often they are sold for less than it is worth).

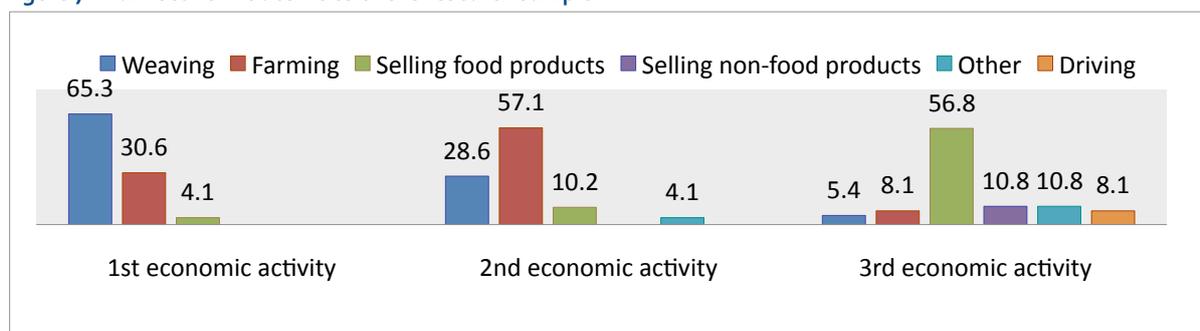
Concerning access to financial capital 80 percent of the respondents declared to have access to credit, albeit an accumulated 87.5 percent being accessed through friends and family. Only 12.5 percent had access to credit through a rural private bank, involving high interest rates of 33 percent (Interviewee: Amenyoo, 2010). Others that borrowed money informally paid between 10 and 30 percent interest.

**Table 16: Access to credit**

Source of credit	Frequency	Percent
Through a bank	5	12.5
Through family	21	52.5
Through friends	14	35.0

Concerning the regular inflows of money, some households tend to specialize in weaving whereas others have several sources of income. Those households that are specialized in kente weaving tend to involve the entire family in it. As was mentioned before master weavers take apprentices into their homes to teach them how to weave. The apprentice weaves for the master in return for lessons, shelter and food. Taking in apprentices is seen as an investment, it costs time to teach the apprentice but later the cloths can be sold for their own profit. Sometimes the apprentices come from far and are encouraged by their parents to learn a skill under a master, but most of the time the apprentices are their very own children. But besides weaving the majority of the weavers also depend on other sources of income. In other words, most commonly the households have diversified their sources of income rather than specializing in one skill, as there is a high instability in the income from weaving. Besides income diversification households also try to reduce costs by depending on subsistence farming. The graphs below show where kente weaving stands in importance among the other economic activities. Among the respondents of the sample weaving was the main economic activity (65.3 %) followed by farming (57.1 %) and selling food products (56.8 %), respectively.

**Figure 7: Main economic activities of the research sample**



In a male-headed household it is expected that the male (often a weaver in this case) provides for the rest of the household, any additional income earned by other members of the household most often goes into their own pocket. Thus, income from kente is used for the entire household. However, identifying where the income was coming from proved to be much less difficult than identifying the average monthly income from weaving. Only 50 percent of the respondents were able to provide such estimation, with varieties between GH 20 and GH 2000. The average income derived from these answers amounted to GH 189, however when excluding the outlier of GH 2000 per month a more realistic average of GH 113 per month appears. In general, most answers lie between GH 50 (EUR 28) and GH 150 (EUR 87). Multiplying these figures by twelve provides us insight in the average annual income from weaving (keeping in mind that the largest part of the household income comes from weaving), between GH 600 and GH 1800.

When comparing this to the national annual average household income of GH 1217, with the average per capita income is almost GH 400, it shows that weavers households are not the poorest of the poor. However, for most weavers the income that was stated in the answers is not stable, it happens that in some months there is no income from weaving and others more than expected. Also, there is a high rate of financial illiteracy amongst the respondents of this research, which is another reason to see the figure above as merely an indication of income from weaving. Nevertheless it does hint that weavers' households can be considered as average households compared to the national figures. As can be seen from the table below the two greatest groups (26 – 50 & 51 – 75) indicate that income from weaving counts as the greatest part of the household income.

**Table 17: Income from weaving as percentage of total household income**

Income from weaving as % of total household income	Frequency	Percent
0 – 25	2	4.4
26 – 50	19	42.3
51 – 75	22	48.9
76 – 100	2	4.4

In terms of pensions and other transfers from the state, the economy and government financial system has so far not matured to a state that it can support the rural households. Registration of inhabitants alone proves to be hazardous, thus these types of financial cash flows are almost non-existent. Remittances, however, might play a more important role in the cash flows of households. Because it has been understood that there is a growing community of weavers from the Adaklu-Anyigbe district that has migrated (short-term) to Kumasi to work directly for retailers. The money that is earned is usually sent back to support the family in the rural localities.

Overall, at the household level weaving is a significant source of income. Many households of weavers greatly depend on this income, however due to increasing competition they are forced to supplement the income with other economic activities.

#### 7.2.4 Natural capital

As was mentioned before, weaving and farming is often combined. The natural resource based is used for both farming and weaving. Obviously the farmland is used for farming, in most cases the produce is used for both own consumption and petty commercial sales. The land that the household's farm on most often does not belong to the household itself, rather it is often owned by a relative, a late family member or an independent landowner. Only when the land is owned by an independent landowner does the household have to pay for the use of the land, most often this is an in-kind contribution of the crops. As for weaving the natural resource based is used to build a structure to work under, a station where the fixed loom can be set up. Also in many cases the house itself is built from natural materials from the local natural resource base. In other words, households in the weaving communities are highly reliant on the local natural resource base for food production, food preparation (charcoal) and building materials.

It has been observed that in some communities (however, not many that are specialized in weaving) are specializing in the production of charcoal, local trees are cut down at high speed for this production. However, this high speed of charcoal production leads to forest depletion, as the natural resource base cannot replenish itself fast enough. Even though the weaving communities themselves are not entirely specialized in charcoal production their neighboring communities who are specialized in this activity are causing severe damage to the natural environment that affects the entire district.

Another activity that is degrading the natural environment is the hunting of 'grasscutter', a wild rat that is a delicacy in Ghana. To hunt this animal bushfires are started to scare them (BBC, 2006) but these bushfires are hampering the natural environment to grow to maturity. Therefore the forest that was once an entire resource base for rural communities is slowly degrading and turning into flat grasslands with only young vegetation.

*"Ghanaians are crazy for bushmeat, they will hunt for bushmeat as long as there is some." (Ryan, 2006)*

### 7.2.5 Physical capital

Physical capital refers to the basic infrastructure and producer goods needed to support livelihoods (DFID, 1999). The following components of infrastructure are helpful to create sustainable livelihoods: affordable transport; secure shelter and buildings; adequate water supply and sanitation; clean, affordable energy; and access to information (DFID, 1999).

Concerning affordable transport, this is an asset that the people of the Adaklu-Anyigbe district have reasonable access to. However, a distinction must be made between the local transport and long-distance transport. The cost of local public transport and access to it is generally well developed; however the time it takes to fill the mini busses before it leaves is the reason that transport is relatively cheap. Long-distance transport on the other hand is less frequent, however the government has invested in a public transport system that is accessible to all. Still, for many weavers who self-market their cloths in Kumasi (where the main market for kente is) it is a high cost to pay as the market is far from the weavers in the Adaklu-Anyigbe district.

As for secure shelter and buildings, generally the micro weaving enterprises lack any kind of secure shelter. The only security that most shelters offer is protection from the sun, the shelter is usually not resistant against the rain or other types of natural hazard. This seriously affects the efficiency of weaving, as the production must stop when the rain starts. However, there are some weavers that have built a shelter or work at a fixed building, their business is obviously less prone to weather conditions.

Concerning the physical capital of the households there are variations in the durability of the buildings. As a measurement of the level of poverty, the type of house is a useful tool. Five types of houses were identified in ascending order, of which the majority (38 %) lives in the most costly type of housing (made from concrete blocks with sheet

roofing). The second largest group (28 %) lives in houses made from clay blocks with thatched roofing. Lastly, 14 percent lives in the most basic type of housing, namely made from clay (and sticks) and thatched roofing. Concerning access to running water and electricity inside the house, 96 percent does not have piped water and 76 percent also does not have electricity. As with land, the house in which the household lives often belongs to a relative or 'the family'. It means that the household that lives there does not have to pay any contribution for staying there.

Something that almost every household possess is livestock, 78 percent of the respondents households own livestock, mostly chicken, goats, cats, sheep and guinea fowl. Heavy machinery for farming is almost non-existent in the rural households, most own small tools for farming.

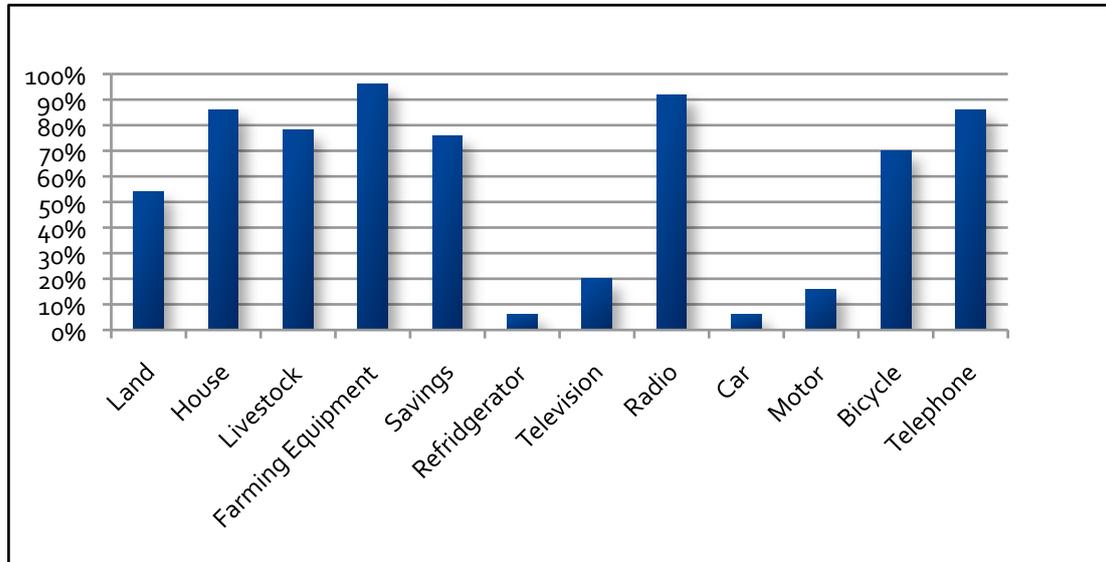


Picture 6: Female kente weaver

Also a loom cannot be counted as machinery, it is most often self-made and does not have any mechanical mechanisms. Other tools used for weaving are heddles, shuttles and a system of two pins in the ground for laying the warp.

The figure below depicts the percentage of households that possess the different assets, it can be seen only few households own a refrigerator, a television, a car and a motor, these can be considered luxury goods.

**Figure 8: Household assets ownership percentage**



### 7.3 Vulnerability context

The vulnerability context frames the external environment that people live in. People's livelihoods and the wider availability of assets are primarily affected by critical trends as well as by shocks and seasonality, over which they have limited or no control (DFID, 1999). The majority of the Adaklu-Anyigbe district is rural and is very vulnerable to seasonality, shocks and trends. It was explained during a focus group session that the trend of increased production of kente and declining demand in the Volta Region has caused households to resort to farming to supplement their income and provide for subsistence food products. Formerly there was such a high demand for kente (and less producers) that weavers did not have time to engage in commercial farming, whereas now they are forced to learn to be efficient farmers. This in turn affects the seasonality of the production of kente. According to several weavers, before the 1990s there was constant production, except for the weavers without a structure to protect them from the rain. During the dry season, which is not farming season, everyone produces kente, therefore the prices are forced down as the market is flooded with kente. But during the rain season there is less production, therefore better prices can be negotiated. However, as the small self-employed weaver does not own enough private capital to postpone the sales or produce during rainy season, he/she is forced to accept the low prices and produce when everyone else is producing.

During the focus group sessions it was also explained that the market for kente is currently not as good as it was 15 years ago. Then weaving was the main source of income and the women worked in the farm for subsistence. However since the introduction of the Kente Festival in 1995 more and more surrounding villages became aware of the lucrative business of kente weaving. Therefore gradually more communities started to engage in weaving, thereby increasing competition and dampening the prices weavers are getting.

Nowadays, weaving has become a seasonal activity for some weavers as they are forced to supplement their income or decrease costs with subsistence farming. However, for the greatest part of the respondents weaving consisted of at least 50 percent of the household income, but often up to 70 percent. There are also weavers that have many apprentices or employees and therefore decide to specialize in weaving. These weavers have generally established themselves well in the market and count on a reasonably stable income and therefore they are not forced to resort to subsistence farming. The less fortunate weavers also lack access to formal safety nets, such as health insurance and savings at a bank.

There are many more 'unreliabilities' that households have to deal with, such as the unreliable electricity network (thereby also pumped water), illness and theft. Illness is particularly problematic as it not only affects income and production but also brings high costs. A high percentage of the weavers do not have health insurance, in the sample of this research 86 percent did not have it. Therefore the costs of health services are very high, this is supplemented by the fact that the hygienic circumstances induce high instances of illness, also malaria is endemic. In short, individuals and households diversify and complicate their livelihood strategies to increase income, reduce vulnerability and improve quality of their lives.

#### 7.4 Livelihood strategies

In the case of kente weavers a distinction can be made between the different types of weavers, as a result of the large number of weavers there are many variations in livelihood strategies. Some weavers' households tend to specialize whereas others create a combination of economic activities to sustain themselves. Neither one or the other is better nor worse, each household designs its own strategy according to its possibilities and capabilities. Nevertheless it is possible to identify specific strategies that different households pursue. Three main types of strategies have been identified:

- **Diversification**, the household has a portfolio of economic activities performed by different members of the household. These economic activities are practiced locally, some activities are subsistence farming, selling food produce at the market, selling non-food products such as telephone credit and other household necessities, hairdressing, driving public transportation vehicles and weaving. All these activities can be practiced within a single household, it spreads the risk of unstable income from any given activity. The majority of the weavers' households in the Adaklu-Anyigbe district have developed such a portfolio of activities as competition in the weaving industry is increasing resulting in diminishing returns. Therefore, over time households have been forced to seek economic benefits in other activities to compensate for the loss of income from weaving. In translating this strategy to the typification of livelihood strategies provided by Zoomers (1999) it can be placed under the 'security strategies' as it involves diversification by multi-tasking.
- **Straddling**, whereby different members of the household live and work in different places, temporarily (e.g. seasonal migration) or permanently (DFID, 1999). Also a number of households have chosen for this strategy, which involves migration to places where the production or sales is more lucrative than the own locality. A large group of weavers has been recruited to work directly for retailers in and around Kumasi. Generally the younger weavers of the household have migrated temporarily to Kumasi to weave because there is a stable flow of orders and better profit margins. Because there is such high demand there, there is not much time to travel back to the hometown, therefore many weavers only visit their hometown during holidays. According to Zoomers (1999) typification, this strategy falls under 'accumulation strategies' as these households are trying to establish a resource base for future expansion involving migration for better earnings.

Rather than the reactive strategy of diversification, this is a proactive strategy.

- **Specialization**, still others have decided that specialization in weaving is suitable to their situation. Generally, these households involve several family members in the business of weaving. These households know much about the business of kente weaving and generally also know the market well. This strategy can be translated into the 'consolidation strategy' identified by Zoomers (1999). These households have generally established a certain status and therefore try to stabilize their well being.

#### **Box 4: The story of an orphan who built his livelihood through weaving**

Emmanuel (alias) is now a young man of 27 years of age who is generally content with his life but has had many challenges along the way. He was born in a rural area in the Agotime Traditional Area in the Adaklu-Anyigbe district, a rural community with ambitions for weaving as the main means for building a livelihood. Though at the age of three Emmanuel lost both his parents and was taken in by his grandparents. Emmanuel was lucky enough to be sent to both primary and secondary formal education. In addition his grandfather taught him how to weave kente. Later in life this would become his main skill.

When Emmanuel's girlfriend got pregnant while he was still in school he decided that it was time to start earning money of his own. Therefore he left to the capital of Accra to work in a water factory, however as an employee he was mistreated and was not earning enough to provide for his family. When someone in Accra heard that he was a weaver the word spread quickly and more and more people started asking him to weave for them. He therefore decided to build a loom in Accra to be able to weave there, eventually he was able to quit his job at the water factory.

His business was going well until his grandmother fell ill. He decided to move his business back to the Adaklu-Anyigbe district in order to be close to his grandmother whom, together with his sister, he was taking care of. Kpetoe, the main town in the Adaklu-Anyigbe district, is now his home where he weaves at the main weaving center together with 18 other weavers. He has become a member of a weaving association and has established a reputation as a trustworthy hard worker. Due to his open and gentle character he has also been chosen to become a tour guide for the district.

With the money that he is earning from weaving he bought a motorbike on which he lets his friend drive as a local taxi, later his friend will pay off the motorbike with interest. The profit that he is making with this and other activities will all be invested in the new house that he is building. A house close to the weaving center, which he himself will live in with his family, but he will also sublet rooms for extra income. All in all, he is in the process of building a sustainable livelihood for himself that was made possible by the skill he learned from his grandfather.

## **7.5 Conclusion**

In general the households of kente weavers consist of many family and extended-family members. Most households seek diversification of economic activities, as there is a high fluctuation of income from weaving, this also increases the need for subsistence farming. Generally, education levels are quite low. However in the rural communities access to basic education is difficult and therefore there are higher instances of people who do not have any educational certificates.

The living conditions range from those that live in a concrete brick house with electricity to those that live in houses made from clay with thatched roofs without electricity (in the community), all communities have communal water sources.

In terms of livelihood assets the households of kente weavers the level of access to one asset, namely financial capital determines the dependency on the other assets. For example, during times when there is little access (or low demand for kente) to financial capital the household depends greatly on their social capital (relational networks) and natural capital (subsistence farming and the natural resource base) to compensate for the financial shortcomings. The level of human capital (both formal and informal education and skills) also determines the access to financial capital. For example, the higher the level of formal education the greater the opportunities for a job, or the greater the skills of the weavers the higher the revenue from weaving.

The main source of income is from weaving, the majority of the weavers claimed that between 50-70 percent of the total household income is derived from weaving. However, more and more households are being forced to resort to subsistence farming because more people in the district are engaging in weaving thereby increasing the number of producers and competition. The livelihood strategies that households of weavers are practicing are diversification, straddling and specialization. These strategies can also be translated to 'security', 'accumulation' and 'consolidation' strategies, respectively, as identified in the livelihoods typology of Zoomers (1999). Those that specialize in weaving completely depend on this income and often have several apprentices to increase the production capacity. However, the majority of households are forced to diversify their livelihood portfolio, by practicing subsistence farming and other economic activities, therefore weaving as an economic activity fits well in this complex rural reality.

## 7.6 Constraints in the value chain

Upgrading constraints are direct and indirect constraints affecting daily business conduct of weavers in the value chain of Ewe kente. The complex reality of weaving in a rural environment whilst being integrated in a modern value chain brings along many constraints. In maintaining the structure of the value chain the constraints related to each of the functions will be explained.

### Constraints related to input:

**Increasing cost of input supplies.** Ghana has a double-digit inflation rate, meaning that prices are constantly changing. As a result of this high inflation rate the costs of supplies are steadily increasing over time, however the prices of the cloths are not increasing. In other words, this means that the profit margin of the weavers is decreasing. As the competition of weavers is increasing the weavers are offering the lowest possible price in order to gain new orders and gain trust with the retailers and intermediaries. However, in their struggle to maintain their position as an independent weaver the prices are cutthroat with minimal profit margins and consequently affecting their livelihoods.

**Inconsistency in availability of yarn colors and the consistency of the color itself.** The yarn factories generally determine the colors that are produced for the market, unless they receive a large order from a specific client. Otherwise they produce based on the amount of sales. Further down the value chain this translates into a concentration of certain colors that are sold to kente weavers. However it is not so much the yarn factories as it is the local retailers of yarn that determine the availability of colors. Due to the lack of money 'in the system' local retailers cannot always buy large amounts of yarn at once, therefore part of the stock must be sold first before new stock can be bought. This can lead to a lack of certain colors. Resultantly sometimes when a weaver has to buy extra yarn for a cloth the color of the cones is not the same as the ones he/she has already used. This affects the quality, and thus, the selling price of the cloth negatively.

### Constraints related to production:

**Low production capacity.** At the production level the work conditions and the environment, e.g. bad weather conditions (if there is no fixed structure to work at) and the necessity of farming - which takes time away from weaving – can affect the production capacity negatively. In addition, the strong seasonality of farming also causes seasonality in weaving and therefore a strong fluctuation in selling prices. This is because during the farming season the supply is less and therefore higher prices can be negotiated.

**Low level of organization.** Most weavers tend to work individually therefore they cannot produce large orders in a short time. Individual production inherently has low production capacity, the only way to increase this is by hiring employees. However, many individual weavers have experienced problems with hiring extra labor, problems such as late delivery, they are no where to be found after an advanced payment, or the quality is not what they expected it to be. Also mentioned elsewhere, there is a lack of trust of leaders of associations or other forms of organization. Many weavers believe whoever has a leading position will eventually misuse it. Therefore from the perception of the weavers' cooperation bring more instead of less risk.

**Lack of capital.** Again this has to do with the lack of 'money in the system', in short this means that each weaver or other actor first has to sell his/her product before he/she can buy new materials. Only few people have enough savings to overcome a shortage of capital, but most live from the money they have in their pocket. Some weavers are so deprived of capital that they cannot buy the material to start weaving their own cloths for self-marketing, thereby increasing their dependency on middlemen who often take low prices.

**Lack of competitiveness/distinctiveness.** Due to an increasing number of people engaging in weaving it is important for weavers to distinguish themselves from their competition. However, currently most people simply produce on order and only a few weavers are specializing in certain patterns that they do very well. In other words, more and more weavers in the Volta Region are weaving Ashanti patterns and fewer weavers are able to make traditional Ewe patterns, therefore kente woven by Ewe's is becoming less distinctive.

**Lack of quality standards and of proof of authenticity.** With the increasing number of weavers there is increasing variability in quality of the kente. Due to the high inconsistency in the quality of kente it is difficult for clients to trust that each product will have the same quality. Also, because the bulk of kente is sold in Kumasi and Accra the kente woven in the Adaklu-Anyigbe district cannot be distinguished from the rest. The kente cloths that are sold in Kumasi are sold as Ashanti woven cloths even though they are often woven by skillful Ewe's. In other words, the Ewe's are not getting credit for their work.

**Lack of service to clients.** Generally there is a lack of communication between clients and weavers, this results in disappointment of the client which contributes negatively to the perception that weavers are not trustworthy. But in general, some weavers do not think from the perspective of the client and therefore lack the capacity to provide good service to their clients. Some of the disappointments are late delivery, slow working pace, asking for more money even though the client has already paid in advance, disappointment in the quality, or sloppy assembly of the strips.

**Lack of basic business skills.** Weavers generally lack (or choose not to practice) basic business skills, such as bookkeeping. This contributes to a low transparency in the kente industry, but also as mentioned before less trustworthiness from the client, the broker and organizations such as banks, weaving associations and NGOs. The better the weaver can show that he/she is serious about the business the more chances he/she will have to expand and gain trustworthiness.

Constraints related to trade and retail:

**Lack of trust between brokers/retailers and weavers.** Many retailers and brokers, but also consumers, are experiencing problems with weavers, they regularly take the advanced payment without weaving the order. This has to do with a lack of business-minded attitude, as many do not realize the damage this does to their reputation. Consequently, more and more buyers are moving away from this system of advanced payment. Hence, weavers are required to use their own capital to start production, however not every weaver is capable of this.

Constraints related to consumption:

**Slow payment of buyers.** Several weavers and other actors in the chain have mentioned that 'there is no money in the system', referring to the slow payment of buyers. Especially for large orders it can take a buyer up to five months to pay. This is a major constraint for weavers, because they themselves do not have much private capital, therefore they need the profit from the previous order to buy material for new cloths.

**Lack of marketing skills.** Most weavers are not aware of how they can best market their products. Especially the young weavers are dependent on local contacts, but they are not aware of what is happening in the market. On the other hand, the more experienced weavers are aware of the pivotal role of Kumasi and regularly go there to self-market their products. This requires knowledge of where potential buyers are. Yet self-marketing is strongly correlated with a trustworthy reputation which in turn is gained by practicing (basic) business skills as proof of reliability.

**Shift of demand to Kumasi.** The Volta Region used to have a strong market for kente, however due to the relatively low level of demand within the Adaklu-Anyigbe district weavers are forced to go to Kumasi and Accra to sell their products. Therefore the main market for kente is shifting away from the Volta Region, it is no longer the main trading hub for kente. The fact that the main market for kente is in other regions than the Volta Region results in higher transaction costs for Ewe weavers, therefore their position is more marginal than those situated closer to the market. Another advantage of being closer to the market is that there are more chances for networking and self-marketing. In other words, weavers that are forced to sell their kente in Kumasi and Accra are distant from their market in both absolute and relative terms.

Other underlying constraints:

**Lack of access to credit.** A lack of credit can be viewed from two perspectives. On the one hand the weavers have low access to credit, because they are not formally registered and therefore do not have any institution or private property that can act as a warrant for the trustworthiness of the business. Also, weavers complain that interest rates are very high and that therefore it takes them too long to pay back the loan. On the other hand, from the perspective of the financial institutions, in addition to the high inflation rates in Ghana the weavers have a high instance of failing to pay back the loans; therefore high interest rates are necessary. This is a virtuous circle that unfortunately is negatively influenced by the lack of professionalism micro entrepreneurs in the kente industry.

**Lack of sound commercial distribution structures.** The current business environment in the Adaklu-Anyigbe district is not suitable for the growth of the kente industry in general, therefore unless an enabling environment is enhanced the main market for kente will stay in Kumasi and Accra. There is a lack of financial services for micro entrepreneurs, supporting governmental organizations, limited road network, lack of electricity in many rural communities, even the lack of a petrol station does not enhance the business climate of the district.

## 7.7 Opportunities for improvement of the value chain of Ewe kente

Now that there is an understanding of the constraints that are hampering the efficient production and market access of the weavers in the value chain of Ewe kente possible opportunities can be identified for improvement. In short, the aim is to improve the performance of the value chain by reducing losses, by reducing marketing and other transaction costs, improving the quality and delivery of the product and improving the position of chain actors (Bammann, 2007).

**Efficient organization:** Through efficient organization of weavers they can collectively purchase yarn, in the desired colors, directly from the factory. Thereby decreasing the dependency on local input suppliers for the colors and benefitting from a lower price per unit. It also increases the production capacity and the trustworthiness of the individual weavers for the buyers.

**Encouragement of saving at the bank:** By encouraging weavers to save their money at the bank, even if it is only a small amount, it can increase the creditworthiness for financial institutions thereby increasing the chance of getting access to credit. Also, saving money at the bank can help increase the safety net and gain some interest.

**Encouragement of dialogue with financial services:** Investing in business relations with financial service institutions can be worthwhile, in term of the development of financial services that are suitable for weavers.

**Encouragement of practicing basic business skills:** By encouraging weavers to practice skills, such as bookkeeping and proper selling price calculation, it can enhance the insight in the actual earnings

from weaving, for the weaver but also for general data collection.

**Increased professionalism:** An increased level of professionalism, in term of business skills and general entrepreneurial attitude, can contribute to a trustworthy reputation of weavers, making it easier to communicate with them, also increasing the ease of doing business.

**Modernized loom technology development:** In terms of production efficiency the introduction the modernized loom from Kumasi may assist in the problem of low production capacity. It was developed by the Kwame Nkrumah University and produces the size of four strips in one in less time. Also the loom itself is less space consuming compared to the traditional loom. Therefore more weavers would be able to work in the same space. However, it is the traditional method of production that is most interesting for visitors to see.

**Product development and innovation:** Product development - the development of new product that appeal to new markets – can help to tap into other types of markets. For example, the foreign market is more interested in product for home decoration rather than fashion. However, this requires knowledge of market preferences and the establishment of strong (mutual dependent) relationships with (potential) buyers.

**Tap into high-end market channels:** There is trend of increasing demand for exclusive designs in Europe and the US. According to CBI, an organization that produces market information, claims that exclusive products with high cultural value are trendy in Europe. It is also advises small-scale producers to tap into high-end market channels. High-end markets are generally more profitable, however also more demanding. High-end markets are more focused on high quality and uniqueness rather than price (see box 1). In addition, there is also a trend of increased demand for Fairtrade products; a well established label that ensures that the producer receives a fair price. Craft items are sold in Fairtrade shops in Europe and the US. This coincides with the trend for exclusive designs. This requires branding that sets a certain standard for the finished product.

#### Box 5: CBI market trend information

*"... products with identity are trendy; these are products with cultural or social values incorporated, authentic products, products that use innovative techniques and craftsmanship. This trend combined with the facts that more and more Europeans are interested in exotic cultures, should present opportunities for producers from developing countries" (CBI, 2009).*

*"For relatively small-scale producers, we advise looking at creating a niche position in the middle or high market segments. For example, specialize in products with original ethnic value, like handmade, original, artistic and exclusive products. ... But be aware of the fact that marketing and having a trustworthy agent or partner are very important in this segment. Only then you can achieve high margins" (CBI, 2009).*

**Increased out-of-pocket spending in the district:** The Adaklu-Anyigbe district is unique because it is home to the art of weaving Ewe kente. This has considerable potential for the development of cultural tourism. Generally the types of tourists that come to Ghana are likely to be interested in learning about kente weaving. Fortunately, efforts have already been geared towards the development of a visitor center and sensitization of key opinion leaders of the community. However, in order to develop Kpetoe and surrounding villages into a successful tourist destination/ attraction also supporting facilities must be developed as they are currently lacking. The establishment of a craft market can simultaneously bring the producer closer to the consumer and enhance the tourism experience and increase out of spending in the district. It can decrease marketing and transportation costs for weavers. Also the establishment of a craft market may indirectly help to reverse the shift of the main market to Kumasi.

## CONCLUSIONS AND DISCUSSION: LESSONS LEARNED



## 8. Conclusions

The objective of this study was to provide insight in the value chain of Ewe kente and articulate baseline findings of characteristics of the households of kente weavers. Here the main conclusions will be drawn and recommendations provided for SNV as potential interventions areas for upgrading with pro-poor impact. To recapitulate the main research question:

*What are the social and economics conditions of the kente weavers in the Volta Region in Ghana and how can these conditions be improved through the enhancement of the value chain?*

### 8.1 Value chain analysis

The basic structure of the value chain of Ewe kente is rather straightforward; it has five basic functions which are input, production, trade, retail and consumption. However, when focusing on the function of production there are many different market channels ranging from direct sales to the consumer to sales through intermediaries. Typically different types of weaving enterprises use different market channels, which each have differing implications. Some weavers are independent in how they sell their cloths, thus they self-market their product which takes much of their time away from weaving. While other weavers are dependent on intermediaries for their orders and/or sales, which saves time in marketing however they receive lower prices as the intermediary also take a certain commission.

Each actor has a different influence on the value chain. Especially producers are pivotal in the chain, in that the number of producers and their production level influences the scarcity or abundance of kente in the market and therefore also has influence on the selling price. The role of the broker is key in terms of market access for some weavers. Some weavers are able to find their own market, however others are so marginalized and deprived of basic business skills that it increases their dependency on brokers. Thus, the more the weaver is dependent on the broker the less access he/she has to the market. However, also from the perspective of the retailer a broker is necessary because the weavers are so dispersed that it is difficult for retailers to come in contact with (marginalized) weavers. Lastly, retailers and brokers have a significant role in the changes of the structure of the value chain. Whereas the market for kente used to be dispersed throughout the country it is now increasingly being centralized at two main markets, Kumasi and Accra. This occurrence is, in part, due to the preferences of retailers and brokers to establish themselves in these two cities. Consequently, retailers and brokers are also influencing the level of production, in that they are attracting weavers to their establishment with short- and mid-term contracts, thus luring them from their original site of production.

Therefore, it can be concluded that retailers and intermediaries are quite dominant within the value chain and have a strong influence on the location of the main market and the level of production. However, still market relations rather than captive relations dominate the value chain of Ewe kente. Typically individuals and enterprises buy and sell products to one another with little interaction beyond exchanging goods and services for money. Thus, the cost of switching for both parties is relatively low. However, a more nuanced view is that among different types of actors there are different types of relations. Also relational market channels can be found, typified by complex interactions between buyers and sellers, characterized by frequent face-to-face interaction. Mutual dependence is key here, therefore switching costs are much higher than in market relations. This type of governance structure can be found where weavers interact with brokers or directly with retailers, especially when short-term contracts are involved. The group of semi-employed weavers without personnel (typology 3) is the best example of this type of governance structure.

Here there is mutual dependency as weavers are dependent on orders from the broker/retailer and the brokers/retailers are also dependent on the timely delivery by the weavers. Also quality is expected to be assured, therefore there is a relatively high degree of monitoring of the progress, making sure that no mistakes are made.

In terms of the distribution of value addition along the chain, the greatest part of value addition is attributed by the producers, with almost two thirds of the value being created by the weavers. However, the amount to value added does not translate directly into higher profitability. Indeed the function of production is the *least* profitable in the chain when the time is taken into account to create this value addition. However, it is difficult to determine which actor enjoys the greatest benefit from the chain as not enough quantitative data was gathered on this matter. Nevertheless, at this exploratory stage this study has provided insight in the general tendency in terms of distribution of benefits. Thus there is opportunity for further research, should there be a desire for more quantifiable data on the division of benefits throughout the chain.

As a result of the low profitability at the level of production one of the main constraints that affects the daily business of kente weavers is a lack of 'money in the system' resulting in slow payment from clients. Also the strip loom that is used for weavers generally has low production capacity, the only way to increase this is by increasing the number of weavers. However, collective production is not practiced on a large scale. Furthermore, retailers/brokers are increasingly having problems with the trustworthiness of weavers, therefore they are moving away from the system of advanced payments. However, some weavers are so deprived of private capital that they cannot start production without advanced payment. Moreover, generally weavers have a lack of marketing skills and knowledge of the market, they are also deficient in client orientation and providing service to their clients. In general, the lack of demand and the need of many weavers to produce cash on a short-term sometimes results in a market price that is lower than the production costs. Because the barriers of entry are low for production - there is a great base of surplus labor in the district - an increase in demand may lead to an increase in producers and therefore less likely that there will be an increase in the price. In the end, those weavers that are more connected to the market already have an advantage over the more marginalized weavers in the most rural areas, therefore the former is likely to benefit more from any type of intervention.

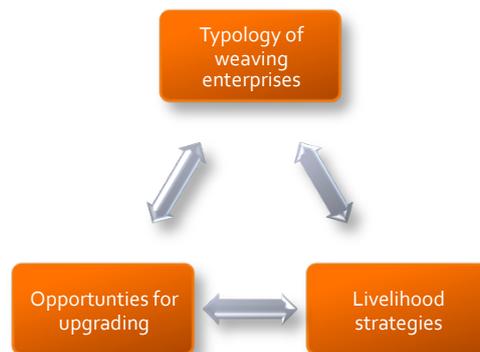
In order to identify prospects for upgrading it is important to identify which aspects affect upgrading. In my opinion the above-mentioned constraints are only part of the answer. However, as a result of combining the livelihoods approach with the value chain analysis it has been found that there is an additional factor that strongly determines the prospects for upgrading. From the value chain perspective there is a correlation between the typology of the weaving enterprises and their opportunities for upgrading, in that the different typologies stand for different types of business conduct, see figure 9. For example, the self-employed weaver without personnel (typology 1) who is geographically marginalized in a rural area that is hard to reach, depends on a broker for orders and takes any price he/she is offered. Hence, there is not much room for business expansion as the profit margins are low and because of the marginalized area the weavers is nearly cut off from contact with retailers and other brokers.

**Figure 9: Initially perceived correlation between weavers and opportunities for upgrading**



During the focus group sessions it became clear that those weavers who are marginalized within the Adaklu-Anyigbe district are struggling to cope with the circumstances by spreading risk and gathering income from several (unpredictable) sources – and therefore have vulnerable livelihoods - tend to have fewer opportunities in terms of upgrading within the value chain. On the other hand those weavers that have a more ‘structural’ way of selling and receiving orders generally choose specialization as a livelihood strategy. Consequently they have different opportunities for upgrading than the more marginalized weaving enterprises. Hence, there is a third factor that determines the opportunities for upgrading, namely the livelihood strategies, see figure 10. For example, should the weaver from the previous example change the livelihood strategy from diversification of income sources, thus spreading risk and focus, to specialization in weaving more effort would be invested in ‘marketing’ (e.g. word of mouth) and sales. Consequently the change in livelihood strategy potentially changes the typology of the weaving enterprise, but also its opportunities for upgrading. Therefore, the livelihood strategy that a household pursues has a strong effect on the way the weaving enterprise performs and vice versa. Additionally this has consequences for the opportunities for upgrading. It also works in the other direction. Reaping the benefits of upgrading opportunities depends very much on the level of professionalism of the weaving enterprise, which determines the typology, however a change in the business conduct of the weaving enterprise can also affect the livelihood strategy of the household. Thus, each of the three factors is connected and simultaneously influence each other and therefore are constantly changing.

**Figure 10: Renewed correlation between weavers and opportunities for upgrading**



This means that those weavers’ households that have less vulnerable livelihoods are expected to have better chances of exploiting potential opportunities. Generally these households are less poor than those with more vulnerable livelihoods, thus creating opportunities for upgrading will likely benefit those in relatively prosperous positions. This can perpetuate the already hazardous position of the poorest households of weaving enterprises.

## 8.2 The enterprises of kente weavers

The work conditions of kente weavers are generally quite basic. Two typical situations are present. At the one end of the spectrum, the majority (60-70 %) of the weavers work on self-made looms near their house under a palm-leave structure. At the other end there are weavers that work under a fixed structure with electricity at a designated place (away from their house).

By developing a typology of the different types of weavers differences and similarities among them in the way they organize their businesses were discovered. It also became clear that for each type different social structures are apparent, such as the ones that are increasingly dependent on brokers while others have a growing relational network that their business is built on. Overall, there is a lack of organized production; only 18 percent of the research respondents were members of an association. The greatest part of the weavers works individually or with family and/or friends.

Partly the reason for this is the lack of trust in leaders of weaving associations due to fraudulent behavior, but also the perceived lack of benefits derived from it. Another reason being the high degree of protection of their designs. Almost the entire value chain of Ewe kente exists in the informal sector and consequently there is a great lack of formal contracts and agreements, therefore transactions are based on oral agreements.

The economic significance of weaving for the districts can be considered sizeable. For the district weaving has been estimated to bring earnings to at least 1,750 weavers (though this number can also be twice or three times as much), with an average income between GH 50 and GH 150. This translates into the average total earnings of GH 200,000 per month and GH 2,400,000 per year for the entire district. Also, besides earnings a significant number of the working population is involved in the kente industry, either as a weaver, a broker, a retailer or as an input supplier. However, due to the lack of data on economic activities in the district it is difficult to say what the relative position of the weaving industry is compared to other economic activities.

The economic significance for the livelihoods of the producers varies greatly as different weavers incorporate weaving differently into their livelihoods. Some weavers use it as a part-time activity for extra earnings, whereas others completely depend on the income from weaving. However, should the demand increase more, people would be willing to upgrade weaving as the main source of income. It is often due to the low demand and the lack of access to markets that weaving has become a part-time activity. Nevertheless, should the demand increase it is also quite likely that the number of weavers will increase, thereby raising the level of competition and dampen potential earnings.

### **8.3 Socio-economic livelihoods of weavers households**

Some of the main characteristics of household of kente weavers is that there is great diversity in livelihood strategies. Depending on their livelihood assets they generally choose between three types of strategies: diversification, straddling or specialization. The vulnerability context of the households of kente weavers is caused by increasing competition from other weavers. In response to this trend the majority of the households have chosen a strategy of diversification, meaning that the total household income comes from several economic activities. There are only few households that have chosen to specialize in weaving, these households depend almost entirely on the income from weaving. Still others have chosen the strategy of straddling, in that some members of the household migrate to other places to weave for better prices and more constant flow of orders.

Other household characteristics are the generally high average number of people living under one roof. Families tend to have several children of their own but also allow other family members and extended family member to live with them. Also apprentices of the master weavers are incorporated into the household and participate in the day-to-day household demeanor. In terms of livelihood assets the households generally lack financial capital, this in turn has influence on the dependency on other capitals. As there is a high fluctuation of income from weaving there is an increased need for subsistence farming. Still, for the majority of the households of kente weavers the main source of income is from weaving, contributing between 50-70 percent of the total household income. It was observed that weaving as an economic activity fits well in the complex rural reality as it can be practiced as part-time activity in combination with farming or other activities.

## 8.4 Value chain improvement in favor of the livelihoods of weavers

The results of this study clearly shows the lack of business services provided by the local government and the lack of basic business skills practiced by the weavers themselves that among other things hamper the development of the kente industry in the Adaklu-Anyigbe district. Therefore several recommendations for further action are recommended. The recommendation that are provided here are general directions in which development can have a pro-poor impact.

### Recommendations for long-term upgrading strategies

The purpose of the analysis of value chains is defined in the concept of upgrading. Upgrading may take many forms that generally fit within five categories, which have been summarized by Dunn & Villeda (2005):

*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 be caused by improved organization of the production process or by an improved technology.

Recommendations for process upgrading:

- *Improve organization of weavers.* In general weavers suffer from a lack of organization among themselves but also at a higher level there is a lack of supporting organizations. To ensure that the weavers needs, in terms of labor conditions, prices and institutional support, an umbrella organization can be useful. At the grassroots level it is important for weavers to organize themselves for increased trustworthiness, production capacity, access to credit and collective buying of supplies. However, first weavers must understand the benefits of organization otherwise they will end up existing only on paper. It is recommended to conduct further research on the most suitable form of organization both at the grassroots level and the district/regional level. It is advisable to lobby with district and the regional ministries for the enhancement of the business environment and for awareness-raising of the issue. Currently, kente weaving is not considered to be an important economic activity as it is not often mentioned in policy documents.
- *Capacity building of weavers.* As identified in the constraints, many weavers lack basic business skills and understanding of the perspective of their customers. Capacity building in this respect can therefore increase the level of professionalism.
- *Look into the opportunities and benefits of the modernized loom.* An increase in the production efficiency or capacity is a strategy that may help to get larger orders and produce them quickly. Unfortunately the loom that is being used cannot be altered in a way to speed up the weaving itself. Therefore it is interesting to look into the opportunities and benefits that the modernized loom can offer.

*Product upgrading.* A qualitative improvement in the product that makes it more desirable to consumers; the higher quality product commands a higher unit price.

Recommendations for product upgrading:

- *Keep the quality of kente high.* Some weavers are economizing on thread because they are not getting good prices. However, the quality of the cloths, in general is declining because of this. This is very unfortunate because Agotime has the name of high quality kente, but currently this is being damaged. The problem is that brokers are just buying what they can for a certain amount and therefore those that are producing high quality receive the same price as those producing lower quality.

Therefore the strategy of quality improvement must be combined with finding the right market. This may be a high-end market, through specialized retailers or those that are involved in export.

- *The use of different colors.* The use of different colors helps to establish distinctiveness and increases the competitive position. It might be worth to get into dialogue, collectively as weavers, with local input suppliers to place orders for different colors at the yarn factory.

*Functional upgrading.* The entry of a firm into a new, higher value-added level in the value chain; functional up-grading moves the firm closer to the final consumer and positions it to receive a higher unit price for the product. Also producers receive direct signals from the market for diversification and quality requirements.

Recommendations for functional upgrading:

- *Look into opportunities for the establishment of a local craft market.* This can bring the market closer to the producer, thereby decreasing transportation and marketing costs. It also provides the weaver with direct signals for diversification and quality requirements.
- *Internalize the function of trade.* This has been the strategy of some micro/small enterprises with personnel. They no longer work with brokers but deal directly with clients or retailers (both domestic and abroad). Also the semi-employed weavers have situated themselves in a place that bypasses the broker. The family enterprises make use of their family members; often the women sell to retailers and market sellers. Lastly, the self-employed weaver without personnel, they are generally in the least favorable position for functional upgrading.

*Inter-chain upgrading.* The entry of a firm into a new and more lucrative market channel in the value chain.

Recommendations for inter-chain upgrading:

- *Market research.* Tapping into high-end market channels (or others that are more suitable) may be more lucrative than the current market channels. However, this is beyond the scope of this research, therefore it is recommended to conduct market research to find suitable markets for the different types of weavers. However, it must be taken into account that there are several constraints for accessing more lucrative market channels is the marginalized environment that some weavers are situated in.
- *Increase weavers' knowledge of market preferences.* The next step is then to disseminate the information from the market research to the weavers. This in itself can be a challenge, though increased organization of weavers can be useful in this respect. Otherwise a workshop can be advisable.
- *Increased marketing.* Increasing marketing activities can enhance the awareness of tourists and buyers of kente that Agotime/Adaklu-Anyigbe district is the home of Ewe kente. Placing brochures at strategic place can help to increase the number of visitors to the district.
- *Branding.* It is worthwhile to look into the opportunities for branding Ewe kente, so that it is distinctive from competitors. However, this is only useful when it is sold to specialized shops that sell high quality craft products. This may be through the brand of Fairtrade or the development of an own brand. This can help to tap into more lucrative market channels.

*Inter-sectoral upgrading.* The entry of a firm into a new value chain (subsector) involving a completely different product or service.

Recommendations for inter-sectoral upgrading:

- *Look into ways to increase out-of-pocket spending of tourists.* The development of products suitable to the tourist market can help to tap into new markets. However, it must be taken into consideration that weavers will continue to make the same strips (they will not make any other product); it is the tailor that must learn to make new products.  
As mentioned in the opportunities, the establishment of a craft market can benefit the weavers by using the signals from the market for the development of new products that appeal to tourists. Inter-sectoral upgrading as a strategy is already happening on a small scale. Some micro/small-scale entrepreneurs with personnel are using kente to make products other than for traditional wear. Some are making bedspreads, pillowcases, laptop cases, shopping bags and small purses.
- *Develop supporting facilities for tourism.* In addition to the craft market enhancing the other supporting facilities for tourism can enhance the tourists experience in the district, it can even lead to extended stay and therefore increasing out-of-pocket spending. With supporting facilities it is meant hotels/guesthouses, restaurants, entertainment services, etc.

#### **Other recommendations**

Other recommendations, which do not fit within the structure of the five types of upgrading, are:

- *Storage of kente/weaving during rain season.* Either of the two can enhance the bargaining position of weavers. During rain season most weavers discontinue weaving, therefore kente becomes a scarce good, this positively affects the selling price.
- *Getting into dialogue with existing initiatives.* Getting into dialogue with the organization mentioned in chapter 5 is useful to create awareness of the situation and discuss the way forward. It is sometimes unclear what exactly each of the organizations is doing. It is advisable to have open dialogue between all parties because it may enhance the development of each of the initiatives. Instead of creating new integrated institutions an intervention should find ways to create synergy across the existing patchwork of existing agencies and institutions.
- *Increased registration of weavers.* Work towards registration of all weavers to identify economic significance for data collection purposes and increased understanding of the size of the industry.

As mentioned before, these recommendations are general areas where there is a potential for pro-poor impacts. It is recommended that further research is done on the feasibility of the intervention areas, by providing a comparison of the potential impact of each of the types of upgrading.

## 9. Discussion

The conclusions that have been drawn from the previous chapter are viewed in light of the existing literature on the related topics. In terms of differences and similarities with existing studies on value chains of crafts and small producers in developing countries. Additionally a reflection is provided on the combination of the two main approaches, value chain analysis and livelihoods, as to how it has either been complementary or contradicting. Lastly, there is a short reflection on the relevance of this study for SNV.

### Relevance for existing literature

Literature on value chain analysis related to small-scale producers in developing countries have a certain commonality in terms of constraints that hamper small scale enterprises from upgrading. The main constraints being lack of trust, unfavorable terms of trade, unequal power relations and highly fluctuating income, among others. Other common aspects that tend to reduce the profitability and increase risks are sales of small volumes, uncertainty of prices, sales to many different buyers thus poor opportunities for acquiring reliable market information and lack of means of quality control (Riisgaard, 2008). From a livelihoods perspective these uncertainties in the value chain tend to drive households to spread their risk by focusing on a range of different economic activities. As a coping mechanism this provides more security to the household, however for an industry it means that the function of production only becomes more fractured thereby increasing uncertainty for all actors. It can reduce the level of trust between the producer and the intermediaries and retailers because the production becomes a part-time activity, implying that less effort is invested to succeed. Consequently the increased splintering of production drives the prices down due to the great competition among part-time producers, due to a lack of ability to distinguish oneself.

In relation to existing literature and studies related to craft production in developing countries this study has exemplified that in general similar constraints exist in the craft industry around the world. Studies by USAID, Riisgaars (2008), Bolwig et al. (2008), Jamison (2009) have identified common constraints that affect small-scale producer. To name a few, lack of access to credit, lack of knowledge of consumer preferences especially of international markets, lack of capacity to produce large orders, lack of trust in association leaders. In addition something that was highlighted during personal communication with van Helvoirt is the extreme protectiveness of craft designs that is seemingly quite specific to the craft industry. As it is an industry that generally lacks rules and regulations the only way to protect ones own designs is to work individually.

In terms of opportunities there is an overall strong plea for the formation of producer groups, as these groups can bring several potential benefits, such as cost-effective information, the ability to accept larger orders, representation by leaders with high levels of human capital (literacy, record-keeping skills, etc.), access to better communication infrastructure, the ability to solicit and receive training, technical assistance and other services from donors and NGOs and the potential to establish a brand (Riisgaard, 2008, Dunn and Villeda, 2005). However, in Ghana, similar to the case of Guatemala (USAID, 2007), participation is limited because of the high occurrence of fraudulent and opportunistic behavior on the part of group leaders. Thus, eroding trust and hampering collaborative action.

However, Bolwig et al. (2010) point out that past research in value chain analysis have been narrowly focused on functional upgrading and have failed to considered the broader issue of the terms on which poor people participate in value chains. Thus, upgrading is frequently treated as 'management' and 'competence' problems (ibid.).

Consequently, this downplays the generally highly asymmetrical power relations that exist in value chains, thereby neglecting that the terms of participation are often controlled by 'downstream' actors such as importers and retailers (ibid.). Bolwig et al. (2010) therefore suggests that upgrading and inclusion for small producers requires interventions at areas beyond their location of production, often drawing on external resources and networks.

As this study has generally taken a bottom-up approach from the perspective of the weaver as an actor in the kente industry it lacks a more general top-down overview from the perspective of the consumer. Therefore an article by Jamison (2009) is rather complementary in this sense. Jamison compares the craft industry in Kenya and the kente industry in Ghana, he takes a broader scope in the issues that he perceives as critical success factors. He presents the Kenyan craft industry as a case that is rather efficient and profitable. In this comparison he discovers that the Kenyan industry is much more export oriented and that there is little local attachment to the so-called 'local crafts' that are produced. However, this industry is quite efficiently organized and many local artisans are employed and it is easily accessible for others as well. On the other hand he claims that the Ghanaian kente industry is inwardly focused, in that the skill itself can only be taught by master weavers, thus control over production is great. Also the product of kente is important for cultural life and therefore has implications for the willingness of society to adapt or respond to external demand. He interprets this as ingredients for less effective export production. Nevertheless Jamison (2009) notes that the growth of the export opportunities for kente in Ghana resulted in expanding numbers of people involved in the industry, however, the expansion is limited by two important factors. First, the majority of the weavers, except master weavers, is only 'part-time' engaged and uses it as an additional income to support their livelihood. Second, there are few weaving cooperatives in Ghana with weavers working full time on the production of kente for foreign consumption (Jamison, 2009).

It must be noted that Jamison researched Ashanti kente villages in and around Kumasi. When comparing these villages to the ones in the Volta Region they are much more advanced in export production. Ashanti kente villages are currently actively exporting kente to the US and European markets, apparently this is a profitable business. But villages in the Volta region have so far not been able to tap into this market due to lack of business infrastructure (e.g. no internet, proximity to an international and overseas network) and a lack of modern business skills (e.g. use of internet), therefore many competitive export opportunities are missed. Thus the supply side constraints as mentioned in the conclusion - poor infrastructure, limited access to finance and technology and lack of human and institutional capacities – hampers the opportunity to tap into new markets.

An additional, though less obvious, factor that I would like to add here is that also the local informal institutions do not always enhance the situation. For example, one of the local vocational centers had, at the time of visitation, fewer students than weavers working there who had already finished the training. This was due to the ex-students connections (social capital) to the teachers and owners and due to the unfortunate situation that there was no other place for these ex-students to weave. Therefore it was easiest for them to continue weaving at the vocational center. However, this hampers the opportunities for potential other students to also train for a weaving certificate. This is one of many examples that have been observed during the fieldwork. Thus, local informal patronage systems tend to be more influential than more formal democratic institutions. These are informal rules and habits that are so embedded and reproduced in society that it makes it extremely difficult to change this system, however it does decrease the overall efficiency of the industry.

Nonetheless, there is export potential because kente is a product that closely identified with Ghana and more generally Africa. According to Jamison (2009) Ghana has a unique competitive advantage in the export of authentically produced kente that is 'ecological'.

On the other hand, the gap of Ghanaian export has already been filled by Taiwanese and Dutch companies that have been making a good profit from replicating the kente patterns on more practical products/cloths for the US market (Jenkins, 1995 in Jamison, 2009). Thus clearly there is an international overseas market for kente though the profits are bypassing Ghana altogether.

In the past much research has been done on kente in terms of cultural and historical value, however thus far there was not much insight in the actual business of kente weaving and how the producers are incorporated into the value chain. Therefore, this study on the socio-economic side of kente has provided insight in the general structure of the value chain, the working conditions of the weavers and the significance of weaving for both the households and wider district. Issues that were known to many local weavers have hereby been brought to the attention of the district staff and the elders of the traditional area. Hopefully this may have an impact on their plans for the development of the district, in that kente as such will be recognized as a sizable business.

### **Review of the combination of the value chain and livelihoods approaches**

As identified in the introduction, not only was this research conducted to provide SNV with its desired baseline study and value chain analysis, but it also intended to review the combined approach of livelihoods and VCA. In other words, how were the two approaches able supplement each other, or should they continue to be analyzed separately?

The major advantage of combining the two approaches has been in providing a wide scope of perspectives that highlight issues that can either directly or indirectly hamper both business and livelihood improvement. For example, had I only conducted a value chain analysis then I would not have put the emphasis on the producers and discovered how weaving fits into their livelihoods. By adding this emphasis it has become clear that in the Adaklu-Anyigbe district weaving is one of the few opportunities for the young working population that have a low level of formal education. Another aspect that would not have been taken into account without the livelihoods approach is the fact that (subsistence) farming has a strong influence on the supply of kente and thus determines prices depending on the season. During farming season most weaver stop producing, on the one hand because they need all their time to farm and on the other hand because it rains more heavily and without a roof weaving is not possible. Therefore during farming season there is scarcity of kente and therefore weavers are able to bargain for better prices. This aspect has an effect on the entire chain, from the producer of yarn (less sales) to the retailer and consumer (either a lower profit margin for the retailer or a higher price for the consumer). Therefore it can be concluded that the livelihoods of the producers and their livelihood strategies certainly affect chain dynamics. This is a conclusion that could not have been drawn without the additional livelihoods perspective.

However, one of the main disadvantages of combining the two approaches for this study has been that both approaches have only been used selectively. Due to time constraints and the explorative character of this research it was neither possible nor necessary to fully flesh out both approaches. Thus, more aspects could have been researched in-depth and thus providing more thorough and grounded results. To give an example, a more systematic approach to identifying actors and roles in the value chain could have provided more information on chain dynamics. This could have been done by identifying for each market channel within the chain, the type of actors that are involved and then interviewing an equal number of these for each channel. Now the number of actors that were interviewed in the chain was only based on convenience sampling.

Another disadvantage of combining the two approaches is the bias towards a certain level of the entire chain. Due to the assumption that the production of kente is the least profitable in the chain there is a bias towards the producers. Thus situations are sought in which the producers are being exploited.

However, identifying opportunities for upgrading the producers in the value chain, and analyzing their level of poverty, as has been done in this study, can overlook the consequences it has on other actors in the chain. For example, as has been indicated in the theoretical framework about upgrading, an opportunity for the producer is to internalize the role of the middleman, however it has not been considered how that will affect the middleman.

Nevertheless, in my opinion it is still useful to widen the horizontal elements of value chain analysis to understand how it can affect the functioning of the entire chain. It can enhance the livelihoods approach in terms of adding a business perspective but also the value chain approach by putting more emphasis on the social perspective. It was especially useful in this study because the enterprises of weavers stand with one foot in the household livelihoods and with the other foot in a 'modern' value chain. For future research using the combined livelihoods and value chain approach it is therefore suggested to structurally identify the how the livelihoods of other actors in the chain have effect on the businesses in the industry. In line with growing critique on the narrow business perspective of value chain analysis the additional livelihoods perspective provides a way to incorporate the social aspects of value chains and its dynamics.

According to Bolwig et al. (2010) only few value-chain studies have succeeded in documenting the impact of value chain activities on poverty, gender and the environment, but the ones that have succeeded are strongly related to household income (for example, Warning and Key, 2002; Bolwig et al., 2009). However, he claims that impacts are not analyzed systematically or they are simply assumed (Bolwig et al., 2010). I must admit, speaking from experience, that it is quite a challenge to systematically analyze the impacts of the chain on the livelihoods of the poor. However, an attempt was made here by adding a link between the household livelihoods and the value chain, namely the weavers (micro) enterprises. As both the household and the value chain influence entrepreneurial decision-making and conversely it can also influence both the household and the chain. However, it is only interesting to combine the two approaches when a certain level of the value is characterized by small enterprises and entrepreneurs. This is because MSEs are characterized by flexibility and are easily influenced by changes in the chain, other larger establishments are less vulnerable to changing conditions and therefore do not have such a direct impact on the livelihoods of its personnel. On the other hand negative changes in the chain affect MSEs and in turn easily affect an entire livelihood that is often depending on its income.

### **Relevance for SNV**

This research was done within the context of tourism development in the Volta Regions, however during the research it was found that the main markets for kente are local, national and West Africa. Thus less specified towards the tourist markets, also because the Volta Region is so far not a main tourist destination within Ghana. However, kente is unique to Ghana and ideally should be on every tourist's 'must-have' wish list. As identified by Jamison (2009) it also has the potential to become among the top three exporting handicraft subsectors in Ghana.

Currently existing craft markets, such as the Art Center in Accra are far from hassle free for tourists but also brings low prices to the weavers. Tourists prefer not to visit these centers, as it is not a relaxing experience to buy handicrafts there, consequently the act of buying handicrafts is increasingly being associated with hassle. Therefore smaller regional craft centers would enhance the authentic experience as the product itself becomes associated with buying it directly from the producers. Then the tourist goes home with a nice experience but also the producer has the chance to receive direct feedback from the consumer. This, in turn can increase the out-of-pocket spending in the area enhance the tourism potential in general.

This study discovered that there are a surprising number of weavers active in the Adaklu-Anyigbe district, therefore intervention in this sector has the potential to have a great impact. Instead of only viewing the opportunities for tourism enhancement targeting the kente subsector cuts across several intervention areas of SNV. Thus intervention in the value chain of Ewe kente would have an impact on the sustainability of the livelihoods of the households of kente weavers and empowerment and capacity building of the weaving enterprises (in terms of increased control and organizational capacity), but also formalization of the sector.

After the results were presented to the weavers that were interviewed during this research a workshop was held on basic business skills such as bookkeeping, selling price calculation and marketing, provided by the National Board for Small Scale Industries. This experience was well received by the weavers and they were eager to learn more and have more training on these skills. Not only is there potential for capacity building among kente weavers, but there is also the willingness to improve their own position. Nevertheless it is warned that the willingness to cooperate is less strong and may hamper the effort put into capacity building and increasing production capacity. Therefore it is advised to start with introducing the benefits of cooperation and demonstration of the functioning of a cooperative or association. This is because first trust must be gained in this area, as most weavers are weary of leaders that misuse their position. If it is chosen to start and intervention in this sub-sector it is important to measure the change. Therefore the following indicators are suggested as useful to monitor:

- Growth in terms of production (number of orders, number of products sold)
- Number of market channels
- Increase income of weavers
- Number of weavers involved
- Number of small enterprises
- Number of weaving associations/cooperatives
- Value addition at the production level
- Increased competitiveness

Lastly, there are several opportunities for further research based on this baseline study. In accordance with the upgrading opportunities outlined in the conclusions research on suitable market channels and market trends in the textile and home decoration sector can increase knowledge about market preferences. Also research can be done on possible financial services that can support the micro enterprises in the district. Lastly, further research into the feasibility of the upgrading strategies that have been identified in the conclusions.

## Epilogue

Reflecting upon this research fills me with both joyful memories as well as times during which I struggled to put my findings and experiences in writing. Nevertheless I look back on a good experience. During my research in the Adaklu-Anyigbe district I was taken out the theoretical context of livelihoods and value chain analysis and put directly into reality. This reality turned out to be quite complex and I soon found that no matter how long I would stay amongst the weavers I would never be able to fully understand the complexities of their livelihoods. However, this did not stop me from trying to understand as much as I could. I am very much pleased with the responses and insights I received during the in-depth interviews and the patience with which my interpreter, Bright, was able to loosen the information locked inside the heads of the weavers. Not only did I learn much from the weavers during the in-depth interviews but I also learned a great deal from Bright himself and the stories that he told me.

However, during the research I was increasingly feeling guilty that I was only 'taking' information away and felt the need to give back. As I did not have the financial means to provide for materials and work shed that the weavers were requesting I decided it would be nice to give back what I have learned. After pondering on how this could be done, it was later decided to do a small workshop. The workshop would take place at the main weaving center and all the interviewees would be invited. Quickly the idea of the workshop got out of hand. It was also decided that it would be the ideal time and place to present my interim report with the initial findings to the District Chief Executive and his delegation from the local municipality and not to forget the Paramount chief and his sub-chief and Queen Mothers. Also others who cooperated during the research were invited.

During the morning session 44 stakeholders were present. Then a presentation of the findings was given. After the presentation there was approximately 1 hour of questions and comments. From this it was clear that the message came across. People recognized the issue and felt that it should be changed, however no specific steps were taken for future action. Interesting is that later in the afternoon some of the stakeholders had a meeting about the visitor center and feedback from one attendee of this meeting said that it was a lively discussion because of the meeting in the morning. They were enthusiastic to change things and do a good job on the visitor center.

In the afternoon session 40 weavers were present. After that three short presentations were given by the Center for National Culture (CNC), Association of Small-Scale Industries (ASSI), and the National Board for Small-Scale Industries (NBSSI). Then there was a short break for refreshments after which the training started, which was facilitated by NBSSI. At the end of the training there was a short interactive exercise that summed up all the information that was provided in the training. Respondents went home with a handout containing all the information that was provided during the workshop. When we asked for feedback the general reaction was that it was useful, especially the part on selling price calculation. In the future they would like to know more about getting access to credit.

It was a great experience to see that with a minimal amount and enthusiasm from different organizations this workshop turned out to be a success. I learned that great things do not have to cost a lot of money to have an impact.

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## Appendix A: SNV Baseline Survey Kente Weaver Adaklu-Anyigbe District

The purpose of this questionnaire is to gather information on Kente weaving and the conditions of the weavers. 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 weavers 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:	Date:
Age:	Gender:
Name of village/town:	

#### 1. How long have you been weaving?

*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
Junior High (secondary school)	If yes what other training:

### QUESTIONS RELATED TO WEAVING

#### 3. Type of enterprise:

##### a) Which situation is most applicable to you as a Kente weaver?

*Read the options to the respondent and chose which one is most applicable.*

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

##### b) As a weaver, are you 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)
	Volta Region Kente Weavers Association		Non-Governmental Organization (NGO)

d) What is the registration cost(s)?

\_\_\_\_\_

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

<input type="checkbox"/>	Yes	<input type="checkbox"/>	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?

\_\_\_\_\_

e) Are you dependent on the association in terms of receiving orders?

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
--------------------------	-----	--------------------------	----

5. Where do you produce Kente?

*Please also indicate whether a fixed roof and electricity applies and circle 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 (physically) work alone?

<input type="checkbox"/>	Yes	<input type="checkbox"/>	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) What are there 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 equipment or workplace through fire?

\_\_\_\_\_

**QUESTIONS RELATED TO INPUT/RAW MATERIALS & PRODUCTION**

8. a) Do you buy your own material/input?

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
--------------------------	-----	--------------------------	----

*If not, proceed to question 9.*

b) If yes, how do you get your raw materials/input?

*Please specify the type of input supplier, the method of payment and frequency of buying input.*

Input supplier (Local retailer, wholesaler, middleman, association, master, etc)	Method of payment 1=cash, 2=credit	Frequency	What are the costs of transportation of inputs?

9. a) Do you experience problems with the availability of raw materials/input?

*If no, proceed to question 10.*

<input type="checkbox"/>	Yes	<input type="checkbox"/>	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. a) Can you specify the different types and costs of input for a product?

*Please specify the different costs related to weaving.*

Type of product	Cost of input (name of input & cost)	Where does the input come from?
Complicated (design) men's cloth (rayon)	1. Yarn:	
	2. Labor:	
	3.	
	4.	
	No. of days to produce:	
Simple (design) men's cloth (cotton)	1. Yarn:	
	2. Starch:	
	3. Labor:	
	4.	
	No. of days to produce:	

b) How do you get your tools?

<input type="checkbox"/>	Self-made	<input type="checkbox"/>	Buy new product	<input type="checkbox"/>	Buy used product
--------------------------	-----------	--------------------------	-----------------	--------------------------	------------------

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

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
--------------------------	-----	--------------------------	----

b) If yes, what is the reason for not producing Kente?

c) What activities do you do when you are not producing?

---

### QUESTIONS RELATED TO SALES OF KENTE

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	Profit
Complicated men's cloth		
Simple men's cloth		
Complicated women's cloth		
Simple women's cloth		

b) Do you consider this a fair price?

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
--------------------------	-----	--------------------------	----

c) If no, can you explain your answer?

---

d) Do you ever sell under the cost price?

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
--------------------------	-----	--------------------------	----

13. a) Do you keep records of your sales?

<input type="checkbox"/>	Yes	<input type="checkbox"/>	No
--------------------------	-----	--------------------------	----

b) Can you give an estimation of how much income you get from Kente in an average month?

---

c) And what share of this income is based on orders?

---

14. a) What are the best months for selling Kente?

---

b) What are the worst months for selling Kente?

---

15. To whom do you sell Kente? Please ask for each of the clients if it applicable. Indicate first which are the main clients of the respondent, then rank these in order of importance. Also specify where the clients are and 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, 3=split payment, 4= payment in more than two terms)
Ghanaian customers			
Foreign tourists			
Local middleman			

	Non-local middleman			
	Local retailer			
	Other retailer			
	Exporter			
	Association			

16. a) Which are the two most important problems you have experienced as a weaver?

1.

\_\_\_\_\_

2.

\_\_\_\_\_

b) What are possible solutions to this problem?

\_\_\_\_\_

\_\_\_\_\_

#### QUESTIONS RELATED TO THE FUTURE OF KENTE

17. What are your future plans related to Kente weaving?

\_\_\_\_\_

18. a) There are some ideas about setting up local craft markets in the Volta Region, what is your opinion on this? (If necessary, please explain what a local craft market is)

\_\_\_\_\_

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

	Yes		No
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#### QUESTIONS RELATED TO THE HOUSEHOLD

Interviewer: For now the members of the household are those that live together under one roof.

19. How many persons are living in your house?

Please specify the number of adults and children.

Adults (16 >)	
Children (< 15)	

20. 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 5=least important)	No. of household members involved in activity
	Farming		
	Selling labor		
	Fishing		
	Weaving		
	Selling food products		
	Selling non-food products		
	Driving		

Other:		
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21. a) What share of the household income comes from weaving?

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

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22. How much time do you spend on weaving on average in one week?

No. of days:	No. of hours per day:
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23. What assets does the household own?

*Please indicate the assets possessed by household.*

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

24. a) What type of house do you have?

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

25. Do you have health insurance?

Yes	No
-----	----

26. a) Do you have access to loans?

Yes	No
-----	----

*If not, proceed to question 27.*

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

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

Through bank	Through family	Through friends	Through neighbors
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c) Do you pay interest? Can you specify how much?

26. a) Do you set money aside (savings)?

Yes	No
-----	----

*If yes, please indicate how. If no, the questionnaire ends*

Through a bank account	At home	Through rotation system
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b) For what do you set money aside? (*investment in business or family, unforeseen risks.*)

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Yes	No
-----	----

## Appendix B: Existing efforts related to weaving

During the research in the field it was found that there are several organizations that are active in the promotion of kente. The main organizations are Nature Conservation Research Centre (NCRC), Ghana Rural Ecotourism and Travel Office (GREET), the Center for National Culture (CNC) and Aid to Artisans in collaboration with Ghana Tourist Board. The activities for each of the organizations will be elaborated upon here.

### **Nature Conservation Research Centre (NCRC)** <http://www.ncrc-ghana.org/>

NCRC is a local NGO founded in 1996 and has since combined nature conservation with the promotion of rural tourism. In addition to ecotourism, its focus includes climate change and biodiversity conservation, as well as capacity building and mentoring of peer organizations. The mission of NCRC is implementing conservation initiatives to promote a greater awareness of and protection for the natural, historic and cultural diversity of Ghana and, ultimately, the West African sub-region.

The promotion of rural tourism has fleshed out to become the Ghana Rural Ecotourism and Travel Office (GREET). At first GREET was part of NCRC, however the activities related to tourism promotion started to deviate further away from its core activity, namely nature conservation. Therefore a separate office has been established in Accra, aiming at providing tourists with information on tourism activities in the country. GREET aims to become the information hub and booking center for tourists.

However, before the establishment of GREET, NCRC developed rural ecotourism packages in the whole of Ghana. It strives to facilitate sustainable economic development in poor rural areas through the development these packages. Their strategy is to sensitize the community on tourism and the benefit of nature conservation, followed by capacity building of tour guides and tourism related businesses. Also a Board of Governance is established, in which the chief only plays an advisory role. Finally the GREET office takes care of the marketing of these packages. According to the NCRC website (2008) Ghana's National Tourism Policy has adopted NCRC's model as the preferred approach to the development of rural tourism.

More specifically, the tourism package that NCRC is developing in Kpetoe was part of a wider project to promote traditional textiles in four places in Ghana. A concept note for collaboration was written in December of 2006, stating the aim of the project. It is based on three main threats to traditional Ghanaian textiles, namely:

- Rapid loss of antique cloths being removed from Ghana without restraint
- Loss of indigenous design and memory through lack of written records
- Decreasing quality and sustainable incomes for weavers

According to the concept note the project would run for a period of three years, between 2007 and 2009. By that time it was expected that the project locations would run independently and become financially self-sustaining based on revenue from tourism. However, theory and practice do not add up. Therefore an interview was done with the program director of this project, Victor M. Mombu.

Mombu explained that the project was not finished by the proposed time and it was decided to continue the activities. Out of the four villages that were targeted for the project three currently have a visitor center and are operating for tourists. The project in Kpetoe suffered much delay due to land disputes, but also writing the constitution was a lengthily process.

However, Mombu claimed it was one of the best constitutions so far. NCRC strives to have a written and signed constitution before anything else can start as otherwise the chief can dismiss the Board members, bringing everything back to the starting point. Currently, the situation in Kpetoe is progressing quickly after some years of disputes. However the Board of Governance is still chosen by the chief. Whereas normally, the board member should be nominated and chosen based on a majority vote by the current board members.

Now that the visitor's center is building built in Kpetoe, NCRC will start with capacity building. This will be done by exchange learning, where the board members visit other tourism sites that are already functioning. Followed by classroom training, such as tour guide training, bookkeeping, etc. The visitor center should become the focal point for visitors, it is strategically located next to the main weavers center and close to other weaving villages. The center is supposed to provide visitors with information on the history of kente, show displays of old and new cloths. It is a place where a tour guide can be assigned to the visitors and where all the fees are settled.

The tourism project will be based on a community benefit sharing mechanism, where the management board decided what the revenue would be invested in. Therefore the community/management board must develop a 3-5 year development plan.

In summary, despite the fact that the idea to develop Kpetoe as a tourist attraction started six years ago it is progressing slowly. Though within the short time of the research visible changes have occurred. The next step is to develop specific tours and activities that visitors can undertake to encourage visitors to stay longer.

Finally there is a Peace Corps volunteer working together with the community and NCRC who will be there until October 2010. Though another Peace Corps will not replace him.

### **The Ghana Rural Ecotourism and Travel Office (GREET)**

As previously mentioned GREET was born out the tourism branch of NCRC and started in September 2007. It was founded to support the growth of rural tourism in Ghana and associated benefits to rural communities. This is achieved through its booking office and internet presence, providing accurate, up-to-date information to visitors and a portal to make reservations for rural destinations. However, this portal and booking office is still to be developed further, currently the GREET office in Accra can only provide information and contacts to book through. Though GREET staff will assist visitors by email or telephone with planning their trip, answering questions and booking reservations for services at rural ecotourism destinations. Information is also provided about private tourism service providers that operate independently from GREET.

GREET promotes more than 30 authentic, community-owned/operated rural ecotourism destinations in Ghana. GREET/NCRC prides itself on their model of retaining local ownership and the development within local communities. The main objectives of GREET are the following:

- Provide world-class services to tourists and potential investors about Ghana's rural ecotourism destinations
- Promote sustainable tourism that preserves Ghana's natural and cultural resources, while providing jobs and economic development to rural communities
- Create and administer certification standards that provide meaningful information to visitors about the levels of service to expect at various destinations
- Build partnerships and facilitate networking among communities, private investors, government and non-governmental organizations

GREET works closely with participating ecotourism destinations and service providers to improve and maintain the quality of the services they offer. GREET has created standards to encourage continued improvement of rural ecotourism services and to provide visitors with an understanding of the levels of service they can expect. Standards are also designed to promote transparency of operations and expenditure of resulting revenues to enhance sustainable community development. Training and other support is provided to assist participating communities and businesses to develop levels of service required for certification.

GREET is a formal partnership designed to allow rural communities, the government of Ghana, private investors and non-government organizations to coordinate their efforts to promote rural ecotourism and sustainable development in Ghana. GREET facilitates coordinated planning and networking between these partners. Communities, businesses and organizations may join GREET to participate in the partnership. The benefits of membership include access to the latest information, participation in partnership activities, enhanced marketing through GREET's outreach activities and increased revenues.

In relation to kente weavers the office of GREET solely does the promotion of the site and assists visitors in arranging their trip there. However, the Peace Corps volunteer who is working with the community and NCRC is in close contact with GREET and together they try to attract as many visitors as possible.

#### **Center for National Culture**

The Center for National Culture (CNC) has a community office in Kpetoe, it has been there since 2004. The mission of CNC is to preserve the various local cultures. This is done by:

- Identifying the artisans and to understand their problems and the way forward;
- Seeking loans from NGO's for the artisans;
- Provide training and workshops for the artisans;
- Advertise the local culture nationally, through cultural festivals, advertising, documentaries, etc.

However, through an interview with the head of the Kpetoe office, Sheila (?), it became clear that not much attention is focused on weavers. Despite the fact that weaving is one of the main economic activities in the locality more attention is paid to pottery and drama dance. It was said that much attention is already focused on weavers and therefore more attention is given to other arts and crafts. Even though CNC is aware of the activities in Kpetoe related to weaving the organization is not an active partner.

CNC is a membership organization, it encourages (weavers) associations to register with CNC, though most have not paid their renewal, either because of financial issue or the lack of benefits it receives from CNC.

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

Aid to Artisans is a US based NGO, that has a local branch Aid to Artisans Ghana (ATAG) based in Accra. It has an ATAG Craft Network Association of Ghana with over 100 members, individual artisans. The core mission of ATAG is to generate employment, enhance product designs and provide market access locally and abroad.

Formerly ATAG was financed by USAID, though since 2004 it has directed its funds to the West African Trade Hun (WATH) and therefore ATAG is currently low on funds and has therefore stopped many of its activities in the communities. However, the Ghana Tourist Board (GTB) is strongly supporting the activities of ATAG. Currently, ATAG is doing research on potential craft villages in

Ghana, of which six will be chosen – based on the outcomes of the report – in which GTB will invest for the development of these villages.

ATAG is a platform for artisans and buyers, it has a shop in Accra that provides a collection of the craft items to exhibit to exporters. When the products are sold from the store the artisans are paid afterwards. But when products are not getting sold ATAG advises the artisans to adjust the design to the taste of the buyers. ATAG is keen on product development, as the buyers are critical of bad quality and non-originality. Therefore ATAG provides pictures of new designs for the artisans, however many are reluctant to change their designs. With regards to kente several different products are made with kente designs integrated into it. Though ATAG is not working with the weavers from Agotime or from the Adaklu-Anyigbe district, they are working with weavers from Agbozume. In Klikor (the town next to Agbozume) ATAG has developed a software program to enhance the creation of new designs. It is a program in which visitors and weavers can make the design on the computer and then later imitate it or have it woven. Though it is not currently working as it should be.