The risks of inclusion: shifts in governance processes and upgrading opportunities for cocoa farmers in Ghana
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exactly is targeted. From a development perspective this helps to identify strategies that reach more vulnerable groups. From a private sector perspective this helps to identify the more successful farmers who can serve as role model for others. Second, it is important to look at impact of upgrading and to make a distinction between different types of impact. ‘Inclusive upgrading strategies’ are strategies that have an impact beyond competitiveness and added value, and create benefits in terms of remunerative farmer income and empowerment. Reaching these impacts is crucial for a sustainable cocoa economy. Understanding opportunities and constraints for inclusive upgrading strategies also requires insight in the trade-offs and constraints faced by different types of farmers.

The strength of this framework for inclusive upgrading is that it contributes to the understanding of longer-term trends towards social in- or exclusion and helps to identify what kind of interventions are needed to steer upgrading into the direction of a more sustainable cocoa economy. Because upgrading is a selective process, it is important to know who will be in and who will be out, and to identify ways of influencing this process. Because in the long-term a large group of farmers is expected to move out of the cocoa sector, upgrading strategies that empower farmers to diversify their risk (diversification) are becoming increasingly important.

**Final reflections**

Evaluating the partially liberalised system and the interventions taking place was not an easy task. Not only because of the lack of transparency on state-investments and procedures, but also because criticising a relatively beneficial system that has no good alternative should be done cautiously. Nevertheless, I think it is important to share some of my critiques and suggestions for improvement and thus provide some “food for thought” for policy-makers, practitioners and researchers.

**The Ghanaian system is under pressure**

Others can learn from the example of Ghana, as the state turns out to be able to mitigate risks involved in cocoa production for producers, as well as for other chain actors. Still there two ‘risks of inclusion’ involved. First, on the level of the producer, the arrangements are sub-optimal and do not create incentives for farmers to behave as entrepreneurs. Also, farmers do not benefit equally from the arrangements in place. Second, the state is inwards oriented and lacks an adaptive approach. This entails a risk for the sector as a whole.

This situation generates some tension, at different levels, which in turn puts pressure on the current system. For example, due to the slow and gradual pace of reforms, LBCs are locked into a system that is not transparent and offers little incentives for high performance and little financial scope for establishing strong relationships with farmers. The lack of farmer organisation is an important reason why farmers do not take full advantage of the (potential) benefits of liberalisation of internal marketing and have no negotiating power. The quality control system is also under pressure and quality performance may continue to fall in a negative spiral. There is also tension between international processing companies and
Cocobod because of the insufficient number of ‘light crop’ beans for meeting the expansion of cocoa processing capacities, which precludes the government from fulfilling its promises to all the processors of cocoa.

The increasing tensions, especially when combined with a lack of transparency, can destabilise the status quo of the partially liberalised system in place. The incentives for farmers to continue with cocoa production and for private actors to invest in building relationships with suppliers should become stronger and more visible. The interventions of the Ghanaian government are major reinvestments in the cocoa sector, paid mainly from the cocoa export value (‘gross FOB’). It can be argued that the farmers themselves pay for these interventions. But farmers do not always benefit, nor are they adequately informed on how ‘their’ money is being spent. Cocobod should be more transparent on how it reinvests its money in the cocoa sector and how benefits are distributed. This lack of transparency makes any assessment of the benefits of the partially liberalised system problematic and it also undermines Cocobod’s legitimacy.

Risk of inertia
Compared to other cocoa producing countries in the region, Ghana generally comes across as relatively favourable country for source cocoa, even in light of the growing attention paid to malpractices in the Ghanaian cocoa sector. Despite the tensions and the problems that occur, Ghana offers still some unique qualities: there is little evidence of child labour, producer prices are stable, the quality of cocoa is relatively good and Ghanaian farmers make relatively little use of chemicals. Instead of seizing this comparative advantage, Ghana initially did not seem to see the need for a pro-active attitude. For example, Cocobod officials were hesitant to discuss the ‘unexistent’ problem of child labour and would generally stress that volumes of production are more important than more environmentally cocoa practices. Recently, Ghana is developing a more active attitude towards more sustainable cocoa practices in the country. But, instead of a being leader, Ghana is now more of a follower in the pursuit of the sustainable cocoa economy. For example, pilots with mainstream certification schemes are taking place outside Ghana and Cocobod remains reluctant to open up alternative marketing channels. The interests in maintaining the position of the state as the sole external marketer of cocoa are too high. From international buyers Ghana receives little stimulus for change. It runs the risk of inertia: from a cocoa producing country that is relatively beneficial for many farmers (but unfavourable for some), Ghana might slowly turn into a country that excludes the majority of farmers from participation in the global value chain (due to its failure to meet changing requirements).

Worldwide there is a trend towards sustainable cocoa sourcing and Ghana could still opt to take a leading role in this process. In order to motivate farmers to produce more sustainable cocoa, extension services and credit services have to be improved in order to make cocoa farming a profitable occupation. Also the formation and strengthening of farmer groups should be stimulated. Besides incentives to stimulate change, this would require leadership and capacity building of farmers, the private sector and also of the state itself.
**Farmer organisation**

Farmer organisation contributes to the empowerment of farmers, but not automatically. It is important to avoid imposed forms of cooperation, but there is no agreement on how to facilitate this process of ‘bottom-up’ organisation, on who should be involved and what kind of organisation is desirable.

Looking at other cocoa-producing countries, one sees that external donors and other (private) agents play a role in facilitating (strengthening) formal farmer organisations. Nevertheless, also in Côte d’Ivoire the majority of farmers are not organised and the organisations that are in place are often not effective. Recently there were some new attempts at organising farmers, through Farmer Field Schools (FFSs), ‘input for credit groups’ (Wienco) and soap making cooperatives. While governmental services have a top-down tendency, FFSs, soap and credit groups are generally more farmer-driven alternative extension services, provided by NGOs and public-private partnerships. Farmers appreciate these services, but due to the high costs involved these were mostly small scale initiatives that reached only a limited number of farmers. It is a significant challenge to effectively scale-up these approaches, while improving their cost-effectiveness. It is also a challenge to also include other types of farmers in such organisation schemes (women, caretakers etc.). An interesting area for future research is to examine the impact of different organisational modalities, ones that serve different goals and involve different types of farmers (or other actors in the chain).

**Incompatibility of change**

Globalisation processes influence global and national governance processes. This constantly fluctuating environment creates opportunities and risks for cocoa farmers. For example, in order for global buyers to be able to source sustainable cocoa well organised farmers are required. I illustrated in this study that Ghanaian cocoa farmers lack this organisation. Another example is that the end consumer concern regarding the use of child labour is not compatible with the perception of the average Ghanaian cocoa farmer. Fair trade or sustainable trade are not concepts which have a strong meaning for cocoa farmers.

This incompatibility of changes requires more investment in translating global trends into local action. In order to realise this, leadership within the cocoa growing communities has to be stimulated and benefits of change have to be made more tangible for farmers. A good strategy is to use the existing social network in which farmers are embedded. ‘Putting the farmers first’, as promoted in sustainable cocoa sourcing campaigns, also requires involving farmers in decision-making processes and management processes. If these crucial steps are not taken, the efforts invested in developing a sustainable cocoa economy will not bear fruit.