

## CASE STUDY 74

### **A Tourism Value Chain Sub Sector Analysis for handicrafts in the Volta Region**

Authors/ Advisor Names: Niek Beunders, Senior tourism advisor, Agnes Dokter and Kristine Ocon (interns for SNV Ghana Eastern Portfolio from the Department of International Development Studies, Utrecht University, Netherlands)

Country & Sector: Ghana, PIE tourism

#### **Context**

The Volta Region is situated in the South East of Ghana. Despite the considerable tourism potential the region's tourism is in its infancy and destination development is needed. As attractions form the core of the tourism experience, the development of quality attractions is a priority. The Volta Region has a reputation for the variety and quality of its crafts, but the tourism potential of crafts and related out of pocket spending on souvenirs too often remains largely untapped.

For SNV the poverty reduction potential is key, but no baseline data or any other quantified information were available. Craft production is often typified as a livelihood activity for the rural poor. The work is complementary to subsistence farming and adds to the "from hand to mouth economy". In Ghana artisans generally have a low socio-economic status, as the skills are often passed on between generations and do not require formal education or training. In activities like weaving children can get involved in production at a very young age, occasionally leading to situations that resemble child labour. Often artisans work in isolation in remote rural communities: "they work under the tree". Their social and economic capital is low and they have no direct connection to consumers or suppliers and therefore depend on middle men. Based on stakeholder interviews the assumption was formulated that in selected districts hundreds or even thousands of people would be involved in crafts production and that the poverty rate would be high. Another assumption was that the knowledge and the capacity of the producers to upgrade their role in the value chain was limited and that markets lacked transparency. The last assumption was that craft markets that would operate according to fair trade principles and that would allow a direct interaction between producer and consumer could enhance the tourism potential of a region short of developed attractions. The transparency of pricing and the direct feedback from consumers would provide producers with negotiating power, enhanced self-esteem and improved marketing skills.

Value chain Analysis (VCA) has become a major SNV tool for the justification of interventions in the tourism sector. Implementing a complete VCA at the level of a destination is a challenge, as it is a comprehensive analysis of an economic sector and its underlying dynamics. The required level of specific expertise is high and requires a considerable input of external experts. In any case, implementation of a VCA puts a high pressure on limited human and financial resources.

Therefore it was considered to focus on testing the approach of a Sub Sector VCA (SSVCA) which is more cost effective and which could be equally efficient. SSVCA identifies an element of the tourism chain with a high potential for poverty alleviation within the specific context of a destination. Together with the client, the Centre for National Culture in the Volta Region

and with two traditional leaders, it was decided to focus on an SSVCA for handicrafts in two selected regions.

Based on conversations with key stakeholders two districts were selected. Kpando District has characteristic black pottery, produced by women, organised in two cooperatives that should employ between 40 and 50 women each. The level of activity is reported to be very low, merely due to marketing problems. Carving is another traditional craft. It is unknown how many craftsmen are involved in the activity. There are some small local craft shops, but they are difficult to spot. Most of the production is being sold in bulk and even unfinished to the Art Centre in Accra, one of the major craft markets for tourists and residents in Ghana.

In the Adaklu-Anyigbe District weaving of traditional Kente cloth has been analysed. Kente cloth is being woven on rudimentary stools. The Ewe claim to have created this weaving technique, but it is the Ashanti Region that has taken the reputation for the production and trade of good Kente to the extent that Ewe weavers migrate to the Ashanti Region. Meanwhile traditional patterns with their symbolism are getting lost. Other important markets can be found in Accra and in other countries in West Africa.

The objective of the SSVCA's was to analyse the importance of craft making to the livelihoods of craft artisans and how this relates to their position in the value chains. This livelihood analysis provides a baseline study. By creating an understanding of the dynamics of the different craft subsectors as well as the socio-economic characteristics of the households of craft artisans, opportunities can be identified to improve market access and economic benefits. A next step in the assignment would be to assess the feasibility of craft markets in the two districts.

### **Clients and partners**

The Centre for National Culture (CNC) in the Volta Region is a public sector organisation. It was created to implement and monitor policies relating to the development, promotion, preservation and appreciation of culture and arts in the Region; to identify, organise and mobilise the cultural resources and to develop the commercial potentials. The capacity gap is identified in the development of commercial potentials. CNC in the Volta Region is aware that marketing and market access are vital tools to provide income for artisans and to keep this rich cultural heritage alive.

CNC is operating some successful craft markets in major cities, the best known in the Arts Centre in Accra. The centre is a well known tourism attraction offering market access to hundreds of small traders and producers.

It is the ambition of CNC in the Volta Region to found and to manage similar markets in the Volta Region. The main objective of the cooperation with SNV is: poverty alleviation of artisans in the Volta Region through improved access to (tourism) markets. SNV supports CNC with capacity building, research in the crafts sector and pre-feasibility and marketing studies for potential craft centres.

In both districts traditional rulers have been showing a strong commitment to the living cultural heritage and to the improvement of the situation of their craftsmen. It is based on requests of Togbe Dagadu VIII, paramount chief of Kpando traditional area and Nene Nuer Keteku III, Konor of Agotime traditional area that this assignment focused on their craftsmen and women.

The District Assemblies of both districts not only gave permission for the research activities, but have been showing an increasing involvement and

commitment during the research. The National Board for Small Scaled Industries has been providing relevant support at district level.

### **Intervention logic and methods**

The SSVCA was part of the assignment agreement with CNC VR and preparations started in the autumn of 2009. The researchers were interns from the Department of International Development Studies, Utrecht University, Netherlands. The research was for them part of their Master thesis. The SNV advisor provided support to the researchers in developing a methodology that should provide reliable baseline data and two SSVCA. The methodologies were developed in an academic environment in the Netherlands and had to be adapted to local realities after arrival of the researchers in the Volta Region for a research period of 4 months. In that process the methodology shifted from a mere quantitative approach to a mixed approach. Qualitative data would enable the researchers to understand and analyse the local realities. This understanding was crucial to review the questionnaires based on cross cultural insights and to make them "rural reality proof". A limited financial literacy and the cultural attitude that rather focuses on making the guest/ interviewer happy with social desirable answers than on providing reliable information were identified as main challenges in test interviews.

A solid introduction of the researchers to the field, including formal introductions to key stakeholders, was a key to future success. The researchers were provided with local resource persons, like the district cultural officers (CNC employees) and leading persons in local associations of artisans. The endeavour of the researchers to spend as much time in the field as possible and their willingness to adapt to local culture, had a high value added. They travelled relentlessly to remote communities, generally making use of local transportation. SNV vehicles seemed to trigger upfront expectations about international funding and created a perceived "status gap".

Data collection was sometimes frustrating due to different concepts of time keeping, to cross cultural barriers and to dependency on local resource persons with their own perceptions and agenda's in order to facilitate interviews in English.

Processing of the quantified data was done with SPSS. Preliminary findings were cross checked with the resource persons and SNV advisors. Two 20 page research reports summarised the findings. A crucial success factor was the feedback sessions for the artisans, who had been too often disappointed by foreign agencies. The commitment of the researchers made a difference.

A half day seminar in the SNV office to share the results of the research was attended by all relevant regional stakeholders. The need for increased stakeholder cooperation was identified. CNC agreed that they should play a key role.

### **Outcome**

The methodology developed is actually ready for replication. That makes this kind of research very effective in terms of knowledge development and transfer.

The two reports provided the first socio-economic data on crafts in the Volta Region and identified key problems in their value chains leading to sometimes striking rural poverty. It can be concluded that the craft industry is a significant rural economic sub sector.

Weaving employs an estimated 2000-5000 people in one district. With the average monthly income ranging from GH 50 (EUR 28) to GH 150 (EUR 87) it can be estimated that the total annual turnover mounts to at least 1.200.000 euro. The average income from carving holds up around GHC 248 (EUR 142<sup>30</sup>) per month. Among the carvers the incomes are highly variable with the lowest monthly income being GH c20 (EUR 11) and the highest GHC 700 (EUR 400). This indicates that woodcarvers and weavers are not necessarily among the poorest of society. The income derived from the sales of pottery has an average of GH 52 (EUR 30) per month and is rather low with income ranging from GH 20 to 80 (EUR 11 to 46). With an estimated total number of 185 craft artisans actively doing woodcarving (150) or pottery (35) in Kpando district, yearly earnings to the district, based on monthly incomes, amount to 467.840 GH.

The research presented evidence that most artisans are working under poor conditions and with low, variable and insecure incomes. The research revealed a big potential for poverty alleviation. Many people are lacking the financial means necessary to invest in their business. The artisans themselves do not have the technology, resources, access to credit, contacts or skills to develop their businesses beyond what they currently are. The value chain analyses show that artisans depend for a great deal on middlemen and retailers to sell their products. The women potters rely more on the small flow of visitors to Kpando. The relations in the value chain result in instable and fluctuating prices and often low profits due to a low level of bargaining power on the side of the craft producers.

Overall the craft artisans are dealing with a number of constraints that are not unfamiliar to small-scale producers from a developing context in value chains. These constraints limit the artisans of realising their full potential and have implications for the distribution of the value of their products, as the artisans will receive the smaller part of it. In general, the lack of demand and the high need for 'quick cash' often results in the artisans selling their produce for a market price that is below the costs of production.

In both districts marketing, including product development, market access and strengthening of the position of the artisans in the value chain through increased cooperation were identified as key issues. This confirms the hypothesis that craft markets could play a key role. Self-organisation and capacity building for these associations were considered to be the way forward. Not only could the collective costs of production be reduced, also the internalisation of the function of intermediary between producer and retailer could be an opportunity. At an individual level artisans wanted training in production techniques, product development, marketing and business skills.

The SSVCA's also paid due attention to the supply side. Wood carvers encounter increasing problems in securing their supplies due to depletion of forest resources. Almost all of the yarn for weaving is now imported from China. Traditional local cotton, original dyeing techniques and even traditional patterns have been disappearing. An enhanced focus on crafts can therefore also strengthen cultural identity. This could even generate PRM opportunities (UNESCO etc.)

The SSVCA results were an eye opener to the District Authorities who had not been paying any attention in their policy documents to what turns out to be

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<sup>30</sup> Currency rates June 2010

the most important industry (next to small scale farming). This research has put crafts/ weaving on the local political agenda and has created opportunities for VCA interventions with support among most stakeholders.

Equally important is that external research reports have a lot of prestige among local stakeholders and can play a very important role in getting stakeholders committed.

The presentations and workshops that researchers and SNV organised with the target groups lead to vivid and frank discussions and had a considerable impact in terms of empowerment. Artisans agreed that their organisational capacity should be strengthened in order to increase control over markets and supplies and to improve working conditions and production techniques.

As in both cases all key stakeholders had been actively involved they were very motivated to attend the stakeholder meetings.

## **Impact**

The expected impact has been poverty alleviation of artisans in rural districts of the Volta Region through improved access to (tourism) markets.

It remains to be assessed if craft markets are a feasible solution. As long as the results of the feasibility studies are not available, it will be difficult to estimate the impact.

Although international tourism is a significant market, most of the demand seems to be domestic or regional. Therefore VCA interventions should go beyond tourism and could be an interesting cross sector linkage with PIE VCA expertise. Interventions in the craft sector are highly relevant, but in case demand from tourism would not be a major driver, interventions might not be in line with SNV country strategies.

The presentations of the research results prompted the District Chief Executives (DCE) and the paramount chiefs to commit themselves publicly to actions for improvement.

In the case of Kpando District the DCE commissioned an action plan to his staff to be ready within 3 weeks. After completion of the feasibility study it should be possible to open the local craft centre in Kpando soon, as the building was already constructed as part of an earlier project. The recently opened Kente visitor centre in Kpetoe should be complemented with a craft market. The craft centres would be a considerable tourism attraction that can give the artisans direct market access. It could also serve domestic markets, make pricing more transparent and be a trigger to improved self organization of artisans.

VCA interventions in the craft sector would have a high impact, not only in terms of poverty alleviation, but also in empowerment and capacity building (increased control of producers over the value chain, organisational capacity), improved labor conditions and formalisation of the sector.

## **Lessons learnt**

- A sub-sector VCA analysis is a good and practical tool for poverty alleviation. It provides comprehensive information, including baseline data that allow to decide on relevant interventions and to plan for impacts;
- SSVCA can be implemented at a relatively low cost. In the underlying case high quality research was executed by interns. SNV paid operational costs and local logistics;
- SSVCA involves stakeholders from the onset in a participatory approach to identify potentially successful sub sectors;
- SSVCA starts from identifying local potential (resources, capital and actors) and the related development potential. It looks for quick wins to

create competitive advantages that can be transformed into unique selling points and consequently identifies low hanging fruits for poverty alleviation;

- The research has been playing an important role in awareness raising among stakeholders as they revealed a hidden reality. The research reports presented by qualified academic researchers made the crafts sector a political issue that encouraged key stakeholders to assume their responsibility. Especially the feed back sessions organised for the stakeholders have led to increased awareness and even empowerment among the artisans;
- The methodology applied for the baseline study, including the assessment of poverty levels seems to be more reliable and realistic than in a complete VCA. The sub sectors were analysed in such a way that they came to life and that their underlying dynamics were revealed;
- The qualitative component of the research has proven to be the more reliable part. It should not be underestimated how complicated and culture sensitive quantitative research is, especially at household level in a West African context. Households are flexible concepts and the limited financial literacy of the respondents makes any type of quantifications risky;
- Artisans are not necessarily poor: a combination of good professional and business skills seems to make a big difference. Improvement of the value chain depends on the organisational capacity of the artisans;
- Apart from the key elements of the tourism VCA (accommodation and attractions) few sub sectors depend exclusively on the tourism sector. For many producers the tourism market is not the exclusive answer to their problems. Production is serving other local, national and regional markets. Interventions should be based on this reality;
- The craft sector is a local industry by its nature and has a big potential for development of the local economy that goes beyond poverty alleviation. It can create quality local employment and can contribute to MSME development.
- An increased focus of the SNV tourism sector on crafts should therefore be considered and could even have a high PR potential, as quality souvenirs can spread good stories...